



PRECiSE
BIOMETRICS

Q3

PRECISE BIOMETRICS

INTERIM REPORT JANUARY-SEPTEMBER 2023

GROUP EXECUTIVE STRENGTHENED AND NEW LICENSING AGREEMENTS

INTERIM REPORT FOR THE PERIOD JANUARY TO SEPTEMBER 2023

THIRD QUARTER

- Net sales totaled SEK 17.7 (18.8) million.
- EBITDA totaled SEK -1.1 (-1.8) million.
- The operating profit/loss totaled SEK -7.3 (-7.3) million.
- Earnings for the period totaled SEK -7.7 (-7.4) million.
- Earnings per share totaled SEK -0.1 (-0.2).
- Cash flow from operating activities totaled SEK -7.5 (-7.0) million.
- Cash and cash equivalents totaled SEK 64.4 (41.3) million.
- ARR (Annual Recurring Revenue) at the end of the period SEK 17.8 million (comparative figure from the end of 2022: SEK 16.2 million).

INTERIM PERIOD

- Net sales totaled SEK 54.8 (71.7) million.
- EBITDA totaled SEK -2.3 (3.1) million.
- The operating profit/loss totaled SEK 21.0 (-12.3) million.
- Earnings for the period totaled SEK -21.4 (-12.9) million.
- Earnings per share totaled SEK -0.3 (-0.3).
- Cash flow from operating activities totaled SEK -8.0 (3.7) million.
- Cash and cash equivalents totaled SEK 64.4 (41.3) million.
- ARR (Annual Recurring Revenue) at the end of the period SEK 17.8 million (comparative figure from the end of 2022: SEK 16.2 million).

SIGNIFICANT EVENTS DURING THE QUARTER

- Precise Biometrics signed a 12-month evaluation license agreement with CanvasBio, a Korean manufacturer of fingerprint sensors. The aim of the agreement is to jointly develop a fingerprint module for use in mobile phones.
- Precise Biometrics (Precise) entered into a 12-month development license agreement with RECO Biotek Co., Ltd. (RECO), a Taiwan-based provider of bio-sensing system integration solutions. Under the terms of the agreements, Precise will provide its groundbreaking sensor algorithm solution BioMatch® for integration into RECO's fingerprint systems.
- The Board of Directors of Precise Biometrics appointed Joakim Nydemark, former EVP and CCO of Algo, as CEO, after former CEO Patrick Højjer left the role at his own request. Joakim Nydemark has extensive industry experience in tech, software and telecoms, with previous senior positions in companies such as Crunchfish, Anoto, TAT and Teleca/Obigo.

SIGNIFICANT EVENTS AFTER THE QUARTER

- Precise Biometrics recruited Henrik Winberg to the role of CCO for the Algo business area. 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. Henrik Winberg will take up his new role at Precise Biometrics no later than January 17, 2024.
- Precise Biometrics appointed Fredrik André as Chief Marketing Officer (CMO). Fredrik will also be part of the group executive for Precise Biometrics. He arrives from the role of CMO at Avensia, an expertise company in the field of modern commerce. Fredrik André will take up his new role at Precise Biometrics on November 20, 2023.
- Precise Biometrics recruited Sarandis Kalogeropoulos as Chief Commercial Officer (CCO) for the Digital Identity business area. 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. He will also be part of the group executive for Precise Biometrics.

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	2022	Rolling
	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Full-year	12 mth
Net sales	17 721	18 816	54 758	71 742	91 018	74 034
Net sales growth, %	-5,8%	11,3%	-23,7%	-28,4%	9,2%	-25,4%
EBITDA	-1 088	-1 829	-2 281	3 132	1 147	-4 266
Gross margin, %	64,0%	63,2%	63,1%	73,6%	71,5%	63,2%
Operating profit/loss	-7 280	-7 341	-21 037	-12 252	-20 016	-28 801
Operating margin, %	-41,1%	-39,0%	-38,4%	-17,1%	-22,0%	-38,9%
Cash flow from the operating activities	-7 542	-7 028	-7 932	3 656	3 931	-7 657
Cash and cash equivalents	64 382	41 278	64 382	41 278	46 405	
Annual Recurring Revenue*	17 755	N/A	17 755	N/A	16 190	

* Annual Recurring Revenue lacks comparative figures from Q3 2022.

See the Financial Glossary for definitions.

INTERACTIVE PRESENTATION OF INTERIM 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 November 10, 2023.

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

"Full speed ahead." That's what I said when I took over as CEO a few months ago. Looking back on the last quarter, a lot of time has been spent on important customer projects that will generate revenues in the future, but of course also on targeting new customers and intensive development work within both Algo – Biometric Technologies and Digital Identity. We have also signed a large number of new agreements for YOUNIQ Visit, formerly EastCoast Visit, and YOUNIQ Access, which has a positive effect on our annual recurring revenue (ARR). Recruitment work has also been under way, resulting in us being able to bring in three new key people to the group executive since the end of the period.

I took over as CEO at the turn of the month August/September and succeeded Patrick Höjjer, who over the past year has done an excellent job of boosting the company's finances and creating the conditions for growth. For me, the last quarter has therefore been very much about accelerating the commercialization strategy that was completed in late summer. I believe in physical presence and meetings, which is why my first months have seen me spending just about as much time with employees in the Lund office as with customers in the US, EU and Asia. Precise Biometrics has outstanding engineers and world-leading technology, and the challenge therefore lies in making the right choices in our market strategy by investing in the right applications of our technologies and addressing our geographical markets in the right way. We also need to ensure 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.

I am also pleased, a month or so into my role as CEO, to have succeeded in recruiting three really experienced people to the new group executive, which is now starting to take shape with clear areas of responsibility. Henrik Winberg will take on the role of CCO of Algo – Biometric Technologies and Fredrik André will replace Anna Leo as CMO, as Anna had previously decided to leave the company. Sarandis Kalogeropoulos, who has been with the company since 2019 and is highly experienced both technically and commercially, will also take on a bigger role as CCO of Digital Identity. We will also strengthen sales locally in the USA and in Sweden, in order to address the Nordic and European market with our YOUNIQ Access and YOUNIQ Visit offerings.

