

Q1



PRECISE BIOMETRICS INTERIM REPORT JAN-MAR 2022

A strong first quarter for both product segments

INTERIM REPORT FOR THE PERIOD JANUARY TO MARCH 2022

FIRST QUARTER

- Net sales totaled SEK 28.3 (20.3) million.
- EBITDA totaled SEK 4.0 (0.0) million.
- The operating profit/loss totaled SEK –0.8 (–3.8) million.
- Earnings for the period totaled SEK –1.2 (–3.5) million.
- Earnings per share totaled SEK 0.00 (–0.01).
- Cash flow from operating activities totaled SEK 7.1 (–0.7) million.

SIGNIFICANT EVENTS DURING THE QUARTER

- The Board of Directors of Precise appointed Patrick Höijer as the new CEO of the company, taking office no later than June 1, 2022.
- Precise entered into a partnership agreement with Infineon Technologies to provide fingerprint technology, Precise BioMatch, to the automotive industry.
- Precise entered into a partnership with Certego regarding the integration of YOUNiQ in their security services.
- Additional Digital Identity installations for Algeco in Skellefteå.
- The first installation of YOUNiQ to control electricity and heating was undertaken for Algeco in Kiruna.
- Precise entered into an agreement for Digital Identity installations in two of Algeco's offices in Sweden.

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

- There have been no significant events since the end of the interim period.

FINANCIAL DATA AND KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2022 Q1	2021 Q1	2021 Full-year	Rolling 12 mth
Net sales	28 312	20 312	83 319	91 319
Net sales growth, %	39,4%	-11,9%	-9,8%	-11,2%
EBITDA	4 020	22	1 872	5 869
Gross margin, %	76,7%	77,4%	76,3%	76,1%
Operating profit/loss	-802	-3 812	-14 073	-11 063
Operating margin, %	-2,8%	-18,8%	-16,9%	-12,1%
Cash flow from the operating activities	7 103	-660	-1 477	6 270
Cash and cash equivalents	57 816	70 408	64 102	57 816

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) on MAY 13.

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

<https://financialhearings.com/event/43358>

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: +46856642692

UK: +443333009271

US: +16467224904

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:

Fredrik Sjöholm, Interim CEO

Annika Freij, CFO

CEO COMMENTS

It has been a strong first quarter for Precise. Within Digital Identity, we have continued to complete installations, which further drives revenues from our SaaS model. We have also signed a number of new agreements for both YOUNiQ and EastCoast products, contributing to future recurring revenues. The Algo business performed well in a quarter that was still impacted by component shortages as well as slightly reduced global sales of mobile phones. Through new phone projects with existing commercial partners, we counteracted the negative effects and saw strong growth in Algo during the quarter. In total Precise grew revenues by 39% to SEK 28.3 (20.3) million, with EBITDA of SEK 4.0 (0.0) million.

Within Digital Identity, we have continued to install new projects and paved the way for the future. We carried out installations for Sodexo's head office in Stockholm and for Algeco in Skellefteå and Kiruna, with the latter also including our product for control of electricity and heating, and it is expected to become operational during the second quarter. We have also entered into agreements for future installations for two of Algeco's offices in Sweden. We also continued to expand our network of dealers and installers, with Certego and Granitor Electro as new partners. EastCoast's sales also developed positively with new customers during the quarter, after a slightly cautious start due to the Covid restrictions that characterized the first part of the quarter. All in all, revenues within Digital Identity totaled SEK 6.0 (0.5) million during the first quarter, which illustrates the strong growth in our SaaS business. All new agreements and installations will make a positive contribution to our recurring revenues within Digital Identity.

In March, we demonstrated the first integrated product of YOUNiQ's and EastCoast's respective solutions. The integration enables for visitors to check in and register with EastCoast's visitor management system using their face and QR code. We are now conducting dialogs with a number of customers, which we expect to be converted into agreements during the second quarter of 2022. During the quarter, we also embarked on more focused work on the Norwegian market, where we are already seeing an increasing level of interest among potential customers and partners.

