

Q3



PRECISE BIOMETRICS INTERIM REPORT JANUARY–SEPTEMBER 2021

Accelerating Digital Identity and a brighter market outlook

INTERIM REPORT FOR THE PERIOD JANUARY TO SEPTEMBER 2021

THIRD QUARTER

- Net sales totaled SEK 16.9 (23.2) million.
- EBITDA totaled SEK 1.0 (1.1) million.
- The operating profit/loss totaled SEK –3.0 (–2.2) million.
- Earnings for the period totaled SEK –2.9 (–2.2) million.
- Earnings per share totaled SEK –0.01 (–0.01).
- Cash flow from operations totaled SEK –2.4 (0.5) million.

INTERIM PERIOD

- Net sales totaled SEK 55.9 (69.9) million.
- EBITDA totaled SEK 0.2 (6.2) million.
- The operating profit/loss totaled SEK –11.4 (–3.2) million.
- Earnings for the period totaled SEK –11.0 (–3.3) million.
- Earnings per share totaled SEK –0.03 (–0.01).
- Cash flow from operations totaled SEK –4.6 (9.7) million.

SIGNIFICANT EVENTS DURING THE QUARTER

- Successful integration of YOUNiQ with ASSA ABLOY ARX.
- First installation of YOUNiQ in Germany for access to facilities.
- Collaboration with Doro to develop innovative solutions in the field of welfare technology.
- CEO Stefan K. Persson announced that he has decided to leave his position to pursue new challenges outside the company. The recruitment process for a new CEO is under way.

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

- Successful integration of YOUNiQ with the security platform Integra.

FINANCIAL DATA AND KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2021 Q3	2020 Q3	2021 Q1 - Q3	2020 Q1 - Q3	2020 Full-Year	Rolling 12 mth
Net sales	16 905	23 175	55 885	69 855	92 349	78 379
Net sales growth, %	-27,1%	-15,8%	-20,0%	31,5%	0,5%	-27,9%
EBITDA	998	745	206	6 159	6 862	910
Gross margin, %	76,4%	79,8%	75,7%	84,1%	84,2%	78,3%
Operating profit/loss	-2 972	-2 187	-11 380	-3 167	-5 792	-14 005
Operating margin, %	-17,6%	-9,4%	-20,4%	-4,5%	-6,3%	-17,9%
Cash flow from the operating activities	-2 361	480	-4 649	9 681	21 792	7 462
Cash and cash equivalents	55 658	71 294	55 658	71 294	76 258	55 658

See the Financial Glossary for definitions.

INVITATION TO PRESENTATION OF THE INTERIM REPORT

In connection with today's interim report, Precise invites investors and the media to an informational conference call.

The conference call starts at 10:00 AM (CET), November 12.

Link to all public information such as link to webcast and participant number for the telephone conference:

<https://financialhearings.com/event/13405>

To take part, click on the link above to listen to and follow the presentation online, or call one of the following numbers to follow by phone.

SE: +46851999383

UK: +443333009034

US: +16467224956

You will be asked to state your name when you connect to the conference call, and there will be an opportunity to ask questions in Swedish. The conference call will be held in English.

Participating on behalf of Precise:

Stefan K Persson, CEO

Annika Freij, CFO

CEO COMMENTS

Precise has generated a positive EBITDA through cost control and an agile work method during the ongoing component shortage that affected our customers in the third quarter. The profitable Algo business provides the opportunity for continued investments in Digital Identity. Despite these investments and the fall in royalty revenues, we are reporting a positive result at EBITDA level of approximately SEK 1 million.

During the quarter, there was continued disruption in the supply chains and a shortage of components, which affected royalty revenues within Algo. We did, however, see clear improvements at the end of the quarter. While June and July were the months with the lowest order input for our customers so far this year, September was the month that performed best so far in 2021. This is a clear indication that the negative effects resulting from the component shortage are about to be phased out, and that there will be good opportunities in the future to return to previous volumes. We have also seen a high level of activity in other applications within Algo that can open up new business opportunities for Precise. Among other things, we have a number of pilot projects under way involving the personalization of settings in cars through fingerprint technology.

We continue to grow our recurring revenue in Digital Identity. Our SaaS model means that we now have an ARR (annual recurring revenue) of SEK 0.8 million, corresponding to a doubling compared with the same period the previous year. Our churn rate, i.e., the rate of customer losses, remains zero, which is partly a hallmark of quality for YOUNiQ, and partly an understanding that facial recognition as a biometric modality is perfect for access. We have several cases of upsales through additional installations with our partners, including Algeco, where the need for secure and convenient access is growing in line with their journey of expansion.

