

Q3



PRECISE BIOMETRICS INTERIM REPORT JANUARY – SEPTEMBER 2020

Future growth based on financial strength

INTERIM REPORT FOR THE PERIOD JANUARY – SEPTEMBER 2020

THIRD QUARTER

- Net sales totaled SEK 23.2 (27.5) million.
- EBITDA totaled SEK 1.1 (6.6) million.
- The operating profit/loss totaled SEK -2.2 (3.3) million.
- Earnings for the period totaled SEK -2.2 (3.2) million.
- Earnings per share totaled SEK -0.01 (0.01).
- Cash flow from operating activities totaled SEK 0.5 (-3.4) million.

INTERIM PERIOD

- Net sales totaled SEK 69.9 (53.1) million.
- EBITDA improved and totaled SEK 6.2 (-2.2) million.
- The operating profit/loss totaled SEK -3.2 (-11.9) million.
- Earnings for the period totaled SEK -3.3 (-12.3) million.
- Earnings per share totaled SEK -0.01 (-0.03).
- Cash flow from operating activities was strengthened and totaled SEK 9.7 (-14.7) million.

SIGNIFICANT EVENTS DURING THE QUARTER

- Partnership agreement signed with RCO Security for the integration of YOUNIQ with RCO's access system

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

- YOUNIQ integrated with Telcred and Axis Communication's system. First installation operational at Zynka Group's head office in Gothenburg

FINANCIAL DATA AND KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

KEY INDICATORS

	2020 Q3	2019 Q3	2020 Q1 - Q3	2019 Q1 - Q3	2019 Full-Year	Rolling 12 mth
Net sales	23 175	27 521	69 855	53 111	91 927	108 671
Net sales growth, %	-15,8%	63,6%	31,5%	-1,1%	35,9%	62,1%
Gross margin, %	79,8%	89,2%	84,1%	82,5%	86,4%	86,8%
Operating profit/loss	-2 187	3 259	-3 167	-11 883	651	9 367
Operating margin, %	-9,4%	11,8%	-4,5%	-22,4%	0,7%	8,6%
Cash flow from the operating activities	480	-3 439	9 681	-14 734	-477	23 938
Cash and cash equivalents	71 294	60 908	71 294	60 908	73 676	71 294

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).

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

<https://financialhearings.com/event/13012>

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: +46850558358

UK: +443333009273

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

Ulrik Nilsson, CFO

CEO COMMENTS

I am delighted to be able to present another quarter for Precise with a continued positive result at EBITDA level. We are making major inroads in the field of Digital Identity, where YOUNiQ for secure and convenient access to facilities is being used thousands of times every day in more than 40 installations around Sweden.

Net sales in the third quarter were, as expected, in line with the previous quarter and totaled SEK 23.2 million. If we look at the interim period as a whole, net sales increased by 31.5% to SEK 69.9 million. The increased income during the interim period combined with good cost control has resulted in a stable financial position, enabling continued investments in our prioritized areas.

We are continuing to see increased demand for YOUNiQ from more and more actors, and customers are requesting additional installations of our access product, including Temporary Space Nordics. We signed a partnership agreement during the quarter with RCO Security for the integration of YOUNiQ with their access system, enabling sales of YOUNiQ to their customers. After the end of the quarter, YOUNiQ was integrated with Telcred's access system, an open, cloud-based platform. Zynka Group is the first customer to use YOUNiQ together with Telcred, with the hardware being supplied by Axis Communication. Integrations with different suppliers' systems are in line with our strategy, as partnerships with platform suppliers and security companies give us accelerated access to a bigger customer base.

Another important element of our sales and marketing strategy in the field of access is direct sales. We continued to strengthen our sales force during the quarter. In Sweden alone, we have identified an addressable market worth around SEK 1 billion by 2025. We are well positioned to seize the opportunities presented by the steady growth in demand.

In the Mobile area, we continue to see our product being integrated into devices from leading OEM manufacturers, e.g., Samsung. We are continuing to increase our share of the value chain, by assuming greater responsibility for areas such as pre-processing, in order to strengthen joint positions together with our partners. There is still high demand for optical sensors, which are gaining ground in the medium- and high-price segment, where Precise has a stronger position.