Within Algo, the component shortage had worsened since the corresponding period last year. Furthermore, the mobile market experienced a slight downturn during the quarter, partly as a result of Covid restrictions in Asia and general macroeconomic uncertainty. Despite these challenges, Algo grew revenues by 12.3% to SEK 22.3 (19.8) million. The component shortage impact on our royalty revenues was largely compensated for by new phone projects with Qualcomm and Egis, and royalty revenues ended up just below the level for the corresponding period last year. Our broadening of the product segment to the automotive industry continued to have a positive effect on license fees within Algo – a result of our two customers in the automotive industry, announced at the end of 2021. Our work with them are proceeding according to plan and we expect these projects to start being rolled out in the first cars by the fall 2022. We are also continuing to work on developing the partnership with Infineon to deliver Precise BioMatch to projects in the automotive industry.

We have begun 2022 in a strong manner in both our product segments. We continue to grow with stable, recurring revenues in Digital Identity. We are also continuing our expansion within Algo, with a continued focus on new projects with established partners in the mobile segment. Algo has shown growth despite a negative impact from component shortages and macroeconomic factors, which paves the way for accelerated growth when market conditions improve. We continue to work in accordance with our strategic agenda, in which we focus on working with strategic partners, focused targeting of new geographies and broadening into new verticals. At the same time, we remain open to new acquisitions. To better reflect and follow up on our business, we have introduced segment reporting, in which Algo and Digital Identity have been our two product segments since January 2022.

Precise is well equipped for continued growth and it is with pleasure that I will be handing over the baton to Patrick Höijer as the new CEO of Precise at the beginning of June. I look forward to working with him and my colleagues in the management team to continue driving Precise towards an exciting future in which You are the key!

Fredrik Sjöholm, Interim CEO and VP Sales

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 the following products in two product segments: Digital Identity and Algo.

Digital Identity	Algo
Precise YOUNiQ® – Secures digital identity in a simple, secure way	Precise BioMatch® Mobile - Verifies fingerprints in mobile devices
EastCoast Solutions – Safe and efficient visitor management systems	Card - Verifies fingerprints in smart cards Car – Verifies fingerprints in cars

MARKET DEVELOPMENT

Segment – Digital Identity

We increasingly use digital services that require user identification. As the registration process is often complicated and the security of passwords, PINs and similar traditional solutions has limitations, the demand for more convenient and secure ways to ensure convenient access and visitor management solutions is increasing. The increasingly connected world we live in also means that we not only use our digital identity in several different channels, but also on a variety of devices, which further increases the need for a digitalized offering for temporary and permanent visitors.

One area of application with solid market potential is biometric access to buildings and premises, where growth is being driven by trends such as security, sustainability, technological development and regulation. Precise has identified a number of segments where there is high demand for secure, convenient access solutions. These include apartment buildings, commercial properties, construction sites, gyms, industrial sites and public sector activities. The market for this solution is currently in its infancy, but the potential is expected to increase as awareness of the technology increases.

Segment – Algo

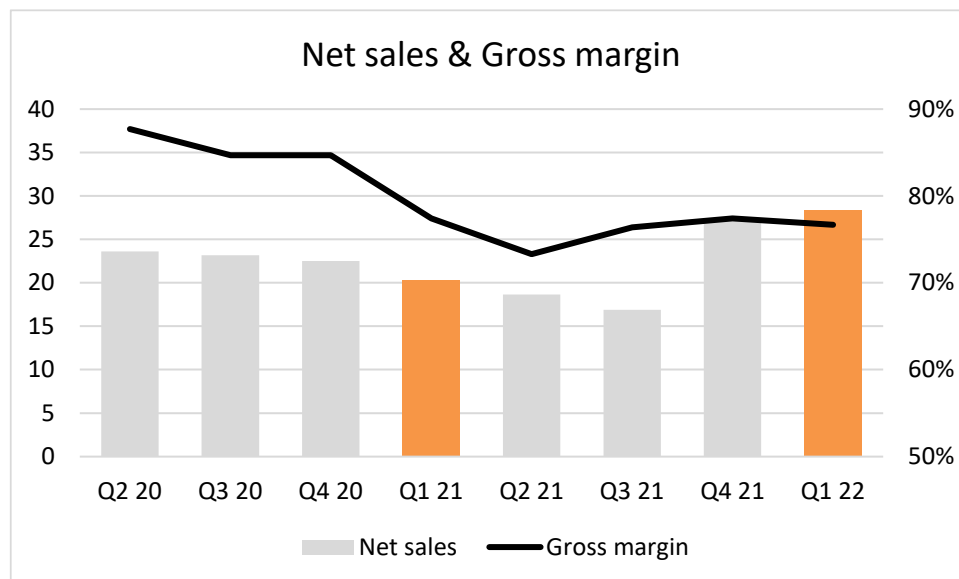
Continued demand for user-friendly telephones and tablets with full screens is driving the trend for mobile devices. The next development step is sensors that cover the full screen and can read a fingerprint wherever it is placed on the display. According to an analysis from IHS Market, optical and ultrasonic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