It is important that YOUNiQ works together with other systems, which is why it was developed from the outset as an open system in order to achieve the best possible scalability. During the quarter, we continued to take important steps in the commercialization of YOUNiQ, signing partnership agreements with various platform suppliers in accordance with our growth strategy. The partnership with SystemHouse Solutions means that YOUNiQ can now be offered to all their customers, including Bravida, which in turn constitutes a major potential sales channel. We continue to identify and work in close collaboration with selected partners, with YOUNiQ supplementing our partners' product ranges with convenient and secure identification through facial recognition.

The partnership with Doro is an additional initiative that expands the area of application for YOUNiQ, while at the same time contributing to the benefit of society. This provides value for senior citizens in care homes who may struggle when handling keys and cards, as well as safety and peace of mind for relatives and care staff. We are also continuing to grow in the area of modular buildings, and will be working together with Algeco to install YOUNiQ to control electricity and heat consumption. The project will be evaluated during the winter months, so that the solution can be implemented on a bigger scale in the event of a positive outcome. Together with partners such as Doro and Algeco, we continue to drive the development of modern solutions that contribute to safer, more sustainable communities.

The fourth quarter has started strongly, with high levels of activity continuing in all verticals. The strong market development we saw in September has continued, and we look forward with confidence to the conclusion of an eventful 2021. With strong underlying profitability that is being reinvested in growth, I look forward to continuing to advance our positions as a leading global supplier of identification software in which you are the key.

Stefan K Persson, CEO

MARKET AND SALES

Precise is a global supplier of identification software and offers products for the convenient, secure authentication of people's identity. The company offers the following products:

Digital Identity	Algo
Precise YOUNiQ® – Secures digital identity in a simple, secure way	<p>Precise BioMatch® Mobile – Verifies fingerprints on mobile devices</p> <p>Precise BioMatch®Card – Verifies fingerprints on smart cards</p>

MARKET DEVELOPMENT

Digital Identity

We increasingly use digital services that require user identification. Since the registration process is often complicated and users choose passwords that are too simple, there is growing demand for easier and safer ways of verifying digital identity. Our increasingly interconnected world also means that we not only use our digital identity in multiple channels, but also on different devices, which amplifies the need for secure and effective identification.

Algo

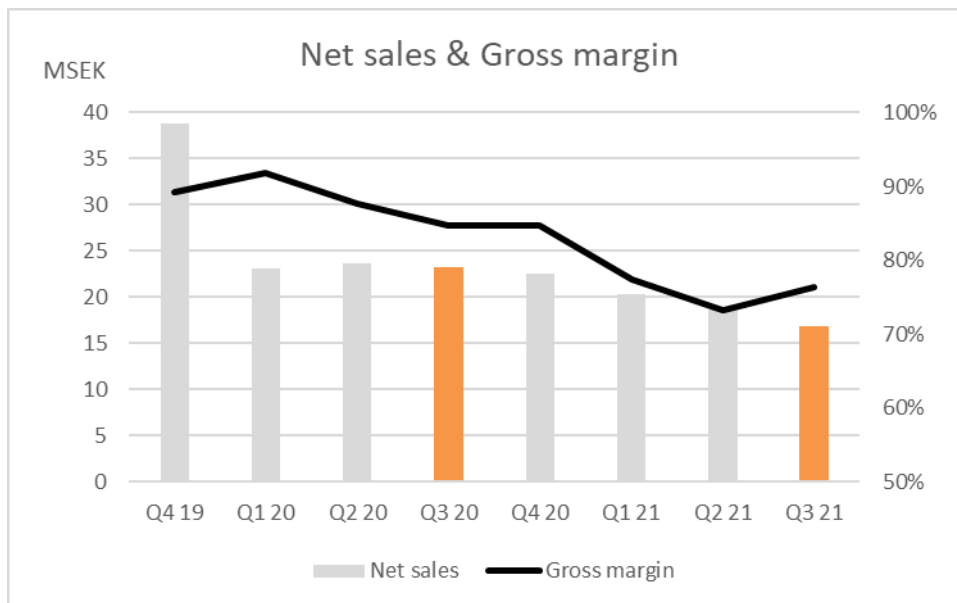
Continued demand for user-friendly telephones and tablets with full screens is driving the trend for mobile devices. The next development step is sensors that cover the full screen and can read a fingerprint wherever it is placed on the display. According to an analysis from IHS Market, optical and ultrasonic sensors for phones in the higher price segment will continue to increase. As the average price of these sensors is much higher than for capacitive sensors, they will account for a significant share of the market value for fingerprint sensors. Precise's customers are in this segment.

