

A woman with long dark hair, wearing a white tweed jacket, is shown in profile, looking out a window. The background is a blurred view of a city street with greenery and buildings. The overall tone is professional and modern.

PRECiSE
BIOMETRICS

Q4

PRECISE BIOMETRICS AB

**YEAR-END REPORT
JANUARY-DECEMBER 2023**

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NEW GROUP EXECUTIVE TEAM AND POSITIVE EBITDA IN Q4

YEAR-END REPORT FOR THE PERIOD JANUARY TO DECEMBER 2023

FOURTH QUARTER

- Net sales totaled SEK 20.3 (19.3) million.
- EBITDA totaled SEK 0.6 (-2.0) million.
- The operating profit/loss for the quarter totaled SEK -5.4 (-7.8) million.
- Earnings for the period totaled SEK -5.0 (-9.3) million.
- Earnings per share totaled SEK -0.1 (-0.2).
- Cash flow from operations totaled SEK -2.8 (0.3) million.
- Cash and cash equivalents totaled SEK 47.5 (46.4) million
- ARR (Annual Recurring Revenue) at the end of the period SEK 18.3 (16.2 million)

FULL-YEAR PERIOD, JANUARY-DECEMBER

- Net sales totaled SEK 75.1 (91.0) million.
- EBITDA totaled SEK -1.7 (1.1) million.
- The operating profit/loss totaled SEK -26.5 (-20.0) million.
- Earnings for the period totaled SEK -26.4 (-22.2) million.
- Earnings per share totaled SEK -0.3 (-0.5).
- Cash flow from operations totaled SEK -10.8 (3.9) million.
- Cash and cash equivalents totaled SEK 47.5 (46.4) million
- ARR (Annual Recurring Revenue) at the end of the period SEK 18.3 (16.2 million)

SIGNIFICANT EVENTS DURING THE QUARTER

- Precise Biometrics entered into an agreement with SystemHouse Solutions in the Scandinavian market. The agreement involves SystemHouse Solutions marketing and acting as a distributor of Precise Biometrics' biometric access system YOUNIQ Access as an option in Integra, its intelligent access control and intruder alarm system.
- Henrik Winberg was recruited to the role of Chief Commercial Officer (CCO) for the Biometric Technologies business area (formerly Algo). Henrik will also be part of the group executive for Precise Biometrics. Henrik arrives from the tech company Dlaboratory Sweden AB (dLAB), where he held roles as COO and Head of Sales.
- Sarandis Kalogeropoulos was appointed CCO for the Digital Identity business area, and will be part of the group executive for Precise Biometrics. Sarandis has been involved in the company as a consultant since 2019, and has over 20 years' experience of working with business development and sales in tech companies.
- Fredrik André was recruited as Chief Marketing Officer (CMO) for Precise Biometrics. Fredrik will be part of the group executive for Precise Biometrics. He arrives from the role of CMO at Avensia (AVEN), an expertise company in the field of modern commerce.
- On December 21, Precise Biometrics' CFO Annika Freij announced her intention to seek new challenges outside the company in 2024. Annika will remain in her role during her period of notice period, which lasts 6 months. A recruitment process to find a new CFO has been initiated.

SIGNIFICANT EVENTS AFTER THE QUARTER

- Precise Biometrics participated in the world's largest electronics fair, the Consumer Electronics Show (CES), in the USA on January 9-12, 2024. In collaboration with the German semiconductor giant Infineon, the company demonstrated future solutions for biometric driver identification in the automotive industry.
- Precise Biometrics has signed an agreement in respect of a dedicated sales team in Amsterdam for targeting customers in order to acquire market shares for the company's YOUNiQ Visit visitor system. The team will initially target the market in the Netherlands, and then the other Benelux countries.

FINANCIAL DATA AND KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full-year	Full-year
Net sales	20 311	19 276	75 069	91 018
Net sales growth, %	5,4%	-29,7%	-17,5%	9,2%
EBITDA	590	-1 986	-1 691	1 147
Gross margin, %	65,3%	63,4%	63,7%	71,5%
Operating profit/loss	-5 421	-7 764	-26 458	-20 016
Operating margin, %	-26,7%	-40,3%	-35,2%	-22,0%
Cash flow from the operating activities	-2 828	275	-10 760	3 931
Cash and cash equivalents	47 534	46 405	47 534	46 405
Annual Recurring Revenue*	18 307	16 190	18 307	16 190

See the Financial Glossary for definitions.

INTERACTIVE PRESENTATION OF YEAR-END REPORT AND INVITATION TO Q&A

Precise Biometrics has published a video in connection with today's interim report, which includes interviews with CEO Joakim Nydemark and CFO Annika Freij, and is available on the Investor Relations page here:

<https://precisebiometrics.com/sv/investerare/>

The material in the video is designed to complement the report and provide additional depth and better understanding of the stock market for the company's business operations.

The company also invites you to a live Q&A that starts at 10:00 AM (CET) on February 16, 2024.

To take part in the Q&A session, access it via the interactive video player on the Investor Relations page here:

<https://precisebiometrics.com/sv/investerare/>

Questions can be asked directly in the chat function in the interactive player or submitted in advance to

investor@precisebiometrics.com.

Participating on behalf of Precise:

- **Joakim Nydemark, CEO**
- **Annika Freij, CFO**

The video is in Swedish with English subtitles and the Q&A will be held in English.

CEO COMMENTS

The fourth quarter (Q4) of 2023 was characterized by intensive customer targeting and sales activities, as well as further strengthening of the group executive team, which combine to create the conditions for an exciting 2024. We are particularly pleased to report a positive operating profit before depreciation (EBITDA) for Q4, and that our visitor management system – YOUNIQ Visit (EastCoast Visit) – had its best quarter so far in terms of sales, which means that we continue to increase our annual recurring revenue (ARR). We have also made continued progress in the automotive industry in collaboration with Infineon Technologies and have won several new projects in the Biometric Technologies (formerly Algo) business area. The fact that we end the year with a Q4 result that indicates growth is particularly positive, and something we see as an indication of a favorable turnaround in the market.

In many respects, 2023 can be summarized as a challenging year for the company, with declining volumes in a generally tough business climate. We were negatively impacted by high component inventories at our customers, inflationary pressures and rising interest rates, but we took steps during the year to reverse the trend. With a new share issue in the spring, we strengthened our cash flow to increase marketing efforts and accelerate growth. By reallocating resources, we also reduced our costs, and in combination with a new, experienced group executive team, we have done our best to counteract these effects, achieve a positive EBITDA in Q4 and create the conditions for positive development in 2024 and beyond.

The fourth quarter was very much about accelerating the commercialization strategy that was completed in late summer. I have therefore spent a lot of time with customers in the USA, the EU and Asia during the autumn, to make sure that we as a company are addressing the right customers and geographical markets, and also that we are investing in applications with great growth potential for our technologies. We also need to verify that our solutions scale optimally, and that we are efficient in the areas of technical development, sales, delivery, installation, and support, so that we achieve real economies of scale as we grow.

One area where a lot is happening right now is the automotive industry, where various services in vehicles will require payment and biometric authentication. As cars become increasingly autonomous and connected and are

equipped with more screens both in the front and rear, the need for biometric identification will increase dramatically, for example for personal settings, purchasing entertainment and the use of car-related services.

New safety requirements in both the USA and the EU give us exciting opportunities in the automotive industry, but the needs of commercial vehicle operators will also change, as driver identification, authentication of various settings and in-vehicle purchases will become a prerequisite. Biometrics in the automotive industry is expected to grow by more than 23% annually over the next five years, which we must take advantage of.