At the end of 2021, Precise entered into two licensing agreements to provide fingerprint technology to the automotive industry. There has long been talk of integrating biometrics in vehicles, and although there are some solutions on the market today, it is only recently that higher product volumes have started to emerge. The market is still young, but is characterized by higher unit prices and long product life cycles of around 7–10 years.

NET SALES AND OPERATING PROFIT/LOSS IN THE QUARTER

Net sales for the quarter increased to SEK 28.3 (20.3) million. Net sales were split between royalty revenues of SEK 10.2 (10.9) million, license fees (including support and maintenance) of SEK 15.5 (8.8) million and Other of SEK 2.6 (0.7) million. Royalty revenues have only decreased marginally, which is positive in view of the fact that our customers continue to suffer from component shortages, resulting in lower production volumes. The increase in license fees compared with Q1 2021 is primarily due to the acquisition of EastCoast, which was completed on November 30, 2021, but also due to our two new customers in the automotive industry, as well as an increase in customers in the mobile industry.

The gross margin during the quarter totaled 76.7% (77.4). The decline is due primarily to the fact that the margin for hardware sales relating to Digital Identity installations is not as good as the margin for software. Amortization of capitalized development expenses increased to SEK 3.3 (3.0) million, relating primarily to Digital Identity, which includes EastCoast. Amortization of acquired intangible assets totaled SEK 0.3 (0.2) million.



Operating expenses for the quarter increased to SEK 22.5 (19.5) million, primarily due to the addition of expenses for EastCoast.

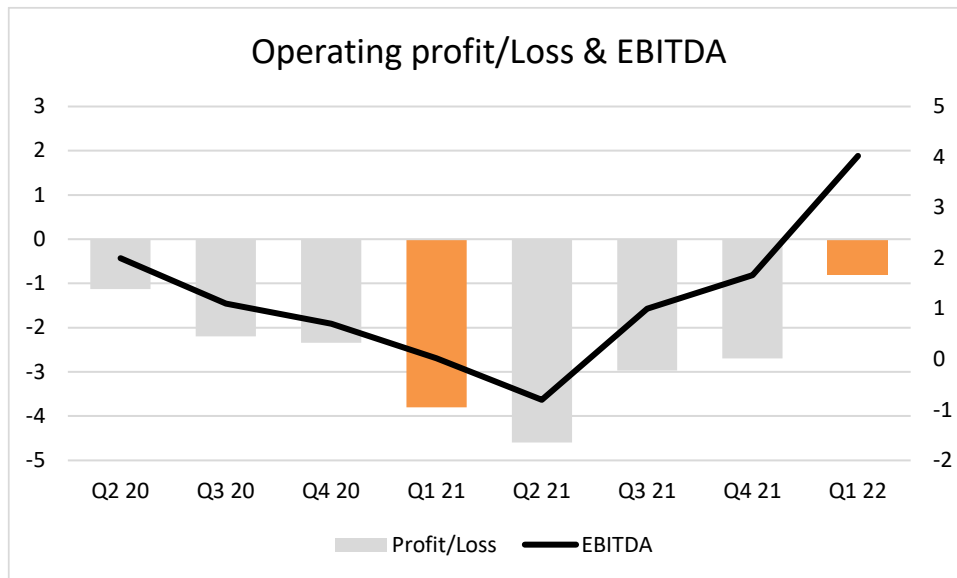
The operating profit/loss for the quarter totaled SEK –0.8 (–3.8) million. The slightly higher operating loss is explained by the higher net sales, but is lowered slightly due to the higher operating expenses. Earnings for the quarter totaled SEK –1.2 (–3.5) million. Total depreciation/amortization totaled SEK 4.8 (3.8) million. The profit/loss at EBITDA level totaled SEK 4.0 (0.0) million. Earnings per share (average number of shares) for the quarter totaled SEK 0.00 (–0.01).