Biometrics for identity verification has become an increasingly important tool in the battle against fraud in virtually all payment channels. Payments have become the main driving force for the development of biometrics at consumer level. Card manufacturers are focusing increasingly on the certification and cost-optimization of contactless biometric payment cards, which is a precondition for card issuers to be able to achieve a broad launch on the market.

NET SALES AND OPERATING PROFIT/LOSS IN THE QUARTER

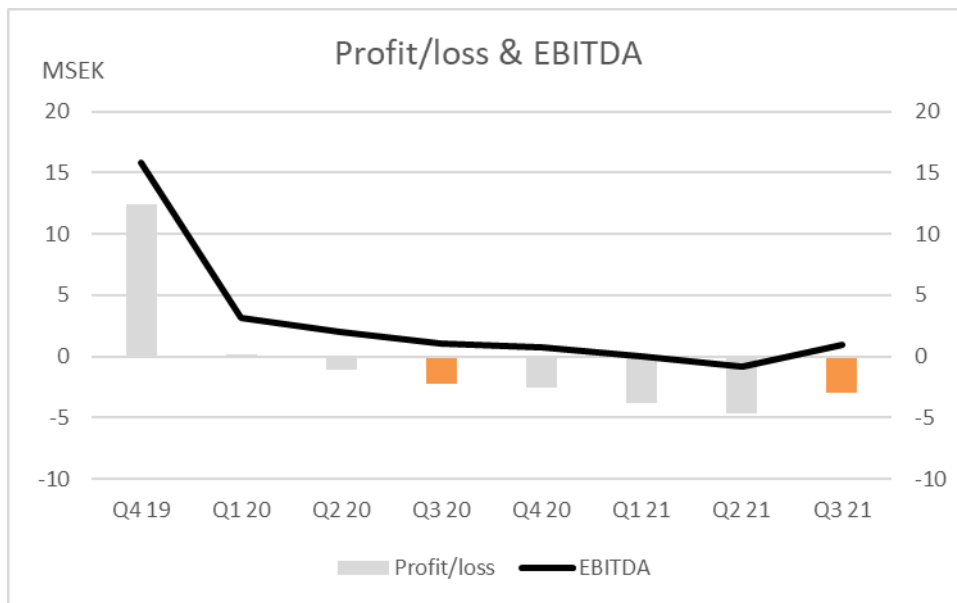
Net sales during the quarter totaled SEK 16.9 (23.2) million. Net sales were split between royalty revenues of SEK 6.8 (11.3) million, license fees (including support and maintenance) of SEK 9.7 (10.2) million and Other of SEK 0.3 (1.6) million. The fall in royalty revenues is driven primarily by the component shortage among our customers, which resulted in lower production volumes. The fall in license fees is a result of our strategy in which Precise is focusing on deeper collaboration with fewer customers. Net sales for Digital Identity totaled SEK 0.2 (1.0) million and are reported under Other. The fall in net sales for Digital Identity is due to the fact that sales of hardware relating to Digital Identity installations are lower than in the same period in 2020. Our SaaS model means that we have an ARR (annual recurring revenue) of SEK 0.8 million, corresponding to a doubling compared with the same period the previous year.

The gross margin during the quarter totaled 76.4% (79.8). The decline is primarily related to lower sales and increased amortization of capitalized development expenses. Amortization of capitalized development expenses increased to SEK 3.0 (2.5) million, relating primarily to Digital Identity. Amortization of acquired intangible assets totaled SEK 0.2 (0.2) million.



Operating expenses for the quarter fell to SEK 15.9 (20.7) million, primarily due to lower research and development expenses, but also to lower expenses in sales and administration.

The operating profit/loss for the quarter totaled SEK –3.0 (–2.2) million. The downturn in operating profit/loss is explained primarily by lower net sales, which is partly compensated for by lower operating expenses. Earnings for the quarter totaled SEK –2.9 (–2.2) million. Total depreciation/amortization totaled SEK 4.0 (3.3) million. The profit/loss at EBITDA level totaled SEK 1.0 (1.1) million. Earnings per share (average number of shares) for the quarter totaled SEK –0.01 (–0.01).



NET SALES AND OPERATING PROFIT/LOSS IN THE INTERIM PERIOD

Net sales during the interim period totaled SEK 55.9 (69.9) million. Net sales were split between royalty revenues of SEK 24.8 (36.2) million, license fees (including support and maintenance) of SEK 27.7 (29.0) million and Other of SEK 3.4 (4.7) million. The fall in royalty revenues is driven primarily by the component shortage among our customers, which resulted in lower production volumes. Net sales for Digital Identity totaled SEK 1.9 (1.7) million, and are reported under Other.