To be correctly positioned in the field of biometric solutions for the automotive industry, the collaboration Infineon Technologies has been strengthened by such means as training Infineon's European design and integration partners in Precise products and offerings. We also had a joint demo with Infineon at the Consumer Electronics Show (CES) in the USA, which attracted a great deal of interest among visitors. In terms of business, agreements have been signed on commercial projects, and it is hoped that the first cars with Precise's fingerprint algorithm and Infineon's sensor will start to be delivered in 2024.

I am also pleased to have a new, highly experienced group executive team in place during the fourth quarter, with Henrik Winberg in the role of Head of the Biometric Technologies business area and Fredrik André as CMO. Sarandis Kalogeropoulos, who has been with the company since 2019 and is particularly experienced, both technically and commercially, is taking on the role as CCO of the Digital Identity business area. We are also working to strengthen sales locally in the USA and in Sweden, in order to address the non-Nordic market with our YOUNIQ Access and YOUNIQ Visit offerings.

Looking ahead to 2024, I see much to suggest good development for Precise Biometrics, not least due to the progress we are making in the automotive industry and the signs we see that the mobile market is recovering. We therefore expect a general increase in demand, which, in combination with a trend towards mobile screens becoming increasingly high-resolution, creates favorable conditions for fingerprint sensors based on ultrasound, in which we are a world leader.

We also worked hard on costs earlier in the year, and we are now seeing the effects of this. The recruitments mentioned above are largely replacement recruitments or a redistribution of resources to customers and markets and will therefore not have any significant impact on the overall cost situation.

In the Digital Identity business area, where we offer system solutions based on biometric algorithms, we saw something of a positive change in opinion during the year regarding acceptance of the use of cameras in society. With an increasing need for CCTV surveillance and facial recognition to increase security in society, both in Sweden and the rest of Europe, we are also seeing a change in the way people view cameras and other sensors for biometric authentication. Safety and security are becoming increasingly important, driving demand for biometric access systems such as YOUNiQ Access in workplaces, public buildings and homes. We are also seeing safer, more efficient visitor systems contributing to increased security, which we feel has increased demand for YOUNiQ Visit.

We have set a clear strategy for how to achieve profitability, which we are now implementing. One clear step we have taken is the expansion of our Digital Identity business in both Europe and the USA. After a record quarter in revenues for YOUNiQ Visit, we feel stronger in our investment outside the Nordic market and have activities underway in the

Netherlands. We have continued to target the US market through our partners Genetec and Flowscape Technologies, where the number of potential new customers has increased significantly. The ARR at the end of Q4 was SEK 18.3 million (SEK 16.2 million in Q4 2022), which indicates growth, but we aim to increase the rate further.

Safety and security are important values that Precise Biometrics delivers when we, through our world-leading biometric technology, make the individual the key to unlock doors, mobile phones, computers, and cars, and to create secure authentication when making a payment. There is no doubt that biometrics is the way we will identify ourselves in the future, and we have the technical solutions and expertise to take a position in this future.

The entire Precise team has worked incredibly hard during the year to bring the company to where we are now, and I would like to thank everyone involved for their amazing performance. I am very much looking forward to the continuation of 2024, when we, with increased market presence, high-quality products, and more efficient sales and delivery processes, have good prospects to create both growth and profitability.

Joakim Nydemark
CEO



CUSTOMER OFFERING

In a society where security is becoming increasingly central, Precise Biometrics helps to create increased peace of mind. This is done by developing innovative technological solutions in the field of biometrics, where simplicity and a first-class user experience are combined with a very high level of security because YOU are the key. Instead of using a PIN code, password, key, card, etc. to identify yourself, you use your finger, face, or palm.

There are areas of application in both digital and physical access, and the applications can be found in, for example, mobile phones, laptops, smart locks, access systems and vehicles.

The offering consists of algorithms, basic technology, which component manufacturers use in their products, and also end-customer products for access and visitor management. The focus of all solutions is to combine high security with a first-class user experience through outstanding technology, based on AI and Deep Learning.

– YOU ARE THE KEY

WHY PRECISE BIOMETRICS?

- Unique knowledge, as biometrics has been our core business for 25 years.
- Established on the global market, our technology is used more than 100,000 times per second, all year round.
- Large customer base and a global footprint in the world of biometrics.
- Hardware-independent, handling several different biometric modalities such as finger, hand, and face.



YOU are
the key



OUR PRODUCTS

Access and visitor management systems

YOUNiQ Access is our access solution for doors based on biometrics, such as facial recognition.

YOUNiQ Visit (EastCoast Visit in Sweden) is our visitor management solution.

Biometric identification algorithms

BioMatch is our fingerprint matching product.

BioLive is our product to prevent fraud using false fingerprints.

BioEnhance is our product for image enhancement, e.g., regarding fingerprints before matching.

ABOUT PRECISE BIOMETRICS

Precise Biometrics is a global software technology and solutions company in the fields of biometrics and digital identification. Under the YOUNiQ brand, the company offers ready-made solutions for access and visitor management, which use biometrics to offer a high level of security and ease of use with the individual as the key - "YOU are the key". Identification is performed by face, hand, or fingerprint. Precise also offers world-leading algorithms for biometric identification in mobile phones, laptops, smart locks, vehicles, etc.

The company has offices in Sweden (headquarters in Lund), the USA, China, Taiwan and South Korea. The share is listed on Nasdaq Stockholm under the PREC ticker. Feel free to visit precisebiometrics.com for more information.

MARKET DEVELOPMENT

BIOMETRIC TECHNOLOGIES BUSINESS AREA (FORMERLY ALGO)



In the Biometric Technologies business area, Precise uses its 25 years of expertise in algorithms for advanced image analysis to develop and license the company's world-leading fingerprint software to sensor manufacturers. Precise has a strong position as a software supplier in the segment for fingerprint sensors for mobile phones, in terms of both optical and ultrasound sensors.

Precise continues its work to strengthen relationships with its partners through a local presence by providing better local support and customizing solutions for the company's customers in the Asian and American markets. Demand for the type of sensors in which Precise's fingerprint software is used is expected to increase in the coming years. In addition to a strong basic vertical in mobile phones, there are good prospects in the future for expansion in verticals such as vehicles, smart door locks, and laptops.

Our technology is used over 100,000 times per second, all year round

Precise already has agreements with Infineon Technologies to provide fingerprint technology to the automotive industry, and work continues to commercialize the joint solution. The product that Precise offers in this area is not only integrated into the fingerprint sensor itself, but into an entire module manufactured by what is referred to in the automotive industry as Tier1 and Tier2. These are companies that, at different levels, supply components and sometimes entire dashboards to vehicle manufacturers, so-called Original Equipment Manufacturers (OEMs). The fingerprint function will be used, among other things, to control various functions such as driver settings, but also to make payment for various products and services. The introduction of biometric technology in vehicles has been discussed for a long time, and there are already some solutions available on the market. It is expected that this market will grow rapidly in the years ahead. Although it is still a young market, it is

characterized by higher unit prices and long product life cycles, which often extend over 7 to 10 years.

Within the product vertical Laptop, Precise has had a partnership agreement with Korean company CanvasBio since 2022 to develop fingerprint sensors for laptops together with them. Laptops constitute a new and closely related vertical for Precise, and this collaboration enables Precise to continue to capitalize on its algorithms for fingerprint recognition. Collaboration with CanvasBio was further extended in 2023, with an evaluation license agreement in respect of fingerprint sensors for mobile phones.



