

Alicante, 04 of May 2026

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 4.5.1 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:

FINANCIAL INFORMATION FOR THE 2025 FINANCIAL YEAR

- Independent auditor’s report relating to the Company’s separate and consolidated annual accounts for the 2025 financial year.
- The Company’s separate and consolidated annual accounts for the 2025 financial year prepared together with the management report.
- Report on the Company’s organizational structure and internal control system for compliance with the Market’s information disclosure obligations.
- 2025 Annual Report.
- Degree of compliance with the review of projections

During the 2025 financial year, the FACEPHI Group achieved revenues of €36.0 million, representing an increase of 24.6% compared to the €28.9 million recognized at the close of the 2024 financial year.

The Group reported positive normalized EBITDA in the 2025 financial year of €10.5 million, representing an increase of 917.5% compared to €1.0 million in 2024.

Observations on the Consolidated Audit Report:

1. Explanation of the qualification included in the audit report

The audit report on the consolidated annual accounts for the 2025 financial year includes a qualification due to a scope limitation in relation to certain agreements entered into during the 2024 and 2025 financial years with Economic Interest Groupings (EIGs), within the framework of financing structures for research and development activities.

In particular, the auditor indicates that they have not been able to obtain sufficient and appropriate audit evidence to assess:

- The adequacy of the information included in the notes to the financial statements regarding these agreements.
- The economic substance of the transactions and their appropriate accounting treatment.

The existence or absence of control over the aforementioned EIGs for the purposes of their potential inclusion in the consolidated financial statements.

2. Position of the directors and analysis in accordance with applicable regulations

The directors of the Company state that the accounting treatment applied has been determined following a specific analysis of the applicable accounting regulations in Spain, in particular the consolidation framework set out in the Commercial Code, the Standards for the Preparation of Consolidated Financial Statements, and the doctrine of the ICAC.

In accordance with such regulations, the existence of control—and therefore the obligation to consolidate—requires the presence of elements such as:

- The existence of power over the investee entity.
- The ability to direct relevant financial and operating policies.
- Exposure to variable returns and the ability to influence them.

Following the analysis of the agreements entered into with the EIGs, the directors conclude that:

- The Group does not hold any ownership interest in the share capital of the EIGs nor voting rights over them.
- The Group does not have the authority to appoint or remove the governing bodies of such entities.
- The Group does not direct or control the relevant financial or operational decisions of the EIGs.
- The existing relationships are limited to specific contractual arrangements within the framework of financing R&D activities, from which no control over such entities can be derived.

Consequently, the directors consider that the requirements established by applicable regulations for the existence of control—whether from a legal or economic perspective—are not met, and therefore conclude that full consolidation of the EIGs in the Group’s consolidated financial statements is not appropriate. Furthermore, the directors highlight that the accounting approach applied has been consistent over time and aligned with the criteria previously validated in audit and financial review processes.

In this regard:

- The previous auditor, EY, issued its audit report on the consolidated financial statements for the 2024 financial year on 30 April 2025 without qualifications, applying the same accounting treatment to the aforementioned transactions.
- Additionally, KPMG issued a limited review report on the interim financial statements on 29 October 2025, without raising any objections regarding the treatment applied, which was likewise based on the same criteria.

The directors therefore consider that the approach applied has been validated in prior financial years and in interim financial information, without any objections having been raised in those processes.

Likewise, the directors understand that the position currently expressed by the auditor in relation to these transactions represents a reconsideration of the analysis previously applied, limited to the 2025 financial year.

In any event, the directors reiterate that the accounting treatment adopted is consistent with the nature of the transactions, compliant with applicable regulations, and in accordance with the true and fair view principle.

3. Consideration of the qualification by the directors

The directors consider that the qualification included in the audit report arises from a limitation in the scope of the audit procedures applied to these transactions, as well as from a difference in judgment regarding the assessment of the existence of control and the sufficiency of the information analysed for these purposes.

4. Actions taken to strengthen the analysis

In order to reinforce the technical analysis performed, the Company has requested a report from a highly reputable law firm specialising in commercial law and such structures.

According to this report, it is expressly concluded that:

- The EIGs subject to the agreements constitute independent entities.

- The agreements entered into do not grant the Group control, whether direct or indirect, over such entities.
- The requirements established under commercial and accounting regulations for the existence of control for consolidation purposes are not met.

5. Conclusion

In light of the above, the directors reaffirm that:

- The accounting treatment applied in relation to the EIGs complies with applicable regulations.
- The inclusion of such entities in the consolidated financial statements is not required.

6. Additional considerations regarding the information disclosed in the notes to the financial statements

With regard to the qualification relating to the sufficiency of the information included in the notes to the financial statements, the directors state that, once the potential requirement to include the Economic Interest Groupings (EIGs) has been definitively clarified in accordance with the applicable regulations, the future consolidated financial statements will include, where appropriate, any information that may be required in line with the applicable requirements and the criteria considered by the auditor.

Observations on the Individual Audit Report:

1. Additional qualification regarding the accounting treatment of agreements with EIGs in the individual financial statements

In the audit report corresponding to the individual annual accounts for the 2025 financial year, the auditor includes— in addition to the matters already described in relation to the consolidated accounts— a qualification concerning the accounting treatment of agreements entered into with Economic Interest Groupings (AIEs) in the context of financing research and development activities.

Specifically, the auditor considers that, in accordance with Query 4 of BOICAC No. 144 published by the ICAC, the financing obtained through such structures should be recorded, in whole or in part, as a grant, which would imply an accounting treatment different from that applied by the Company.

In this regard, the auditor quantifies the effects that, in their opinion, would arise from applying the aforementioned criterion, stating that:

For the 2025 financial year, profit for the year and the balance of Trade Receivables would be overstated by €2,635 thousand and €1,713 thousand, respectively, while Current Liabilities with Group companies would be understated by €922 thousand.

Consequently, as of 31 December 2025, the “Negative results from prior years” heading within equity should increase by €1,923 thousand, the “Capital grants” heading within equity would be understated by €1,271 thousand, and profit for the 2025 financial year would be understated by €652 thousand, corresponding to operating grant income of €567 thousand and income from the allocation of capital grants of €85 thousand.

2. Position of the directors

The directors state that the accounting treatment applied in the individual annual accounts has been determined in accordance with current accounting regulations and consistently with the criteria followed in previous years.

In this respect:

- The previous auditor, EY, issued its audit report for the 2024 financial year without qualifications, applying the same accounting criterion as that followed in 2025.
- Likewise, KPMG, within the framework of its limited review of interim financial statements, did not raise objections regarding the accounting treatment applied, which was also based on this criterion.

The directors consider that the criterion applied adequately reflects the economic substance of the transactions, insofar as the agreements with AIEs correspond to contractual transactions for financing and developing R&D activities and, in their view, do not meet the necessary conditions to be classified as grants under the terms set out in the aforementioned query.

Furthermore, the directors understand that the interpretation contained in Query 4 of BOICAC No. 144 requires a detailed analysis of the specific circumstances of each transaction, and therefore its application is neither automatic nor generalizable to all financing structures involving AIEs.

In this context, the directors consider that the position expressed by the auditor represents a different interpretation from the criterion previously applied and validated in prior years.

3. Planned actions

In order to provide greater legal and accounting certainty regarding the treatment applied, the Company plans to submit a formal query to the ICAC concerning the appropriate accounting treatment of this type of transaction.

4. Conclusion

The directors consider that the accounting treatment applied in the individual financial statements for the 2025 financial year is consistent with that applied in previous years, is duly supported, and reflects the economic substance of the transactions, without prejudice to the interpretation expressed by the auditor in its report.

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

Sincerely,

Javier Mira Miró

Chairman of the Board of Directors



Facephi Ends 2025 with Solid Performance Across All Key Metrics: Double-Digit Revenue and Tripple-Digit EBITDA Growth. It Returns to Profitability

- 2025: a catalyst year, marking the transformation from a primarily biometric vendor to a comprehensive 360° AI-driven digital identity and fraud-prevention platform.
- Revenue and EBITDA grew 24.6% and 917.5% YoY respect.
- Profit after Tax positive of €0.4M (or +€1.5M on a constant currency (CC) basis), a significant turnaround from negative of -€8.9M in 2024.
- Cash flow improved YoY by €2,2M (vs. -€4.6M in 2024 and -€9.0M in 2023), underscoring the trajectory toward FCF significantly positive in 2026. On a CC basis, it would have been -€0.3M.
- The Company reiterates its guidance for 2026: Revenue €46.2m (+28.4%), EBITDA €11.0M (+5.0%) and FCF of +€4.3M.

Alicante, May 04, 2026 - Facephi (BME Growth: FACE; Euronext Growth Paris: ALPHI), a global leader in digital identity verification and fraud prevention, today reports its audited financial results for the fiscal year 2025.

FINANCIAL PERFORMANCE FY25			
€ million	2024	2025	Variation
TCV	57,8 €	71,6 €	23,9%
NET REVENUE	28,9 €	36,0 €	24,6%
<i>Excl. FX changes</i>		38,0 €	31,4%
EBITDA NORMALIZED	1,0 €	10,5 €	917,5%
<i>Excl. FX changes</i>		11,7 €	1036,0%
NET INCOME	- 8,9 €	0,4 €	+9,3 €
<i>Excl. FX changes</i>		1,5 €	+10,5 €
FREE CASH FLOW	- 4,6 €	2,4 €	+2,2 €
<i>Excl. FX changes</i>		0,3 €	+4,3 €

FINANCIAL GUIDANCE 2026			
€ million	2025	2026	
NET REVENUE	36.0 €	46.2 €	28.4%
NORMALIZED EBITDA	10.5 €	11.0 €	5.0%
FREE CASH FLOW	- 2.4 €	4.3 €	+6.7 €

Javier Mira, CEO of Facephi, commented: “2025 marked a turning point, both strategically and financially.

Strategically, we completed our transformation from a primarily biometric vendor into a leading AI-driven digital identity and fraud-prevention platform, integrating identity verification, fraud prevention, and compliance into a single end-to-end solution.

Financially, our performance underscores the success of our strategy with a revenue CAGR of over 37% between 2020 and 2025, well above the industry average of ~12%, alongside continued margin expansion. This performance is supported by our global footprint across 30 countries and a client base of over 300 clients who trust our solutions.

As previously highlighted, in 2024 Facephi reached its target operating structure, marking an inflection point that enables accelerated growth with decelerating investment and headcount, laying the foundation for more profitable and scalable growth; ultimately enhancing the Company's cash flow generation.

2025 clearly reflects this inflection through strong EBITDA growth, the return to positive Net Income, and a marked improvement in cash flow, all outpacing revenue growth and evidencing strong operating leverage and a clear path toward cash flow positivity. For instance, operating costs and employee expenses decreased by 5.8% and 2.5% while revenues grew 24,6%.

We clearly moved beyond our start-up phase and entered a path of solid, sustainable growth, underpinned by profitability and improving cash flow generation. This positions us to further consolidate our global footprint while continuing to lead innovation in digital security with a scalable and profitable business model.

As digital fraud becomes increasingly sophisticated and regulatory pressure intensifies, our mission-critical platform supports clients across the entire customer lifecycle. While generic software faces margin pressure and commoditization, the solutions used by financial institutions to verify identities, prevent fraud, and comply with regulations are increasingly strategic and difficult to replace, as they directly address regulatory, operational, and reputational risk.

The time is now: those who consolidate their position as the industry reference over the next two years will be very difficult to displace.

Our focus remains clear: disciplined execution, profitable growth, and value creation for all our stakeholders. We have the right team, strategy, and technology to capture this historic opportunity presented by the ongoing digital transformation.”

About Facephi

Facephi is a technology company specializing in digital identity verification, fraud prevention, and regulatory compliance solutions. It delivers an AI/ML-powered Identity & Anti-Fraud platform that provides a comprehensive 360° end-to-end approach to digital protection. Renowned for its strong focus on security and data integrity, Facephi develops solutions that make digital processes safer, more accessible, and fraud-free. Its technologies help prevent identity theft while ensuring the ethical management and protection of personal data.

With over a decade of experience in developing technologies aimed at safeguarding digital identity, Facephi is headquartered in Spain, with subsidiaries in APAC, EMEA, and LATAM. The company serves the needs of clients across 30+ countries, delivering innovative solutions that address security challenges in an ever-evolving digital landscape.

Forward-Looking Statements

This press release may contain forward-looking statements regarding Facephi's future plans, objectives, and financial performance. Actual results may differ materially due to various risks and uncertainties. Please refer to the company's filings for a discussion of these risks.

Annual Report

Consolidated Financial Statements 2025

Strong growth in Revenue and
EBITDA

Lower Debt and Higher Profitability

April 2026

Dual-listing at

BME Growth

 **EURONEXT**





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2025
At a Glance



Dear shareholders, investors, and the Facephi Team,

2025 has been an extraordinary year and a clear turning point for Facephi from a strategic, operational, and financial standpoint.

- **From a strategic perspective**, after 13 years of evolution from a start-up to a scale-up, the company is now fully in a **growth** phase, in which we are accelerating growth supported by greater profitability and cash flow generation.
- **From an operational standpoint**, we have evolved from being primarily a biometric provider to becoming a comprehensive, **digital identity and AI-driven fraud prevention platform**.
- **And from a financial standpoint**, we have posted **the best performance in our history**, with double-digit revenue growth, accompanied by aggressive margin expansion and a remarkable improvement in cash generation.

In summary, Facephi returns to profitability in 2025 and reiterates its positive outlook for 2026, a year in which both **growth and profitability are expected to continue improving**.

As previously stated, in 2024 Facephi reached its target operating structure, marking the inflection point that enables accelerated growth alongside a slowdown in investment and headcount expansion. This laid the foundations for more profitable and scalable growth with stronger cash generation, as already demonstrated in 2025 and set to be further reinforced in 2026.

In this context, in 2025 revenues grew by 24.6%,

together with a reduction in costs that allowed EBITDA to increase by 917.5%, while Net Profit returned to positive territory, reaching €0.3M. This represents an extraordinary return to profitability compared to the €8.9M loss recorded in 2024.

That is execution discipline, and the direct result of the work of an extraordinary team, whom I would like to publicly thank for their commitment and talent.

The fraud landscape has changed radically. Scammers now use generative AI to create synthetic identities or to coordinate mule accounts at scale. Organizations relying on rules-based systems or add-on solutions are not rising to this challenge; they are falling behind. Providers that have not embedded AI at the core of their systems are competing with a structural disadvantage that the market will increasingly penalize.

While generic software is facing margin pressure and commoditization, solutions such as the ones we offer—used by financial institutions to verify identities, prevent fraud, and ensure regulatory compliance—are becoming increasingly critical.

And 2026 is already delivering. We continue to grow, with a new presence in North America, expansion in Latin America, and revenue guidance of €46.2M, alongside margin expansion and accelerated cash generation, expected to reach than €4.3M.

The future is promising.

Thank you for joining us on this journey.



Fraud intelligence for
regulated industries

We are experts in
digital identity protection

**Fraud
prevention**

with an *AI-First* perspective

Countries | **+30**

Clients | **+ 300**

Sectors | **+10**

Unique identity verification and continuous monitoring through onboarding, multi-biometric authentication and behavioral patterns, transaction signals, and compliance. Auditable AI and certifications that support the most demanding regulatory frameworks.

facephi

At a Glance

The first global digital trust platform that unifies identity, fraud prevention, and regulatory compliance in regulated industries.



(*) In Constant Currency (CC) with USD/EUR 1,075 average in 2024 vs 1,152 average in 2025

**P/Sales: S&P500 IT Sector and STOXX600 Technology indexes: 9,9x and 5,3x respect. (Bloomberg)

***EV/EBITDA: S&P500 IT Sector and STOXX600 Technology indexes: 25,7x and 20,6x respect. (Bloomberg)

Note: Figures at 31/12/2025

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A leader in a
growing sector

AI: threat or opportunity?



AI is not an added feature.

This architecture is built over years. Those who have not done so will be left out starting in 2026.

The digital identity and fraud prevention market is at a structural inflection point driven by **4** converging vectors that reinforce each other.

Vector	Impact	Opportunity for Facephi
IA accelerates fraud	Mule account networks, the use of generative AI to create synthetic identities, and deepfakes.	AI-driven end-to-end multi-layer defense: session, account, and transaction. Dynamic systems that respond to attacks in real time.
IA: a value-chain disruptor	Providers that do not integrate it as a decision-making engine will quickly lose detection capability, accuracy, and competitiveness.	Proprietary ML engines, explainable AI, onboarding agents, and behavioral biometrics for better execution. An AI-native architecture that peers cannot quickly replicate.
Digital-first banking	Customer expectations require onboarding in seconds. Legacy systems are competitively obsolete.	<i>Go-live in weeks with no/low-code orchestration; KYC completed in under 30 seconds..</i>
Regulatory escalation	PSD3, eIDAS 2.0, DORA, AML6, etc., require traceability, integrated evidence, and proof.	<i>Compliance-by-design as a competitive advantage; natural entry into new geographies.</i>

The problem

Operational fragmentation:

Each vendor covers a layer (onboarding, authentication, KYC, AML, etc.) with different contracts, integrations, and SLAs. No unified view of the user.

Account Takeover (ATO):

Cybercriminals control real accounts through social engineering and bots.

Mule account networks:

They use algorithms to move illicit capital before it is detected.

Authorization scams:

A legitimate user is tricked into authorizing fraudulent payments.

The scale if no action is taken.

ECB and EBA: payment fraud in the EU reached €4.2B in 2024, +17% vs. 2023. Unreported actual losses are estimated to be 3x higher.

The FBI reports over US\$359M+ in losses from account takeover (ATO) in 2025.

Average cost of regulatory non-compliance €10M+ for mid-sized banks.

Global identity market 2030e: €87.600M (CAGR 15.9%).



facephi

The solution

Rule-based solutions do not respond to real-time threats. Isolated systems create data silos, costly false positives, and uncovered attack surfaces.

Facephi solves this from a **single platform** with integrated compliance-by-design.

Market Perspective

Identity verification market

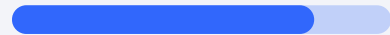
14.342

USD BN 2025



29.324

USD BN 2030



Market Size (2026–2033):

Global liveness detection market 2033e: ~US\$6.800M, CAGR ~17.5%.

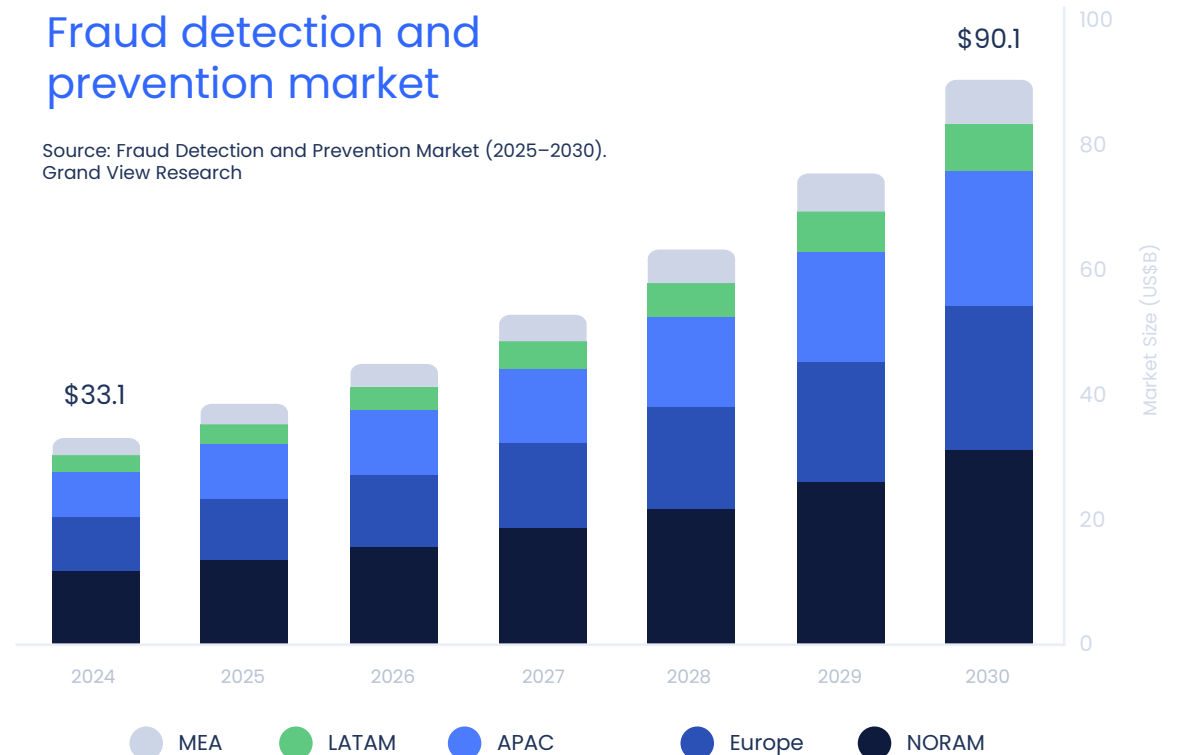
Source: Zentono Lexyn Systems

Fraud will cost financial institutions US\$58.3B in 2030, up from US\$23.0B in 2025, +153% CAGR.

Fuente: [Juniper Research](#)

Fraud detection and prevention market

Source: Fraud Detection and Prevention Market (2025–2030). Grand View Research






US\$ Billions

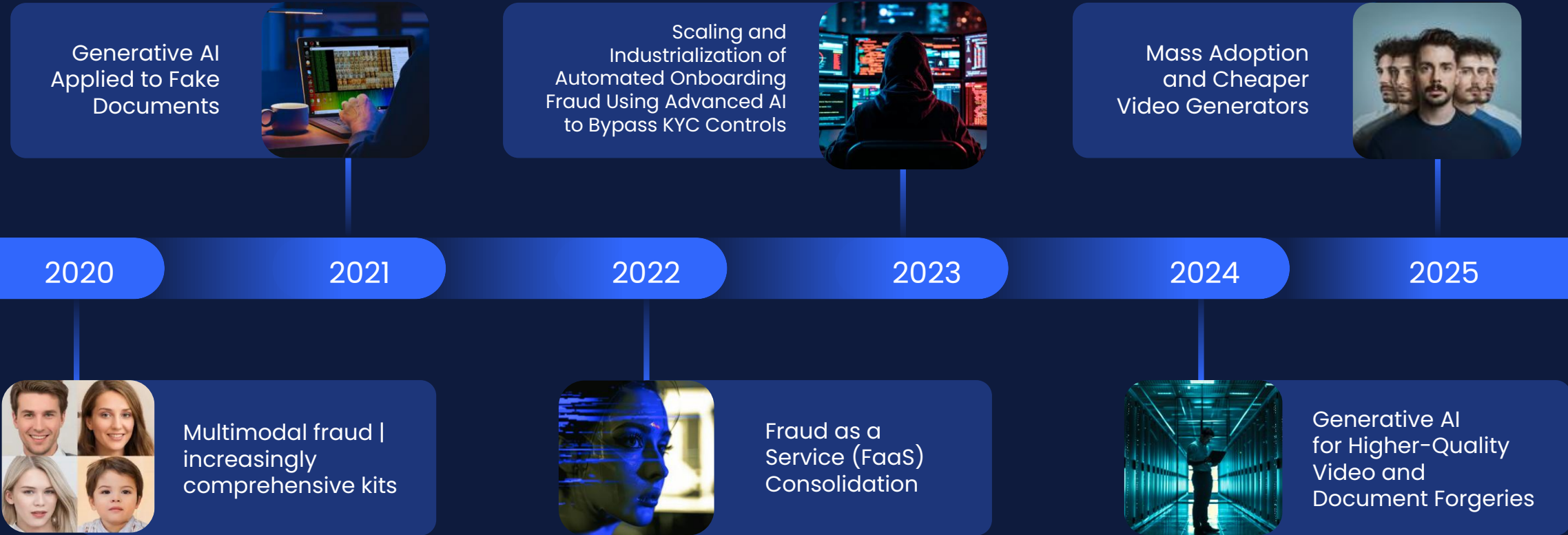
Market size by vertical

Transaction monitoring: largest segment in 2030, driven by real-time payments and cryptocurrencies.

Behavioral biometrics and mule detection are growing the fastest (19.8% and 21.2% CAGR) due to rising fraud and regulation.

Vertical	TAM 2027 (€B)	TAM 2030 (€B)	TACC	Main Drivers
 Transaction monitoring	€24.1	€46.0	17.6%	Real-time payments, cryptoassets, AML.
 ID Verification	€8.2	€14.3	17.7%	<i>Onboarding</i> digital, eIDAS 2.0, synthetic fraud
 Authentication and access	€7.1	€11.8	14.2%	Passwordless authentication, continuous biometrics.
 Mule account detection	€4.4	€9.2	21.2%	Coordinated networks, regulatory pressure.
 Behavioral biometrics	€1.5	€3.1	19.8%	pKYC, KYAC, passive fraud signals.
Total TAM	€56.3	€87.6	15.9%	Regulation + accelerating fraud.

Digital fraud trends

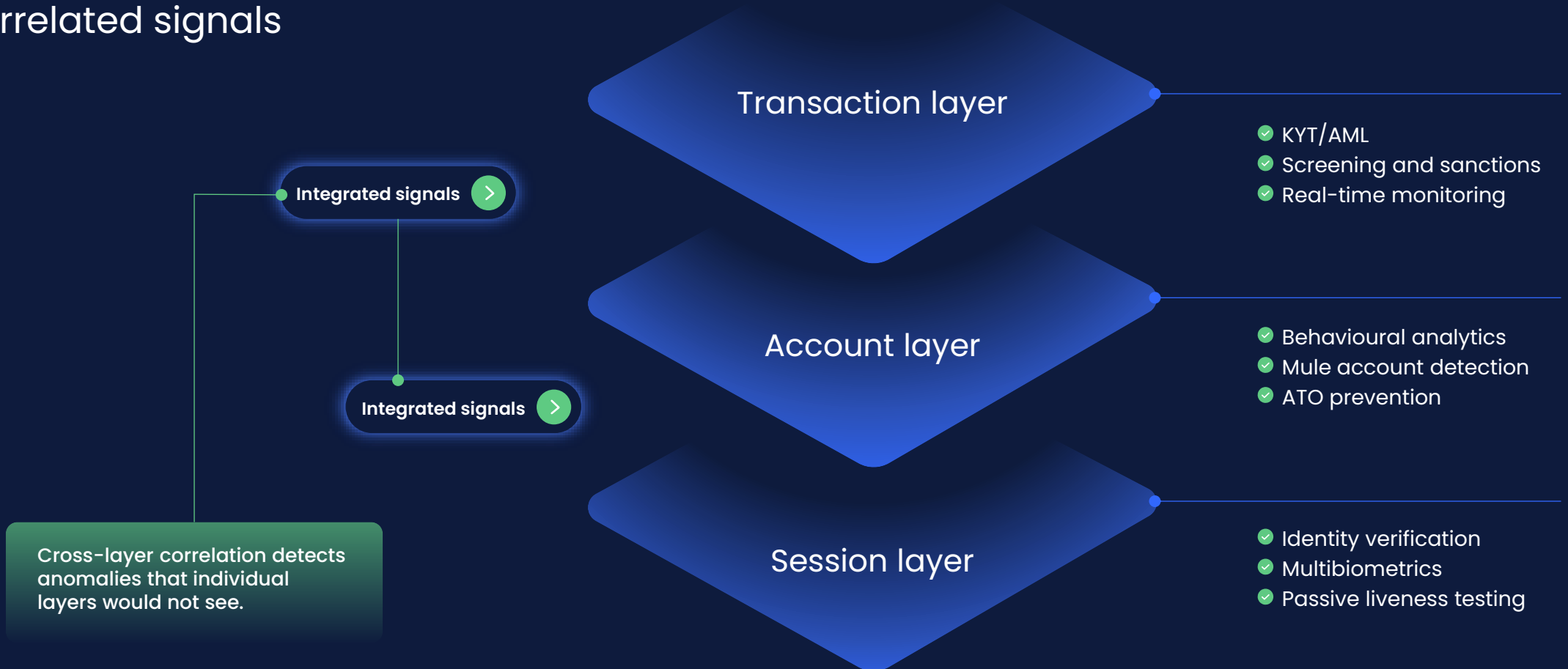


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 facephi
evolution

Multi-layer protection architecture

Correlated signals



Our Unique Value Proposition



Connected signals

Early detection of mule accounts, ATO, and scams by correlating signals from onboarding through post-login.



Multibiometrics frictionless

Single provider with frictionless facial, voice, and fingerprint biometrics for the user. Advanced defense against attacks (passive liveness + IAD).



Orquestation no/low-code

Go-live in weeks with customizable workflows and auditable evidence.



Explainable and governed AI

Transparency for audits and explainable decisions.



Compliance-by-design

Integrated compliance, privacy by design, and flexible data residency.



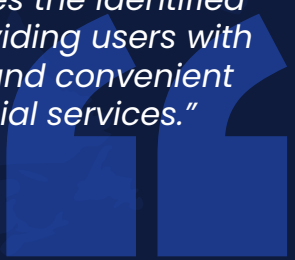
A single vendor for the entire lifecycle

Eliminates fragmentation, reduces operational costs, and closes the gaps that attackers exploit between disconnected systems..

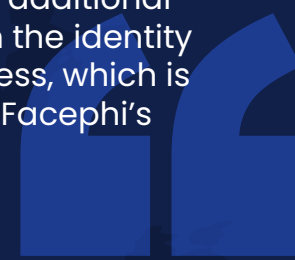




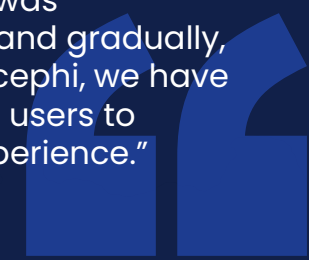
"Innovation solves the identified problem by providing users with simple, secure, and convenient access to financial services."



"We needed an additional security layer in the identity validation process, which is why we sought Facephi's involvement."



"The integration was straightforward, and gradually, together with Facephi, we have learned from our users to improve their experience."



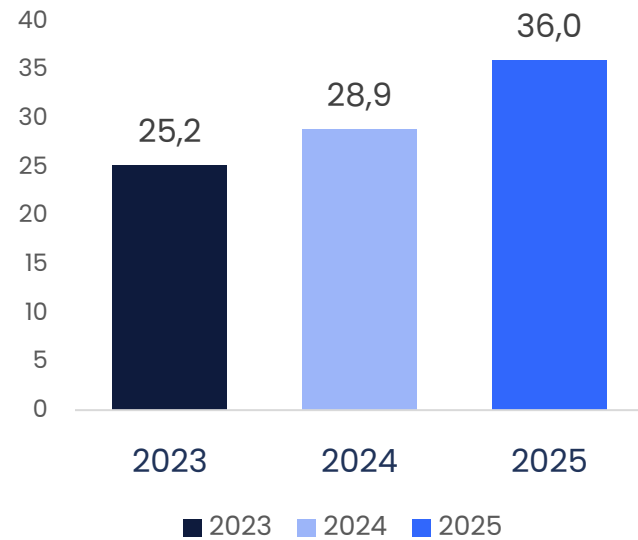
We have the trust of leading banks and companies worldwide.



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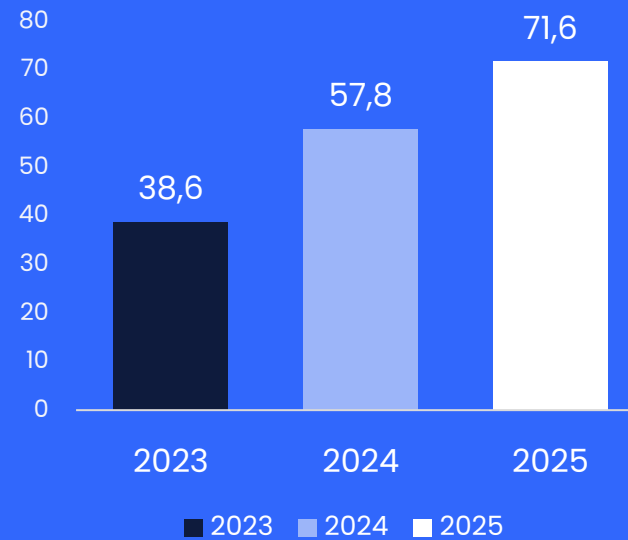
Financial Report 2025

Revenue



+20.0% TACC 2023-2025

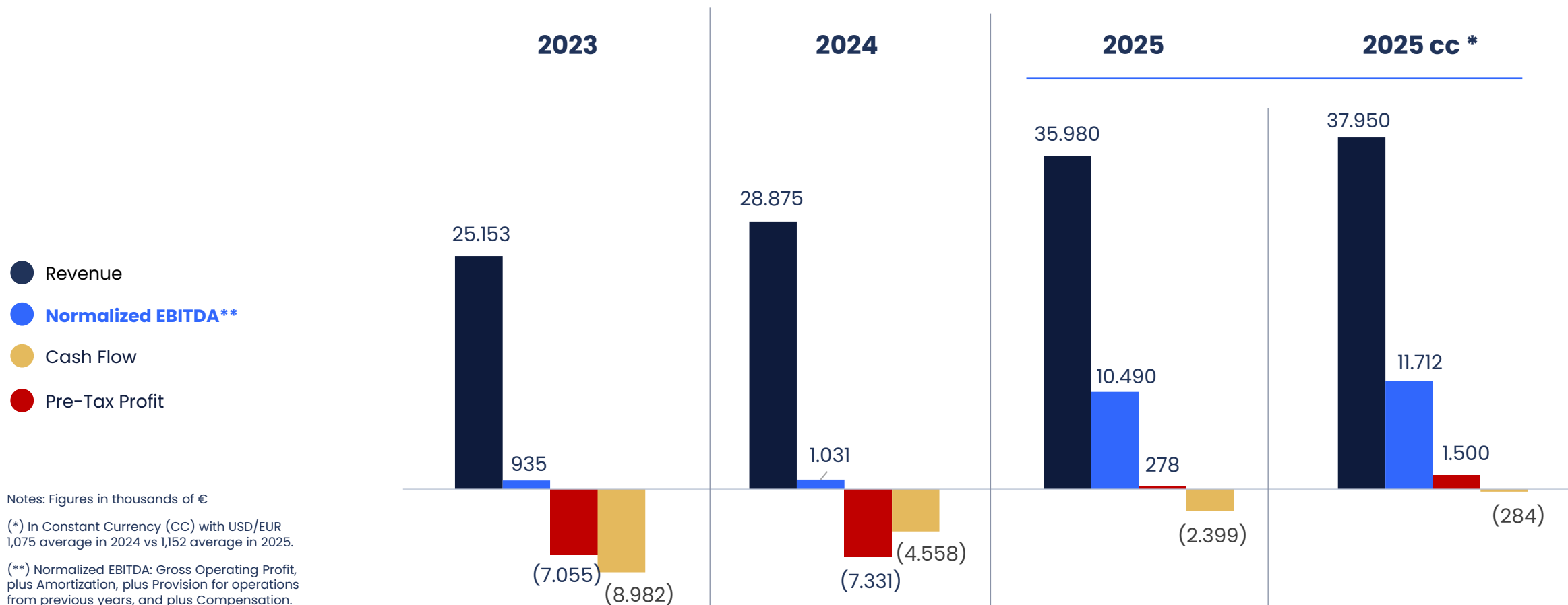
TCV (Total Contract Value)



+36% TACC 2023-2025

Key Financial metrics

(2023-25)



Notes: Figures in thousands of €

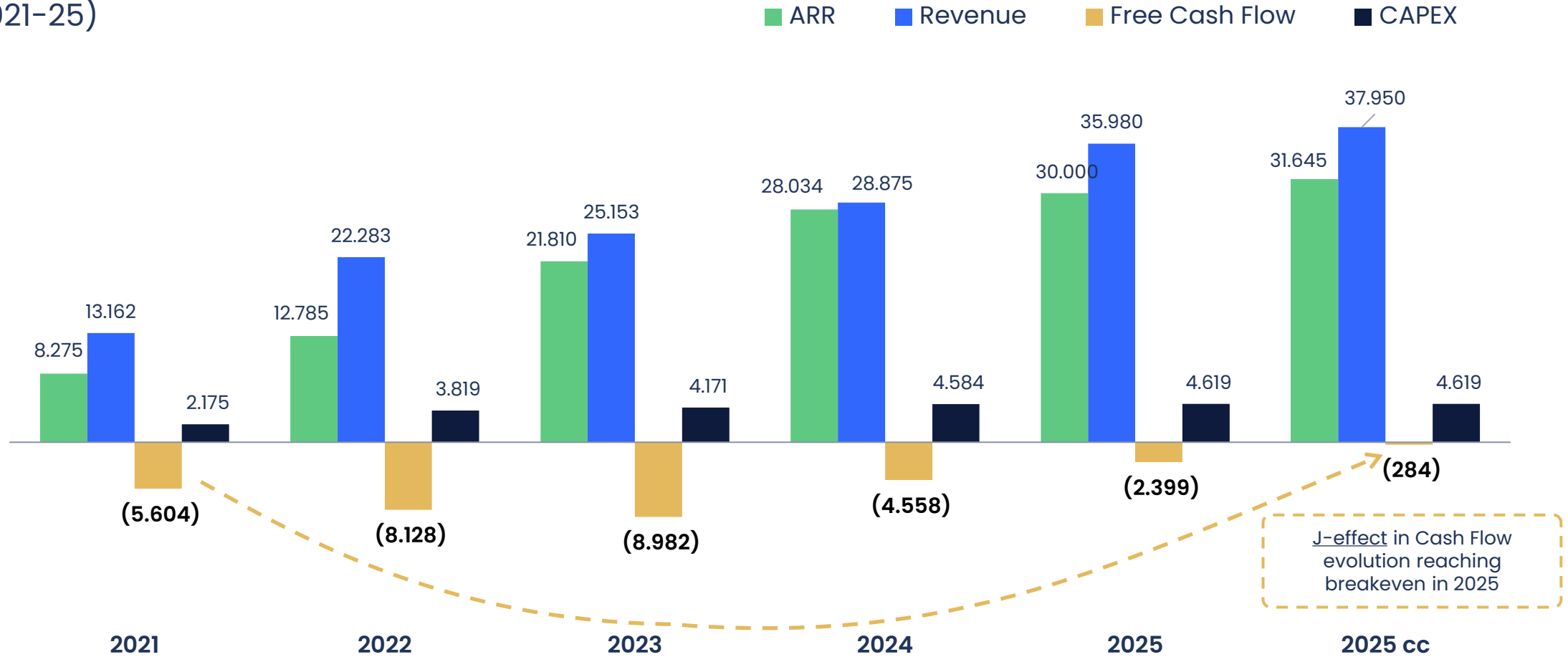
(*) In Constant Currency (CC) with USD/EUR 1,075 average in 2024 vs 1,152 average in 2025.

(**) Normalized EBITDA: Gross Operating Profit, plus Amortization, plus Provision for operations from previous years, and plus Compensation.

Source: Company.

Key Financial metrics

(2021-25)



Notes: Figures in thousands of €
 (*) In Constant Currency (CC) with USD/EUR 1,075 average in 2024 vs 1,152 average in 2025.
 Source: Company.

Financial Profile

Business needs debt profile

Working capital facilities

Sufficient limit to address the seasonality of the business.

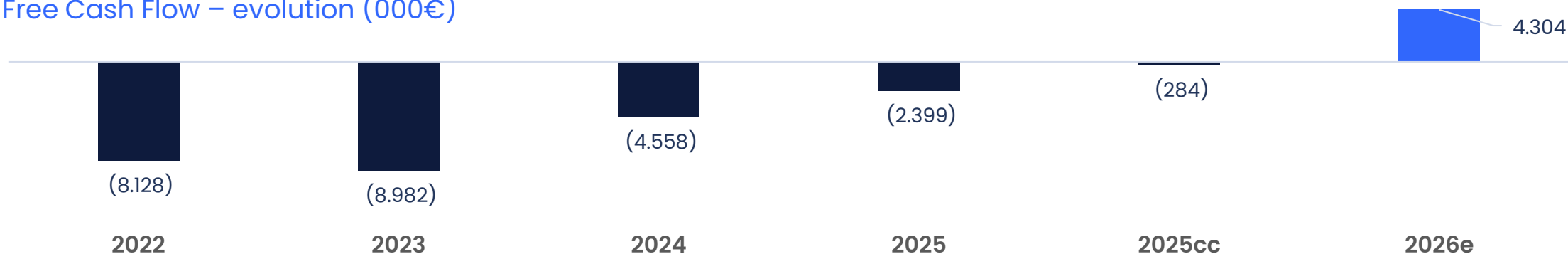
Senior Debt

Financing to ensure a minimum operating cash position as well as support international expansion.

Gross Financial Debt (GFD) / Normalized EBITDA

millions €	2023	2024	2025
GFD	11,7	10,2	7,2
EBITDA	0,9	1,0	10,4
GFD / EBITDA	13x	10x	0.7x

Free Cash Flow – evolution (000€)



(MC) figures expressed in Constant Currency with USD/EUR 1,075 average in 2024 vs 1,152 average in 2025.

(*) In Constant Currency (CC) with USD/EUR 1,075 average in 2024 vs 1,152 average in 2025.

Source: Company.

Revenue breakdown

By Solution	2022	2023	2024	2025
Onboarding	43.1%	62.1%	60.4%	59.8%
Authentication	37.9%	30.2%	31.0%	34.2%
Digital Platform	3.2%	1.3%	1.0%	0.8%
Consulting, Support and others	15.8%	6.4%	7.6%	5.2%

On Premise / Cloud	2023	2024	2025
On Premise	53%	52%	14%
Cloud	47%	48%	86%

Facephi / Partners	2024	2025
Facephi	75%	65%
Partners	25%	35%

By Region	2022	2023	2024	2025
LATAM	95.5%	94.0%	94.7%	96.6%
EMEA	2.2%	4.2%	1.3%	2.7%
APAC	2.3%	1.7%	4.0%	0.8%
Others	0.0%	0.1%	0.0%	0.0%

By Sector	2022	2023	2024	2025
Banking	94.4%	93.5%	90.9%	91.1%
Insurance / Pensions / etc.	3.5%	2.4%	3.0%	4.8%
Software consulting, Integration & Services	0.2%	1.0%	1.2%	1.1%
Others	1.9%	3.1%	4.9%	3.0%



Final Remarks



Why Invest?

Leader in a growing industry

Biometrics and digital identity market CAGR 2025–2030e: +12% and +15%, respectively.

Growth above the industry average.

CAGR 2020–25: +37,7%.

Compelling Valuation

P/Revenue 2026e: 1,5x *

EV / EBITDA 2026e: 6,4x **

Rule of 40 (EV/EBITDA 2026e): 52,2%

Holistic Platform

An end-to-end solution combining identity management, verification, fraud prevention, and regulatory compliance.

Profitable Growth Strategy

A combination of organic and inorganic growth through strategic partnerships that accelerate growth with lower capital investment.

Attractive estimates of profitable growth 2026e

Revenue & EBITDA 2026e: +28% y +5% resp.

FCF/EBITDA 2026e: 30%

A dominant player in banking and LATAM, expanding into EMEA and APAC.

- LATAM represents ~7% of 2028e Sector Revenue ;
- EMEA and APAC to concentrate ~64% of market by 2028e.

*P/Ingresos: S&P500 IT Sector and STOXX600 Technology índices: 7,9x and 4,7x respect. (Bloomberg)

**EV/EBITDA S&P500 IT Sector and STOXX600 Technology índices: 17,7x and 16,8x respect. (Bloomberg)



Compliance by design



Forward-Looking Statements

This presentation may contain forward-looking statements regarding Facephi's future plans, objectives, and financial performance. Actual results may differ materially due to various risks and uncertainties. Please refer to the company's filings for a discussion of these risks.



Audit Report of Facephi Biométría, S.A. and Subsidiaries

(Together with the consolidated annual accounts and consolidated management report of Facephi Biométría, S.A. and subsidiaries for the financial year ended 31 December 2025)

Audit Report on Consolidated Annual Accounts

Issued by an Independent Auditor

To the shareholders of Facephi Biométría, S.A.:

Report on the consolidated annual accounts

Qualified Opinion

We have audited the consolidated annual accounts of Facephi Biométría, S.A. (the parent company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2025, the consolidated income statement, statement of changes in equity, statement of cash flows, and notes, all relating to the year then ended.

In our opinion, except for the effects and possible effects of the matters described in the section *Basis for Qualified Opinion*, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2025, as well as its consolidated results and cash flows for the year then ended, in accordance with the applicable financial reporting framework (identified in Note 2 of the consolidated notes), and in particular with the accounting principles and criteria contained therein.

Basis for Qualified Opinion

During the 2025 financial year, the parent company has signed a framework agreement together with other contracts relating to a financing transaction for a research and development (R&D) project, which is structured through an Economic Interest Grouping (EIG) with the aim of allowing the EIG's investors to benefit from the value of the tax incentives associated with the R&D project.

To carry out this purpose, the parent company has also entered into a Service Provision Agreement, a Participating Loan Agreement, and a Put Option Agreement. Additionally, where applicable, new investors sign with the EIG a subscription agreement that binds them to the rights and obligations established in the framework agreement (hereinafter, the "Transaction Agreements").

According to the framework agreement, the maturity date is the date on which the put option is exercised, which may be exercised for €1 at any time within the period from 1 June 2026 to 31 October 2027, and under which the Company is obliged to acquire the EIG's shares.

In accordance with the agreement, the sale price of the parent company's R&D project to the EIG amounts to €8,350,000, of which €2,949,500 will be financed by investors and the remainder through a participating loan provided by the parent company.

During the 2025 financial year, the parent company incurred R&D expenses amounting to €7,500,000, of which it has only collected €922,250 from the EIG, coming from the investors, leaving an outstanding amount of €1,712,750 as of 31 December 2025.

According to the framework agreement and the put option agreement, the parent company guarantees to the investors the recovery of the amounts contributed, plus a minimum return, under circumstances that are beyond the control of both parties.

Furthermore, the EIG commits to retaining ownership of the results of the R&D project, keeping them free of any encumbrances or liens, and not transferring them or carrying out any actions that could hinder their future transfer, as well as allocating the funds received on a priority basis to the payment of the contracted services.

Likewise, in accordance with the framework agreement, the investors have been released from their responsibilities with respect to the EIG. In addition, they have contractually delegated their voting rights in the EIG's General Meeting in order to ensure that it is exclusively dedicated to the development and exploitation of the project and that all resolutions necessary to comply with the obligations of the transaction agreements are adopted.

To carry out the activities predefined by the parties, an Agent has been contractually appointed.

The accompanying consolidated financial statements' notes do not disclose all relevant clauses of the above-mentioned contracts, which would allow users to understand the economic substance of the agreements over their legal form, nor the accounting criteria applicable to them, nor the guarantees and commitments assumed by the Group with the EIG investors.

EIGs are special purpose entities; therefore, in accordance with the applicable financial reporting framework, it is necessary to assess whether such entities fall within the consolidation perimeter and whether they are subsidiaries. Since the EIG is the legal vehicle through which the financing of the parent company's R&D project is channelled, and since investors, by signing the subscription agreement, already establish and delegate their voting rights to exclusively carry out the predefined project and purpose of the EIG, and the EIG cannot make operational or financial decisions other than those indicated, the consolidation assessment must be based on the entity that absorbs the majority of the risks or benefits of the EIG.

In this regard, given that investors have their investment and return guaranteed through the parent company and waive the residual economic benefits of the EIG by virtue of the put option agreement and the economic nature of the arrangements, the EIG constitutes an entity of the Group and must be included within the consolidation perimeter of the consolidated financial statements.

Moreover, and in accordance with the applicable financial reporting framework, investors' contributions in EIGs are not considered equity instruments but rather instruments with special characteristics, insofar as their recovery is achieved through the allocation of tax incentives,

without prejudice to the fact that, in this case, the parent company additionally guarantees the investors' contributions and a minimum return thereon, until the tax incentives are obtained or the put option is exercised.

However, the accompanying consolidated financial statements have not included the EIGs within the consolidation perimeter and do not include the necessary disclosures to assess whether the EIGs are subsidiaries.

Furthermore, the consolidated notes do not contain information on the commitments assumed with investors as of 31 December 2025.

In the consolidated financial statements, in accordance with the applicable financial reporting framework, investors' contributions should be presented as a financial liability insofar as the Group has guaranteed investors the amounts contributed to finance the project and overhead expenses, plus a minimum return, under factors outside its control.

When the financial liability is extinguished, insofar as the ultimate objective is the obtaining of a subsidy by the investors, the subsidy is considered non-refundable, and the financial liability is reclassified to the caption "Grants, donations and legacies received" within consolidated equity, with part classified as a capital grant and part as an operating grant, in proportion to the portion of the R&D project recognised as an asset or as operating expenses by nature, including financed overhead costs.

However, since the EIG has not been identified as a subsidiary, we have not been able to perform the necessary audit procedures and obtain evidence regarding assets, liabilities, revenues, expenses, changes in equity, and cash flows that should have been subject to consolidation for the financial year ended 31 December 2025.

In 2024, the parent company had entered into similar agreements structured through another EIG. Since the EIG has not been identified as a subsidiary, we have not been able to perform the necessary audit procedures and obtain evidence regarding the assets, liabilities, income, expenses, changes in equity, or cash flows that should have been subject to consolidation for the financial year ended 31 December 2024.

We have carried out our audit in accordance with the regulations governing audit activity in force in Spain. Our responsibilities under those standards are described further in the "Auditor's responsibilities relating to the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, applicable to our audit of the consolidated financial statements in Spain, as required by the regulations governing audit activity. In this regard, we have not provided services other than audit services, nor have any situations or circumstances arisen which, in accordance with the aforementioned regulations, have affected our independence in a way that could have compromised it.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the greatest significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

In addition to the matters described in the “Basis for Qualified Opinion” section, we have determined that the matters described below are the most significant matters considered in the audit that should be communicated in our report.

- **Revenue recognition from contracts with customers**

See Notes 3.17 and 13(a) of the notes to the consolidated financial statements.

- **Key audit matter**

The Group has recognised, under the heading “Net turnover” in the consolidated income statement as of 31 December 2025, revenue from contracts with customers amounting to EUR 35,980,205, arising from the commercialisation and implementation of facial recognition biometric software usage rights.

Due to the fact that the analysis of the recognition of this revenue requires the application of judgement in estimates to, among other aspects, identify the performance obligations in the contracts, assess when control is transferred to the customer, and determine the right of use and determining when to recognise revenue in the consolidated income statement, as well as due to the significance of the Group’s net turnover, this area has been considered a key audit matter in our audit.

- **How the matter was addressed in our audit**

As part of our audit procedures, we have performed, among others, the following:

- We have obtained an understanding of the process established by Management and the directors of the parent company for revenue recognition, as well as an evaluation of the design and implementation of key controls within that process.
- We have reviewed a sample of sales contracts, selected based on certain quantitative and qualitative criteria, for which we have obtained supporting documentation and we have analysed the contractual terms, their key clauses, and the judgements and estimates made by Management and the directors of the parent company in order to assess the appropriate accounting recognition.
- We have obtained external confirmations for a sample of customers, both for the invoiced receivable balances and for amounts not yet invoiced as of 31 December 2025, performing, where applicable, alternative procedures through evidence of subsequent cash collections or supporting documentation substantiating the sales transactions.
- We have assessed whether the disclosures included in the consolidated financial statements comply with the requirements of the applicable financial reporting framework.

- **Recognition and measurement of development expenses**

See Notes 3.4(a), 3.6 and 4 of the consolidated notes to the financial statements.

- **Key audit matter**

The Group has recognised, under the heading “Intangible assets” in the consolidated statement of financial position as of 31 December 2025, “Development costs” amounting to EUR 11,883,407, corresponding to software application development projects for their future commercialisation within the Group’s core business activity.

The capitalisation of development costs requires the application of judgement by Management and the directors of the parent company, as it involves compliance with certain conditions established in the applicable financial reporting framework, and in cases where there are reasonable doubts regarding the technical success or the economic and commercial profitability of the capitalised projects, the amounts recognised as assets must be recognised directly in profit or loss.

Due to the complexity of the judgements made by Management and the directors of the parent company in assessing compliance with the conditions required for the capitalisation of the... development costs, the identification of indicators of impairment and, where appropriate, the estimation of recoverable amounts, as well as the significance of the amounts involved, this area has been considered a key audit matter in our audit

- **How the matter was addressed in our audit**

As part of our audit procedures, we have performed, among others, the following:

- We have obtained an understanding of the process established by Management for the recognition and measurement of software development costs, as well as an evaluation of the design and implementation of relevant controls within that process.
- We have obtained and assessed the documentation prepared by Management supporting the technical success of the projects and their profitability, and we have evaluated the reasonableness of the main assumptions considered.
- We have selected a sample of development costs capitalised during the year and have assessed whether the costs are eligible for capitalisation, as well as the reasonableness of their allocation to projects development projects and their measurement, based on supporting documentation and other information provided by the Group.
- We have assessed whether the disclosures included in the consolidated financial statements comply with the requirements of the applicable financial reporting framework.

Other matters

On 29 April 2025, other auditors issued their audit report on the consolidated financial statements for the 2024 financial year, expressing an unqualified opinion.

Other information: Consolidated management report

The other information comprises exclusively the consolidated management report for the 2025 financial year, the preparation of which is the responsibility of the directors of the parent company, and it does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with the requirements of the regulations governing audit activity, consists of evaluating and reporting on the consistency of the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit of those financial statements, as well as evaluating and reporting whether the content and presentation of the consolidated management report comply with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work performed as described above, except for the scope limitation indicated in the following paragraph, the information contained in the consolidated management report is consistent with that of the consolidated financial statements for the 2025 financial year, and its content and presentation comply with the applicable regulations.