The challenging situation in the consumer electronics market continued during the third quarter and, as previously communicated, this has also affected Precise Biometrics, as well as most subcontractors. The impact has primarily been due to lower volumes within Algo – Biometric Technologies, which has a direct effect on our royalty revenues. Looking ahead to 2024, there are many indications that a turnaround is approaching in the mobile market, with good potential for growth in the mobile segment. I also see good opportunities for future growth in the product verticals of vehicles, smart locks and laptops. We have 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 cost situation.

There are a lot of exciting things happening in the automotive industry. During the quarter, we further strengthened our collaboration with one of the leading semiconductor companies, Infineon Technologies, when we had the opportunity to train their design and integration partners in fingerprint recognition and our software. We also started work on a joint marketing initiative, the first step being to train Infineon's account executives in the automotive industry. This will be followed by several joint activities, such as exhibitions at trade fairs, with the Consumer Electronic Show (CES) in the USA at the beginning of 2024 being one example of such a joint marketing activity. Biometrics in the automotive industry is expected to grow by more than 20% annually, which we must take advantage of.

In our Digital Identity business area, where we offer system solutions based on biometric algorithms, we saw something of a positive change in opinion during the quarter 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 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. During the quarter, we continued to develop the market in the USA through our partners Genetec and Flowscape Technologies. In parallel with the initiative in the USA, we will intensify sales efforts in Europe for both YOUNIQ Access and YOUNIQ Visit. The ARR (Annual Recurring Revenue) at the end of Q3 was SEK 17.8 million (16.2 million at the end of 2022), which reflects growth, but we want to increase the rate significantly in the future.

Over the past 20 years, I have worked in technology companies that have had customer companies in the fields of mobile telephony, consumer electronics, vehicles and wearables. After traveling around Asia and the US during the past quarter and meeting a large number of new and existing customers and partners, I feel even more confident about the great growth potential that Precise Biometrics possesses. Safety and security are important values that we as a company deliver 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. The economy in our business areas is starting to point in the right direction, creating demand and momentum.

We will benefit from this through increased market presence, sharper product packaging, and more efficient sales and delivery processes. I look forward with confidence to creating growth, profitability, and shareholder value.

Joakim Nydemark,
CEO



GROWTH STRATEGY

Precise is in a new phase with a greater focus on commercialization and new sales channels for the company's world-leading technology. The company is riding the global trend of interlinking electronic and physical ID verification, with great potential for growth in both business areas.

REINFORCE THE LEADING POSITION IN THE *ALGO – BIOMETRIC TECHNOLOGIES BUSINESS AREA

- Capitalize on the strong position in biometric software for mobile telephony and grow within new verticals, such as vehicles, laptops and physical access
- Building new partnerships with new sensor suppliers regardless of sensor technology (optical, ultrasound and capacitive sensors)
- Leverage our expertise in advanced image processing for applications even outside fingerprint biometrics

*The name has been updated to Algo – Biometric Technologies to better reflect the business area.

HARNESS THE MARKET POTENTIAL IN THE DIGITAL IDENTITY BUSINESS AREA

- Focus on building sales channels through commercial and technical integration with strategic access and installation partners in Sweden and Europe
- Focus on the American market, which has been identified as a market with high potential
- Continue to develop the company's existing products to ensure effective upscaling and further increase safety and security in customers' visitor flows and access

Precise believes that the market for identification is fragmented and that there are thus good opportunities for strategic acquisitions. The company intends to primarily evaluate SaaS companies that can strengthen the company's offering in the Digital Identity business area through technological solutions and human capital. Precise assesses that such acquisitions can be financed with the available liquid funds at any time and through newly issued shares.

MARKET AND SALES

Precise is a global supplier of identification software, access solutions and visitor management, and offers products for the convenient, secure authentication of people's identity. The company offers solutions in two product segments, Algo – Biometric Technologies and Digital Identity.

ALGO – BIOMETRIC TECHNOLOGIES

BioMatch – Software (AI algorithms based on advanced image analysis) to verify a person's fingerprint

BioLive – Software-based solutions to prevent fraud using false fingerprints



DIGITAL IDENTITY

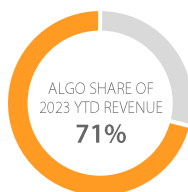
YOUNIQ Access – Secures digital identity in a simple and secure way

YOUNIQ Visit – Safe and efficient visitor management systems



MARKET DEVELOPMENT

ALGO – BIOMETRIC TECHNOLOGIES BUSINESS AREA



In the Algo – Biometric Technologies business area, Precise uses its 25 years of expertise in algorithms for advanced image analysis to 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, and the software can be found in around 10% of the world's mobile phones.

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 fingerprint software is used is expected to increase in the years ahead, and agreements are being signed with new sensor manufacturers such as Isorg in France. Next year, they will deliver a totally new fingerprint technology for use in mobile phones and tablets. Within the framework of this, Precise is delivering a full software solution including ISP software (Image Signal Processing), matches, and liveness, which demonstrates the company's competitiveness.

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.

Precise already has previous 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 has been further extended in 2023, with an evaluation license agreement in respect of fingerprint sensors for mobile phones.

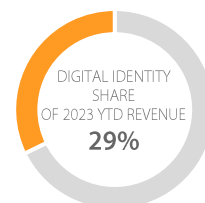
FUTURE PROSPECTS FOR ALGO – BIOMETRIC TECHNOLOGIES

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 2019 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 and YOUNIQ is integrated with several access systems, which constitute important sales channels. Additional integrations of YOUNIQ have already been carried out with Swedish and foreign security systems, including Genetec in North America.

During the quarter, a number of 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 throughout Europe, 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.

