

# **ARTICLES OF ASSOCIATION OF THE TRADING COMPANY FACEPHI BIOMETRÍA, S.A**

## **PART I.**

### **GENERAL CONSIDERATIONS**

#### **Article 1.- NAME**

The Company's name is "FACEPHI BIOMETRÍA, S.A." It shall be governed by these Articles of Association and, for all matters not provided for in the same, by the Corporate Enterprises Act and subsidiarily by any other applicable legislation.

#### **Article 2.- CORPORATE PURPOSE**

The corporate purpose is:

- Research and development of all kinds of computer equipment, hardware, software and household appliances and marketing of the same.
- Sales through the Internet and/or similar distribution channels (collectively *online sales*), import, export, representation, marketing, distribution, intermediation, wholesale and retail sale, processing, handling, manufacture and provision of related services of hardware and/or software on physical supports and through the sale of operating licenses, electronic products and components, electrical appliances and telecommunications.
- Internet activities and provision of information and training services.
- Development, construction, acquisition, transfer, intermediation, leasing (except 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, lots of all kinds of private or publicly-owned urban property including buildings, bungalows, apartments, single-family houses, housing estates, sports fields, industrial or business facilities and premises, hospitality establishments, all furnished or unfurnished, on the Company's own behalf or for third parties.

All activities for which the Act provides for specific requirements that this Company cannot meet are hereby excluded from the corporate purpose.

If the legal provisions require a professional qualification or administrative consent or registration in an official registry for any of the activities included in the corporate purpose, said activities must be carried out by a person who holds said professional qualification and shall not be started before all the applicable official requirements have been met.

### **Article 3.- DOMICILE**

The Company's registered address is Avenida Perfecto Palacio de la Fuente, 6, Alicante (03003).

The governing body may resolve to change the registered address within the same municipal district and to create agencies, branches, delegations and subsidiaries in both national territory and abroad, always in compliance with the currently applicable legislation.

### **Article 4.- DURATION AND FINANCIAL YEAR**

The Company is incorporated for an indefinite period.

The fiscal year shall begin on 1 January and end on 31 December each year.

### **Article 5.- SHARE CAPITAL**

The share capital is EIGHT HUNDRED AND FORTY THOUSAND ONE HUNDRED AND TWO EUROS AND EIGHTY SIX CENTS (€ 840,102.80), divided into 21,002,570 identical, accumulative and indivisible shares with a par value of FOUR CENTS OF A EURO (€ 0.04) each, all of the same class and numbered from 1 to 21,002,570.

### **Article 6.- CORPORATE WEBSITE**

The Company's corporate website is accessed through the uniform resource locator (URL) [www.facephi.com](http://www.facephi.com) .

Amendment, relocation or deletion of the Company's website shall be the responsibility of the governing body and shall be placed on record on the Company's page in the competent Companies Registry and published in the Official Gazette of the Mercantile Registry and on the website itself for at least thirty days following insertion of the agreement to amend, relocate or delete the same.

#### **Article 7.- SHARE REPRESENTATION**

The shares are represented by book entries and are governed by the provisions in this regard in the consolidated text of the Corporate Enterprises Act and other applicable regulations both current and future.

#### **Article 8.- ACCOUNTING RECORD**

Keeping the accounting record of the amounts represented by book entries shall be attributed to an entity designated by the Company from among the available investment service companies and authorised credit institutions unless the applicable regulations or the regulatory body of the market on which the Company trades its shares prescribes the entity which shall keep said record. This entity shall notify the Company of all transactions involving the shares.

The Administrative Body shall be competent, as appropriate, to select the entity in charge of keeping the accounting record.

#### **Article 9.- SHAREHOLDERS' LEGAL BASIS**

The legal basis for exercise of the shareholder's rights including, as appropriate, share transfers, is inscription of the associated movement in the Company's accounting record that presupposes legitimate ownership and entitles the registered owner to recognition as a shareholder.

This legal standing can be accredited by possession of the associated share certificates issue by the entity responsible for the accounting records.