As we expected, none of the card issuers have as yet produced smart cards in any significant volumes. We are seeing a slight increase in activity regarding smart cards in the wake of Covid-19. As banks now prepare for commercial launches, we expect modest volumes to be produced over the next year. Precise is standing poised to capitalize on this market.

With stable income from Mobile, we continue to invest in the field of Digital Identity, where we see major market potential for access. We are confident in our efforts to be the preferred supplier of identification software for secure and convenient identification, where 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 in each area:

Digital Identity	Mobile	Smart Card
Precise YOUNIQ® - Secures digital identity in a simple, secure way	Precise BioMatch® Mobile - Verifies fingerprints in mobile devices	Precise BioMatch®Card - Verifies fingerprints in smart cards

In addition to the areas listed above, Precise is working on selected projects in a number of different areas of application.

MARKET DEVELOPMENT

Digital Identity

We increasingly use digital services that require identification of the user. 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 our digital identity. Our increasingly more interconnected world also means that we not only use our digital identity in multiple channels, but also on a number of different devices, which amplifies the need for secure and effective identification.

One area of application with great 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 six segments where there is high demand for secure, convenient access solutions. These are apartment blocks, commercial properties, construction sites, gyms, industrial sites and public sector activities. Based on data from Statistics Sweden, Datscha and IHRSA, it is estimated that the total number of buildings in these segments in Sweden will be around 450,000 by 2025. Of these, it is estimated that 35% of the buildings in apartment blocks, commercial properties, industrial sites and public sector activities segments will have installed electric locks, which are a basic prerequisite for biometric access. The corresponding figure for construction sites and gyms is 80%. If we assume one installation per building and annual income of SEK 35,000 per installation, the total market potential is estimated at around SEK 7 billion. Precise's assessment is that around 15% of the total market will be using biometric access by 2025, representing an addressable market of around SEK 1 billion in Sweden.

Mobile

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 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. In overall terms, the value of the market for capacitive sensors is falling, as prices are dropping faster than volumes are rising.

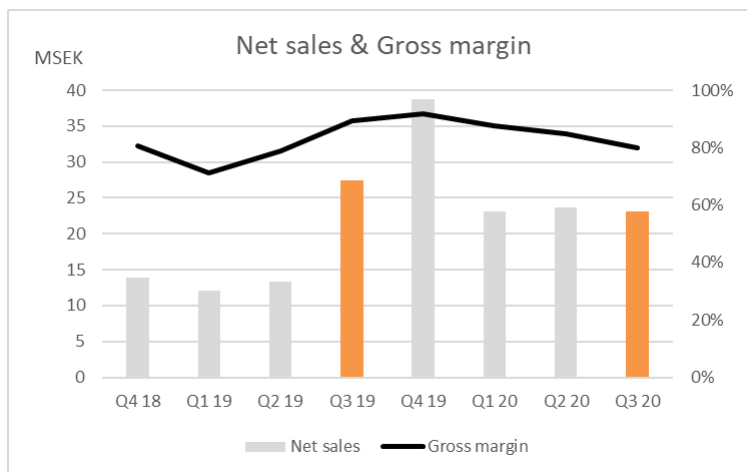
Smart Card

Biometrics for identity verification has become an increasingly important tool in the battle against fraud in virtually all payment channels. Payments have become the primary driver of the development of biometrics at the consumer level, and analysts expect biometric cards to be a rapidly growing area in the coming years. Card manufacturers are focusing increasingly on the certification of contactless biometric payment cards, which is a precondition for card issuers to be able to achieve a broad-based market introduction. In the wake of the Covid-19 pandemic, Precise believes that the transition to biometric contactless payment cards will be accelerated as a consequence of higher demand for secure identification solutions that do not require physical contact.