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 IN THE AUTOMOTIVE INDUSTRY

More and more vehicle manufacturers are now starting to use biometric sensors, as the technology is modern, mature, and in demand – drivers are now accustomed to these kinds of security solutions, for example in their mobile phones. As the automotive industry is becoming increasingly electrified, and is now characterized by connected screens in the driver environment, a natural extension of the technology is for drivers also to identify themselves in the same way as on a mobile phone.

The car is no longer just a means of transport, but also full of advanced technology comparable with the most advanced computers. Biometric solutions can seamlessly enable tailored settings and functions, as well as offering fast, easy, and secure payment for services. This increases safety and reduces the risk of accidents, as drivers do not need to pick up their mobile phone while driving.

The automotive industry is thus a rapidly growing electronics market where various biometric solutions such as fingerprint, facial and voice recognition

can be used, depending on what is most suitable for the purpose.

There are already biometrically

controlled functions in several car models today, and reports show that the number of vehicles with biometrics will increase exponentially in the years ahead. Motorcycles and commercial traffic such as trucks and buses are also expected to see growth in biometric solutions in the future. The market for biometrics in the automotive sector is growing at a rapid pace and, according to Stellar Market Research, is expected to have an annual growth rate (CAGR) of 22.5% between 2023 and 2029, reaching a value of almost USD 9.81 billion. The study by Stellar Market Research identifies Precise Biometrics as one of the leading global actors in this market.



“The market for biometrics in the automotive sector is expected to have an annual growth rate of 22.5% between 2023 and 2029”

AREAS OF APPLICATION & PARTNERSHIPS

Modern vehicles offer advanced interiors and connectivity, creating a platform for innovative biometric integration. Vehicles nowadays are also often equipped with advanced infotainment systems, sensors, cameras, and multiple displays for entertainment and navigation, which, combined with new safety systems such as DMS (Driver Monitoring System), provide a strong foundation for the seamless and effective use of biometrics and image analysis.

BIOMETRICS IN VEHICLES

Biometrics can be used in cars to improve safety, the user experience, and customization, for example in connection with:

Vehicle access and start: Biometric authentication, such as fingerprint recognition or facial recognition, can be used

to unlock and start a vehicle instead of using a traditional key or keyless remote control. This increases safety and prevents unauthorized access to the vehicle.

Driver identification: Biometrics is used to identify the driver and adapt the vehicle settings to their preferences, such as seat position, mirrors, and climate control. This creates a personal and comfortable driving experience.

Payments and authentication: Biometric authentication can be used to secure payment functions in the vehicle, for example to approve payments for fuel, parking, or road tolls.

Access to vehicle functions: Biometrics can be used to confirm access to certain vehicle functions, such as activating the infotainment system, navigation, or connected services.

Work with Precise's biometric solutions for the automotive industry is proceeding apace, together with the company's partners Egis Technologies and Infineon Technologies, which offer sensors for applications in the automotive industry.

Infineon Technologies is a leading global provider of semiconductor-based solutions with long-term relationships with both vehicle manufacturers and many component and system suppliers in the automotive industry.

The Precise fingerprint algorithm is now fully integrated into Infineon's fingerprint sensor and ready for delivery to the automotive industry. This enables a wide range of personal settings, system access, and payment functions for the driver. By simply placing a finger on the fingerprint reader, the driver can be identified immediately, which in turn, for example, automatically adjusts various settings in the vehicle. The fingerprint can also be used to start the vehicle and make payments for various products, applications, and services.

IMAGE ANALYSIS IN VEHICLES

The basis for Precise's fingerprint algorithms is image analysis, which is used in vehicles in many ways to improve functionality, safety, and comfort, and there is also great potential here in the future for the expertise Precise possesses in the field of advanced image analysis.

Examples of possible areas of application are:

Vehicle systems and driver experience: Image analysis is used to improve the driver experience in vehicles. It can be used to detect the driver's face and adjust settings, and to monitor the driver's attention, which can be useful in preventing fatigue-related accidents.

Vehicle maintenance: Image analysis can be used to monitor the condition of the vehicle and perform maintenance inspections. Examples include identifying wear, damage, or failure of vehicle parts, which can help prevent problems before they become serious.

Precise continuously evaluates areas of application as described above for different kinds of sensors in combination with advanced image analysis and works with the company's partners to meet demand from the automotive industry.

The automotive industry is undergoing rapid technological development, with biometrics and image analysis as important components. Precise's broad expertise in the field of advanced image analysis opens up opportunities beyond biometrics, in an exciting future filled with potential for technological advances and innovations.

The potential of biometrics in the ever-evolving automotive industry extends beyond identification and security, with a wide range of applications and paves the way for exciting opportunities going forward. For Precise, as a world-leading supplier of advanced algorithms, this development in the industry represents a significant opportunity.



The photo shows an example of camera installed for facial detection.

NET SALES AND OPERATING PROFIT/LOSS

NET SALES FOR THE QUARTER

Net sales during the quarter totaled SEK 17.7 (18.8) million, and net sales were divided between royalty revenues of SEK 4.1 (1.9) million, license fees (including support and maintenance) of SEK 11.8 (14.8) million and other revenues of SEK 1.8 (2.1) 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 Q3 last year. The fall in license fees is primarily attributable to certain changes in the composition of customers and renegotiated licensing agreements.