Segment – Digital Identity

Net sales for Digital Identity totaled SEK 6.0 (0.5) million and are reported under licenses at SEK 4.3 (0.1) million and Other at SEK 1.7 (0.4) million. The increase in revenues in Digital Identity is partly due to EastCoast, which contributed sales of SEK 4.0 million during the quarter, as well as sales of hardware related to Digital Identity installations. We continuously work with strengthening our SaaS model and we have ARR (annual recurring revenue) of the order of SEK 13 million. The gross margin during the quarter totaled 32.4%. The gross margin in Digital Identity is poorer than in the Algo segment, as a large proportion of sales consist of hardware.

Segment – Algo

Net sales for Algo totaled SEK 22.3 (19.8) million and are reported under royalties at SEK 10.2 (10.9) million, licenses at SEK 11.2 (8.6) million and Other at SEK 0.9 (0.3) million. Royalty revenues have only decreased marginally. The increase in license fees compared with Q1 2021 is due to two new customers in the automotive industry and an increase in customers in the mobile industry. The gross margin during the quarter totaled 88.7%.



NET FINANCIAL ITEMS AND TAX

Precise has no interest-bearing liabilities apart from lease liabilities and the discounted deferred fixed purchase price relating to the acquisition of EastCoast. 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. Net financial items for the quarter totaled SEK –0.4 (0.4) million and the tax expense totaled SEK –0.1 (0.0) million.

CASH FLOW AND INVESTMENTS

The cash flow for the quarter from current operations totaled SEK 7.1 (–0.7) million, of which SEK 3.4 (–1.0) million is attributable to changes in working capital. The Group invested SEK 0.1 (0.3) million in property, plant and equipment during the quarter. Total cash flow for the period was SEK –6.3 (–5.9) million.

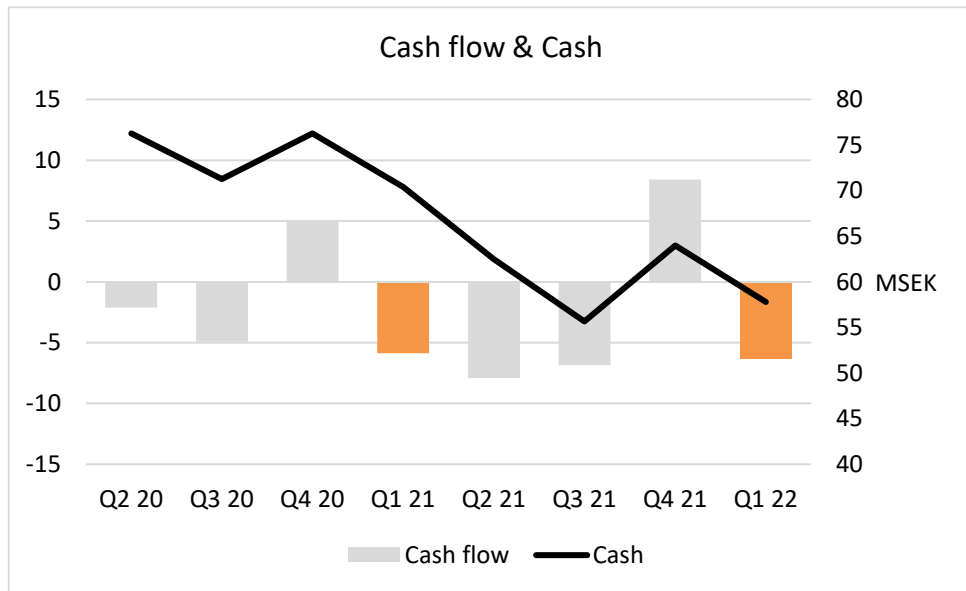
CAPITALIZATION AND AMORTIZATION OF DEVELOPMENT WORK

Development expenses of SEK 4.8 (4.6) million were capitalized during the quarter, and amortization of capitalized development expenses in respect of Digital Identity and Algo totaled SEK 3.3 (3.0) million.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totaled SEK 57.8 (70.4) million.

Total equity at the end of the period totaled SEK 126.8 (110.7) million, and equity per share was SEK 0.32 (0.31).



THE PARENT COMPANY

The parent company's net sales for the interim period totaled SEK 23.8 (20.1) million. The operating profit/loss totaled SEK –1.6 (–4.5) million and was affected by amortization of goodwill totaling SEK 0.6 (0.6) million.

Cash and cash equivalents at the end of the interim period totaled SEK 43.8 (67.6) million, and equity SEK 114.9 (99.5) million.