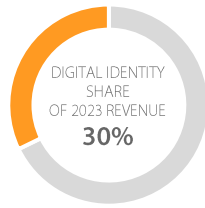
FUTURE PROSPECTS FOR BIOMETRIC TECHNOLOGIES

Global sales volumes of mobile phones are expected to recover in 2024 after a period of lower demand. The shortage of components that arose a few years ago, which in turn created large stocks at the component suppliers a few years later, has also been resolved. The prospects from 2024 onwards are therefore good. Furthermore, fingerprint sensors are expected to remain the leading biometric technology for mobile phones, tablets, and laptops.

Trends that are positive for Precise Biometrics include the increasing demand for fingerprint sensors placed under the display (optical and ultrasound), with forecasts that the market for these kinds of fingerprint sensors will grow to a total value of USD 2.5 billion by 2030, which represents an annual growth rate (CAGR) of 21% between 2023 and 2030 (source: Canalys, 2023; YOLE Intelligence).

DIGITAL IDENTITY BUSINESS AREA

In recent years, Precise has developed the business to meet the demand for biometric solutions that simplify and streamline the identification process. By combining different biometric technologies in order to verify a user's identity, it is possible to create the optimal balance between security, safety, and convenience.



Precise currently holds a leading position in the Nordic region in the area of visitor management systems and growing positions in solutions for physical biometric access. There is great international market potential for biometric access to buildings through facial recognition, and in this application area Precise delivers the YOUNiQ service.

Precise currently has partnerships with various system integrators, which constitute important sales channels, and YOUNiQ is integrated with most access systems. Additional integrations of YOUNiQ have already been carried out with Swedish and foreign security systems, including SystemHouse Solutions in Sweden and Genetec in North America.



During the quarter, a number of customer agreements and extended partnerships were signed for Precise's visitor management system YOUNiQ Visit. Precise continues to work on developing integrated solutions between the company's various product areas to manage customer flows of visits and access, for example through an integrated solution for visitor management via facial recognition.

In 2023, Precise joined the Genetec Technology Partner Program to strengthen its presence in the US market with its YOUNiQ Access solution, through joint sales and marketing activities, and entered into an agreement with Flowscape Technology on sales of YOUNiQ Visit in the USA.

FUTURE PROSPECTS – DIGITAL IDENTITY

As the need for camera surveillance and facial recognition



increases to improve security in society, not only in Sweden, but globally, there is a simultaneous change in the way people view the use of cameras and other biometric sensors. Safety and security are becoming increasingly important, creating an increased demand for biometric access systems such as YOUNiQ, in workplaces, in public buildings, and at home. We are also seeing how safer and more efficient visitor systems contribute to an increased sense of security, which has led to increased demand for YOUNiQ Visit. This is why Precise is now intensifying its efforts in Sweden, Europe, and the USA with regard to the company's solutions within Digital Identity, as there is increasing growth potential in this area. As part of this, Precise Biometrics has signed an agreement in respect of a dedicated sales team in Amsterdam for targeting customers in order to acquire market shares for the company's YOUNiQ Visit visitor system. The team will initially target the market in the Netherlands, and then the other Benelux countries (Belgium and Luxembourg).

The market for biometric physical access solutions is expected to grow by USD 3.7 billion up to and including 2026, with an annual growth rate (CAGR) of around 8%, according to Technavion, 2022. Of the estimated global market of USD 3.7 billion, North America is expected to account for 21%, according to FACT MR, 2022. The global market for visitor management systems is expected to grow to USD 2 billion by 2026, representing an annual growth rate (CAGR) of approximately 16%, according to KBV Research 2020. North America is expected to be the single biggest region.

MARKET OUTLOOK FOR BIOMETRICS

Interview about the development of the biometrics market with Alan Goode, Chief Analyst at Goode Intelligence, a UK-based analysis and research company focused on the biometrics industry.

What is the market size for biometric identification solutions in 2024?

Goode Intelligence research shows that during 2023 the market for biometric identification grew by 13 percent CAGR to USD 14B and is expected to continue to grow by 14 percent to USD 16B in 2024, driven by growth in smart phones, access control, digital identity verification, banking and payments and automotive areas

Which key high-level trends drive the need for biometric identification in 2024?

There is a pressing need to identify people securely and conveniently to support digital transformation for government, consumer, and employee scenarios. The world is becoming more insecure, and governments and businesses will need to continue to adopt biometric technology to keep people safe. This need for biometric identification is further accelerated by the disruption caused by artificial intelligence (AI). It has never been easier to generate fake identities and personas using widely available AI tools. A study published in 2023 has shown that fraud involving AI-generated identities has risen 17 percent over the past two years and 76 percent of financial professionals believe that their companies have approved customers using synthetic identities. The research, conducted by Wakefield and commissioned by U.S. synthetic identity fraud prevention company Deduce, also reveals that 87 percent of experts anticipate the problem worsening in the coming years. It is important that organisations partner with the established experts in biometric identification who have a track record of being one step ahead of fraudsters and attackers.

Smart phones have been the center of biometric solutions. What is the next big category to embrace biometric identification?

Smart phones will remain an extremely important market for biometric identification solutions, with a continuation of the trend of facial recognition, as well as under and in-glass fingerprint identification. In addition to this, we expect that we will see strong demand from a number of categories that are poised to lead to growth for biometric identification, including government-issued digital identity verification supported by government initiatives and frameworks,

automobiles, to promote frictionless security, driver personalization and in-car payments, physical access control providing a secure and convenient way to enter buildings, and smart cards, for both payment and access control. For many of these categories, biometrics will continue to be the number one choice for secure identification and authentication.



Face has grown a lot because of the adoption in mobile phones, but based on what many key industry influencers are talking about, palm seems to be the next big modality for identification. What are the main use cases for Palm?

Palm is a really good alternative to face and is being used for a wide range of use-cases including physical payments and physical access control. It can have distinct useability and security advantages over face in certain circumstances. Especially when it comes to demonstrating active purchase intent and not just identification. For example, it has been chosen by Amazon as the biometric modality for its in-store biometric solution, Amazon One. Amazon announced in 2023 that it would be expanding Amazon One to all 500+ Whole Food Markets in the US. Additionally, Amazon One has been rolled out to Panera Bread Restaurants and across the US for sports stadia and airports. In China, we have seen palm being rolled out as an accepted payment method in subways.

Fingerprint identification and biometrics is now coming to cars and driver authentication as evident at CES 2024 How fast do we see that rolling out?

Goode Intelligence identified automotive as being a key market for biometrics already back in 2017 with the publication of the first edition of our "Biometrics for the Connected Car" market analyst report. We updated this report in 2020 where we forecast that by 2026 over 75 million biometric sensors will be integrated into cars. This includes four main biometric modalities, fingerprint, face, voice and iris. In many circumstances a car will support more than one biometric modality, for instance fingerprint and face. Major use cases driving this adoption are car personalization, in-car payments, health and safety, and insurance. At CES 2024 in Las Vegas, Auto Biometrics was a hot topic with

announcements from Continental on a face biometric solution joining supercar manufacturer Lamborghini in showcasing the benefits of biometrics. Semiconductor giant Infineon was also present and showing their in-car biometric solutions running Precise Biometrics software. This is a field where we will see a lot of innovation in the coming years as the electrical cars compete for the best and most user-friendly driver identification and personalization solutions.