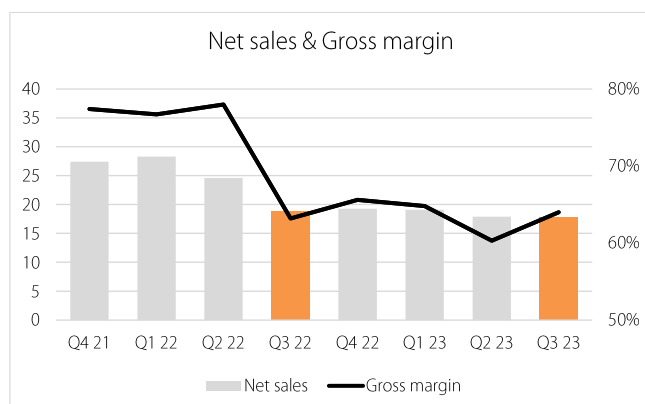
SEGMENT – ALGO BIOMETRIC TECHNOLOGIES

Net sales for Algo totaled SEK 12.6 (13.0) million and are reported under royalties at SEK 4.0 (1.9) million, licenses at SEK 7.4 (9.9) million, and other at SEK 1.2 (1.2) million. Royalty revenues increased slightly after extremely low levels in the third quarter of 2022. License fees decreased compared with the third quarter of 2022, mainly due to changes in the composition of customers and renegotiated licensing agreements. The gross margin during the quarter totaled 80.1% (82.1).

SEGMENT – DIGITAL IDENTITY

Net sales for Digital Identity totaled SEK 5.1 (5.8) million and are reported under licenses at SEK 4.4 (4.8) million, and other at SEK 0.6 (1.0) 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 gross margin during the quarter totaled 24.2% (20.8). The higher gross margin is mainly due to a lower proportion of hardware sales, where the margin is lower.



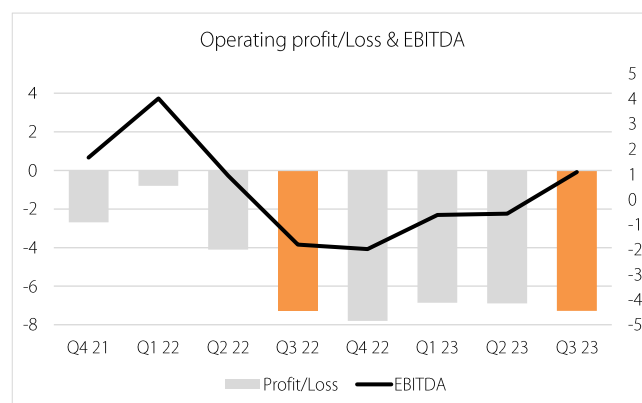
EARNINGS FOR THE QUARTER

The gross margin during the quarter totaled 64.0% (63.2). The upturn is primarily due to a change in the product mix. The Algo segment has generally had higher margins than are normal in the Digital Identity segment. Total amortization and write-downs of capitalized development expenses was SEK 4.6 (3.9) 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 18.6 (19.2) million due to a strong focus on cost control. Included in the costs for the quarter is a one-off item of SEK 2.3 million, which relates to payroll costs for the departing CEO. The profit/loss at EBITDA level improved slightly to SEK -1.1 (-1.8) million. The improved EBITDA is primarily attributable to lower operating expenses.

The operating profit/loss for the quarter totaled SEK -7.3 (-7.3) million. Earnings for the quarter totaled SEK -7.7 (-7.4) million. Total depreciation amounted to SEK 6.2 (5.5) 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 INTERIM PERIOD

Net sales during the interim period totaled SEK 54.8 (71.7) million. Net sales were split between royalty revenues of SEK 11.6 (19.2) million, license fees (including support and maintenance) of SEK 37.5 (45.9) million, and Other of SEK 5.7 (6.6) million. Comparative figures for licenses and other items for 2022 have been redistributed due to reclassification of EastCoast revenues. Last year's component shortage was replaced by lower demand for mobile phones, which resulted in continued low production volumes 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. This is combined with the fact that license fees for the interim period 2022 include non-recurring license fees of SEK 2.9 million in respect of customers in the automotive industry.

SEGMENT – ALGO BIOMETRIC TECHNOLOGIES

Net sales for Algo totaled SEK 38.9 (54.4) million and are reported under royalties at SEK 11.6 (19.2) million, licenses at SEK 24.2 (31.9) million, and other at SEK 3.1 (3.3) 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 interim period totaled 80.4% (86.8).

SEGMENT – DIGITAL IDENTITY

Net sales for Digital Identity totaled SEK 15.9 (17.3) million and are reported under licenses at SEK 13.3 (14.0) million and other at SEK 2.6 (3.3) 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. 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 interim period totaled 20.5% (32.0). The lower gross margin is due to increased depreciation.

EARNINGS FOR THE INTERIM PERIOD

The gross margin during the interim period totaled 63.1% (73.6). The decrease is mainly due to a change in the product mix, as the Algo product segment has higher margins than the Digital Identity product segment. Amortization of capitalized development expenses totaled SEK 13.9 (10.6) million, and the increase relates to Digital Identity. Amortization of acquired intangible assets totaled SEK 1.8 (1.8) million.

Operating expenses for the interim period fell to SEK 55.6 (65.1) million, due to a strong focus on cost control. Included in the costs for the quarter is a one-off item of SEK 2.3 million, which relates to payroll costs for the departing CEO. The profit/loss at EBITDA level fell to SEK -2.3 (3.1) million. The decline in EBITDA can be explained primarily by lower royalty revenues in Algo.

The operating profit/loss for the interim period totaled SEK -21.0 (-12.3) million. The decline in operating profit/loss is due to lower net sales. Earnings for the interim period totaled SEK -21.4 (-12.9) million. Total depreciation/amortization totaled SEK 18.8 (15.4) million. Earnings per share (average number of shares) for the interim period totaled SEK -0.3 (-0.3).

NET FINANCIAL ITEMS AND TAX

Net financial items for the quarter totaled SEK -0.5 (-0.2) million and the tax expense totaled SEK 0.1 (0.1) million. Net financial items for the interim period totaled SEK -0.7 (-0.9) million and the tax expense totaled SEK 0.3 (0.3) million.