If the Company allocates benefits to the presumably legitimate owner, provided that the transaction is performed in good faith and is not the result of gross negligence, the Company shall henceforth be exempted from the associated liability even if the beneficiary is not the beneficial owner of the shares.

#### **Article 10.- TRANSFER OF SHARES AND CREATION OF RIGHTS IN REM**

Transfer of securities represented by book entries shall be performed by accounting transfer in accordance with the currently applicable legislation.

Without prejudice to the provisions of article 19 of these Articles of Association, shareholders may transfer their securities freely.

Registration of the transfer in favour of the purchaser shall have the same effect as legal delivery of the share certificates.

Transfer shall be binding on third parties from the moment of registration.

Constitution of limited rights in rem or other kinds of encumbrances on securities represented by book entries must be recognised in the associated account.

Constitution of the encumbrance shall be binding on third parties from the moment of registration.

#### **Article 11.- NEGOTIABILITY OF THE COMPANY'S SHARES**

The Company and its shareholders shall strictly comply with all duties set forth in the currently applicable regulations in the event that the Company's shares are listed and traded on an organised and/or regulated domestic or foreign market.

### **PART II**

#### **ON THE CORPORATE BODIES**

#### **Article 12.- THE CORPORATE BODIES**

The Company shall be governed by the following bodies:

- a) The General Meeting.
- b) The Governing Body, which may adopt any of the forms set forth below by agreement of the General Meeting.

#### **Article 13.- THE GENERAL MEETING**

The shareholders, gathered at the General Meeting, are responsible for deciding by legal majority on matters within the competence of said Meeting in the terms laid down in article 201 of the currently applicable Corporate Enterprises Act.

The quorums required under article 201.2 of the current Corporate Enterprises Act shall not be binding on the General Meeting.

Without prejudice to the rights and actions recognised by law, all shareholders, including dissenters and absentees, shall be bound by the resolutions of the General Meeting.

The provisions of the Corporate Enterprises Act in force shall be directly applicable to the timing and manner of calling and constituting General Meetings and the manner and procedure for adoption of resolutions.

The General Meetings shall be held in the place and on the day indicated in the call within at a place within the municipal district in which the Company is domiciled. However, the Board of Directors may agree that the Meeting be held in any other place within the Kingdom of Spain, in which case the pertinent information shall be included in the call.

The Ordinary General Meeting shall meet during the first six months of every year to examine the company's management, approve (as appropriate) the previous year's financial statements and decide on allocation of the outcome.

Company management shall issue the call with at least one month's notice before the date of the Meeting by an advertisement on the corporate website [www.facephi.com](http://www.facephi.com).

The Chair of the General Meeting shall be responsible for managing the deliberations – which shall be conducted verbally – granting use of the floor and determining the duration of the interventions.

Shareholders whose shares are recognised in the associated accounting record of securities represented by book entries and are fully paid up with respect to called-up share capital five (5) days prior to the date of the General Meeting shall retain ownership of the shares on said date.

#### **Article 14.- GOVERNING BODY**

A Board of Directors composed of a minimum of three (3) members and a maximum of fifteen (15) shall be responsible for management and representation of the Company.

Except in cases expressly provided for in the applicable legislation, the General Meeting shall appoint the Directors, who shall not be required to hold shares in the Company.

The Directors shall be appointed for a term of six (6) years.

Persons declared incompatible under the pertinent provisions of the Corporate Enterprises Act and other applicable legislation in this respect may not be directors.

Directors shall be remunerated. The Directors may be dismissed by the General Meeting even when said dismissal is not an item on the Agenda.

The Directors, as members of the Board of Directors, for supervising the administration of the Company and jointly reaching the decisions inherent to said body, shall be paid a fixed annual consideration that may not exceed the limit established by the General Meeting. The amount thus determined may only be changed by a new resolution of the General Meeting. The Board of Directors is responsible for setting the exact amount to be paid within the aforesaid limit and how it will be allocated among the different Directors taking the position held by each Director on the Board and its committees (as required) into account.