The gross margin during the interim period totaled 75.7% (84.1). The change is primarily due to increased amortization of capitalized development expenses, changes in the product mix, and lower sales. Amortization of capitalized development expenses increased to SEK 9.0 (7.0) million, relating primarily to Digital Identity. Amortization of acquired intangible assets totaled SEK 0.6 (0.6) million.

Operating expenses for the interim period totaled SEK 53.7 (61.9) million, primarily due to lower research and development expenses. The development of the sales organization continued during the period.

The operating profit/loss for the interim period totaled SEK –11.4 (–3.2) million. The downturn in the operating profit/loss is explained by lower net sales combined with a lower gross margin, which is partly offset by lower expenses. Earnings for the interim period totaled SEK –11.0 (–3.3) million. Total depreciation/amortization totaled SEK 11.6 (9.3) million. The profit/loss at EBITDA level totaled SEK 0.2 (6.2) million. Earnings per share (average number of shares) for the interim period totaled SEK –0.03 (–0.01).

NET FINANCIAL ITEMS AND TAX

Precise has no interest-bearing liabilities apart from lease liabilities. 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. Net financial items for the quarter totaled SEK 0.0 (0.0) million and the tax expense totaled SEK –0.0 (0.0) million.

Net financial items for the interim period totaled SEK 0.4 (–0.2) million and the tax expense totaled SEK –0.0 (0.0) million.

CASH FLOW AND INVESTMENTS

The cash flow for the quarter from current operations totaled SEK –2.4 (0.5) million, of which SEK –3.4

(0.1) million is attributable to changes in working capital. The Group invested SEK 0.5 (0.7) million in property, plant and equipment during the quarter.

The cash flow for the period from current operations totaled SEK –4.6 (9.7) million, of which SEK –5.2 (5.2) million is attributable to changes in working capital. The Group invested SEK 2.5 (1.5) million in property, plant and equipment during the interim period.

CAPITALIZATION AND AMORTIZATION OF DEVELOPMENT WORK

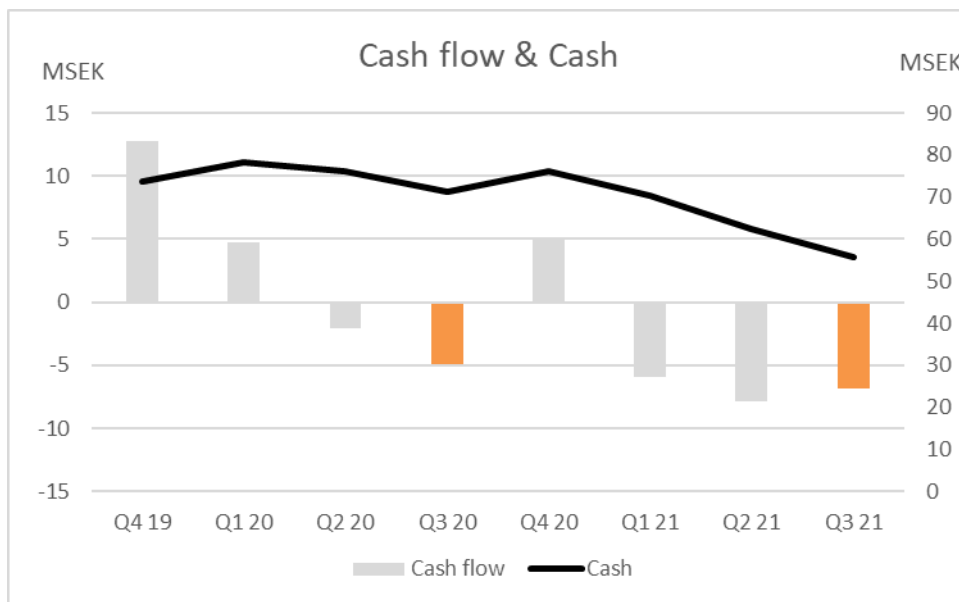
Development expenses of SEK 3.6 (4.5) million were capitalized during the quarter, and amortization of capitalized development expenses in respect of Digital Identity and Algo totaled SEK 3.0 (2.5) million.

Development expenses of SEK 12.5 (10.4) million were capitalized during the interim period, and amortization of capitalized development expenses totaled SEK 9.0 (7.0) million.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totaled SEK 55.7 (71.3) million.

Total equity at the end of the period totaled SEK 103.0 (122.7) million, and equity per share was SEK 0.29 (0.34).