Net financial items are attributable to exchange rate differences in cash and cash equivalents, and also 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 AND INVESTMENTS

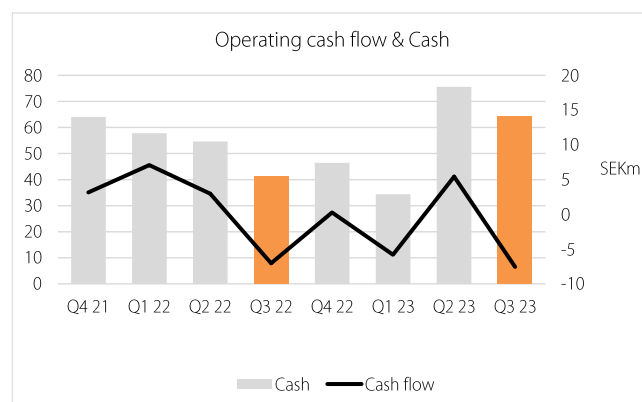
The cash flow from operating activities for the quarter totaled SEK -7.6 (-7.0) million, of which SEK -6.5 (-5.2) million is attributable to changes in working capital. During the quarter, the Group invested SEK 0.8 (0.0) million in tangible fixed assets. Total cash flow for the period was SEK -11.2 (-13.4) million.

Cash flow for the interim period from current operations totaled SEK -8.0 (3.7) million, of which SEK -5.8 (0.6) million is attributable to changes in working capital. The Group invested SEK 0.9 (0.2) million in property, plant and equipment during the interim period. Total cash flow for the interim period was SEK 18.0 (-23.0) million. During the interim 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 2.8 (4.8) million were capitalized during the quarter, and amortization of capitalized development expenses in respect of Digital Identity and Algo totaled SEK 4.6 (3.9) million.

Development expenses of SEK 11.6 (15.2) million were capitalized during the interim period, and amortization of capitalized development expenses totaled SEK 13.9 (10.7) million.



FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totaled SEK 64.4 (41.3) million. Total equity at the end of the period totaled SEK 164.6 (155.8) million, and equity per share was SEK 2.1 (3.9).

THE PARENT COMPANY

The parent company's net sales for the quarter totaled SEK 12.0 (13.4) million and operating profit/loss for the quarter totaled SEK -8.7 (-8.5) million.

Net sales for the interim period totaled SEK 39.3 million (57.2). The operating profit/loss for the interim period totaled SEK -24.4 (-15.4) million and was affected by amortization of goodwill totaling SEK 1.8 (1.8) million. Cash and cash equivalents at the end of the interim period totaled SEK 52.9 (28.1) million, and equity SEK 152.1 (141.3) 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 interim period, the Group had a workforce of 43 (57) people, including on-site consultants. The number of employees was 28 (28), of which 21 (22) 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

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 of 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 16,890 (17,744), of which the proportion of foreign shareholders is 15.4%. 63,723,942 PREC shares were traded during the quarter. The closing price on September 29 was SEK 1.18, and during the quarter the share price fluctuated between SEK 1.01 and SEK 1.85.

This interim report has been the subject of a summary audit by the company's auditors.

The undersigned certify that the quarterly 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, November 10, 2023

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 November 10, 2023 at 08:00 AM (CET).

Auditor's review report

To the Board of Precise Biometrics AB (publ)

Introduction

We have performed a general review of the summary of the financial interim report (interim report) for Precise Biometrics AB (publ) as of September 30, 2023, and the nine-month period that ended on that date. It is the responsibility of the Board and the CEO to prepare and present this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. It is our responsibility to express a conclusion on this interim report on the basis of our general review.

The focus and scope of the summary review

We have conducted our general review in accordance with the International Standard on Review Engagements ISRE 2410, *General review of financial interim information conducted by the company's elected auditors*. A general review consists of making inquiries, in the first instance of persons who are responsible for financial issues and accounting issues, to conduct an analytical review, and to perform other general review measures. A general review has a different focus and is of a significantly smaller scope in comparison with the focus and scope of an audit in accordance with the International Standards on Auditing and otherwise generally accepted auditing standards.

The review measures performed during a general review do not allow us to obtain a sufficient degree of certainty so as to be aware of all the important circumstances we would have identified if an audit were conducted. Therefore, the opinion we have expressed on the basis of a general review does not have the same degree of certainty as an opinion based on an audit.

Conclusion

On the basis of our general review, we have not found any circumstances that have given us reason to believe that the interim report has not in all material respects been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act.

Malmö, November 10, 2023

Ernst & Young AB

Martin Henriksson

Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2023 July-Sept	2022 July-Sept	2023 Jan-Sept	2022 Jan-Sept	2022 Full-year	Rolling 12 mth
Net sales	2,3	17 721	18 816	54 758	71 742	91 018	74 034
Cost of goods sold		-6 371	-6 921	-20 208	-18 933	-25 982	-27 257
Gross profit		11 350	11 895	34 550	52 809	65 036	46 777
Marketing and sales expenses		-7 064	-7 911	-20 701	-26 025	-34 796	-29 472
Administrative expenses		-3 542	-4 998	-10 662	-15 948	-17 613	-12 327
R&D expenses		-8 039	-6 735	-24 308	-25 474	-34 905	-33 739
Other operating income/expenses		13	408	83	2 386	2 262	-42
		-18 630	-19 237	-55 587	-65 061	-85 052	-75 578
Operating profit/loss		-7 280	-7 341	-21 037	-12 252	-20 016	-28 801
Financial income/expenses	4	-506	-194	-664	-925	-3 453	-3 192
Profit/Loss before tax		-7 786	-7 535	-21 701	-13 177	-23 470	-31 994
Tax		89	88	259	261	1 239	1 237
Profit/Loss for the period attributable to parent company shareholders		-7 697	-7 447	-21 442	-12 916	-22 230	-30 756
Earnings per share, remaining operations, SEK*							
- before dilution		-0,10	-0,19	-0,27	-0,33	-0,48	-0,39
- after dilution		-0,10	-0,19	-0,27	-0,33	-0,48	-0,53
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Profit/Loss for the period		-7 697	-7 447	-21 442	-12 916	-22 230	-30 756
Other comprehensive income:							
<i>Items that may be reclassified to profit or loss</i>							
Changes in accumulated exchange rate differences		-5	179	69	414	267	-78
Other comprehensive income for the period		-5	179	69	414	267	-78
		0					
Profit/Loss total attributable to holders of participations in the parent company		-7 702	-7 268	-21 373	-12 502	-21 963	-30 834