Electronic access systems have started embracing biometric identification solutions. What are the main obstacles to overcome?

We are seeing traction for the use of biometrics in physical access control, as it offers several clear advantages over existing card-based solutions. These advantages include better security, for instance avoiding tailgating and access card sharing, improved user experience, and lower lifetime costs. However, there are a few obstacles to overcome to propel biometric electronic access systems into the mainstream. It is therefore vital that businesses choose a capable and expert partner to bring them on the journey to biometric identification systems in this sector.



What is the outlook for biometric access systems adoption in the US compared to Europe, based on regulations?

For both regions it is important to ensure that biometric access solutions comply with local legislation. This is relevant worldwide and is especially the case in regions that have strong data privacy and biometric-specific regulations, including the EU and North America. In the EU, biometric access systems must comply with GDPR with people providing explicit consent to allow their biometric data to be collected for a specific purpose. Biometric data collectors must also protect that data in a secure manner. The US doesn't have country-wide regulation that affects biometric data but does have several state laws that are applicable to biometric data with at least five US states that have laws addressing biometric data. I believe that suppliers that have the experience of working with biometrics for decades, and a detailed knowledge of biometric regulation, will have success in deploying biometric access systems in both Europe and North America. This will help alleviate many of the concerns that businesses have in deploying biometric identification systems and ensure that biometric access systems in both regions will be widely deployed.

NET SALES & OPERATING PROFIT/LOSS

NET SALES FOR THE QUARTER

Net sales during the quarter totaled SEK 20.3 (19.3) million, and net sales were divided between royalty revenues of SEK 6.0 (1.9) million, license fees (including support and maintenance) of SEK 12.3 (12.1) million and Other of SEK 1.9 (5.3) million. Comparative figures for licenses and other items for 2022 have been redistributed due to reclassification of EastCoast revenues. Royalty revenues have been at a low level over the past year, but we are seeing an increase compared with both the previous quarter during the year and compared with Q4 last year. The reduction in Other is primarily explained by the fact that less hardware is sold in Digital Identity.

BIOMETRIC TECHNOLOGIES (FORMERLY ALGO)

Net sales for Biometric Technologies totaled SEK 13.9 (13.4) million and are reported under royalties at SEK 6.0 (1.9) million, licenses at SEK 7.3 (10.1) million, and Other at SEK 0.6 (1.3) million. After a period of low royalty levels towards the end of 2022 and the first part of 2023 as a consequence of low demand and low production volumes in the mobile market, royalty levels increased during the fourth quarter. License fees decreased slightly compared with the fourth quarter of 2022, mainly due to changes in the composition of customers and renegotiated licensing agreements. The gross margin during the quarter totaled 81.6% (85.8). The downturn in the gross margin is due to higher amortization of capitalized development expenses.

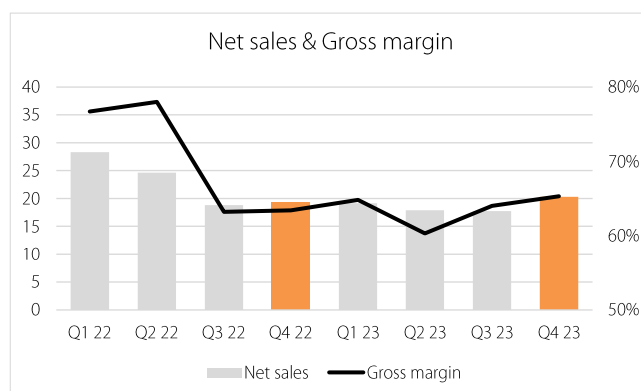
DIGITAL IDENTITY

Net sales for Digital Identity totaled SEK 6.4 (5.9) million and are reported under licenses at SEK 5.0 (2.0) million and Other at SEK 1.4 (3.9) million. Comparative figures for licenses and other items for 2022 have been redistributed due to reclassification of revenues. The proportion of recurring revenues (Annual Recurring Revenue) increased, while revenues of a one-off nature decreased. The ARR at the end of Q4 was SEK 18.3 (16.2) million.

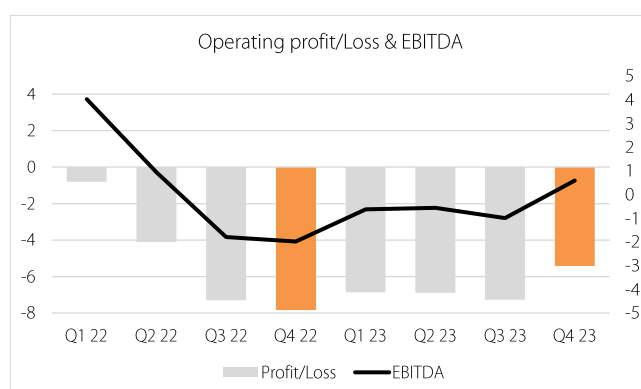
The gross margin during the quarter totaled 30.1% (12.5). The higher gross margin is mainly due to a lower proportion of hardware sales, where the margin is lower. The margin in the Q4 2022 was also very low due to non-recurring costs in connection with the integration of EastCoast.

EARNINGS FOR THE QUARTER

The gross margin during the quarter totaled 65.3% (63.4). The upturn is mainly due to changes in the product mix, as hardware sales have declined, but the increase is also counteracted by higher depreciation. Amortization of capitalized development expenses was SEK 4.5 (4.2) million, with the increase relating to Digital Identity. Amortization of acquired intangible assets totaled SEK 0.6 (0.6) million.



Operating expenses for the quarter fell to SEK 18.7 (20.0) million due to a strong focus on cost control. The profit/loss at EBITDA level improved to SEK 0.6 (-2.0) million. The improved EBITDA is explained by lower operating expenses and higher sales.



The operating profit/loss for the quarter totaled SEK -5.4 (-7.8) million. Earnings for the quarter totaled SEK -5.0 (-9.3) million. Total depreciation amounted to SEK 6.0 (5.8) million, with the increase in depreciation due primarily to assets related to EastCoast. Earnings per share (average number of shares) for the quarter totaled SEK -0.1 (-0.2).

NET SALES FOR THE FULL-YEAR PERIOD

Net sales during the full-year period totaled SEK 75.1 (91.0) million. Net sales were split between royalty revenues of SEK 17.7 (21.2) million, license fees (including support and maintenance) of SEK 49.8 (58.0) million and Other of SEK 7.6 (11.9) million. Comparative figures for licenses and other items for 2022 have been redistributed due to reclassification of EastCoast revenues. The year was characterized by low demand for mobile phones, which resulted in continued low production volumes and high inventory levels in the mobile market, and consequently low royalty revenues. The fall in license fees is mainly attributable to changes in the composition of customers and renegotiated licensing agreements. License fees for the full-year period 2022 include revenues of a non-recurring nature of SEK 3.1 million in respect of customers in the automotive industry.

BIOMETRIC TECHNOLOGIES (FORMERLY ALGO)

Net sales for Biometric Technologies totaled SEK 52.8 (67.8) million and are reported under royalties at SEK 17.7 (21.2) million, licenses at SEK 31.5 (42.0) million, and Other at SEK 3.7 (4.6) million. Last year's component shortage was replaced by declining demand for mobile phones, which has resulted in continued low production volumes in the mobile market. License fees fell due to changes in the composition of customers and renegotiated licensing agreements. The gross margin during the full-year period totaled 80.7% (86.6). The downturn in the gross margin is due to higher amortization of capitalized development expenses.