As detailed in the “Basis for Qualified Opinion” section, insofar as in 2025 and 2024 the EIGs have not been identified as subsidiaries, we have not been able to perform the necessary audit procedures and obtain evidence regarding the assets, liabilities, income, expenses, changes in equity, or cash flows that should have been subject to consolidation for the years ended 31 December 2025 and 2024.

Responsibilities of the directors and the audit committee in relation to the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity, financial position and consolidated results of the Group, in accordance with the applicable financial reporting framework in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the directors intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

The audit committee of the parent company is responsible for overseeing the process of preparation and presentation of the consolidated financial statements.

Auditor's responsibilities in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with the regulations governing audit activity in force in Spain will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with the regulations governing audit activity in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the parent company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the audit of the Group to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant deficiencies in internal control identified during the audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the safeguards applied.

From the matters communicated to the audit committee of the parent company, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. These matters are described in our audit report unless law or regulation precludes public disclosure.

Report on other legal and regulatory requirements

Additional report to the audit committee of the parent company

The opinion expressed in this report is consistent with that included in our additional report to the audit committee of the parent company dated 4 May 2026.

Engagement period

The Ordinary and Extraordinary General Shareholders' Meeting of Facephi Biométría, S.A., held on 17 June 2025, appointed us as auditors for a period of three years, starting from the financial year ended 31 December 2025.

**Consolidated Annual Accounts and Consolidated Management Report
31 December 2025**

Consolidated Balance sheet		
31st December 2025		
(In Euros)		
ASSETS	31/12/2025	31/12/2024
A) NON-CURRENT ASSETS	19.946.112	20.629.725
I. Intangible fixed asset	14.070.599	11.795.565
5. Other fixed intangible		11.795.565
II. Tangible fixed assets	1.971.153	2.363.073
2. Technical installations and other tangible fixed assets		2.363.073
IV. Non-current investments in group and associated companies	0	8.032
V. Non-current financial investments	174.661	166.727
VI. Deferred tax assets	1.209.211	1.800.197
VII. Commercial debtors	2.520.488	4.496.132
B) CURRENT ASSETS	28.062.675	29.080.896
II. Inventories	37.500	0
6. Advances to suppliers	37.500	0
III. Trade and other receivables	24.750.949	22.482.314
1. Clients from sales and provision of services	22.742.630	18.731.510
3. Other debtors	2.207	0
4. Other debtors	4.382	2.050
5. Assets for current taxes	1.467.092	1.624.899
6. Other credits with PPAA	534.639	2.123.856
V. Current financial investments	323.999	179.833
VI. Short term accruals	776.846	682.453
VII. Cash and cash equivalents	2.173.381	5.736.296
TOTAL ASSETS	48.008.787	49.710.622

The accompanying notes form an integral part of the consolidated annual financial statements as of 31 December 2025.

Consolidated Balance sheet		
31st December 2025		
(In Euros)		
EQUITY AND LIABILITIES	31/12/2025	31/12/2024
A) EQUITY	21.791.469	19.192.653
A-1) Shareholders' equity	21.447.418	18.784.925
I. Capital	1.064.963	1.016.462
II. Share premium	33.708.316	31.045.346
III. Reserves	(4.432.085)	(5.445.435)
IV. (Treasury stock and shares)	(436.934)	(341.646)
VI. Result attributed to the parent company	(9.630.961)	
Result for the year	368.696	(8.884.362)
VI. Other	805.423	1.394.560
A-2) Adjustments for changes in value	(251.795)	(281.668)
II. Conversion difference	(251.795)	(281.668)
A-3) Grants, donations and legacies received	595.846	689.397
B) NON-CURRENT LIABILITIES	1.185.504	3.487.545
I. Non-current provisions	36.904	36.904
II. Non-current debt	248.232	920.430
2. Debt with financial institutions	234.634	905.151
3. Others	13.598	15.279
IV. Deferred tax liabilities	467.089	694.652
V. Non-current creditors	433.279	1.835.559
C) CURRENT LIABILITIES	25.031.813	27.030.425
I. Current provisions	10.309	90.350
III. Current debt	8.542.589	11.406.069
2. Debts with financial institutions	6.955.465	9.171.315
3. Financial lease creditors	0	83.908
4. Other financial liabilities	1.587.124	2.150.847
V. Trade and other payables	15.832.017	14.798.418
1. Suppliers	6.925.771	6.290.459
3. Other creditors	4.628.371	3.668.447
4. Other payables	1.491.425	2.103.094
5. Current tax liabilities	52.613	0
6. Other debts with Public Administration	2.715.933	2.719.170
7. Customer advances	17.905	17.248
VI. Short term accruals	646.898	735.589
TOTAL EQUITY AND LIABILITIES	48.008.787	49.710.622

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AS OF 31 DECEMBER 2025.

CUENTA DE PÉRDIDAS Y GANANCIAS CONSOLIDADA

Consolidated Profit and loss account		
31st December 2025		
(In Euros)		
	(Debits) Credits	
	31/12/2025	31/12/2024
A) CONTINUED OPERATIONS		
1. Net Revenue	35.980.205	28.875.373
b) Services provided	35.980.205	28.875.373
3. Work undertaken by the Company on its own assets	4.619.329	4.584.481
4. Supplies	(3.201.638)	(4.782.928)
c) Work undertaken by third party companies	(3.201.638)	(4.782.928)
5. Other operating income	3.528.909	2.545.872
6. Staff expenses	(17.668.909)	(18.123.733)
a) Salaries, remunerations and similar expenses	(14.707.071)	(15.468.424)
b) Social contributions	(3.017.808)	(2.655.309)
c) Provisions	55.970	0
7. Other operating expenses	(15.120.164)	(14.375.870)
a) Loss, impairment and variation in provisions for trade operations	(13.046.471)	(13.946.228)
b) Taxes	(4.127)	(4.755)
d) Loss, impairment and variation in provisions for trade operations	(2.069.566)	(424.887)
8. Fixed assets depreciation	(6.776.381)	(5.588.445)
9. Allocation of grants related to non-financial fixed assets and other	124.735	252.745
11. Impairment losses and gains or losses on disposal of fixed assets	(1.192)	2.784
14. Other profit / loss	(56.920)	(59.626)
A.1) OPERATING PROFIT/ LOSS	1.427.974	(6.669.347)
15. Financial expenses	713.805	602.958
b) From trade securities and other equity instruments	713.805	602.958
15. Financial expenses	(841.589)	(1.522.104)
17. Variations in the fair value of financial instruments	200.480	0
a) Trading portfolio and other	200.480	0
18. Adjustments for changes	(1.222.472)	257.790
A.2) FINANCIAL PROFIT/ LOSS	(1.149.777)	(661.356)
A.3) PROFIT/ LOSS BEFORE TAX	278.197	(7.330.703)
24. Income tax	90.499	(1.553.659)
A.4) PROFIT/LOSS FROM CONTINUED OPERATIONS	368.696	(8.884.361)
A.5) PROFIT/LOSS FOR FINANCIAL YEAR	368.696	(8.884.361)

The accompanying notes form an integral part of the consolidated annual financial statements as of 31 December 2025.

Statement of Changes in Equity for the period ended 31 of december 2025 (Expressed in euros)			
A) STATE OF PROFIT & LOSS			
	Notes	31/12/2025	31/12/2024
A) PROFIT AND LOSS ACCOUNT RESULTS		318.368	(8.884.362)
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY			
<i>III. Subsidies, donations and legacies received</i>	11.2	0	137.621
<i>VII. Tax effect</i>	13.4	0	(34.405)
B) TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (I + II + III + IV + V + VI + VII)		0	103.216
TRANSFER TO THE PROFIT AND LOSS ACCOUNT			
<i>X. Subsidies, donations and legacies received</i>	11.2	(124.735)	(252.745)
<i>XIII. Tax effect</i>	13.4	31.184	63.186
C) TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (VIII + IX + X + XI + XII + XIII)		(93.551)	(189.559)
TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)		224.817	(8.970.705)

The accompanying notes form an integral part of the consolidated annual financial statements as of 31 December 2025.

B) Statement of total changes in equity for the period ended 31 of december 2025									
(Expressed in euros)									
	Capital	Share Premium	Other Reserves	Other shares and equity holdings (Own shares)	reserves in consolidated company Prior period gains/losses	Result of the exercise	ACV- Exchange difference	Grants, donations and bequests received	TOTAL
Opening balance as at 01.01.2024	851.585	24.231.301	289.461	(393.976)	(1.078.269) 0	(4.309.547)	(177.349)	629.843	20.043.046
I.Total reconisged income and expense						(8.884.362)		59.555	(8.824.807)
II.Transactions with equity holders or owners				1.394.560		0			1.394.560
1. Increase of capital.	164.877	6.814.045	(21.975)						6.956.947
3. Conversion of financial liabilities into equity		0			0				0
5. Transactions with own shares			(118.778)		52.330				(66.448)
III. Other changes in equity			(206.328)		(4.309.547)	4.309.547	(104.319)	0	(310.646)
Closing balance as at 31.12.2024	1.016.462	31.045.346	(57.620)	1.394.560	(341.646)	(8.884.362)	(281.668)	689.398	19.192.654
I. Adjustments for changes of criteria 2024									0
II. Adjustments for errors 2024									0
Opening balance as at 01.01.2025	1.016.462	31.045.346	(57.620)	1.394.560	(341.646)	(5.387.816) 0	(8.884.362)	(281.668)	689.398
I.Total reconisged income and expense				(589.137)		318.368		(93.552)	(364.321)
II.Transactions with equity holders or owners					(8.073)				(8.073)
1. Increase of capital.	48.502	2.662.970	(3.023)						2.708.449
5. Transactions with own shares					(95.288)				(95.288)
V. Other changes in equity			277.847		(8.884.362)	8.884.362	29.871		307.718
Closing balance as at 31.12.2025	1.064.963	33.708.316	217.205	805.423	(436.934)	(14.280.251)	318.368	(251.797)	21.741.139

The accompanying notes form an integral part of the consolidated annual financial statements as of 31 December 2025

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**1. NATURE AND PRINCIPAL ACTIVITIES OF THE GROUP****a) Parent company**

FACEPHI BIOMETRÍA S.A. (hereinafter, the Parent Company) was incorporated for an indefinite period on 26 September 2012 before the Notary Mr. Ignacio J. Torres López. Its registered and tax address is located in Alicante, Avenida Perfecto Palacio de la Fuente, 6, Edif. Panoramis.

The corporate purpose, according to the Parent Company's Articles of Association, is as follows::

- The research, development and marketing of all types of computer equipment, hardware, software and household appliances.
- Online sales via the internet and/or similar distribution channels, import, export, representation, marketing, distribution, intermediation, wholesale and retail purchase and sale, preparation, handling, manufacturing and provision of related services of hardware, software in physical format and through the commercialisation of user licences, electronic products and components, household appliances and telecommunications equipment.
- The performance of internet-related activities, as well as the provision of information and training services.
- The promotion, construction, acquisition, transfer, intermediation, leasing (excluding financial leasing), subleasing, installation or direct or indirect operation, advisory services, urban land management, consulting, administration, custody and management of all kinds of real estate assets, plots, parcels of any urban zoning classification, buildings, bungalows, apartments, chalets, residential developments, sports facilities, dwelling houses, commercial premises and industrial or business facilities, hospitality establishments, all of the above with or without furnishings, on its own account or on behalf of third parties, and of both public and private ownership.

The main activity of FacePhi Biometría S.A. and its subsidiaries (hereinafter, the Facephi Group or the Group) consists of the marketing and implementation of facial recognition biometric software developed by the Parent Company, under heading 845 of the Tax on Business Activities (Impuesto sobre Actividades Económicas).

The Group has been listed on the BME Growth market segment for expanding companies since 1 July 2014, and on Euronext Growth in Paris since 25 February 2020.

Accordingly, the Group is subject to the monitoring and supervisory regime regulated by Regulation (EU) No. 596/2014 on market abuse, by the consolidated text of the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October, and related regulations, as well as by the Circulars issued by BME Growth.

b) Subsidiaries and associates

Consolidation has been performed by applying the full consolidation method to all subsidiaries, which are those entities over which the Parent Company exercises or is able to exercise, directly or indirectly, control, understood as the power to govern the financial and operating policies of an entity in order to obtain economic benefits from its activities. This circumstance is generally, although not exclusively, evidenced by the direct or indirect ownership of more than 50% of the voting rights of the relevant entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date on which such control ceases.

Below is detailed information on the companies forming part of the FacePhi Group, indicating their principal activity and registered office:

Group Company (Art. 42 Spanish Commercial Code)	% Ownership	Address	Main Activity
FacePhi Biometría, S.A.	Soc. Dominante	Alicante (España)	Commercialisation of facial biometrics solutions
FacePhi APAC, LTD	100%	Pangyo (Corea del Sur)	Commercialisation of facial biometrics solutions
Celmuy Trading, S.A.	100%	Montevideo (Uruguay)	Commercialisation of facial biometrics solutions
Facephi Beyond Biometrics, LTD	100%	Londres (UK)	Commercialisation of facial biometrics solutions
FacePhi Biometric Solutions Brasil Softwares Ltda	100%	Sao Paulo (Brasil)	Commercialisation of facial biometrics solutions

The financial position of the subsidiary companies, based on unaudited accounting records, as of 31 December 2025 and, where applicable, 31 December 2024, is as follows:

	FacePhi Biometric Solutions Brasil Softwares Ltda.		Celmuy Trading, S.A.		Facephi Beyond Biometrics LTD		FacePhi APAC, LTD	
	2025	2024	2025	2024	2025	2024	2025	2024
Share capital	8.208	8.032	187	187	116	116	516.390	516.390
Share premium	---	---	---	---	---	---	---	---
Reserves	(8.044)	---	317.587	154.537	(4.618.308)	(3.018.934)	(340.452)	(196.221)
Operating profit (loss)	(20.228)	---	183.977	172.152	(641.792)	(1.607.114)	(70.045)	(147.827)
Profit (loss) for the year	(20.183)	---	164.215	163.007	(640.830)	(1.599.374)	(70.764)	(144.231)
Translation differences	(1)	---	(13.249)	(3.439)	71.010	(176.410)	(106.229)	(27.714)
Grants	---	---	---	---	---	---	---	---
Equity	(20.020)	8.032	468.741	314.292	(5.188.012)	(4.794.602)	(1.055)	148.224
% ownership interest	100%	100%	100%	100%	100%	100%	100%	100%
Book value of the investment	(20.020)	8.032	468.741	314.292	(5.188.012)	(4.794.602)	(1.055)	148.224

(*) Countervalue of the Brazilian Real (BRL), South Korean Won (KRW), Uruguayan Peso (UYU), and British Pound (GBP) into euros, in accordance with the foreign currency translation criteria described in Note 3.1.

c) Changes in the scope of consolidation.

During the full 2025 financial year, the Brazilian subsidiary was included in the scope of consolidation. It was not included in the scope of consolidation in the 2024 financial year due to its limited materiality, as it was newly incorporated and registered on 10 July 2024.

d) Joint ventures

Since 2023, the parent company has been a member of the Temporary Joint Venture (Unión Temporal de Empresas – “UTE”) “UTE DH Healthcare Provider Software Spain, S.L.U. – Facephi Biometría, S.A.”, domiciled in Madrid, in which it holds a 21.08% interest. The UTE was established for the performance of the contract awarded by the Directorate of the National Institute of Health Management (INGESA) for the integration and implementation of a master hospital patient system with biometric identification, to be deployed at the Comarcal Hospital of Melilla, the University Hospital of Ceuta, and primary healthcare services in Ceuta and Melilla.

The estimated value of the contract amounts to €711,490, to be executed over a 38-month period starting in December 2021. Activity commenced during the 2024 financial year. The integration entry as of 31 December 2024, in accordance with the Company’s percentage interest, was as follows:

Item	Euros	
	Debit	Credit
Receivables from public administrations	110.909	
Other receivables	477	
Cash and cash equivalents	1.789	
Purchases and external services (procurements)	340	
Bank fees and commissions	110.090	
Professional services	76	
Interest on borrowings	809	
Revenue from services rendered	3	
Trade payables		110.767
Shares or equity interests		110.662
Trade receivables and other accounts receivable		3.063
Total	224.493	224.493

Additionally, in 2024 an elimination entry was recorded for procurements (expenses) and trade payables (liabilities) amounting to €110,090, corresponding to reciprocal balances with the parent company.

In December 2024, the Company recorded the deconsolidation of the UTE from its financial statements due to the completion of its activities. Accordingly, given the immateriality of its remaining balances in 2025, the decision was taken not to include it in the consolidated annual financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

a) Applicable financial reporting framework of the Parent Company

The consolidated annual financial statements have been prepared on the basis of the accounting records and the individual annual financial statements of the Parent Company and its subsidiaries, and include the adjustments and reclassifications necessary for temporal and valuation homogenisation in accordance with the accounting criteria established by the Group.

These consolidated annual financial statements are presented in accordance with the applicable commercial legislation in force, as set out in:

- the Spanish Commercial Code, as amended pursuant to Law 16/2007, of 4 July, on the reform and adaptation of commercial legislation in accounting matters for its international harmonisation based on European Union regulations
- Royal Decree 1514/2007, of 16 November, approving the Spanish General Chart of Accounts, as subsequently amended, including the amendments introduced by Royal Decrees 1159/2010 of 17 September, 602/2016 of 17 December and 1/2021 of 12 January, as well as its latest amendment through Law 7/2024, of 20 December
- Royal Decree 1159/2010, of 17 September, approving the rules for the preparation of consolidated annual financial statements, insofar as they do not conflict with the aforementioned commercial reform
- and other applicable provisions of the financial reporting framework.

b) True and fair view

The Consolidated Annual Financial Statements are presented in accordance with the financial reporting framework described in the previous section and, in particular, with the accounting principles and standards contained therein, in order to present a true and fair view of the consolidated equity, the consolidated financial position and the consolidated results, as well as the reliability of the cash flows included in the Consolidated Statement of Cash Flows for the financial year.

The consolidated annual financial statements are presented in euros, rounded to the nearest unit, which is the functional and presentation currency of the Group.

There are no exceptional circumstances that have required a departure from legal accounting provisions in order to present a true and fair view.

These consolidated annual financial statements have been prepared by the Board of Directors of the Parent Company and will be submitted for approval by the General Shareholders' Meeting. It is expected that they will be approved without modification. The consolidated annual financial statements for the previous financial year 2024 were approved by the Shareholders at their meeting held on 17 June 2025.

c) Non-mandatory accounting principles

No non-mandatory accounting principles have been applied. In addition, the Board of Directors of the Parent Company has prepared these consolidated annual financial statements having taken into consideration all mandatory accounting principles and standards that have a significant effect

on such consolidated annual financial statements. There is no mandatory accounting principle that has not been applied.

d) Critical aspects of valuation and estimation uncertainty

The information contained in these consolidated annual financial statements is the responsibility of the Directors of the Parent

The preparation of the Consolidated Annual Financial Statements requires the Directors and Management of the Parent Company to make judgments, estimates and assumptions that affect the application of accounting standards and the amounts of assets, liabilities, income, expenses and commitments. The estimates and assumptions adopted are based on historical experience and other factors that are considered reasonable under the existing circumstances.

In this regard, the following is a description of the matters that have involved a higher degree of judgment, complexity or where assumptions and estimates are significant for the preparation of the annual financial statements:

- Impairment of non-current assets: the valuation of non-current assets other than financial assets requires estimates to be made in order to determine their recoverable amount for the purpose of assessing potential impairment. To determine this recoverable amount, the Company's Directors estimate the expected future cash flows of the assets or the cash-generating units to which they belong and apply an appropriate discount rate to calculate the present value of such cash flows. Cash flows depend on the fulfilment of the projections included in the Group's business plan for the next five financial years, while discount rates depend on the interest rate and the risk premium (see Note 3.3).
- Deferred tax assets: this heading includes deductible temporary differences, tax loss carryforwards pending offset, and various tax credits pending application, for which it is probable that the Group will generate future taxable profits allowing the utilisation of these assets, given their long-term validity. As foreseen both in its 2025 Budget and its Business Plan, Facephi has already begun to utilise these assets during the 2025 financial year and expects to complete their utilisation in future years.

e) Going concern

As indicated in Note 1 of the accompanying notes to the consolidated financial statements, the Group's activity consists of the marketing and implementation of facial biometric applications, which have required significant investments in research and development and which did not begin to be commercialised in their most advanced version until the 2022 financial year. As a result, during previous years, sales volumes were insufficient to cover the expenses incurred, generating significant losses.

Likewise, the main financing obtained to execute such investments matures in the 2026 financial year and is renewable on an annual basis.

These circumstances indicate the existence of factors that could cast doubt on the Group's ability to meet its obligations and continue as a going concern. Nevertheless, the Directors have considered the following factors:

- The Group has significantly increased and improved its operating activity and financial position and, as at the end of the 2025 financial year, presents the following figures:
 - Net turnover of €36 million, representing a 25% increase compared to €28.9 million in 2024, as well as EBITDA, defined as Operating Profit (heading A1) plus Depreciation and Amortisation (heading 8), of positive €8.2 million compared to negative €0.6 million in 2024.
 - Profit before tax of €0.4 million compared to a loss of €7.3 million in 2024. This positive result includes non-recurring expenses of €349 thousand arising from severance payments, as well as net impairment losses on commercial operations amounting to €2,070 thousand.
 - Positive working capital of €3.0 million as at 31 December 2025 (positive €2.1 million as at 31 December 2024).
 - Gross Financial Debt as at 31 December 2025 has been significantly reduced and amounts to €8.7 million (including €1.5 million from the principal shareholder Nice & Green), compared to €12.3 million at the end of 2024 (which included €2.1 million from Nice & Green).
 - Consolidated equity amounts to €21.7 million, compared to €19.2 million at the end of 2024, mainly as a result of the share capital increase with share premium carried out for a total amount of €2.7 million.
- With respect to the €7 million of Short-Term Bank Debt (see Note 12.2), the Directors of the Parent Company consider that, should it not be partially renewed, repayment will be addressed through the estimated cash flows included in the treasury budgets based on the 2026 Plan and, if necessary, through the support of one of its shareholders.
- The Company, which will continue to invest in 2026, as it does every year, in improvements to its technology and plans to open new subsidiaries (Canada and Peru), is analysing a financing structure that combines working capital facilities (mainly) with a smaller portion of structured financing, with a senior debt maturity that shall not exceed three years and for an estimated amount not exceeding 0.5 times EBITDA.

In this respect, the Parent Company is in discussions with its current banking pool as well as with other financial institutions in order to establish the optimal financing structure.

- As at the date of preparation of these annual financial statements, and in line with the terms established in the Syndicated Debt Novation Agreement (see Note 12.2), the Company has already entered into a “Non-Recourse Factoring” agreement with CAIXA for a maximum limit of USD 4 million.

Likewise, the Parent Company will continue to use the Tax Lease mechanism in 2026, for the third consecutive year, as a means of optimising its investment resources in R&D&I, enhancing cash generation and improving the utilisation of tax deductions.

In addition, the Group continues to benefit from the formal support and commitment of its principal shareholder (Nice & Green) to provide funds to the Group if necessary during the year following the date of preparation of these annual financial statements.

All these initiatives to strengthen the financial position have the knowledge and backing of the Company's principal shareholders, the Board of Directors and the commitment of the Management team to their execution.

Based on the above, the Directors of the Parent Company have prepared these consolidated annual financial statements under the going concern principle.

Additionally, under subsequent events, the Group has included reference to additional financing obtained.

f) Comparison of information

For comparative purposes, the consolidated annual financial statements present, for each line item of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the consolidated notes, in addition to the figures for the 2025 financial year, those corresponding to the previous financial year, which formed part of the consolidated annual financial statements for the 2024 financial year approved by the General Shareholders' Meeting of the Parent Company.

The consolidated notes also include qualitative information relating to the previous financial year, except where an accounting standard specifically establishes that such information is not required.

g) Changes in accounting policies and correction of errors

During the financial year ended 31 December 2025, the Group has not made any adjustments as a result of changes in accounting policies.

h) Grouping of items

In order to facilitate the understanding of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows, certain line items are presented in aggregated form. The required details are disclosed in the corresponding notes to the consolidated annual financial statements.

i) Items recorded under several headings

The consolidated notes identify the assets and liabilities recorded under two or more headings of the consolidated balance sheet, indicating the relevant headings and the amounts included in each of them.

j) Materiality

In determining the information to be disclosed in these consolidated notes relating to the various line items of the financial statements or other matters, the Parent Company has taken into account the concept of materiality, in accordance with the Conceptual Framework of the Spanish General Chart of Accounts, in relation to the consolidated annual financial statements for the 2025 financial year.

3. RECOGNITION AND MEASUREMENT POLICIES

The main recognition and measurement policies used by the Facephi Group in preparing these consolidated annual financial statements are as follows:

3.1 Consolidation principles

The basic criteria applied in consolidation are as follows:

Acquisition method

The acquisition by the Parent Company (or another Group company) of control over a subsidiary constitutes a business combination and is accounted for using the acquisition method. This method requires the acquiring company to recognise, at fair value as of the acquisition date, the identifiable assets acquired and the liabilities assumed in a business combination, as well as, where applicable, the corresponding goodwill or negative difference. Subsidiaries are consolidated from the date control is transferred to the Group and are excluded from consolidation on the date such control ceases.

The acquisition cost is determined as the sum of the fair values, at the acquisition date, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the acquirer, together with the fair value of any contingent consideration that depends on future events or the fulfilment of certain conditions, which must be recognised as an asset, a liability or equity according to its nature.

Costs related to the issuance of equity instruments or financial liabilities transferred do not form part of the cost of the business combination and are recognised in accordance with the applicable standards for financial instruments. Fees paid to legal advisers or other professionals involved in the business combination are recognised as expenses as they are incurred. Internally generated costs of these items, as well as any such costs incurred by the acquiree, are also not included in the cost of the combination.

Any excess, at the acquisition date, of the cost of the business combination over the proportionate share of the value of the identifiable assets acquired less the liabilities assumed, representing the interest in the Group's equity acquired, is recognised as goodwill. In the exceptional case where this amount exceeds the cost of the business combination, the excess is recognised in the income statement as income.

The Group's assets, liabilities, income, expenses, cash flows and other items are incorporated into the Group's consolidated financial statements using the full consolidation method, since effective control exists.

Effective control is understood to exist in those subsidiaries in which the Parent Company holds, directly or indirectly, an interest exceeding 50% that allows it to hold the majority of voting rights in the corresponding governing bodies.

This method requires the following:

Temporal uniformity

The individual annual financial statements of the subsidiaries are prepared for the same date and period as the annual financial statements of the Parent Company required to consolidate.

Valuation uniformity

Assets and liabilities, income and expenses, and other items in the annual financial statements of Group companies have been measured using uniform methods. Any asset or liability items, or income or expense items, that have been measured using non-uniform

criteria compared to those applied in consolidation have been remeasured, with the necessary adjustments made solely for consolidation purposes.

Aggregation

The various line items in the individual annual financial statements, once uniformity adjustments have been made, are aggregated according to their nature.

Elimination of investment against equity

The carrying amounts representing the equity instruments of the subsidiary, held directly or indirectly by the Parent Company, are offset against the proportionate share of the subsidiary's equity attributable to those holdings, generally based on the values resulting from applying the acquisition method described above. In consolidations subsequent to the year in which control was acquired, any excess or shortfall in equity generated by the subsidiary since the acquisition date that is attributable to the Parent Company is presented in the consolidated balance sheet within reserves or valuation adjustments, depending on its nature. The portion attributable to external shareholders, where applicable, is recognised under "Non-controlling interests".

Non-controlling interests

There are no non-controlling interests as of 31 December 2025 or 2024.

Elimination of intragroup items

Intragroup receivables and payables, income and expenses and cash flows between Group companies are eliminated in full. Likewise, all results arising from internal transactions are eliminated and deferred until realised with third parties outside the Group.

Translation of the annual financial statements of foreign companies

All assets and liabilities of companies whose functional currency is other than the euro and that are included in consolidation are translated into euros using the closing exchange rate at each year-end.

Income statement items are translated at the exchange rates prevailing on the dates on which the corresponding transactions were carried out.

The difference between (i) the amount of the equity of foreign companies, including the income statement balance calculated in accordance with the previous paragraph, translated at the historical exchange rate, and (ii) the net equity position resulting from translating assets and liabilities as described in the first paragraph, is recognised with a positive or negative sign, as applicable, within equity in the consolidated balance sheet under "Translation differences".

Goodwill and fair value adjustments to balance sheet items arising at the time an interest is acquired in a foreign entity are treated as assets and liabilities of the acquiree and are therefore translated at the closing exchange rate, with the resulting exchange differences recognised in "Translation differences".

3.2 Business combinations and joint ventures

Business combinations are those transactions in which the Parent Company has acquired control, directly or indirectly, over one or more businesses, understood as an integrated set of activities and assets capable of being managed to provide a return, lower costs or other benefits to owners.

Mergers, spin-offs and non-cash contributions of a business between group companies are recognised by measuring the acquired items at their carrying amounts in the consolidated annual financial statements of the ultimate Spanish parent as of the date the transaction is carried out. Any differences that may arise are recognised against reserves.

The accounting effective date is the start date of the financial year in which the transaction is approved.

Mergers or spin-offs other than those described above, and business combinations arising from the acquisition of all the assets and liabilities of an entity or a part thereof that constitutes one or more businesses, are recognised by measuring the acquired items in accordance with the acquisition method. Accordingly, such assets and liabilities are generally measured at their fair value at the transaction date, provided that such fair value can be measured reliably, and, where applicable, the difference between the cost of the business combination and the value of those assets and liabilities is recognised as goodwill if positive, or as income in the income statement if negative. The acquisition date is the date on which the acquiring company obtains control of the acquired business(es).

In accordance with current commercial regulations, for the integration and accounting of transactions carried out with Temporary Joint Ventures (UTEs) in which the Group participates, the consolidated balance sheet and consolidated income statement include the proportionate share of the UTE's balances based on the percentage interest held. This inclusion is made after the necessary uniformity adjustments, as well as the elimination of transactions between the Group and the UTE, in proportion to the corresponding interest, and the reciprocal asset and liability balances and income and expense items.

3.3 Joint ventures

In accordance with current commercial regulations, for the integration and accounting of transactions carried out with Temporary Joint Ventures (UTEs) in which the Group participates, the consolidated balance sheet and consolidated income statement include the proportionate share of the UTE's balances based on the percentage interest held.

This inclusion is made after the necessary uniformity adjustments, as well as the elimination of transactions between the Group and the UTE, in proportion to the corresponding interest, and the reciprocal asset and liability balances and income and expense items.

3.4 Intangible assets

Assets included in intangible assets are recognised at acquisition cost or production cost. Intangible assets are presented at cost less accumulated amortisation and, where applicable, less accumulated impairment losses.

Intangible assets have finite useful lives and therefore are amortised systematically over the period during which the economic benefits inherent in the asset are expected, on a reasonable basis, to generate returns for the company.

In any case, at least annually, an assessment must be made as to whether there are indications of impairment and, if so, impairment is tested as appropriate.

a) Development costs of software applications

Development costs of software applications that are subsequently commercialised are capitalised from the moment all of the following conditions are met:

- The existence of a specific and individualised project that allows reliable measurement of the expenditure attributable to carrying out the project.
- The allocation, attribution and timing of the costs of each project are clearly established.
- At all times, there are well-founded reasons to expect technical success in completing the project, both where the intention is direct use and where the intention is to sell the project's outcome to a third party once completed, if a market exists.
- The project's commercial and economic profitability is reasonably assured.
- Financing for the various projects is reasonably secured in order to complete them, as well as the availability of adequate technical or other resources to complete the project and to use or sell the intangible asset.
- There is an intention to complete the intangible asset in question for use or sale.

Compliance with all the above conditions is verified throughout all financial years in which the project is carried out, and the amount to be capitalised is that incurred from the moment such conditions are met.

Staff costs and costs of services acquired from third parties that have participated in the development of the applications and IT software are included as a higher cost of such assets, credited to "Work performed by the company for its own assets" in the consolidated income statement.

Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs, in accordance with the conditions indicated above in this section, are amortised on a straight-line basis over their estimated useful life for each project, not exceeding 5 years.

The impairment assessment of intangible assets is based on obtaining future cash flows derived from the fulfilment of the business plan prepared by Group Management, discounted at a market discount rate. This plan supports the commercial success of the capitalised development costs and their recoverability.

As at 31 December 2025 and 2024, the Parent Company considers that there is no indication of impairment of intangible assets, since the Directors have high expectations regarding fulfilment of the business plan, which shows that, based on its forecasts, total intangible assets and tax credits will be fully recovered in the coming financial years.

b) Software

Licences for software acquired from third parties are capitalised based on the costs incurred to acquire them and prepare the specific program for use. These costs are amortised over their estimated useful lives using the straight-line method over a period ranging from 2 to 6 years.

Costs related to software maintenance are recognised as an expense when incurred. Costs directly related to the production of unique and identifiable software controlled by the Group, and that is likely to generate economic benefits in excess of costs for more

than one year, are recognised as intangible assets. Direct costs include personnel expenses of staff developing the software and an appropriate proportion of overheads.

c) Industrial property

Industrial property is measured at the costs incurred to obtain ownership or the right to use or grant the use of its various forms, provided that, under the economic conditions arising from the contract, it must be recognised as an asset by the acquiring company. This includes, among others, invention patents, utility model protection certificates, industrial designs and introduction patents.

Industrial property rights are measured at acquisition cost or production cost. This category includes the carrying amount of capitalised development costs at the time the corresponding patent or similar right is obtained, including registration and formalisation costs of industrial property, provided that the legal conditions required for registration in the corresponding register are met, without prejudice to any amounts that may also be recognised due to the acquisition from third parties of the relevant rights. Research costs continue to be amortised as originally scheduled and are never incorporated into the carrying amount of industrial property. The useful life has been estimated at between 10 and 20 years.

3.5 Property, plant and equipment

Items of property, plant and equipment are recognised at acquisition cost or production cost less accumulated depreciation and the accumulated amount of recognised losses.

Costs of expansion, modernisation or improvement of items of property, plant and equipment are capitalised as a higher value of the asset only when they result in an increase in capacity, productivity or an extension of useful life, and provided that it is possible to determine or estimate the carrying amount of the components that are derecognised from the register because they have been replaced.

Costs of major repairs are capitalised and depreciated over their estimated useful lives, while recurring maintenance expenses are charged to the income statement in the year in which they are incurred.

Depreciation of property, plant and equipment, except for land which is not depreciated, is calculated using the straight-line method based on the nature of the asset, reflecting the actual depreciation resulting from its operation, use and enjoyment.

The estimated useful lives are:

	Annual %	Years	Method
Buildings (*)	10%	10	Straight-Line
Other installations — 10% 10 years	10% - 20%	5 - 10	Straight-Line
Furniture	10% - 20%	5 - 10	Straight-Line
Computer equipment (IT hardware)	13% - 25%	4 - 7	Straight-Line
Other property, plant and equipment	10% - 20%	5 - 10	Straight-Line

(*) 10 years, considering the lease term of the property.

The residual value and the useful life of the assets are reviewed and adjusted, where necessary, at the date of each consolidated balance sheet.

When the carrying amount of an asset exceeds its estimated recoverable amount, its value is immediately reduced to its recoverable amount.

Gains and losses on the disposal of property, plant and equipment are calculated by comparing the proceeds from the sale with the carrying amount and are recognised in the consolidated income statement.

3.6 Impairment of non-financial assets

At least at year-end, the Directors assess whether there are any indications that a non-current asset may be impaired. If so, its recoverable amount is estimated.

The recoverable amount is the higher of fair value less costs of disposal and value in use. When the carrying amount exceeds the recoverable amount, an impairment loss arises. Value in use is the present value of expected future cash flows, using risk-free market interest rates adjusted for the specific risks associated with the asset. For those assets that do not generate cash flows that are largely independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which such assets belong.

Impairment losses and their reversals are recognised in the consolidated income statement. Impairment losses are reversed when the circumstances that gave rise to them no longer exist, except for goodwill. Reversals of impairment losses are limited to the carrying amount that the asset would have had if no impairment loss had previously been recognised.

The Directors of the Parent Company have updated the five-year business plan, which has been used as the basis for performing a new impairment test of non-financial assets.

3.7 Financial assets

Classification of financial instruments

Financial instruments are classified at initial recognition as financial assets, financial liabilities or equity instruments, in accordance with the economic substance of the contractual arrangement and the definitions of financial asset, financial liability or equity instrument.

The Group classifies financial instruments into the different categories based on their characteristics and the investment strategy of the Board of Directors at the time of initial recognition.

Offsetting principle

A financial asset and a financial liability are offset only when there is a legally enforceable right to offset the recognised amounts and the intention exists to settle on a net basis or to realise the asset and settle the liability simultaneously.

Assets measured at amortised cost

A financial asset is classified in this category, even when it is traded in an organised market, if the Group holds the investment with the objective of collecting the contractual cash flows and the contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

This category generally includes trade receivables and non-trade receivables:

- a) Trade receivables: financial assets arising from the sale of goods or rendering of services in the ordinary course of business with deferred collection; and
- b) Non-trade receivables: financial assets that are neither equity instruments nor derivatives, have no commercial origin and whose collections are fixed or determinable, arising from loan or credit transactions granted by the Group.

Initial measurement

Financial assets classified in this category are initially measured at fair value, which, unless evidence to the contrary exists, is the transaction price, equivalent to the fair value of the consideration delivered, plus transaction costs directly attributable to them.

However, trade receivables with maturities not exceeding one year that do not bear an explicit contractual interest rate, as well as staff receivables, dividends receivable and unpaid portions of equity instruments expected to be collected in the short term, may be measured at nominal value when the effect of discounting cash flows is not significant.

Subsequent measurement

Financial assets in this category are subsequently measured at amortised cost. Interest income is recognised in the income statement using the effective interest rate method.

Nevertheless, receivables with maturities not exceeding one year that were initially measured at nominal value in accordance with the previous paragraph continue to be measured at that amount, unless impaired.

When contractual cash flows of a financial asset are modified due to the issuer's financial difficulties, the Group assesses whether an impairment loss should be recognised.

Impairment of value

At least at year-end, impairment adjustments are made whenever there is objective evidence that the value of a financial asset, or a group of financial assets with similar risk characteristics measured collectively, has been impaired as a result of one or more events occurring after initial recognition that cause a reduction or delay in estimated future cash flows, potentially arising from the debtor's insolvency.

The impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows, including those arising from the enforcement of collateral and guarantees, discounted at the effective interest rate determined at initial recognition. For variable-rate financial assets, the effective interest rate applicable at year-end under the contractual terms is used. Statistical or formula-based models may be used when estimating impairment losses on a group basis.

Impairment losses and subsequent reversals, where the amount of the loss decreases due to events occurring after recognition, are recognised as an expense or income,

respectively, in the consolidated income statement. Reversals are limited to the carrying amount that would have been recognised had no impairment been recorded.

Alternatively, the market value of the instrument may be used as a proxy for the present value of future cash flows, provided it is sufficiently reliable.

Interest income on credit-impaired financial assets continues to be recognised under general rules, without prejudice to the Group's obligation to assess recoverability and recognise any resulting impairment losses.

Financial assets at cost

This category includes:

- a) Investments in equity of group, jointly controlled and associated companies, as defined in Accounting Rule 13 of the Spanish General Chart of Accounts.
- b) Other equity investments whose fair value cannot be determined by reference to quoted prices in active markets or cannot be measured reliably, and derivatives whose underlying is such investments.
- c) Hybrid financial assets whose fair value cannot be reliably measured, unless they qualify for amortised cost measurement.
- d) Contributions made under profit-sharing agreements and similar arrangements.
- e) Participating loans whose interest is contingent, either because interest rates depend on achieving milestones or because they are calculated solely based on the performance of the investee.
- f) Any other financial asset initially classifiable at fair value through profit or loss for which reliable fair value estimates are not available.

Initial measurement

Investments in this category are initially measured at cost, equivalent to the fair value of the consideration delivered plus directly attributable transaction costs, applying, where appropriate, the criteria established in Spanish GAAP for group transactions and business combinations.

If an investment existed prior to classification as a group, jointly controlled or associated company, its carrying amount immediately before reclassification is deemed the cost.

Subscription rights and similar rights acquired form part of initial measurement.

Subsequent measurement

At least at the end of the financial year, the necessary valuation adjustments shall be made whenever there is objective evidence that the carrying amount of an investment will not be recoverable.

The amount of the valuation adjustment shall be the difference between its carrying amount and its recoverable amount, the latter being understood as the higher of its fair value less costs of disposal and the present value of future cash flows derived from the

investment, which, in the case of equity instruments, shall be calculated either by estimating those expected to be received as a result of dividend distributions made by the investee company and the disposal or derecognition of the investment in it, or by estimating its share in the cash flows expected to be generated by the investee company, arising both from its ordinary activities and from its disposal or derecognition.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimation of impairment losses of this class of assets shall be calculated based on the net equity of the investee entity and on the latent capital gains existing at the valuation date, net of the tax effect. In determining this value, and whenever the investee company has itself invested in another entity, the net equity included in the consolidated financial statements prepared applying the criteria of the Commercial Code and its implementing regulations shall be taken into account.

When the investee company is domiciled outside Spanish territory, the net equity to be considered shall be expressed in accordance with the rules contained in the General Accounting Plan (PGC). However, if high inflation rates are involved, the values to be considered shall be those resulting from financial statements adjusted in the manner set out in the standard relating to foreign currency.

As a general rule, the indirect estimation method based on net equity may be used in those cases where it can serve to demonstrate a minimum recoverable value without the need to perform a more complex analysis when it is deduced therefrom that there is no impairment.

The recognition of valuation adjustments for impairment losses and, where appropriate, their reversal, shall be recorded as an expense or income, respectively, in the consolidated profit and loss account. The reversal of impairment shall be limited to the carrying amount of the investment that would have been recognised at the reversal date had the impairment not been recognised.

However, in the case where an investment in the company had been made prior to its classification as a group company, jointly controlled entity or associate, and prior to that classification valuation adjustments had been made and directly recognised in equity arising from such investment, such adjustments shall be maintained after classification until disposal or derecognition of the investment, at which point they shall be recognised in the consolidated profit and loss account, or until the following circumstances occur:

a) In the case of prior upward valuation adjustments, impairment losses shall be recognised against the equity item that previously recorded the valuation adjustments up to the amount thereof, and any excess shall be recognised, where appropriate, in the consolidated profit and loss account. The impairment loss recognised directly in equity shall not be reversed.

b) In the case of prior downward valuation adjustments, when subsequently the recoverable amount is higher than the carrying amount of the investments, the latter shall be increased, up to the limit of the said reduction in value, against the item that recorded the previous valuation adjustments, and from that moment on the resulting new amount shall be considered the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, the accumulated losses directly recognised in equity shall be recognised in the consolidated profit and loss account..

Interest and dividends

Interest and dividends from financial assets accrued after the time of acquisition shall be recognized as income in the consolidated profit and loss account. Interest on financial assets measured at amortized cost must be recognized using the effective interest method, and dividends when the shareholder's right to receive them is declared.

For these purposes, in the initial measurement of financial assets, the amount of accrued and unpaid explicit interest at that time shall be recorded separately, according to its maturity, as well as the amount of dividends agreed by the competent body at the time of acquisition. "Explicit interest" shall be understood as that obtained by applying the contractual interest rate of the financial instrument.

Derecognition of financial assets

The Group shall derecognize a financial asset, or part of it, when the contractual rights to the cash flows from the financial asset expire or have been transferred, provided that the risks and rewards inherent to ownership have been substantially transferred, in circumstances that shall be assessed by comparing the Group's exposure, before and after the transfer, to changes in the amounts and timing of the net cash flows of the transferred asset.

It is understood that the risks and rewards inherent to ownership of the financial asset have been substantially transferred when exposure to such variation ceases to be significant in relation to the total variation in the present value of the future net cash flows associated with the financial asset.

If the Group has neither substantially transferred nor retained the risks and rewards, the financial asset shall be derecognized when the Group has not retained control over it, a situation that shall be determined depending on the transferee's unilateral ability to transfer said asset, in full and without imposing conditions, to an unrelated third party. If the transferor retains control over the asset, it shall continue to recognize it for the amount to which the company is exposed to changes in the value of the transferred asset, i.e., for its continuing involvement, and shall recognize an associated liability.

When the financial asset is derecognized, the difference between the consideration received, net of attributable transaction costs, considering any new asset obtained less any liability assumed, and the carrying amount of the financial asset, shall determine the gain or loss arising on derecognition of said asset, and shall form part of the profit or loss for the period in which it occurs.

The above criteria shall also apply to transfers of a group of financial assets or part thereof.

3.8 Financial liabilities

Financial liabilities are classified into the following measurement categories: financial liabilities at amortized cost and financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost

The Group classifies all financial liabilities in this category except when they must be measured at fair value through profit or loss.

As a general rule, this category includes trade payables and non-trade payables:

- a) Trade payables: these are financial liabilities arising from the purchase of goods and services in the company's ordinary trading operations with deferred payment, and
- b) Non-trade payables: these are financial liabilities which, not being derivative instruments, do not have a commercial origin but arise from loan or credit transactions received by the company.

Initial measurement

Financial liabilities included in this category shall be initially measured at their fair value, which, unless there is evidence to the contrary, shall be the transaction price, which shall be equal to the fair value of the consideration received adjusted for directly attributable transaction costs.

However, trade payables with a maturity not exceeding one year and which do not have a contractual interest rate, as well as amounts required by third parties on shareholdings whose payment is expected in the short term, may be measured at their nominal value, when the effect of not discounting cash flows is not significant.

Subsequent measurement

Financial liabilities included in this category are measured at amortized cost. Accrued interest is recognized in the consolidated profit and loss account, applying the effective interest method.

However, payables with a maturity not exceeding one year which, in accordance with the provisions of the previous paragraph, are initially measured at nominal value, shall continue to be measured at that same amount.

3.9 Equity

The share capital of the Parent Company is represented by shares. Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction, net of tax, from the amounts obtained.

a) Own equity instruments held by the Parent Company (treasury shares)

The acquisition by the Parent Company of equity instruments is presented at acquisition cost, separately as a reduction of equity in the consolidated balance sheet. In transactions carried out with own equity instruments, no result is recognized in the profit and loss account.

Transaction costs related to own equity instruments are recorded as a reduction of reserves, after considering any tax effect.

b) Capital increases through issuance of convertible options into own equity instruments

The Parent Company, in order to obtain financing for its expansion plans, uses the issuance of share options ("equity warrants – EW"). If, according to the conditions of the option issuance, the "fixed for fixed" rule is not met, a financial derivative arises. The "fixed

for fixed” rule is met if the only possible settlement of the instrument is through the delivery of a fixed number of own shares for a fixed price.

The financial derivative that arises, as it is not considered a hedging instrument, is recorded at the time of its valuation at each reporting date at fair value in the consolidated profit and loss account.

The fair value of the derivative is determined using option valuation models that take into account the life of the option, the market price of the underlying assets, the expected volatility of the shares, and the risk-free interest rate for the life of the option.

Changes in the fair value of the derivative during its life (i.e., from the signing date until exercise of the option) are recognized in the profit and loss account as a financial expense/income. On the conversion date of the options into shares, the derivative is derecognized from the balance sheet and the sum of the cash received from the conversion, plus/minus the accumulated fair value of the derivative up to that moment, is recognized against equity (share capital plus share premium).

3.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits with credit institutions. This concept also includes other short-term, highly liquid investments provided that they are easily convertible into known amounts of cash and have a short maturity not exceeding three months.

The Group presents in the statement of cash flows the payments and receipts arising from highly revolving financial assets and liabilities on a net basis. For these purposes, the rotation period is considered high when the period between the acquisition date and the maturity date does not exceed six months.

3.11 Classification of assets and liabilities between current and non-current

The Group presents the consolidated balance sheet classifying assets and liabilities between current and non-current. For these purposes, current assets or liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realized, or are intended to be sold or consumed in the normal operating cycle, are held primarily for trading purposes, are expected to be realized within twelve months after the reporting date, or are cash or cash equivalents, except in those cases where they cannot be exchanged or used to settle a liability, at least within twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the normal operating cycle, are held primarily for trading purposes, are due to be settled within twelve months from the reporting date, or when the entity does not have an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.
- Financial liabilities are classified as current when they must be settled within twelve months after the reporting date, even if the original term was longer than twelve months and there is a refinancing or long-term restructuring agreement concluded after the reporting date and before the financial statements are authorized for issue.

All other assets and liabilities that do not meet the above conditions are classified as “non-current”.

3.12 Grants, donations and legacies

Grants that are refundable are recognized as liabilities until the conditions for them to become non-refundable are met, while non-refundable grants are recognized directly in equity and are recognized as income on a systematic and rational basis correlated with the expenses derived from the grant. Non-refundable grants received from shareholders are recognized directly in equity.

For these purposes, a grant is considered non-refundable when there is an individualized agreement for the granting of the subsidy, all conditions established for its granting have been met, and there are no reasonable doubts that it will be collected.

Monetary grants are measured at the fair value of the amount granted, and non-monetary grants at the fair value of the asset received, both values being determined at the time of their recognition.

Non-refundable grants related to the acquisition of intangible and tangible assets are recognized as income in the income statement in proportion to the depreciation of the related assets or, where applicable, when they are disposed of, impaired, or derecognized from the balance sheet. Non-refundable grants related to specific expenses are recognized in the consolidated profit and loss account in the same period in which the related expenses are incurred, and those granted to compensate operating losses are recognized in the period in which they are granted, unless they are intended to compensate operating losses of future periods, in which case they are recognized in those future periods.

3.13 Income tax

Since each of the companies forming the consolidated tax group is taxed individually for Corporate Income Tax purposes, the consolidated tax expense has been obtained by aggregating the tax expenses estimated by each of the consolidated companies, adjusted by consolidation adjustments, and these have been calculated based on individual accounting results, adjusted for tax criteria, and taking into account applicable tax credits and deductions.

The income tax expense (income) for the period is therefore calculated as the sum of current tax, which results from applying the tax rate to the taxable base of the period less existing tax credits and deductions, and the changes during the period in recognized deferred tax assets and liabilities.

It is recognized in the consolidated profit and loss account, except when it relates to transactions recorded directly in equity, in which case the corresponding tax is also recorded in consolidated equity, and in business combinations, in which it is recognized as other assets and liabilities of the acquired business.

Deferred taxes are recognized for temporary differences existing at the balance sheet date between the tax base of assets and liabilities and their carrying amounts. The tax base of an item is considered to be the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in the corresponding line items of “deferred tax assets” and “deferred tax liabilities” in the balance sheet.

Deferred tax liabilities are recognized for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that does not affect either taxable profit or accounting profit and is not a business combination.

Deferred tax assets are recognized only to the extent that it is considered probable that each company, individually, will have future taxable profits against which they can be utilized.

At each reporting date, the Group assesses recognized deferred tax assets and those not previously recognized. Based on this assessment, the Group derecognizes a previously recognized asset if recovery is no longer probable, or recognizes any previously unrecognized deferred tax asset when it is probable that the Group will have future taxable profits allowing its utilization.

Deferred tax assets and liabilities are measured at the tax rates expected to apply when they reverse, according to enacted tax laws, and based on how the asset or liability is expected to be recovered or settled.

Deferred tax assets and liabilities arising from transactions recognized directly in equity are also accounted for with a corresponding entry in consolidated equity.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities, regardless of the expected timing of realization or settlement.

3.14 Employee benefits

a) Severance payments

Severance payments are paid to employees as a result of the Group management's decision to terminate their employment contract before the normal retirement age. These benefits are recognized when there is a demonstrable commitment to terminate the employment of workers in accordance with a detailed formal plan without possibility of withdrawal. Benefits that are not to be paid within twelve months after the balance sheet date are discounted to their present value.

b) Non-compete agreement

The Group has signed various employment contracts with non-compete clauses. The Directors consider that the conditions for recognizing a liability and an expense are not met, as the probability of occurrence is very low or almost nil.

3.15 Equity-settled share-based payment transactions

Transactions with payments based on equity instruments are those in which, in exchange for receiving goods or services, including services rendered by employees, the Group settles with its own equity instruments or with an amount based on the value of its own equity instruments, such as share options or share appreciation rights.

Recognition

The Group shall recognize, on the one hand, the goods or services received as an asset or as an expense depending on their nature, at the time they are obtained, and, on the other

hand, the corresponding increase in equity if the transaction is settled with equity instruments, or the corresponding liability if the transaction is settled with an amount based on the value of equity instruments.

If the Group has the option to make the payment with equity instruments or in cash, it shall recognize a liability to the extent that it has incurred a present obligation to settle in cash or with other assets; otherwise, it shall recognize an equity item. If the option corresponds to the supplier of goods or services, the Group shall record a compound financial instrument, which will include a liability component for the right of the other party to demand payment in cash, and an equity component for the right to receive remuneration in own equity instruments.

In transactions in which it is necessary to complete a certain period of service, recognition shall be carried out as such services are rendered over that period.

Measurement

In transactions with employees that are settled with equity instruments, both the services rendered and the increase in equity to be recognized shall be measured at the fair value of the equity instruments granted, referred to the grant date.