ORGANIZATION AND STAFF

The organization consists of the head office in Lund, Sweden, and offices in Stockholm, Sweden, Potsdam, USA, and Shanghai, China. At the end of the interim period, the Group had a workforce of 57 (48) people, including on-site consultants and employees of EastCoast. The number of employees was 30 (23), of which 22 (16) 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

Q2 Interim Report 2022	August 12, 2022
Q3 Interim Report 2022	November 11, 2022
Year-end Report 2022	February 17, 2023

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on May 19, 2022 in Lund. Information concerning the Annual General Meeting can be found on the website www.precisebiometrics.com

The board proposes that no dividends be distributed for the fiscal year 2021.

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 2021, which was issued in March 2022. 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. Regarding the war in Ukraine, the company has no customers or suppliers in Ukraine or Russia, but may feel the effects of the prevailing economic situation and increased costs that affect both Precise and the company's customers and suppliers. The mobile market experienced a cautious downturn during the quarter, partly as a result of Covid restrictions in Asia and general macroeconomic uncertainty.

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 19,459 (18,310). 261,684,438 shares were traded during the quarter. The closing price on March 31 was SEK 1.028, and during the quarter the share price fluctuated between SEK 0.953 and SEK 1.576.

AUDIT

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

The undersigned certifies 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, May 13, 2022

Torgny Hellström,

Chairman of the Board

Torbjörn Clementz,

Board member

Mats Lindoff,

Board member

Synnöve Trygg,

Board member

Åsa Schwarz,

Board member

Fredrik Sjöholm,

Interim 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 May 13, 2022 at 08:00 AM CEST.

CONSOLIDATED INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2022 Q1	2021 Q1	2021 Full-year	Rolling 12 mth
Net sales	2,3	28 312	20 312	83 319	91 319
Cost of goods sold		-6 606	-4 592	-19 776	-21 790
Gross profit		21 706	15 720	63 543	69 529
Marketing and sales expenses		-9 134	-8 729	-31 649	-32 054
Administrative expenses		-4 447	-3 892	-18 018	-18 573
R&D expenses		-9 863	-7 291	-28 161	-30 733
Other operating income/expenses		937	380	212	769
		-22 508	-19 532	-77 616	-80 592
Operating profit/loss		-802	-3 812	-14 073	-11 063
Financial income/expenses		-446	355	724	-77
Profit/Loss before tax		-1 248	-3 457	-13 349	-11 140
Tax		86	-1	-97	-10
Profit/loss for the period attributable to parent company shareholders		-1 162	-3 458	-13 446	-11 150
Earnings per share, remaining operations, SEK*					
- before dilution		0,00	-0,01	-0,04	-0,03
- after dilution		0,00	-0,01	-0,04	-0,03
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Profit/Loss for the period		-1 162	-3 458	-13 446	-11 150
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss</i>					
Changes in accumulated exchange rate differences		47	90	169	126
Other comprehensive income for the period		47	90	169	126
Profit/Loss total attributable to holders of participations in the parent company		-1 115	-3 368	-13 277	-11 024

*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	2022-03-31	2021-03-31	2021-12-31
FIXED ASSETS				
Material assets		10 715	8 656	11 466
Goodwill and immaterial assets		136 331	49 034	135 480
TOTAL FIXED ASSETS		147 046	57 690	146 946
CURRENT ASSETS				
Inventories		441	678	548
Accounts receivable	4	14 737	17 460	24 027
Other current receivables	4	844	1 456	1 923
Accruals and deferred income		2 921	3 734	3 506
Cash and cash equivalents	4,6	57 816	70 408	64 102
TOTAL CURRENT ASSETS		76 759	93 736	94 106
TOTAL ASSETS		223 805	151 426	241 052
EQUITY AND LIABILITIES				
EQUITY				
Equity		126 805	110 676	128 053
TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		126 805	110 676	128 053
LONG-TERM DEBT				
Long term debt	6	40 104	5 342	40 463
TOTAL LONG-TERM DEBT		40 104	5 342	40 463
SHORT-TERM LIABILITIES				
Short-term liabilities	4,6	56 896	35 408	72 536
Total Short-term liabilities		56 896	35 408	72 536
TOTAL EQUITY AND LIABILITIES		223 805	151 426	241 052