THE PARENT COMPANY

The parent company's net sales for the interim period totaled SEK 54.7 (69.3) million. The operating profit/loss totaled SEK –13.5 (–5.3) 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 52.6 (68.2) million, and equity SEK 90.6 (112.8) million.

ORGANIZATION AND STAFF

The organization consists of the head office in Lund, Sweden, and offices in Potsdam, USA, and Shanghai, China. At the end of the interim period, the Group had a workforce of 48 (42) people, including on-site consultants. The number of employees was 25 (21), of which 18 (15) were located in Sweden. Precise works in an agile way together with several partners, creating a fast-moving, scalable organization. The employee number does not include partners.

REPORTING DATES

Year-end Report 2021
Q1 Interim report 2022

February 18, 2022
May 13, 2022

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 2020, which was issued in March 2021. 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 component shortage identified in the mobile industry may have a continued impact on net sales, as the royalty revenues in Algo are based on customers' sales volumes.

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 year was 17,636 (19,111). 36,352,516 shares were traded during the quarter. The closing price on September 30 was SEK 1.04, and during the quarter the share price fluctuated between SEK 1.12 and SEK 1.298.

AUDIT

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

The undersigned certifies that the interim report provides a true and fair view of the parent company and 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 12, 2021

Torgny Hellström,

Chairman of the Board

Torbjörn Clementz,

Board member

Mats Lindoff,

Board member

Synnöve Trygg,

Board member

Åsa Schwarz,

Board member

Stefan K Persson,

CEO

For further information, please contact:

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This is information that Precise Biometrics AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on November 12, 2021 at 08:00 AM.

Auditor's review report

Precise Biometrics AB (publ), corp. ID no. 556545-6596

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, 2021, 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, the date stated in our electronic signature

Ernst & Young AB

Martin Henriksson
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2021 Q3	2020 Q3	2021 Q1 - Q3	2020 Q1 - Q3	2020 Full-Year	Rolling 12 mth
Net sales	2	16 905	23 175	55 885	69 855	92 349	78 379
Cost of goods sold		-3 987	-4 691	-13 563	-11 141	-14 581	-17 003
Gross profit		12 918	18 484	42 322	58 714	77 768	61 376
Marketing and sales expenses		-7 171	-8 034	-23 144	-21 645	-30 737	-32 236
Administrative expenses		-3 131	-3 744	-10 999	-11 545	-15 181	-14 635
R&D expenses		-5 790	-8 194	-19 847	-28 099	-35 941	-27 689
Other operating income/expenses		202	-699	288	-592	-1 701	-821
		-15 890	-20 671	-53 702	-61 881	-83 560	-75 381
Operating profit/loss		-2 972	-2 187	-11 380	-3 167	-5 792	-14 005
Financial income/expenses		61	16	371	-172	-618	-75
Profit/Loss before tax		-2 911	-2 171	-11 009	-3 339	-6 410	-14 080
Tax		-2	-1	-5	-1	-5 754	-5 758
Profit/Loss for the period		-2 913	-2 172	-11 014	-3 340	-12 164	-19 838
Profit/Loss after tax from discontinued operations		-	-355	-	-355	-75	280
Profit/loss for the period attributable to parent company shareholders		-2 913	-2 527	-11 014	-3 695	-12 239	-19 558
Earnings per share, remaining operations, SEK*							
- before dilution		-0,01	-0,01	-0,03	-0,01	-0,03	-0,05
- after dilution		-0,01	-0,01	-0,03	-0,01	-0,03	-0,05
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Profit/Loss for the period		-2 913	-2 527	-11 014	-3 695	-12 239	-19 558
Other comprehensive income:							
<i>Items that may be reclassified to profit or loss</i>							
Changes in accumulated exchange rate differences		54	-57	112	-52	-184	-20
Other comprehensive income for the period		54	-57	112	-52	-184	-20
Profit/Loss total attributable to holders of participations in the parent company		-2 859	-2 584	-10 902	-3 747	-12 423	-19 578

*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	2021-09-30	2020-09-30	2020-12-31
FIXED ASSETS				
Material assets		9 568	8 824	8 922
Goodwill and immaterial assets		50 447	45 281	47 664
Deferred tax assets		0	5 750	0
TOTAL FIXED ASSETS		60 015	59 855	56 586
CURRENT ASSETS				
Inventories		588	0	1 052
Accounts receivable	3	13 085	22 408	12 933
Other current receivables	3	1 643	2 944	2 443
Accruals and deferred income		4 160	3 619	3 681
Cash and cash equivalents	3	55 658	71 294	76 258
TOTAL CURRENT ASSETS		75 134	100 265	96 367
TOTAL ASSETS		135 149	160 120	152 953
EQUITY AND LIABILITIES				
EQUITY				
Equity		103 045	122 720	114 044
TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		103 045	122 720	114 044
LONG-TERM DEBT				
Long term debt		4 681	5 992	5 668
TOTAL LONG-TERM DEBT		4 681	5 992	5 668
SHORT-TERM LIABILITIES				
Short-term liabilities	3	27 423	31 408	33 241
Total Short-term liabilities		27 423	31 408	33 241
TOTAL EQUITY AND LIABILITIES		135 149	160 120	152 953