Those transactions settled with equity instruments in exchange for goods or services other than those rendered by employees shall be measured, if it can be reliably estimated, at the fair value of the goods or services at the date they are received. If the fair value of the goods or services received cannot be reliably estimated, the goods or services received and the increase in equity shall be measured at the fair value of the equity instruments granted, referred to the date on which the Group obtains the goods or the other party renders the services.

Once the goods and services received have been recognized, in accordance with the above paragraphs, as well as the corresponding increase in equity, no further adjustments to equity shall be made after the vesting date.

In transactions settled in cash, the goods or services received and the liability to be recognized shall be measured at the fair value of the liability, referred to the date on which the requirements for its recognition are met.

Subsequently, and until settlement, the corresponding liability shall be measured at its fair value at each reporting date, recognizing in the profit and loss account any change in value that occurs during the period.

The General Shareholders' Meeting of the Parent Company held on June 21, 2022 approved the final Share Option Plan ("stock options") for directors, executives, employees and collaborators. The purpose of the Plan is to meet the Group's corporate objectives and their control, stimulating its expansion, improving the management of the Group, focused on optimizing all aspects necessary to increase its long-term value, aligning the interests of employees and shareholders, and incentivizing the retention of key employees of the Group.

As of December 31, 2025 and 2024, none of the Plan's objectives have been met, therefore no provision has been recognized in the balance sheet at that date.

c) Non-compete agreement

The Group has signed various employment contracts with non-compete clauses. The Directors consider that the conditions for recognizing a liability and an expense are not met, as the probability of occurrence is very low or almost nil.

3.16 Provisions and contingencies

Provisions for liabilities, restructuring costs and litigation are recognized when they arise from a present obligation, whether legal or constructive, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions for restructuring include penalties for lease cancellation and severance payments to employees. Provisions for future operating losses are not recognized.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Adjustments to the provision due to its updating are recognized as a finance cost as they accrue.

Provisions with a maturity of one year or less, with a non-significant financial effect, are not discounted.

When it is expected that part of the expenditure required to settle a provision will be reimbursed by a third party, the reimbursement is recognized as a separate asset, provided that its receipt is virtually certain.

Contingent liabilities are considered to be possible obligations arising from past events, the materialization of which is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group.

Such contingent liabilities are not recognized in the accounts and are disclosed in detail in the consolidated financial statements.

3.17 Revenue recognition from the provision of services

Operating revenues derived from contracts with customers are recorded as control of the goods and services committed to those customers is transferred. Control of a good or service refers to the ability to fully decide on the use of that item and obtain substantially all of its remaining benefits.

To apply this criterion, a process consisting of the following successive stages is followed:

- Identification of the contract with the customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations, based on the selling prices of each good or service, or by estimating the selling price when it is not independently observable.
- Recognition of revenue as the Group satisfies a performance obligation.

Revenue from the sale of goods or services is recognized at the fair value of the consideration received or receivable. Discounts for early payment, volume or other discounts, as well as interest included in the nominal amount of receivables, are recorded as a reduction thereof. However, the Group includes interest incorporated into trade receivables with a maturity of

no more than one year that do not have a contractual interest rate, when the effect of not discounting cash flows is not significant.

Revenue is recognized when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group, and the specific conditions for each activity are met as detailed below. Revenue cannot be considered reliably measurable until all contingencies related to the sale have been resolved. The Group bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specific terms of each agreement.

The Group recognizes revenue from the sale of the right of use (licensing) of software for facial biometric recognition technology at the moment when all risks and rewards are transferred and the conditions indicated above are met, recognizing it in the consolidated profit and loss account at a point in time, normally coinciding with the delivery of the license, regardless of the licensing term, which may be perpetual or for defined contractual periods. Revenue from services not yet rendered is reflected in the consolidated balance sheet as short-term accruals.

Revenue from maintenance and support services, as well as SaaS services, is recognized based on the accrual of the service provision.

3.18 Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Assets acquired under finance leases are recognized according to their nature, at the lower of the fair value of the asset and the present value at the inception of the lease of the minimum lease payments, with a financial liability recognized for the same amount. Lease payments are allocated between finance costs and reduction of the liability. The assets are depreciated, impaired and derecognized using the same criteria as other assets of a similar nature.

Leases in which the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Lease expenses, when the Group acts as lessee, are recognized on a straight-line basis in the income statement over the term of the lease, regardless of the payment schedule established in the contract.

3.19 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates in force at the date of the transactions. Exchange gains and losses arising from the settlement of these transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the consolidated profit and loss account.

3.20 Environmental assets

Assets of an environmental nature are those used on a lasting basis in the Group's activities and whose main purpose is to prevent, reduce or repair the damage that its activities may cause to the environment. Expenses arising from environmental activities are recognized as "Other operating expenses" in the period in which they are incurred.

The Directors consider that as of December 31, 2025 there are no environmental contingencies that could be significant in relation to the Group's equity, financial position and

consolidated results, and therefore no provisions or contingencies have been recorded for this reason.

3.21 Related party transactions

The Group carries out all its transactions with related parties at market values. Additionally, transfer pricing is adequately supported, so the Directors of the Parent Company consider that there are no significant risks in this regard that could give rise to material liabilities in the future.

4. INTANGIBLE ASSETS

The detail and movements of the items included under “Intangible assets” are as follows

Coste:

Item	Euros								
	Cost 31.12.23	Additions	Disposals	Transfers	Cost 31.12.24	Additions	Disposals	Transfers	Cost 31.12.25
Research	---	---	---	---	---	---	---	---	---
Development	825.136	4.936.212	(1.077.421)	12.083.246	16.767.173	5.117.539	---	---	21.884.712
Industrial property	114.462	485	(10.029)	---	104.918	---	(457)	---	104.461
Software applications	17.065.561	69.511	(829.007)	(12.083.246)	4.222.819	3.394.234	(427)	---	7.616.626
Total cost	18.005.159	5.006.208	(1.916.457)	---	21.094.910	8.511.722	(884)	---	29.605.799

Amortización:

Item	Euros								
	Balance at 31.12.23	Charge for the year	Disposals	Transfers	Balance at 31.12.24	Charge for the year	Disposals	Transfers	Balance at 31.12.25
Research	---	---	---	---	---	---	---	---	---
Development	149.294	1.865.740	(1.077.421)	5.282.210	6.219.823	3.781.481	---	---	10.001.304
Industrial property	40.843	13.446	(10.029)	---	44.259	10.410	---	---	54.669
Software applications	5.969.328	3.177.151	(829.007)	(5.282.210)	3.035.262	2.443.965	---	---	5.479.227
Total amortization	6.159.465	5.056.337	(1.916.457)	---	9.299.344	6.235.856	---	---	15.535.200

Net Accounting Value:

Item	Euros	
	Balance 31.12.25	Balance 31.12.24

Research	---	---
Development	11.883.408	10.547.350
Industrial property	49.792	60.658
Software applications	2.137.399	1.187.557
Net Accounting Value	14.070.599	11.795.565

a) Development and industrial property

The Group continues to pursue its investment and improvement policy in its existing facial biometrics applications. The capitalised costs recognised during the financial year ended 31 December 2025 and during the financial year ended 31 December 2024 relate to the following milestones:

	Euros	
Description: Improvements to Software Development Kit (SDK)	31.12.2025	31.12.2024
Identity Platform	4.619.329	4.346.523
Total internal development	---	237.958
Development acquired from third parties	4.619.329	4.584.481
Description: Improvements to Software Development Kit (SDK)	493.264	351.731
Total	5.112.593	4.936.212

These costs are being recorded under the Development heading, as there are well-founded reasons to consider their commercial success upon completion. At that time, they will be reclassified under the intangible asset heading corresponding to their nature. Should there be well-founded criteria to consider that the projects have not been successfully completed, such costs would be recognised as losses arising from intangible assets. The vast majority of the development activity related to new applications or the improvement of existing ones has been carried out internally, with the exception of an amount of €493,264 (€351,731 in 2024), which has been recognised through the capitalisation of production costs against the heading "Work performed by the Group for its own assets" in the consolidated income statement.

The developments capitalised as of 31 December 2025 and 31 December 2024 mainly relate to improvements in fraud prevention security, interactive user guidance during onboarding processes, and tools for integrating the technology into multi-platform applications.

Facephi Biometría, S.A. retains ownership of its historical trademarks Selphi (EUTM 015106354) and FacePhi Beyond Biometrics (EUTM 015114853) in the European Union, as well as in the United States, where the FacePhi Beyond Biometrics trademark has been granted by the USPTO. In addition, the Group holds a robust portfolio of trademarks in the European Union and the United Kingdom (following registration cloning as a result of Brexit), including LOOK & PHI (017896710), inPhinite (017948110), 4Phingers (017948113), PHIVOX (017948116), SIGNPHI (017948119) and SelphID (017948878). At the end of 2022, the Company launched a strategic rebranding process that resulted in the registration of a new family of trademarks with the European Union Intellectual Property

Office (EUIPO) and the World Intellectual Property Organization (WIPO). The Group's key new brand assets are:

- FACEPHI (figurative 018762534 and word mark 018762535).
- FACEPHI IDENTITY PLATFORM (figurative 018779488).
- FACEPHI PROTECTING IDENTITY TO BUILD THE FUTURE (EUTM 18823854 and Spanish trademark 4184138).
- FACEPHI TESEO ID WALLET (figurative 18948018).

The FACEPHI trademark is currently protected in 41 countries, achieving a consolidated presence in the European Union, Southeast Asia and various LATAM markets such as Argentina, Chile, Mexico, Ecuador, Panama and Uruguay. In these territories, the new versions of the FACEPHI trademark have been registered claiming priority from the European Union registrations, in order to ensure maximum legal protection.

Despite the change in corporate identity, the Group maintains a continuous protection policy for its original trademarks registered in 2016. Although Spanish trademark no. 3063143 expired in 2023 as a strategic decision, its seniority remains protected through European Union trademark no. 015114853, ensuring that there are no protection gaps that could be exploited by third parties.

As a preventive pillar of its industrial property strategy, the Group maintains an active global trademark monitoring service managed by Ballester IP, a well-established law firm specialising in industrial and intellectual property at both national and international levels, with extensive experience in coordinating multi-jurisdictional projects.

This service provides continuous monitoring in any country worldwide, including jurisdictions where no prior registration exists. It enables the detection and alerting of new applications for identical or similar trademarks, the assessment of associated legal risks, and the agile and proportionate execution of defensive actions (such as oppositions, appeals or cease-and-desist actions).

During the 2025 financial year, this monitoring system did not detect any applications posing a risk to the Company's interests, allowing the year to conclude without trademark disputes or conflicts.

Intellectual property rights

Since the entry into force of Law 1/2019, of 20 February, on Trade Secrets, technology companies operate in an environment offering greater legal certainty regarding knowledge classified as trade secrets (algorithms, know-how, etc.), resulting in enhanced protection against potential infringements.

However, legal doctrine and case law agree that, for the regulation to be effectively applicable, it is not sufficient merely to refer to it; companies must implement tools that create an environment of security, protection, reliability and traceability.

ADOPTION OF STANDARDS

Legal compliance and data protection:

- Data protection and criminal compliance: the Group complies with the following regulations: Criminal Risk Prevention Plan (PRP), the General Data Protection Regulation (GDPR) and the Spanish Organic Law on Data Protection and Guarantee of Digital Rights (LOPDGDD), reinforced by the information security certifications detailed below.

TECHNICAL CERTIFICATIONS

- **Corporate Governance, Risk and Compliance:**
 - ISO/IEC 27001 (ISMS), ensuring confidentiality, integrity and availability of information and systems.
 - ISO 22301 – Business Continuity Management System.
 - ISO 27017 – Cloud Security Controls.
 - ENS – Certification of compliance with the Spanish National Security Scheme (High category).
 - Pinakes certification (recognition as an approved technology provider for national banking institutions).
- **Product and technology certifications:**
 - ISO 30107-3 iBeta Level 1 – compliance for both Facial Recognition (Matcher) and Passive Liveness Detection (PAD).
 - ISO 30107-3 iBeta Level 2 – the highest level achieved to date in presentation attack detection for facial biometrics technologies.
 - KISA K-NBTC certification – validates the performance of the identity verification algorithm, issued by the Korean National Biometric Test Center.
 - UK Digital Identity and Attributes Trust Framework (UK DIATF) – certification as an Identity Service Provider (IDSP).
 - SEPBLAC video-identification circulars – certification as a provider of remote onboarding and digital identity services.
- **Biometric information exchange:**
 - ANSI/NIST-ITL 1-2011 – biometric data storage and interoperability standard.
 - ISO/IEC 19794-5 – facial image data format, photographic properties and best practices.

b) Software applications

In accordance with the criteria for identifying intangible assets, the Group reclassifies, based on their nature (software applications), the production cost of software improvements and utilities developed by Group companies that have entered the commercialisation phase for generating operating revenues.

Additionally, additions during the 2025 financial year mainly relate to licensing agreements acquired from a biometric technology provider, which the Group integrates into its marketed products and amortises on a straight-line basis over the contract term.

c) Fully amortised intangible assets

As of 31 December 2025 and 31 December 2024, the Group holds fully amortised intangible assets that remain in use, in accordance with the following detail:

	Euros	
	31.12.2025	31.12.2024
Desarrollo	930.592	---
Propiedad industrial	22.383	---
Aplicaciones informáticas	3.557.816	---
Total coste	4.510.791	---

d) Other information

In previous financial years, the Parent Company was the beneficiary of grants related to intangible assets arising from development costs, some of which were incurred in 2023, 2024 and 2025, as disclosed in Note 10.3.

No borrowing costs have been capitalised and there are no intangible assets located abroad. All intangible assets are used in the Group's operations and are free from restrictions and guarantees. No impairment losses have been recognised or reversed for any item of intangible assets.

e) Impairment test of non-current assets

The recoverable amount of non-current assets has been assessed considering a single Cash-Generating Unit (CGU) by estimating their value in use, using cash flow projections based on the business plan and on the estimates prepared by Management for the next five years. The discount rate applied to the projected cash flows was 10.0%, and cash flows beyond the four-year projection period were extrapolated using a perpetual growth rate of 2.0%. It has been concluded that there is no impairment of asset values.

Key assumptions for the calculation of value in use

The calculation of value in use was based on the following assumptions:

- Growth: the Group expects net revenue growth to return to double-digit levels in 2026, with this growth rate being maintained throughout the financial projection period (2026–2028). The Group continues to invest in product development and enhancements, as well as in opening new offices and developing sales channels, which are expected to support continued revenue growth.
- EBITDA: the Group estimates that EBITDA will increase progressively as a result of securing new contracts, thereby optimising its current structure.
- Discount rate: a rate based on the average WACC calculated by analysts covering the Company, and therefore the Group, of 15.0%, has been used.
- CAPEX: the Group expects investments in intangible assets, mainly related to the development and enhancement of its technology, to continue, representing a progressively lower percentage of net revenue, as evidenced for the third consecutive year.

Sensitivity to changes in assumptions

Given the significant headroom between the value in use and the carrying amounts of the Group's net assets subject to analysis, Management considers that any reasonably possible change in the assumptions described above (e.g. an increase in the WACC and/or a reduction in the terminal growth rate) would not result in the carrying amount exceeding the recoverable amount.

5. PROPERTY, PLANT AND EQUIPMENT

The detail and movements of the items included under Property, plant and equipment are as follows:

Cost:

Item	Euros							
	Cost at 31.12.23	Additions	Disposals	Transfers	Cost at 31.12.24	Additions	Disposals	Transfers
Buildings	2.145.668	40.867	---	---	2.186.535	---	---	2.186.535
Technical installations	---	---	---	---	---	636	---	636
Other installations	58.706	10.701	(3.366)	---	66.041	5.914	(711)	71.244
Furniture	128.644	38.717	(22.096)	---	145.265	---	(1.470)	143.795
Computer equipment (IT hardware)	900.955	154.746	(96.639)	---	959.062	244.659	(47.244)	1.156.477
Other property, plant and equipment	4.780	---	(2.324)	---	2.456	2.324	---	4.780
Total cost	3.238.753	245.031	(124.425)	---	3.359.359	253.533	(49.425)	3.563.467

Amortization:

Item	Euros							
	Balance at 31.12.23	Business combinations	Depreciation (year)	Disposals	Balance at 31.12.24	Depreciation (year)	Disposals	Transfers
Buildings	120.637	214.675	---	---	335.312	217.059	---	552.371
Technical installations	---	---	---	---	---	435	---	435
Other installations	16.204	9.326	(3.366)	---	22.164	8.670	---	30.834
Furniture	45.132	14.594	(22.096)	---	37.630	24.585	---	62.215
Computer equipment (IT hardware)	403.647	291.960	(96.639)	---	598.968	344.801	---	943.769
Other property, plant and equipment	2.983	1.553	(2.324)	---	2.212	478	---	2.690
Total depreciation and amortisation	588.603	532.108	(124.425)	---	996.286	596.028	---	1.592.314

Net Accounting Value:

Item	Euros	
	Balance 31.12.25	Balance 31.12.24
Buildings	1.634.164	1.851.223
Technical installations	201	---
Machinery	---	---
Other installations	40.410	43.877
Furniture	81.580	107.635
Computer equipment (IT hardware)	212.708	360.094
Other property, plant and equipment	2.090	244
Assets under construction and advances	---	---
Net Accounting Value	1.971.153	2.363.073

Additions relating to investments in property, plant and equipment during the 2025 and 2024 financial years correspond, respectively, to the acquisition of information processing equipment for new employees and to refurbishment works carried out at the new business centre in the city of Alicante, which the Company has leased to conduct its activities. Such works were completed in early June 2023.

a) Fully depreciated assets

At the close of the 2025 and 2024 financial years, the Group holds items of property, plant and equipment that are fully depreciated and still in use, in accordance with the following detail:

Item	Euros	
	2025	2024
Buildings	15.937	---
Computer equipment (IT hardware)	295.546	---
Total	311.483	---

b) Insurance

The Group has insurance policies in place to cover the risks to which items of property, plant and equipment are exposed. The coverage provided by these policies is considered adequate.

c) Other information

No borrowing costs have been capitalised, there is no property, plant and equipment located abroad, and there are no restrictions or guarantees over the assets included under this

heading. No impairment losses have been recognised or reversed for any item of property, plant and equipment.

6. LEASES AND OTHER OPERATIONS OF A SIMILAR NATURE

a) Operating leases

The amount of future minimum payments corresponding to non-cancellable operating leases is as follows:

	Euros			
	Facephi		Rest of Group	
Minimum future payments	31.12.25	31.12.24	31.12.25	31.12.24
Up to one year	451.471	669.536	34.556	44.374
Between one and five years	1.639.335	1.433.677	---	33.280
More than five years	458.010	1.221.360	---	---
Total	2.548.816	3.324.573	34.556	77.654

The amount of lease payments recognised as an expense for the financial year, as well as the most significant characteristics of the lease agreements, are as follows:

Description of the lease	Expense 2025	Expense 2024	Maturity	Renewal	Price Actualization Criteria
Offices, parking spaces and storage room	337.194	278.693	30/06/2033	N/A	SI (IPC)
Madrid offices	94.907	147.201	30/06/2026	N/A	NO
Subsidiaries' offices	57.247	87.078	30/09/2026	N/A	NO
IT equipment	---	---	01/06/2029	N/A	NO
IT equipment	1.661	1.462	01/06/2029	N/A	NO
Furniture	38.716	38.716	17/07/2028	N/A	NO
Vehicles	75.937	74.121	08/01/2027	N/A	NO
Rentals, software, cloud and others	183.183	155.683	N/A	N/A	N/A
Total	788.845	782.954			

On 8 January 2023, two additional operating vehicle leasing (renting) contracts were entered into for use by members of the Board of Directors. The monthly lease payment amounts to €2,223 per vehicle, with a 3-year term. These contracts expired in January of the current financial year, and two new vehicle leasing contracts were entered into, initially intended for use by members of Management and Senior Management. The maturity dates of these contracts are January and April 2026, respectively. Lastly, the lease payments amount to €2,726.04 for the first vehicle and €2,168.19 for the second.

Additionally, in connection with the Parent Company's actions to modernise its working model, on 4 March 2022 it entered into a new lease agreement in a business centre in the city of Alicante, for a 10-year period commencing upon the completion of the works to be carried out or from 31 December 2022, whichever occurred first, with a mandatory minimum period of 3 years. The lessor granted a 12-month rent-free period starting from the completion of the works or from 31 December 2022. A security deposit amounting to €34,000, equivalent to two monthly payments, was paid. The refurbishment works were completed in June 2023.

b) Finance leases

During the 2022 financial year, the Group acquired an information processing asset (server) through the execution of a finance lease contract for a total amount of €275,000. In relation to this financing contract, and as it meets the conditions for the substantial transfer of risks and rewards inherent in ownership of the asset, it was recognised under the heading "machinery" within property, plant and equipment, in accordance with the recognition and measurement criteria described in Note 3.4.

Details of the most significant terms of the finance lease contract in force during the financial year, as well as its position as of 31 December 2025 and 31 December 2024, are as follows 2025:

Contract object	Start date	Term (months)	Asset cost	Installments paid to 31.12.25	Euros			Purchase option
					Outstanding balance at 31.12.25		Interest Due	
					Capital	ST		
Information processing equipment	15/11/2022	36	275.000	275.000	---	---	---	---
Total			275.000	275.000	---	---	---	---

2024:

Contract object	Start date	Term (months)	Asset cost	Cuotas pagadas al 31.12.24	Euros			Purchase option
					Outstanding balance at 31.12.25		Intereses pendientes	
					Capital	C/P		
Eq. Procesos información	15/11/2022	36	275.000	191.092	83.908	-	1.798	---
Total			275.000	191.092	83.908	-	1.798	---

In relation to this contract, during the financial year ended 31 December 2025, amounts of €92,287 and €5,975 (€88,276 and €9,985 in 2023) were paid in respect of principal repayment and interest, respectively.

The finance lease transaction ended on 11 November 2025, the asset having been acquired at its residual value, and having accrued an average interest rate of 4.54%.

Likewise, as of 31 December 2025 and 31 December 2024, the asset acquired under the finance lease arrangement had the following **carrying amount:

Asset	Euros					
	31.12.25			31.12.24		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
Information processing equipment	275.000	275.000	---	275.000	191.092	83.908
Total	275.000	275.000	---	275.000	191.092	83.908

7. INFORMATION ON THE NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The management of risks is aimed at establishing the mechanisms necessary to control the Group's exposure to the different types of risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Risk management is overseen by the Board of Directors of the Parent Company, with the support of the Management control departments.

Credit risk

Credit risk arises from the potential loss caused by the failure of the Group's counterparties to fulfil their contractual obligations, that is, from the non-collection of financial assets in terms of the amounts and deadlines established. With regard to banks and financial institutions, only entities of recognised prestige and solvency are accepted.

The Group's main debtors do not present specific credit risks with respect to the settlement of outstanding receivable balances at the end of the financial year, due to their high credit solvency. The ageing analysis of trade receivables as of 31 December is as follows:

	Euros	
	31.12.25	31.12.24
Not past due – long term	2.520.488	4.496.132
Not past due – short term	16.393.602	10.464.582
Past due but not impaired	6.349.027	8.266.948
Impaired	5.192.670	3.123.991
Total	30.455.787	26.351.653
Impairment losses (Note 8.3)	(5.192.670)	(3.123.911)
Total	25.263.117	23.227.742

Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, the availability of financing through an adequate amount of committed credit facilities, and the ability to liquidate market positions. Liquidity risk is considered sufficiently mitigated by the availability of the Group's financing lines with financial institutions (Note 11), as well as by the financing agreements related to the issuance of

convertible debt entered into with the fund Nice & Green, S.A. (see Note 10) and other mitigating factors mentioned in Note 2.e).

Market financial risks

a. Interest rate risk on cash flows and fair value

Income and cash flows from the Group's operating activities are largely independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Fixed interest rate borrowings expose the Group to fair value interest rate risk. The Group's policy is to diversify its long-term borrowings between variable-rate and fixed-rate instruments (see Note 11).

b. Foreign exchange risk

The Group operates internationally and is therefore exposed to foreign exchange risk arising from transactions in foreign currencies. Foreign exchange risk arises from recognised assets and liabilities. Details of financial assets and liabilities denominated in foreign currencies, as well as foreign currency transactions, are presented in Note 13.g. The Group's financial management is unable to predict the effects of exchange rates on future operating results due to the potential volatility of foreign exchange markets. Currently, the Company does not use hedging derivatives to cover its exposure to foreign currencies.

c. Price risk

There are no other significant price risks for the Group.

Fair value estimation

The Group assumes that the carrying amount of trade receivables and trade payables approximates their fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

8. FINANCIAL ASSETS

8.1. Analysis by categories

The carrying amount of each of the categories of financial assets established in the ninth recognition and measurement standard of the Spanish General Chart of Accounts (PGC), in accordance with the information described in Note 3.6, except for Cash and other cash equivalents (see Note 9), is as follows:

Euros	
Loans, derivatives and others	
ST	LT

	2025	2024	2025	2024
Financial assets at fair value through profit or loss:				
• Derivatives	200.480	---	---	---
Assets measured at amortised cost:				
• Trade receivables and other accounts receivable	22.742.629	18.731.510	2.520.488	4.378.007
• Loans to employees	4.383	2.050	1.700	1.700
• Other financial assets	123.518	179.833	172.961	165.027
Total	23.071.010	18.913.393	2.695.149	4.544.734

For financial assets measured at amortised cost, there are no significant differences between their carrying amount and their fair value.

As of 31 December 2025, the Company has recognised several derivatives measured at €200,480, corresponding to foreign currency forward contracts entered into by the Company with MONEX at a fixed exchange rate for three months from the signing date of each contract. This agreement was entered into in July 2025, whereby the Company fixed an exchange rate of 1.14 US dollars per euro, and was renewed in October 2025 for a period of four months.

8.2 Maturity analysis

As of 31 December 2025, the amounts of financial asset instruments with a fixed or determinable maturity, classified by year of maturity, are as follows:

	Financial Assets				
	2026	2027	2028	Subsequent years	Total
Financial asset					
• Trade receivables and other accounts receivable	22.742.629	1.761.714	758.774	---	25.263.117
• Derivatives	200.480	---	---	---	200.480
• Loans to employees	2.050	1.700	---	---	3.750
• Other financial assets	123.518	54.490	---	118.471	296.478
Total	23.068.677	1.817.904	758.774	118.471	25.763.825

As of 31 December 2024, the amounts of financial asset instruments with a fixed or determinable maturity, classified by year of maturity, are as follows:

	Financial Assets					
	2025	2026	2027	2028	Subsequent years	Total
Financial asset						

• Trade receivables and other accounts receivable	18.731.510	2.847.197	804.158	844.777	---	23.227.641
• Other financial assets	181.883	56.698	1.700	---	108.329	348.611
Total	18.913.393	2.903.895	805.858	844.777	108.329	23.576.252

8.3. Loans and receivables

	Euros	
	2025	2024
Long-term loans and receivables		
• • Loans to employees	1.700	1.700
• • Other financial assets	172.961	165.027
• • Trade receivables	2.520.488	4.496.132
Total	2.695.149	4.662.859

	Euros	
	2025	2024
Loans and receivables – current:		
• Loans to employees	4.382	2.050
• Derivatives	200.480	---
• Other financial assets	123.519	179.833
Subtotal	328.381	181.883
• Trade receivables and other accounts receivable – short term:		
➤ Trade customers for services rendered	6.551.201	8.504.154
➤ Customers – invoices pending issuance	16.191.428	10.227.355
➤ Doubtful trade receivables	5.192.670	3.123.911
➤ Impairment of trade receivables	(5.192.670)	(3.123.911)
➤ Other receivables	2.207	---
➤ Staff receivables	---	---
➤ Current tax asset (Note 13.1)	1.467.092	1.624.899
➤ Other receivables from public administrations (Note 13.1)	534.639	2.123.856
Total	24.746.567	22.480.264

The Group maintains collection terms with its customers for periods of up to one year, which is standard commercial practice in the sector in which it operates, particularly in technology assignment and licensing contracts. In those cases where the billing period

exceeds one year, the Group recognises the consideration under the heading “Non-current trade receivables” within assets of the consolidated balance sheet, measured at amortised cost.

Group Management considers that credit risk is sufficiently covered given the solvency of the debtors it works with (mainly financial institutions).

Impairment of trade receivables

The movements in impairment losses arising from credit risk on trade receivables during the 2025 and 2024 financial years are as follows:

	Euros	
	2025	2024
Opening balance	3.123.911	2.769.079
Allowance for impairment of receivables	2.096.012	354.832
Reversal of unused amounts	(27.253)	---
Closing balance	5.192.670	3.123.911

The recognition and reversal of impairment losses on trade receivables have been included under heading A.7.c) “Losses, impairment and changes in provisions arising from trade transactions” in the accompanying consolidated income statement.

Additionally, under the same heading, during the 2025 financial year the Group recognised losses from uncollectible receivables directly in the consolidated income statement amounting to €2,096,012 (€317,749 in the 2024 financial year).

Other short- and long-term financial assets

As of 31 December 2025, the heading “Other long-term financial assets” includes security deposits related to the lease agreements of the Parent Company’s offices amounting to €69,680 (same amount as of 31 December 2024), as well as €74,329 (same amount as of 31 December 2024) corresponding to the definitive guarantee of the public tender awarded by AENA in the 2021 financial year for the supply and upgrading of a facial biometric solution. In addition, during the financial year, performance guarantees as a service provider under service agreements amounting to €10,142 have been recorded.

These guarantees have not been measured at amortised cost due to the immaterial impact that such measurement would have on the Group’s equity.

On the other hand, as of 31 December 2025, the heading “Other short-term financial assets” includes an amount of €30,290 (€31,344 as of 31 December 2024) corresponding to a fixed-term deposit constituted for a nominal amount of USD 35,500, pledged as a guarantee to a client in connection with the provision of licensing, support and consultancy services, as well as other minor guarantees related to various leases and payment guarantees.

9. CASH AND OTHER CASH EQUIVALENTS

The heading “Cash and other cash equivalents”, as of 31 December, is broken down as follows:

	Euros	
	2025	2024
Cash on hand, euro	1.375	3.560
Cash on hand, foreign currency (Note 13.g)	712	711
Bank accounts and credit institutions, demand deposits, euro	2.056.510	2.046.563
Bank accounts and credit institutions, demand deposits, foreign currency (Note 13.g)	114.784	3.685.462
Total	2.173.381	5.736.296

The heading “Cash at banks and financial institutions” includes an amount of €287,023 (€219,229 as of 31 December 2024) corresponding to financial deposits held with Euronext and BME Growth clearing and settlement institutions, the funds of which are not freely available to the Parent Company, unless the liquidity provider considers that the cash or shares at its disposal are excessive.

As a result of the financial restructuring agreement completed on 14 December 2020, the Parent Company has granted a pledge over its current accounts and other liquid assets amounting to €1,800,800 (€5,347,865 as of 31 December 2024) (see Note 12.2).

10. EQUITY

The details and movements of the different components of consolidated equity during the financial years ended 31 December 2025 and 31 December 2024 are shown in the accompanying **consolidated statement of changes in equity.

10.1 Equity

a) Share capital and share premium

As of 31 December 2025 and 31 December 2024, the composition of the share capital and share premium of the Parent Company is as follows:

	Euros			
	2025		2024	
	Share capital	Share Premium	Share capital	Share Premium
Registered	1.064.963	33.708.316	1.016.462	31.045.346
Total	1.064.963	33.708.316	1.016.462	31.045.346

The details of the movements in share capital and share premium authorised by notarial deed as of 31 December 2025 and 31 December 2024 are set out below:

2025

	No. Shares	Nominal Value	Share Capital	Share Premium
Opening balance as of 1 January 2025	25.411.546	0,04	1.016.461	31.045.346
Capital increase 16 January 2025	365.163	0,04	14.607	637.567
Capital increase 17 June 2025	847.378	0,04	33.895	2.025.403
Closing balance as of 31 December 2025	26.624.087	0,04	1.064.963	33.708.316

2024

	No. Shares	Nominal Value	Share Capital	Share Premium
Opening balance as of 1 January 2024	21.289.623	0,04	851.585	24.231.301
Capital increase 11 January 2024	264.368	0,04	10.575	532.904
Capital increase 29 February 2024	334.057	0,04	13.362	638.812
Capital increase 27 May 2024	701.303	0,04	28.052	1.276.296
Capital increase 24 October 2024	1.695.358	0,04	67.814	2.576.944
Capital increase 23 December 2024	1.126.837	0,04	45.073	1.789.090
Closing balance as of 31 December 2024	25.411.546	0,04	1.016.461	31.045.346

Financing agreement – Convertible warrants

On 14 December 2020, the Parent Company entered into a second financing agreement with Nice & Green, S.A., with characteristics similar to the previous one (entered into in September 2019). As a result, the Extraordinary General Shareholders' Meeting of the Parent Company held on 25 January 2021 resolved to delegate to the Board of Directors, pursuant to article 297.1.b) of the Spanish Companies Act (LSC), the authority to issue convertible warrants (EW) into shares of the Parent Company for a maximum conversion amount of €20 million, as well as to increase the share capital by the amount necessary to cover the conversion of such warrants, all of the above with exclusion of pre-emptive subscription rights, in accordance with article 417 of the LSC, with Nice & Green, S.A. being the sole recipient of the issue. This delegated authority was subject to the condition that the total share capital increases agreed, whether in one or several tranches, would in no case exceed half of the share capital at that time, i.e. €288,570.38.

The share conversion price contemplated in the financing agreement could not be lower than 130% of the nominal value of the Parent Company's shares, that is, a price per Equity Warrant below €0.052, nor higher than the conversion price resulting from 92% of the lowest weighted average price of the three trading days preceding the exercise date. The investment commitment ended on 31 December 2022, with the last conversion into a share capital increase carried out in January 2023.

At the beginning of 2023, an amount of €1,500,000 remained pending conversion. On 10 and 23 January 2023, Nice & Green requested the conversion into shares of the outstanding amount, under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
10/01/2023	500.000	196.448	2,5452	0,04	2,5052	7.858	492.141
23/01/2023	1.000.000	394.104	2,5374	0,04	2,4974	15.764	984.235
Totales	1.500.000	590.552				23.622	1.476.376

In relation to the above communications, on 16 and 23 January 2023, the relevant conversion and capital increase resolutions were formalised by notarial deed, in accordance with the deeds granted by the notary public of the Notarial Association of Castilla-La Mancha, Mr. Iván Castejón Fernández-Trujillo, under protocol numbers 62 and 95, respectively, and were subsequently registered with the Alicante Commercial Registry on 13 and 24 February 2023, respectively.

Impact on the consolidated income statement of the conversion

In accordance with the recognition and measurement criteria described in Note 3.8.b) and with the terms of issuance of the Equity Warrants (EW), as the “fixed-for-fixed” condition is not met, a financial derivative arises over the life of the issuance until the moment of conversion into shares.

Following the conversion of the outstanding amount of €1,500,000 through the two capital increases carried out in January 2023 referred to above, the actual loss at the time of both conversions amounted to €368,255, recognised as a higher share premium, and therefore a loss was recognised in 2023 under the heading “17. Changes in the fair value of financial instruments” in the consolidated income statement.

Changes in the fair value of the derivative over its life (that is, from the signing date until the exercise of the option) are recognised under the heading “17. Changes in the fair value of financial instruments” of the consolidated income statement as a financial cost, with the corresponding offset recognised within consolidated equity as a higher share premium. The increase in the share premium in 2023 amounted to €368,255, equivalent to the cash received upon conversion less the cumulative fair value of the derivative up to that date.

The movements in this respect are detailed as follows:

As of 31 December 2023

	No. of Shares	Conversion Price	Reasonable Value	Share Premium / Cost
Capital Increase 19.01.2023	196.448	2,5452	2,93	75.593
Capital Increase 26.01.2023	394.104	2,5374	3,28	292.662
				368.255
				Value of the derivative recognized in the previous year (12/12/2022) (99.093)
				Total recognized in the “17. Fair value changes in financial instruments” line item of the income statement for the year (loss) 269.162

Financing agreement – Convertible bonds

On 27 April 2023, the Parent Company entered into a third financing agreement with Nice & Green, S.A., with characteristics similar to the previous agreements, although involving different financing instruments, as this agreement relates to the issuance of Convertible Bonds. The Extraordinary General Shareholders' Meeting of the Parent Company held on 20 June 2023 resolved to delegate to the Board of Directors, pursuant to Article 297.1.b) of the Spanish Companies Act (LSC), the authority to issue convertible bonds into shares of the Parent Company for a maximum conversion amount of €20 million, as well as to increase the share capital in the amount necessary to cover the conversion of the convertible bonds, all of the above with exclusion of pre-emptive subscription rights, in accordance with Article 417 of the LSC, with Nice & Green, S.A. being the sole recipient of the issuance. This delegated authority is subject to the condition that the total share capital increases resolved, whether in one or several tranches, shall in no case exceed half of the share capital at that time, i.e. €360,466.40.

The number of New Shares to be issued upon conversion of each Convertible Bond shall be determined in accordance with the following formula:

$$N = V_n / P$$

Where:

- * "N" means the number of New Shares to be issued.
- * "Vn" means the Subscription Price of the Convertible Bonds.
- * "P" means the higher of (i) the Issue Price rounded to four decimal places; or (ii) the nominal value of the Shares.

The "Issue Price" shall be calculated as follows:

$$\text{Issue Price} = \text{Reference VWAP} \times 92\%$$

The "Reference VWAP" means the lower of (i) the VWAP published on the Trading Business Day immediately preceding the Conversion Date; and (ii) the VWAP of the three (3) Trading Business Days immediately preceding a Conversion Date. For the purposes of calculating the Reference VWAP, the VWAP of those Trading Business Days on which the Bondholder has sold more than 15% of the daily trading volume of the Shares shall be excluded.

Issuances and conversions under the Convertible Bond agreement

On 21 July 2023, the Parent Company requested the first issuance for conversion of convertible bonds in the amount of €5,000,000 (500 bonds with a nominal value of €10,000 each), which was formalised by public deed on 24 July 2023.

On 27 July 2023 and 5 October 2023, Nice & Green notified the conversion of €2,800,000 (280 bonds with a nominal value of €10,000 each) and €2,200,000 (220 bonds with a nominal value of €10,000 each), respectively, under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
27/07/2023	2.800.000	1.214.655	2,2648	0,04	2,3048	48.594	2.751.404
5/10/2023	2.200.000	1.214.855	1,7003	0,04	1,6603	51.756	2.148.244

In relation to the first conversion referred to above, it was formalised by public deed on 2 August 2023 and subsequently registered with the Commercial Registry on 12 September 2023. In relation

to the second conversion referred to above, it was formalised by public deed on 17 October 2023 and subsequently registered with the Commercial Registry on 6 November 2023.

On 6 October 2023, the Parent Company requested the second issuance for conversion of the convertible bonds for an amount of €1,900,000 (190 bonds with a nominal value of €10,000 each), which was formalised by public deed on 24 July 2023.

On 6 October 2023 and 8 November 2023, Nice & Green notified the conversion of €800,000 (80 bonds with a nominal value of €10,000 each) and €600,000 (60 bonds with a nominal value of €10,000 each), respectively, under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
6/10/2023	800.000	470.506	1,7003	0,04	1,6603	18.820	781.181
8/11/2023	600.000	287.053	2,0902	0,04	2,0502	11.482	588.516

In relation to the first conversion referred to above, it was formalised by public deed on 17 October 2023, and was registered with the Commercial Registry on 11 November 2023. In relation to the second conversion referred to above, it was formalised by public deed on 16 November 2023, and was registered with the Commercial Registry on 20 December 2023.

The differences between the nominal value of the amounts converted into shares and the value of such debt measured at amortised cost gave rise to a financial expense recognised under the heading "15. Financial expenses" in the consolidated income statement amounting to €556,525 (recognised in the second half of the 2023 financial year), generating an increase in the share premium for the same amount.

As of 31 December 2023, €500,000 remained pending conversion from the issuance mentioned above for €1,900,000. On 3 January 2024, Nice & Green notified the conversion of such €500,000 (50 bonds with a nominal value of €10,000 each), under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
3/01/2024	500.000	264.368	1,8913	0,04	1,8513	10.575	489.424

In relation to the above conversion, it was formalised by public deed on 11 January 2024, and was registered with the Commercial Registry on 5 February 2024.

The difference between the nominal value of the amount converted into shares and the value of such debt measured at amortised cost gave rise to a financial expense recognised under the heading "15. Financial expenses" of the consolidated income statement amounting to €43,479, generating an increase in the share premium for the same amount.

Amendment to the financing agreement – Convertible bonds

The aforementioned convertible bond financing agreement entered into on 27 April 2023 with Nice & Green, S.A. established a maximum conversion amount of €20 million. Said agreement was amended by means of a new addendum signed on 17 January 2024, mainly as follows:

- Reduction of the maximum amount that the investor may invest from the initially agreed €20 million to €11.1 million. The amount pending investment as of the date of signature of the addendum amounted to €4.2 million (420 bonds).
- With respect to this amount, it was agreed that Facephi would issue up to 7 tranches of 60 convertible bonds (€600,000) at monthly intervals.

- Agreement on the novation of the maturity of the loan agreement that the Parent Company maintains with Nice & Green, S.A. for an amount of €700 thousand, which was overdue as of 31 December 2023, establishing a loan repayment schedule of €100 thousand per month over the same period in which the 7 tranches referred to in the previous point are issued.

On 22 January 2024, the Parent Company requested the first issuance for conversion of the convertible bonds for an amount of €600,000 (60 bonds with a nominal value of €10,000 each), which was formalised by public deed on 19 February 2024.

On 23 February 2024, Nice & Green notified the conversion of the €600,000 (60 bonds with a nominal value of €10,000 each), under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
23/02/2024	600.000	334.057	1,7961	0,04	1,7561	13.362	586.637

In relation to the above conversion, it was formalised by public deed on 29 February 2024, and was registered with the Commercial Registry on 5 March 2024.

On 20 February 2024, the Parent Company requested the second issuance for conversion of the convertible bonds for an amount of €600,000 (60 bonds with a nominal value of €10,000 each), which was formalised by public deed on 28 March 2024.

On 18 March 2024, the Parent Company requested the third issuance for conversion of the convertible bonds for an amount of €600,000 (60 bonds with a nominal value of €10,000 each), which was formalised by public deed on 16 April 2024. The conversion of this tranche was effective in January 2025 (Note 18); therefore, such amount is recognised under short-term liabilities (Note 11.3.b).

On 15 May 2024, Nice & Green notified the conversion of the second and third tranches for €600,000 each (120 bonds with a nominal value of €10,000 each), under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
15/05/2024	1.200.000	701.303	1,7111	0,04	1,6711	28.052	1.171.947

In relation to the above conversion, it was formalised by public deed on 27 May 2024, and was registered with the Commercial Registry on 12 June 2024.

The differences between the nominal value of the amounts converted into shares mentioned above and the value of such debt measured at amortised cost gave rise to a financial expense recognised under the heading "15. Financial expenses" of the consolidated income statement amounting to €156,522, generating an increase in the share premium for the same amount.

On 22 April 2024, the Parent Company requested the fourth issuance for conversion of the convertible bonds for an amount of €600,000 (60 bonds with a nominal value of €10,000 each), which was formalised by public deed on 2 May 2024. The conversion of this tranche was effective in January 2025 (Note 18), and therefore such amount is recognised under short-term liabilities as of 31 December 2024 (Note 13.3.b).

Financing agreement – Nice & Green Convertible Loan

On 22 August 2024, a new loan agreement was entered into with Nice & Green, S.A. for an amount of €1,800,000, which replaced the amount corresponding to the three tranches pending drawdown under the previously mentioned convertible bond agreement.

On 23 December 2024, the Parent Company resolved, at an Extraordinary General Shareholders' Meeting, to carry out a share capital increase through the offsetting of credits in respect of said loan:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
22/11/2024	1.800.000	1.126.837	1,6277	0,04	1,5877	45.073	1.789.079

In relation to the above conversion, it was formalised by public deed on 16 January 2025, and was registered with the Commercial Registry on 6 February 2025.

Financing agreement – Convertible loan

On 14 May 2024, the Parent Company entered into two agreements simultaneously with Hancom Inc., one relating to investment and the other to collaboration. The investment agreement consisted of the following:

- An investment by HANCOM in the amount of €5,000,000, which was carried out through an equity-convertible loan. The aforementioned loan bore an annual interest rate of 0.2% and was capitalised through a share capital increase by offsetting of credits, with a conversion price per share of €2.95 having been agreed.

On 19 August 2024, the Parent Company resolved, at an Extraordinary General Shareholders' Meeting, to carry out a share capital increase by offsetting credits in respect of said loan, in the amount of €5,001,306.

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium	Otros instrumentos de Patrimonio
19/08/2024	5.001.306	1.695.358	2,95	0,04	2,91	67.814	2.576.944	2.356.548

- Additionally, the share premium resulting from the difference between the exercise price and the share price at the time of the capital increase has been recognised in the Company's equity as another equity instrument in the amount of €2,356,548 and transferred to the income statement of the financial year according to its allocation over the useful life of the agreement. From the remaining amount recorded in equity, the corresponding portion has been recognised as a deferred tax liability (Note 11). In addition, the income recognised in the consolidated income statement for the financial year amounts to €497,135 (Note 13.d).

The aforementioned capital increase was formalised by public deed on 24 October 2024 and registered with the Commercial Registry on 20 November 2024.

a.1) Share capital and share premium formalised in previous financial years

The terms of the capital issuances executed and formalised in previous financial years pursuant to the framework financing agreement entered into on 16 September 2019 with Nice & Green, S.A. were disclosed in detail in the notes to the individual annual financial statements of the Parent Company for those financial years. Section a.1) above likewise details the equity impact of each of the capital issuances and increases carried out in the 2024 and 2023 financial years.

A.2) Significant shareholdings

Pursuant to Article 228 of the Consolidated Text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, as well as BME Growth Circular 3/2020, as of 31 December 2023, the shareholders holding a direct or indirect interest equal to or greater than 5% of the share capital of the Parent Company are as follows:

	%	%
	12.2025	12.2024
Nice & Green S.A.	28,9%	19,10%
Hancom	6,37%	6,98%
Javier Mira Miró*	3,31%	3,23%
Juan Alfonso Ortiz Company**	3,03%	3,15%

* 5.20% (5.06% in 2024), taking into account the 141,470, 35,196, 33,000 and 235,001 shares pledged as collateral to Nice & Green, S.A.

** 4.96% (4.83% in 2024), taking into account the 150,586, 26,080, 43,666 and 235,001 shares pledged as collateral to Nice & Green.

b) Treasury shares

The total amount of treasury shares as of 31 December 2025 amounts to €436,934 (€341,646 as of 31 December 2024) and corresponds to 178,484 shares (198,147 shares at the end of the previous financial year), representing 0.75% (0.82% in 2024) of the share capital of the Parent Company, and remains below the limit established in Article 509 of the Spanish Companies Act, which sets a maximum limit of 10%.

On 27 February 2020, the General Shareholders' Meeting approved authorising the Board of Directors to acquire treasury shares under the following terms:

- For a maximum period of 5 years from the adoption of the resolution.
- For a maximum number of shares equivalent to 10% of the share capital.
- With a minimum and maximum consideration, when the acquisition is for consideration, which may range within $\pm 10\%$ of the market value on the acquisition date.

The movement during the 2025 financial year is as follows:

	2024	Purchases	Sales	2025
Treasury shares cost	341.646	1.782.361	(1.687.073)	436.934

The movement during the 2024 financial year is as follows:

	2023	Purchases	Sales	2024
Treasury shares cost	393.976	379.559	(431.889)	341.646

During the 2025 financial year, the parent Company carried out sales of treasury shares, resulting in a net loss of €95,288 (a net profit of €52,330 as of 31 December 2024). These amounts have been recorded as an increase in equity under the “Voluntary Reserves” caption.

c) Reserves of the parent Company

The breakdown of reserves as at the end of the 2025 and 2024 financial years is as follows:

	Euros	
	2025	2024
Legal reserve	139.462	139.462
Voluntary reserves	589.275	233.376
Merger reserves	(592.985)	(592.985)
Retained losses from prior years	(14.707.445)	(2.327.198)
Total	(14.571.693)	(2.547.345)

Legal Reserve

According to the provisions of Article 274 of the Spanish Companies Act (Ley de Sociedades de Capital), companies that obtain net profits in a financial year, after deducting taxes, are required to allocate 10% of such profit to a legal reserve until it reaches at least one fifth of the share capital. This reserve may only be used, where applicable, to offset debit balances in the profit and loss account, and must be replenished if it falls below the required level.

Voluntary reserves

As of 31 December 2025 and 2024, voluntary reserves include undistributed profits from prior years that were neither allocated to mandatory reserves nor distributed.

These reserves are freely available, except for the portion whose distribution would cause consolidated equity to fall below the amount of share capital.

As shown in the Consolidated Statement of Changes in Equity, during the 2025 financial year the Company recorded a charge against these reserves in the amount of €3,023 (€21,975 in the previous year).

Restrictions on dividend distribution

Once the allocations required by law or by the bylaws have been made, dividends may only be distributed from current-year profits or from freely distributable reserves, provided that:

- The consolidated equity value is not, and as a result of the distribution does not become, lower than the share capital. For this purpose, profits directly recognised in consolidated equity may not be distributed, either directly or indirectly. If there are prior-year losses that result in the parent Company’s equity being below share capital, profits must be used to offset such losses.

- If the parent Company holds intangible assets arising from capitalised R&D expenses and/or goodwill, dividends may only be distributed if available reserves are at least equal to the net amount of such non-amortised intangible assets.

d) Reserves in consolidated companies

In accordance with the criterion described in Note 3.1, this item within consolidated equity in the balance sheet corresponds to undistributed results generated by the subsidiaries since their inclusion in the Group. The breakdown as at 31 December 2025 and 2024 is as follows:

Reserves in consolidated companies	Euros	
	2025	2024
Facephi APAC	(340.452)	(196.221)
Celmuy	317.544	154.537
Facephi Beyond UK	(4.618.308)	(3.018.934)
Facephi Brasil	(8.073)	---
Total	(4.649.289)	(3.060.618)

e) Contribution to consolidated results

The contribution of each company included within the consolidation scope to consolidated results is shown in the table below:

Subsidiary	Profit (Loss)	
	2025	2024
Facephi – Parent Company	362.737	(12.380.247)
Facephi APAC – Subsidiary	(70.764)	(144.231)
Celmuy – Subsidiary	164.215	163.007
Facephi Beyond UK – Subsidiary	(640.830)	(1.599.374)
Facephi Biometrics Brazil – Subsidiary	(20.183)	---
Consolidation adjustments	523.193	5.076.484
Total	318.368	(8.884.361)

10.2. Valuation adjustments – Translation differences

In accordance with the criteria for translating the financial information of foreign companies that use a functional currency different from the euro, as described in Note 3.1, the Group has recognised a negative translation difference of €251,797 in consolidated equity (a negative €281,668 in the 2024 financial year).

The breakdown of the evolution of the translation differences during the year ended 31 December 2025 is as follows:

	Euros	
	2025	2024
Opening balance	(281.668)	(177.349)
Equity variation due to translation differences	29.871	(104.319)
Translation differences from consolidation scope changes	---	---
Closing balance of the year	(251.797)	(281.668)

10.3. Grants

The amount and characteristics of the grants recognised in the consolidated balance sheet as at 31 December 2025 and 2024 under the caption “Grants, donations and bequests”, as well as the movements during the current and prior financial years, are as follows:

Financial year ended 31 December 2025

Entity	Year granted	Amount Granted	Balance 31.12.24	Additions during the year	Transfer to profit/(los) 31.12.25	Tax Effect	Adjustments (note 2.g)	Balance 31.12.25
IMIDCA	2021	110.884	41.581	---	(11.088)	629	2.143	33.265
IMINOD	2021	25.154	7.546	---	(2.515)	2.772	(2.143)	5.660
Red.es	2022	1.270.090	596.987	---	(111.132)	27.783	---	513.638
PIDI2024_FR EC	2024	50.725	19.038	---	---	(6.346)	---	19.038
INNOVATEiC	2024	43.723	8.728	---	---	(2.910)	---	8.728
PIDI2024	2024	50.859	15.517	---	---	(5.172)	---	15.517
		1.731.825	689.397	---	(124.735)	31.184	---	595.845

* Net tax effect amount

Financial year ended 31 December 2024

Entity	Year granted	Amount Granted	Balance 31.12.23	Additions during the year	Transfer to profit/(los) 31.12.24	Tax Effect	Adjustments (note 2.g)	Balance 31.12.24
CDTI	2018	180.390	6.799	---	(9.065)	2.266	---	---
IMIDCA	2021	110.884	58.214	---	(22.177)	5.544	---	41.581
IMINOD	2021	25.154	11.319	---	(5.031)	1.258	---	7.546
Red.es	2022	1.270.090	553.510	76.289	(212.851)	53.214	126.825 *	596.986
PIDI2024_FR EC	2024	50.725	---	27.117	(1.733)	(6.346)	---	19.038
INNOVATEiC	2024	43.723	---	12.415	(777)	(2.910)	---	8.728
PIDI2024	2024	50.859	---	21.800	(1.111)	(5.172)	---	15.517
		1.731.825	629.842	137.621	(252.745)	47.854	126.825	689.397

H2020 is the largest European funding programme for research and innovation projects, with a total budget of approximately €80 billion between 2014 and 2020. The SME Instrument programme has been specifically designed to support highly innovative SMEs with strong growth ambitions and international outlook, with the aim of fostering their success in the market.