NET SALES AND OPERATING PROFIT/LOSS IN THE QUARTER

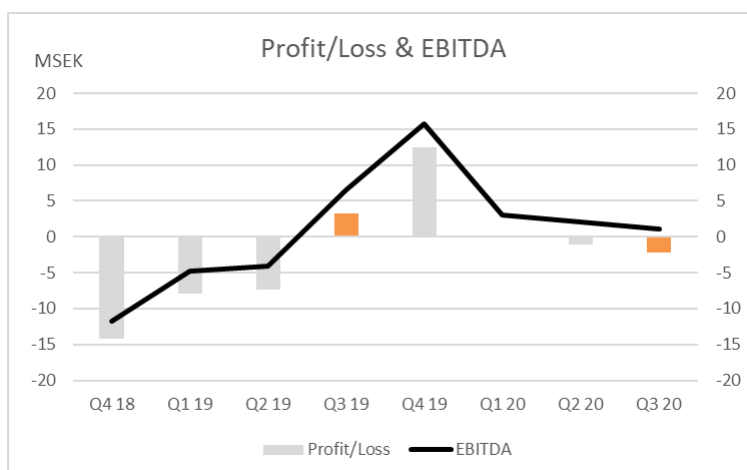
Net sales during the quarter totaled SEK 23.2 (27.5) million. Net sales were split between royalty revenues of SEK 11.3 (8.2) million, license fees of SEK 9.0 (15.9) million, support & maintenance of SEK 1.2 (2.0) million and Other of SEK 1.6 (1.5) million. The increase in royalty revenues was primarily attributable to our customer Egis Technology. The fall in license fees is a result of a previously communicated strategy in which we focus on deeper collaboration with fewer customers.

The gross margin during the quarter totaled 79.8% (89.2). This change relates primarily to changes in the product mix. Total amortization and write-downs of capitalized development expenses was SEK 2.5 (2.6) million. Amortization of acquired intangible assets totaled SEK 0.2 (0.2) million.



Operating expenses for the quarter fell by SEK 0.6 million and totaled SEK 20.7 (21.3) million. Cost increases in R&D relating to initiatives in the areas of Digital Identity and Mobile are offset by the fact that an increased proportion of development expenses is being capitalized, primarily in the area of Digital Identity.

The operating profit/loss for the quarter totaled SEK -2.2 (3.3) million. The reduction in the operating profit/loss is explained primarily by lower net sales combined with a lower gross margin. Earnings for the quarter totaled SEK -2.2 (3.2) million. Total depreciation/amortization totaled SEK 3.3 (3.3) million. The profit/loss at EBITDA level totaled SEK 1.1 (6.6) million. Earnings per share (average number of shares) for the quarter totaled SEK -0.01 (0.01).



NET SALES AND OPERATING PROFIT/LOSS FOR THE INTERIM PERIOD

Net sales during the interim period increased by 31.5% and totaled SEK 69.9 (53.1) million. Net sales were split between royalty revenues of SEK 36.2 (11.2) million, license fees of SEK 24.8 (29.8) million, support & maintenance of SEK 4.2 (7.0) million and Other of SEK 4.7 (5.1) million. The increase in royalty revenues was primarily attributable to our customer Egis Technology.

The gross margin during the interim period totaled 84.1% (82.5). This increase is linked primarily to higher net sales, as Precise has a scalable business model. Total amortization and write-downs of capitalized development expenses was SEK 7.0 (7.4) million. Amortization of acquired intangible assets totaled SEK 0.6 (0.6) million.

Operating expenses for the interim period increased by SEK 6.2 million and totaled SEK 61.9 (55.7) million. This increase is primarily attributable to cost increases in R&D relating to investments in the areas of Digital Identity and Mobile. Higher net sales also resulted in higher costs for commissions and foreign withholding tax.

The operating profit/loss for the interim period totaled SEK -3.2 (-11.9) million. The improvement in the operating profit/loss is explained primarily by higher net sales combined with an increased gross margin, partly offset by increased operating expenses of SEK 6.2 million. Earnings for the period totaled SEK -3.3 (-12.3) million. Total depreciation/amortization totaled SEK 9.3 (9.7) million. The profit/loss at EBITDA level improved and totaled SEK 6.2 (-2.2) million. Earnings per share (average number of shares) for the interim period totaled SEK -0.01 (-0.03).

NET FINANCIAL ITEMS AND TAX

Precise has no interest-bearing liabilities apart from lease liabilities. Net financial items are attributable to the restatement of cash and cash equivalents, and also interest on lease liability in accordance with IFRS 16. Net financial items during the third quarter totaled SEK 0.0 (0.1) million and the tax expense totaled SEK 0.0 (-0.1) million.