CONSOLIDATED CASH FLOW STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2021 Q3	2020 Q3	2021 Q1 - Q3	2020 Q1 - Q3	2020 Full-Year	Rolling 12 mth
Cash flow from operating activities before changes in working capital		1 054	376	572	4 446	5 979	2 105
Cash flow from changes in working capital		-3 415	104	-5 221	5 235	15 813	5 357
Cash flow from operating activities		-2 361	480	-4 649	9 681	21 792	7 462
Cash flow from investment activities		-4 154	-5 401	-14 972	-12 032	-17 793	-20 733
Cash flow from financing activities		-305	0	-1 012	0	-1 378	-2 390
Cash flow for the period		-6 820	-4 921	-20 633	-2 351	2 621	-15 661
Cash and cash equivalents at the start of the period		62 466	76 259	76 258	73 676	73 676	71 294
Translation difference in cash and cash equivalents		12	-44	33	-31	-39	25
Cash and cash equivalents at the end of the period *		55 658	71 294	55 658	71 294	76 258	55 658

*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	Note	2021 Q1 - Q3	2020 Q1 - Q3	2020 Full-Year	Rolling 12 mth
Equity at start of period		114 044	126 467	126 467	122 720
Comprehensive income					
Profit/loss for the period		-11 014	-3 695	-12 239	-19 558
Other comprehensive income					
Exchange differences		112	-52	-184	-20
Total other comprehensive income		112	-52	-184	-20
Total comprehensive income		-10 902	-3 747	-12 423	-19 578
Transactions with shareholders					
Stockoptions	4	-97			-97
Total transactions with shareholders		-97			-97
Equity end of period		103 045	122 720	114 044	103 045

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 as well as the bases of estimates applied in the Annual Report for 2020 have also been used in this interim report. No new or revised IFRS standards that came into force in 2021 have had any material impact on the Group's financial statements.

NOTE 2 – REVENUE ALLOCATION

Amounts in SEK thousand	2021 Q3	2020 Q3	2021 Q1 - Q3	2020 Q1 - Q3	2020 Full-Year	Rolling 12 mth
Revenue type						
Royalty	6 834	11 274	24 764	36 169	47 108	35 703
Licenses, incl. support & maintenance	9 722	10 261	27 715	28 987	39 667	38 395
Other	348	1 639	3 406	4 698	5 574	4 282
Total	16 905	23 175	55 885	69 855	92 349	78 380
Region/Country						
Europe	607	1 801	2 890	3 973	4 583	3 500
- whereof Sweden	363	1 390	2 097	2 099	2 197	2 195
Asia	13 534	18 889	45 025	56 930	74 164	62 259
- whereof China	3 656	3 113	10 647	6 678	9 319	13 288
- whereof Taiwan	8 803	14 308	31 061	45 139	58 198	44 120
USA	2 764	2 484	7 970	8 952	13 602	12 620
Total	16 905	23 175	55 885	69 855	92 349	78 380
Product area						
Algo	16 648	22 178	53 985	68 174	90 571	76 382
Digital Identity	257	997	1 900	1 681	1 778	1 997
Total	16 905	23 175	55 885	69 855	92 349	78 379

NOTE 3 – 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.

NOTE 4 – OPTION PROGRAM

The 2019 shareholders' general meeting made a decision to offer an incentive plan for the company's CEO and CFO to the effect that a maximum of 1,300,000 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 may take place during the period June 1, 2022 until June 30, 2022. The subscription price for the options has been set at SEK 0.32 and the subscription price for the shares at SEK 1.65. 300,000 stock options have been bought back from the CFO and canceled. At the end of the interim period, 1,000,000 options had been subscribed by the CEO, corresponding to 100% of the total remaining stock options. Assuming that all stock options are exercised to subscribe to new shares, the number of shares in the company will increase by 1,000,000 shares.