At the end of the 2016 financial year, the parent Company entered into an agreement with the European Commission to receive funding for costs arising from the development of its activity over the following 24 months, within the framework of the FACCES facial recognition project for banking security.

Under this agreement, the total grant awarded amounted to a maximum of €1,692,600, corresponding to 70% of the development costs of the project, which totalled €2,418,000.

The costs incurred and associated with the subsidised project consisted, on the one hand, of personnel costs that were capitalised as intangible assets, and on the other hand, of operating costs. Therefore, the grant has both a capital and an operating component, which—based on the costs incurred by the parent Company in prior years—were allocated in proportions of 19.81% and 80.19%, respectively.

In addition, during 2020, following the acquisition of the subsidiary Ecertic Digital Solutions, S.L.U., the Group recognised a net amount of €116,168 corresponding to a grant awarded in 2018 for a gross amount of €180,390, aimed at financing the development of a digital identity verification platform using biometric technology.

During the 2021 financial year, the Group benefited from the following capital grants:

- On 30 November 2021, the Valencian Institute of Business Competitiveness (IVACE) approved a grant of €70,663 for “SME Innovation Projects. Innovation in ICT (INOVATEiC-CV) 2021”, based on eligible costs of €162,500. The eligible expenditure period runs from 1 January 2021 to 31 December 2022. The project was fully executed during the first half of 2022.
- On 23 December 2021, IVACE approved a grant of €141,369 for “R&D Cooperative Projects (PIDCOP-CV) 2021”, based on eligible costs of €235,615. The project execution period runs from 11 March 2021 to 31 December 2022.

During 2022, the parent Company was also awarded a grant by RED.ES, M.P. under the 2021 call for R&D projects in artificial intelligence and other digital technologies and their integration into value chains, amounting to €1,270,090 corresponding to investments in personnel and collaboration costs totalling €1,587,519.

The Group reclassified €199,220 as capital grant during 2024 corresponding to capitalised costs incurred in the year, and also reclassified €40,247 directly to “Operating grants recognised in profit or loss” in the consolidated income statement (Note 13.d), corresponding to costs recognised as expenses in the period.

Finally, during the 2024 financial year, the parent Company was awarded three grants by the Valencian Institute of Business Competitiveness (IVACE), under the 2023 call for R&D projects:

- On 13 December 2024, IVACE approved a grant for “SME Innovation Projects (PIDI-CV) 2024”, with eligible costs of €162,523.50 and a grant of €50,725.42. The eligible expenditure period runs from 1 January 2025 to 30 December 2025.
- On 13 December 2024, IVACE approved a grant for “SME Innovation Projects (PIDI-CV) 2024”, with eligible costs of €160,944.50 and a grant of €50,859. The eligible expenditure period runs from 1 January 2025 to 30 December 2025.

- On 7 November 2024, IVACE approved a grant for “SME Innovation Projects. Innovation in ICT (INOVATEiC-CV) 2024”, with eligible costs of €124,939 and a grant of €43,729. The eligible expenditure period runs from 1 January 2024 to 30 June 2025.

11. FINANCIAL LIABILITIES

11.1 Analysis by categories

The classification of financial liabilities, by categories and classes, as at 31 December 2025 and 2024 is as follows:

	Euros			
	Bank borrowings		Derivatives and Other financial Instruments	
	2025	2024	2025	2024
Non-current financial liabilities				
Measured at amortised cost:				
Bank loans and borrowings	234.634	905.151	---	---
Finance lease payables (Note 6)	13.598	15.279	---	---
Other financial liabilities	---	---	---	---
Trade payables and other accounts payable	---	---	433.279	1.835.559
Total non-current	248.232	920.430	433.279	1.835.559
Current financial liabilities				
Measured at amortised cost:				
Bank loans and borrowings	6.955.465	9.171.315	---	---
Finance lease payables (Note 6)	---	83.908	---	---
Trade payables and other accounts payable	---	---	13.045.567	12.080.279
Other financial liabilities	---	---	1.587.124	2.150.847
Measured at fair value through profit or loss:				
- Derivatives (Note 10.1.a.3)	---	---	---	---
Total Current Liabilities	6.955.465	9.255.222	14.632.691	14.231.126

() These correspond to long-term amounts payable to commission agents associated with non-current customer balances.

11.2 Maturity analysis

As at 31 December 2025, the amounts of financial liabilities with a fixed or determinable maturity, classified by maturity year, are as follows:

	Non-current Liabilities				
	2026	2027	2028	Subsequent Years	Total
Borrowings from credit institutions	6.955.465	175.274	59.360	---	7.190.099
Finance lease payables	---	---	---	---	---
Non-current trade payables	1.587.124	433.279	---	---	2.020.403
Total	8.542.589	608.553	59.360	---	9.210.502

As at 31 December 2025, the amounts of financial liabilities with a fixed or determinable maturity, classified by maturity year, are as follows:

	Non-current Liabilities				
	2025	2026	2027	Subsequent Years	Total
Borrowings from credit institutions	9.171.315	518.315	327.511	59.325	10.076.466
Finance lease payables	83.908	15.279	---	---	99.187
Other financial liabilities	2.150.847	1.835.559	---	---	3.986.406
Total	11.406.070	2.369.153	327.511	59.325	14.162.059

11.3. Payables and other liabilities

	Euros	
	2025	2024
Long-term debt:	681.511	2.755.989
• Borrowings from credit institutions	234.634	905.151
• Finance lease payables	13.598	15.279
• Other financial liabilities	---	---
• Other long-term payables	433.279	1.835.559
Deudas a corto plazo:	8.542.589	11.406.069
• Borrowings from credit institutions	6.955.465	9.171.315
• Finance lease payables	---	83.908
• Other financial liabilities	1.587.124	2.150.847
Acreeedores comerciales y otras cuentas a pagar:	15.857.182	14.798.418
• Suppliers	6.925.771	6.290.459
• Other payables	4.628.371	3.668.447
• Advances from customers	17.905	17.248
• Personnel (accrued wages payable)	1.491.425	2.103.094
• Current tax liabilities	77.777	---
• Other liabilities with Public Administrations (Note 12.1)	2.715.933	2.719.170
Débitos y partidas a pagar	25.081.282	28.960.475

The breakdown of borrowings from credit institutions as at 31 December 2025 and 2024 is as follows:

	Euros			
	2025		2024	
	S.T.	L.T.	S.T.	L.T.
Bank loans	6.870.815	234.634	8.843.657	905.151
Credit cards	25.814	---	34.223	---
Accrued interest not yet settled	58.836	---	293.435	---
Total	6.955.465	234.634	9.171.315	905.151

a) Loans with credit institutions

A breakdown of the most significant terms and conditions of outstanding financial loans as at 31 December 2025 and 2024 is as follows:

Type	Maturity	Limit	Euros			
			31.12.25		31.12.24	
			S.T.	L.T.	S.T.	L.T.
Loan (1)	03.04.28	1.000.000	171.148	234.634	167.188	405.782
Syndicated loan A	12.12.25	6.000.000	---	---	1.532.035	---
Syndicated loans B	12.06.26	5.000.000	5.000.000	---	5.000.000	---
Syndicated loans C	12.06.26	2.000.000	1.533.000	---	1.488.258	---
COFIDES loan	21.07.26	500.000	166.667	---	333.333	---
Loan (2)	08.05.27	1.000.000	---	---	322.843	499.369
Total			6.870.815	234.634	8.843.657	905.151

- (1) ICO SME Loan. On 3 May 2021, an extension of the principal grace period and maturity date was agreed.
- (2) ICO SME Loan formalised in 2023, effective as of 8 May 2023. Linked to the RED.ES grant. During the second half of the 2025 financial year, the corresponding RED.ES grant amount was received and the related debt was repaid.

Interest rates on borrowings from credit institutions are based on Euribor plus a margin, which is considered to be within market levels. As at 31 December 2025, the Company has recognised €58,836 in accrued interest pending settlement (€293,435 as at 31 December 2024).

The average interest rate on long-term borrowings from credit institutions as at 31 December 2025 was 2.36% (5.29% in the previous year).

Syndicated financial restructuring agreement

On 14 December 2020, the parent Company entered into a syndicated financing agreement with a maximum limit of €13 million with the following banking institutions: Banco Santander, CaixaBank, Banco Sabadell, and Deutsche Bank. The facility is structured into three tranches:

- Tranche A: Nominal amount of €6 million, 5-year term, with semi-annual amortisation.
- Tranche B: Revolving credit facility. Nominal amount of €5 million, 3-year term, plus two possible one-year extensions. As of the reporting date, the outstanding balance under this tranche is classified as short-term, as it is subject to annual renewal by both parties.
- Tranche C: Revolving credit facility (bilateral agreements). Nominal amount of €2 million, 3-year term, with two annual extensions up to 5 years. As of the reporting date, the outstanding balance under this tranche is classified as short-term, as it is subject to annual renewal by both parties.

The above tranches (A, B and C) had a maturity date of 14 December 2025. On that date, Tranche A was fully repaid with its final instalment and completely settled.

On 12 December 2025, the parent Company and the financing institutions (Santander, CaixaBank, Sabadell and Deutsche Bank) signed a Novation Agreement for Tranches B and C, extending their maturity by six (6) additional months beyond the original terms established in the framework agreement, setting a new maturity date of 14 June 2026. All other financial and economic conditions of the revolving credit facility (Tranche B) and bilateral agreements (Tranche C) remain unchanged.

The syndicated financing agreement includes compliance with an annual financial covenant based on the ratio of Net Financial Debt to EBITDA, calculated using the Company's financial statements. As at 31 December 2025, the parent Company was in compliance with the agreed ratio.

The applicable interest rate for each interest period is Euribor plus an initial margin of 2.5%. This margin may vary depending on the evolution of the Net Financial Debt/EBITDA ratio at each review date.

Without prejudice to the unlimited personal liability of the parent Company under the above agreements, security interests were granted over the credit rights of operating bank accounts and the transitional loan repayment account associated with the facility (see Note 10). In addition, the parent Company granted a chattel mortgage over its trademarks, valued at €2,244,829 (see Note 4), as collateral for the obligations described above.

COFIDES loan

On 26 June 2023, the parent Company entered into a financing agreement with the Spanish Development Finance Institution (COFIDES) for the development of an investment project in the United Kingdom, consisting of its commercial establishment in that country through its subsidiary Facephi Beyond Biometrics, LTD (the "Project Company"), included in the consolidation scope.

The agreement provides for a loan with a term of three years and a maximum amount of €500,000. On 5 July 2023, the parent Company requested the full drawdown, receiving the funds on 21 July 2023. The principal is repaid in six equal semi-annual instalments.

The applicable interest rate for each interest period is Euribor plus a margin consisting of a fixed margin of 2.5% plus a variable margin of +/- 5%, which depends on the evolution of net sales of the Project Company.

The conditions of this loan require compliance with certain annual ratios applicable to the parent Company, based on Net Financial Debt to consolidated Equity, Net Financial Debt to EBITDA, and a co-financing ratio, calculated using the Company's financial statements. As at 31 December 2024 and 2023, the Company did not comply with some of these ratios; therefore, the long-term portion of €166,667 was reclassified as short-term as of 31 December 2024, resulting in a total of €333,333 at that date.

As at 31 December 2025, the full remaining amount is classified as short-term, as it becomes fully repayable in July 2026.

b) Other long-term and short-term financial liabilities

A breakdown of other financial liabilities as at 31 December 2025 and 2024 is as follows:

Type	Euros			
	Short Term		Long Term	
	2025	2024	2024	2024
Convertible debt into subsidies	83.980	83.980	---	---
Nice & Green loans	1.500.000	2.066.540	---	---
Other liabilities	3.144	327	---	---
Total	1.587.124	2.150.847	---	---

The Group maintains, under the caption “Debt convertible into subsidies”, both current and non-current, the amount considered refundable relating to capital grants received (see Note 11.3), as the related investment had not been executed as of 31 December 2025.

At the end of the 2025 financial year, the amount of grants received and considered refundable, and pending justification, totalled €83,980, recorded under current liabilities (the same amount as at 31 December 2024, recorded between current and non-current liabilities).

In September 2025, the parent Company entered into a loan agreement with Nice & Green, the Company’s main shareholder, for an amount of €1,500,000, intended to finance working capital needs. The loan bears interest at a variable rate of 1-month Euribor plus 3.50%.

On 12 December 2025, the parent Company and Nice & Green signed a Loan Novation Agreement, under which the original maturity date of 31 January 2026 was subordinated to the prior maturity of Tranches B and C of the syndicated debt (see Note 12.2), and extended to 30 June 2026 (or up to 14 December 2026 if the syndicated debt has not been fully repaid by 30 June). However, Nice & Green retains the right to request conversion of the loan into equity before 30 June 2026.

During 2025, the Group capitalised a total of €2.6 million of principal owed to Nice & Green, as follows:

- €1,500,000 outstanding corresponding to disbursements made by the investor on 2 October, 29 October, and 29 November 2024. As this is a financial instrument measured at amortised cost, the parent Company recognises imputed financial expenses over a 12-month period from each drawdown, as the conversion timing was not known at issuance. Accrued imputed interest pending conversion as at 31 December 2024 amounted to €19,366. This €1,500,000 disbursement, together with an additional €500,000 drawn on 3 January 2025, forms part of a loan granted by the main shareholder Nice & Green, which at the date of preparation of these financial statements has agreed with the parent Company to capitalise together with accrued interest under the following conditions: the VWAP of the five (5) business days immediately preceding 2 April 2025, corresponding to a conversion price of €2.43 per share (Note 18).
- €600,000 corresponding to the fourth and final conversion of 60 bonds with a nominal value of €10,000 each, remaining from the total issuance of €2,400,000. On 10 January 2025, Nice & Green notified this fourth and final conversion of €600,000 (60 bonds of €10,000 nominal each), formalised on 16 January 2025 and registered with the Commercial Registry on 11 February 2025, resulting in 365,163 shares issued at a conversion price of €1.64 per share (Note 18).

c) Information on average supplier payment period. Additional Provision Three – “Duty of disclosure” of Law 15/2010, of 5 July

In compliance with the disclosure requirements established in Additional Provision Three of Law 15/2010 (as amended by Final Provision Two of Law 31/2014, of 3 December), which establishes measures to combat late payment in commercial transactions, the following information is provided on the average supplier payment period in commercial transactions, prepared in accordance with ICAC Resolution of 29 January 2016:

	2025	2024
Concepto	Days	Days
Average payment period to suppliers	88	68
Paid transactions ratio	80	54
Outstanding payment ratio	117	101
	Euros	
Total payments made	21.787.117	15.691.819
Total outstanding payments	6.444.643	6.461.303

	2025	2024
No. Invoices		
Total number of invoices paid	4.628	3.890
Number of invoices paid within the legal payment period	4.226	3.403
%	91%	87%
Euros		
Total number of invoices paid	21.787.117	15.691.819
Number of invoices paid within the legal payment period	12.912.081	10.617.069
%	59%	68%

In the 2025 financial year, the Group has included in the above table only the payments made by the parent Company, as the subsidiaries are domiciled abroad and are not subject to the aforementioned law. For these purposes only, the term “trade payables” includes the items “suppliers” and “other creditors” relating to debts with suppliers of goods or services, falling within the scope of the legal payment terms regulation. The concept of “net purchases and external services expenses” includes the amounts recorded as such in accordance with the Spanish General Accounting Plan.

12. PUBLIC ADMINISTRATIONS AND TAX MATTERS
12.1 Current balances with Public Administrations

The composition of the creditor balances held with Public Administrations at the close of the financial year is as follows:

	Euros			
	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Deferred tax assets (Note 12.4)	1.184.047		1.800.197	
Public Treasury receivable for:				
VAT (Value Added Tax)	331.665		627.497	
Other taxes	33.661		80.956	
Other Public Administrations: Granted subsidies*	169.313		1.415.403	
Other receivables from Public Administrations	534.639		2.123.856	
Deferred tax liabilities (Note 12.4)		467.089		694.652
Social Security payable		497.673		443.559
Public Treasury payable for:				
VAT (Value Added Tax)		1.239.008		1.525.387
Personal income tax withholdings (IRPF)		979.252		750.224
Other liabilities with Public Administrations		2.715.933		2.719.170
Current tax assets / liabilities	1.467.092	---	1.624.899	---

12.2 Years open to tax inspection and tax audit proceedings

In accordance with current legislation, taxes are not considered definitively settled until the corresponding tax returns have been audited by the tax authorities or the four-year statute of limitations period has elapsed. As at 31 December 2025, all major taxes applicable to the Group's companies are open to inspection by the tax authorities from 31 December 2021 onwards.

The Group's management considers that it has properly applied the tax settlements for all applicable taxes. However, in the event of a tax audit, differences in interpretation may arise between management and the tax authorities regarding the tax treatment of certain transactions, which could result in additional tax liabilities. Nevertheless, management does not expect such liabilities, should they arise, to have a significant impact on the Group's consolidated financial statements.

12.3 Reconciliation of accounting profit and current income tax expense

Corporate income tax is calculated based on the economic or accounting result obtained under generally accepted accounting principles, which does not necessarily coincide with the tax result, understood as the taxable base for corporate income tax purposes.

The reconciliation between accounting profit and the taxable base for Corporate Income Tax as at 31 December 2025 is as follows:

	Euros						
	Facephi	Celmuy Trading	FacePhi Beyond Biometrics	FacePhi APAC	Facephi Brasil	Total 2025	Total 2024
Consolidated profit before tax	3.637.822	(2.747.434)	(640.831)	99.343	(20.183)	328.717	(7.330.703)
Consolidation eliminations and adjustments							
Elimination of impairment of investment and receivables from subsidiary	(523.193)	---	---	---	---	(523.193)	(5.076.484)
Elimination of intra-group transactions	(2.792.063)	2.911.649	---	(119.572)	---	---	---
Individual profit before tax for the year. Profit/(loss)	322.566	164.215	(640.831)	(70.764)	(20.183)	(244.997)	(12.407.186)
Permanent differences:							
Other non-deductible expenses	40.948						42.213
Other non-deductible expenses (Tax Lease A&D)	(77.432)						508.627
Change in fair value of financial instruments							---
Impairment of investments and receivables from Group companies	523.193						5.076.484
Income/(expenses) recognised in equity							
Share capital increase expenses	(4.030)						(29.300)
Preliminary taxable base	805.245	164.215	(640.831)	(70.764)	(20.183)	237.682	(7.330.703)
Offset of deduction for industrial software development expenses (Uruguay)	---	(164.215)					---
Taxable base	805.245	---	(640.831)	(70.764)	(20.183)	73.467	(5.372.795)
Tax charge on taxable base (25%)	201.312	---	---	---	---	201.312	--
Tax credits applied	(176.148)	---	---	---	---	(176.148)	--
Tax payable/(refundable) amount	25.164	---	---	---	---	25.164	---

The amortisation expense of the intangible fixed asset related to the TAX LEASE is included as a permanent difference, as this expense is not tax-deductible, since it is understood that the AIE (Economic Interest Grouping) is already applying the corresponding deduction and, by symmetry of operations, the parent Company is not allowed to deduct it.

Permanent differences at the end of the 2025 and 2024 financial years also include non-deductible expenses such as fines and penalties, as well as changes in the fair value of financial instruments (derivatives) related to the various capital increases, as disclosed in Note 10.1, and

the impairment of the investment in Facephi Beyond Biometrics Ltd., which is eliminated in the consolidation process.

The income tax expense/(income) has been calculated as follows:

	Euros	
	2025	2024
Recognition of tax credits for withholding taxes at source		---
Application/(activation) of deductions for the current year		---
Tax charge on taxable base – current tax expense/(income)		---
Use of tax loss carryforward (Facephi)		---
Recognition of tax credits	(91.508)	(1.561.856)
Current tax expense/(income)	25.164	(1.561.856)
Tax credit for share capital increase expenses	1.008	7.325
Deferred tax expense/(income)	26.171	7.325
Recognition of R&D tax credits – change in estimate (Note 12.4)	---	3.108.191
Total income tax expense/(income)	(40.171)	1.553.659

12.4 Deferred tax assets and liabilities

Deferred tax assets

In accordance with the prudence principle, deferred tax assets are only recognised in respect of deductible temporary differences, tax loss carryforwards, and unused tax credits and other tax benefits, to the extent that it is probable that the parent Company will have future taxable profits against which these assets can be utilised.

Tax credits pending application

As at 31 December 2025 and 2024, the breakdown of tax credits pending application, according to the corporate income tax returns filed and the current year tax forecast, is as follows:

Concept	Year	2023	Gen.	Mon.	Change	2024	Generated/Monetized	Change	31.12.2025
International double taxation	2018	57.862	---	---	(57.862)	---	---	---	---
R&D – ECERTIC merger	2018	97.364	---	---	---	97.364	---	---	97.364
Research and development	2019	90.089	---	---	---	90.089	(25.164)	---	64.925
International double taxation	2020	205.158	---	---	(205.158)	---	---	---	---
Research and development	2020	208.398	---	(208.398)	---	---	---	---	---
Film production incentives	2020	126.632	---	---	(126.632)	---	---	---	---
International double taxation	2021	316.078	---	---	(316.078)	---	---	---	---
Research and development	2021	245.391	---	(230.484)	26.150	41.057	---	---	41.057
International double taxation	2022	97.648	---	---	(97.648)	---	---	---	---

Donation tax credit (35%)	2022	998	---	---	---	998	---	---	998
Research and development*	2022	1.657.744	---	---	(32.845)	1.624.899	(1.624.899)	---	0
International double taxation	2023	579.375	---	---	(579.375)	---	---	---	---
Donation tax credit (35%)	2023	4.480	---	---	---	4.480	---	---	4.480
Research and development	2023	---	1.561.857	---	---	1.561.857	(1.467.092)	16.466	111.231
Research and development	2024	---	---	---	---	---	---	66.076	66.076
International double taxation	2024	---	507.142	---	(507.142)	---	---	---	---
Donation tax credit (35%)	2024	---	---	---	---	8.965	---	---	8.965
International double taxation	2025	---	---	---	---	---	788.630	---	788.630
Total		3.687.217	2.068.999	(438.882)	(1.896.590)	3429709	(2.328.525)	82.542	1.183.726

*Amount included under the heading "Current tax assets", as the parent Company requested the monetization of this amount in the 2023 Corporate Income Tax, and it was received in January 2025.

31 December 2024:

Concepto	Year	2023	Gen.	Mon.	Change	2024
International double taxation	2018	57.862	---	---	(57.862)	---
R&D – ECERTIC merger	2018	97.364	---	---	---	97.364
Research and development	2019	90.089	---	---	---	90.089
International double taxation	2020	205.158	---	---	(205.158)	---
Research and development	2020	208.398	---	(208.398)	---	---
Film production incentives	2020	126.632	---	---	(126.632)	---
International double taxation	2021	316.078	---	---	(316.078)	---
Research and development	2021	245.391	---	(230.484)	26.150	41.057
International double taxation	2022	97.648	---	---	(97.648)	---
Donation tax credit (35%)	2022	998	---	---	---	998
Research and development*	2022	1.657.744	---	---	(32.845)	1.624.899
International double taxation	2023	579.375	---	---	(579.375)	---
Donation tax credit (35%)	2023	4.480	---	---	---	4.480
Research and development	2023	---	1.561.857	---	---	1.561.857
International double taxation	2024	---	507.142	---	(507.142)	---
Total		3.687.217	2.068.999	(438.882)	(1.896.590)	3.420.744

All the tax credits included above have been generated by the parent Company.

Double taxation tax credits relate to withholding taxes applied on sales collected in Latin American countries, where the Company mainly invoices its customers.

In the 2024 financial year, the parent Company recognised the R&D&I tax credit corresponding to 80% of the value of the IMV and the amount recognised in the corporate income tax settlement for 2023 tax credits, amounting to €1,561,857, which is expected to be collected in January 2026.

As foreseen both in its 2025 Budget and Business Plan, Facephi has already started using these tax credits in 2025, and they are expected to continue being used in future financial years.

Tax credits arising from tax loss carryforwards

The parent Company has the following tax loss carryforwards available to be offset against future taxable profits:

31 de diciembre de 2025:

Year generated	Euros				
	Tax Bases carried from 2024	Generated 2025	Offset 2025	Tax Bases carried from 2025	Tax Credit
Financial year 2025	--	---	---		---
Financial year 2024		5.228.564		5.228.564	---
Financial year 2023	4.873.183	--	---	4.873.183	---
Total	4.873.183	5.228.564	---	10.101.747	

31 de diciembre de 2024:

Year generated	Euros				
	Tax Bases carried from 2024	Generated 2025	Offset 2025	Tax Bases carried from 2025	Tax Credit
Financial year 2024		5.228.564		5.228.564	---
Financial year 2023	4.873.183	--	---	4.873.183	---
Total	4.873.183	5.228.564	---	10.101.747	

Liabilities from deferred taxes

The Group includes in this item, as at 31 December 2025 and 2024, the temporary differences arising from grants received and recognised in profit or loss for the year.

The movement in this caption during the 2025 and 2024 financial years is as follows:

Euros	
2025	2024

Opening balance	679.652	209.947
Temporary differences generated/(reversed) due to:		
- Capital grants received	---	25.763
- Capital grants transferred to profit or loss	(31.184)	(63.186)
- Other	(196.379)	464.853
- Capital grants adjustment	15.000	42.275
- Translation differences	---	---
Closing balance	467.089	679.652

13. INCOME AND EXPENSES

a) Net turnover

The Group's consolidated net revenue from ordinary activities is distributed geographically as follows:

Market	%	
	2025	2024
Spain	0,06	1,91
Rest of countries	99,94	98,09
Total	100,00	100,00

Likewise, 100% of net revenue corresponds to income from services rendered by the Group's companies.

As of 31 December 2025, the Group has recognised an amount of €646,898 (€735,589 as at 31 December 2024) under the "Short-term accruals" caption within current liabilities in the accompanying balance sheet, corresponding to estimated revenue from support and maintenance services and SaaS (cloud) services, the recognition of which has not yet been accrued.

It should be noted that, due to certain long-term licensing contracts with deferred billing, financial income is generated which is commercial and operational in nature, as a consequence of recognising revenue at its present value. The financial income accrued in the 2025 financial year amounts to €602 thousand (€311 thousand in 2024), of which €502 thousand correspond to the recognition of the net present value adjustment of various customer balances that move from non-current to current.

b) Procurement

This caption in the consolidated income statement includes costs incurred from the use, under licence, of certain software and computer programs required for the development of the Group's products, which are subsequently commercialised under licence, amounting to €3,201,637 as at 31 December 2025 (€4,782,928 in 2024).

c) Work performed by the Group for its own assets.

	%	
	2025	2024
Work performed by the Group for its own assets.:		
• Facephi	4.619.329	4.584.481
Total	4.619.329	4.584.481

The Group has continued developing improvements and new versions of its software applications, which has resulted in the capitalisation of the amounts detailed in the table above within intangible assets (see Note 4).

d) Other operating income

- **Ancillary income and other current operating income**

	Euros	
	2025	2024
Income from services provided to employees	108.393	85.731
Income from sale of tax credits (TAX LEASE)	2.635.000	1.922.759
Royalty income	785.516	497.135
Total	3.528.909	2.505.625

In September 2024, the parent Company signed a series of agreements with an investor that resulted in the temporary transfer of the R&D activity related to the development of a project to an Economic Interest Grouping (EIG) established by the investor. The transfer of the R&D activity was structured in such a way that it generated remuneration for the parent Company in relation to the project developed during the 2024 financial year, which resulted in income of €1,922 thousand in 2024. In addition, under the aforementioned agreements, the parent Company retained the right to recover the transferred R&D activity. Therefore, the development costs incurred to generate such R&D are recognised as an intangible asset in the parent Company's accounts as at 31 December 2024 and are subject to amortisation (see Note 4). This right has been exercised during the current financial year. In May 2025, the parent Company signed a new series of agreements with an investor that resulted in the temporary transfer of the R&D activity related to the development of a project to an Economic Interest Grouping (EIG) established by the investor. This transfer generated remuneration for the parent Company in relation to the project developed in the 2025 financial year, which has generated income of €2,635 thousand in 2025. Furthermore, under the terms of the agreements, the parent Company retains the right to recover the transferred R&D activity. Accordingly, the development costs incurred to generate such R&D are recognised as an intangible asset in the Company's accounts as at year-end and are subject to amortisation.

Additionally, the Group includes income accrued over time during the term of the HANCOM distribution agreement, arising from the difference between the conversion price and the fair

value at the time of the agreement. As at 31 December 2025, the Group's management has recognised €785,516 in the income statement (€497,135 as at 31 December 2024).

• **Operating grants recognised in profit or loss**

In accordance with the criteria described in Note 3.10, as at 31 December 2025, the Group's management has not recognised any amount in the income statement (€40,247 as at 31 December 2024) (see Note 11.2).

e) Personnel expenses

	Euros			
	2025		2024	
	Facephi	Rest of Group	Facephi	Rest of Group
Wages, salaries and similar expenses	12.856.289	1.501.746	12.718.711	2.029.379
Severance payments	314.798	34.239	367.235	353.100
Employer social security contributions	2.518.907	204.456	2.163.223	250.890
Other staff expenses	262.575	31.870	181.708	59.488
Provisions	(55.970)	---	---	---
Total	15.896.599	1.772.311	15.430.877	2.692.857

The "Wages, salaries and similar expenses" caption includes, as at 31 December 2025, an amount of €2,099 thousand corresponding to bonuses accrued and pending payment to the parent Company's employees (€2,818 thousand as at the end of the previous financial year).

The average number of employees during the year, broken down by category, is as follows:

	Euros			
	2025		2024	
	Facephi	Resto del Grupo	Facephi	Resto del Grupo
Senior management	2	---	2	-
Technical and professional staff (scientific, intellectual and support)	151	24	149	22
Administrative employees	52	3	44	3
Sales, commercial and similar staff	7	1	7	2
Average total workforce	212	28	202	27

Likewise, the breakdown by gender of the Group's personnel at the end of the financial year is as follows:

2025			2024		
Men	Women	Total	Men	Women	Total

Executive directors	2	--	2	2	-	2
Technical and professional staff (scientific, intellectual and support)	155	28	183	149	26	175
Administrative employees	27	36	63	15	32	47
Sales, commercial and similar staff	7	1	8	8	1	9
Total workforce at year-end	191	65	256	174	59	233

As at 31 December 2025 and 2024, the Group has 3 employees with a recognised disability of 33% or higher.

The average number of employees with a disability equal to or greater than 33% during the 2025 financial year was 2 employees (the same number as in the 2024 financial year).

f) Other operating expenses

The breakdown by year of Other operating expenses is as follows:

	Euros	
	2025	2024
External services:	---	---
Research and development expenses	722.991	782.955
Leases and royalties	62.017	53.684
Repairs and maintenance	7.084.719	8.529.970
Independent professional services	2	1.081
Transport	287.481	256.286
Insurance premiums	71.013	167.405
Banking and similar services	1.684.848	1.326.354
Advertising, publicity and public relations	54.211	54.048
Utilities (electricity, water, etc.)	3.079.235	2.774.445
Other services	4.127	4.755
Taxes	2.069.519	424.887
Losses, impairment and changes in provisions for trade operations – bad debts (Note 8)	15.120.163	14.375.870

g) Foreign currency: Exchange differences

The total amount of assets denominated in foreign currency amounts to €21,155,894 (€25,589,054 in 2024). The breakdown of the most significant items is as follows:

Item	Moneda	Euros	
		2025	2024
Trade customers (foreign currency)	USD	20.995.714	21.855.117

Trade customers (foreign currency)	KRW	18.642	14.404
Cash and bank accounts (foreign currency current account)	USD	50.732	3.589.540
Cash and bank accounts (foreign currency current account)	KRW	59.119	85.336
Cash and bank accounts (foreign currency current account)	GBP	685	9.962
Cash on hand (foreign currency)	USD	712	678
Time deposits (foreign currency)	USD	30.290	34.017
Total		21.155.894	25.589.054

Liabilities denominated in foreign currency are broken down as follows:

Item	Currency	Euros	
		2025	2024
Trade payables (foreign currency)	USD	10.058.539	4.962.824
Trade payables (foreign currency)	KRW	59.183	28.420
Trade payables (foreign currency)	GBP	16.452	129.236
Customer advances (foreign currency)	KRW	657	---
Total		10.134.831	5.120.480

The main transactions carried out in currencies other than the euro are detailed below:

	Euros	
	2025	2024
Services received (USD)	(9.633.619)	(10.435.657)
Services received (GBP)	(841.867)	(794.090)
Services received (KRW)	(121.639)	(342.662)
Revenue from services rendered (USD)	38.457.595	30.149.480
Revenue from services rendered (GBP)	---	---
Revenue from services rendered (KRW)	191.401	1.090.336
Total	28.051.871	19.667.407

The amount of exchange differences recognized in the profit or loss for the year, separately showing those arising from transactions settled during the period and those still outstanding as of December 31, 2025 and 2024, is as follows:

	FX Change
--	------------------

Financial instrument	Currency	2025	2024
Negative exchange differences on cash and cash equivalents	USD	229.800	175.302
Negative exchange differences on cash and cash equivalents	KRW	1.480	---
Positive exchange differences on cash and cash equivalents	USD	(15.923)	(4.567)
Positive exchange differences on cash and cash equivalents	KRW	---	186
Negative exchange differences on customer collections	USD	408.818	127.764
Positive exchange differences on customer collections	USD	(96.263)	(247.259)
Positive exchange differences on customer collections	KRW	727	---
Negative exchange differences on supplier payments	USD	85.186	107.409
Negative exchange differences on creditor balances	KRW	---	---
Positive exchange differences on financial instrument balances	USD	---	(8.830)
Negative exchange differences on financial instrument balances	USD	19.201	11.925
Positive exchange differences on supplier payments	USD	(135.660)	(44.670)
Total for transactions settled during the year (+) / (-)		497.366	117.261

Financial instrument	Currency	FX Change	
		2025	2024
Negative exchange differences on customer balances	USD	1.056.792	404.912
Positive exchange differences on customer balances	USD	470.372	(1.069.918)
Negative exchange differences on financial investment balances	USD	---	---
Positive exchange differences on financial instrument balances	USD	---	---
Positive exchange differences on supplier balances	USD	87.086	---
Negative exchange differences on supplier balances	USD	(889.144)	289.955
Total for outstanding transactions (+) / (-)		725.106	(375.050)
Total exchange differences for the year recognized (+) / (-)		1.222.472	(257.790)

14. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF THE PARENT COMPANY
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In accordance with the proposal of the Appointments and Remuneration Committee dated 7 May 2025, subsequently ratified by the General Shareholders' Meeting held on 28 June 2025, the remuneration of the governing bodies and the Board of Directors for the 2025 financial year is as follows:

- In respect of senior management remuneration (CEO): an amount of €743,203 plus a variable component subject to the evolution of net turnover.
- In respect of Board remuneration: an amount of €440,000, which also covers the members of the Audit Committee and the Appointments and Remuneration Committee.

Additionally, although not included within the Appointments and Remuneration Committee, the functions performed by the General Director are classified as senior management, with a fixed amount of €440,000 approved for the 2025 financial year, plus a variable component subject to the evolution of net turnover.

Under these agreements, the remuneration accrued as at 31 December 2025 and 2024 is as follows:

a) Remuneration of members of the Board of Directors and Senior Management

During the 2025 and 2024 financial years, members of the Board of Directors—some of whom are also part of Senior Management—received, in respect of statutory and salary-based remuneration, including Board expenses and attendance fees, non-cash benefits, and directors' and officers' liability insurance premiums:

	Euros	
	2025	2024
Remuneration:		
Senior Management remuneration	1.183.203	1.181.939
Senior Management variable remuneration	1.000.000	1.500.000
Board and Audit and Remuneration Committee fees	440.000	416.672
Other remuneration	62.599	62.599
Other remuneration	---	315.000
Insurance premiums	14.658	13.729
Total remuneration	2.700.460	3.489.939

On the other hand, there are no advances or loans granted to the Directors, nor any pension or life insurance obligations in respect of current or former members of the Board of Directors or Senior Management. In addition, no guarantees have been assumed on behalf of the Directors or Senior Management.

b) Situations of conflicts of interest of Directors

In compliance with the duty to avoid situations of conflict with the Group's interests, during the 2025 financial year, the Directors who have held positions on the Board of Directors have complied with the obligations set out in Article 228 of the consolidated text of the

Spanish Companies Act. Likewise, both they and their related parties have refrained from engaging in the situations of conflict of interest provided for in Article 229 of said Act, except in cases—none in the current financial year or the previous one—in which the corresponding authorisation had been obtained.

15. ENVIROMENTAL INFORMATION

The Group does not hold significant assets included within property, plant and equipment intended for minimising environmental impact or protecting the environment, nor has it incurred significant expenses during the financial year aimed at environmental protection or improvement.

As of the reporting date, no contingencies related to environmental protection or improvement are known, nor any potential impact on the Group's results or financial position.

No environmental grants have been received.

16. PROVISIONS AND CONTINGENCIES

The parent Company has been granted guarantees in the form of bank guarantees to secure compliance with service and licensing contracts entered into with certain customers. The breakdown of such guarantees as at 31 December is as follows:

Issuance	Maturity	M.E	Euros	
			31.12.25	31.12.24
8/5/20	2/10/25	EUR	---	5.000
8/7/21	20/9/26	EUR (*)	30.077	34.017
4/1/22	Undefined	EUR	8.511	9.626
29/4/24	1/4/25	EUR	---	82.972
2/7/24	29/7/25	EUR	---	83.065
10/9/24	10/9/25	EUR	---	72.192
9/4/25	15/4/27	EUR	125.714	---
26/8/25	28/7/26	EUR	106.383	---
4/11/25	1/8/26	EUR	4.677	---
Total			275.362	258.739

(*) Pledged to a fixed-term deposit amounting to USD 35,500 (note 9).

17. OTHER INFORMATION

a) Auditor fees

On 16 June 2025, the General Shareholders' Meeting of the parent Company agreed to appoint KPMG Auditores S.L. as auditor of the Group for the financial years ended 31 December 2025, 2026 and 2027.

The estimated fees for the 2025 financial year for the various services contracted with the auditors, as well as the fees invoiced in 2024 by EY, are shown in the table below:

	Euros	
	2025	2024
Audit services:		
• Audit of the individual annual financial statements	57.000	55.536
• Other non-budgeted costs	---	16.000
Other audit-related services:		
• Review of consolidated interim financial statements as of 30.06	23.000	23.504
Other special report issuance services:	5.000	12.496
Total professional services	85.000	107.536

As at 31 December 2025, no additional fees have been incurred for other firms belonging to the same network as the statutory auditor (nor as at 31 December 2024 in relation to the previous auditor).

b) Off-balance sheet arrangements

There are no agreements or contractual arrangements not recognised in the balance sheet, nor disclosed in other notes to the financial statements, and which may have a financial impact, provided that such information is material and useful for assessing the Group's financial position.

18. AFTER THE REPORTING PERIOD

In January 2026, the Company entered into a credit insurance policy with COFACE as a coverage mechanism and to support expected growth, primarily in the EMEA region, based on a preliminary assessment of the solvency of the business pipeline.

In March 2026, the Company continued renewing the foreign exchange hedging contract (EUR-USD) that had been put in place in July 2025 and which, up to February 2026, had generated positive results in both the income statement and cash flow, exceeding €500 thousand compared to a scenario without hedging.

In March 2026, the Company entered into a non-recourse factoring agreement with CAIXA with a limit of USD 4 million. As of the date of preparation of these financial statements, the Company has utilised USD 2.9 million (representing 90% of the trade receivables assigned to CAIXA).

The Group's Board of Directors considers that, in addition to the events described above, no other significant subsequent events have occurred that would affect the information included in these financial statements.

Alicante, 31 March 2026.

CONSOLIDATED MANAGEMENT REPORT

Facephi, leader in Digital Identity solutions

Facephi is a company that has been marketing digital identity solutions for more than 10 years. With extensive experience in the financial sector, it provides high-value solutions through the sale of products such as: Onboarding, used in user registration processes or the contracting of new products, which automatically captures document information and verifies the person's face against a selfie, demonstrating the authenticity and liveness of the customer; and Authentication, used in access processes and transaction security and loyalty (1-1) and (1-N).

These solutions are commercialized through a licensing model that can be: pre-purchase, where the client contracts in advance a package of licenses available for consumption, renewing that volume once it has been used up; or post-consumption, where the client has access to the technology, uses it, and is billed based on usage over a given period, with billing frequency agreed in the contract (usually quarterly). These solutions can be deployed in both SaaS and on-premise environments.

Facephi is an expert in digital user identity verification, specializing in digital onboarding and biometric authentication solutions. It was founded with the aim of creating safer, more accessible, and fraud-free digital processes. To achieve this, it focuses on innovation through artificial intelligence and machine learning, applying blockchain technology and introducing decentralized digital identity.

With its headquarters in Spain and subsidiaries in South Korea, Uruguay, the United Kingdom, and Brazil, Facephi has a multidisciplinary team committed to offering the best technology to its clients. In 2026, it plans to open new subsidiaries in Canada and Peru.

Facephi develops its technology with the goal of achieving the best user experience, based on the user's prior knowledge and consent. In this way, the company complies with its high ethical standards and also adheres to KYC, AML, and GDPR regulations. Today, the Group, which originally became a leader in the financial industry—one of the most demanding sectors in terms of security—has expanded into many others: insurance, healthcare, public administration, travel and transport, sports events, and shared mobility.

Facephi already has 300 million transactions worldwide and more than 350 clients, with a retention rate above 95%.

Its new product, Facephi Identity Platform 360, is a modular platform capable of combining different biometric solutions in a single tool, available in different architectures. It integrates behavioral biometrics and mule account detection as a technological solution to prevent complex fraud cases. This platform offers greater adaptability to regulatory compliance requirements and to the specific characteristics of any country, industry, or use case where it is applied.

From the platform, users can select and combine biometric solutions, including facial, periocular, fingerprint, voice, digital signature, and behavioral biometrics. It also allows reading official identity documents, validating their authenticity, and performing liveness detection through passive liveness, as well as verifying digital identity.

The development of this no-code customizable platform represents a major evolution for the Group, which moves from providing individual biometric solutions to offering a tool that allows

MANAGEMENT REPORT as at 31 December 2025

each company or public entity to design customized digital onboarding and authentication processes according to their needs. This modular solution includes real-time operation monitoring, a dashboard with key performance indicators (KPIs), transaction logging, statistics, and other functionalities.

Through its QA department, Facephi conducts periodic internal audits of its products and services. However, in its continuous pursuit of improvement and technological refinement, the parent company has undergone several external audits and certification processes.

External audits:

Facephi's systems and technologies are subject to periodic audits in the areas of the General Data Protection Regulation (GDPR), Information Security (IS), Cybersecurity, and Business Continuity (BC). These audits have enabled the company to achieve internationally recognized compliance standards, such as:

Legal compliance and data protection:

- **Data protection and Criminal Compliance:** We comply with the following regulations: General Data Protection Regulation (GDPR) and Spanish Organic Law on Data Protection and Guarantee of Digital Rights (LOPDGDD), reinforced by information security certifications.
- **Facephi Criminal Risk Prevention Plan:** For Facephi, promoting integrity means acting in accordance with our values (responsible, excellent, and innovative) in all our business activities. A key element of integrity is Compliance: adherence to the law and our internal regulations. Facephi's Compliance System is divided into three levels: Prevent, Detect, and Respond. These levels form a comprehensive system of activities through which we ensure that our business is always conducted in accordance with applicable laws and regulations, as well as our internal principles and guidelines.
- **Compliance Committee:** Its purpose is to review the implementation of the Compliance plan, assess its effectiveness, and report quarterly to the Board of Directors on the dissemination, awareness, and compliance with the Criminal Risk Prevention Plan, the Code of Ethics, and the Insider Information Protocol to prevent market abuse practices.

Whistleblowing channel

- The Group, in its strong commitment to regulatory and ethical compliance, has implemented a Whistleblowing Channel aimed not only at fostering an ethical culture and good governance but also at preventing and detecting any irregular, unlawful, or criminal behavior. In October 2019, the European Union approved Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law, known as the "Whistleblowing Directive," which regulates how reporting channels should be structured, including who is protected, how channels are managed, which organizations must implement them, requirements, and protection of whistleblowers, among others.

Corporate Governance, Risk and Compliance

MANAGEMENT REPORT as at 31 December 2025

- ISO/IEC 27001 (ISMS): Ensures the confidentiality, integrity, and availability of information and the systems that process it.
- ISO 22301: Business Continuity Management System.
- ISO 27017: Security controls for cloud services.
- ENS: Compliance certification with the Spanish National Security Framework (medium category).
- Pinakes Certification: Recognition as an approved technology provider for any national banking entity.

Product and technology certifications:

- **ISO 30107-3 iBeta Level 1:** Compliance with facial recognition (Matcher) and PAD (Presentation Attack Detection) via passive liveness detection.
- **ISO 30107-3 iBeta Level 2:** The highest level of compliance achieved to date in detecting presentation attacks in facial biometrics technologies.
- **KISA K-NBTC Certification:** Recognition validating the performance of the company's identity verification algorithm, issued by the Korean Internet & Security Agency (KISA).
- **UK Digital Identity and Attributes Trust Framework (UK DIATF):** Certified as an Identity Service Provider (IDSP) for the UK Digital Identity framework.
- **SEPBLAC video identification guidelines:** Certified as a provider of remote onboarding and digital identity services under the compliance framework established by Spain's Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses.

Biometric information exchange:

- **ANSI/NIST-ITL 1-2011:** Standard for biometric data storage and system interoperability.
- **ISO/IEC 19794-5:** Specifies a format for storing, recording, and transmitting facial image information, including scene constraints, photographic properties, and digital image attributes.
- **ISO 30107-3:** Defines evaluation methodology for biometric systems against presentation attacks (fraud attempts). It is the most prestigious international standard in biometrics. Facephi was evaluated by iBeta, the only globally recognized biometric laboratory accredited by NIST/NVLAP.
- **ISO 30107-3 Level 2:** Focuses on more complex attack types and represents the highest level of compliance in facial biometric presentation attack detection achieved in the industry.
- **ISO 27001:2013:** Information Security Management Systems standard ensuring confidentiality, integrity, and availability of information. Facephi applies risk assessment and mitigation controls, enhancing customer trust and competitiveness.
- **ISO 22301:** International standard for business continuity management, helping organizations prepare for, respond to, and recover from disruptions.
- **National Security Framework (ENS):** Mandatory for public sector organizations and private companies providing services to them, ensuring proper data protection principles.
- **PINAKES:** A rating system evaluating 1,336 controls across areas such as physical security, cyber resilience, risk management, GDPR, legal compliance, systems monitoring, access control, information asset management, business

MANAGEMENT REPORT as at 31 December 2025

continuity, and HR management. It is promoted by the CCI (Interbank Cooperation Center) of the Bank of Spain. The achieved rating level is AAA. Pinakes controls include compliance with ISO 27017:2015 and ISO 27018:2019 standards for cloud security and personal data protection in cloud environments.

- **KISA:** Certification of performance metrics for Facephi's verification algorithm using NIST methodology and Korean government databases. It guarantees algorithm performance for use in the Korean market across applications. The K-NBTC is KISA's biometric evaluation laboratory, validating SelphID® as a reliable and secure biometric system for users in the Asian market.

Facephi also complies with the standards set by the following regulations:

- **ISO/IEC TR 24741:2018, ISO/IEC 2382-37:2012, ISO/IEC 29194:2015, ISO/IEC 19092:2008, ISO/IEC TR 24714-1:2008**, which describe different biometric technologies, system architectures and automatic recognition processes using biometric technologies, key concepts in the field of biometrics, the security framework for using biometrics in person authentication in financial services, and references on accessibility and usability for biometric systems.
- **ISO 9001:2015, ISO/IEC 20000-1:2018**, which define the requirements for establishing, implementing, maintaining, and improving a Quality Management System, and establish the internationally recognized standard for IT service management.
- **ISO/IEC 19795-1**, which defines methods and metrics for evaluating and documenting the performance of a biometric system.
- **ISO 19794-1 and ISO 19794-5**, which specify general aspects and requirements for biometric data interchange formats, storage, and transmission of facial images, as well as the properties photographic images must meet and their attributes.

Main risks and uncertainties faced by the company

The main risk factors do not differ significantly from those included in the Market Admission Information Document (DIIM) of June 2014 nor from those included in the Abbreviated Expansion Documents (DAR) of March 2015 and February 2016, which were duly updated. It should be noted that these risks are not the only ones the parent company may face, and they could have a material adverse effect on the share price of FACEPHI BIOMETRÍA, S.A., potentially leading to a partial or total loss of the investment made.

Below are the most relevant risk factors, without prejudice to the existence of other less relevant or unknown risks at the time of preparing this management report:

Risks linked to excessive exposure to technological innovation

The sector in which Facephi operates is subject to intensive research and technological innovation, requiring continuous product updates and leading to high obsolescence of the products it commercializes at any given time. This innovation requires personal, material, and marketing investments that the Group must be able to sustain.

Emergence of new companies or technologies affecting the Group

MANAGEMENT REPORT as at 31 December 2025

Technology is constantly growing and evolving, so the emergence of strong new competitors offering products with greater competitive advantages or new, more effective or socially accepted biometric technologies cannot be ruled out.

If this occurs, increased competition would reduce the market share of existing companies in the sector. This could lead to lower production, fewer clients, and consequently a negative impact on the company's share price.

However, Facephi is in a continuous R&D process, constantly evolving and improving its own technology, which provides it with a competitive advantage over potential new entrants.

Industrial Property Rights

The parent company owns the following trademarks registered in the European Union (EUTM):

• FACEPHI BEYOND BIOMETRICS	• PHIVOX
• SELPHI, YOU BLINK, YOU'RE IN	• SELPHI ID
• LOOK & PHI	• SIGNPHI
• INPHINITE	

The trademarks Selphi You Blink You're In and FacePhi Beyond Biometrics are also registered in the United States under USPTO certificates.

Regarding the trademark registrations with protection in the European Union (EUTM), the parent company holds European Union Trademark certificates with registration numbers:

- EUTM 017896710 LookΦ EUTM 017948110 inPhinite; EUTM 017948113 4Phingers; EUTM 017948116 Phivox; EUTM 017948119 SignPhi; EUTM 017948878 SelphID.

The international expansion and presence in the LATAM territory has led the administrative body to adopt decisions aimed at extending the geographical scope of trademark protection. Therefore, the trademarks FacePhi Beyond Biometrics and SelphID Identity Validation are duly registered, either as international trademarks with territorial designation or as national trademarks, in all markets in which the parent company has a presence: APAC, LATAM, and EMEA.

The new trademarks subject to registration are:

- EUTM 018762534 FACEPHI (figurative mark)
- EUTM 018762535 FACEPHI (word mark)
- EUTM 018779488 FACEPHI IDENTITY PLATFORM (figurative mark)
- 4184138 FACEPHI PROTECTING IDENTITY TO BUILD THE FUTURE (OEPM)

Facephi considers its software, algorithms, and programs one of its most important business assets, protected under international trade secret regulations.

MANAGEMENT REPORT as at 31 December 2025**Intellectual Property**

Since the entry into force of the Trade Secrets Law 1/2019 of 20 February, technology companies have a framework in which legal certainty regarding knowledge considered as secrets (algorithms, know-how, etc.) is greater than previously existed, resulting in greater protection against possible violations of trade secrets.

On the other hand, software programs and algorithms, in short, software, are protected by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Berne Convention for the Protection of Literary and Artistic Works, and Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016, on the protection of undisclosed know-how and business information (trade secrets).

Facephi considers its business assets to be its programs, algorithms, and software, and therefore complies with internationally recognized conditions determining trade secret protection, including explicitly contractual clauses that formalize this obligation of confidentiality, reinforce the confidential nature of business information for the obliged party, and define the applicable conditions with the persons who have access to it.

However, doctrine and case law agree that for the application of the rule to be truly effective, it is not enough to merely mention it; companies must also implement tools that create an environment of security, protection, reliability, and traceability.

Risks arising from the loss of key personnel

Given that Facephi is a young company closely linked to its founders and executives, it is necessary to highlight the risk derived from the departure or cessation of these individuals in the management of the parent company. Although this risk is not expected to arise due to voluntary reasons, as they remain the main shareholders, it cannot be ruled out that it could occur due to other causes, which would obviously imply the aforementioned risk. Likewise, the death or departure of key personnel could negatively affect the business, results, prospects, or financial, economic, or asset situation of the Group.

Facephi has as a policy the adoption of post-contractual non-compete agreements in order to prevent the potential negative impact on the business resulting from the departure of key personnel. These agreements are based on two premises:

- **The effective industrial or commercial interest.** The “industrial or commercial interest” is defined as a limitation to the possibility of agreeing on non-competition by the employee in sectors where the employer lacks a genuine and legitimate interest that can compensate for the restriction on the right to work, which guarantees every citizen the freedom to freely choose their profession or occupation. Since this is an undefined legal concept, its interpretation is shaped by the courts. To assess whether there is a genuine industrial interest, it is common to compare the activity of the former employer and the new competing company, evaluating whether they have the same corporate purpose, whether they target the same market, or whether they have the same clients.
- **Compensation:** Regarding the existence of adequate compensation, it should be noted that its purpose is to ensure that the employee has financial stability after the termination of the employment relationship, given that the agreement prevents the

MANAGEMENT REPORT as at 31 December 2025

employee from being able to “develop their work in the field in which they had been regularly providing services and where they are presumably able to offer their best skills and competencies” once their contract has ended.

Risks linked to share price performance

The evolution of the share price since its listing on the Market experienced high volatility between 2019 and 2022, in line with technological market fluctuations. During the 2025 financial year, the share price appreciated by approximately +50%, with a market capitalization as of 31 December 2025 of over 67 million euros.