To the extent permitted by law, the General Meeting may also decide to remunerate the Directors by allocation of shares or other equity instruments such as option rights or any other remuneration system referenced to the share price.

The Company may take out civil liability insurance policies to protect its Directors and Executives.

Members of the Board of Directors who perform executive functions in the Company shall enter into service provision contracts with the latter regardless of the nature of their relationship with the same. Said contracts shall set forth all items for which Directors may be remunerated for performing executive functions including, but not necessarily limited to, fixed and variable payments, compensation for early termination, the cost of insurance premiums and contributions to savings or pension schemes.

The total amount of all remuneration, indemnities and compensation with which the Company may remunerate the Executive Directors for the items set forth above shall not exceed the total amount set for this purpose by the General Meeting. The amounts thus set by the General Meeting shall remain in force until they are changed by a new resolution of the General Meeting.

## **ORGANISATION AND OPERATION OF THE BOARD**

The Board of Directors may meet at the registered office or at any other place. Meetings shall be called in accordance with the provisions of article 246 of the Corporate Enterprises Act.

Meetings may be called by letter, fax or any other means of individual written notification with proof of receipt and shall include the date, time and place of the meeting and the items on the Agenda. The meeting must be called at least twenty-four hours before the day on which it is held. The Board of Directors shall be quorate when half plus one of its members attend the Meeting in person or by proxy.

Notwithstanding the above, the Board of Directors shall be validly constituted when all the Directors are present or represented and unanimously decide to hold the meeting.

The Chairperson shall open the meeting and manage the debates by conceding the use of the floor.

Resolutions shall be adopted by a simple majority of all Members of the Board present in person or by proxy unless a different system is expressly established for a specific purpose. The Chairperson shall have a casting vote in the event of a tie.

The Board shall appoint a chairperson from among its members and, if it deems appropriate, one or more vice-chairpersons.

The Board shall appoint a Secretary – who may be a Director or not – to attend Board Meetings with speaking but not voting rights unless he/she is a member of the Board. A deputy secretary may also be appointed.

The deliberations and resolutions of the Board shall be recorded in a Minutes Book and shall be signed by the Chairperson and the Secretary. The minutes shall be signed and certified by the Secretary or Vice-Secretary of the Board of Directors with the approval of the Chairperson or Vice-Chairperson. The Secretary shall also keep all the Company's books and shall attend to all the required formalities to call the General Shareholders' Meetings and meetings of the Board of Directors, shall attend both meetings and inform the shareholders of all the details of the Company's affairs that they are entitled to know.

The deliberations of the Board shall be managed by the Chairperson or the Vice-Chairperson.

Directors may attend a meeting of the Board by tele-conferencing or video-conferencing provided that the Director or Directors involved have the means (in person or by video-conferencing) to speak to all the other Directors at once and that they can listen simultaneously to the person or person using the remote means. Directors who attend Board meetings by remote means shall be considered to be present in person for all purposes and shall have both speaking and voting rights. Said Board meeting shall be deemed to have taken place in the locality where it was called.

Board meetings may also be held in writing without personal attendance provided that no Director objects.

## **ORGANISATION AND OPERATION OF THE BOARD**

The Board of Directors shall be composed of a minimum of three and a maximum of fifteen members elected by the General Meeting.

The Board of Directors may meet at the registered office or at any other place. Meetings shall be called in accordance with the provisions of article 246 of the Corporate Enterprises Act.

Meetings may be called by letter, fax or any other means of individual written notification with proof of receipt and shall include the date, time and place of the meeting and the items on the Agenda. The meeting must be called at least twenty-four hours before the day and time at which it is held. The Board of Directors shall be quorate when half plus one of its members are either present or represented at the meeting. Notwithstanding the above, the Board of Directors shall be validly constituted when all the Directors are present or represented and unanimously decide to hold the meeting.

The Chairperson shall open the meeting and manage the debates by conceding the use of the floor.

Resolutions shall be adopted by a simple majority of all Members of the Board present in person or by proxy unless a different system is expressly established for a specific purpose. The Chairperson shall have a casting vote in the event of a tie.