PARENT COMPANY INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2021 Q3	2020 Q3	2021 Q1 - Q3	2020 Q1 - Q3	2020 Full-Year	Rolling 12 mth
Net sales	1	16 629	23 147	54 723	69 285	90 857	76 295
Cost of goods sold		-6 426	-6 852	-21 914	-16 344	-21 553	-27 123
Gross profit		10 203	16 295	32 808	52 941	69 304	49 172
		0					
Marketing and sales expenses		-6 731	-7 594	-21 484	-20 236	-28 928	-30 176
Administrative expenses		-3 121	-3 726	-10 957	-11 508	-15 137	-14 586
R&D expenses		-4 207	-6 997	-14 126	-25 535	-31 824	-20 415
Other operating income/expenses		202	-1 053	287	-946	-1 777	-544
		-13 857	-19 370	-46 280	-58 225	-77 666	-65 721
		0					
Operating profit/loss		-3 654	-3 075	-13 472	-5 284	-8 362	-16 549
		0					
Financial income/expenses		116	39	540	-142	-526	156
		0					
Profit/loss before tax		-3 538	-3 036	-12 932	-5 426	-8 888	-16 393
		0					
Tax		0	0	0	0	-5 750	-5 750
Profit/loss for the period*		-3 538	-3 036	-12 932	-5 426	-14 638	-22 143

*The profit/loss for the period corresponds to comprehensive income for the period.

PARENT COMPANY BALANCE SHEET – IN SUMMARY

Amounts in SEK thousand

ASSETS	Note	2021-09-30	2020-09-30	2020-12-31
Fixed assets				
Fixed assets		3 534	1 236	1 696
Immaterial assets		40 087	37 371	39 141
Deferred tax assets		1 778	7 528	1 778
TOTAL FIXED ASSETS		45 399	46 135	42 615
CURRENT ASSETS				
Inventories		588	0	1 052
Accounts receivable		12 931	22 346	12 142
Other receivables		1 965	3 281	2 923
Accruals and deferred income		3 894	3 387	3 539
Cash and cash equivalents		52 559	68 177	73 434
TOTAL CURRENT ASSETS		71 937	97 191	93 090
TOTAL ASSETS		117 336	143 326	135 705
EQUITY AND LIABILITIES				
Restricted Equity				
Share capital		10 807	10 807	10 807
Statutory reserve		1 445	1 445	1 445
Reserve for development expenses		19 228	13 181	19 228
Total restricted equity		31 480	25 433	31 480
Unrestricted Equity				
Share premium reserve		73 738	73 738	73 738
Retained earnings		-1 721	19 060	13 012
Profit/loss for the year		-12 932	-5 426	-14 638
Total non-restricted equity		59 085	87 372	72 112
Total Equity		90 565	112 805	103 593
LONG-TERM DEBT				
Long term debt		0	0	0
TOTAL LONG-TERM DEBT		0	0	0
SHORT-TERM LIABILITIES				
Short-term liabilities		26 771	30 521	32 112
Total Short-term liabilities		26 771	30 521	32 112
TOTAL EQUITY AND LIABILITIES		117 336	143 326	135 705

CONSOLIDATED KEY INDICATORS

	2021	2020	2021	2020	2020	Rolling
Amounts in SEK thousands unless otherwise stated	Q3	Q3	Q1 - Q3	Q1 - Q3	Full-Year	12 mth
Net sales	16 905	23 175	55 885	69 855	92 349	78 379
Net sales growth, %	-27,1%	-15,8%	-20,0%	31,5%	0,5%	-27,9%
Gross margin, %	76,4%	79,8%	75,7%	84,1%	84,2%	78,3%
Operating profit/loss	-2 972	-2 187	-11 380	-3 167	-5 792	-14 005
Operating profit/loss, total operations	-2 972	-2 542	-11 380	-3 522	-5 867	-13 725
Working capital, total operations	47 711	68 857	47 711	68 857	63 126	47 711
Capital employed, total operations	107 726	128 712	107 726	128 712	119 712	107 726
Liquidity ratio, total operations, %	272%	319%	272%	319%	287%	272%
Equity/assets ratio, total operations, %	76,2%	76,6%	76,2%	76,6%	74,6%	76,2%
Earnings per share before dilution, SEK	-0,01	0,00	-0,03	-0,01	-0,03	-0,05
Earnings per share before dilution, total operations, SEK	-0,01	0,00	-0,03	-0,01	-0,03	-0,05
Earnings per share after dilution, SEK	-0,01	0,00	-0,03	-0,01	-0,03	-0,05
Earnings per share after dilution, total operations, SEK	-0,01	0,00	-0,03	-0,01	-0,03	-0,05
Equity per share, total operations, SEK	0,29	0,34	0,29	0,34	0,32	0,29
Number of shares (thousands)	360 231	360 231	360 231	360 231	360 231	360 231
Weighted avg. number of shares, adjusted for dilution effect (thousands)	360 231	361 231	360 231	361 231	360 231	360 231
Number of employees at the end of the period	25	21	25	21	23	25
Average number of employees during the period	25	21	24	24	24	24