DIGITAL IDENTITY

Net sales for Digital Identity totaled SEK 22.3 (23.2) million and are reported under licenses at SEK 18.3 (16.0) million and Other at SEK 3.9 (7.2) million. Comparative figures for licenses and other items for 2022 have been redistributed due to reclassification of revenues. The decrease in revenues in Digital Identity is due to the fact that the Annual Recurring Revenue increased, while non-recurring revenues decreased. At the end of the year, ARR was SEK 18.3 (16.2) million. Other consists mainly of hardware in the area of Digital Identity, and this has decreased due to the fact that sales of hardware for YOUNiQ are to a greater extent managed at the retail level. The gross margin during the full-year period totaled 23.3% (27.1). The lower gross margin is explained by increased depreciation, which is partly offset by a smaller proportion of hardware sales.

EARNINGS FOR THE FULL-YEAR PERIOD

The gross margin during the full-year period totaled 63.7% (71.5). The decrease is mainly due to a change in the product mix, as the Biometric Technologies (formerly) Algo product segment has higher margins than the Digital Identity product segment. Amortization of capitalized development expenses totaled SEK 18.4 (14.9) million, and the increase relates to Digital Identity. Amortization of acquired intangible assets totaled SEK 2.4 (2.5) million.

Operating expenses for the full-year period fell to SEK 74.3 (85.1) million, due to a strong focus on cost control. The profit/loss at EBITDA level fell to SEK -1.7 (1.1) million. The decline in EBITDA result is mainly explained by lower royalty revenues in Biometrics Technologies, but also by a non-recurring item of SEK 2.3 million relating to payroll costs for the departing CEO.

The operating profit/loss for the full-year period totaled SEK -26.5 (-20.0) million. Earnings for the full-year period totaled SEK -26.4 (-22.2) million. Total depreciation/amortization totaled SEK 24.8 (21.2) million. Earnings per share (average number of shares) for the full-year period totaled SEK -0.3 (-0.5).

NET FINANCIAL ITEMS & TAX

Net financial items for the quarter totaled SEK 0.4 (-2.5) million and the tax expense totaled SEK 0.1 (1.0) million. Net financial items for the full-year period totaled SEK -0.3 (-3.4) million and the tax expense totaled SEK 0.3 (1.2) million.

Net financial items are attributable to exchange rate differences in cash and cash equivalents, interest income, interest on the lease liability in accordance with IFRS 16, as well as interest expense on the deferred fixed purchase price related to the acquisition of EastCoast.

CASH FLOW & INVESTMENTS

The cash flow for the quarter from operating activities totaled SEK -2.8 (0.3) million, of which SEK -3.8 (2.4) million is attributable to changes in working capital attributable to accounts receivable. During the quarter, the Group invested SEK 0.4 (0.1) million in material assets. Total cash flow for the quarter was SEK -16.7 (5.2) million. During Q4 2023, a payment of SEK 10 million was made related to the acquisition of EastCoast. During Q4 2022, a new share issue was carried out and a payment of SEK 30 million was made related to the acquisition of EastCoast.

Cash flow from operating activities for the full-year period totaled SEK -10.8 (3.9) million, of which SEK -9.5 (3.1) million is attributable to changes in working capital, where current liabilities decreased and current receivables increased. The Group invested SEK 1.2 (0.3) million during the full-year period in material assets. Total cash flow for the full-year period was SEK 1.2 (-17.8) million. During the full-year period, a preferential share issue was carried out, in which the company received a total of SEK 39.5 million after issue costs.

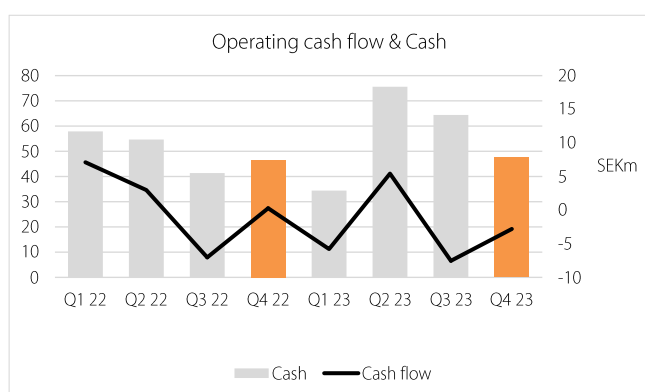
CAPITALIZATION AND AMORTIZATION OF DEVELOPMENT WORK

Development expenses of SEK 3.1 (5.6) million were capitalized during the quarter, and amortization of capitalized development expenses in respect of Digital Identity and Biometric Technologies totaled SEK 4.5 (4.2) million.

Development expenses of SEK 14.7 (20.8) million were capitalized during the full-year period, and amortization of capitalized development expenses totaled SEK 18.4 (14.9) million.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totaled SEK 47.5 (46.4) million. Total equity at the end of the period totaled SEK 159.3 (146.3) million, and equity per share was SEK 2.0 (3.1).



THE PARENT COMPANY

The parent company's net sales for the quarter totaled SEK 14.5 (14.8) million and operating profit/loss for the quarter totaled SEK -6.7 (-7.3) million.

Net sales for the full-year period totaled SEK 53.8 million (72.0). The operating profit/loss for the full-year period

totaled SEK -31.1 (-22.7) million and was affected by amortization of goodwill totaling SEK 2.5 (2.5) million. Cash and cash equivalents at the end of the full-year period totaled SEK 35.6 (33.1) million, and equity SEK 149.3 (137.5) million.

ORGANIZATION AND STAFF

The organization consists of the head office in Lund, Sweden, and offices in Stockholm, Sweden, Potsdam, USA, and Shanghai, China. At the end of the year, the Group had a workforce of 42 (56) people, including on-site consultants. The number of employees was 31 (30), of which 24 (24) were located in Sweden. Precise works in an agile way together with several partners, creating a fast-moving, scalable organization. The number of employees does not include partners.

FINANCIAL CALENDAR

Year-End Report 2023 - February 16, 2024

Q1 Interim Report 2024 - May 14, 2024

Annual General Meeting 2024 in Lund – May 22, 2024

Q2 Interim report 2024 – August 16, 2024

Q3 Interim Report 2024 – November 15, 2024

RISK FACTORS

The Group and parent company's business risks and risk management as well as the management of financial risks are described in detail in the Annual Report for 2022, which was issued in April 2023. There have been no incidents of significant importance since then that would affect or change these descriptions of the Group or parent company's risks and how they are managed. The current assessment is that the company is not directly affected by the war between Hamas and Israel.

OWNERSHIP STRUCTURE

Precise Biometrics AB (publ), corporate ID number 556545-6596, is the parent company in the Precise Biometrics Group. Precise Biometrics AB's shares are listed on the Small Cap list of the Nasdaq OMX Nordic. The number of shareholders at the end of the quarter was 16,612 (17,429), of which the proportion of foreign shareholders is 14.7%. 13,308,291 PREC shares were traded during the quarter. The closing price on December 29 was SEK 1.10, and during the quarter the share price fluctuated between SEK 0.89 and SEK 1.32.

This quarterly report has not been audited by the company's auditors.

The undersigned certifies that the year-end report provides a true and fair view of the parent company's and the Group's operations, financial position and financial results, and describes the significant risks and uncertainty factors faced by the parent company and the companies that belong to the Group.