*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 September	2022 September	2022 December
FIXED ASSETS				
Material assets		7 217	9 822	9 090
Goodwill and immaterial assets		134 736	137 991	138 898
TOTAL FIXED ASSETS		141 953	147 813	147 988
CURRENT ASSETS				
Inventories		467	311	311
Accounts receivable		9 461	10 940	11 478
Other current receivables		4 279	43 687	3 643
Accruals and deferred income		2 817	3 478	3 397
Cash and cash equivalents	4,6	64 382	41 278	46 405
TOTAL CURRENT ASSETS		81 407	99 694	65 234
TOTAL ASSETS		223 360	247 507	213 222
EQUITY AND LIABILITIES				
EQUITY				
Equity		164 577	155 846	146 302
TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		164 577	155 846	146 302
LONG-TERM DEBT				
Long term debt	6	24 232	39 482	25 350
TOTAL LONG-TERM DEBT		24 232	39 482	25 350
SHORT-TERM LIABILITIES				
Short-term liabilities	4,6	34 551	52 179	41 570
Total Short-term liabilities		34 551	52 179	41 570
TOTAL EQUITY AND LIABILITIES		223 360	247 507	213 222

CONSOLIDATED CASH FLOW STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2023 July-Sept	2022 July-Sept	2023 Jan-Sept	2022 Jan-Sept	2022 Full-year	Rolling 12 mth
Cash flow from operating activities							
Operating profit/loss		-7 280	-7 341	-21 037	-12 252	-20 016	-28 801
Adjustments for items not included in cash flow		6 299	5 453	18 867	15 372	21 188	24 683
Interest payments, net		-74	46	13	-86	-299	-200
Tax paid		-2	-7	-12	-21	-21	-12
Cash flow from operating activities before changes in working capital		-1 057	-1 849	-2 169	3 013	852	-4 330
Cash flow from changes in working capital							
Change in inventories		1	0	-156	237	237	-156
Change in current receivables		35	2 446	1 991	13 094	11 075	-29
Change in current liabilities		-6 520	-7 625	-7 598	-12 688	-8 233	-3 143
		-6 484	-5 179	-5 763	643	3 079	-3 327
Cash flow from operating activities		-7 542	-7 028	-7 932	3 656	3 932	-7 657
Acquisition of subsidiaries	6	0	0	0	-8 268	-38 268	-30 000
Investment in fixed assets		-811	72	-855	-183	-284	-956
Investment in intangible assets		-2 163	-4 916	-11 177	-15 580	-21 456	-17 053
Cash flow from investing activities		-2 974	-4 844	-12 032	-24 031	-60 008	-48 009
New share issue		0	0	49 523	0	44 319	93 842
Commission expenses		-123	-1 253	-9 979	-1 383	-3 936	-12 532
Repurchase of own shares		0	0	0	0	-326	-326
Payment for sale/buy-back of options		0	159	0	156	156	0
Payment of lease liability		-567	-468	-1 628	-1 395	-1 900	-2 133
Cash flow from financing activities		-690	-1 562	37 917	-2 622	38 313	78 852
Total Cash flow		-11 204	-13 434	17 954	-22 997	-17 765	23 186
Cash & cash equivalents at beginning of year		75 584	54 644	46 405	64 102	64 102	41 278
Exchange rate differences in cash & cash equivalents		1	68	23	173	67	-83
Cash & cash equivalents at end of period 1)		64 382	41 278	64 382	41 278	46 405	64 382

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	2022	Rolling
	Note	Jan-Sept	Jan-Sept	Full-year	12 mth
Equity at start of period		146 302	128 053	128 053	155 846
Comprehensive income					
Profit/loss for the period		-21 442	-12 916	-22 230	-30 756
Other comprehensive income					
Exchange differences		69	414	267	-78
Total other comprehensive income		69	414	267	-78
Total comprehensive income		-21 373	-12 502	-21 963	-30 834
Transactions with shareholders					
Stockoptions	5	0	156	156	0
LTI programme	5	105			105
New share issue		49 523	43 993	43 993	49 523
New issue cost		-9 979	-3 853	-3 936	-10 062
Total transactions with shareholders		39 649	40 295	40 212	39 566
Equity end of period		164 577	155 846	146 302	164 578

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	2022	Rolling 12 mth
	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Full-year	
Segment						
Algo						
Royalty	4 062	1 932	11 637	19 227	21 150	13 559
Licenses, incl. support & maintenance	7 382	9 913	24 167	31 926	42 046	34 287
Other	1 191	1 174	3 096	3 284	4 634	4 446
Digital Identity						
Royalty	0	0	0	0	0	0
Licenses, incl. support & maintenance	4 449	4 843	13 296	13 998	15 954	15 252
Other*	636	956	2 561	3 308	7 236	6 489
Total	17 721	18 816	54 758	71 742	91 018	74 034
Timing of revenue recognition*						
At point in time**	1 915	3 081	5 962	9 372	12 644	9 234
Over time**	15 806	15 735	48 796	62 370	78 354	64 780
Total	17 721	18 816	54 758	71 742	91 018	74 034
Region/Country						
Europe	6 813	6 493	21 515	20 014	27 218	28 719
- whereof Sweden	4 891	4 287	15 792	13 003	20 737	23 526
Asia	6 620	9 364	22 148	41 696	51 039	31 491
- whereof China	352	4 114	2 799	11 840	15 364	6 323
- whereof Taiwan	5 553	4 187	17 348	24 830	29 576	22 093
USA	4 287	2 959	11 094	10 031	12 762	13 825
Total	17 721	18 816	54 758	71 742	91 018	74 034