RECONCILIATION OF CONSOLIDATED ALTERNATIVE KEY FIGURES

Amounts in SEK thousands unless otherwise stated	2021 Q3	2020 Q3	2021 Q1 - Q3	2020 Q1 - Q3	2020 Full-Year	Rolling 12 mth
Net sales	16 905	23 175	55 885	69 855	92 349	78 379
Net sales growth, %	-27,1%	-15,8%	-20,0%	31,5%	0,5%	-27,9%
Gross profit	12 918	18 484	42 322	58 714	77 768	61 376
Net sales	16 905	23 175	55 885	69 855	92 349	78 379
Gross margin, %	76,4%	79,8%	75,7%	84,1%	84,2%	78,3%
Operating profit/loss	-2 972	-2 187	-11 380	-3 167	-5 792	-14 005
Net sales	16 905	23 175	55 885	69 855	92 349	78 379
Operating margin, %	-17,6%	-9,4%	-20,4%	-4,5%	-6,3%	-17,9%
Operating profit/loss remaining operations	-2 972	-2 187	-11 380	-3 167	-5 792	-14 005
Operating profit/loss discontinued operations	0	-355	0	-355	-75	280
Rörelseresultat total verksamhet	-2 972	-2 542	-11 380	-3 522	-5 867	-13 725
EBITDA	998	1 100	206	6 159	6 862	910
Depreciation and amortization	-3 970	-3 287	-11 586	-9 326	-12 654	-14 915
Operating profit/loss remaining operations	-2 972	-2 187	-11 380	-3 167	-5 792	-14 005
EBITDA, total operations	998	745	206	5 804	6 787	1 190
Depreciation and amortization, total operations	-3 970	-3 287	-11 586	-9 326	-12 654	-14 915
Operating profit/loss total operations	-2 972	-2 542	-11 380	-3 522	-5 867	-13 725
Sales expenses	-7 171	-8 034	-23 144	-21 645	-30 737	-32 236
Administrative expenses	-3 131	-3 744	-10 999	-11 545	-15 181	-14 635
R&D expenses	-5 790	-8 194	-19 847	-28 099	-35 941	-27 689
Other operating income/expenses	202	-699	288	-592	-1 701	-821
Total operating expenses	-15 890	-20 671	-53 702	-61 881	-83 560	-75 381
Balance sheet total, total operations	135 149	160 120	135 149	160 120	152 953	135 149
Non-interest-bearing liabilities, total operations	27 423	37 400	27 423	37 400	33 241	27 423
Capital employed, total operations	107 726	122 720	107 726	122 720	119 712	107 726
Closing equity, total operations	103 045	122 720	103 045	122 720	114 044	103 045
Average equity, total operations	108 417	125 354	108 417	125 354	122 248	108 417
Current assets minus inventories	74 546	100 265	74 546	100 265	95 315	74 546
Current liabilities	27 423	31 408	27 423	31 408	33 241	27 423
Liquidity ratio, total operations, %	272%	319%	272%	319%	287%	272%
Equity	103 045	122 720	103 045	122 720	114 044	103 045
Total assets	135 149	160 120	135 149	160 120	152 953	135 149
Equity/assets ratio, total operations, %	76,2%	76,6%	76,2%	76,6%	74,6%	76,2%

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. This figure does not include the discontinued operation.

OPERATING PROFIT/LOSS, TOTAL OPERATION

Operating profit/loss plus profit/loss after tax from discontinued operation. A measure of a company's profit before interest and taxes, i.e., the difference between operating income and operating expenses. The total operation also includes the discontinued operation.

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, TOTAL OPERATION

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, TOTAL OPERATION

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

CAPITAL EMPLOYED, TOTAL OPERATION

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

EQUITY, TOTAL OPERATION

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 for the year.

AVERAGE EQUITY, TOTAL OPERATION

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

LIQUIDITY RATIO, TOTAL OPERATION

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, TOTAL OPERATION

Equity divided by total assets on the balance sheet date. This key figure 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.

EARNINGS PER SHARE, REMAINING OPERATION, BEFORE DILUTION

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

EARNINGS PER SHARE, REMAINING OPERATION, AFTER DILUTION

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

EARNINGS PER SHARE, TOTAL OPERATION, BEFORE DILUTION

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

EARNINGS PER SHARE, TOTAL OPERATION, AFTER DILUTION

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

EQUITY PER SHARE, TOTAL OPERATION

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.