Provided the General Meeting has not done so, the Board shall appoint a chairperson from among its members and, if it deems appropriate, one or more vice-chairpersons.

The Board shall appoint a Secretary – who may be a Director or not – to attend Board Meetings with speaking but not voting rights unless he/she is a member of the Board. A deputy secretary may also be appointed.

The deliberations and resolutions of the Board shall be recorded in a Minutes Book and shall be signed by the Chairperson and the Secretary. The minutes shall be signed and certified by the Secretary or Vice-Secretary of the Board of Directors with the approval of the Chairperson or Vice-Chairperson. The Secretary shall also keep all the Company's books and shall attend to all the required formalities to call the General Shareholders' Meetings and meetings of the Board of Directors, shall attend both meetings and inform the shareholders of all the details of the Company's affairs that they are entitled to know.

The deliberations of the Board shall be managed by the Chairperson or the Vice-Chairperson.



Directors may attend a meeting of the Board by tele-conferencing or video-conferencing provided that the Director or Directors involved have the means (in person or by video-conferencing) to speak to all the other Directors at once and that they can listen simultaneously to the person or person using the remote means. Directors who attend Board meetings by remote means shall be considered to be present in person for all purposes and shall have both speaking and voting rights. Said Board meeting shall be deemed to have taken place in the locality where it was called.

Board meetings may also be held in writing without personal attendance provided that no Director objects.

The Board of Directors shall exercise legal and extra-judicial representation of the Company in all matters concerning its business activities without any other limits than matters reserved for the competence of the General Meeting under the relevant provisions of the currently applicable Corporate Enterprises Act.

**Article 14 Bis. THE AUDIT COMMITTEE**

1. The Audit and Control Committee shall consist of a minimum of three and a maximum of five Directors appointed by the Board of Directors. All of the members of said Committee shall be non-executive Board members and at least two shall be independent Directors, one of whom shall be appointed taking into account his/her knowledge and experience of accounting, auditing or both.
2. The Chairperson of the Audit Committee shall be appointed from among the independent Board members and shall be replaced every four years. They may be re-elected after one year has elapsed since the end of their last period in office.
3. The Audit Committee shall have at least the following powers:
  - a. To inform the General Meeting of any questions that arise within its terms of reference.
  - b. To oversee the effectiveness of the Company's internal financial control, internal audits (as required) and risk-management systems including taxation and to discuss any significant weakness of the internal control system detected in during performance of the audit with the accounting auditors.
  - c. To supervise the process of drafting and submitting the regulated financial information.
  - d. To submit any proposals for the selection, appointment, re-election or replacement of the external auditors and the conditions of the same to the Board of Directors and to regularly obtain information from said auditors on the audit plan and its execution and to maintain independent criteria in the exercise of his/her functions.

- e. To engage in an appropriate relationship with the auditors in order to gather information for examination by the Committee on matters that may place the objectivity or independence of the former at risk and any other matter related to the accounting audit process and any other notifications provided for in the audit-related legislation and in the auditing standards. At all events, in accordance with the accounting audit-related legislation, the Audit Committee shall demand written assurance from the Company's accounting auditors of their independence from any entity with which they have direct or indirect links, obtain information of any additional services of any kind whatsoever provided to said entities and the associated fees received by said auditors or by natural or legal persons related to the same.
- f. Prior to the annual regulatory accounting audit, to issue a report containing an analysis and opinion on the independence of the Company's auditors. This report shall contain at least an assessment – at the individual and overall levels – of provision of additional services referred to in the previous section other than the legal audit and in relation to the duty of independence or the regulations that govern external audits.
- g. To inform the Board of Directors in advance on all matters provided for in the Act, these Articles of Association and the Regulations of the Board of Directors with special attention to the following:
  - i. The information disclosed in the periodic mandatory financial reporting
  - ii. Creation of or investment in special-purpose entities or companies domiciled in countries or territories on the EU list of non-cooperative jurisdictions for tax purposes (tax havens)
  - iii. Transactions with associated enterprises

