

Precise Biometrics CEO Patrick Höijer on the recently completed rights issue and the future

Precise Biometrics (publ) CEO Patrick Höijer comments on the recently completed rights issue, which brings the company a little over SEK 40 million after issue costs, as well the next phase of the company's development, which has now begun.

Dear Shareholders,

It has been over a year since I was entrusted to take over as the new CEO of Precise Biometrics with the mission of commercializing the company's world-leading position in biometrics.

When I look back on that year, I can humbly conclude the work has been both exciting and engaging. It has also included difficult, but necessary, decisions that I realize were not always popular, at least in the short term. To some extent, this includes the rights issue, the final outcome of which was recently announced and which strengthens the company finances with just over SEK 40 million in net contribution.

As CEO of the company, I would therefore like to remind you of some of the milestones we have achieved in the past 12 months and why I am positive about the many great opportunities that now lie ahead of us:

- Egis Technology, a large Taiwanese sensor manufacturer, becomes a major shareholder through a targeted share issue and a rights issue that added SEK 41 million net to the company.
- The acquisition of the visitor system EastCoast Solutions is beginning to bear fruit and creates both diversified income and new areas of application for our biometric solutions.
- The company's recurring revenue ARR grew by 25% to SEK 16.2 M in 2022.
- The company becomes a technical partner with Genetec for access systems based on facial recognition and signs a resale agreement with Flowscape Technologies for visitor systems in the US.
- The company signs an agreement with Isorg on cooperation regarding biometric solutions for mobile phones.
- The company signs an agreement with CanvasBio on cooperation regarding biometric solutions for laptops.

On the first of June, the company's management team was also strengthened with Joakim Nydemark taking on the role of Vice President & CCO Algo. Joakim comes most recently from the tech company Crunchfish and the role of COO and CEO for the subsidiary Crunchfish Gesture Interaction AB.

Joakim will have a central role for our growth strategy within the Algo business unit. This means working closely with our strategic partners with the goal of winning projects in the mobile segment. We also support new sensor vendors, while exploring new verticals and new areas of application for

our algorithms. With extensive experience from leading positions at innovative technology companies, Joakim is exactly the right person to run this business unit. The work kicks off in June and July when both Joakim and I make two exciting sales trips to Asia to meet existing and possible new customers.

During my first year as CEO, the consumer electronics market in general, and the mobile and laptop market specifically, has faced very challenging market conditions. Most assessments are that the mobile phone market is expected to recover in the second half of 2023. With the cash the company now has and the strengthened management team, of which Joakim is now a member, we will be ready to take advantage of the new opportunities that are expected to open up for Precise Biometrics when the market conditions improve.

Within our Digital Identity business area, we have entered the commercialization phase of our entry and visitor management systems for premises and buildings, complete with the latest facial recognition technology. We are now continuing the work with our geographical expansion to the US. Through our partnerships with the American access company Genetec and Flowscape Technologies, we are in a good position and are now working with system integrators to build strong sales channels. This, combined with our desire to continue expanding our fingerprint software within Algo into new verticals, provides the potential to increase our earnings as well as create more diversified revenue streams going forward.

There are several global trends that drive the demand for solutions in both of our business areas. Overall, we see a sharp increase in demand for security solutions both in terms of digital security and physical security. It is in the middle of this development that Precise Biometrics finds itself.

Some specific trends that I think are worth highlighting are:

- Mobile devices are expected to revert to fingerprints from facial recognition, or to a combination of these two technologies for identification. It is mainly under-display sensors that take market share, the type of sensors that Precise mainly supports.
- Demands for more secure identification already when starting up laptops are driven, for example, by Windows Hello, which is expected to increase the demand for biometric solutions within the laptop segment in the coming years.
- The market for fingerprint readers in the automotive industry is expected to double between 2023 and 2024. In the past, it has been about convenience solutions, but in the future flexible payment solutions in vehicles will be important, where identification through fingerprints is expected to be central.
- The market for smart door locks is estimated to have an annual growth of 19 percent from 2022 to 2030. Biometrics is expected to take an increasingly strong position here.
- An annual growth of at least 8 percent per year is predicted for biometric access to physical buildings and facilities. The US market is the most mature and represents 21 percent of the global market in the area.
- The market for visitor management systems is expected to have 13 percent annual growth and North America is predicted to be the largest market.

All in all, this means that I have a positive view of the future and for those of you who want to read more about our technology and market trends, I recommend reading our annual report for 2022.

I have of course subscribed to the latest rights issue and so have the other members of the management team and the board, and I want to take the opportunity to thank all existing and new shareholders for your continued support.

My first 12 months at Precise Biometrics have required a lot of effort to turn things around. Both capital acquisitions and efficiency programs have been bitter medicine for both employees and shareholders. But we would not have taken these steps if they were not deemed necessary to be able to fully capitalize on the global trend of increased focus on IT security and growing use of biometrics in many areas of society.

Now the company is well equipped, and I look forward to continuing my second year with full focus on the business, winning new customers, creating shareholder value and contributing to both satisfied customers and employees.

Thanks again for the trust you have put in me.

– Patrick Höijer, CEO, Precise Biometrics

Contacts

Patrick Höijer, CEO
E-mail: patrick.hojjer@precisebiometrics.com

About Us

Precise Biometrics AB (publ) (“Precise”) is a global supplier of identification software. The company offers products in various areas of application that enable users – using their own biometrics – to identify themselves in a convenient and secure way. Precise has two business areas; Digital Identity and Algo, and operates out of its offices in Lund, Sweden, Potsdam NY, USA and Shanghai, China. The Precise share is listed at Nasdaq Stockholm (PREC). For more information, please visit www.precisebiometrics.com

Attachments

[Precise Biometrics CEO Patrick Höijer on the recently completed rights issue and the future](#)