Risk of social acceptance

If there were a change in consumer preferences and/or in the market, due to the fact that the technology sector is constantly evolving, changes in consumption trends could occur, with the possibility of affecting, to a greater or lesser extent, the use of facial biometrics compared to other biometric systems or security systems.

Acts of theft or hacking of critical information and technology code

Facephi works on this risk through several approaches. First, all our code and software packages are subject to an integrity assurance strategy (preventing the code from being altered in a way that could create backdoors or other threats), availability (ensuring code recovery at all times), and confidentiality (principles of least privilege access to the code, “hashed” closed code packages, continuous review of access permissions, etc.).

To complete the above tasks, code repositories are used that comply with ISO 27001 and ISO 22301 standards, under which Facephi is also certified.

In addition, FacePhi works under a strict S-SDLC (Secure Software Development Life Cycle) protocol, included within the scope of its ISO 27001 certification, and based on OWASP methodologies.

Finally, the automated licensing system prevents the use of the technology beyond the scope and lifecycle for which it has been approved in a specific project or delivery to a client.

Revenue recurrence

The revenue structure is segmented between license sales, which may be recurrent or perpetual, and other related income such as support, maintenance, certifications, consulting, updates, or specific developments.

Recurrent license sales currently represent approximately 90% of the Group’s revenue. Future success depends on the renewal of recurring licenses, the acquisition of new customers, the sale of new licenses or products to existing clients, the increase in recurring license sales, or the development of new products.

Analysis of the evolution and results of the businesses and the situation of the Group

MANAGEMENT REPORT as at 31 December 2025

The Parent Company is a global leader in identity verification technology, with a strong presence in the financial sector, and is listed under a dual-listing formula, being present on Euronext Growth Paris and on BME Growth, formerly the Alternative Investment Market (MAB) in Spain. It has achieved licence sales revenues of €36.0 million, representing an increase of 25% compared to 2024.

In financial year 2025, the Group improved the following key parameters:

- Revenue, which increased from €28.9 million in 2024 to €36.0 million in 2025.
- Working Capital, which increased from +€2.0 million in 2024 to +€3.0 million in 2025.
- Gross Financial Debt, which decreased from €12.3 million in 2024 to €8.7 million in 2025.

All these improvements are also reflected in the 2025 Budget, and have the knowledge and support of the main Shareholders and the Board of Directors, as well as the commitment to their execution by the Management team. The updated business plan has the solid support of the Directors and the main shareholders.

Information on matters related to Regulatory Compliance

The commitment of the governing body is service excellence, commitment to results, responsible environmental management, concern for people, health and safety, social commitment, and integrity and transparency. These are the commitments of FacePhi's corporate responsibility policy.

Supervision of the Group's performance in this area ultimately rests with the Board of Directors, as established by the recommendations of the Code of Ethics and the Board Regulations. The Board is responsible for approving the Group's Corporate Responsibility Policy, receiving at least annual information on the implementation and overall monitoring of said policy.

Likewise, the Board of Directors is responsible for leading the effective integration of corporate responsibility into the company's strategy and daily management, thereby strengthening a solid corporate responsibility culture. The implementation of a Criminal Risk Prevention Plan is the result of exercising this responsibility by the Board of Directors, in its effort to ensure proper implementation and monitoring of the commitments undertaken.

Information on Criminal Compliance

The FacePhi Criminal Risk Prevention Plan. Through this Compliance System, the company expresses its intention to instill a culture of compliance in the minds and actions of all FacePhi employees.

FacePhi's Compliance System is divided into three levels of action: Prevent, Detect, and Respond.

Information on R&D&I matters

Research and development expenses capitalized as of the end of 2024 correspond to the following projects and milestones:

MANAGEMENT REPORT as at 31 December 2025

The parent company continues its policy of investment and improvement in its current facial biometrics applications. The expenses capitalized during the financial year ended 31 December 2024 correspond to the following milestones:

Description:	Euros	
	31.12.2025	31.12.2024
Improvements Software Development Kit (SDK)	4.619.329	4.346.523
Platform as a Service (PaaS)	--	--
Identity Platform	--	237.958
Total internal development	4.619.329	4.584.481
Development acquired from third parties	493.264	351.731
Total	5.112.593	4.936.212

These expenses are being recorded under the Development heading, with justified reasons to consider their commercial success upon completion. At that time, they will be recorded under the corresponding intangible asset heading according to their nature. If there were justified criteria to consider that they were not successfully completed, these expenses would be derecognized and recorded as losses arising from intangible assets.

The vast majority of the activity related to the development of new applications or improvements to existing ones has been carried out internally and has been recorded through the capitalization of production costs under the "Work performed by the company for its assets" item in the income statement.

The developments capitalized as of 31 December 2025 mainly consist of improvements in fraud security, interactive user guides during registration, and tools for integrating the technology into multiplatform applications. After testing and trials, it is considered that the developments are functional and have been completed; therefore, they will begin to be commercialized in the following year.

The Directors of the Parent Company consider that the capitalized research and development expenses comply with all and each of the conditions established in the applicable regulations for their capitalization.

Information on personnel matters

Facephi includes Corporate Social Responsibility as part of its identity, implementing its own social commitment plan that dedicates part of its time to activities that help make society a better place.

The company has maintained during the year ended 31 December 2025 an average workforce equivalent to 212 full-time employees, complying with the legal standards set out both in labour legislation and in the applicable collective bargaining agreement (see note 14.e of the consolidated financial statements).

Information on environmental matters

The Group does not own significant assets included in property, plant and equipment intended for minimizing environmental impact or protecting the environment, nor has it incurred significant expenses during the year for environmental protection and improvement.

MANAGEMENT REPORT as at 31 December 2025

Expenses arising from business activities aimed at environmental protection and improvement are recorded as expenses in the year in which they are incurred. When such expenses result in additions to property, plant and equipment intended for minimizing environmental impact and protecting or improving the environment, they are recorded as an increase in the value of the related asset.

At present, no environmental contingencies are known that could have an impact on the results or financial position of the parent company. No environmental subsidies have been received.

Average payment period to suppliers and measures to be applied in the following financial year to reduce it to the legal maximum established in the regulations on combating late payment

The average payment period to suppliers for the financial year ended 31 December 2025 is 88 days (see note 12.5 of the notes to the financial statements). This average payment period is understood as the expression of the payment time or delay in the payment of trade debt.

Significant events for the company occurring after year-end

In January 2026, the company signed a credit insurance policy with COFACE as coverage and guidance for the expected growth mainly in EMEA, preliminarily analysing the solvency of the business pipeline.

In March 2026, the company continued renewing the currency hedging contract (EUR-USD) that it launched in July 2025 and which, up to February 2026, generated positive results in its income statement and cash flow of over 500 thousand euros compared to not having had such coverage.

In March 2026, the Company signed with CAIXA a non-recourse factoring agreement with a limit of 4 million USD, a facility which, at the date of preparation of these annual accounts, has been used by the company for an amount of 2.9 million USD (90% of trade receivables assigned to CAIXA).

The Company's Board of Directors considers that no other significant subsequent events have occurred relevant to the information contained in these annual accounts.

Deferred Tax Asset

Despite the fact that in financial year 2024 the auditor urged the Company to derecognise an amount of €3.1 million relating to various assets of a tax nature, nevertheless, and as foreseen in its 2025 Budget, Facephi has already started to use them in financial year 2025 and expects to complete their use between financial years 2026 and 2027.

Expected evolution of the Group

The Company's forecast is consolidation in the markets in which it is already present and expansion in the banking sector in new countries, continents (America, Africa and Asia) and clients (not only the banking sector). In line with its business plan, an increase in revenue and growing profitability is expected in the coming months and years.

MANAGEMENT REPORT as at 31 December 2025

Treasury shares. Reasons for the acquisitions and disposals carried out during the financial year

The total amount of treasury shares as at 31 December 2025 amounts to €382,010 (€341,646 as at 31 December 2024) and corresponds to 178,484 shares (198,147 shares at the end of the previous financial year), representing 0.75% (0.82% in 2024) of the Company's share capital and remaining below the limit established in Article 509 of the Spanish Companies Act, which sets a maximum limit of 10%.

Independent Auditor's Report on the Annual Accounts

To the shareholders of Facephi Biometría, S.A.:

Report on the annual accounts

Qualified opinion

We have audited the annual accounts of Facephi Biometría, S.A. (the Company), which comprise the balance sheet as of 31 December 2025, the income statement, the statement of changes in equity, the cash flow statement, and the notes to the financial statements for the year then ended.

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as of 31 December 2025, as well as its results and cash flows for the year then ended, in accordance with the applicable financial reporting framework (identified in note 2 to the notes to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for Qualified Opinion

During the 2025 financial year, the Company has signed a framework agreement together with other agreements relating to a financing transaction for a research and development (R&D) project, which is structured through an Economic Interest Grouping (EIG) with the aim of allowing the EIG investors to benefit from the value of the tax incentives associated with the R&D project. To carry out this purpose, the Company has also entered into a Service Provision Agreement, a Participating Loan Agreement, and a Put Option Agreement, and additionally, where applicable, new investors enter into a subscription agreement with the EIG binding them to the rights and obligations established in the framework agreement (hereinafter, the "Transaction Agreements").

According to the framework agreement, the maturity date is the date of exercise of the put option, which may be exercised for €1 at any time within the period from 1 June 2026 to 31 October 2027, and under which the Company is obliged to acquire the EIG shares.

In accordance with the agreement, the sale price of the Company's R&D project to the EIG amounts to €8,350,000, of which €2,949,500 will be financed by investors and the remainder through a participating loan granted by the Company.

During the 2025 financial year, the Company incurred R&D expenses amounting to €7,500,000, of which it has only received €922,250 from the EIG from investors, leaving an outstanding amount of €1,712,750 as of 31 December 2025.

In accordance with the framework agreement and the put option agreement, the Company guarantees to the investors the recovery of the amounts invested plus a minimum return under circumstances that are outside the control of both parties.

Likewise, the EIG commits to maintaining ownership of the results of the R&D project, keeping them free of encumbrances or liens, and not transferring them or...payment of the contracted services. Additionally, in accordance with the framework agreement, investors have been released from their responsibilities in respect of the EIG. Furthermore, they have contractually delegated their voting rights at the EIG's General Meeting to ensure that it is devoted exclusively to the development and exploitation of the project and that all necessary resolutions are adopted to comply with the obligations under the transaction agreements. To carry out the activities predefined by the parties, an Agent has been contractually appointed.

The accompanying notes to the annual accounts do not disclose all the relevant clauses of the aforementioned agreements in order to allow users to understand the economic substance of the contracts over their legal form, nor the accounting criteria applicable to them, nor the guarantees and commitments assumed by the Company with the EIG investors.

As of 31 December 2025, the Company has recognised the research and development costs as its own, recording an amount of €7,500,000 as expenses by nature and capitalising €4,619,329 in the balance sheet under the heading "Work performed by the company for its own assets" in the income statement for the 2025 financial year.

Furthermore, as disclosed in Note 14(d) to the financial statements, the Company has considered that the economic substance arising from the aforementioned transaction corresponds to the sale of tax deductions (Tax Lease) and has recognised revenue amounting to €7,500,000 under "Other operating income" in the income statement for the 2025 financial year. Similarly, it has impaired the participating loan in the amount of €4,865,000 at the time it was granted, charged to the same line item. As a result, the income recognised in the 2025 income statement, amounting to €2,635,000, arises exclusively from amounts paid by third parties to the EIG, of which €1,712,750 remains outstanding and receivable by the Company at the end of the 2025 financial year.

However, in accordance with the applicable financial reporting framework, transactions must be accounted for in accordance with their economic substance and not merely their legal form when the latter does not reflect a true and fair view of the financial statements. Consequently, although the Company has entered into an agreement for the sale of an R&D project, it is not possible to recognise revenue because the EIG does not have the financial capacity to pay the consideration, and most of the sale price of the project is effectively self-financed by the Company; therefore, revenue cannot be recognised.

Likewise, the amounts received from the EIG should be recognised by the Company as a liability, which will only be recognised as income when the Company no longer has any remaining performance obligations to transfer, and when all, or substantially all, of the consideration has been received and is non-refundable, or the contract has been cancelled and the amount received is non-refundable.

Given that, as mentioned above, the Company has guaranteed investors the amounts contributed to finance the project and related overhead costs, plus a minimum return under factors outside its control, the Company must recognise a financial liability until it is extinguished.

Furthermore, the Company should not recognise the sale of the R&D project, since from the outset the EIG will not fulfil its obligations, given that, as previously noted, the transaction is largely self-financed by the Company, the EIG does not retain control of the project due to

restrictions on obtaining economic benefits from its exploitation, sale or encumbrance, and, due to the put option and the duration of the agreements, the Company will ultimately retain the residual risks and rewards of the R&D project.

As a result, since the Company should not recognise either the revenue or the sale of the asset, the economic substance of the transaction should be considered a financing transaction channelled through the EIG, a special purpose entity (SPE).

Once the financial liability is extinguished, insofar as the ultimate objective is the...obtaining a grant by the investors, the grant is considered non-repayable and the financial liability is reclassified to the heading "Grants, donations and legacies received" within equity, with one part classified as a capital grant and another as an operating grant, in proportion to the portion of the R&D project recognised as an asset or as operating expenses by nature.

As a consequence, the line item "Other operating income" in the accompanying income statement and "Trade and other receivables" in the balance sheet as of 31 December 2025 are overstated by €2,635,000 and €1,712,750, respectively, and "Short-term payables to group and associated companies" are understated by €922,250.

In 2024, the Company had entered into similar agreements structured through another EIG and recognised €1,922,759 under "Other operating income" in the income statement for the year ended 31 December 2024. As a result, the line item "Other operating income" in the accompanying income statement and "Trade and other receivables" in the balance sheet as of 31 December 2024 are overstated by €1,922,759 and €1,233,019, respectively, and "Short-term payables to group and associated companies" are understated by €689,740.

Furthermore, since the put option over the interest in the 2024 EIG was exercised in October 2025, the heading "Grants, donations and legacies received" within equity as of 31 December 2025 is understated by €1,271,374, retained losses from prior years should be increased by €1,922,759, and the items "Operating grants recognised in profit or loss" and "Allocation of non-financial fixed asset grants and others" are understated by €566,628 and €84,757, respectively.

The adjustments indicated should be considered net of corporate income tax, as the Company does not recognise deferred tax assets given that it is not probable that sufficient future taxable profits will be available for their recovery.

In the 2025 cash flow statement, profit before tax should be reduced by €1,983,615, adjustments to profit should be reduced by €651,385, and changes in working capital should be increased by €479,731. As a result, cash flows from operating activities are overstated and cash flows from financing activities (receipts and payments relating to financial liabilities) are understated by €2,155,269, respectively.

Similarly, in the 2024 cash flow statement, loss before tax should be increased by €1,922,759 and changes in working capital should be increased by €1,233,019. As a result, cash flows from operating activities are overstated and cash flows from financing activities are understated by €689,740, respectively.

Additionally, as noted above, the EIG is a special purpose entity and, in accordance with the applicable financial reporting framework, it is necessary to assess whether it falls within the consolidation perimeter and whether it is a subsidiary. Since the EIG is the legal vehicle

through which the financing of the Company's R&D project is channelled, and since investors, by signing the subscription agreement, establish and delegate their voting rights to exclusively carry out the predefined project and purpose of the EIG, and the EIG cannot make operational or financial decisions other than those indicated, the consolidation assessment must be based on the entity that absorbs the majority of the risks or benefits of the EIG.

In this regard, since investors have their investment and return guaranteed through the Company and waive the residual economic benefits of the EIG due to the put option agreement and the economic substance of the arrangements, and given that, from an accounting perspective, the EIG cannot recognise the R&D project because the Company has not derecognised it, the EIG is a group entity.

Furthermore,... Furthermore, and in accordance with the applicable financial reporting framework, the investments of the partners in the EIG are not considered equity instruments but rather instruments with special characteristics, insofar as their recovery is achieved through the allocation of tax incentives, without prejudice to the fact that, in this case, the Company additionally guarantees the partners' contributions and a minimum return thereon.

The accompanying annual accounts do not include the necessary disclosures to assess whether the EIG is a group company, nor do they present and disclose balances, transactions, and relevant contracts as those carried out with a group company. Furthermore, the notes do not contain information regarding the commitments assumed with investors as of 31 December 2025.

We have conducted our audit in accordance with the regulations governing audit activity in force in Spain. Our responsibilities under those standards are described further in the "Auditor's responsibilities relating to the audit of the annual accounts" section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, applicable to our audit of the annual accounts in Spain, as required by the regulations governing audit activity. In this regard, we have not provided services other than audit services, nor have any situations or circumstances arisen which, in accordance with the aforementioned regulations, have affected our independence in a way that could have compromised it.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of the greatest significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

In addition to the matters described in the "Basis for Qualified Opinion" section, we have determined that the matters described below are the most significant matters considered in the audit that should be communicated in our report.

Revenue recognition from contracts with customers

See Notes 3.16 and 14(a) of the notes to the annual accounts

Key audit matter

The Company has recognised, under the heading "Net turnover" in the income statement as of 31 December 2025, revenue from contracts with customers amounting to €35,506,749, arising from the commercialisation and implementation of facial recognition biometric software usage rights.

Due to the fact that the analysis of the recognition of this revenue requires the application of judgement in the estimates to, among other aspects, identify the performance obligations in the contracts,... identify when control of the right of use is transferred to the customer and determine when to recognise revenue in the consolidated income statement, as well as due to the significance of the Group's net turnover, this area has been considered a key audit matter in our audit.

How the matter was addressed in our audit

we have obtained supporting documentation and have analysed the contractual terms, their key clauses, and the judgements and estimates made by Management and the directors of the Company in order to assess their appropriate accounting treatment.

- We have obtained external confirmations for a sample of customers, both for billed receivables and for amounts not yet invoiced as of 31 December 2025, performing, where applicable, alternative procedures through evidence of subsequent collections or supporting documentation substantiating the sales transactions.

- We have assessed whether the disclosures included in the annual accounts comply with the requirements of the applicable financial reporting framework.

we have obtained supporting documentation and have analysed the contractual terms, their key clauses, and the judgements and estimates made by Management and the directors of the Company in order to assess the appropriate accounting recognition.

- We have obtained external confirmations for a sample of customers, both for invoiced receivable balances and for amounts not yet invoiced as of 31 December 2025, performing, where appropriate, alternative procedures through evidence of subsequent collections or supporting documentation substantiating the sales transactions.

- We have assessed whether the disclosures included in the annual accounts comply with the requirements of the applicable financial reporting framework.

Recognition and measurement of development expenses

See Notes 3.1(a), 3.3 and 4 of the annual accounts.

Key audit matter

The Company has recognised, under the heading "Intangible assets" in the balance sheet as of 31 December 2025, non-current assets classified as "Development costs" amounting to €11,883,407, corresponding to software application development projects for their future commercialisation within the Company's core business activity.

The capitalisation of development costs requires the application of judgement by Management and the directors of the Company, as it involves compliance with certain conditions set out in the applicable financial reporting framework, and where there are reasonable doubts regarding the technical success or the economic and commercial profitability of the capitalised projects, the amounts recognised as assets must be recognised directly in profit or loss.

Due to the complexity of the judgements made by Management and the directors of the Company in assessing compliance with the conditions required for the capitalisation of development costs, the identification of the existence of... indicators of impairment and, where appropriate, the estimation of recoverable amounts, as well as the significance of the amounts involved, this area has been considered a key audit matter in our audit.

How the matter was addressed in our audit

As part of our audit procedures, we have performed, among others, the following:

- We obtained an understanding of the process established by the Company's Management for the recognition and measurement of development costs for software applications, as well as an evaluation of the design and implementation of the relevant controls of said process.
- We obtained and evaluated the documentation prepared by Management supporting the technical feasibility of the projects and their profitability, and assessed the reasonableness of the main assumptions considered.
- We obtained a sample of development costs capitalised during the financial year and assessed whether the costs are eligible for capitalisation, their allocation to specific projects, as well as the reasonableness of their allocation to development projects and their measurement based on supporting documentation and other information provided by the Company.
- We have assessed whether the disclosures included in the annual accounts comply with the requirements of the applicable financial reporting framework.

Other matters

On 29 April 2025 other auditors issued their audit report on the annual accounts for the financial year 2024, in which they expressed an unqualified opinion.

Other information: Management Report

The other information comprises exclusively the management report for the financial year 2025, the preparation of which is the responsibility of the Company's directors, and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility in respect of the management report, in accordance with the requirements of the regulations governing the statutory audit activity, consists of assessing and reporting on the consistency of the management report with the annual accounts, based on the knowledge of the entity obtained in the performance of the audit of said accounts, as well as assessing and reporting on whether the content and presentation of the management report comply with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work performed, as described in the preceding paragraph, except for the material misstatements indicated in the following paragraph, the information contained in the management report is consistent with that of the annual accounts for the financial year 2025, and its content and presentation comply with the applicable regulations.

As detailed in the section **Basis for Qualified Opinion**, there are material misstatements in the annual accounts as a result of the incorrect accounting treatment of the transactions carried out in 2024 and 2025 by the Company with certain economic interest groupings. We have concluded that this circumstance affects the management report in the same manner.

Responsibility of the directors and of the audit committee in relation to the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts so that they present a true and fair view of the Company's equity, financial position and results, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they consider necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern accounting principle unless the directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for supervising the process of preparation and presentation of the annual accounts.

Auditor's responsibilities in relation to the audit of the annual accounts

Our objectives are to obtain reasonable assurance that the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the regulations governing the statutory audit activity in force in Spain will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of the annual accounts.

As part of an audit conducted in accordance with the regulations governing the statutory audit activity in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, intentional misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern accounting principle and, based on the audit evidence obtained, conclude whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of Facephi Biométría, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the audit committee of the entity with a statement that we have complied with ethical requirements regarding independence, and have communicated with them about all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related safeguards.

From the matters communicated to the audit committee of the entity, we determine those that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe those matters in our audit report unless law or regulation precludes public disclosure of the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee

The opinion expressed in this report is consistent with that stated in our additional report to the audit committee of the Company dated 4 May 2026.

Period of engagement

The Ordinary and Extraordinary General Shareholders' Meeting of Facephi Biométría, S.A., held on 17 June 2025, appointed us as auditors for a period of three years, starting from the financial year ended 31 December 2025.

**Annual Accounts and Management Report
December 31, 2025**

Standalone Balance sheet		
31st December 2024		
(In Euros)		
ASSETS	31/12/2025	31/12/2024
A) NON-CURRENT ASSETS	20.273.492	20.834.406
I. Intangible fixed asset	14.063.458	11.787.541
II. Tangible fixed assets	1.861.971	2.264.647
IV. Non-current investments in group and associated companies	462.835	462.658
V. Non-current financial investments	155.851	145.709
VI. Deferred tax assets	1.208.889	1.795.844
VII. Commercial debtors	2.520.488	4.378.007
B) CURRENT ASSETS	27.650.029	28.441.561
II. Inventories	37.500	0
6. Advances to suppliers	37.500	0
III. Trade and other receivables	24.391.313	22.107.218
1. Clients from sales and provision of services	22.418.803	18.437.369
3. Other debtors	2.207	0
4. Personal	2.050	2.050
5. Assets for current taxes	1.467.092	1.624.899
6. Other credits with PPAA	501.161	2.042.900
IV. Current investments in group and associated companies	15.213	0
V. Current financial investments	320.505	62.988
VI. Short term accruals	776.846	632.355
VII. Cash and cash equivalents	2.108.652	5.639.000
TOTAL ASSETS	47.923.521	49.275.967

The attached report forms an integral part of the individual annual accounts as of December 31, 2025.

Standalone Balance sheet 31st December 2024 (In Euros)		
EQUITY AND LIABILITIES	31/12/2025	31/12/2024
A) EQUITY	21.578.985	18.957.790
A-1) Shareholders' equity	20.983.139	30.648.641
I. Capital	1.064.963	1.016.462
II. Share premium	33.708.316	31.045.346
III. Reserves	135.752	(138.883)
IV. (Treasury stock and shares)	(436.934)	(341.646)
V. Gains retained	(14.707.445)	(2.327.198)
Result for the year	413.065	(12.380.247)
VI. Other	805.423	1.394.560
A-3) Grants, donations and legacies received	595.846	689.397
B) NON-CURRENT LIABILITIES	1.171.906	3.472.266
I. Non-current provisions	470.183	1.872.463
II. Non-current debt	234.634	905.151
2. Debt with financial institutions	234.634	905.151
IV. Deferred tax liabilities	467.089	694.652
C) CURRENT LIABILITIES	25.172.629	26.845.911
II. Short term provision	10.309	90.350
III. Current debt	8.541.287	11.404.024
2. Debts with financial institutions	6.955.465	9.171.315
3. Financial lease creditors	0	83.908
5. Other financial liabilities	1.585.822	2.148.801
V. Trade and other payables	15.974.135	14.619.389
1. Suppliers	6.838.230	6.178.307
2. Suppliers, group companies and associated	816.891	421.404
3. Other creditors	4.526.136	3.570.556
4. Other payables	1.156.281	1.809.312
5. Current tax liabilities	0	0
6. Other debts with Public Administration	2.619.349	2.622.562
7. Customer advances	17.248	17.248
VI. Short term accruals	646.898	732.148
TOTAL EQUITY AND LIABILITIES	47.923.520	49.275.967

The attached report forms an integral part of the individual annual accounts as of December 31, 2025.

Standalone Profit and loss account		
31st December 2024		
(In Euros)		
	(Debits) Credits	
	31/12/2025	31/12/2024
A) CONTINUED OPERATIONS		
1. Net Revenue	35.506.749	27.655.547
b) Services provided	35.506.749	27.655.547
3. Work undertaken by the Company on its own assets	4.619.329	4.584.481
4. Supplies	(6.113.286)	(7.226.801)
c) Work undertaken by third party companies	(6.113.286)	(7.226.801)
5. Other operating income	3.648.481	3.257.737
a) Other income and other current income	3.648.481	3.217.490
b) Subsidies	0	40.247
6. Staff expenses	(15.896.599)	(15.430.877)
a) Salaries, remunerations and similar expenses	(13.171.087)	(13.085.946)
b) Social contributions	(2.781.482)	(2.344.931)
c) Provisions	55.970	0
7. Other operating expenses	(13.159.484)	(12.596.642)
a) External services	(11.070.206)	(12.277.296)
b) Taxes	(1.515)	(1.597)
d) Loss, impairment and variation in provisions for trade operations	(2.087.763)	(317.749)
8. Fixed assets depreciation	(6.734.518)	(5.550.748)
9. Allocation of grants related to non-financial fixed assets and other	124.735	252.745
11. Impairment losses and gains or losses on disposal of fixed assets	(1.192)	2.784
13. Other profit / loss	(18.154)	(34.785)
A.1) OPERATING PROFIT/ LOSS	1.976.062	(5.086.559)
14. Financial income	713.770	602.800
15. Financial expenses	(841.589)	(1.519.978)
b) From third party payables	(841.589)	(1.519.978)
16. Variations in the fair value of financial instruments	200.480	0
17. Exchange rate differences	(1.202.964)	253.633
18. Impairment losses and gains or losses on disposal of financial instruments	(523.193)	(5.076.484)
a) Impairment and losses	(523.193)	(5.076.484)
A.2) FINANCIAL PROFIT/ LOSS	(1.653.496)	(5.740.029)
A.3) PROFIT/ LOSS BEFORE TAX	322.566	(10.826.588)
24. Income tax	90.499	(1.553.659)
A.4) PROFIT/LOSS FROM CONTINUED OPERATIONS	413.065	(12.380.247)
A.5) PROFIT/LOSS FOR FINANCIAL YEAR	413.065	(12.380.247)

The attached report forms an integral part of the individual annual accounts as of December 31, 2025.

Statement of Changes in Equity for the period ended 31 of december 2025 (Expressed in euros)			
A) STATE OF PROFIT & LOSS			
	Notes	31/12/2025	31/12/2024
A) PROFIT AND LOSS ACCOUNT RESULTS		413.065	(12.380.247)
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY			
<i>III. Subsidies, donations and legacies received</i>	11.2	0	137.621
<i>VII. Tax effect</i>	13.4	0	(34.405)
B) TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (I + II + III + IV + V + VI + VII)		0	103.216
TRANSFER TO THE PROFIT AND LOSS ACCOUNT			
<i>X. Subsidies, donations and legacies received</i>	11.2	(124.735)	(252.745)
<i>XIII. Tax effect</i>	13.4	31.184	63.186
C) TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT (VIII + IX + X + XI + XII + XIII)		(93.551)	(189.559)
TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)		319.515	(12.466.590)

THE ATTACHED REPORT FORMS AN INTEGRAL PART OF THE INDIVIDUAL ANNUAL ACCOUNTS AS OF DECEMBER 31, 2025.

B) Statement of total changes in equity for the period ended 31 of december 2025									
(Expressed in euros)									
	Capital	Share Premium	Other Reserves	Other shares and equity holdings (Own shares)	Prior period gains/losses	Result of the exercise	Grants, donations and bequests received	TOTAL	
Opening balance as at 01.01.2024	851.585	24.231.301	208.198		(393.976)	0	(2.327.198)	629.843	23.199.753
I.Total recognised income and expense						-	12.380.247	(67.271)	(12.447.518)
II.Transactions with equity holders or owners				1.394.560					1.394.560
1. Increase of capital.	164.877	6.814.045	(21.975)						6.956.946
2. Conversion of financial liabilities into equity									0
3. Transactions with own shares			(118.778)		52.330				(66.448)
III. Other changes in equity			(206.328)	0	(2.327.198)	2.327.198	126.825		(206.328)
Closing balance as at 31.12.2024	1.016.462	31.045.346	(138.883)	1.394.560	(341.646)	(2.327.198)	(12.380.247)	689.397	18.957.791
I. Adjustments for changes of criteria 2024									
II. Adjustments for errors 2024									
Opening balance as at 01.01.2025	1.016.462	31.045.346	(138.883)	1.394.560	(341.646)	(2.327.198)	0	689.397	18.957.791
I.Total recognised income and expense				(589.137)			413.065	(93.551)	(269.624)
II.Transactions with equity holders or owners									0
1. Increase of capital.	48.502	2.662.970	(3.023)						2.708.448
2. Conversion of financial liabilities into equity									0
3. Transactions with own shares			(74.620)		(95.288)				(169.908)
III. Other changes in equity			352.278		(12.380.247)	12.380.247			352.278
Closing balance as at 31.12.2025	1.064.963	33.708.316	135.752	805.423	(436.934)	(14.707.445)	413.065	595.846	21.578.986

The attached report forms an integral part of the individual annual accounts as of December 31, 2025.

INDIVIDUAL STATEMENT OF CASH FLOWS		
FOR THE ANNUAL PERIOD		
ENDED 31 DECEMBER 2025		
(Expressed in euros)		
	31/12/2025	31/12/2024
A) Cash flows from operating activities		
1. Profit/(loss) before tax	278.197	(7.330.703)
2. Adjustments to profit/(loss).	9.293.644	6.423.474
a) Amortization of fixed assets (+)	6.776.381	5.588.445
b) Valuation allowances for impairment losses (+/-)	1.572.263	424.887
c) Change in provisions (+/-)	(80.041)	0
d) Recognition of grants in the income statement (-)	(124.735)	(252.745)
e) Profit/loss on disposals and write-offs of fixed assets (+/-)	0	(2.784)
g) Financial income (-)	(713.805)	(602.800)
h) Financial expenses (+)	841.589	1.522.104
i) Exchange gains/loses (+/-)	1.222.472	(253.633)
j) Change in the fair value of financial instruments (+/-)	(200.480)	0
3. Changes in working capital	(2.100.894)	2.714.882
b) Trade and other receivables (+/-)	(1.865.254)	(1.777.661)
c) Other current assets (+/-)	94.393	74.844
d) Trade and other payables (+/-)	(241.342)	4.820.978
e) Other current liabilities (+/-)	(88.691)	(403.279)
4. Other cash flows from operating activities.	(127.784)	(1.083.223)
a) Interest paid (-)	(841.589)	(1.522.104)
c) Interest received (+)	713.805	0
d) Income tax paid (received) (+/-)	0	438.881
5. Net cash flows from operating activities (+/-1 +/-2 +/-3 +/-4)	7.343.163	724.430
B) Cash flows from investing activities		
6. Payments for investments (-)	(8.765.305)	(5.285.083)
a) Group and associated companies.	0	(8.032)
b) Intangible fixed assets.	(8.511.773)	(5.004.878)
c) Tangible fixed assets.	(253.532)	(246.362)
g) Other assets.	0	(25.811)
7. Proceeds from sale of investments (+)	1.192	2.784
c) Tangible fixed assets.	1.192	2.784
8. Net cash flows from investing activities (7-6)	(8.764.113)	(5.282.298)
C) Cash flows from financing activities		
9. Proceeds and payments for equity instruments.	2.052.462	8.284.552
a) Issue of equity instruments.	2.147.750	8.351.000
c) Acquisition of own equity instruments.	(1.782.361)	(380.539)
d) Disposal of own equity instruments.	1.687.073	314.091
10. Proceeds from and repayments of financial liabilities.	(2.971.956)	(723.656)
a) Issue.	0	823.000
4. Other (+).	0	823.000
b) Repayment and redemption of	(2.971.956)	(1.546.655)
2. Bank borrowings (-).	(2.971.956)	(1.546.655)
11. Dividends paid and remuneration of other equity instruments.	0	0
12. Net cash flows from financing activities (+/-9 +/-10 +/-11)	(919.494)	7.560.897
D) Effect of exchange rate fluctuations	(1.222.472)	0
E) Net increase/(decrease) in cash and cash equivalents (+/-A +/-B +/-C +/-D)	(3.562.916)	3.003.029
Cash and cash equivalents at the beginning of period.	5.736.297	2.733.268
Cash and cash equivalents at the end of period.	2.173.381	5.736.297

The attached report forms an integral part of the individual annual accounts as of December 31, 2025.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1. NATURE AND PRINCIPAL ACTIVITIES OF THE GROUP

a) Parent company

FACEPHI BIOMETRÍA S.A. (hereinafter, the Parent Company) was incorporated for an indefinite period on 26 September 2012 before the Notary Mr. Ignacio J. Torres López. Its registered and tax address is located in Alicante, Avenida Perfecto Palacio de la Fuente, 6, Edif. Panoramis.

The corporate purpose, according to the Parent Company's Articles of Association, is as follows::

- The research, development and marketing of all types of computer equipment, hardware, software and household appliances.
- Online sales via the internet and/or similar distribution channels, import, export, representation, marketing, distribution, intermediation, wholesale and retail purchase and sale, preparation, handling, manufacturing and provision of related services of hardware, software in physical format and through the commercialisation of user licences, electronic products and components, household appliances and telecommunications equipment.
- The performance of internet-related activities, as well as the provision of information and training services.
- The promotion, construction, acquisition, transfer, intermediation, leasing (excluding financial leasing), subleasing, installation or direct or indirect operation, advisory services, urban land management, consulting, administration, custody and management of all kinds of real estate assets, plots, parcels of any urban zoning classification, buildings, bungalows, apartments, chalets, residential developments, sports facilities, dwelling houses, commercial premises and industrial or business facilities, hospitality establishments, all of the above with or without furnishings, on its own account or on behalf of third parties, and of both public and private ownership.

The main activity of FacePhi Biometría S.A. and its subsidiaries (hereinafter, the Facephi Group or the Group) consists of the marketing and implementation of facial recognition biometric software developed by the Parent Company, under heading 845 of the Tax on Business Activities (Impuesto sobre Actividades Económicas).

The Group has been listed on the BME Growth market segment for expanding companies since 1 July 2014, and on Euronext Growth in Paris since 25 February 2020.

Accordingly, the Group is subject to the monitoring and supervisory regime regulated by Regulation (EU) No. 596/2014 on market abuse, by the consolidated text of the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October, and related regulations, as well as by the Circulars issued by BME Growth.

b) Group structure

In accordance with the information provided in Note 8, the Company is the parent of the Facephi Group (hereinafter, the Group).

On 31 March 2026, the Company's Board of Directors prepared the consolidated annual financial statements of the Group for the financial year ended 31 December 2025, in accordance with the provisions of Royal Decree 1159/2010 of 17 September, approving the rules for the preparation of consolidated annual financial statements. These financial statements will be filed with the Alicante Commercial Registry, following approval by the General Shareholders' Meeting.

Notes 8 and 16(b) of these financial statements include information regarding balances and transactions with the different companies within the Group and with other related parties, in accordance with applicable commercial legislation.

b) Joint ventures

In the 2024 and 2023 financial years, the Company was part of the Temporary Joint Venture of Companies ("UTE DH Healthcare Provider Software Spain, S.L.U. – Facephi Biometría, S.A."), based in Madrid, with a 21.08% participation. This joint venture was established for the execution of the contract awarded by the Directorate of the National Institute of Health Management (INGESA) for the integration and installation of a master system for hospital patients with biometric identification, intended for the Comarcal Hospital of Melilla and the University Hospital of Ceuta, as well as for primary care services in Ceuta and Melilla.

The estimated value of the contract amounts to €711,490, to be executed over a 38-month period starting in December 2021. Activity commenced during the 2024 financial year. The integration entry as of 31 December 2024, in accordance with the Company's percentage interest, was as follows:

Sections	Euros	
	Debit	Credit
Trade receivables and other accounts receivable	110.909	
Receivables from public administrations	477	
Other receivables	1.789	
Cash and cash equivalents	340	
Purchases and external services (procurements)	110.090	
Bank fees and commissions	76	
Professional services	809	
Interest on borrowings	3	
Revenue from services rendered		110.767
Trade payables		110.662
Shares or equity interests		3.063
Total	224.493	224.493

Additionally, in 2024 an elimination entry was recorded for procurements (expenses) and trade payables (liabilities) amounting to €110,090, corresponding to reciprocal balances with the parent company.

In December 2024, the Company recorded the deconsolidation of the UTE from its financial statements due to the completion of its activities. Accordingly, given the immateriality of its

remaining balances in 2025, the decision was taken not to include it in the consolidated annual financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

a) Applicable financial reporting framework of the Parent Company

These financial statements have been prepared by the Board of Directors in accordance with the applicable financial reporting framework for the Company, which is as follows:

- The Spanish Commercial Code and other relevant commercial legislation.
- The revised text of the Spanish Companies Act (Ley de Sociedades de Capital).
- The Spanish General Accounting Plan (Plan General de Contabilidad), approved by Royal Decree 1514/2007 of 16 November, and its subsequent amendments introduced by Royal Decrees 1159/2010 of 17 September, 602/2016 of 17 December, and 1/2021 of 12 January, as well as the latest amendment introduced by Law 7/2024 of 20 December.
- Mandatory accounting standards issued by the Institute of Accounting and Auditing (ICAC) in development of the General Accounting Plan and its supplementary standards.
- All other applicable Spanish accounting regulations.

b) True and fair view

The Consolidated Annual Financial Statements are presented in accordance with the financial reporting framework described in the previous section and, in particular, with the accounting principles and standards contained therein, in order to present a true and fair view of the consolidated equity, the consolidated financial position and the consolidated results, as well as the reliability of the cash flows included in the Consolidated Statement of Cash Flows for the financial year.

The consolidated annual financial statements are presented in Euros, rounded to the nearest unit, which is the functional and presentation currency of the Group.

There are no exceptional circumstances that have required a departure from legal accounting provisions in order to present a true and fair view.

These consolidated annual financial statements have been prepared by the Board of Directors of the Parent Company and will be submitted for approval by the General Shareholders' Meeting. It is expected that they will be approved without modification. The consolidated annual financial statements for the previous financial year 2024 were approved by the Shareholders at their meeting held on 17 June 2025.

c) Non-mandatory accounting principles

No non-mandatory accounting principles have been applied. In addition, the Board of Directors of the Parent Company has prepared these consolidated annual financial statements having taken into consideration all mandatory accounting principles and standards that have a significant effect on such consolidated annual financial statements. There is no mandatory accounting principle that has not been applied.

d) Critical aspects of valuation and estimation uncertainty

The information contained in these consolidated annual financial statements is the responsibility of the Directors of the Parent Company.

The preparation of the Consolidated Annual Financial Statements requires the Directors and Management of the Parent Company to make judgments, estimates and assumptions that affect the application of accounting standards and the amounts of assets, liabilities, income, expenses and commitments. The estimates and assumptions adopted are based on historical experience and other factors that are considered reasonable under the existing circumstances.

In this regard, the following is a description of the matters that have involved a higher degree of judgment, complexity or where assumptions and estimates are significant for the preparation of the annual financial statements:

- *Measurement of impairment provisions for investments in Group and related companies:* the accounting treatment of investments in Group and related companies requires estimates to be made at each reporting date to determine whether there is any impairment in their value and whether an impairment loss should be recognised in profit or loss, or whether a previously recognised provision should be reversed. Determining whether an impairment loss should be recorded, or reversed, involves making estimates including, among others, the analysis of the causes of the potential impairment (or recovery, as applicable), as well as the timing and expected amount thereof.

For financial investments in Group and related companies, the recoverable amount is calculated as described in Note 3.5.

The uncertainties inherent in the estimates required to determine the recoverable amount and the assumptions regarding the future performance of the investments imply a significant degree of judgement, insofar as the timing and nature of future business changes are difficult to predict.

- *Impairment of non-current assets:* the valuation of non-financial non-current assets requires estimates to determine their recoverable amount for the purpose of assessing potential impairment. To determine this recoverable amount, the Company's Directors estimate the expected future cash flows from the assets or cash-generating units to which they belong and use an appropriate discount rate to calculate the present value of those cash flows. Cash flows depend on the fulfilment of the projections included in the Company's business plan for the next five years, while discount rates depend on interest rates and risk premiums (see Note 3.3).
- *Deferred tax assets:* this caption includes deductible temporary differences, tax loss carryforwards, and unused tax credits, for which it is probable that the Company will have future taxable profits enabling their utilisation, given their long-term validity. As planned in both its 2025 Budget and Business Plan, Facephi has already started using these assets in the 2025 financial year and expects to fully utilise them in future years.

e) Going concern (principle)

As indicated in Note 1 to the accompanying Notes to the Annual Accounts, the Company's activity consists of the commercialisation and implementation of facial biometric applications, which have required significant investments in research and development. These applications did not begin to be commercialised in their most advanced version until the 2022 financial year and, therefore, in prior financial years the volume of sales generated did not cover the costs incurred, resulting consequently in material losses.

Furthermore, the main financing obtained for the execution of these investments matures in the 2026 financial year and is renewable on an annual basis.

These circumstances indicate the existence of factors that give rise to doubt regarding the Company's ability to meet its obligations and continue as a going concern. Nevertheless, the Directors have considered the following factors:

- The Company has significantly increased and improved its activity and financial position and, as at the close of the 2025 financial year, reports the following key figures:
 - Revenue of € 35.5 million, representing an increase of 28% compared to € 27.7 million in 2024, together with EBITDA, defined as Operating Profit (heading A1) plus Depreciation and Amortisation (heading 8), of a positive € 8.7 million compared to € 0.5 million in 2024.
 - A positive profit before tax of € 0.4 million, compared to a negative result of € 10.8 million in 2024. This positive result includes € 838 thousand of extraordinary expenses arising from severance payments (€ 315 thousand) and impairments of related-party transactions with subsidiaries (€ 523 thousand), as well as € 2,088 thousand of net impairment losses on commercial transactions from prior financial years.
 - Positive working capital of € 2.5 million as at 31 December 2025 (€ 1.6 million positive as at 31 December 2024).
 - Gross financial debt as at 31 December 2025 has been significantly reduced and amounts to € 8.7 million (including € 1.5 million provided by the principal shareholder, Nice & Green), compared to € 12.3 million at the close of 2024 (which included € 2.1 million from the principal shareholder, Nice & Green).
 - Equity amounts to € 21.5 million, higher than the € 18.9 million reported at the close of 2024, mainly as a result of a capital increase with share premium carried out for a total amount of € 2.7 million.

- With regard to the € 7.0 million of bank debt (see Note 12.2) maturing in the short term, the Company's Directors estimate that, should such debt not be partially renewed, it will be repaid using the cash flows estimated in the Company's cash budgets based on its Plan for the 2026 financial year and, if necessary, through the support of one of its shareholders.

- The Company, which will continue to invest in improvements to its technology in 2026 as it does every year and plans to open new subsidiaries (Canada and Peru), is analysing a liability structure that combines financing through working capital facilities

(primarily), together with a lesser portion of structured financing, with a maturity horizon for such senior debt not exceeding three years and for an estimated amount not exceeding 0.5 times EBITDA.

In this regard, the Company is holding discussions with its current banking pool, as well as with other financial institutions, in order to establish the aforementioned optimal financing structure.

- As at the date of preparation of these Annual Accounts, and in line with the terms established in the Syndicated Debt Amendment Agreement (see Note 12.2), the Company has already entered into a non-recourse factoring agreement with CAIXA, with a maximum limit of USD 4 million.

Likewise, in 2026, for the third consecutive year, the Company will again make use of the tax lease mechanism as a means of optimising its investment resources in R&D&I, as well as enhancing cash generation and the use of tax deductions.

In addition, the Company continues to have the formal support and commitment of its principal shareholder (Nice & Green) to provide funds to the Group, should this be necessary, during the year following the date of preparation of these Annual Accounts.

All of these initiatives aimed at strengthening the financial position have the knowledge and backing of the Company's principal shareholders and Board of Directors, as well as the commitment of the management team to their execution.

Based on the foregoing, the Company's Directors have prepared these Annual Accounts applying the going concern principle.

f) Comparison of information

For comparative purposes, the Annual Accounts present, for each item of the statement of financial position, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts, in addition to the figures for the 2025 financial year, the corresponding figures for the previous financial year, which formed part of the Annual Accounts for the 2024 financial year approved by the General Shareholders' Meeting.

The Notes also include qualitative information relating to the previous financial year, unless a specific accounting standard establishes that such information is not required.

g) Changes in accounting policies and correction of errors

During the financial year ended 31 December 2025, the Company did not record any adjustments arising from changes in accounting policies compared to those applied in the 2024 financial year.

3. RECOGNITION AND MEASUREMENT RULES

The Annual Accounts have been prepared in accordance with the principles and measurement and classification standards set out in the Spanish General Chart of Accounts currently in force.

The principal recognition and measurement policies applied by the Company in the preparation of these interim consolidated financial statements are as follows:

3.1 Intangible assets

Intangible assets are recognised at acquisition cost or production cost. Intangible assets are presented in the Annual Accounts at cost less accumulated amortisation and, where applicable, accumulated impairment losses.

Intangible assets are assets with a finite useful life and, therefore, are amortised systematically over the period during which the economic benefits inherent in the asset are expected to generate returns for the Company.

When the useful life of these assets cannot be reliably estimated, they are amortised over a period of ten years.

a) Development costs of software applications

Development costs of software applications that are subsequently commercialised are capitalised from the moment all of the following conditions are met:

- The existence of a specific and individualised project that allows the expenditure attributable to the completion of the project to be reliably measured.
- The allocation, attribution and timing of the costs of each project are clearly established.
- There is, at all times, a reasonable expectation of technical success in completing the project, both when the intention is to exploit it directly and when the intention is to sell the result of the project to a third party upon completion, provided that a market exists.
- The economic and commercial profitability of the project is reasonably assured.
- Financing for the different projects is reasonably assured in order to complete them, and the availability of adequate technical or other resources to complete the project and to use or sell the intangible asset is ensured.
- There is an intention to complete the intangible asset in question in order to use or sell it.

Compliance with all the above conditions is assessed in each financial year in which the project is carried out. The amount capitalised corresponds to the expenditure incurred from the moment such conditions are met.

Personnel costs incurred by the Company, as well as costs of services acquired from third parties involved in the development of the applications and software, are included as an increase in their cost, with a credit recognised under “Work carried out by the Company for its own intangible assets” in the income statement.

Other development expenditures are recognised as expenses when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent financial year.

Capitalised development costs, in accordance with the conditions indicated above, are amortised on a straight-line basis over their estimated useful life for each project, which does not exceed five years.

If the favourable circumstances that justified the capitalisation of development costs change, the unamortised balance is recognised in the income statement in the financial year in which such circumstances change.

The assessment of impairment of intangible assets is based on the estimation of future cash flows derived from the fulfilment of the Company's business plan, discounted at a market discount rate. This plan supports the commercial success of capitalised research and development costs and their recoverability.

As at 31 December 2025 and 2024, the Company considers that there are no indications of impairment of intangible assets, as the Directors have high expectations regarding the implementation of the business plan, which shows that, based on forecasts, total intangible assets and tax credits will be fully recovered in the coming years.

b) Computer software

Licences for software acquired from third parties are capitalised based on the costs incurred to acquire and prepare them for use. These costs are amortised over their estimated useful lives using the straight-line method over a period ranging from two to six years.

Costs related to the maintenance of software are recognised as expenses when incurred. Costs directly related to the production of unique and identifiable software applications controlled by the Company, which are expected to generate economic benefits exceeding their costs for more than one year, are recognised as computer software within intangible assets. Direct costs include personnel costs related to the development of the software and an appropriate allocation of overhead costs.

Capitalised software development costs are amortised over their estimated useful lives, which do not exceed five years.

c) Industrial property

Industrial property is measured at the costs incurred to obtain ownership or the right to use, or the granting of the right to use, the various manifestations thereof, provided that, based on the economic conditions derived from the contract, they must be recognised as assets by the acquiring entity. These include, among others, patents, utility model protection certificates, industrial designs and introduction patents.

Industrial property rights are measured at acquisition cost or production cost. The carrying amount of capitalised development costs is recognised under this heading when the corresponding patent or similar right is obtained, including registration and formalisation costs, provided that all legal requirements for registration are met, without prejudice to amounts that may also be recognised as a result of acquisition of such rights from third parties. Research expenses continue to be amortised in accordance with their original schedule and are not included in the carrying amount of industrial property. The useful life is estimated to range between 3 and 20 years.

3.2 Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost or production cost less accumulated depreciation and accumulated impairment losses.

Costs incurred for extensions, modernisation or improvements to property, plant and equipment are capitalised as an increase in the carrying amount of the asset only when they represent an

increase in capacity, productivity or an extension of useful life, and when the carrying amount of the components replaced can be reliably measured.

Major repairs are capitalised and amortised over their estimated useful lives, whereas routine maintenance costs are recognised in the income statement in the financial year in which they are incurred.

Depreciation of property, plant and equipment, except for land which is not depreciated, is calculated using the straight-line method based on the nature of the asset and the depreciation actually incurred from its use.

Estimated useful lives are as follows:

	Annual %	Lifespan	Method
* Buildings (*):	10%	10	Straight-Line
* Other installations:	10% - 20%	5 - 10	Straight-Line
* Furniture:	10% - 20%	5 - 10	Straight-Line
* IT equipment:	13% - 25%	4 - 7	Straight-Line
* Other property, plant and	10% - 20%	5 - 10	Straight-Line

(*) 10 years considering the lease term of the premises.

Residual values and useful lives are reviewed at each balance sheet date and adjusted where necessary.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to its recoverable amount.

Gains and losses arising from the disposal of property, plant and equipment are calculated as the difference between proceeds and carrying amount and are recognised in the income statement.*

3.3 Impairment of non-financial assets

At least at the end of each financial year, the Directors assess whether there is any indication that a non-current asset may be impaired. If so, its recoverable amount is estimated.

The recoverable amount is the higher of fair value less costs of disposal and value in use. When the carrying amount exceeds the recoverable amount, an impairment loss is recognised. Value in use is calculated as the present value of expected future cash flows, discounted at a market risk-free rate adjusted for asset-specific risks. For assets that do not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating units to which they belong.

Impairment losses and reversals are recognised in the income statement. Impairment losses are reversed when the circumstances that caused them cease to exist, except for goodwill. Reversals are limited to the carrying amount that would have been recognised had no impairment been recorded.

The Directors have updated the Company's five-year business plan, which has been used as the basis for a new impairment test of non-financial assets.

3.4 Leases

Leases in which the Company substantially assumes the risks and rewards incidental to ownership of the leased asset are classified as finance leases. Assets acquired under finance leases are recognised according to their nature at the lower of the fair value of the asset and the present value, at lease commencement, of the agreed minimum lease payments, with a financial liability recognised for the same amount. Lease payments are apportioned between finance costs and a reduction of the liability. The same amortisation, impairment and derecognition criteria applied to other assets of a similar nature are applied to leased assets.

Leases in which the lessor retains a significant portion of the risks and rewards incidental to ownership are classified as operating leases. Payments under operating leases (net of any incentives received from the lessor) are charged to the income statement in the financial year in which they accrue, on a straight-line basis over the lease term.

3.5 Financial assets

Classification of financial instruments

At initial recognition, the Company classifies financial instruments as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and the definitions of financial asset, financial liability or equity instrument.

The Company recognises a financial instrument when it becomes a party to the contractual arrangement, either as issuer or as holder or acquirer thereof.

For measurement purposes, the Company classifies financial instruments into the following categories: financial assets and liabilities at fair value through profit or loss, distinguishing those initially designated from those held for trading and those mandatorily measured at fair value through profit or loss; financial assets and liabilities measured at amortised cost; financial assets measured at fair value through equity, distinguishing designated equity instruments from other financial assets; and financial assets measured at cost.

The Company classifies financial assets at amortised cost and at fair value through equity, except for designated equity instruments, based on its business model and the contractual cash-flow characteristics. Financial liabilities are classified as measured at amortised cost, except for those designated at fair value through profit or loss and those held for trading.