**Article 14 Ter. APPOINTMENTS AND REMUNERATION COMMITTEE**

1. The Appointments and Remuneration Committee shall consist of a minimum of three and a maximum of five exclusively non-executive Directors appointed by the Board of Directors, at least two of whom must be independent Directors. The Chairperson of the Committee shall be appointed from among the Independent Directors of which it is composed.
2. The Chairperson of the Appointments and Remuneration Committee must be an independent Director appointed by the Committee itself from among its number for a period of three years and may be re-elected indefinitely for periods of the same duration.
3. The Appointments and Remuneration Committee shall have at least the following powers:
  - a. To assess the skills, knowledge and experience required of the Board of Directors. To do so, the Committee shall define the functions and skills required of candidates to fill each Board vacancy and assess the time and dedication required by Directors to effectively carry out their duties.
  - b. To set a representation objective for gender equality on the Board of Directors and set guidelines on how to achieve said objective.
  - c. To make proposals for appointment of independent directors to the Board for appointment by co-option or for submission to the decision of the General Meeting and proposals for re-election or removal of said directors by the General Meeting.
  - d. To report on proposals for appointment of the remaining directors by co-option or for submission to the decision of the General Meeting and on proposals for re-election or removal by the General Meeting.
  - e. To report on proposals for appointment and removal of senior managers and the basic conditions of their contracts.
  - f. To examine and organise the succession of the Chairperson of the Board of Directors and the company's chief executive and, as appropriate, to make proposals to the Board of Directors to ensure that succession occurs in an planned, orderly manner.

To propose the remuneration policy for directors and general managers to the Board of Directors and for others who carry out senior management functions for which the Board is directly responsible, executive committees or managing directors in addition to the individual remuneration and other contractual conditions of executive directors and to ensure enforcement of the same.

### **PART III**

#### **ON THE ANNUAL FINANCIAL STATEMENTS AND ALLOCATION OF PROFITS**

##### **Article 15.- ON THE ANNUAL FINANCIAL STATEMENTS AND ALLOCATION OF PROFITS - LIQUIDATION OF THE COMPANY**

These matters shall be governed directly by the currently applicable Corporate Enterprises Act.

### **PART IV**

#### **OTHER PROVISIONS**

##### **Article 16.- NOTIFICATION OF SIGNIFICANT HOLDINGS**

Shareholders are obliged to report to the Company the purchase or sale of shares that reach, exceed or fall below 5% of the share capital and successive multiples, held directly or indirectly. Such notifications must be issued within four business days of the date on which the decisive event in the report takes place.

In compliance with the BME Growth regulations, the Company is required to publish these notifications.

##### **Article 17.- NOTIFICATION OF AGREEMENTS**

Shareholders are obliged to report to the Company any shareholders' agreements that have been signed, extended or cancelled that restrict the transfer of securities or voting rights.

Such communications must be sent to the body or person designated by the Company for this purpose within four business days of the date on which the decisive event in the report takes place.

In compliance with the BME Growth regulations, the Company is required to publish these notifications.

#### **Article 18.- TRANSFER IN THE EVENT OF CHANGE OF CONTROL**

A shareholder that intends to acquire a controlling interest (more than fifty percent (50%) of the Company's capital stock) must offer to purchase the shares of all the other shareholders under the same conditions.

Shareholders that receive offers to purchase their shares from another shareholder or from a third party that – from the conditions of purchase, characteristics of the purchaser and other circumstances – could reasonably be supposed to mean that the purchaser would have a controlling interest in the Company, may not transfer their shareholding unless the potential purchaser offers to purchase the shares of all shareholders under the same conditions.

#### **Article 19.- EXCLUSION FROM TRADING**

In the event that the General Meeting resolves to delist from trading on the BME Growth market and said resolution is not supported by all shareholders, the Company must offer to purchase the shares of shareholders who did not vote in favour of the measure at a price justified in accordance with the criteria in the regulations applicable to public takeover bids for purchasing securities in the event of exclusion from trading.

The Company will not be subject to the foregoing obligation when it agrees to admit its shares to trading on a Spanish regulated market simultaneously with their delisting from the Market.