* 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		
	July-Sept			July-Sept		
	Algo	Digital Identity	Total Segment	Algo	Digital Identity	Total Segment
Net sales	12 635	5 086	17 721	13 018	5 798	18 816
Cost of goods sold	-2 517	-3 854	-6 371	-2 330	-4 590	-6 920
Gross profit	10 118	1 232	11 350	10 687	1 208	11 896

Amounts in SEK thousand	2023			2022		
	Jan-Sept			Jan-Sept		
	Algo	Digital Identity	Total Segment	Algo	Digital Identity	Total Segment
Net sales	38 900	15 858	54 758	54 437	17 305	71 742
Cost of goods sold	-7 607	-12 601	-20 208	-7 167	-11 766	-18 933
Gross profit	31 293	3 257	34 550	47 270	5 539	52 809

Amounts in SEK thousand	2022			Rolling		
	Full-year			12 mth		
	Algo	Digital Identity	Total Segment	Algo	Digital Identity	Total Segment
Net sales	67 829	23 189	91 018	52 293	21 742	74 034
Cost of goods sold	-9 070	-16 913	-25 982	-9 511	-17 748	-27 257
Gross profit	58 759	6 277	65 036	42 782	3 995	46 777

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	Full-year 2022	Rolling 12 mth
	July-Sept	July-Sep	Jan-Sep	Jan-Sep		
Segment profit/Loss	11 350	11 896	34 550	52 809	65 036	46 777
Marketing and sales expenses	-7 064	-7 911	-20 701	-26 025	-34 796	-29 472
Administrative expenses	-3 542	-4 998	-10 662	-15 948	-17 613	-12 327
R&D expenses	-8 039	-6 735	-24 308	-25 474	-34 905	-33 739
Other operating income/expenses	13	408	83	2 386	2 262	-41
Financial income/expenses	-506	-194	-664	-925	-3 453	-3 192
Profit/Loss before tax	-7 787	-7 535	-21 702	-13 177	-23 469	-31 994

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). SEK 30,000 thousand was paid on December 1, 2022. SEK 10,000 thousand will be paid on November 30, 2023, SEK 5,000 thousand 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 September 30, 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 9,970 thousand) and other non-current liabilities (SEK 17,330 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. Subscription through the exercising of stock options could take place during the period July 1, 2025 until September 30, 2025. The subscription price for the shares was set at SEK 9.24. At the end of Q3 2023, 100,000 warrants had been subscribed, corresponding to 100% of the total warrants. The options will be repurchased during Q4 2023, when the former CEO will leave the company.

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 September 30, 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)

There is no impact on the Group's cash and cash equivalents during 2023.

See Note 4 regarding repayment of liability

PARENT COMPANY INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2023	2022	2023	2022	2022	Rolling
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full year	12 mån
Net sales	1	11 998	13 406	39 282	57 229	72 048	54 101
Cost of goods sold		-6 907	-7 954	-24 153	-25 258	-33 203	-32 098
Gross profit		5 091	5 452	15 129	31 971	38 845	22 003
Marketing and sales expenses		-4 842	-6 145	-14 330	-20 441	-27 356	-21 245
Administrative expenses		-3 370	-4 011	-10 050	-12 769	-16 567	-13 848
R&D expenses		-5 563	-4 238	-15 200	-16 510	-19 903	-18 593
Other operating income/expenses		28	394	46	2 365	2 287	-32
		-13 747	-14 001	-39 534	-47 356	-61 539	-53 717
Operating profit/loss		-8 656	-8 549	-24 405	-15 385	-22 694	-31 714
Financial income/expenses		-454	-134	-493	-727	-3 196	-2 962
Group contributions received		0	0	0	0	6 045	6 045
Profit/loss before tax		-9 110	-8 683	-24 898	-16 112	-19 845	-28 631
Tax		0	0	0	0	0	0
Profit/loss for the period		-9 110	-8 683	-24 898	-16 112	-19 845	-28 631

PARENT COMPANY BALANCE SHEET – IN SUMMARY

Amounts in SEK thousand

ASSETS	Note	September	September	December
Fixed assets				
Fixed assets		2 194	3 127	2 869
Immaterial assets		34 072	40 540	40 009
Deferred tax assets		90 558	90 558	90 558
TOTAL FIXED ASSETS		126 824	134 226	133 436
CURRENT ASSETS				
Inventories		311	311	311
Accounts receivable		6 823	7 921	6 603
Accounts receivable Group		1 114	0	2 161
Other receivables		8 960	43 811	8 917
Accruals and deferred income		2 314	3 170	2 971
Cash and cash equivalents		52 939	28 138	33 140
TOTAL CURRENT ASSETS		72 462	83 351	54 104
TOTAL ASSETS		199 286	217 577	187 540
EQUITY AND LIABILITIES				
Restricted Equity				
Share capital		23 539	11 879	14 254
Paid-in unregistered share capital		0	2 049	0
Statutory reserve		1 445	1 445	1 445
Reserve for development expenses		23 204	26 480	26 761
Total restricted equity		48 188	41 853	42 460
Unrestricted Equity				
Share premium reserve		168 316	138 141	138 058
Retained earnings		-39 498	-22 603	-23 210
Profit/loss for the year		-24 899	-16 112	-19 845
Total non-restricted equity		103 919	99 426	95 003
Total Equity		152 107	141 279	137 463
LONG-TERM DEBT				
Long term debt		17 330	29 383	16 789
TOTAL LONG-TERM DEBT		17 330	29 383	16 789
SHORT-TERM LIABILITIES				
Short-term liabilities		29 849	46 915	33 288
Total Short-term liabilities		29 849	46 915	33 288
TOTAL EQUITY AND LIABILITIES		199 286	217 577	187 540

CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2023	2022	2023	2022	2022	Rolling
	July-Sept	July-Sept	Jan-Sept	Jan-Sept	Full-year	12 mth
Net sales	17 721	18 816	54 758	71 742	91 018	74 034
Net sales growth, %	-5,8%	11,3%	-23,7%	28,4%	9,2%	-25,4%
Gross margin, %	64,0%	63,2%	63,1%	73,6%	71,5%	63,2%
EBITDA	-1 088	-1 829	-2 281	3 132	1 147	-4 266
Operating profit/loss	-7 280	-7 341	-21 037	-12 252	-20 016	-28 801
Working capital *	56 825	72 441	56 825	72 441	33 498	56 825
Capital employed	164 576	155 846	164 576	155 846	146 302	164 576
Liquidity ratio, %	234,3%	190%	234,3%	190%	156,0%	234%
Equity/assets ratio, %	73,7%	63,0%	73,7%	63,0%	68,6%	73,7%
Earnings per share before dilution, SEK	-0,10	-0,19	-0,27	-0,33	-0,47	-0,39
Earnings per share after dilution, SEK	-0,10	-0,19	-0,27	-0,33	-0,47	-0,53
Equity per share, SEK	2,10	3,94	2,10	3,94	3,08	2,10
Number of shares (thousands)	78 464	39 596	78 464	39 596	47 513	78 464
Weighted avg. number of shares, adjusted for dilution effect (thousands)	78 464	39 596	61 269	39 596	41 304	57 649
Number of employees at the end of the period	28	28	28	28	30	28
Average number of employees during the period	30	29	31	30	30	31
Annual Recurring Revenue***	17 755	-	17 755	-	16 190	-

* The key figure is calculated excluding current liabilities to EastCoast International AB.

** Annual Recurring Revenue has no comparative figures from previous periods.

RECONCILIATION OF CONSOLIDATED ALTERNATIVE KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2023 July-Sept	2022 July-Sept	2023 Jan-Sept	2022 Jan-Sept	2022 Full-year	Rolling 12 mth
Net sales	17 721	18 816	54 758	71 742	91 018	74 034
Net sales growth, %	-5,8%	11,3%	-23,7%	28,4%	9,2%	-25,4%
Gross profit	11 350	11 895	34 550	52 809	63 036	46 777
Net sales	17 721	18 816	54 758	71 742	91 018	74 034
Gross margin, %	64,0%	63,2%	63,1%	73,6%	71,5%	63,2%
Operating profit/loss	-7 280	-7 341	-21 037	-12 252	-20 016	-28 801
Net sales	17 721	18 816	54 758	71 742	91 018	74 034
Operating margin, %	-41,1%	-39,0%	-38,4%	17,1%	-22,0%	-38,9%
EBITDA	-1 088	-1 829	-2 281	3 132	1 147	-4 266
Depreciation and amortization	-6 192	-5 511	-18 756	-15 384	-21 163	-24 534
Operating profit/loss	-7 280	-7 341	-21 037	-12 252	-20 016	-28 801
Current assets	81 407	99 694	81 407	99 694	65 234	46 947
Current liabilities excl. current liabilities EastCoast International*	24 582	27 254	24 582	27 254	31 736	29 064
Working capital	56 825	72 441	56 825	72 441	33 498	17 883
Sales expenses	-7 064	-7 911	-20 701	-26 025	-34 796	-29 472
Administrative expenses	-3 542	-4 998	-10 662	-15 948	-17 613	-12 327
R&D expenses	-8 039	-6 735	-24 308	-25 474	-34 905	-33 739
Other operating income/expenses	13	408	83	2 386	2 262	-42
Total operating expenses	-18 631	-19 236	-55 588	-65 061	-85 052	-75 580
Cost of goods and services sold	-6 371	-6 921	-20 208	-18 933	-25 982	-27 257
Depreciation Cost of goods sold	5 087	4 842	15 339	12 251	16 935	20 023
Cost of goods and services sold excluding depreciation	-1 284	-2 079	-4 869	-6 682	-9 047	-7 234
Operating expenses	-18 631	-19 236	-55 588	-65 061	-85 052	-75 580
Depreciation Operating expenses	1 104	668	3 416	3 132	4 230	4 512
Operating costs excluding depreciation	-17 527	-18 568	-52 172	-61 929	-80 823	-71 068
Balance sheet total	223 360	247 507	223 360	247 507	213 222	223 360
Non-interest-bearing liabilities *	58 783	91 661	58 783	91 661	66 930	58 783
Capital employed	164 576	155 846	164 576	155 846	146 302	164 576
Closing equity	164 577	155 846	164 577	155 846	146 302	164 577
Average equity	155 526	133 347	155 526	133 347	137 909	155 526
Current assets minus inventories	80 940	99 383	80 940	99 383	64 923	80 940
Current liabilities	34 551	52 179	34 551	52 179	41 570	34 551
Liquidity ratio, %	234%	190%	234%	190%	156%	234%
Equity	164 577	155 846	164 577	155 846	146 302	164 577
Total assets	223 360	247 507	223 360	247 507	213 222	223 360
Equity/assets ratio, %	73,7%	63,0%	73,7%	63,0%	68,6%	73,7%

ANALYSIS OF RESULTS, IN SUMMARY

Amounts in SEK thousand	Note	2023	2022	2023	2022	2022	Rolling 12 mth
		July-Sept	July-Sept	Jan-Sept	Jan-Sept	Full-year	
Net sales	2,3	17 721	18 819	54 758	71 742	91 018	74 034
Cost of goods and services sold excluding depreciation		-1 283	-2 078	-4 869	-6 681	-9 047	-7 236
Operating costs excluding depreciation		-17 526	-18 568	-52 171	-61 929	-80 824	-71 066
EBITDA		-1 088	-1 827	-2 281	3 132	1 147	-4 267
Total depreciation		-6 192	-5 512	-18 756	-15 384	-21 163	-24 534
Operating profit/loss		-7 280	-7 339	-21 037	-12 252	-20 016	-28 801

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 figure 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 Algo, and therefore license fees are not followed up using the definition of ARR in this segment.