Lund, February 16, 2024

Torgny Hellström
Chairman of the Board

Jimmy Hsu
Board member

Mats Lindoff
Board member

Maria Rydén
Board member

Åsa Schwarz
Board member

Peter Gullander
Board member

Joakim Nydemark
CEO

For further information, please contact:

Joakim Nydemark, CEO

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This information is information that Precise Biometrics AB is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on February 16, 2024 at 08:00 AM (CET).

CONSOLIDATED INCOME STATEMENT

– IN SUMMARY

Amounts in SEK thousand	Note	2023	2022	2023	2022
		Oct-Dec	Oct-Dec	Full-year	Full-year
Net sales	2,3	20 311	19 276	75 069	91 018
Cost of goods sold		-7 038	-7 049	-27 246	-25 982
Gross profit		13 273	12 227	47 823	65 036
Marketing and sales expenses		-6 719	-8 771	-27 420	-34 796
Administrative expenses		-3 488	-1 665	-14 150	-17 613
R&D expenses		-7 797	-9 431	-32 105	-34 905
Other operating income/expenses		-688	-124	-606	2 262
		-18 694	-19 991	-74 281	-85 052
Operating profit/loss		-5 421	-7 764	-26 458	-20 016
Financial income/expenses	4	373	-2 528	-291	-3 453
Profit/Loss before tax		-5 048	-10 292	-26 749	-23 469
Tax		87	978	346	1 239
Profit/Loss for the period attributable to parent company shareholders		-4 961	-9 314	-26 403	-22 230
Earnings per share, remaining operations, SEK*					
- before dilution		-0,06	-0,20	-0,34	-0,48
- after dilution		-0,06	-0,20	-0,34	-0,48
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Profit/Loss for the period		-4 961	-9 314	-26 403	-22 230
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss</i>					
Changes in accumulated exchange rate differences		-196	-147	-127	267
Other comprehensive income for the period		-196	-147	-127	267
		0			
Profit/Loss total attributable to holders of participations in the parent company		-5 157	-9 461	-26 530	-21 963

*Dilution effects are only considered in the event that the earnings per share become worse. Dilution effects have not been considered, as the average price is below the price in current option programs.

CONSOLIDATED BALANCE SHEET

– IN SUMMARY

Amounts in SEK thousand

ASSETS	Note	2023 December	2022 December
FIXED ASSETS			
Material assets		6 447	9 090
Goodwill and immaterial assets		132 751	138 898
TOTAL FIXED ASSETS		139 198	147 988
CURRENT ASSETS			
Inventories		359	311
Accounts receivable		19 173	11 478
Other current receivables		3 499	3 643
Accruals and deferred income		2 903	3 397
Cash and cash equivalents	4,6	47 534	46 405
TOTAL CURRENT ASSETS		73 467	65 234
TOTAL ASSETS		212 665	213 222
EQUITY AND LIABILITIES			
EQUITY			
Equity		159 319	146 302
TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		159 319	146 302
LONG-TERM DEBT			
Long term debt	6	17 460	25 350
TOTAL LONG-TERM DEBT		17 460	25 350
SHORT-TERM LIABILITIES			
Short-term liabilities	4,6	35 886	41 570
Total Short-term liabilities		35 886	41 570
TOTAL EQUITY AND LIABILITIES		212 665	213 222

CONSOLIDATED CASH FLOW STATEMENT

– IN SUMMARY

Amounts in SEK thousand	Note	2023 Oct-Dec	2022 Oct-Dec	2023 Full-year	2022 Full-year
Cash flow from operating activities					
Operating profit/loss		-5 421	-7 764	-26 458	-20 016
Adjustments for items not included in cash flow		5 976	5 816	24 843	21 188
Interest payments, net		373	-213	386	-299
Tax paid		3	0	-9	-21
Cash flow from operating activities before changes in working capital		931	-2 161	-1 238	852
Cash flow from changes in working capital					
Change in inventories		108	0	-48	237
Change in current receivables		-9 073	-108	-7 083	12 986
Change in current liabilities		5 206	2 544	-2 392	-10 144
		-3 759	2 436	-9 522	3 079
Cash flow from operating activities		-2 828	275	-10 760	3 931
Acquisition of subsidiaries	6	-10 000	-30 000	-10 000	-38 268
Investment in fixed assets		-360	-101	-1 215	-284
Investment in intangible assets		-2 924	-5 876	-14 101	-21 456
Cash flow from investing activities		-13 284	-35 977	-25 316	-60 008
New share issue		0	44 319	49 523	44 319
Commission expenses		0	-2 553	-9 979	-3 936
Repurchase of own shares		0	-326	0	-326
Payment for sale/buy-back of options		0	0	0	156
Payment of lease liability		-630	-505	-2 258	-1 900
Cash flow from financing activities		-630	40 935	37 287	38 313
Total Cash flow		-16 742	5 233	1 211	-17 764
Cash & cash equivalents at beginning of year		64 382	41 278	46 405	64 102
Exchange rate differences in cash & cash equivalents		-106	-106	-83	67
Cash & cash equivalents at end of period 1)		47 534	46 405	47 534	46 405

1) The balance sheet item Cash & Cash Equivalents only includes bank balances at both the beginning and end of the period.

CONSOLIDATED CHANGE IN EQUITY

– IN SUMMARY

Amounts in SEK thousand		2023	2022
	Note	Full-year	Full-year
Equity at start of period		146 302	128 053
Comprehensive income			
Profit/loss for the period		-26 403	-22 230
Other comprehensive income			
Exchange differences		-127	267
Total other comprehensive income		-127	267
Total comprehensive income		-26 530	-21 963
Transactions with shareholders			
Stockoptions	5	0	156
LTI programme	5	3	0
Repurchase of own shares		0	-326
New share issue		49 523	44 319
New issue cost		-9 979	-3 936
Total transactions with shareholders		39 547	40 212
Equity end of period		159 319	146 302

NOTES

NOTE 1 – ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The recognition and measurement policies and bases of estimates applied in the Annual Report for 2022 report have also been used in this interim report.

NOTE 2 – REVENUE ALLOCATION

Amounts in SEK thousand	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full-year	Full-year
Segment				
<i>Biometric Technologies (fd Algo)</i>				
Royalty	6 018	1 923	17 654	21 150
Licenses, incl. support & maintenance	7 332	10 120	31 500	42 046
Other	561	1 349	3 658	4 634
<i>Digital Identity</i>				
Licenses, incl. support & maintenance*	5 012	1 956	18 308	15 954
Other*	1 388	3 928	3 949	7 236
Total	20 311	19 276	75 069	91 018
Timing of revenue recognition				
At point in time**	1 778	3 248	7 740	12 664
Over time**	18 533	16 028	67 329	78 354
Total	20 311	19 276	75 069	91 018
Region/Country				
Europe	7 539	7 203	29 054	27 218
- w hereof Sweden	5 189	7 733	20 982	20 737
Asia	9 056	9 343	31 205	51 039
- w hereof China	353	3 525	3 152	15 364
- w hereof Taiwan	7 876	4 746	25 224	29 576
USA	3 716	2 731	14 811	12 762
Total	20 311	19 276	75 069	91 018

* Comparative figures for licenses and other items for 2022 have been redistributed due to reclassification of revenues.

** Sale at a certain time means that revenue is reported point-in-time at the start of the agreement period, when control has been transferred to the customer. Sales over time means that revenue is accrued on a straight-line basis over the term of the agreement.