CONSOLIDATED CASH FLOW STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2022 Q1	2021 Q1	2021 Full-year	Rolling 12 mth
Cash flow from operating activities before changes in working capital		3 671	377	1 089	4 383
Cash flow from changes in working capital		3 432	-1 038	-2 582	1 888
Cash flow from operating activities		7 103	-660	-1 493	6 270
Cash flow from investment activities		-4 915	-4 900	-30 258	-30 273
Cash flow from financing activities		-8 487	-316	19 543	11 372
Cash flow for the period		-6 298	-5 876	-12 208	-12 630
Cash and cash equivalents at the start of the period		64 102	76 258	76 258	70 408
Translation difference in cash and cash equivalents		12	26	52	38
Cash and cash equivalents at the end of the period *		57 816	70 408	64 102	57 816

*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	2022 Q1	2021 Q1	2021 Full-year	Rolling 12 mth
Equity at start of period		128 053	114 044	114 044	110 676
Comprehensive income					
Profit/loss for the period		-1 162	-3 458	-13 446	-11 150
Other comprehensive income					
Exchange differences		47	90	168	125
Total other comprehensive income		47	90	168	125
Total comprehensive income		-1 115	-3 368	-13 278	-11 025
Transactions with shareholders					
Stockoptions	5	-3		-97	-100
Set-off issue	6			6 466	6 466
New share issue	6			23 000	23 000
New issue cost	6	-130		-2 082	-2 212
Total transactions with shareholders		-133	0	27 287	27 154
Equity end of period		126 805	110 676	128 053	126 805

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 2021 report have also been used in this interim report, supplemented by segment reporting in accordance with IFRS 8.

NOTE 2 – REVENUE ALLOCATION

Amounts in SEK thousand	2022 Q1	2021 Q1	2021 Full-year	Rolling 12 mth
Revenue type				
<i>Algo</i>				
Royalty	10 230	10 881	31 300	30 649
Licenses, incl. support & maintenance	11 164	8 626	42 901	45 440
Other	876	318	2 561	3 118
<i>Digital Identity</i>				
Royalty	0	0	0	0
Licenses, incl. support & maintenance	4 341	125	3 477	7 693
Other	1 700	362	3 081	4 419
Total	28 312	20 312	83 319	12 112
Region/Country				
Europe	7 350	721	11 000	17 629
- w hereof Sweden	5 385	480	6 747	11 652
Asia	17 650	17 290	61 613	61 973
- w hereof China	3 856	3 209	14 519	15 166
- w hereof Taiw an	11 718	13 104	39 421	38 035
USA	3 312	2 301	10 706	11 717
Total	28 312	20 312	83 319	12 112

NOTE 3 – SEGMENT REPORTING

Precise Biometrics' operations are divided into two segments as of 2022: Digital Identity and Algo. The segments have arisen as a result of the acquisition of EastCoast at the end of 2021, as the importance of separate follow-up on the segments has increased. As segment reporting is new from 2022, there are no comparative figures from previous years.

Amounts in SEK thousand			
Q1 2022	Algo	Digital Identity	Total Segment
Net sales	22 271	6 041	28 312
Cost of goods sold	-2 524	-4 082	-6 606
Gross profit	19 747	1 959	21 706

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	Kv 1 2022
Segment profit/Loss	21 706
Marketing and sales expenses	-9 134
Administrative expenses	-4 447
R&D expenses	-9 863
Other operating income/expenses	937
Financial income/expenses	-446
Profit/Loss before tax	-1 247

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.

NOTE 5 – 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 former CFO and canceled. During Q1 2022, 1,000,000 stock options were repurchased and canceled from the former CEO, corresponding to 100% of the total remaining stock options.

NOTE 6 – BUSINESS COMBINATIONS

As at November 30, 2021, the Group acquired 100% of the shares in EastCoast Solutions AB and Besöksystem Sverige AB, and the total purchase price transferred totaled SEK 86,203,000. The acquisition of Besöksystem Sverige AB is intangible, which is why combined information is provided. The acquisition accelerates Precise Biometrics' SaaS offering (Software as a Service) in Digital Identity, and the acquisition saw the company being supplemented by EastCoast Solutions' leading visitor management system. The acquisition enhanced Precise's position in the area of physical accessibility and stimulates cross-selling.