Offset principle

Financial assets and financial liabilities are offset only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets at amortised cost

A financial asset is classified in this category, even if admitted to trading on an organised market, when the Company holds the investment with the objective of collecting contractual cash flows and the contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the outstanding principal amount.

This category generally includes trade receivables and non-trade receivables:

- a) Trade receivables: financial assets arising from the sale of goods and the provision of services in the ordinary course of business with deferred collection.
- b) Non-trade receivables: financial assets that, not being equity instruments or derivatives, do not arise from commercial transactions and whose collections are fixed or determinable, arising from loans or credits granted by the Company.

Initial measurement

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence to the contrary, corresponds to the transaction price, equivalent to the fair value of the consideration delivered, plus transaction costs directly attributable to them.

However, trade receivables with a maturity of no longer than one year that do not bear an explicit contractual interest rate, as well as receivables from employees, dividends receivable and unpaid amounts on equity instruments expected to be collected in the short term, may be measured at nominal value when the effect of discounting cash flows is not significant.

Subsequent measurement

Financial assets in this category are measured at amortised cost. Interest income is recognised in the income statement using the effective interest rate method.

Receivables with a maturity of no longer than one year initially measured at nominal value continue to be measured at that amount unless they are impaired.

When contractual cash flows of a financial asset are modified due to the issuer's financial difficulties, the Company assesses whether an impairment loss should be recognised.

Impairment of value

At least at year-end, impairment losses are recognised when there is objective evidence that the value of a financial asset, or a group of financial assets with similar credit-risk characteristics assessed collectively, has been impaired as a result of one or more events occurring after initial recognition that reduce or delay estimated future cash flows, including debtor insolvency.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, including, where applicable, cash flows from enforcement of collateral, discounted at the effective interest rate determined at initial recognition. For variable-interest assets, the applicable effective interest rate at the reporting date is used.

Impairment losses and reversals are recognised in the income statement. Reversals are limited to the carrying amount that would have been recognised had no impairment been recorded.

Market value may be used as a substitute for discounted cash flows provided it is sufficiently reliable.

Interest income on credit-impaired financial assets continues to be recognised under general rules, without prejudice to recognising an impairment loss when recoverability is unlikely.

Financial assets at cost

The following are included in this category:

- a) Investments in the equity of group, jointly controlled (multigroup), and associated companies, as defined in rule 13 of the preparation of annual accounts of the General Accounting Plan.
- b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and derivatives whose underlying assets are these investments.
- c) Hybrid financial assets whose fair value cannot be reliably estimated, unless the requirements for their accounting at amortised cost are met.
- d) Contributions made under a joint venture contract and similar arrangements.
- e) Participating loans whose interest is contingent, either because a fixed or variable interest rate is agreed subject to the fulfilment of a milestone in the borrowing company (for example, the obtaining of profits), or because they are calculated exclusively by reference to the development of the activity of said company.
- f) Any other financial asset that would initially have been classified in the fair value through profit or loss category when a reliable estimate of its fair value cannot be obtained.

Initial and subsequent measurement

Investments included in this category shall initially be measured at cost, which will be equal to the fair value of the consideration given plus directly attributable transaction costs. Where applicable, for group companies, the criterion included in section 2 of Recognition and Measurement Standard 21 of the General Accounting Plan relating to transactions between group companies shall apply, as well as the criteria for determining the cost of the business combination established in the standard on business combinations.

However, if there was an investment prior to its classification as a group, jointly controlled, or associated company, the carrying amount of that investment immediately before such classification shall be considered its cost.

The cost of preferential subscription rights and similar rights acquired shall form part of the initial measurement.

Subsequent measurement

Equity instruments included in this category shall be measured at cost, less, where appropriate, the accumulated amount of impairment losses.

When these assets must be derecognised or for any other reason assigned a value, the weighted average cost method shall be applied by homogeneous groups, understood as securities with identical rights.

In the case of sale of preferential subscription rights and similar rights, or their separation for exercise, the cost of the rights shall reduce the carrying amount of the related assets. Such cost shall be determined using an generally accepted valuation method.

Contributions made under a joint venture contract and similar arrangements shall be measured at cost, increased or decreased by the profit or loss, respectively, attributable to the company as non-managing participant, and less any accumulated impairment losses.

The same criterion applies to participating loans whose interest is contingent, whether due to a fixed or variable rate linked to the fulfilment of a milestone (e.g., profit achievement) or based exclusively on business performance. If, in addition to contingent interest, a fixed irrevocable

interest is agreed, the latter shall be recognised as financial income on an accrual basis. Transaction costs shall be recognised in profit or loss on a straight-line basis over the life of the loan.

Impairment

At least at year-end, impairment losses must be recognised whenever there is objective evidence that the carrying amount of an investment will not be recoverable.

The impairment loss is the difference between carrying amount and recoverable amount, understood as the higher of fair value less costs to sell and the present value of future cash flows derived from the investment.

For equity instruments, future cash flows may be estimated based on dividends expected and disposal of the investment, or based on the share of cash flows expected to be generated by the investee.

Unless better evidence exists, impairment is estimated based on the investee's equity and hidden gains at the valuation date, net of tax. For subsidiaries with further investments, consolidated equity shall be considered.

If the investee is abroad, equity shall be expressed according to Spanish GAAP, adjusted for high inflation if applicable.

Generally, the indirect method based on equity may be used when it provides a minimum recoverable value without needing more complex analysis.

Impairment losses and reversals are recognised in profit or loss. Reversals are limited to the carrying amount that would have existed had no impairment been recognised.

Specific rules apply where prior valuation adjustments were recognised in equity before classification as group, jointly controlled, or associate.

Interest and dividends

Interest and dividends earned after acquisition are recognised in profit or loss. Interest on amortised cost assets is recognised using the effective interest method, and dividends when the shareholder's right to receive them is established.

At initial recognition, accrued and unpaid explicit interest and declared dividends are recorded separately according to maturity.

Explicit interest refers to contractual interest rates.

Dividends clearly arising from pre-acquisition profits are not recognised as income and reduce the carrying amount of the investment.

Derecognition of financial assets

A financial asset is derecognised when contractual rights to cash flows expire or are transferred, provided substantially all risks and rewards have been transferred.

If risks and rewards are not substantially transferred, the asset is derecognised only if control has not been retained.

If control is retained, the asset continues to be recognised to the extent of continuing involvement, with a related liability recognised.

The gain or loss on derecognition is the difference between consideration received (net of transaction costs, plus/minus related assets/liabilities) and carrying amount, and is recognised in profit or loss.

These criteria also apply to transfers of groups of financial assets.

3.6 Financial liabilities

The company shall classify all financial liabilities in this category except when they must be measured at fair value through profit or loss.

As a general rule, this category includes trade payables and non-trade payables:

- a) Trade payables: these are financial liabilities arising from the purchase of goods and services in the company's operating activities with deferred payment, and
- b) Non-trade payables: these are financial liabilities which, not being derivative instruments, do not arise from commercial operations but from loan or credit transactions received by the company.

Initial measurement

Financial liabilities included in this category shall initially be measured at fair value, which, unless there is evidence to the contrary, will be the transaction price, which is equivalent to the fair value of the consideration received adjusted for directly attributable transaction costs.

However, trade payables with a maturity not exceeding one year and without a contractual interest rate, as well as amounts required by third parties on equity interests whose payment is expected in the short term, may be measured at nominal value when the effect of not discounting cash flows is not significant.

Subsequent measurement

Financial liabilities included in this category shall be measured at amortised cost. Accrued interest shall be recognised in profit or loss using the effective interest method.

However, payables with a maturity not exceeding one year which, in accordance with the above, are initially measured at nominal value shall continue to be measured at that amount.

Derecognition and modifications of financial liabilities

The company shall derecognise a financial liability, or part of it, when the obligation has been extinguished; that is, when it has been settled, cancelled, or expired. It shall also derecognise its own financial liabilities that it acquires, even if with the intention of reselling them in the future.

The difference between the carrying amount of the financial liability or part of it that has been derecognised and the consideration paid, including any costs or commissions incurred and also including any transferred asset other than cash or assumed liability, shall be recognised in the profit and loss account for the period in which it occurs.

3.7 Equity

The share capital is represented by shares. Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction, net of tax, from the amounts obtained.

a) Own equity instruments held by the Company (treasury shares)

The acquisition by the Company of equity instruments is presented at acquisition cost, separately as a reduction of equity in the balance sheet. No gain or loss is recognised in the profit and loss account for transactions involving own equity instruments.

Transaction costs related to own equity instruments are recorded as a reduction of reserves, after considering any tax effect.

b) Capital increases through the issuance of options convertible into own equity instruments

The Company, in order to obtain financing for its expansion plans, used, until its last conversion in January 2024, the issuance of share options (“equity warrants – EW”). If, according to the terms of the option issue, the “fixed-for-fixed” rule is not met, a financial derivative arises. The “fixed-for-fixed” rule is met if the only possible settlement of the instrument is through the delivery of a fixed number of own shares for a fixed price.

The resulting financial derivative, as it is not considered a hedging instrument, is recognised at each reporting date at fair value in the profit and loss account.

The fair value of the derivative is determined using option valuation models that take into account the life of the option, the market price of the underlying assets, the expected volatility of the shares, and the risk-free interest rate for the life of the option.

Changes in the fair value of the derivative during its life (i.e., from the date of issue to the exercise of the option) are recognised in the profit and loss account as a financial income/expense. On the conversion date of the options into shares, the derivative is derecognised from the balance sheet, and the sum of the cash received from the conversion, plus/minus the accumulated fair value of the derivative up to that moment, is recognised against equity (share capital plus share premium).

3.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits held with credit institutions, as well as highly liquid short-term investments readily convertible into known amounts of cash with maturities of less than three months.

In the cash flow statement, payments and receipts from financial assets and liabilities with high turnover are presented net when the turnover period does not exceed six months.

3.9 Classification of assets and liabilities as current and non-current

The Company presents the statement of financial position classifying assets and liabilities as current and non-current. For these purposes, assets and liabilities are classified as current when they meet any of the following criteria:

- Assets are classified as current when they are expected to be realised, sold or consumed in the normal operating cycle of the Company, are held primarily for trading purposes, are expected to be realised within twelve months after the reporting date, or consist of cash or cash equivalents, except where they cannot be exchanged or used to settle a liability for at least twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, are held primarily for trading, are due to be settled within twelve months after the reporting date, or when the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- Financial liabilities are classified as current when they are required to be settled within twelve months after the reporting date, even when the original maturity is for a period longer than twelve months, and there exists a refinancing or restructuring agreement that was concluded after the reporting date and before the Annual Accounts are prepared.

All other assets and liabilities that do not meet the above-mentioned criteria are classified as non-current.

3.10 Grants, donations and bequests

Grants that are repayable are recognised as liabilities until the conditions for them to be considered non-repayable are met. Non-repayable grants are recognised directly in equity and are recognised as income on a systematic and rational basis, correlated with the expenses incurred as a result of the grant. Non-repayable grants received from shareholders are recognised directly in equity.

For these purposes, a grant is considered non-repayable when there is an individualised grant agreement, all conditions for its award have been fulfilled and there is no reasonable doubt that it will be received.

Monetary grants are measured at the fair value of the amount granted, while non-monetary grants are measured at the fair value of the asset received, both values being determined at the date of recognition.

Non-repayable grants related to the acquisition of intangible assets and property, plant and equipment are recognised as income over the useful life of the related assets in proportion to their depreciation or amortisation, or, where applicable, upon disposal, impairment or derecognition of such assets. Non-repayable grants related to specific expenses are recognised in the income statement in the same financial year in which the related expenses are incurred. Grants awarded to compensate operating deficits are recognised in the income statement in the financial year in which they are granted, unless they are intended to compensate operating deficits of future financial years, in which case they are recognised in those future periods.

3.11 Corporate Income Tax

Corporate income tax expense or income for the financial year is calculated as the sum of current tax, resulting from applying the applicable tax rate to the taxable base for the year, less

tax credits and deductions, and the changes during the year in recognised deferred tax assets and liabilities.

Income tax is recognised in the income statement, except when it relates to transactions recognised directly in equity, in which case the corresponding tax is also recognised directly in equity.

Deferred tax expense or income arises from the recognition and reversal of deferred tax assets and liabilities. Deferred tax assets and liabilities include temporary differences arising between the carrying amount of assets and liabilities and their tax base, as well as unused tax losses and unused tax credits. These amounts are recognised by applying the tax rate expected to apply when the asset is recovered or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or from the initial recognition of assets or liabilities in a transaction that is not a business combination and does not affect either accounting or taxable profit, and those relating to investments in subsidiaries, associates and joint ventures where the Company controls the timing of the reversal and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

At each reporting date, deferred tax assets recognised are reviewed and adjusted where there is doubt about their future recoverability. Likewise, deferred tax assets not recognised are reassessed and recognised when it becomes probable that future taxable profits will allow their recovery.

Deferred tax assets and liabilities are not discounted and are classified as non-current.*

3.12 Employee benefits

a) Termination benefits

Termination benefits are payable to employees as a result of the Company's decision to terminate their employment contracts before the normal retirement date. The Company recognises termination benefits when it is demonstrably committed to terminating the employment of employees in accordance with a detailed formal plan without the possibility of withdrawal. Benefits not expected to be settled within twelve months after the reporting date are discounted to their present value.

b) Non-competition agreements

The Company has entered into various employment contracts containing non-competition clauses. The Directors consider that the conditions for recognising a liability and an expense are not met, as the probability of occurrence is very low or almost nil.*

3.13 Equity-settled share-based payment transactions

Equity-settled share-based payment transactions are those in which the Company receives goods or services, including employee services, as consideration for equity instruments or amounts based on the value of equity instruments, such as share options or share appreciation rights.

Recognition

The Company recognises the goods or services received as an asset or an expense according to their nature when they are received, and recognises a corresponding increase in equity if the transaction is settled in equity instruments, or a liability if settled in cash based on the value of equity instruments.

Where the Company has the option to settle the transaction in equity instruments or in cash, a liability is recognised to the extent that there is a present obligation to settle in cash; otherwise, equity is recognised. Where the counterparty has the choice, the Company recognises a compound financial instrument with a liability component and an equity component.

Where a vesting period applies, recognition is made as services are rendered over that period.

Measurement

In transactions with employees that are settled with equity instruments, both the services provided and the increase in equity to be recognised shall be measured at the fair value of the equity instruments granted, as of the grant date of the agreement.

Transactions settled with equity instruments that have as their counterpart goods or services other than those provided by employees shall be measured, if they can be reliably estimated, at the fair value of the goods or services at the date they are received. If the fair value of the goods or services received cannot be reliably estimated, the goods or services received and the increase in equity shall be measured at the fair value of the equity instruments granted, as of the date the Company obtains the goods or the other party provides the services.

Once the goods and services received have been recognised, in accordance with the provisions of the previous paragraphs, as well as the corresponding increase in equity, no further adjustments shall be made to equity after the vesting date.

In transactions settled in cash, the goods or services received and the liability to be recognised shall be measured at the fair value of the liability, as of the date on which the requirements for its recognition are met.

Subsequently, and until settlement, the corresponding liability shall be measured at its fair value at the closing date of each financial year, with any changes in valuation during the year being recognised in the profit and loss account.

The General Shareholders' Meeting of the Company held on 21 June 2022 approved the definitive Stock Option Plan for directors, executives, employees, and collaborators. The purpose of the Plan is to fulfil the Company's corporate objectives and governance, fostering its expansion, improving management focused on optimising all necessary aspects to increase its long-term value, aligning the interests of employees and shareholders, and incentivising the retention of key employees of the Company.

As of 31 December 2025 and 2024, none of the Plan's objectives had been met, therefore no provision is recognised in the balance sheet at those dates.

3.14 Provisions and contingencies

Provisions for legal obligations, restructuring costs and litigation are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable

that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expected expenditures required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation. The unwinding of the discount is recognised as a finance cost.

Short-term provisions with an insignificant financial effect are not discounted.

Where reimbursement from a third party is expected, the reimbursement is recognised as a separate asset when its receipt is virtually certain.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by future events not wholly within the control of the Company. Contingent liabilities are not recognised but are disclosed in the notes.

3.15 Business combinations

Business combinations are transactions in which the company has obtained control of one or more businesses, understood as an integrated set of activities and assets capable of being managed in order to provide a return, lower costs, or other benefits to their owners.

Mergers, spin-offs, and non-monetary contributions of a business between group companies are recorded by measuring the acquired assets and liabilities at their carrying amounts as they appear in the consolidated financial statements of the ultimate Spanish parent at the date the transaction takes place. If such consolidated financial statements are not prepared, they are measured using the values existing before the transaction in the contributor's individual financial statements. Any differences that arise are recognised directly in equity. The accounting effective date is the beginning of the financial year in which the transaction is approved.

Mergers or spin-offs other than those described above, and business combinations arising from the acquisition of all assets and liabilities of a company or of a part of it that constitutes one or more businesses, are accounted for using the acquisition method. Therefore, these assets and liabilities are generally measured at their fair value at the transaction date, provided that this fair value can be reliably measured. Any difference between the cost of the business combination and the value of those assets and liabilities is recognised as goodwill if positive, or as income in the profit and loss account if negative. The acquisition date is the date on which the acquiring company obtains control of the acquired business or businesses.

3.16 Revenue recognition from services rendered

Operating revenue arising from contracts with customers is recognised as control of the promised goods and services is transferred to those customers. Control of a good or service refers to the ability to fully decide on its use and to obtain substantially all of its remaining benefits.

To apply this criterion, a process consisting of the following successive stages is followed:

- Identification of the contract with the customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.

- Allocation of the transaction price to the performance obligations, based on the stand-alone selling prices of each good or service, or by estimating the selling price when it is not independently observable.
- Recognition of revenue as the entity satisfies a performance obligation.

Revenue from the sale of goods or services is recognised at the fair value of the consideration received or receivable arising from them. Early payment discounts, volume discounts, or other types of discounts, as well as interest embedded in the nominal amount of receivables, are recorded as a reduction of revenue. However, the Company includes interest embedded in trade receivables with a maturity not exceeding one year that do not have a contractual interest rate, when the effect of not discounting cash flows is not significant.

Revenue is recognised when it can be measured reliably, it is probable that future economic benefits will flow to the Company, and the specific conditions for each of the activities agreed with customers are met. Revenue is not considered reliably measurable until all contingencies related to the sale have been resolved. The Company bases its estimates on historical results, taking into account the type of customer, the type of transaction, and the specific terms of each agreement.

The Company recognises revenue from the sale of the right of use (licensing) of software for facial biometric recognition technology at the moment when all risks and rewards are transferred, and the conditions indicated above are met. It is recognised in profit and loss at a point in time, usually coinciding with the delivery of the licence, regardless of the licensing period, which may be perpetual or for defined contractual periods. Revenue for services not yet provided is presented in the balance sheet as short-term deferred income.

Revenue from maintenance and support services, as well as SaaS services, is recognised on an accrual basis as the service is provided.

3.16.1 Contract balances

a) Contract assets

Unconditional right to receive consideration

When the Company has an unconditional right to consideration, regardless of the transfer of control of the assets, a receivable is recognised (sub-items of “trade receivables from sales and services”) under “trade and other receivables” in current assets or “non-current trade receivables” in non-current assets, as applicable depending on their maturity in accordance with the normal operating cycle.

Right to consideration upon transfer of control

When control of an asset under a contract is transferred without having an unconditional right to invoicing, the Company recognises a right to consideration upon transfer of control. This right to consideration is derecognised when an unconditional right to receive consideration arises. However, it is tested for impairment at year-end in the same manner as unconditional rights.

These balances are presented, as with unconditional rights, under the “trade receivables” heading within trade and other receivables. They are classified as current or non-current depending on their maturity, amounting to EUR 16,069,776 and EUR 2,520,488 respectively as of 31 December 2025 (EUR 10,170,421 and EUR 4,378,006 respectively as of 31 December 2024) (Note 9.1).

c) Contract liabilities

Contractual obligations

If the customer pays consideration, or there is an unconditional right to receive it, before the goods or services are transferred to the customer, the Company recognises a contract liability when payment has been made or becomes due.

These contract liabilities are presented under trade payables and other accounts payable or recognised as provisions for commercial transactions (current liabilities).

3.17 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses arising from the settlement of these transactions and from the translation at closing spot rates of monetary assets and liabilities denominated in foreign currency are recognised in profit and loss.

3.18 Balances and transactions with Group companies and other related parties

The Company carries out all its transactions with related parties at market values. In addition, transfer prices are adequately supported; therefore, the Company's directors consider that there are no significant risks in this area that could give rise to material future liabilities.

This valuation policy applies to related parties as defined in Rule 15 of the preparation of annual accounts of the Spanish General Accounting Plan. In this regard:

- a) A company is considered part of the group when both are linked by a control relationship, direct or indirect, as defined in Article 42 of the Spanish Commercial Code, or when companies are controlled by one or more legal entities acting jointly or under unified management through agreements or statutory clauses.
- b) A company is considered an associate when, without being a group company as defined above, the Company or the controlling individuals exercise significant influence over it by holding an interest that creates a lasting connection intended to contribute to its activities.
- c) A jointly controlled entity (multigroup) is one that is jointly managed by the Company or any of its group companies, including controlling entities or individuals, together with one or more third parties outside the group.

Related parties also include individuals holding, directly or indirectly, voting rights in the Company that allow them to exercise significant influence, as well as their close family members, key management personnel (including directors and executives) and their close family members, and entities over which the aforementioned persons may exercise significant influence.

3.19 Environmental assets

Environmental assets are those assets used on a long-term basis in the Company's activities whose main purpose is to prevent, reduce, or repair environmental damage caused by its operations. Expenses arising from environmental activities are recognised under "Other operating expenses" in the period in which they are incurred.

The Company's directors consider that, as of 31 December 2025 and 2024, there are no environmental contingencies that could be material in relation to the Company's equity, financial position, or results; therefore, no provisions or contingencies have been recorded for this purpose.

3.20 Joint ventures

In accordance with Recognition and Measurement Standard 20 of the General Accounting Plan, for the consolidation and accounting of transactions carried out with joint ventures, the proportional share of the joint venture's balances is included in the balance sheet and profit and loss account, based on the ownership percentage held, after appropriate temporal and valuation harmonisation, so that at year-end all assets, liabilities, income, and expenses are properly recorded and presented in proportion to the Company's share.

As indicated in Note 1.d), the Company participates in a joint venture that began operations in 2024; therefore, at year-end 2024 the proportional share was recognised in the financial statements according to the participation percentage of the joint venture (see Note 2.c), and in 2025, due to its limited significance, it was decided to exclude it from the financial statements.

4. INTANGIBLE ASSETS

The detail and movement of the items included in "intangible assets" is as follows:

Cost:

Item	Euros								
	Cost 31.12.23	Additions	Disposals	Transfers	Cost 31.12.24	Additions	Disposals	Transfers	Cost 31.12.25
Research	---	---	---	---	---	---	---	---	---
Development	825.136	4.936.212	(1.077.421)	12.083.246	16.767.173	5.117.538	---	---	21.884.711
Industrial Property	109.210	290	(10.029)	---	99.471	---	---	---	99.471
Software applications	17.062.984	69.511	(829.007)	(12.083.246)	4.220.242	3.394.235	---	---	7.614.477
Total cost	17.997.330	5.006.013	(1.916.457)	---	21.086.886	8.511.772	---	---	29.598.659

Amortization:

Item	Euros								
	Balance at 31.12.23	Charge for the year	Disposals	Transfers	Balance at 31.12.24	Charge for the year	Disposals	Transfers	Balance at 31.12.25
Research	---	---	---	---	---	---	---	---	---
Development	149.294	1.865.740	(1.077.421)	5.282.210	6.219.823	3.781.481	---	---	10.001.304
Industrial Property	40.843	13.446	(10.029)	---	44.260	10.410	---	---	54.670

Software applications	5.969.328	3.177.151	(829.007)	(5.282.210)	3.035.262	2.443.965	---	---	5.479.227
Total amortiz.	6.159.465	5.056.337	1.916.457	---	9.299.345	6.235.856	---	---	15.535.201

Net accounting value:

Item	Euros	
	Balance at 31.12.25	Balance at 31.12.24
Research	---	---
Development	11.883.407	10.547.350
Industrial Property	44.801	55.211
Software applications	2.135.250	1.184.980
Total Net Value	14.063.458	11.787.541

a) Development

The Company continues with its investment and improvement policy in its existing facial biometric applications. The costs capitalised during the financial year ended 31 December 2025 and during the financial year ended 31 December 2024 relate to the following development milestones:

Description:	Euros	
	31.12.2025	31.12.2024
Improvements Software Development Kit (SDK)	4.619.329	4.346.523
Identity Platform	---	237.958
Total internal development	4.619.329	4.584.481
Development acquired from third parties	493.264	351.731
Total	5.112.593	4.936.212

These costs are recorded under the Development heading, as there are well-founded reasons to consider the commercial success of the developments upon their completion. At that time, they are recognised under the intangible asset heading corresponding to their nature.

Should there be well-founded criteria indicating that a project has not been successfully completed, these costs would be recognised as losses on intangible assets.

Practically all development activity relating to new applications or improvements to existing ones has been carried out internally, except for an amount of € 493,264 (€ 351,731 in 2024), and has been recognised through the capitalisation of production costs offset against the heading "Work carried out by the Company for its own assets" in the income statement.

The developments capitalised as at 31 December 2025 and 31 December 2024 mainly consisted of improvements in anti-fraud security, interactive user guidance during registration and tools for integrating the technology into multi-platform applications.

b) Industrial property

Facephi Biometría, S.A. is the owner of the registered trademarks Selphi and FacePhi Beyond Biometrics, which provide protection both within the European Union (EUTM No. 015106354 and EUTM No. 015114853, respectively) and in the United States of America through registrations with the USPTO (certificates No. 79190080 and 79190126).

Likewise, European Union trademark certificates have been obtained under registration numbers: EUTM 017896710 *Look & Phi*; EUTM 017948110 *inPhinite*; EUTM 017948113 *4Phingers*; EUTM 017948116 *Phivox*; EUTM 017948119 *SignPhi*; EUTM 017948878 *SelphiID*.

The Company currently holds industrial property rights for the following registered trademarks:

• FACEPHI BEYOND BIOMETRICS	• PHIVOX
• SELPHI, YOU BLINK, YOU'RE IN	• SELPHI ID
• LOOK & PHI	• SIGNPHI
• INPHINITE	

International expansion and presence in the LATAM region have led the Company's governing body to adopt decisions aimed at extending the geographical scope of protection of its trademarks. Accordingly, FacePhi Beyond Biometrics and SelphiID Identity Validation are duly registered either as international trademarks with territorial designation or as national trademarks in all markets in which the Group operates: APAC, LATAM and EMEA.

The above-mentioned trademarks continue to be protected by the Group, despite having undertaken a brand update (rebranding).

As a result of this update, the new trademarks have been registered both with the European Union and with the World Intellectual Property Organization (WIPO).

The newly registered trademarks are:

- EUTM 018762534 – FACEPHI (figurative)
- EUTM 018762535 – FACEPHI (word mark)
- EUTM 018779488 – FACEPHI IDENTITY PLATFORM (figurative)
- 4184138 – FACEPHI PROTECTING IDENTITY TO BUILD THE FUTURE (Spanish Patent and Trademark Office)

Intellectual property rights

Since the entry into force of Spanish Act 1/2019 of 20 February on Trade Secrets, technology companies benefit from a legal framework that enhances legal certainty in relation to protected know-how (algorithms, know-how, etc.), increasing protection against potential breaches of trade secrets.

Nevertheless, legal doctrine and case law agree that, for the effective application of this regulation, it is not sufficient merely to refer to it; companies must also implement tools that create an environment of security, protection, reliability and traceability.

Legal compliance and data protection

Data Protection and Criminal Compliance: The Company complies with the following regulations: Criminal Risk Prevention Plan (CRP), General Data Protection Regulation (GDPR) and Spanish Organic Law on Data Protection and Digital Rights (LOPDGDD), reinforced by information-security certifications.

Whistleblowing channel

The Company has implemented a Whistleblowing Channel with the purpose not only of fostering an ethical culture and good governance, but also of preventing and detecting any irregular, unlawful or criminal conduct, in accordance with Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law.

Compliance Committee

The Compliance Committee is responsible for reviewing the application and effectiveness of the Compliance Plan and reporting quarterly to the Board of Directors on the dissemination, awareness and compliance with the Criminal Risk Prevention Plan, the Code of Ethics and the Insider Information Protocol aimed at preventing market abuse practices.

Technical certifications

- **Data Protection and Criminal Compliance:** We comply with the following regulations: Criminal Risk Prevention Plan (PRP), General Data Protection Regulation (GDPR), and Organic Law on Personal Data Protection and Guarantee of Digital Rights (LOPDGDD), which are reinforced by certifications in information security.

- **Corporate Governance, Risk and Compliance:**
 - ISO/IEC 27001 (ISMS). Standard that ensures the confidentiality, integrity, and availability of information, as well as the systems that process it.
 - ISO 22301. Business Continuity Management System.
 - ISO 27017. Security controls for cloud services.
 - ENS. Certification of compliance with the National Security Framework (medium category).
 - Pinakes certification. Recognition that distinguishes the company as an approved technology provider for any national banking entity.

- **Product and Technology Certifications:**
 - ISO 30107-3 iBeta Level 1. The company complies with this standard both in its Facial Recognition algorithm (Matcher) and its PAD algorithm through Passive Liveness detection under ISO 30107.
 - ISO 30107-3 iBeta Level 2. Represents compliance with the highest standard to date in presentation attack detection for facial biometrics achieved by any company in the sector.
 - KISA K-NBTC certification. Recognition validating the performance of the company's identity verification algorithm, issued by the National Biometric Testing Center (K-NBTC), part of the Korean Internet & Security Agency (KISA).

- UK Digital Identity and Attributes Trust Framework (UK DIATF). The company is certified as an Identity Service Provider (IDSP) for the UK Digital Identity Framework in relation to providing secure and trusted digital identity services through its products and services.
- SEPBLAC video identification circulars. The company is certified as a provider of remote onboarding and digital identity services under the compliance framework issued by the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences.
- Biometric information exchange:
 - ANSI/NIST-ITL 1-2011. Standard for storing biometric data to enable interoperability between systems.
 - ISO/IEC 19794-5. Specifies a format for storing, recording, and transmitting facial image information, including scene constraints, photographic properties, digital image attributes, and best practices.

c) Computer software

The Company did not incur significant additions to intangible assets in 2024. Additions in 2023 mainly related to licensing agreements acquired from a biometric provider integrated into the Company's products, which are amortised on a straight-line basis over the contractual term.

d) Fully amortised intangible assets

As at 31 December 2025 and 31 December 2024, the Company held fully amortised intangible assets still in use, as detailed below:

	Euros	
	31.12.2025	31.12.2024
Development	930.592	---
Industrial property	22.383	---
Software applications	3.557.816	---
Total cost	4.510.791	---

e) Other information

In prior years, the Company benefited from grants related to intangible assets for development expenses, some incurred in 2023 and 2024, as disclosed in Note 11.2.

No finance costs have been capitalised and there are no intangible assets located abroad. All intangible assets are used in operations, with no restrictions or pledges. No impairment losses have been recognised or reversed for any intangible assets.

f) Impairment test of non-current assets

The recoverable amount of non-current assets has been assessed considering a single Cash-Generating Unit (CGU), based on value in use, using cash-flow projections derived from the business plan and Management's estimates for the next five years.

A discount rate of 10.0% has been applied, and cash flows beyond the fourth year are extrapolated using a perpetual growth rate of 2.0%. No impairment has been identified.

Key assumptions used in the value-in-use calculation

- Growth: The Company expects double-digit revenue growth again in 2026, maintained over the projection period (2026–2028), supported by continued product investment, new offices and expanded sales channels.
- EBITDA: EBITDA is expected to increase progressively through new contract capture and optimisation of the cost structure.
- Discount rate: A WACC of 15.0%, based on analyst consensus.
- CAPEX: Investments in intangible assets are expected to continue, representing an increasingly smaller percentage of revenue, as evidenced for the third consecutive year.

Sensitivity analysis

Given the substantial headroom between value in use and the carrying amount of net assets, Management considers that reasonably possible changes in assumptions (e.g. WACC increases or lower terminal growth rates) would not result in the carrying amount exceeding the recoverable amount.

5. PROPERTY, PLANT AND EQUIPMENT

The detail and movements of the items included under Property, plant and equipment are as follows:

Coste:

Item	Euros								
	Cost at 31.12.23	Additions	Disposals	Transfers	Cost at 31.12.24	Additions	Disposals	Transfers	Cost at 31.12.25
Buildings	2.145.668	40.867	---	---	2.186.535	---	---	---	2.186.535
Technical installations	---	---	---	---	---	---	---	---	---
Other installations	58.707	9.989	(3.366)	---	65.330	5.914	---	---	71.244
Furniture	103.898	11.080	(22.096)	---	92.882	---	---	---	92.882
IT equipment	802.045	131.256	(96.639)	---	836.662	198.255	(47.244)	---	987.673
Other property, plant and equipment	4.780	---	---	---	4.780	---	---	---	4.780

Assets under construction and advances	---	---	---	---	---	---	---	---	---
Total cost	3.115.098	193.192	(122.101)	---	3.186.189	204.169	(47.244)	---	3.343.114

Amortización:

Item	Euros								
	Balance at 31.12.23	Business combinations	Depreciation (year)	Disposals	Balance at 31.12.24	Depreciation (year)	Disposals	Transfers	Balance at 31.12.25
Buildings	120.637	---	214.675	---	335.312	217.059	---	---	552.371
Other installations	16.204	---	8.710	(3.366)	21.548	9.286	---	---	30.834
Furniture	41.628	---	11.704	(22.096)	31.236	10.990	---	---	42.226
IT equipment	369.029	---	258.844	(96.639)	531.234	321.788	---	---	853.023
Other property, plant and equipment	1.734	---	478	---	2.212	478	---	---	2.690
Total depreciation	549.232	---	494.411	(122.101)	921.542	559.601	---	---	1.481.143

Valor neto contable:

Elemento	Euros	
	Balance at 31.12.25	Balance at 31.12.24
Buildings	1.634.164	1.851.223
Technical installations	---	---
Other installations	40.410	43.782
Furniture	50.656	61.646
IT equipment	134.651	305.428
Other property, plant and equipment	2.090	2.568
Assets under construction and advances	---	---
Total net carrying amount	1.861.971	2.264.647

Additions to property, plant and equipment during the financial years 2025 and 2024 mainly relate, respectively, to the acquisition of IT equipment associated with new staff hires, and to the refurbishment works carried out at the new business centre in the city of Alicante leased by the Company for the performance of its activity. These works were completed at the beginning of June 2023.

a) Fully depreciated assets

At the end of the 2025 and 2024 financial years, the Company holds items of property, plant and equipment that are fully depreciated and still in use, as detailed below:

Item	Euros	
	2025	2024
Furniture	15.937	---
IT equipment	295.546	---
Other property, plant and equipment	---	---
Total	311.483	---

b) Insurance

The Company has taken out insurance policies to cover the risks to which its property, plant and equipment are exposed. The coverage of these policies is considered adequate.

c) Other information

No borrowing costs have been capitalised, there are no property, plant and equipment assets located abroad, and there are no restrictions or pledges over the assets included under this heading. No impairment losses have been recognised or reversed in relation to any item of property, plant and equipment.

6. LEASES AND OTHER OPERATIONS OF A SIMILAR NATURE

a) Operating leases

The amount of future minimum lease payments under non-cancellable operating leases is as follows:

	Euros			
	Facephi		Resto Grupo	
Pagos futuros mínimos	31.12.25	31.12.24	31.12.25	31.12.24
Hasta un año	451.471	669.536	34.556	44.374
Entre uno y cinco años	1.639.335	1.433.677	-	33.280
Más de cinco años	458.010	1.221.360	-	---
Total	2.548.816	3.324.573	34.556	77.654

The lease payments recognised as an expense for the financial year, together with the most significant characteristics of the lease contracts, are as follows:

Lease description	Lease expense 2025	Lease expense 2024	Expiry date	Renewal	Price update clause
Offices, parking spaces and storage room	337.194	278.693	30/06/2033	N/A	SI (IPC)
Madrid offices	94.907	147.201	30/06/2026	N/A	NO
IT equipment	---	---	01/06/2029	N/A	NO

IT equipment	1.661	1.462	01/06/2029	N/A	NO
Furniture	38.716	38.716	17/07/2028	N/A	NO
Vehicles	75.937	74.121	08/01/2027	N/A	NO
Rentals, software, cloud and others	183.183	155.683	N/A	N/A	N/A
Total	731.598	695.876			

On 8 January 2023, two additional operating lease (renting) contracts for vehicles were signed for use by members of the Board of Directors, with a term of three years. These contracts expired in January of the current financial year and were replaced with two new vehicle renting contracts, initially intended for use by members of Management and Senior Management. The maturity dates of these contracts are January and April 2026, respectively. The monthly lease payments amount to € 2,726.04 for the first vehicle and € 2,168.19 for the second.

Furthermore, as part of the Company's actions to modernise its working model, on 4 March 2022 the Company entered into a new lease agreement for premises in a business centre located in the city of Alicante. The lease term is 10 years, commencing from the earlier of the completion of the leasehold improvements or 31 December 2022, with a mandatory non-cancellable period of 3 years. The lessor granted a rent-free period of 12 months from the completion of the works or from 31 December 2022. A security deposit amounting to € 34,000, equivalent to two monthly payments, was paid. The works were completed in June 2023.

b) Finance leases

During the 2022 financial year, the Company acquired an item of information-processing equipment (server) through a finance lease contract for a total amount of € 275,000.

In relation to this financing arrangement, and as it met the conditions for the substantial transfer of the risks and rewards inherent in ownership of the asset, the asset was recognised under "Machinery" within property, plant and equipment, in accordance with the recognition and measurement criteria described in Note 3.2.

The main terms of the finance lease contract, which ended in 2025, together with its position as at 31 December 2025 and 2024, are as follows:

2025

Contract object	Start date	Term (months)	Euros					Purchase option
			Asset cost	Installments paid to 31.12.25	Outstanding balance at 31.12.25		Interest Due	
					ST	LT		
Information processing equipment	15/11/2022	36	275.000	275.000	---	---	---	---
Total			275.000	275.000	---	---	---	---

2024

Contract object	Start date	Term (months)	Asset cost	Cuotas pagadas al 31.12.24	Euros			Purchase option
					Outstanding balance at 31.12.25			
					Capital		Intereses pendientes	
					C/P	L/P		
Eq. Procesos información	15/11/2022	36	275.000	191.092	83.908	-	1.798	---
Total			275.000	191.092	83.908	-	1.798	---

In relation to this contract, during the financial year ended 31 December 2025, amounts of € 92,287 and € 5,975 were paid in respect of principal repayment and interest, respectively (€ 88,276 and € 9,985 in 2024).

The finance lease transaction ended on 11 November 2025, with the asset being acquired at its residual value. The contract accrued an average interest rate of 4.54%.

As at 31 December 2025 and 2024, the asset acquired under finance lease presented the following carrying amounts:

Asset	Euros					
	31.12.25			31.12.24		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
Information processing equipment	275.000	275.000	---	275.000	191.092	83.908
Total	275.000	275.000	---	275.000	191.092	83.908

7. INFORMATION ON THE NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Company's financial risk management is focused on establishing the necessary mechanisms to control its exposure to different types of risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Risk management is overseen by the Company's Board of Directors, with the support of Management's control departments.

Credit risk

Credit risk arises from the potential loss caused by the failure of counterparties to meet their contractual obligations, i.e. failure to collect financial assets in the agreed amounts and timeframes.

With regard to banks and financial institutions, the Company only works with entities of recognised prestige and solvency.

The Company's main debtors do not present specific credit risk at the reporting date due to their high creditworthiness. The ageing analysis of trade receivables as at 31 December is as follows:

	Euros	
	31.12.25	31.12.24
Not past due – long term	2.520.488	4.378.007
Not past due – short term	16.069.776	10.170.420
Past due but not impaired	6.349.027	8.266.948
Impaired	5.104.536	3.016.773
Total	30.043.827	25.832.149
Impairment losses (Note 9.1)	(5.104.536)	(3.016.773)
Total	24.939.291	22.815.376

Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, the availability of adequate committed credit facilities and the ability to liquidate market positions. Liquidity risk is considered to be adequately mitigated due to the availability of financing lines with financial institutions (Note 12), as well as the convertible debt financing agreements entered into with Nice & Green, S.A. (see Note 11) and other mitigating factors described in Note 2.e).

Market financial risks

a) Interest rate risk on cash flows and fair value

The Company's operating income and cash flows are largely independent of changes in market interest rates.

Interest rate risk arises from long-term borrowings. Variable-rate debt exposes the Company to cash-flow interest rate risk, while fixed-rate borrowings expose the Company to fair value interest rate risk. The Company's policy is to diversify its long-term borrowings between variable-rate and fixed-rate instruments (see Note 12).

b) Foreign exchange risk

The Company operates internationally and is therefore exposed to foreign exchange risk arising from transactions in foreign currencies. This risk arises from recognised financial assets and liabilities. Details of foreign-currency-denominated balances and transactions are disclosed in Note 14.

The Company cannot predict the effects of exchange rates on future operating results due to the potential volatility of currency markets. At present, the Company does not use hedging derivatives to cover its exposure to foreign currencies.

c) Price risk

The Company is not exposed to other significant price risks.

Fair value estimation

The Company considers that the carrying amount of trade receivables and trade payables approximates their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting future contractual cash flows using the current market interest rate available to the Company for similar financial instruments.

8. INVESTMENTS IN GROUP COMPANIES

The movements recognised under “Investments in group and associated companies, short- and long-term” at the close of the 2025 and 2024 financial years are as follows:

	Euros								
	Saldo al 31.12.23	Additions	Dispos als	Transfers	Saldo al 31.12.24	Addition s	Dispo sals	Transfers	Saldo al 31.12.25
Largo plazo:									
Property instruments in group and associated companies	516.693	8.032	---	---	524.726	176	---	---	524.902
Financial loans to group and related companies	3.489.987	---	---	---	3.489.987	---	---	---	3.489.987
Long-term interest on loans to group and related companies	---	---	---	---	---	---	---	---	---
Impairment of investments in group companies	(81.264)	(117)	---	---	(81.381)	---	---	---	(81.381)
Impairment of loans to group companies	---	(3.470.674)	---	---	(3.470.674)	---	---	---	(3.470.674)
Total investments in group and associated companies (long term)	3.925.417	(3.462.759)	---	---	462.658	176	---	---	462.834
Short Term:									
Financial loans to group and related companies	---	1.605.693	---	---	1.605.693	538.406	---	---	2.144.099
Impairment of loans to group companies	---	(1.695.693)	---	---	(1.605.693)	(523.193)	---	---	(2.128.886)
Total investments in group and associated companies (short term)	---	---	---	---	---	15.213	---	---	15.213

8.1 Equity instruments in group companies

The information regarding Group companies as of 31 December 2025 and 2024 is as follows:

FacePhi APAC, LTD

The Company holds 100% of the share capital of FacePhi APAC, LTD, a subsidiary incorporated for an indefinite period on 15 October 2019, with registered office in Pangyo (South Korea), as part of its international expansion strategy. The company was incorporated with an initial capital

of KRW 100,000,000, equivalent to € 81,264, fully subscribed and paid by the Company as sole shareholder.

In 2021, the receivable held with the Korean subsidiary was capitalised through a capital increase of € 435,126, bringing share capital to € 516,390, equivalent to KRW 579,030,000.

Equity investments in group companies are measured at cost, translated at the exchange rate on the subscription or acquisition date, less impairment losses recognised in prior years amounting to € 81,264, in accordance with Note 3.5.

Celmuy Trading, S.A.

On 25 April 2021, the Company acquired 100% of the share capital of Celmuy Trading, S.A., for its nominal value of UYU 10,000, equivalent to € 188 at the exchange rate on the transaction date.

Celmuy Trading, S.A. is a Uruguayan company incorporated on 11 August 2020, whose main activity since 1 March 2022 is the marketing of the Company's products in Latin America and the provision of implementation and technical support services.

Facephi Beyond Biometrics LTD

On 26 May 2022, Facephi Beyond Biometrics LTD was incorporated in England and Wales (company number 14135809) with a share capital of GBP 100, paid in 2023 (€ 117). In 2024, both the investment and the receivable with this subsidiary were fully impaired due to its loss-making situation. In 2025, Management initiated an evaluation of strategic changes and the continuity of this subsidiary.

FacePhi Biometric Solutions Brasil Softwares Ltda.

On 10 July 2024, FacePhi Biometric Solutions Brasil Softwares Ltda. was incorporated in Brazil (CNPJ 55.870.286/0001-58) with share capital of BRL 50,000 (€ 8,032), paid in 2024. In 2025, a further € 176 was contributed to complete the subscribed capital. The company carried out no significant activity during the year.

Financial position of consolidable group companies

The equity position of the group companies, based on unaudited accounting records as at 31 December 2025 and 2024, is as follows:

	FacePhi Biometric Solutions Brasil Softwares Ltda.		Celmuy Trading, S.A.		Facephi Beyond Biometrics LTD		FacePhi APAC, LTD	
	2025	2024	2025	2024	2025	2024	2025	2024
Subscribed capital	8.208	8.032	187	187	116	116	516.390	516.390
Share premium	---	---	---	---	---	---	---	---
Reserves	(8.044)	---	317.587	154.537	(4.618.308)	(3.018.934)	(340.452)	(196.221)
Operating profit	(20.228)	---	183.977	172.152	(641.792)	(1.607.114)	(70.045)	(147.827)
Profit for the year	(20.183)	---	164.215	163.007	(640.830)	(1.599.374)	(70.764)	(144.231)

Translation differences	(1)	---	(13.249)	(3.439)	71.010	(176.410)	(106.229)	(27.714)
Subsidies	---	---	---	---	---	---	---	---
Net equity	(20.020)	8.032	468.741	314.292	(5.188.012)	(4.794.602)	(1.055)	148.224
Percentage of ownership	100%	100%	100%	100%	100%	100%	100%	100%
Theoretical value of the investment	(20.020)	8.032	468.741	314.292	(5.188.012)	(4.794.602)	(1.055)	148.224
Cost	8.208	8.032	187	187	116	116	516.390	516.390
Impairment	---	---	---	---	(116)	(116)	---	(81.263)
Net book value	8.208	8.032	187	187	---	---	516.390	435.126

All shares are unquoted. At year-end, Management assessed objective evidence of impairment and recognised impairments of € 116 (€ 81,379 in 2024), estimating recoverable amounts using value-in-use calculations.

8.2 Long-term financial receivables

As at 31 December 2025 and 2024, the Company held the following receivables:

	Euros	
	31.12.25	31.12.24
Facephi APAC Ltd	19.313	19.313
Facephi Beyond Biometrics, LTD	---	-
Total	19.313	19.313

No interest accrued in 2025 or 2024.

As mentioned in section 8.2 above, the subsidiary Facephi Beyond Biometrics, LTD was incorporated in 2022. Since its inception, the Company has granted credit facilities to this subsidiary to support its start-up operating expenses. The total outstanding credit as of 31 December 2025 amounts to €5,599,560 (compared to €5,076,367 as of 31 December 2024), with no fixed maturity date.

As previously noted, the Board of Directors is currently assessing the going concern status of this subsidiary due to the negative results incurred since its incorporation. Consequently, the Company recorded an impairment of the receivable in 2024 amounting to €5,076,367, and in 2025 an additional impairment of €523,193.

9. FINANCIAL ASSETS

9.1 Analysis by categories

The carrying amount of each of the categories of financial assets established in the recognition and measurement standard nine of the General Accounting Plan (PGC), in accordance with the information described in note 3.5, except for Investments in group and associated companies (see note 8) and Cash and cash equivalents (see note 10), is as follows:

	Euros			
	Loans, derivatives and others			
	Short Term		Long Term	
	2025	2024	2025	2024
Financial assets at fair value through profit or loss:				
• Derivatives	200.480	---	---	---
Financial assets at amortized cost:				
• Trade receivables and other accounts receivable	22.418.803	18.437.369	2.520.488	4.378.007
• Loans to employees	2.050	2.050	1.700	1.700
• Other financial assets	120.025	62.988	154.151	144.009
Total	22.741.358	18.502.407	2.676.339	4.523.716

There are no significant differences between carrying amounts and fair values for assets measured at cost or amortised cost.

As of 31 December 2025, the Company has recorded several derivatives valued at €200,480, corresponding to a contract entered into with MONEX for foreign currency forward agreements at a fixed exchange rate for a period of three months from the signing of each contract. This agreement was signed in July 2025, under which the Company fixed an exchange rate of 1.14 US dollars per euro. The agreement was renewed in October 2025 for an additional period of four months.

Trade receivables and other receivables

	Euros	
	2025	2024
Non-current trade receivables		
• Customers from service provision, invoices pending issuance	2.520.488	4.378.007
Total largo plazo	2.520.488	4.378.007
Short-term trade receivables and other accounts receivable		
• Customers from service provision	6.349.027	8.266.948
• Customers, invoices pending issuance	16.069.776	10.170.421
• Doubtful accounts receivable	5.104.536	3.016.773
• Customers, group companies (note 16.b)	---	---
• Current account with temporary joint ventures	2.207	---
• Personnel	2.050	2.050
• Impairment of trade receivables	(5.104.536)	(3.016.773)
• Current tax assets	1.467.092	1.624.899

• Other receivables with Public Administrations (note 13.1)	501.161	2.042.900
Total	24.391.313	22.107.218

The Company maintains payment terms with its customers for a period of one year and, in some cases, longer, which is common business practice in the sector in which it operates and particularly in technology transfer and licensing agreements. In cases where the invoicing period exceeds one year, the Company recognizes the consideration under the heading “Non-current trade receivables” in the asset side of the balance sheet at amortized cost.

The Company’s Management considers that credit risk is sufficiently mitigated given the solvency of the debtors with whom it works (mainly financial institutions).

Impairment of trade receivables

Impairment charges and reversals are recognised under heading A.7.c) “Losses, impairment and changes in provisions for trade transactions” in the income statement.

	Euros	
	2025	2024
Opening balance	3.016.773	2.769.079
Allowance for impairment of accounts receivable	2.087.716	247.694
Reversal of unused amounts	---	---
Closing balance	5.104.489	3.016.773

Recognition and reversal of impairment losses on trade receivables from customers have been included under heading A.7.c) “Losses, impairment and changes in provisions for commercial operations” in the accompanying income statement. Additionally, within the same heading, the Company has recorded bad debt losses directly in the income statement for the 2025 financial year amounting to €2,087,716 (compared to €317,749 in the 2024 financial year).

Other short- and long-term financial assets

The heading “Other non-current financial assets” as of 31 December 2025 includes security deposits related to the Company’s office lease agreements amounting to €69,680 (same amount as of 31 December 2024), €74,329 (same amount as of 31 December 2024) corresponding to a performance guarantee related to the public tender awarded by AENA in 2021 for the supply and update of a facial biometrics solution, and during the year additional security deposits amounting to €10,142 were included as performance guarantees in service provision contracts.

These deposits have not been measured at amortised cost due to the minimal impact such measurement would have on the Company’s equity.

On the other hand, as of 31 December 2025, the heading “Other current financial assets” includes an amount of €30,290 (compared to €31,344 as of 31 December 2024), corresponding to a fixed-term deposit constituted for a nominal amount of \$35,500, held as collateral for a customer in relation to the provision of licensing, support, and consulting services, and also includes other minor guarantees related to rentals and payment guarantees.

9.2 Maturity análisis

As of December 31, 2025, the amounts of financial asset instruments with a fixed or determinable maturity classified by maturity year are as follows:

	Financial Assets				
	2026	2027	2028	Subsequent years	Total
Financial Assets					
• Trade receivables and accounts receivable	22.421.010	1.761.714	758.774	---	24.941.498
• Derivatives	200.480	---	---	---	200.480
• Loans to employees	2.050	1.700	---	---	3.750
• Other financial assets	120.025	35.681	---	118.470	274.176
Total	22.743.565	1.799.095	758.774	118.470	25.419.904

As of 31 December 2024, the amounts of financial instruments on the asset side with a fixed or determinable maturity, classified by maturity year, are as follows:

	Financial Assets					
	2025	2026	2027	2028	Subsequent years	Total
Financial assets						
• Trade receivables and accounts receivable	18.439.419	2.779.697	753.533	844.777	---	22.817.426
• Other financial assets	62.988	35.680	1.700	---	108.329	208.697
Total	18.502.407	2.815.377	755.233	844.777	108.329	23.026.123

10. CASH AND CASH EQUIVALENTS

The heading “Cash and cash equivalents”, as of December 31, 2025 and 2024, is broken down as follows:

	Euros	
	2025	2024
Cash on hand, Euros	1.375	3.560
Cash on hand, foreign currency (note 14.g)	678	677
Banks and credit institutions, current accounts (demand deposits), Euros	2.056.510	2.046.564

Banks and credit institutions, current accounts (demand deposits), foreign currency (note 14.g)	50.089	3.588.199
Total	2.108.652	5.639.000

The heading Cash at Banks and Financial Institutions includes an amount of €287,023 (compared to €219,229 as of 31 December 2024) corresponding to financial deposits with the trading and settlement entities of Euronext and BME Growth, the funds of which are not freely available to the Company, except where the liquidity provider considers that the cash or shares at its disposal are excessive.