NOTE 3 – SEGMENT REPORTING

Amounts in SEK thousand	2023			2022		
	Biometric Technologies	Digital Identity	Total Segment	Biometric Technologies	Digital Identity	Total Segment
			2023 Oct-Dec			2022 Oct-Dec
Net sales	13 911	6 400	20 311	13 392	5 885	19 276
Cost of goods sold	-2 564	-4 474	-7 038	-1 903	-5 147	-7 049
Gross profit	11 348	1 926	13 273	11 489	738	12 227

	2023			2022		
	Biometric Technologies	Digital Identity	Total Segment	Biometric Technologies	Digital Identity	Total Segment
			2023 Full-year			2022 Full-year
Net sales	52 812	22 258	75 069	67 829	23 189	91 018
Cost of goods sold	-10 171	-17 075	-27 246	-9 070	-16 913	-25 982
Gross profit	42 641	5 182	47 823	58 759	6 277	65 036

Other information

Only net sales and product costs are allocated to each segment. Other costs are not allocated at segment level as these items relate to group operations

Reconciliation profit/Loss	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full-year	Full-year
Segment profit/Loss	13 273	12 227	47 823	65 036
Marketing and sales expenses	-6 719	-8 771	-27 420	-34 796
Administrative expenses	-3 488	-1 665	-14 150	-17 613
R&D expenses	-7 797	-9 431	-32 105	-34 905
Other operating income/expenses	-688	-124	-606	2 262
Financial income/expenses	373	-2 528	-291	-3 453
Profit/Loss before tax	-5 048	-10 292	-26 749	-23 469

NOTE 4 – FINANCIAL INSTRUMENTS

The fair value in respect of financial assets and liabilities corresponds in all material respects with the carrying amount in the balance sheet.

INTEREST-BEARING LIABILITIES

On November 30, 2022, a supplementary agreement was signed that changed the terms and conditions for the remaining liability of SEK 55,000 thousand for the acquisition of EastCoast Solutions AB (see Note 6). On December 1, 2022, SEK 30,000 thousand was paid and on November 30, 2023, SEK 10,000 thousand was paid. SEK 5,000 thousand will be paid on November 30, 2024, SEK 5,000 thousand on November 30, 2025, and SEK 5,000 thousand on November 30, 2026. Interest will be added to the amounts of SEK 5,000 thousand due on November 30, 2025 and SEK 5,000 thousand due on November 30, 2026. The interest, of 3 months STIBOR + 8%, will be added from November 30 until the amounts have been paid. The liability is recognized as an interest-bearing liability as of December 31, 2023.

The liability has been calculated at current value at the original effective interest rate of 1.8% and is recognized as other current liabilities (SEK 6,102 thousand) and other non-current liabilities (SEK 11,302 thousand). The effect on earnings of the translation of the liability was estimated at SEK 2,112 thousand and was reported under financial items as other financial expenses during 2022. Precise has the option to pay off the entire remaining purchase price early without incurring any interest expenses.

NOTE 5 – OPTION PROGRAM AND LTI PROGRAM

The 2022 shareholders' general meeting made a decision to offer an incentive plan for the company's CEO to the effect that a maximum of 100,000 (after consolidation) stock options could be issued, with each stock option providing entitlement to subscribe to one (1) share in the company. During Q4 2023, 1,000,000 stock options were repurchased for SEK 8.10 and canceled from the former CEO, corresponding to 100% of the total remaining stock options.

The Annual General Meeting 2022 resolved, in accordance with the Board's proposal, to establish a long-term share bonus program (LTI 2022/2028) for all employees in Precise Biometrics. In order to facilitate the implementation of LTI 2022/2028 and to ensure the delivery of shares to the participants, and to cover the company's costs for social security contributions, the meeting also decided to amend the Articles of Association in the form of the introduction of new Class C shares, authorization for the Board of Directors to issue Class C shares, authorization for the Board of Directors to buy back Class C shares, and approval of the transfer of shares to participants in LTI 2022/2028. The implementation of Class C shares took place in Q4 2022. As of December 31, 2023, Precise Biometrics held 1,085,000 Class C shares.

NOTE 6 – BUSINESS COMBINATIONS

As of November 30, 2021, the Group acquired 100% of the shares in EastCoast Solutions AB and Besökssystem Sverige AB.

The purchase price totaled SEK 86,203,000, of which SEK 24,466,000 was paid as at 31 December 2021, partly via a cash payment of SEK 18,000,000 and partly via the issuing of new shares totaling SEK 6,466,000. An additional SEK 8,268 thousand was paid in cash in January 2022.

On November 30, 2022, a supplementary agreement was signed that changed the terms and conditions for the remaining liability of SEK 55,000 thousand for the acquisition. See Note 4 for details of the new terms and conditions.

IMPACT ON CASH AND CASH EQUIVALENTS IN 2023 (REPORTED IN INVESTING ACTIVITIES):

Repayment of debt on November 30, 2023: SEK 10,000 thousand

See Note 4 regarding repayment of liability

PARENT COMPANY INCOME STATEMENT

– IN SUMMARY

Amounts in SEK thousand	Note	2023	2022	2023	2022
		Okt-Dec	Okt-Dec	Full year	Full year
Net sales	1	14 505	14 819	53 787	72 048
Cost of goods sold		-8 556	-7 945	-32 709	-33 203
Gross profit		5 949	6 874	21 078	38 845
Marketing and sales expenses		-4 222	-6 915	-18 552	-27 356
Administrative expenses		-3 153	-3 798	-13 203	-16 567
R&D expenses		-4 613	-3 393	-19 813	-19 903
Other operating income/expenses		-672	-78	-626	2 287
		-12 660	-14 183	-52 194	-61 539
Operating profit/loss		-6 711	-7 309	-31 116	-22 694
Financial income/expenses		384	-2 469	-109	-3 196
Group contributions received		3 487	6 045	3 487	6 045
Profit/loss before tax		-2 840	-3 733	-27 738	-19 845
Tax		0	0	0	0
Profit/loss for the period		-2 840	-3 733	-27 738	-19 845

PARENT COMPANY BALANCE SHEET

– IN SUMMARY

Amounts in SEK thousand

ASSETS	Note	2023 December	2023 December
Fixed assets			
Fixed assets		2 056	2 869
Immaterial assets		31 630	40 009
Deferred tax assets		90 558	90 558
TOTAL FIXED ASSETS		124 244	133 436
CURRENT ASSETS			
Inventories		64	311
Accounts receivable		13 704	6 603
Accounts receivable Group		1 076	2 161
Other receivables		12 162	8 917
Accruals and deferred income		2 488	2 972
Cash and cash equivalents		35 618	33 140
TOTAL CURRENT ASSETS		65 112	54 104
TOTAL ASSETS		189 356	187 540
EQUITY AND LIABILITIES			
Restricted Equity			
Share capital		23 539	14 254
Paid-in unregistered share capital		0	0
Statutory reserve		1 445	1 445
Reserve for development expenses		21 556	26 761
Total restricted equity		46 540	42 460
Unrestricted Equity			
Share premium reserve		168 316	138 058
Retained earnings		-37 849	-23 210
Profit/loss for the year		-27 738	-19 845
Total non-restricted equity		102 729	95 003
Total Equity		149 269	137 463
LONG-TERM DEBT			
Long term debt		11 302	16 789
TOTAL LONG-TERM DEBT		11 302	16 789
SHORT-TERM LIABILITIES			
Short-term liabilities		28 785	33 288
Total Short-term liabilities		28 785	33 288
TOTAL EQUITY AND LIABILITIES		189 356	187 540

CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2023	2022	2023	2022
	Okt-dec	Oct-Dec	Full-year	Jan-Dec
Net sales	20 311	19 276	75 069	91 018
Net sales growth, %	5,4%	-29,7%	-17,5%	9,2%
Gross margin, %	65,3%	63,4%	63,7%	71,5%
EBITDA	590	-1 986	-1 691	1 147
Operating profit/loss	-5 421	-7 764	-26 458	-20 016
Working capital *	43 683	33 498	43 683	33 498
Capital employed	176 724	146 302	176 724	146 302
Liquidity ratio, %	203,7%	159%	203,7%	159%
Equity/assets ratio, %	74,9%	69,2%	74,9%	69,2%
Earnings per share before dilution, SEK	-0,06	-0,20	-0,34	-0,47
Earnings per share after dilution, SEK	-0,06	-0,20	-0,34	-0,47
Equity per share, SEK	2,03	3,08	2,03	3,08
Number of shares (thousands)	78 464	47 513	78 464	47 513
Weighted avg. number of shares, adjusted for dilution effect (thousands)	78 464	47 513	65 568	41 304
Number of employees at the end of the period	31	30	31	30
Average number of employees during the period	29	29	30	30
Annual Recurring Revenue	18 307	16 190	18 307	16 190

* The key indicator is calculated excluding current liabilities to RM International.

ALTERNATIVE CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full-year	Full-year
Net sales	20 311	19 276	75 069	91 018
Net sales growth, %	5,4%	-29,7%	-17,5%	9,2%
Gross profit	13 273	12 227	47 823	65 036
Net sales	20 311	19 276	75 069	91 018
Gross margin, %	65,3%	63,4%	63,7%	71,5%
Operating profit/loss	-5 421	-7 764	-26 458	-20 016
Net sales	20 311	19 276	75 069	91 018
Operating margin, %	-26,7%	-40,3%	-35,2%	-22,0%
EBITDA	590	-1 986	-1 691	1 147
Depreciation and amortization	-6 011	-5 779	-24 767	-21 163
Operating profit/loss	-5 421	-7 764	-26 458	-20 016
Current assets	73 467	65 234	73 467	65 234
Current liabilities excl. current liabilities EastCoast International*	29 784	31 736	29 784	31 736
Working capital	43 683	33 498	43 683	33 498
Sales expenses	-6 719	-8 771	-27 420	-34 796
Administrative expenses	-3 488	-1 665	-14 150	-17 613
R&D expenses	-7 797	-9 431	-32 105	-34 905
Other operating income/expenses	-688	-124	-606	2 262
Total operating expenses	-18 694	-19 991	-74 281	-85 052
Cost of goods and services sold	-7 038	-7 049	-27 246	-25 982
Depreciation Cost of goods sold	4 904	4 683	20 244	16 935
Cost of goods and services sold excluding depreciation	-2 134	-2 366	-7 002	-9 047
Operating expenses	-18 694	-19 991	-74 281	-85 052
Depreciation Operating expenses	1 107	1 096	4 523	4 230
Operating costs excluding depreciation	-17 587	-18 895	-69 758	-80 823
Balance sheet total	212 665	213 222	212 665	213 222
Non-interest-bearing liabilities	35 941	66 930	35 941	66 930
Capital employed	176 724	146 302	176 724	146 302
Closing equity	159 319	146 302	159 319	146 302
Average equity	158 780	137 909	158 780	137 909
Current assets minus inventories	73 109	64 923	73 109	64 923
Current liabilities	35 886	41 570	35 886	41 570
Liquidity ratio, %	204%	156%	204%	156%
Equity	159 319	146 302	159 319	146 302
Total assets	212 665	213 222	212 665	213 222
Equity/assets ratio, %	74,9%	68,6%	74,9%	68,6%

ANALYSIS OF RESULTS, IN SUMMARY

Amounts in SEK thousand	Note	2023	2022	2023	2022
		Oct-Dec	Oct-Dec	Full-year	Full-year
Net sales	2,3	20 311	19 276	75 069	91 018
Cost of goods and services sold excluding depreciation		-2 133	-2 366	-7 003	-9 047
Operating costs excluding depreciation		-17 587	-18 895	-69 758	-80 824
EBITDA		590	-1 986	-1 691	1 147
Total depreciation		-6 011	-5 779	-24 767	-21 163
Operating profit/loss		-5 421	-7 764	-26 458	-20 016

FINANCIAL GLOSSARY

Net sales growth

Percentage change compared with the corresponding period in the previous year. A measure of whether a company's net sales are increasing.

Gross margin

Gross profit/loss divided by net sales. Indicates the proportion of sales that is left over to cover wages, other operating expenses, interest and profit.

Operating profit/loss

Profit/loss before financial net and tax. A measure of a company's profit before interest and taxes, i.e., the difference between operating income and operating expenses.

Operating expenses

Operating expenses excluding cost of goods sold. Operating expenses are expenses that do not belong directly to a particular product or product group. Common operating expenses include, for example, wages and other personnel expenses, as well as rental of premises.

EBITDA

Profit/loss before financial items and depreciation. This key figure shows the Group's profit/loss before depreciation/amortization of capitalized assets. This measure makes it possible to make comparisons with other companies, regardless of whether the operation is based on acquisitions or through organic growth.

Operating margin

Operating profit/loss divided by net sales. Defines what proportion of each Swedish krona of sales is left over to cover interest, taxes and any possible profit.

Cash flow

Cash flow from operating activities after changes in working capital. The operating cash flow indicates whether a company can generate a sufficiently positive cash flow to maintain and expand its operation, or whether it needs external financing.

Working capital

Current assets less current liabilities. This measure shows the capital a company needs to finance operating activities.

Capital employed

Total assets less non-interest-bearing liabilities and provisions. This measure shows how much capital is used in operations and is thus one component of measuring the return from operations.

Equity

Equity at the end of the period. Equity is the difference between the Group's assets and liabilities, which corresponds to the Group's equity that has been contributed by shareholders and the Group's accumulated profit.

Average equity

The average equity was calculated as equity for the last four quarters divided by four.

Liquidity ratio

Current assets excluding inventories divided by current liabilities. This key indicator shows the Group's ability to pay in the short term.

Equity/assets ratio

Equity divided by assets on the balance sheet date. This key indicator shows what proportion of assets is funded by equity. This measure can be of interest when assessing the group's ability to pay in the long term.

Return on equity

Profit/loss after tax divided by average equity. This key figure shows the business's return on shareholders' capital invested and is thus a measure of how profitable the Group is. Investors can compare this measure with the current bank interest rate or return from alternative investments. The measure can also be used to compare profitability between companies in the same industry.

Earnings per share before dilution

Profit/loss for the period divided by average number of shares.

Earnings per share after dilution

Profit/loss for the period divided by weighted average number of shares.

Equity per share

Equity on the balance sheet date divided by the number of shares on the balance sheet date. A measure of the value of equity per share, which is used when valuing the share in relation to the share price.

Annual Recurring Revenue (ARR)

ARR is defined as repeat revenues at the end of the quarter for Digital Identity, converted to a 12-month period. Consequently, there is no direct link between the ARR figure and future software revenues for Digital Identity. The ARR metric is used for contractual recurring revenues for the Digital Identity segment, as Digital Identity has a large customer base based on SaaS revenues. There are a small number of large customers in Biometric Technologies (formerly Algo), and therefore license fees are not followed up using the definition of ARR in this segment.