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 8,268,000 was paid in cash after the end of the year. The remaining SEK 55,000,000 will be paid on two occasions, of which SEK 25,000,000 will be paid one (1) year after completion of the acquisition and SEK 30,000,000 will be paid two (2) years after the completion of the acquisition. The amounts have been calculated at current value at a rate of 1.8% and are reported as other current and other non-current liabilities respectively.

Remuneration transferred

The table below summarizes the fair value of the remuneration transferred as at the acquisition date.

TSEK	
Cash and cash equivalents	26 268
Newly issued shares, 6,982,473 ordinary shares	6 466
Deferred fixed purchase price	53 469
Total purchase price	86 203

The fair value of transferred ordinary shares in Precise Biometrics AB is based on the share price at the time of acquisition on November 30, 2021.

Acquisition-related expenses

Acquisition-related expenses totaling SEK 2,577,000 were reported as an expense during the 2021, under Administration expenses in the consolidated income statement.

Identifiable assets and transferred liabilities

The table below summarizes the reported amounts for acquired assets and transferred liabilities as at the acquisition date.

TSEK	
Intangible assets	23 093
Financial assets	107
Fixed assets	28
Current assets	2,561
Cash and cash equivalents	7 324
Non-interest-bearing liabilities	-2 676
Deferred tax liability	-5 645
Total acquired identifiable net assets	24 792
Goodwill	61 411
Total	86 203

Revenue and profit from acquired company

In 2021, the acquisition contributed SEK 2,071,000 to the Group's revenues and SEK 423,000 to the Group's operating profit/loss. If the date of the acquisition had been January 1, 2021, the Group's revenues would have totaled SEK 98,246,000 and the Group's operating loss would have been SEK – 13,194,000 for the fiscal year 2021.

Goodwill

Goodwill is reported for the acquisitions in 2021 as the purchase prices paid for the business acquisitions including amounts in respect of expected synergies, revenue growth and future market developments in the acquired company. These benefits are not reported separately from goodwill, as they do not meet the criteria for identifiable intangible assets. No part of the goodwill reported for the acquisitions is expected to be deductible for tax purposes at present.

Impact on cash and cash equivalents at the time of acquisition

TSEK	
Purchase price for shares	86 203
Purchase price for shares	-86 203
Deducted: Offsetting issue	6 466
Deducted: Deferred fixed purchase price	53 469
Deducted: Deferred cash settlement	8 268
Added: Cash and cash equivalents in acquired companies	
<u>at time of acquisition</u>	<u>7 324</u>
Impact on cash and cash equivalents at the time of acquisition	-10 676

Impact on cash and cash equivalents in Q1 2022

TSEK	
Deferred cash settlement paid	-8 268
Impact on the Group's cash and cash equivalents Q1 2022	-8 268

PARENT COMPANY INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2022 Q1	2021 Q1	2021 Full-year	Rolling 12 mth
Net sales	1	23 831	20 070	79 048	82 809
Cost of goods sold		-9 155	-7 054	-29 962	-32 063
Gross profit		14 676	13 016	49 086	50 746
Marketing and sales expenses		-7 212	-8 318	-28 737	-27 631
Administrative expenses		-3 448	-3 890	-15 290	-14 848
R&D expenses		-6 586	-5 675	-20 003	-20 914
Other operating income/expenses		929	379	212	762
		-16 317	-17 504	-63 819	-62 631
Operating profit/loss		-1 641	-4 488	-14 733	-11 885
Financial income/expenses		-382	413	947	152
Profit/loss before tax		-2 023	-4 075	-13 786	-11 733
Tax		0	0	0	0
Profit/loss for the period*		-2 023	-4 075	-13 786	-11 733

*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	2022-03-31	2021-03-31	2021-12-31
Fixed assets				
Fixed assets		3 467	1 822	3 769
Immaterial assets		40 342	39 899	40 154
Deferred tax assets		90 558	1 778	90 558
TOTAL FIXED ASSETS		134 367	43 499	134 481
CURRENT ASSETS				
Inventories		441	678	548
Accounts receivable		12 963	17 060	17 806
Other receivables		1 045	1 794	2 000
Accruals and deferred income		2 637	3 543	3 202
Cash and cash equivalents		43 825	67 554	52 782
TOTAL CURRENT ASSETS		60 911	90 629	76 337
TOTAL ASSETS		195 278	134 128	210 818
EQUITY AND LIABILITIES				
Restricted Equity				
Share capital		11 879	10 807	11 879
Statutory reserve		1 445	1 445	1 445
Reserve for development expenses		24 655	19 228	23 642
Total restricted equity		37 979	31 480	36 965
Unrestricted Equity				
Share premium reserve		99 920	73 738	100 050
Retained earnings		-20 937	-1 624	-6 135
Profit/loss for the year		-2 023	-4 075	-13 786
Total non-restricted equity		76 961	68 039	80 130
Total Equity		114 939	99 519	117 095
LONG-TERM DEBT				
Long term debt		29 126	0	28 922
TOTAL LONG-TERM DEBT		29 126	0	28 922
SHORT-TERM LIABILITIES				
Short-term liabilities		51 213	34 609	64 801
Total Short-term liabilities		51 213	34 609	64 801
TOTAL EQUITY AND LIABILITIES		195 278	134 128	210 818

CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2022 Q1	2021 Q1	2021 Full-year	Rolling 12 mth
Net sales	28 312	20 312	83 319	91 319
Net sales growth, %	39,4%	-11,9%	-9,8%	-11,2%
Gross margin, %	76,7%	77,4%	76,3%	76,1%
Operating profit/loss	-802	-3 812	-14 073	-11 063
Working capital *	44 567	58 328	54 414	44 567
Capital employed	166 909	116 018	128 053	166 909
Liquidity ratio, %	134%	263%	129%	134%
Equity/assets ratio, %	56,7%	73,1%	53,1%	56,7%
Earnings per share before dilution, SEK	0,00	-0,01	-0,03	-0,03
Earnings per share after dilution, SEK	0,00	-0,01	-0,04	-0,03
Equity per share, SEK	0,32	0,31	0,32	0,32
Number of shares (thousands)	395 964	360 231	395 964	360 231
Weighted avg. number of shares, adjusted for dilution effect (thousands)	395 964	360 231	362 242	360 231
Number of employees at the end of the period	30	23	31	30
Average number of employees during the period	31	23	25	27

* The key indicator is calculated excluding current liabilities to East Coast International AB

RECONCILIATION OF CONSOLIDATED ALTERNATIVE KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2022	2021	2021	Rolling
	Q1	Q1	Full-year	12 mth
Net sales	28 312	20 312	83 319	91 319
Net sales growth, %	39,4%	-11,9%	-9,8%	-11,2%
Gross profit	21 706	15 720	63 543	69 529
Net sales	28 312	20 312	83 319	91 319
Gross margin, %	76,7%	77,4%	76,3%	76,1%
Operating profit/loss	-802	-3 812	-14 073	-11 063
Net sales	28 312	20 312	83 319	91 319
Operating margin, %	-2,8%	-18,8%	-16,9%	-12,1%
EBITDA	4 020	22	1 872	5 869
Depreciation and amortization	-4 821	-3 834	-15 945	-16 932
Operating profit/loss	-802	-3 812	-14 073	-11 063
Current assets	76 759	93 736	94 106	77 128
Current liabilities excl. current liabilities EastCoast International	32 349	35 408	39 721	36 662
Working capital *	44 410	58 328	54 385	40 466
Sales expenses	-9 134	-8 729	-31 649	-32 054
Administrative expenses	-4 447	-3 892	-18 018	-18 573
R&D expenses	-9 863	-7 291	-28 161	-30 733
Other operating income/expenses	937	380	212	769
Total operating expenses	-22 507	-19 532	-77 616	-80 591
Balance sheet total	223 805	151 426	241 052	223 805
Non-interest-bearing liabilities *	97 000	35 408	112 999	97 000
Capital employed	126 805	116 018	128 053	126 805
Closing equity	126 805	110 676	128 053	126 805
Average equity	115 952	122 248	111 919	115 952
Current assets minus inventories	76 318	93 058	93 558	76 318
Current liabilities	56 896	35 408	72 536	56 896
Liquidity ratio, %	134%	263%	129%	134%
Equity	126 805	110 676	128 053	126 805
Total assets	223 805	151 426	241 052	223 805
Equity/assets ratio, %	56,7%	73,1%	53,1%	56,7%

* The key indicator is calculated including long-term and short-term liabilities to EastCoast International AB

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 for the year.

AVERAGE EQUITY

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

LIQUIDITY RATIO

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

EQUITY/ASSETS RATIO

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

RETURN ON EQUITY

Profit/loss after tax divided by average equity. This key figure shows the operation'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.