As a result of the financial restructuring agreement completed on 14 December 2020, the Company has established a pledge over bank accounts and other liquid assets amounting to €1,800,800 (compared to €5,347,865 as of 31 December 2024) (see Note 12.2).

11. EQUITY

The breakdown and movement of the different components of the Company's Equity during the year ended December 31, 2025 and 2024 are shown in the attached statement of changes in equity.

11.1 Shareholders' equity

a) Share capital and share premium

All capital increases and conversions with Nice & Green, S.A. and Hancom have been reflected consistently with Spanish company law and accounting standards. Derivatives arising from non-fixed-for-fixed conditions were recognised through profit or loss under "Change in fair value of financial instruments".

	Euros			
	2025		2024	
	Share capital	Share Premium	Share capital	Share Premium
Registered	1.064.963	33.708.316	1.016.462	31.045.346
Total	1.064.963	33.708.316	1.016.462	31.045.346

The details of the movements in share capital and share premium authorised by notarial deed as of 31 December 2025 and 31 December 2024 are set out below:

	2025			
	No. Shares	Nominal Value	Share Capital	Share Premium
Opening balance as of 1 January 2025	25.411.546	0,04	1.016.461	31.045.346
Capital increase 16 January 2025	365.163	0,04	14.607	637.567

Capital increase 17 June 2025	847.378	0,04	33.895	2.025.403
Closing balance as of 31 December 2025	26.624.087	0,04	1.064.963	33.708.316

2024

	No. Shares	Nominal Value	Share Capital	Share Premium
Opening balance as of 1 January 2024	21.289.623	0,04	851.585	24.231.301
Capital increase 11 January 2024	264.368	0,04	10.575	532.904
Capital increase 29 February 2024	334.057	0,04	13.362	638.812
Capital increase 27 May 2024	701.303	0,04	28.052	1.276.296
Capital increase 24 October 2024	1.695.358	0,04	67.814	2.576.944
Capital increase 23 December 2024	1.126.837	0,04	45.073	1.789.090
Closing balance as of 31 December 2024	25.411.546	0,04	1.016.461	31.045.346

Financing agreement – Convertible warrants

On 14 December 2020, the Parent Company entered into a second financing agreement with Nice & Green, S.A., with characteristics similar to the previous one (entered into in September 2019). As a result, the Extraordinary General Shareholders' Meeting of the Parent Company held on 25 January 2021 resolved to delegate to the Board of Directors, pursuant to article 297.1.b) of the Spanish Companies Act (LSC), the authority to issue convertible warrants (EW) into shares of the Parent Company for a maximum conversion amount of €20 million, as well as to increase the share capital by the amount necessary to cover the conversion of such warrants, all of the above with exclusion of pre-emptive subscription rights, in accordance with article 417 of the LSC, with Nice & Green, S.A. being the sole recipient of the issue. This delegated authority was subject to the condition that the total share capital increases agreed, whether in one or several tranches, would in no case exceed half of the share capital at that time, i.e. €288,570.38.

The share conversion price contemplated in the financing agreement could not be lower than 130% of the nominal value of the Parent Company's shares, that is, a price per Equity Warrant below €0.052, nor higher than the conversion price resulting from 92% of the lowest weighted average price of the three trading days preceding the exercise date. The investment commitment ended on 31 December 2022, with the last conversion into a share capital increase carried out in January 2023.

At the beginning of 2023, an amount of €1,500,000 remained pending conversion. On 10 and 23 January 2023, Nice & Green requested the conversion into shares of the outstanding amount, under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
10/01/2023	500.000	196.448	2,5452	0,04	2,5052	7.858	492.141
23/01/2023	1.000.000	394.104	2,5374	0,04	2,4974	15.764	984.235
Totales	1.500.000	590.552				23.622	1.476.376

In relation to the above communications, on 16 and 23 January 2023, the relevant conversion and capital increase resolutions were formalised by notarial deed, in accordance with the deeds granted by the notary public of the Notarial Association of Castilla-La Mancha, Mr. Iván Castejón Fernández-Trujillo, under protocol numbers 62 and 95, respectively, and were subsequently registered with the Alicante Commercial Registry on 13 and 24 February 2023, respectively.

Impact on the consolidated income statement of the conversion

In accordance with the recognition and measurement criteria described in Note 3.8.b) and with the terms of issuance of the Equity Warrants (EW), as the “fixed-for-fixed” condition is not met, a financial derivative arises over the life of the issuance until the moment of conversion into shares.

Following the conversion of the outstanding amount of €1,500,000 through the two capital increases carried out in January 2023 referred to above, the actual loss at the time of both conversions amounted to €368,255, recognised as a higher share premium, and therefore a loss was recognised in 2023 under the heading “17. Changes in the fair value of financial instruments” in the consolidated income statement.

Changes in the fair value of the derivative over its life (that is, from the signing date until the exercise of the option) are recognised under the heading “17. Changes in the fair value of financial instruments” of the consolidated income statement as a financial cost, with the corresponding offset recognised within consolidated equity as a higher share premium. The increase in the share premium in 2023 amounted to €368,255, equivalent to the cash received upon conversion less the cumulative fair value of the derivative up to that date.

The movements in this respect are detailed as follows:

As of 31 December 2023

	No. of Shares	Conversion Price	Reasonable Value	Share Premium / Cost
Capital Increase 19.01.2023	196.448	2,5452	2,93	75.593
Capital Increase 26.01.2023	394.104	2,5374	3,28	292.662
				368.255
				Value of the derivative recognized in the previous year (12/12/2022)
				(99.093)
				Total recognized in the “17. Fair value changes in financial instruments” line item of the income statement for the year (loss)
				269.162

Financing agreement – Convertible bonds

On 27 April 2023, the Parent Company entered into a third financing agreement with Nice & Green, S.A., with characteristics similar to the previous agreements, although involving different financing instruments, as this agreement relates to the issuance of Convertible Bonds. The Extraordinary General Shareholders’ Meeting of the Parent Company held on 20 June 2023 resolved to delegate to the Board of Directors, pursuant to Article 297.1.b) of the Spanish Companies Act (LSC), the authority to issue convertible bonds into shares of the Parent Company for a maximum conversion amount of €20 million, as well as to increase the share capital in the amount necessary to cover the conversion of the convertible bonds, all of the above with exclusion of pre-emptive subscription rights, in accordance with Article 417 of the LSC, with Nice & Green, S.A. being the sole recipient of the issuance. This delegated authority is subject to the condition that the total share capital increases resolved, whether in one or several tranches, shall in no case exceed half of the share capital at that time, i.e. €360,466.40.

The number of New Shares to be issued upon conversion of each Convertible Bond shall be determined in accordance with the following formula:

$$N = V_n / P$$

Where:

- * “N” means the number of New Shares to be issued.
- * “V_n” means the Subscription Price of the Convertible Bonds.
- * “P” means the higher of (i) the Issue Price rounded to four decimal places; or (ii) the nominal value of the Shares.

The “Issue Price” shall be calculated as follows:

$$\text{Issue Price} = \text{Reference VWAP} \times 92\%$$

The “Reference VWAP” means the lower of (i) the VWAP published on the Trading Business Day immediately preceding the Conversion Date; and (ii) the VWAP of the three (3) Trading Business Days immediately preceding a Conversion Date. For the purposes of calculating the Reference VWAP, the VWAP of those Trading Business Days on which the Bondholder has sold more than 15% of the daily trading volume of the Shares shall be excluded.

Issuances and conversions under the Convertible Bond agreement

On 21 July 2023, the Parent Company requested the first issuance for conversion of convertible bonds in the amount of €5,000,000 (500 bonds with a nominal value of €10,000 each), which was formalised by public deed on 24 July 2023.

On 27 July 2023 and 5 October 2023, Nice & Green notified the conversion of €2,800,000 (280 bonds with a nominal value of €10,000 each) and €2,200,000 (220 bonds with a nominal value of €10,000 each), respectively, under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
27/07/2023	2.800.000	1.214.655	2,2648	0,04	2,3048	48.594	2.751.404
5/10/2023	2.200.000	1.214.855	1,7003	0,04	1,6603	51.756	2.148.244

In relation to the first conversion referred to above, it was formalised by public deed on 2 August 2023 and subsequently registered with the Commercial Registry on 12 September 2023. In relation to the second conversion referred to above, it was formalised by public deed on 17 October 2023 and subsequently registered with the Commercial Registry on 6 November 2023.

On 6 October 2023, the Parent Company requested the second issuance for conversion of the convertible bonds for an amount of €1,900,000 (190 bonds with a nominal value of €10,000 each), which was formalised by public deed on 24 July 2023.

On 6 October 2023 and 8 November 2023, Nice & Green notified the conversion of €800,000 (80 bonds with a nominal value of €10,000 each) and €600,000 (60 bonds with a nominal value of €10,000 each), respectively, under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
6/10/2023	800.000	470.506	1,7003	0,04	1,6603	18.820	781.181
8/11/2023	600.000	287.053	2,0902	0,04	2,0502	11.482	588.516

In relation to the first conversion referred to above, it was formalised by public deed on 17 October 2023, and was registered with the Commercial Registry on 11 November 2023. In relation to the second conversion referred to above, it was formalised by public deed on 16 November 2023, and was registered with the Commercial Registry on 20 December 2023.

The differences between the nominal value of the amounts converted into shares and the value of such debt measured at amortised cost gave rise to a financial expense recognised under the heading “15. Financial expenses” in the consolidated income statement amounting to €556,525 (recognised in the second half of the 2023 financial year), generating an increase in the share premium for the same amount.

As of 31 December 2023, €500,000 remained pending conversion from the issuance mentioned above for €1,900,000. On 3 January 2024, Nice & Green notified the conversion of such €500,000 (50 bonds with a nominal value of €10,000 each), under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
3/01/2024	500.000	264.368	1,8913	0,04	1,8513	10.575	489.424

In relation to the above conversion, it was formalised by public deed on 11 January 2024, and was registered with the Commercial Registry on 5 February 2024.

The difference between the nominal value of the amount converted into shares and the value of such debt measured at amortised cost gave rise to a financial expense recognised under the heading “15. Financial expenses” of the consolidated income statement amounting to €43,479, generating an increase in the share premium for the same amount.

Amendment to the financing agreement – Convertible bonds

The aforementioned convertible bond financing agreement entered into on 27 April 2023 with Nice & Green, S.A. established a maximum conversion amount of €20 million. Said agreement was amended by means of a new addendum signed on 17 January 2024, mainly as follows:

- Reduction of the maximum amount that the investor may invest from the initially agreed €20 million to €11.1 million. The amount pending investment as of the date of signature of the addendum amounted to €4.2 million (420 bonds).
- With respect to this amount, it was agreed that Facephi would issue up to 7 tranches of 60 convertible bonds (€600,000) at monthly intervals.
- Agreement on the novation of the maturity of the loan agreement that the Parent Company maintains with Nice & Green, S.A. for an amount of €700 thousand, which was overdue as of 31 December 2023, establishing a loan repayment schedule of €100 thousand per month over the same period in which the 7 tranches referred to in the previous point are issued.

On 22 January 2024, the Parent Company requested the first issuance for conversion of the convertible bonds for an amount of €600,000 (60 bonds with a nominal value of €10,000 each), which was formalised by public deed on 19 February 2024.

On 23 February 2024, Nice & Green notified the conversion of the €600,000 (60 bonds with a nominal value of €10,000 each), under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
23/02/2024	600.000	334.057	1,7961	0,04	1,7561	13.362	586.637

In relation to the above conversion, it was formalised by public deed on 29 February 2024, and was registered with the Commercial Registry on 5 March 2024.

On 20 February 2024, the Parent Company requested the second issuance for conversion of the convertible bonds for an amount of €600,000 (60 bonds with a nominal value of €10,000 each), which was formalised by public deed on 28 March 2024.

On 18 March 2024, the Parent Company requested the third issuance for conversion of the convertible bonds for an amount of €600,000 (60 bonds with a nominal value of €10,000 each), which was formalised by public deed on 16 April 2024. The conversion of this tranche was effective in January 2025 (Note 18); therefore, such amount is recognised under short-term liabilities (Note 11.3.b).

On 15 May 2024, Nice & Green notified the conversion of the second and third tranches for €600,000 each (120 bonds with a nominal value of €10,000 each), under the following conditions:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
15/05/2024	1.200.000	701.303	1,7111	0,04	1,6711	28.052	1.171.947

In relation to the above conversion, it was formalised by public deed on 27 May 2024, and was registered with the Commercial Registry on 12 June 2024.

The differences between the nominal value of the amounts converted into shares mentioned above and the value of such debt measured at amortised cost gave rise to a financial expense recognised under the heading “15. Financial expenses” of the consolidated income statement amounting to €156,522, generating an increase in the share premium for the same amount.

On 22 April 2024, the Parent Company requested the fourth issuance for conversion of the convertible bonds for an amount of €600,000 (60 bonds with a nominal value of €10,000 each), which was formalised by public deed on 2 May 2024. The conversion of this tranche was effective in January 2025 (Note 18), and therefore such amount is recognised under short-term liabilities as of 31 December 2024 (Note 13.3.b).

Financing agreement – Nice & Green Convertible Loan

On 22 August 2024, a new loan agreement was entered into with Nice & Green, S.A. for an amount of €1,800,000, which replaced the amount corresponding to the three tranches pending drawdown under the previously mentioned convertible bond agreement.

On 23 December 2024, the Parent Company resolved, at an Extraordinary General Shareholders' Meeting, to carry out a share capital increase through the offsetting of credits in respect of said loan:

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium
22/11/2024	1.800.000	1.126.837	1,6277	0,04	1,5877	45.073	1.789.079

In relation to the above conversion, it was formalised by public deed on 16 January 2025, and was registered with the Commercial Registry on 6 February 2025.

Financing agreement – Convertible loan

On 14 May 2024, the Parent Company entered into two agreements simultaneously with Hancom Inc., one relating to investment and the other to collaboration. The investment agreement consisted of the following:

- An investment by HANCOM in the amount of €5,000,000, which was carried out through an equity-convertible loan. The aforementioned loan bore an annual interest rate of 0.2% and was capitalised through a share capital increase by offsetting of credits, with a conversion price per share of €2.95 having been agreed.

On 19 August 2024, the Parent Company resolved, at an Extraordinary General Shareholders' Meeting, to carry out a share capital increase by offsetting credits in respect of said loan, in the amount of €5,001,306.

Notification date	Amount	Conversion (shares)	Exercise price	Par value	Issue premium	Capital	Issue premium	Other equity instruments
19/08/2024	5.001.306	1.695.358	2,95	0,04	2,91	67.814	2.576.944	2.356.548

Additionally, the share premium resulting from the difference between the exercise price and the share price at the time of the capital increase has been recognised in the Company's equity as another equity instrument in the amount of €2,356,548 and transferred to the income statement of the financial year according to its allocation over the useful life of the agreement. From the remaining amount recorded in equity, the corresponding portion has been recognised as a deferred tax liability (Note 11). In addition, the income recognised in the consolidated income statement for the financial year amounts to €497,135 (Note 13.d).

The aforementioned capital increase was formalised by public deed on 24 October 2024 and registered with the Commercial Registry on 20 November 2024.

a.1) Share capital and share premium formalised in previous financial years

The terms of the capital issuances executed and formalised in previous financial years pursuant to the framework financing agreement entered into on 16 September 2019 with Nice & Green, S.A. were disclosed in detail in the notes to the individual annual financial statements of the Parent Company for those financial years. Section a.1) above likewise details the equity impact of each of the capital issuances and increases carried out in the 2024 and 2023 financial years.

A.2) Significant shareholdings

Pursuant to Article 228 of the Consolidated Text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, as well as BME Growth Circular 3/2020, as of 31 December 2023, the shareholders holding a direct or indirect interest equal to or greater than 5% of the share capital of the Parent Company are as follows:

	%	%
	12.2025	12.2024
Nice & Green S.A.	28,9%	19,10%
Hancom	6,37%	6,98%
Javier Mira Miró*	3,31%	3,23%
Juan Alfonso Ortiz Company	3,03%	3,15%

* 5.20% (5.06% in 2024), taking into account the 141,470, 35,196, 33,000 and 235,001 shares pledged as collateral to Nice & Green, S.A.

4.96% (4.83% in 2024), taking into account the 150,586, 26,080, 43,666 and 235,001 shares pledged as collateral to Nice & Green.

c) *Treasury shares*

The total amount of treasury shares as of December 31, 2025 amounts to € 436,934 (€ 341,646 as of December 31, 2024) and corresponds to 178,484 shares (198,147 shares at the end of the previous year), representing 0.75% (0.82% in 2024) of the Company's share capital and remaining below the limit set by Article 509 of the Spanish Companies Act, which establishes a maximum threshold of 10%.

On February 27, 2020, the General Shareholders' Meeting approved authorizing the Board of Directors to acquire treasury shares under the following terms:

- For a maximum period of 5 years from the adoption of the resolution.
- For a maximum number of shares of 10% of the share capital.
- With a minimum and maximum consideration, when the acquisition is onerous, which may vary by +/- 10% of the market value at the date of acquisition.

The movement during the 2025 financial year is as follows:

	2024	Compras	Ventas	2025
Treasury shares cost	341.646	1.782.361	(1.687.073)	436.934

The movement during the 2024 financial year is as follows:

	2023	Compras	Ventas	2024
Treasury shares cost	393.976	379.559	(431.889)	341.646

During the 2025 financial year, the parent Company carried out sales of treasury shares, resulting in a net loss of €95,288 (a net profit of €52,330 as of 31 December 2024). These amounts have been recorded as an increase in equity under the "Voluntary Reserves" caption.

c) *Reserves and retained earnings from prior years*

The breakdown of reserves as at the end of the 2025 and 2024 financial years is as follows:

	Euros	
	2025	2024
Legal reserve	139.462	139.462
Voluntary reserves	589.275	314.640
Merger reserves	(592.985)	(592.985)
Total	135.752	(138.883)

Legal Reserve

According to the provisions of Article 274 of the Spanish Companies Act (Ley de Sociedades de Capital), companies that obtain net profits in a financial year, after deducting taxes, are required to allocate 10% of such profit to a legal reserve until it reaches at least one fifth of the share capital. This reserve may only be used, where applicable, to offset debit balances in the profit and loss account, and must be replenished if it falls below the required level.

Voluntary reserves

As of 31 December 2025 and 2024, voluntary reserves include undistributed profits from prior years that were neither allocated to mandatory reserves nor distributed.

These reserves are freely available, except for the portion whose distribution would cause consolidated equity to fall below the amount of share capital.

As shown in the Consolidated Statement of Changes in Equity, during the 2025 financial year the Company recorded a charge against these reserves in the amount of €3,023 (€21,975 in the previous year).

d) Application of 2024 results and proposed distribution of the 2025 financial year result

The proposed distribution of the result for the year ended 31 December 2025, pending approval by the General Shareholders' Meeting, is as follows:

Distribution base	2025	2024
Profit (Loss) for the year, net of corporate income tax	362.737	(12.380.247)
Total distribution base	362.737	(12.380.247)
Allocation	326.463	---
To prior years' retained earnings (losses)	36.274	---
To legal reserve	---	---
To voluntary reserves	362.737	(12.380.247)

The application of the result for the year ended 31 December 2024 was approved by the General Shareholders' Meeting at its meeting held on 16 June 2025.

Restrictions on dividend distribution

The Company is required to allocate 10% of annual profits to the legal reserve until this reserve reaches at least 20% of share capital. This reserve, while it does not exceed the 20% threshold of share capital, is not distributable to shareholders.

Once the allocations required by law or the bylaws have been covered, dividends may only be distributed out of profit for the year or freely distributable reserves if:

- The value of equity is not, and as a result of the distribution does not become, lower than share capital. For this purpose, profits directly recognized in equity may not be distributed, either directly or indirectly. If there are accumulated losses from prior years that result in equity being lower than share capital, profits must first be used to offset those losses.

- The Company's assets do not include intangible assets arising from capitalised R&D expenses and/or goodwill. In this case, dividends may only be distributed if the amount of distributable reserves is at least equal to the net book value of non-amortised intangible assets.

The Company has not distributed dividends since its incorporation.

11.2 Grants

The amount and characteristics of the grants included in the balance sheet as of 31 December 2025 and 2024 under the heading "Grants, donations and legacies", as well as the movements during the current and prior financial years, are as follows:

Entity	Year	Amount	Balance 31.12.24	Additions during the year	Transferred to profit or loss 31.12.25	Tax Effect	Adjustments (note 2.g)	Balance 31.12.25
IMIDCA	2021	110.884	41.581	---	(11.088)	629	2.143	33.265
IMINOD	2021	25.154	7.546	---	(2.515)	2.772	(2.143)	5.660
Red.es	2022	1.270.090	596.987	---	(111.132)	27.783	---	513.637
PIDI2024_FRE	2024	50.725	19.038	---	---	---	---	19.038
INNOVATEiC	2024	43.723	8.728	---	---	---	---	8.728
PIDI2024	2024	50.859	15.517	---	---	---	---	15.517
		1.551.435	689.397	---	(124.735)	31.184	---	595.846

Entity	Year	Amount	Balance 31.12.23	Additions during the year	Transferred to profit or loss 31.12.24	Tax Effect	Adjustments (note 2.g)	Balance 31.12.24
CDTI	2018	180.390	6.799	---	(9.065)	2.266	---	---
IMIDCA	2021	110.884	58.214	---	(22.177)	5.544	---	41.581
IMINOD	2021	25.154	11.319	---	(5.031)	1.258	---	7.546
Red.es	2022	1.270.090	553.510	76.289	(212.851)	53.214	126.825 *	596.986
PIDI2024_FRE	2024	50.725	---	27.117	(1.733)	(6.346)	---	19.038
INNOVATEiC	2024	43.723	---	12.415	(777)	(2.910)	---	8.728
PIDI2024	2024	50.859	---	21.800	(1.111)	(5.172)	---	15.517
		1.731.825	629.842	137.621	(252.745)	47.854	126.825	689.397

H2020 is the largest European funding programme for research and innovation projects, with a total budget of approximately €80 billion between 2014 and 2020. The SME Instrument programme has been specifically designed to support highly innovative SMEs with strong growth ambition and international expansion potential, in order to boost their success in the market.

At the end of 2016, the parent company signed an agreement with the European Commission to receive funding for expenses arising from the development of its activity over the following 24 months, for the implementation of the FACCES facial recognition project in banking security.

Under this agreement, the grant awarded amounted to a maximum of €1,692,600, corresponding to 70% of the development costs totalling €2,418,000.

The costs incurred and associated with the subsidised project consisted, on the one hand, of personnel costs capitalised as intangible assets, and on the other hand, of operating costs. Therefore, the grant has both a capital and an operating component, which, according to the costs incurred by the parent company in prior years, was allocated in proportions of 19.81% and 80.19%, respectively.

Additionally, in 2020, following the acquisition of the subsidiary Ecertic Digital Solutions, S.L.U., the Group recognised a net amount of €116,168 corresponding to a grant awarded in 2018 for a gross amount of €180,390, intended to finance the development of a digital identity accreditation platform using biometric technology.

During 2021, the Group benefited from the following capital grants:

- On 30 November 2021, the Valencian Institute of Business Competitiveness (IVACE) approved a grant of €70,663 for “SME Innovation Projects. Innovation in ICT (INNOVATEiC-CV) 2021”, with eligible costs of €162,500. The eligible expenditure period runs from 1 January 2021 to 31 December 2022. The project was fully executed during the first half of 2022.
- On 23 December 2021, IVACE approved a grant of €141,369 for “R&D Projects in Cooperation (PIDCOP-CV) 2021”, with eligible costs of €235,615. The project execution period ran from 11 March 2021 to 31 December 2022.

During 2022, the parent company was awarded a grant from RED.ES, M.P. under the 2021 call for proposals for research and development projects in artificial intelligence and other digital technologies and their integration into value chains, amounting to €1,270,090, corresponding to personnel and collaboration costs of €1,587,519. In 2024, the Group reclassified to capital grants the costs incurred in the year that were capitalised, for a gross amount of €199,220, and also transferred directly to “Operating subsidies recognised in profit or loss” the subsidised costs recorded as expenses in the year, amounting to €40,247 (Note 13.d).

Finally, during 2024, the parent company received three grants from IVACE under the 2023 call for research and development projects:

- On 13 December 2024, IVACE approved a grant for “SME Innovation Projects (PIDI-CV) 2024” with eligible costs of €162,523.50 and a grant of €50,725.42. The eligible expenditure period runs from 1 January 2025 to 30 December 2025.
- On 13 December 2024, IVACE approved a grant for “SME Innovation Projects (PIDI-CV) 2024” with eligible costs of €160,945 and a grant of €50,859. The eligible expenditure period runs from 1 January 2025 to 30 December 2025.
- On 7 November 2024, IVACE approved a grant for “SME Innovation Projects. Innovation in ICT (INNOVATEiC-CV) 2024” with eligible costs of €124,939 and a grant of €43,729. The eligible expenditure period runs from 1 January 2024 to 30 June 2025.

12. FINANCIAL LIABILITIES

12.1 Analysis by categories

The classification of financial liabilities, by categories and classes, as at 31 December 2025 and 2024 is as follows:

	Euros			
	Bank borrowings		Derivatives and others	
	2025	2024	2025	2024
Non-current financial liabilities				
Measured at amortised cost:				
Bank loans and borrowings	234.634	905.151	---	---
Finance lease payables (Note 6)	---	---	---	---
Other financial liabilities	---	---	---	---
Trade payables and other accounts payable	---	---	---	1.835.559
Total non-current	234.634	905.151	---	1.835.559
Current financial liabilities				
Measured at amortised cost:				
Bank loans and borrowings	6.955.465	9.171.315	---	---
Finance lease payables (Note 6)	---	83.908	---	---
Trade payables and other accounts payable	---	---	13.337.538	11.996.828
Other financial liabilities	---	---	1.585.822	2.148.801
Measured at fair value through profit or loss:				
- Derivatives (Note 10.1.a.3)	---	---	---	---
Total Current Liabilities	6.955.465	9.255.222	14.923.360	14.145.629

() These correspond to long-term amounts payable to commission agents associated with non-current customer balances.

12.2 Bank loans and borrowings

The breakdown of the composition of debts for bank loans and borrowings as of December 31, 2025 and 2024 is as follows:

	Euros			
	2025		2024	
	Short Term	Long Term	Short Term	Long Term
Bank loans and borrowings	6.870.815	234.634	8.843.657	905.151
Credit cards	25.814	---	34.223	---
Accrued interest not yet settled	58.836	---	293.435	---
Total	6.955.465	234.634	9.171.315	905.151

a) Loans with credit institutions

A breakdown of the most significant terms and conditions of outstanding financial loans as at 31 December 2025 and 2024 is as follows:

Type of transaction	Maturity	Limit	Euros			
			31.12.25		31.12.24	
			Short Term	Long Term	Short Term	Long Term
Loan (1)	03.04.28	1.000.000	171.148	234.634	167.188	405.782
Syndicated loan A	12.12.25	6.000.000	---	---	1.532.035	---
Syndicated loans B	12.06.26	5.000.000	5.000.000	---	5.000.000	---
Syndicated loans C	12.06.26	2.000.000	1.533.000	---	1.488.258	---

COFIDES loan	21.07.26	500.000	166.667	---	333.333	---
Loan (2)	08.05.27	1.000.000	---	---	322.843	499.369
Total			6.870.815	234.634	8.843.657	905.151

(1) (1) ICO SME Loan. On 3 May 2021, an extension of the principal grace period and maturity date was agreed.

(2) ICO SME Loan formalised in 2023, effective as of 8 May 2023. Linked to the RED.ES grant. During the second half of the 2025 financial year, the corresponding RED.ES grant amount was received and the related debt was repaid.

Interest rates on borrowings from credit institutions are based on €ibor plus a margin, which is considered to be within market levels. As at 31 December 2025, the Company has recognised €58,836 in accrued interest pending settlement (€293,435 as at 31 December 2024).

The average interest rate on long-term borrowings from credit institutions as at 31 December 2025 was 2.36% (5.29% in the previous year).

Syndicated financial restructuring agreement

On 14 December 2020, the parent Company entered into a syndicated financing agreement with a maximum limit of €13 million with the following banking institutions: Banco Santander, CaixaBank, Banco Sabadell, and Deutsche Bank. The facility is structured into three tranches:

- Tranche A: Nominal amount of €6 million, 5-year term, with semi-annual amortisation.
- Tranche B: Revolving credit facility. Nominal amount of €5 million, 3-year term, plus two possible one-year extensions. As of the reporting date, the outstanding balance under this tranche is classified as short-term, as it is subject to annual renewal by both parties.
- Tranche C: Revolving credit facility (bilateral agreements). Nominal amount of €2 million, 3-year term, with two annual extensions up to 5 years. As of the reporting date, the outstanding balance under this tranche is classified as short-term, as it is subject to annual renewal by both parties.

The above tranches (A, B and C) had a maturity date of 14 December 2025. On that date, Tranche A was fully repaid with its final instalment and completely settled.

On 12 December 2025, the parent Company and the financing institutions (Santander, CaixaBank, Sabadell and Deutsche Bank) signed a Novation Agreement for Tranches B and C, extending their maturity by six (6) additional months beyond the original terms established in the framework agreement, setting a new maturity date of 14 June 2026. All other financial and economic conditions of the revolving credit facility (Tranche B) and bilateral agreements (Tranche C) remain unchanged.

The syndicated financing agreement includes compliance with an annual financial covenant based on the ratio of Net Financial Debt to EBITDA, calculated using the Company's financial statements. As at 31 December 2025, the parent Company was in compliance with the agreed ratio.

The applicable interest rate for each interest period is €ibor plus an initial margin of 2.5%. This margin may vary depending on the evolution of the Net Financial Debt/EBITDA ratio at each review date.

Without prejudice to the unlimited personal liability of the parent Company under the above agreements, security interests were granted over the credit rights of operating bank accounts and the transitional loan repayment account associated with the facility (see Note 10). In addition, the parent Company granted a chattel mortgage over its trademarks, valued at €2,244,829 (see Note 4), as collateral for the obligations described above.

COFIDES loan

On 26 June 2023, the parent Company entered into a financing agreement with the Spanish Development Finance Institution (COFIDES) for the development of an investment project in the United Kingdom, consisting of its commercial establishment in that country through its subsidiary Facephi Beyond Biometrics, LTD (the “Project Company”), included in the consolidation scope.

The agreement provides for a loan with a term of three years and a maximum amount of €500,000. On 5 July 2023, the parent Company requested the full drawdown, receiving the funds on 21 July 2023. The principal is repaid in six equal semi-annual instalments.

The applicable interest rate for each interest period is €ibor plus a margin consisting of a fixed margin of 2.5% plus a variable margin of +/- 5%, which depends on the evolution of net sales of the Project Company.

The conditions of this loan require compliance with certain annual ratios applicable to the parent Company, based on Net Financial Debt to consolidated Equity, Net Financial Debt to EBITDA, and a co-financing ratio, calculated using the Company’s financial statements. As at 31 December 2024 and 2023, the Company did not comply with some of these ratios; therefore, the long-term portion of €166,667 was reclassified as short-term as of 31 December 2024, resulting in a total of €333,333 at that date. As at 31 December 2025, the full remaining amount is classified as short-term, as it becomes fully repayable in July 2026.

b) Trade payables and other accounts payable (long-term and short-term)

A breakdown of other financial liabilities as at 31 December 2025 and 2024 is as follows:

	Euros	
	2025	2024
Non-current trade suppliers	433.279	1.835.559
Total non-current trade suppliers	433.279	1.835.559
Suppliers	6.838.230	6.178.307
Suppliers, group and associated companies (note 16.b)	816.890	421.404
Trade payables for services rendered	---	(92.945)
Payables, invoices pending receipt	4.526.136	3.663.502
Personnel	1.156.281	1.809.312
Other payables to Public Administrations (note 13.1)	2.644.5147	2.622.562
Advances from customers	17.248	17.248
Total trade payables and other accounts payable	15.999.299	14.619.390

h) Other long-term and short-term financial liabilities

Type of Operation	Euros			
	Short Term		Largo plazo	
	2025	2024	2024	2024
Convertible debt into subsidies	83.980	83.980	---	---
Nice & Green loans	1.500.000	2.066.540	---	---
Other liabilities	3.144	327	---	---
Total	1.587.124	2.150.847	---	---

At the end of the 2025 financial year, the amount of grants received and considered refundable, and pending justification, totalled €83,980, recorded under current liabilities (the same amount as at 31 December 2024, recorded between current and non-current liabilities). In September 2025, the parent Company entered into a loan agreement with Nice & Green, the Company's main shareholder, for an amount of €1,500,000, intended to finance working capital needs. The loan bears interest at a variable rate of 1-month €ibor plus 3.50%. On 12 December 2025, the parent Company and Nice & Green signed a Loan Novation Agreement, under which the original maturity date of 31 January 2026 was subordinated to the prior maturity of Tranches B and C of the syndicated debt (see Note 12.2), and extended to 30 June 2026 (or up to 14 December 2026 if the syndicated debt has not been fully repaid by 30 June). However, Nice & Green retains the right to request conversion of the loan into equity before 30 June 2026.

During 2025, the Group capitalised a total of €2.6 million of principal owed to Nice & Green, as follows:

- € 1,500,000 recorded in the balance sheet as of December 31, 2024, arising from disbursements made by the investor on October 2, October 29, and November 29, 2024. As this is a financial instrument measured at amortized cost, the parent Company recognized implicit finance costs considering a 12-month period from each cash drawdown, since it was not known at issuance when it would be converted by the investor. The accrued implicit interest pending recognition as of December 31, 2024, under "pending conversion" amounted to € 19,366. This € 1,500,000 disbursement, together with an additional € 500,000 disbursed on January 3, 2025, formed part of a loan granted by the main shareholder Nice & Green. The parent Company capitalized this loan together with accrued interest under the following conditions: the VWAP of the five (5) business days immediately preceding April 2, 2025, resulting in a conversion price of € 2.43 per share (Note 18). On June 17, 2025, the transaction was notarized, and registered in the Commercial Registry on July 31, 2025, resulting in 847,378 shares. Implicit interest accrued as of June 30 from the transaction amounted to € 179,932.
- € 600,000 corresponding to the fourth and final conversion of 60 bonds with a nominal value of € 10,000 each, remaining from a total issuance of € 2,400,000. On January 10, 2025, Nice & Green notified this fourth and final conversion of € 600,000 (60 bonds of € 10,000 nominal each). The transaction was notarized on January 16, 2025, and registered in the Commercial Registry on February 11, 2025, resulting in 365,163 shares at a conversion price of € 1.64 per share (Note 18).

11.2 Maturity analysis

As at 31 December 2025, the amounts of financial liabilities with a fixed or determinable maturity, classified by maturity year, are as follows:

	Non-current financial liabilities				
	2026	2027	2028	Subsequent years	Total
Borrowings from credit institutions	6.955.465	175.274	59.360	---	7.190.099
Finance lease payables	---	---	---	---	---
Other financial liabilities	1.585.822	433.279	---	---	2.019.101
Total	8.541.287	608.553	59.360	---	9.209.200

	Non-current financial liabilities				
	2025	2026	2027	Subsequent years	Total
Borrowings from credit institutions	9.171.314	518.315	327.511	59.325	10.076.465
Finance lease payables	83.908	---	---	---	83.908
Other financial liabilities	2.148.801	1.835.559	---	---	3.984.360
Total	11.404.023	2.353.874	327.511	59.325	14.144.733

12.5 Information on average supplier payment period. Additional Provision Three – “Duty of disclosure” of Law 15/2010, of 5 July

In compliance with the disclosure requirements established in Additional Provision Three of Law 15/2010 (as amended by Final Provision Two of Law 31/2014, of 3 December), which establishes measures to combat late payment in commercial transactions, the following information is provided on the average supplier payment period in commercial transactions, prepared in accordance with ICAC Resolution of 29 January 2016:

Concepto	2025	2024
	Días	Días
Average payment period to suppliers	88	68
Paid transactions ratio	80	54
Outstanding payment ratio	117	101
	Euros	
Total payments made	21.787.117	15.691.819
Total outstanding payments	6.444.643	6.461.303

2025	2024
------	------

Número de facturas		
Total number of invoices paid	4.628	3.890
Number of invoices paid within the legal payment period	4.226	3.403
%	91%	87%
Importe en Euros		
Total number of invoices paid	21.787.117	15.691.819
Number of invoices paid within the legal payment period	12.912.081	10.617.069
%	59%	68%

For these purposes only, the term “trade payables” includes the items “suppliers” and “other creditors” relating to debts with suppliers of goods or services, falling within the scope of the legal payment terms regulation. The concept of “net purchases and external services expenses” includes the amounts recorded as such in accordance with the Spanish General Accounting Plan.

13. PUBLIC ADMINISTRATIONS AND TAX POSITION

13.1 Balances with Public Administrations

The composition of amounts receivable from and payable to Public Administrations at the end of the financial year is as follows:

	Euros			
	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Deferred tax assets (Note 13.4)	1.183.725		1.795.844	
Tax authorities – receivable for:				
• VAT	331.848		627.497	
• Other	---		---	
Other Public Administrations: granted subsidies*	169.313		1.415.403	
Other receivables from Public Administrations	501.161		2.042.900	
Deferred tax liabilities (Note 13.4)		467.089		694.652
Social Security Institutions – payables		421.928		364.192
Tax authorities – payable for:				
• Personal income tax withholdings		961.765		732.925
• VAT		1.235.656		1.525.387
Other payables to Public Administrations		2.619.349		2.622.562
Current tax assets / liabilities	1.467.092	25.164	1.624.899	---

* The Directors consider that there are no doubts as to the recoverability of this balance, as the conditions set out in the grant agreements have been met and the related justification has been submitted, pending receipt of the funds during the 2025 financial year.

13.2 Tax years subject to inspection

According to current tax legislation, taxes cannot be considered finally settled until the tax returns have been reviewed by the tax authorities or the statutory four-year limitation period has expired. As at 31 December 2025, all significant taxes applicable to the Company for financial years since 31 December 2021 remain open to inspection.

Management considers that all applicable taxes have been appropriately calculated and filed. However, as a result of any future inspection, differences in interpretation of current tax regulations could arise, potentially giving rise to additional tax liabilities. Nevertheless, Management does not expect that any such liabilities, should they materialise, would have a significant impact on the Annual Accounts.

13.3 Reconciliation between accounting profit and current corporate income tax expense

Corporate income tax is calculated on the basis of accounting profit determined in accordance with generally accepted accounting principles, which does not necessarily coincide with taxable profit (the tax base).

The reconciliation between accounting profit and the Corporate Income Tax tax base is as follows:

	Euros			
	Increase	Decrease	2025	2024
Accounting profit/(loss) before tax			322.566	(10.826.588)
Permanent differences:				
• Other non deductible expenses	40.948		40.948	42.213
•• Non deductible expenses (Tax Lease R&D)	431.195	(508.627)	(77.432)	
•• Non deductible expenses (impairment of investment and receivable from subsidiary)	523.193		523.193	5.076.484
•Variaciones del VR de instrumentos financieros y gastos financieros (nota 11.1. a.1)				
Income / (expenses) recognised directly in equity				
• Capital increase costs (Note 11.1.c)		(4.030)	(4.030)	(29.300)
Tax base			805.245	(5.228.564)
Gross tax charge (25%)			201.312	---
Tax loss carryforwards applied (prior years)			(100.656)	---
Double taxation relief applied			(50.328)	---
• Subsequent years				---
• Prior years			(50.328)	---
R&D deductions applied			(25.164)	---
Net tax payable			25.164	---
Withholdings and payments on account			---	---
Tax payable / (refundable)			25.164	---

The amortisation expense of the TAX LEASE intangible asset is included as a permanent difference, as it is not tax-deductible. This is because the Economic Interest Grouping (AIE) is already applying the corresponding tax deduction, and, for reasons of symmetry of transactions, the Company cannot also deduct it. The TAX Lease amortisation for 2024 is included, as the ownership of the intangible asset has already been recovered.

The permanent differences at the end of the 2025 and 2024 financial years mainly relate to the treatment as non-deductible expenses of penalties and surcharges, as well as changes in the fair value of financial instruments (derivatives), impairment of the investment and receivable from the subsidiary (Note 8), and financial expenses related to the various capital increases, as disclosed in Note 11.1.

The accounting tax expense/(income) for Corporate Income Tax for the 2025 and 2024 financial years has been calculated as follows:

	Euros	
	2025	2024
Recognition of deductions for withholding taxes at source	---	---
Use/(activation) of current-year tax deductions	---	---
Tax on taxable base – current expense/(income)	---	---
Use of tax credit for tax loss carryforwards (Facephi)	---	---
Recognition of tax deductions	(91.508)	(1.561.856)
Current income tax expense/(income)	25.164	(1.561.856)
Tax credit for capital increase expenses	1.008	7.325
Deferred tax expense/(income)	26.171	7.325
Derecognition/(recognition) of deductions and tax credits due to change in estimate (note 13.4)	---	3.108.191
Total Income Tax expense/(income)	(40.171)	1.553.659

13.4 Deferred tax assets and liabilities

Deferred tax assets

In accordance with the prudence principle, deferred tax assets arising from deductible temporary differences, tax losses and unused tax credits are only recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Tax credits pending application

As of December 31, 2025 and 2024, the breakdown of unused tax deductions according to the corporate income tax returns filed and the current-year tax forecast is as follows:

As of December 31, 2025

Concept	Year	2023	Gen.	Mon.	Change Estimation	2024	Gen.	Change Estimation	31.12.2025
International double taxation	2018	57.862	---	---	(57.862)	---	---	---	---
R&D – ECERTIC merger	2018	97.364	---	---	---	97.364	---	---	97.364

Research and development	2019	90.089	---	---	---	90.089	(25.164)	---	64.925
International double taxation	2020	205.158	---	---	(205.158)	---	---	---	---
Research and development	2020	208.398	---	(208.398)	---	---	---	---	---
Film production incentives	2020	126.632	---	---	(126.632)	---	---	---	---
International double taxation	2021	316.078	---	---	(316.078)	---	---	---	---
Research and development	2021	245.391	---	(230.484)	26.150	41.057	---	---	41.057
International double taxation	2022	97.648	---	---	(97.648)	---	---	---	---
Donation tax credit (35%)	2022	998	---	---	---	998	---	---	998
Research and development*	2022	1.657.744	---	---	(32.845)	1.624.899	(1.624.899)	---	0
International double taxation	2023	579.375	---	---	(579.375)	---	---	---	---
Donation tax credit (35%)	2023	4.480	---	---	---	4.480	---	---	4.480
Research and development	2023	---	1.561.857	---	---	1.561.857	(1.467.092)	16.466	111.231
Research and development	2024	---	---	---	---	---	---	66.076	66.076
International double taxation	2024	---	507.142	---	(507.142)	---	---	---	---
Donation tax credit (35%)	2024	---	---	---	---	8.965	---	---	8.965
International double taxation	2025	---	---	---	---	---	788.630	---	788.630
Total		3.687.217	2.068.999	(438.882)	(1.896.590)	3429709	(2.328.525)	82.542	1.183.726

* Amount included under current tax assets, as the Company applied for cash monetisation of this credit in the 2024 corporate tax return and it was collected in January 2026.

As at 31 December 2024:

Concept	Year	2023	Gen.	Mon.	Change of Estimation	2024
International double taxation	2018	57.862	---	---	(57.862)	---
R&D – ECERTIC merger	2018	97.364	---	---	---	97.364
Research and development	2019	90.089	---	---	---	90.089
International double taxation	2020	205.158	---	---	(205.158)	---
Research and development	2020	208.398	---	(208.398)	---	---
Film production incentives	2020	126.632	---	---	(126.632)	---
International double taxation	2021	316.078	---	---	(316.078)	---
Research and development	2021	245.391	---	(230.484)	26.150	41.057
International double taxation	2022	97.648	---	---	(97.648)	---
Donation tax credit (35%)	2022	998	---	---	---	998
Research and development*	2022	1.657.744	---	---	(32.845)	1.624.899
International double taxation	2023	579.375	---	---	(579.375)	---

Donation tax credit (35%)	2023	4.480	---	---	---	4.480
Research and development	2023	---	1.561.857	---	---	1.561.857
International double taxation	2024	---	507.142	---	(507.142)	---
Total		3.687.217	2.068.999	(438.882)	(1.896.590)	3.420.744

Double taxation deductions mainly relate to withholding taxes applied on sales invoiced in LATAM countries.

During 2024, the Company recognised the R&D deduction corresponding to 80% of the Tax Lease amount relating to 2023, amounting to € 1,561,857, collected in January 2026. In line with both the 2025 Budget and the Business Plan, Facephi began using these credits in 2025 and expects to continue doing so in future years.

Tax loss carryforwards

The Company has the following tax loss carryforwards available to offset against future taxable profits:

As at 31 December 2025

Year generated	Euros				
	Tax bases pending from 2024	Generated in 2025	Offset in 2025	Tax bases pending from 2025	Tax Credit
Financial year 2025	--	---	---	---	---
Financial year 2024		5.228.564		5.228.564	---
Financial year 2023	4.873.183	--	---	4.873.183	---
Total	4.873.183	5.228.564	---	10.101.747	

As at 31 December 2024

Year generated	Euros				
	Tax bases pending from 2023	Generated in 2024	Offset in 2024	Tax bases pending from 2024	Tax Credit
Financial year 2024		5.228.564		5.228.564	---
Financial year 2023	4.873.183	--	---	4.873.183	---
Total	4.873.183	5.228.564	---	10.101.747	

Deferred tax liabilities

The Group includes in this item, as at 31 December 2025 and 2024, the temporary differences arising from grants received and recognised in profit or loss for the year.

The movement in this caption during the 2025 and 2024 financial years is as follows:

Euros

	2025	2024
Opening balance	679.652	209.947
Temporary differences generated/(reversed) due to:		
- Capital grants received	---	25.763
- Capital grants transferred to profit or loss	(31.184)	(63.186)
- Other	(196.379)	464.853
- Capital grants adjustment	15.000	42.275
- Translation differences	---	---
Closing balance	467.089	679.652

14. INCOME AND EXPENSES

a) Net turnover

The Group's consolidated net revenue from ordinary activities is distributed geographically as follows:

Market	%	
	2025	2024
Spain	0,06	0,81
Rest of the European Union	0,04	---
Rest of countries	99,90	99,19
Total	100,00	100,00

Likewise, 100% of net revenue corresponds to income from services rendered by the Group's companies.

Line item	%	
	2025	2024
Rendering of services	100	100
Total	100	100

As of 31 December 2025, the Group has recognised an amount of €646,898 (€735,589 as at 31 December 2024) under the "Short-term accruals" caption within current liabilities in the accompanying balance sheet, corresponding to estimated revenue from support and maintenance services and SaaS (cloud) services, the recognition of which has not yet been accrued.

It should be noted that, due to certain long-term licensing contracts with deferred billing, financial income is generated which is commercial and operational in nature, as a consequence of recognising revenue at its present value. The financial income accrued in the 2025 financial year amounts to €602 thousand (€311 thousand in 2024), of which €502 thousand correspond to the

recognition of the net present value adjustment of various customer balances that move from non-current to current.

b) Procurement

This line item in the income statement includes the costs accrued for the use, under licence, of certain computer programs and software necessary for the development of products that the Company will subsequently commercialise under licence, amounting to €6,113,286 as of 31 December 2025 (compared to €7,226,801 in 2024).

b) Work performed by the Group for its own assets.

	%	
	2025	2024
Work performed by the Group for its own assets.:		
• Facephi	4.619.329	4.584.481
Total	4.619.329	4.584.481

The Group has continued developing improvements and new versions of its software applications, which has resulted in the capitalisation of the amounts detailed in the table above within intangible assets (see Note 4).

c) Other operating income

- Ancillary income and other current operating income

	Euros	
	2025	2024
Income from services provided to employees	108.393	85.731
Income from sale of tax credits (TAX LEASE)	2.635.000	1.922.759
Sale of software distribution rights to related parties	119.572	711.865
Royalty income	785.516	497.135
Total	3.648.481	3.217.490

In September 2024, the parent Company signed a series of agreements with an investor that resulted in the temporary transfer of the R&D activity related to the development of a project to an Economic Interest Grouping (EIG) established by the investor. The transfer of the R&D activity was structured in such a way that it generated remuneration for the parent Company in relation to the project developed during the 2024 financial year, which resulted in income of €1,922 thousand in 2024.

In addition, under the aforementioned agreements, the parent Company retained the right to recover the transferred R&D activity. Therefore, the development costs incurred to generate such R&D are recognised as an intangible asset in the parent Company's accounts as at 31 December 2024 and are subject to amortisation (see Note 4). This right has been exercised during the current financial year.

In May 2025, the parent Company signed a new series of agreements with an investor that resulted in the temporary transfer of the R&D activity related to the development of a project to an Economic Interest Grouping (EIG) established by the investor. This transfer generated remuneration for the parent Company in relation to the project developed in the 2025 financial year, which has generated income of €2,635 thousand in 2025.

Furthermore, under the terms of the agreements, the parent Company retains the right to recover the transferred R&D activity. Accordingly, the development costs incurred to generate such R&D are recognised as an intangible asset in the Company's accounts as at year-end and are subject to amortisation.

Additionally, the Group includes income accrued over time during the term of the HANCOM distribution agreement, arising from the difference between the conversion price and the fair value at the time of the agreement. As at 31 December 2025, the Group's management has recognised €785,516 in the income statement (€497,135 as at 31 December 2024).

- **Operating grants recognised in profit or loss**

In accordance with the criteria described in Note 3.10, as at 31 December 2025, the Group's management has not recognised any amount in the income statement (€40,247 as at 31 December 2024) (see Note 11.2).

d) Personnel expenses

	Euros	
	2025	2024
Wages, salaries and similar expenses	12.856.289	12.718.711
Severance payments	314.798	367.235
Employer social security contributions	2.518.907	2.163.223
Other staff expenses	262.575	181.708
Provisions	(55.970)	---
Total	15.896.599	15.430.877

The heading "Salaries, wages and similar expenses" includes, as of December 31, 2025, an amount of € 1,999 thousand corresponding to bonuses accrued and pending payment to the Company's employees (€ 1,865 thousand at the end of the previous year).

The average number of employees during the year, broken down by category, is as follows:

	Euros	
	2025	2024
Senior management	2	2
Technical and professional staff (scientific, intellectual and support)	151	149
Administrative employees	52	44

Sales, commercial and similar staff	7	7
Average total workforce	212	202

Likewise, the breakdown by gender of the Group's personnel at the end of the financial year is as follows:

	2025			2024		
	Men	Women	Total	Men	Women	Total
Executive directors	2	---	2	2	---	2
Technical and professional staff (scientific, intellectual and support)	133	23	156	132	21	153
Administrative employees	27	33	60	15	31	46
Sales, commercial and similar staff	6	1	7	6	1	7
Total workforce at year-end	168	57	223	154	54	208

As at 31 December 2025 and 2024, the Group has 3 employees with a recognised disability of 33% or higher.

The average number of employees with a disability equal to or greater than 33% during the 2025 financial year was 2 employees (the same number as in the 2024 financial year).

e) Other operating expenses

The breakdown by year of Other operating expenses is as follows:

	Euros	
	2025	2024
External services:		
Research and development expenses	---	---
Rentals and royalties (note 6)	665.744	696.680
Repairs and maintenance	55.406	41.127
Independent professional services	5.510.915	7.382.566
Transport	---	---
Insurance premiums	233.457	186.128
Banking and similar services	60.995	160.143
Advertising, publicity and public relations	1.636.822	1.201.244
Utilities (supplies)	42.903	45.767
Other services	2.864.512	2.563.642
Taxes	1.515	1.597
Losses, impairment and changes in provisions for uncollectible trade operations (note 9)	2.087.716	317.749
Other current operating losses	---	---

Other operating expenses	13.159.985	12.596.643
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f) Foreign currency: Exchange differences

The total amount of assets denominated in foreign currency amounts to € 20,771,588 (€ 25,052,586 in 2024). The breakdown of the most significant items is as follows:

Item	Moneda	Euros	
		2025	2024
Customers (foreign currency)	USD	20.690.530	21.430.315
Cash (foreign currency current account)	USD	50.090	3.587.576
Cash (foreign currency cash on hand)	USD	678	678
Fixed-term deposits (foreign currency)	USD	30.290	34.017
Total		20.771.588	25.052.586

The liabilities denominated in foreign currency are detailed as follows:

Elemento	Moneda	Euros	
		2025	2024
Payables (foreign currency)	USD	10.058.539	4.910.777
Payables (foreign currency)	GBP	---	23.412
Total		10.058.539	4.934.189

The amounts of transactions carried out in foreign currency are as follows:

	Euros	
	2025	2024
Services received (USD)	(8.437.265)	(9.665.039)
Services received (GBP)	(199.179)	(238.438)
Sales of services rendered (USD)	35.263.892	27.603.715
Total	26.627.448	17.700.238

The amount of exchange differences recognized in the profit and loss account for the period, separately showing those arising from transactions settled during the period and those still outstanding as of December 31, 2025 and December 31, 2024, is as follows:

Financial instrument	Moneda	Diferencia de cambio	
		2025	2024
Negative exchange differences on cash and cash equivalents	USD	199.447	174.571
Positive exchange differences on cash and cash equivalents	USD	(15.923)	(3.878)
Negative exchange differences on customer collections	USD	408.818	127.764
Positive exchange differences on customer collections	USD	(83.240)	(215.194)
Negative exchange differences on supplier payments	USD	85.186	79.729
Positive exchange differences on financial instrument balances	USD	---	(8.830)
Negative exchange differences on financial instrument balances	USD	19.201	11.925
Positive exchange differences on supplier payments	USD	(135.660)	(44.670)
Total for transactions settled during the year (+) / -		477.828	121.417

Financial instrument	Currency	Exchange Difference	
		2025	2024
Negative exchange differences on customer balances	USD	1.056.792	404.912
Positive exchange differences on customer balances	USD	470.372	(1.069.918)
Negative exchange differences on financial investment balances	USD	---	---
Positive exchange differences on financial investment balances	USD	---	---
Negative exchange differences on supplier balances	USD	87.086	289.955
Positive exchange differences on supplier balances	USD	(889.144)	---
Total for outstanding transactions (+) / -		725.135	(375.051)
Total exchange differences for the year recognized (+) / -		1.202.963	(253.633)

15. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

In accordance with the proposal of the Appointments and Remuneration Committee dated 7 May 2025, subsequently ratified by the General Shareholders' Meeting held on 28 June 2025, the remuneration of the Governing Bodies and the Board of Directors for the 2025 financial year is as follows:

- Senior management salary (CEO): a fixed amount of € 743,203, plus a variable component linked to the evolution of net turnover.

- Board of Directors' remuneration: an amount of € 440,000, which also covers remuneration of the members of the Audit Committee and the Appointments and Remuneration Committee.

In addition, although not formally included within the Appointments and Remuneration Committee, the functions performed by the Managing Director are considered senior management. Accordingly, a fixed remuneration of € 440,000 was approved for the 2025 financial year, plus a variable component linked to the evolution of net turnover. Pursuant to these agreements, the remuneration accrued as at 31 December 2025 and 2024 was as follows:

a) Remuneration of the members of the Board of Directors and Senior Management

During the 2025 and 2024 financial years, the members of the Board of Directors, some of whom are part of Senior Management, have accrued, in respect of statutory and salary remuneration, including Board expenses and fees, non-cash benefits, and liability insurance premiums for directors and executives, the following amounts:

	Euros	
	2025	2024
Remuneration:		
Senior Management remuneration	1.183.203	1.181.939
Senior Management variable remuneration	1.000.000	1.500.000
Board of Directors and Audit and Remuneration Committee fees	440.000	416.672
Other remuneration	62.599	62.599
Other remuneration	---	315.000
Insurance premiums	14.658	13.729
Total remuneration	2.700.460	3.489.939

No advances or loans were granted to Directors, nor were any pension or life-insurance obligations assumed with respect to current or former members of the Board of Directors or Senior Management. Likewise, no guarantees were granted on behalf of Directors or Senior Management.

b) Conflicts of interest involving Directors

In compliance with their duty to avoid situations of conflict with the Company's interests, during the 2025 and 2024 financial years, the Directors who held positions on the Board of Directors complied with the obligations set out in Article 228 of the consolidated text of the Spanish Companies Act.

Furthermore, both the Directors and their related parties refrained from engaging in situations of conflict of interest as defined in Article 229 of said Act, except in cases—none in the current or previous financial year—where the corresponding authorisation had been obtained.

16. BALANCES AND TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED-PARTY TRANSACTIONS

For the purposes of the presentation and preparation of these Annual Accounts, and in accordance with the financial reporting framework described in Note 2, another company is considered to form part of the Group when both entities are linked by a direct or indirect control relationship, analogous to that provided for in Article 42 of the Spanish Commercial Code, or when, in accordance with Rules 13 and 15 for the preparation of Annual Accounts, the companies are controlled by any means by one or more individuals or legal entities acting jointly or under a single management arrangement by virtue of agreements or bylaws.

In this regard, and as disclosed in Note 1, the Group and related companies linked to the Company under these circumstances as at 31 December 2025 and 2024 are as follows:

Group company (Art. 42 of the Spanish Commercial Code)	% ownership interest	Registered office	Main activity
FacePhi Biometría, S.A.	Parent company	Alicante- España	Marketing of facial biometrics solutions
FacePhi APAC, LTD	100%	Pangyo (Corea del Sur)	Marketing of facial biometrics solutions
Celmuy Trading, S.A.	100%	Montevideo (Uruguay)	Marketing and support services for facial biometrics solutions
FacePhi Beyond Biometrics Ltd. ⁽¹⁾	100%	Londres (UK)	Marketing of facial biometrics solutions
FacePhi Biometric Solutions Brasil Softwares Ltda. ⁽²⁾	100%	Sao Paulo (Brasil)	Marketing of facial biometrics solutions

(1) Company incorporated in the UK on 26 May 2022 (see Note 8).

(2) Company incorporated in Brazil on 10 July 2024 (see Note 8).

a) Financial investments in Group companies

Details of short- and long-term financial investments in Group companies are disclosed in Note 8.

b) Balances and commercial transactions with Group and related companies

Details of the Company's transactions with related parties during the 2025 and 2024 financial years are as follows:

	Euros ^(*)	
	Other services	
	2025	2024
Group companies:		
Celmuy Trading, S.A	(2.911.649)	(2.440.150)
Facephi APAC Ltd.	119.572	711.865
Total Group companies	(2.792.077)	(1.728.284)

(^(*)) Income / (Expenses)

Commercial transactions with related parties are carried out at market prices.

The balances outstanding with Group companies, excluding financial investments and financial receivables disclosed in Note 8, during 2025 and 2024 were as follows:

	Euros			
	Debit balances		Credit balances	
	2025	2024	2025	2024
Celmuy Trading, S.A	---	---	816.891	421.404
Total Group companies	--	--	816.891	421.404

17. ENVIROMENTAL INFORMATION

The Company does not hold any significant assets classified as property, plant and equipment aimed at minimizing environmental impact or protecting the environment, nor has it incurred significant expenses during the year for the purpose of environmental protection and improvement.

As of the reporting date, no contingencies related to environmental protection and improvement are known, nor any potential impact on the Company's results or financial position.

No environmental grants have been received.

18. GUARANTEES AND OTHER COMMITMENTS

The parent Company has issued guarantees to secure the performance of service and licensing agreements entered into with certain customers. The breakdown of these guarantees as of December 31 is as follows:

Issuance	Maturity	Currency	Euros	
			31.12.25	31.12.24
8/5/20	2/10/25	€	---	5.000
8/7/21	20/9/26	€ (*)	30.077	34.017
4/1/22	undefined	€	8.511	9.626
29/4/24	1/4/25	€	---	82.972
2/7/24	29/7/25	€	---	83.065
10/9/24	10/9/25	€	---	72.192
9/4/25	15/4/27	€	125.714	---
26/8/25	28/7/26	€	106.383	---
4/11/25	1/8/26	€	4.677	---
Total			275.362	258.739

(*) Pledged to a fixed-term deposit amounting to USD 35,500 (note 9)

19. OTHER INFORMATION

a) Auditor fees

On June 16, 2025, the General Shareholders' Meeting of the parent Company agreed to appoint KPMG Auditores S.L. as the Company's auditors for the financial years ended December 31, 2025, 2026 and 2027.

The estimated fees for the 2025 financial year for the various services contracted with the auditors, as well as the fees invoiced in 2024 by EY, are shown in the table below:

	Euros	
	2025	2024
Audit services:		
• Audit of the individual annual accounts	57.000	55.536
• Other non-budgeted costs	---	16.000
Other audit-related services:		
• Review of interim consolidated financial statements as of 30.06	23.000	23.504
Other special report services:	5.000	12.496
Total professional services	85.000	107.536

As of December 31, 2025, no additional fees have been incurred for other companies belonging to the same audit network (nor as of December 31, 2024 with the previous auditor).

b) Off-balance sheet arrangements

There are no agreements or contractual arrangements not recorded in the balance sheet for which information has not been included elsewhere in the notes to the financial statements, nor any potential financial impact, provided that such information would be material and useful for assessing the Company's financial position.

20. AFTER THE REPORTING PERIOD

In January 2026, the Company entered into a credit insurance policy with COFACE as coverage and guidance for the expected growth mainly in the EMEA region, preliminarily assessing the creditworthiness of the business pipeline.

In March 2026, the Company continued renewing the foreign exchange insurance (€-USD) that it implemented in July 2025 and which, up to February 2026, generated positive results in its profit and loss account and cash position exceeding € 500 thousand compared to having no hedging in place.

In March 2026, the Company signed with CAIXA a non-recourse factoring agreement with a limit of USD 4 million. As of the date of preparation of these annual accounts, the Company has used USD 2.9 million under this facility (representing 90% of trade receivables assigned to CAIXA).

The Company's Board of Directors considers that no other significant subsequent events have occurred that would affect the information included in these annual accounts.

Alicante, March 31, 2026.

MANAGEMENT REPORT

Facephi, leader in Digital Identity solutions

Facephi is a company that has been marketing digital identity solutions for more than 10 years. With extensive experience in the financial sector, it provides high-value solutions through the sale of products such as: **Onboarding**, applied in user registration processes or the contracting of new products, which automatically captures document information by verifying the person's face against a selfie, demonstrating the authenticity and liveness of the customer; and **Authentication**, applied in access processes and transaction continuity (1-1) and (1-N).

These solutions are marketed through a licensing model that may be: **pre-purchase**, whereby the customer contracts in advance a package of licences available for consumption, therefore renewing that volume once it has been exhausted; or **post-consumption**, whereby the customer has access to the technology, uses it, and is billed according to the usage carried out over a given period of time, with the frequency agreed in the contract (normally quarterly). Said solutions can be deployed in both **Cloud** and **On-premise** environments.

Facephi is an expert in digital identity verification of users, specialising in digital onboarding and biometric authentication solutions. It was created with the objective of creating digital processes that are safer, more accessible and free of fraud. To achieve this, it is committed to innovation through artificial intelligence and machine learning, applying blockchain technology and introducing decentralised digital identity.

With headquarters in Spain and subsidiaries in South Korea, Uruguay, the United Kingdom and Brazil, Facephi has a multidisciplinary team committed to offering the best technology to its customers. In 2026 it plans to open new subsidiaries in Canada and Peru.

Facephi develops its technology with the objective of achieving the best user experience, with the knowledge and prior consent of the customer. In this way, the Company complies with its high ethical standards and, furthermore, adheres to KYC, AML and GDPR regulations. Today, the company, which began as a leader in the financial industry—one of the sectors most demanding in terms of security—has presence in many others: insurance, healthcare, public administration, travel and transport, sporting events and shared mobility.

Facephi already has 300 million usage transactions worldwide and more than 350 customers, with a retention rate above 95%.

Its new product, **Facephi Identity Platform 360**, is a modular platform capable of combining different biometric solutions within a single tool, available in different architectures, and which integrates and incorporates behavioural biometrics and mule account detection as a technological solution to prevent complex fraud cases. This platform offers greater adaptability to compliance requirements and to the specific characteristics of any country, industry or use case where it is applied.

From the platform it will be possible to select and combine biometric solutions, including facial, periocular, fingerprint, voice, digital signature and behavioural biometrics, perform the reading of official identity documents, validate their authenticity and provide proof of life through passive liveness, as well as verify digital identity.

The development of this customisable no-code platform represents a significant evolution for the Company, which moves from providing individual biometric solutions to facilitating **a tool that allows each company or public entity to design, in a customised manner and according to its needs, its digital onboarding and authentication processes**. This modular solution incorporates real-time operations control, a dashboard with the most relevant performance indicators (KPIs), as well as transaction logging and statistics, among other functionalities. FacePhi, through its QA department, carries out periodic internal audits of its products and services. Even so, in its constant desire for improvement and refinement of the technology, the Parent Company has undergone various external audit and certification processes.

External audits:

The systems and technologies of FacePhi are subject to periodic audits in the areas of the General Data Protection Regulation (GDPR), Information Security (IS), Cybersecurity and Business Continuity (BC), through which internationally recognised compliance standards have been obtained, such as:

Legal compliance and data protection:

- **Data protection and Criminal Compliance:** We comply with the following regulations: the General Data Protection Regulation (GDPR) and the Organic Law on Personal Data Protection and Guarantee of Digital Rights (LOPDGDD), which are reinforced by information security certifications.
- **FACEPHI Criminal Risk Prevention Plan.** For Facephi, promoting integrity means acting in accordance with our values (responsible, excellent and innovative) in all our actions as a company. A key element of integrity is Compliance: compliance with the law and with our internal regulations. Facephi's Compliance System is divided into three levels of action: Prevent, Detect and Respond. These levels comprise an integrated system of activities through which we seek to ensure that our business is always carried out in accordance with applicable legislation and regulations, as well as on the basis of our own internal principles and guidelines.
- **Compliance Committee.** Its purpose is to review the application of the Compliance Plan, assess its effectiveness, and report quarterly to the Board of Directors on the dissemination, awareness and compliance with the Criminal Risk Prevention Plan, the Code of Ethics and the Insider Information Protocol in order to prevent market abuse practices.

Whistleblowing channel

The Company, in its firm commitment to regulatory and ethical compliance, has implemented a Whistleblowing Channel with the purpose not only of enhancing the promotion of an ethical culture and good governance, but also of preventing and detecting

any irregular, unlawful or criminal conduct. In October 2019, the European Union approved Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law, better known as the “Whistleblowing Directive”, in order to regulate in detail how whistleblowing channels must be structured, including matters such as: who is protected by the regulation, how channels are regulated, which organisations must implement them, the requirements they must meet and the protection afforded to whistleblowers or informants, among others.

Corporate Governance, Risk and Compliance

- **ISO/IEC 27001 (ISMS)**. Standard that enables assurance of the confidentiality, integrity and availability of information, as well as of the systems that process it.
- **ISO 22301**. Business Continuity Management System.
- **ISO 27017**. Security Controls for Cloud Services.
- **ENS**. Certification of compliance with the National Security Scheme (Medium category).
- **Pinakes Certification** (recognition that distinguishes the Company as an approved technology provider to any national banking institution).

Product and technology certifications:

- **ISO 30107-3 iBeta Level 1**. The Company complies with this standard in both the Facial Recognition algorithm (Matcher) and the PAD algorithm through Passive Liveness in accordance with ISO 30107.
- **ISO 30107-3 iBeta Level 2**. This represents compliance with the highest standard to date in presentation attack detection in Facial Biometric technologies achieved by any company in the sector.
- **KISA K-NBTC Certification**. Recognition that validates the performance of the identity verification algorithm developed by the Company, issued by the National Biometric Test Center (K-NBTC), belonging to the Korean Government Internet and Security Agency (KISA).
- **UK Digital Identity and Attributes Trust Framework (UK DIATF)**. The Company is certified as an Identity Service Provider (IDSP) for the United Kingdom Digital Identity framework in relation to the provision of secure and reliable digital identity services through its products and services.
- **SEPBLAC video-identification circulars**. The Company is certified as a provider of remote onboarding and digital identity services within the compliance framework issued by the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences.

Exchange of biometric information:

- **ANSI/NIST-ITL 1-2011.** Biometric data storage standard for system interoperability.
- **ISO/IEC 19794-5.** Specifies a format for storing, recording and transmitting facial image information, as well as scene limitations, photographic properties, digital image attributes and good practices.
- **ISO 30107-3: Information technology — Biometric presentation attack detection Level 1.** The Company is the only one in the sector that complies with this standard in both the Facial Recognition algorithm (Matcher) and the PAD algorithm through Passive Liveness in accordance with ISO 30107. The standard establishes the methodology for evaluating the robustness of a biometric algorithm against presentation attacks (fraud attempts). ISO 30107-3 is the most prestigious standard in biometrics at international level.

The independent testing laboratory that evaluated FacePhi is **iBeta**, which was selected for being the only entity worldwide to date whose biometric laboratories have been accredited by **NIST/NVLAP**.

- **ISO 30107-3 Information technology — Biometric presentation attack detection Level 2.** It focuses on attack typologies against the technology with a higher level of complexity. It represents compliance with the highest standard to date in presentation attack detection in Facial Biometric technologies achieved by any company in the sector.
- **ISO 27017.** Security Controls for Cloud Services.
- **ENS.** Certification of compliance with the National Security Scheme (Medium category).
- **Pinakes Certification** (recognition that distinguishes the Company as an approved technology provider to any national banking institution).

Product and technology certifications:

- **ISO 30107-3 iBeta Level 1.** The Company complies with this standard in both the Facial Recognition algorithm (Matcher) and the PAD algorithm through Passive Liveness in accordance with ISO 30107.
- **ISO 30107-3 iBeta Level 2.** This represents compliance with the highest standard to date in presentation attack detection in Facial Biometric technologies achieved by any company in the sector.
- **KISA K-NBTC Certification.** Recognition that validates the performance of the identity verification algorithm developed by the Company, issued by the National Biometric Test Center (K-NBTC), belonging to the Korean Government Internet and Security Agency (KISA).
- **UK Digital Identity and Attributes Trust Framework (UK DIATF).** The Company is certified as an Identity Service Provider (IDSP) for the United Kingdom Digital Identity framework in relation to the provision of secure and reliable digital identity services through its products and services.

- **SEPBLAC video-identification circulars.** The Company is certified as a provider of remote onboarding and digital identity services within the compliance framework issued by the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences.

Exchange of biometric information:

- **ANSI/NIST-ITL 1-2011.** Biometric data storage standard for system interoperability.

- **ISO/IEC 19794-5.** Specifies a format for storing, recording and transmitting facial image information, as well as scene limitations, photographic properties, digital image attributes and good practices.

- **ISO 30107-3: Information technology — Biometric presentation attack detection**

Level 1. The Company is the only one in the sector that complies with this standard in both the Facial Recognition algorithm (Matcher) and the PAD algorithm through Passive Liveness in accordance with ISO 30107. The standard establishes the methodology for evaluating the robustness of a biometric algorithm against presentation attacks (fraud attempts). ISO 30107-3 is the most prestigious standard in biometrics at international level.

The independent testing laboratory that evaluated FacePhi is **iBeta**, which was selected for being the only entity worldwide to date whose biometric laboratories have been accredited by **NIST/NVLAP**.

- **ISO 30107-3 Information technology — Biometric presentation attack detection**

Level 2. It focuses on attack typologies against the technology with a higher level of complexity. It represents compliance with the highest standard to date in presentation

- **ISO 27001:2013 Information Technology. Security techniques. Information Security Management Systems.**

The Company is certified under the standard that enables the assurance of the confidentiality, integrity and availability of information, as well as of the systems that process it. The Information Security Management System ensures that FacePhi assesses its risks and applies the necessary controls to mitigate or eliminate them. This standard provides differentiation and credibility to customers, thereby improving the Company's competitiveness.

- **ISO 22301 Security and resilience. Business Continuity Management System.** This is the international standard designed to help organisations prevent, prepare for, respond to and recover from unexpected physical and/or logical incidents.

- **National Security Scheme (ENS).** This is a regulation that is mandatory for all public companies and for those private companies that provide services to public entities, depending on the type of service or information they handle. The ENS is made up of the basic principles and minimum requirements for adequate information protection. The objective is to ensure access, integrity, availability, authenticity, confidentiality, traceability and preservation of the data and services managed by electronic means.

- **PINAKES.** This is a qualification/rating that establishes the level of compliance with 1,336 controls relating, among others, to the following domains: Physical Security, Cyber-resilience, Risk Management, GDPR, Legal Compliance, Systems Management and Monitoring, Access Control, Information Asset Management, Business Continuity and Human Resources Management. It is promoted by the CCI (Interbank Cooperation Centre) belonging to the Bank of Spain. The qualification level achieved is AAA. The Pinakes controls imply compliance with the controls related to ISO 27017:2015 and ISO 27018:2019 for Information Security in Cloud environments and PII Protection in Cloud.

- **KISA.** This is a certification of performance metrics of FacePhi's Verification algorithm using NIST methodology and based on Korean governmental databases. This certificate guarantees the performance of a Verification algorithm for national use in the Korean market in any field of application. K-NBTC is the laboratory for the evaluation of biometric solutions of KISA, the internet and security agency of the Government of South Korea, and this certification endorses SelphID® as a reliable and secure biometric system for users in the Asian market.

Facephi also complies with the standards set out in the following regulations:

- **ISO/IEC TR 24741:2018, ISO/IEC 2382-37:2012, ISO/IEC 29194:2015, ISO/IEC 19092:2008, ISO/IEC TR 24714-1:2008,** which describe the different biometric technologies, system architectures and automatic recognition processes that use biometric technologies, concepts in the field of biometrics, the security framework for using biometrics in the authentication of persons in financial services, and references on accessibility and usability for biometric systems.

- **ISO 9001:2015, ISO/IEC 20000-1:2018,** which specify the necessary requirements to establish, implement, maintain and improve a Quality Management System, and define the internationally recognised standard in Information Technology (IT) service management.

- **ISO/IEC 19795-1,** which establishes the methods and metrics for the evaluation and documentation of the performance of a biometric system.

- **ISO 19794-1 and ISO 19794-5,** which specify general aspects and requirements in the definitions of biometric data exchange formats, storage, archiving **and transmission of** facial images, as well as the properties that photographic images and their attributes must meet.

The main risks and uncertainties faced by the Company

The main existing risk factors do not differ significantly from those included in the Market Admission Information Document (DIIM) of June 2014, nor from those included in the Reduced Capital Increase Documents (DAR) of March 2015 and February 2016, which were duly updated. It should be taken into account that these risks are not the only ones that the Parent Company may have to face and that they could have a material adverse effect on the

share price of FACEPHI BIOMETRÍA, S.A., which could lead to a partial or total loss of the investment made. The most relevant risk factors are set out below, without prejudice to the existence of others that may be less relevant or unknown at the time of preparation of this management report.

Risks related to excessive exposure to technological innovation

The sector to which Facephi belongs is subject to intense research and technological innovation, which implies a permanent updating of the product and, as a result, a high rate of expiry or obsolescence of the range marketed at any given time. Such innovation requires investments in personnel, materials and marketing that the Company must be in a position to meet.

Emergence of new companies, or creation of new technologies that directly affect the Company

Technology is in constant growth and evolution and therefore the emergence of new strong companies offering a product with a greater competitive advantage, or the emergence of other types of technology or biometrics that are more effective or have greater social acceptance, can never be ruled out.

Should this situation occur, as competition increases, the market share gained by these companies is taken away from that held by the existing companies in the sector. In such a case, their production could decrease, as well as customers, and consequently there would be a negative effect on the share price. Despite this, Facephi is in a period of continuous research and development in which it is constantly evolving and improving its own technology. This benefits the Company and positions it with a competitive advantage over those wishing to enter the sector.

Industrial Property Rights

The Company is the holder of the following trademarks registered in the territory of the European Union (EUTM):

• FACEPHI BEYOND BIOMETRICS	• PHIVOX
• SELPHI, YOU BLINK, YOU'RE IN	• SELPHI ID
• LOOK & PHI	• SIGNPHI
• INPHINITE	

The trademarks **Selphi You Blink You're In** and **FacePhi Beyond Biometrics** (EUTM 015106354 and EUTM 015114853, respectively) are also registered in the territory of the United States of America, by virtue of the trademarks granted by the **USPTO** (United States Patent and Trademark Office, certificates no. **79190080** and **79190126**).

With regard to trademark registrations with protection in the European Union (EUTM), the Company holds European Union Trademark certificates with registration numbers **EUTM 017896710 LookΦ** **EUTM 017948110 inPhinite**; **EUTM 017948113 4Phingers**; **EUTM 017948116 Phivox**; **EUTM 017948119 SignPhi**; **EUTM 017948878 SelphID**.

International expansion and presence in the LATAM territory has led the governing body to adopt decisions aimed at extending the geographical scope of trademark protection. Accordingly, the trademarks **Facephi Beyond Biometrics** and **SelphID Identity Validation** are duly registered, either as international trademarks with territorial designation or as national trademarks, in all markets in which the Company has a presence: **APAC, LATAM and EMEA**.

The new trademarks subject to registration are:

- **EUTM 018762534 FACEPHI (figurative)**
- **EUTM 018762535 FACEPHI (word mark)**
- **EUTM 018779488 FACEPHI IDENTITY PLATFORM (figurative)**
- **4184138 FACEPHI PROTECTING IDENTITY TO BUILD THE FUTURE (Spanish Patent and Trademark Office)**

Facephi has as one of its most important business assets its programs and its software (algorithms), due to the effort made to comply with the conditions internationally recognised as determinative for the protection of trade secrets.

Intellectual Property

Since the entry into force of Trade Secrets Act 1/2019 of 20 February, technology companies operate in an environment in which legal certainty with respect to knowledge classified as secrets (algorithms, know-how, etc.) is greater than previously existed, with the consequence of increased protection against potential breaches of trade secrets.

Furthermore, computer programs and algorithms, in short, software, are protected by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Berne Convention for the Protection of Literary and Artistic Works, and Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information.

Facephi considers as business assets its programs, algorithms and software, in compliance with the internationally established conditions for the protection of trade secrets, explicitly including contractual clauses that expressly formalise such confidentiality obligations, reinforce the confidential nature of business information for the obligated party, and define the conditions applicable thereto with persons who have access to it.

Nevertheless, legal doctrine and case law agree that for the application of the regulation to be truly effective, it is not sufficient merely to refer to it, but companies must equip

themselves with tools that establish an environment of security, protection, reliability and traceability.

Risks arising from the loss of key personnel

As Facephi is a young company linked to its founders and executives, it is unavoidable to highlight the risk arising from their departure or cessation from the management of the Parent Company. Although such risk is not foreseen on a voluntary basis insofar as they continue to be the main shareholders, it cannot be ruled out that it could occur due to another cause, which would obviously entail the aforementioned risk. Likewise, the death or departure of key personnel could negatively affect the business, results, prospects or the financial, economic or asset situation of the Company.

Facephi has as a standard practice the adoption of **post-contractual non-competition agreements** in order to avoid possible negative effects on the business arising from the departure of key personnel. Such agreements are based on two premises:

- **Effective industrial or commercial interest.**

“Industrial or commercial interest” is configured as a limitation on the possibility of agreeing on employee non-competition in sectors in which the employer lacks a real and legitimate interest capable of compensating for the restriction on the right to work that guarantees the freedom of any citizen to freely choose the profession or trade they wish to pursue. As this is an indeterminate legal concept, its specific definition is shaped by the courts. In order to assess whether or not a genuine industrial interest exists, the activity of the former employer and the new competing company is usually compared, assessing whether they have the same corporate purpose, whether they target the same market or whether they have the same customers.

- **Compensation:**

With regard to the existence of adequate compensation, it must be understood that its purpose is to ensure that the employee has economic stability after the termination of the employment relationship, given that the agreement prevents the employee from “carrying out their work in the field in which they had normally been providing services and where they can presumably offer their best skills and competences” once their contract has been terminated.

Risks related to the share price

The evolution of the share price since its admission to the Market experienced high volatility between 2019 and 2022, in line with technological market developments. During the 2025 financial year, the share price appreciated by close to **+50%**, with a market capitalisation as at **31 December 2025** above **€67 million**.

Social acceptance risk

If a change were to occur in consumer preferences and/or in the market, given that the technology sector is one of constant evolution, changes in consumption trends could arise, with the possibility of affecting to a greater or lesser extent the use of facial biometrics compared to other biometrics or security systems.

Acts of theft or hacking of critical information and technology code

Facephi addresses this risk through various approaches. Firstly, all our code and software packages are subject to an integrity assurance strategy (preventing code from being altered in such a way as to create backdoors or other threats), availability (ensuring code recovery at all times), and confidentiality (minimum privilege rules for access to code, "hashing" of closed code packages, constant review of access permissions, etc.). To complete the above task, code repositories are used that comply with **ISO 27001** and **ISO 22301** standards, in which FacePhi is also certified.

In addition, FacePhi operates under a strict **S-SDLC (Secure Software Development Life Cycle)** protocol included within the scope of our **ISO 27001 certification**, and based on **OWASP methodologies**.

Lastly, the automated licensing system prevents the use of the technology beyond the scope and life cycle for which it has been approved in the specific project or customer delivery.

Analysis of the evolution and results of the business and the situation of the Company

The Parent Company is a global leader in identity verification technology with a strong presence in the financial sector and which is listed under a **dual-listing structure**, with presence on the **Euronext Growth Paris market** and on **BME Growth**, formerly the Alternative Stock Market (MAB) in Spain, and has obtained licence sales revenue of **€35.5 million**, approximately **30% higher than in 2024**.

The evolution of its sales revenue in recent financial years has been positive. **Latin America continues to be its main market**.

In the 2025 financial year, the Company improved the following key parameters:

- **Revenue**, which increased from **€27.7 million in 2024** to **€35.5 million in 2025**.
- **Working Capital**, which increased from **+€1.6 million in 2024** to **+€2.5 million in 2025**.
- **Gross Financial Debt**, which decreased from **€10.1 million in 2024** to **€8.6 million in 2025**.

All of these improvements continue to be reflected in the **2026 Budget** and in the **Business Plan**, and have the knowledge and support of the main Shareholders, the **Board of Directors**, and the commitment to their execution of the **Management Team**.

Information on matters relating to Regulatory Compliance

The commitment of the governing body is excellence in service, commitment to results, responsible environmental management, interest in people, safety and health, social commitment, and integrity and transparency; these are the commitments of FacePhi's corporate responsibility policy.

The supervision of the Company's performance in this area ultimately lies with the **Board of Directors**, as established by the recommendations of the **Code of Ethics** and the **Board Regulations**. The Board is responsible for approving the Company's **Corporate Responsibility Policy**, receiving, at least annually, information on the implementation and overall monitoring of said policy.

Likewise, the Board of Directors is responsible for leading the effective integration of corporate responsibility into the Company's strategy and its day-to-day management, thereby consolidating a strong corporate responsibility culture. The implementation of a **Criminal Risk Prevention Plan** is the result of giving effect to this responsibility of the Board of Directors, in its effort to ensure the proper implementation and monitoring of the commitments undertaken.

Information on criminal compliance: The FacePhi Criminal Risk Prevention Plan

Through this Compliance System, the Company expresses its intention to instil a culture of compliance in the minds and actions of all FacePhi employees. FacePhi's Compliance System is divided into three levels of action: **Prevent, Detect and Respond**.

Information on matters relating to R&D&I

Capitalised research and development expenses as at the end of 2025 correspond to the following projects and milestones:

The Parent Company continues with its policy of investment and improvement in its current facial biometrics applications. The capitalised expenses during the financial year ended **31 December 2025** correspond to the following milestones:

	Euros	
Descripción:	31.12.2025	31.12.2024
Improvements Software Development Kit (SDK)	4.619.329	4.346.523
Platform as a service (PAAS)	--	--
Identity Platform	--	237.958
Total desarrollo interno	4.619.329	4.584.481
Desarrollo adquirido a terceros	493.264	351.731
Total	5.112.593	4.936.212

Such expenses are being recorded under the **Development** heading, as there are well-founded reasons to consider their commercial success upon completion, at which point they will be recorded under the intangible asset heading corresponding to their nature. In the event that there were well-founded criteria to consider that completion had not been successful, these expenses would be derecognised and recorded as losses arising from intangible fixed assets. Practically all development activity relating to new applications or improvements to existing ones has been carried out internally, and has been recorded through the capitalisation of production costs under the heading **“Work carried out by the company for its own assets”** in the income statement.

The developments capitalised as at **31 December 2025** have consisted mainly of improvements in fraud security, interactive user guides during registration, and tools for the integration of the technology into multi-platform applications. Following the performance of tests and trials, it is considered that the developments are operational and that they have been completed, and therefore they will begin to be marketed in the following year.

The Directors of the Parent Company consider that the capitalised research and development expenses meet each and every one of the conditions established in the applicable regulations for their capitalisation.

Information on matters relating to personnel

Facephi includes **Corporate Social Responsibility** as part of its identity by implementing its own social commitment plan, which dedicates part of its time to activities that contribute to making society a better place.

During the financial year ended **31 December 2025**, the Company maintained an average workforce of **212 full-time equivalent employees**, complying with the legal standards set out both in labour legislation and in the applicable collective bargaining agreement (see note **14.e** of the consolidated financial statements).

Information on matters relating to the environment

The Company does not hold significant assets included in property, plant and equipment intended for the minimisation of environmental impact and the protection of the

environment, nor has it incurred significant expenses during the financial year whose purpose is the protection and improvement of the environment. Expenses arising from business actions aimed at the protection and improvement of the environment are recognised as expenses of the financial year in which they are incurred. When such expenses involve additions to property, plant and equipment whose purpose is the minimisation of environmental impact and the protection and improvement of the environment, they are capitalised as a higher value of the fixed assets. As of the current date, no contingencies are known relating to the protection and improvement of the environment or their possible impact on the results and financial position of the Company. No environmental subsidies have been received.

Average period of payment to suppliers and measures to be applied in the following financial year for its reduction to the legal maximum established in the regulations on late payment

The average period of payment to suppliers for the financial year ended **31 December 2025** is **88 days** (see note **12.5** to the financial statements). Such average period of payment to suppliers is understood as the expression of the payment period or delay in the payment of trade payables.

Deferred Tax Asset

Despite the fact that in the 2024 financial year the auditor urged the Company to derecognise the amount of **€3.1 million** corresponding to various tax-related assets, nevertheless, and as foreseen in its **2025 Budget**, Facephi has already begun to utilise them during the 2025 financial year, and expects to complete their utilisation between the 2026 and 2027 financial years.

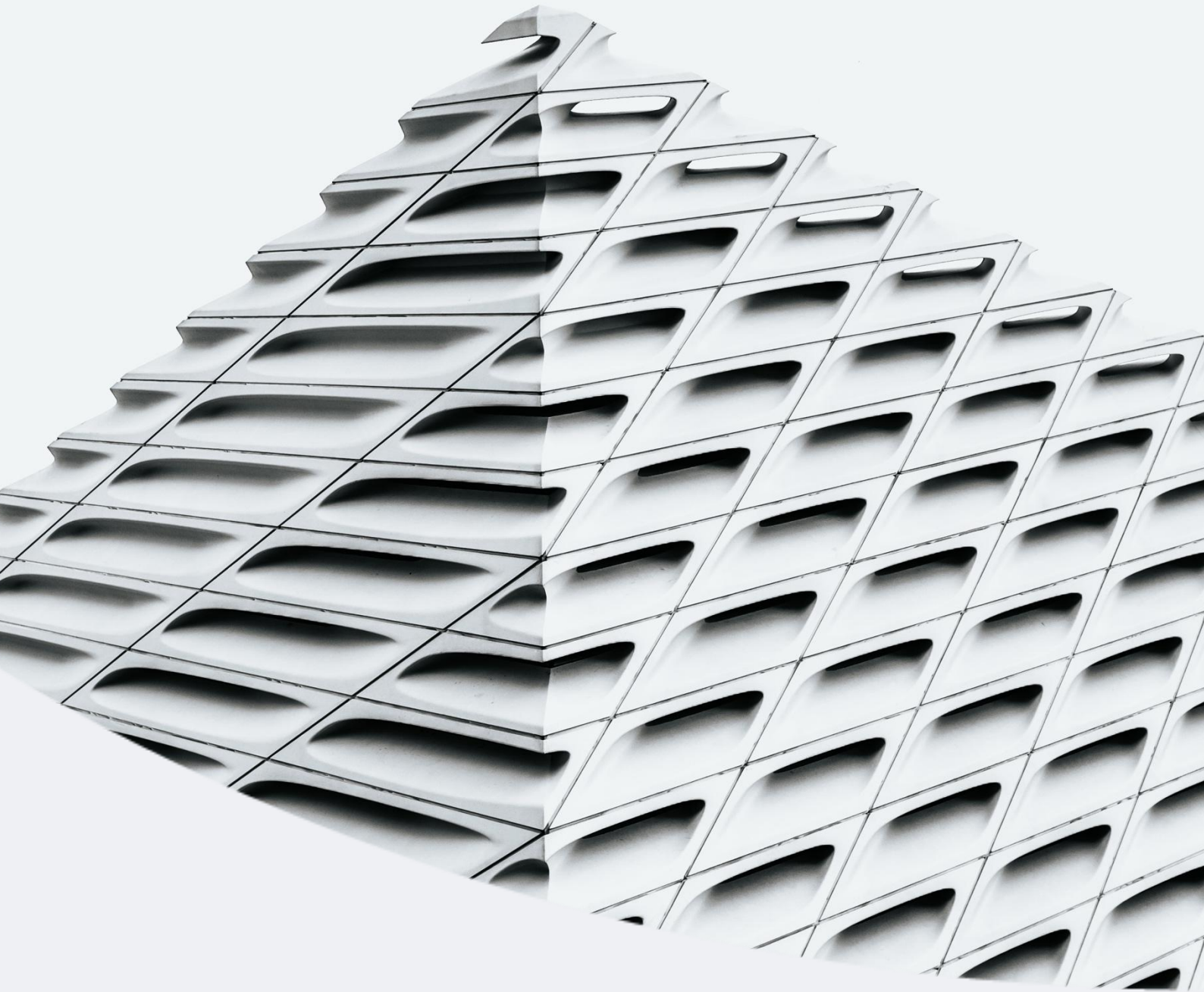
Foreseeable development of the Company

The Company's forecast is consolidation in the markets in which it is already present and expansion in the banking sector into new countries, continents (America, Africa and Asia) and customers (not only the banking sector). In line with its business plan, an increase in revenue and growing profitability is expected in the coming months and years.

Treasury shares. Reasons for the acquisitions and disposals carried out during the financial year

The total amount of treasury shares as at **31 December 2025** amounts to **€382,010** (**€341,646** as at 31 December 2024) and corresponds to **178,484 shares** (**198,147 shares** at the close of the previous financial year), representing **0.75%** (**0.82% in 2024**) of the

Company's share capital and remaining below the limit established in **Article 509 of the Spanish Companies Act**, which sets a maximum limit of **10%**.



Organizational structure and control systems of Facephi Biometría S.A.

Year 2025

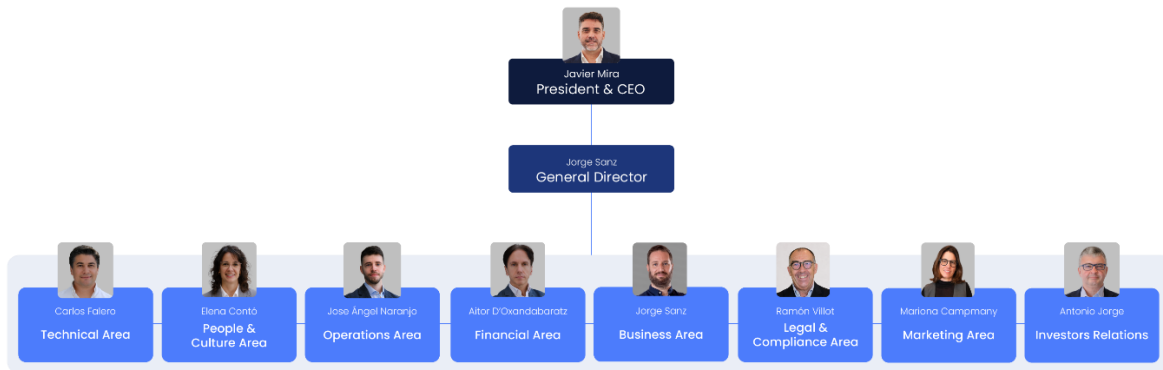
 facephi

The purpose of this report is to describe the organisational structure and the internal control system in place at FACEPHI BIOMETRÍA S.A. as at 31 December 2025, in order to ensure compliance with the information obligations established by BME GROWTH for issuing entities.

Definition of the organisational structure and control environment

In line with the objective of the Board of Directors and the Company's Management, a series of policies and procedures have been established to implement continuous control mechanisms at Facephi, including the appointment of internal control bodies responsible for the supervision and monitoring of the potential risks faced by the Company.

Facephi Biometría S.A. (hereinafter, "Facephi", indistinctly) is structured according to the following organisational chart:



The different control bodies existing within the Company are as follows:

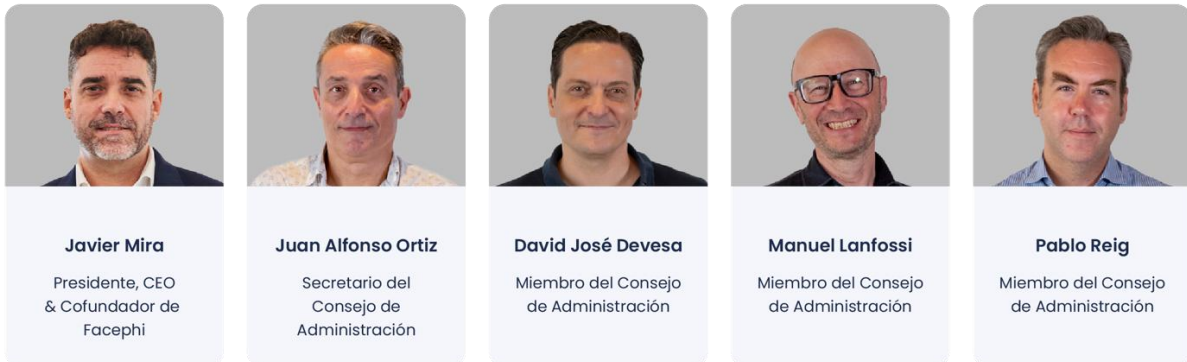
Board of Directors

The highest governing body of the Company; responsible, among other functions, for verifying the proper functioning of the Company's policies and approving the measures and resources to be applied. Its main responsibility is the representation and management of the Company's business and ensuring compliance with the applicable regulations within the organisation. Both the Board of Directors and the Company's Management are highly committed to compliance with current regulations and to ensuring the reliability of public information in general, and private and financial information in particular.

The Board performs its duties with unity of purpose and independence of judgement, with the sole objective of serving the interests of the Company, in the sense of guiding management towards maximising the Company's economic value (and that of its brands) on a sustained basis, in accordance with the duties of loyalty and diligence and avoiding situations of conflict. Therefore, the Board is responsible for the existence and maintenance of an adequate internal control system, both directly and through the work carried out by the Audit Committee.

Below is a description of its organisation and composition:

Consejo de Administración



During financial year 2025, the Company's Board of Directors met fifteen times.

Delegated committee of the Board of Directors: Audit and Control Committee

The primary function of the Audit and Control Committee is to support the Board of Directors in its oversight duties, through the periodic review of the process for preparing financial information, the internal audit function and the independence of the external auditor. The Audit and Control Committee ensures the proper functioning of the internal information and control systems.

Among other functions, it is responsible for overseeing the effectiveness of the Company's internal control system and risk management systems, including tax-related risks, as well as discussing with the external auditor any significant weaknesses detected in the internal control system during the audit, and the most significant aspects of their review of the Company's financial information.

Accordingly, in its regular operations, the Audit Committee:

- (i) supervises the closing process and preparation of the annual accounts for their formulation by the Board of Directors;
- (ii) holds meetings as appropriate with both external audit managers and internal managers to oversee the audit process following the closing of each annual or interim financial period; and
- (iii) reports to the Board of Directors on the accuracy and reliability of the annual accounts, as well as on the assessments carried out by the external and internal audit teams, and, where

applicable, issues the reports and proposals deemed necessary for the proper performance of its duties.

Since the admission to trading of the Company's shares, the Company has had an Audit Committee, composed of independent and/or proprietary directors. This committee performs its duties through periodic contacts and/or meetings with the auditors and the Company's finance department.

The members of the Company's Audit and Control Committee are as follows:

- **Pablo Reig Boronat (Chairman)**
- **David Devesa Rodríguez (Member)**
- **Manuel Lanfossi (Nice & Green – Member)**
- **Juan Alfonso Ortiz Company (Non-member Secretary)**

During financial year 2025, the Company's Audit and Control Committee met three times.

Delegated committee of the Board of Directors: Appointments and Remuneration Committee

Responsible, among other functions, for assessing the skills, knowledge and experience required on the Board of Directors, reporting on proposals for the appointment of independent directors and senior executives, and proposing to the Board of Directors the remuneration policy for directors and general managers.

The composition of the Appointments and Remuneration Committee is as follows:

- **David Devesa Rodríguez** (President)
- **Juan Alfonso Ortiz** (Secretary)
- **Pablo Reig** (Member)

Durante el ejercicio 2025 la comisión de nombramientos y retribuciones de la sociedad se ha reunido cinco veces.

Compliance Committee

The provision of support and advice in the implementation of the Compliance and Criminal Risk Prevention Model, as well as the subsequent monitoring and supervision of any potential breaches, falls under the responsibility of the Compliance Committee. The main function of this body is to ensure

the establishment of a strong culture of compliance with the rules, procedures and policies established within the Company, promoted by Management and the Board.

The Compliance Committee meets on a quarterly basis. This body may be supported by an internal support unit, as well as by specialised external advisers, whose role is to provide the necessary support for the effective implementation of the Model.

Aware of the importance of properly managing potential criminal risks arising from regulatory non-compliance, and due to the notable and evident growth of the business, as well as regulatory pressure, the Board of Directors agreed on 20 September 2021 to review and update the Compliance and Criminal Risk Prevention Model, which includes the various regulatory areas applicable to the organisation.

At its meeting of 26 September 2022, the Board of Directors approved the review and final version of the Compliance and Criminal Risk Prevention Model, detailed through the development of the following actions:

- Analysis of the organisational context
- Objectives in criminal compliance matters
- Internal governance model (three lines of defence model)
- Financial resource management system
- System for supervision, continuous monitoring and verification/review of the Compliance Model
- Whistleblowing channel
- Disciplinary procedure
- Communication, dissemination and training system

In March 2024, the Compliance and Criminal Risk Prevention Model was reviewed and updated due to the growth of the organisation.

During financial year 2025, the Company's Compliance Committee met three times.

Whistleblower regulation

On 16 February 2023, the Spanish Congress of Deputies approved Law 2/2023, regulating the protection of persons who report regulatory infringements and the fight against corruption, which transposes Directive (EU) 2019/1937, known as the "Whistleblowing Directive".

The aim of this law is to encourage and increase, throughout the European Union, the reporting of irregularities by employees within their organisations, as this has proven to be a highly effective tool in combating corruption and fraud.

The Company has developed and implemented an ethical channel (information channel) in accordance with this regulation.

Access

He leído el [Reglamento del Canal de Información](#) y acepto los términos descritos en el mismo.

<p>Comunicar incidencia</p> <p>Comuníquenos cualquier actuación que en su opinión, sea contraria al Código de Ética y Conducta</p> <p>Comunicar Incidencia</p>	<p>Consultar estado incidencia</p> <p>Si ha realizado una comunicación, indique el identificador de la misma y consulta</p> <p>Consultar estado</p>
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[Acceder](#)

Directors

The daily management of processes, as well as the review of the design and implementation of controls in each business area, are the responsibility of the directors in charge of each department.

In order to carry out the corresponding supervision, a set of policies and procedures has been developed, the ultimate responsibility for which lies with the Board of Directors, while supervision is carried out by the Appointments and Remuneration Committee and the Audit Committee.

- Procedures to establish an appropriate internal control system. This policy is based on the standard COSO framework, the reference model for the implementation, management and control of an adequate Internal Control System, with its five components: control environment, risk assessment, control activities, information and communication, and monitoring activities.
- Risk management policy of the Company (detailed later in this document). This involves a process for identifying and assessing the risks faced by the Company, the level of involvement of different departments, and ensuring adequate segregation of duties.
- Regulatory compliance policies.

Code of ethics, criminal compliance

The Company has a code of conduct and an information channel, as well as training programmes for staff on regulatory compliance matters. The Company has also developed a Compliance Manual, distributed to all employees, following a detailed analysis of the risks that may arise in the various business areas and departments of the Company, taking into account:

- Existing policies and controls.

- Sensitivity to risks identified in processes, based on the specific sector in which Facephi operates and the activities it carries out.
- Various factors, including historical events, number of employees, severity of each risk, etc.

[Acceder Código Ético](#)

In addition, as indicated above, the Company has a Compliance Committee responsible for overseeing the proper functioning of the established procedures.

Personal data protection

The Company has appointed a Data Protection Officer, notified to the Supervisory Authority. The email address is dpo@facephi.com.

The Company has published on its website all information relating to personal data protection in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 and the recent Spanish legislation, Organic Law 3/2018 of 5 December on the Protection of Personal Data and guarantee of digital rights. Accordingly, Facephi has adapted its protocols and privacy policies.

[Leer](#)

The basic elements of the Compliance Model intended to mitigate the risks of the Company in general, and of the financial information cycle in particular, are set out schematically below:

Elements of the Compliance Model

I. General Preventive Controls

- Code of Ethics
- Whistleblowing Channel
- Sanctioning System
- Training and communication on criminal risks and high-level general controls
- Compliance with personal data protection regulations (GDPR 2016/679 of 27 April 2016 and Organic Law 3/2018 of 5 December on Personal Data Protection)
- Employee training manual
- Segregation of duties to reduce unauthorised modifications
- Organisational structure
- Notarial powers of attorney
- Job descriptions

II. Financial Resource Management

The Company's Management, together with the Finance Department, is responsible for preparing the financial statements of the Company and its group, as well as for establishing and maintaining controls over the transactions and business operations that are the source of such financial statements. The correct preparation, presentation and breakdown of estimates, projections and assumptions included in the financial information are validated at all times.

- External financial audits of Annual Accounts
- Supervision by BME Growth
- Bank reconciliations
- Notarial powers of attorney
- Annual Accounts
- Reporting of information to the Board
- Accounting entries associated with orders, invoices and contracts

The Finance Department supervises the work of external professional services contracted and reviews system information in accordance with the monthly closing protocol established for the group, in order to ensure complete information, recorded in accordance with the group's accounting policies, and reflecting a true and fair view of the financial position of each subsidiary and, ultimately, of the Group.

For the preparation of public information, the Company has an internal communication procedure setting out the guidelines to be followed in the event of communicating financial or any other type of information to the market, involving General Management, Finance, Legal Affairs and, where applicable, the Marketing Department.

III. Monitoring and compliance

- Board of Directors
- Audit and Control Committee
- Appointments and Remuneration Committee
- Compliance Committee
- Protocol on the handling and disclosure of Inside Information
- Department management
- Appointment of a data protection officer

Additionally, the risks identified by the Company are schematically presented below:

- Operational risks
- Strategic risks
- Financial risks
- Compliance risks
- Reputational risk

For each identified risk, the risk owner must propose an action plan to mitigate it. Likewise, responsibility must be assigned to those individuals responsible for carrying out the control actions that mitigate the risk and for supervising such actions.

The policy for controlling and managing financial risks at Facephi aims to:

- Identify the different types of risks faced by the Company, including financial or economic risks, contingent liabilities and other off-balance-sheet risks.
- Establish the level of risk the Company considers acceptable (i.e. credit risk).
- Design measures to mitigate the impact of identified risks, should they materialise.
- Determine the internal information and control systems to be used to manage and control such risks, including contingent liabilities and off-balance-sheet risks.

Risk management is carried out at different levels within the Company:

- The Finance Department: centralises the management of the Company's financial risks and reviews their potential impact on the Group's financial statements.

Other advisers or independent experts

The Company has independent advisers in relation to financial information.

External Audit: The Group has engaged the services of an independent external auditor, which examines the Group's financial information in detail. The auditor audits the Company's individual annual accounts, as well as the consolidated accounts of the entire Group, and issues an independent opinion thereon. It also performs a limited review of the interim financial statements for the period from 1 February to 31 July of each financial year.

The Company's current auditor is ERNST & YOUNG, an auditor of recognised international prestige.

The external audit team periodically contacts and/or meets, prior to the closing of the annual or interim financial statements, with the Audit Committee, in order to provide detailed information on the development of the audit process and the quality and availability of the information provided by the internal finance team.



**FacePhi
Biometría, S.A.**

**FacePhi
APAC, LTD**

**Celmuy
Trading, S.A.**

**Facephi Beyond
Biometrics, LTD**

**FacePhi Biometric
Solutions Brasil
Softwares Ltda**

Parent Company

100%

100%

100%

100%

**Alicante
(Spain)**

**Pangyo
(South Korea)**

**Montevideo
(Uruguay)**

**Londres
(UK)**

**Sao Paulo
(Brazil)**

Commercialisation of facial biometrics solutions



DEGREE OF COMPLIANCE WITH PROJECTIONS FOR THE 2025 FINANCIAL YEAR

On 30 October 2025, the Board of Directors of Facephi Biométría, S.A. approved the Financial Estimates for the 2025 financial year, which were communicated to BME Growth through the corresponding publication of Privileged Information on that same date.

Such forecast estimated net Turnover of €36.4 million, normalized EBITDA of €7.4 million and negative Free Cash Flow of -€1.0 million.

In accordance with the annual accounts for the financial year ended 31 December 2025, the Company achieved the following results and degree of compliance:

<i>€ millions</i>	2025 Estimated	2025 Real	Compliance
NET REVENUE	36,40 €	36,00 €	98,9%
NORMALIZED EBITDA (*)	7,40 €	11,00 €	148,6%
FREE CASH FLOW (**)	-1,00 €	-2,40 €	60,0%
NET FINANCIAL DEBT (***)	6,60 €	6.4€	101,0%

(*) Normalized EBITDA: operating profit before interest, taxes, depreciation and amortization; excluding extraordinary income or expenses.

(**): Free cash flow: calculated as the cash flow generated by the operating and extraordinary activities of the business during the period. Compliance is calculated based on the expected improvement of €3.5M compared to 2024 and the actual improvement of €2.2M (60%).

(***): Net Financial Debt: bank debt less cash and cash equivalents

The slight deviation from the initially published forecast for both Turnover and Cash Flow is mainly due to fluctuations in the exchange rate between the US dollar (US\$) and the euro (€). The better-than-expected compliance in normalized EBITDA is mainly explained by greater efficiency in costs and commissions paid, as well as the improvement in net financial debt resulting from more efficient management of working capital and cash flow.