Net financial items for the interim period totaled SEK -0.2 (-0.1) million and the tax expense totaled SEK 0.0 (-0.4) million.

CASH FLOW AND INVESTMENTS

Cash flow for the quarter from operating activities improved and totaled SEK 0.5 (-3.4) million. The Group invested SEK 0.7 (0.1) million in property, plant and equipment during the quarter.

Cash flow for the interim period from operating activities was strengthened and totaled SEK 9.7 (-14.7) million, SEK 5.2 (-10.9) million of which is attributable to reduced capital tied up. The Group invested SEK 1.5 (0.2) million in property, plant and equipment during the interim period.

CAPITALIZATION AND AMORTIZATION OF DEVELOPMENT WORK

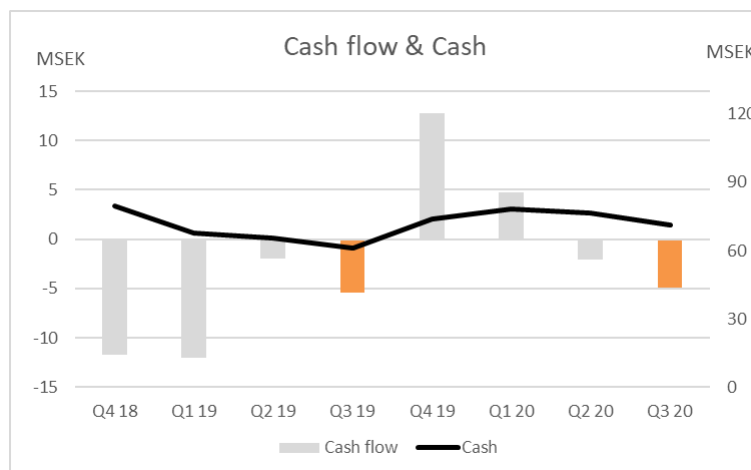
Development expenses of SEK 4.5 (1.0) million were capitalized during the quarter. Depreciation of capitalized development expenses totaled SEK 2.5 (2.6) million during the quarter.

Development expenses of SEK 10.4 (4.1) million were capitalized during the interim period. Amortization of capitalized development expenses totaled SEK 7.0 (7.4) million during the interim period.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totaled SEK 71.3 (60.9) million.

Total equity at the end of the period totaled SEK 122.7 (113.4) million, and equity per share was SEK 0.34 (0.31).



THE PARENT COMPANY

Parent company sales for the period amounted to SEK 69.3 million (52.1). The operating profit/loss totaled SEK -5.3 (-14.9) 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 68.2 (57.6) million, and equity SEK 112.8 (107.6) 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 42 (42) people, including on-site consultants. The number of employees was 21 (22), of which 15 (15) were 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.

REPORTING DATES

Year-end report 2020	February 16, 2021
Q1 Interim report 2021	May 13, 2021
Q2 Interim report 2021	August 12, 2021
Q3 Interim report 2021	November 12, 2021
Annual General Meeting	May 14, 2021

RISK FACTORS

The Group's and the 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 2019. There have been no incidents of significant importance during the year that would affect or change these descriptions of the Group's or the parent company's risks and how they are managed. The company has not experienced any discernible effect of the Covid-19 pandemic so far, but the possibility cannot be discounted that a future impact may arise.

OWNERSHIP STRUCTURE

Precise Biometrics AB (publ), corporate ID number 556545-6596, is the parent company in the Precise Biometrics Group. Precise Biometrics AB's shares are listed on the Small Cap list of the Nasdaq OMX Nordic. The number of shareholders at the end of the period was 19,111 (21,288). 62,714,013 shares were traded during the quarter. The closing price on September 30 was SEK 1.228, and during the quarter the share price fluctuated between SEK 1.202 and SEK 1.468.

AUDIT

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

The undersigned certifies that the interim 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 13, 2020

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

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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 13, 2020 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, 2020 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 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 13, 2020

Ernst & Young AB

Johan Thuresson, Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2020 Q3	2019 Q3	2020 Q1 - Q3	2019 Q1 - Q3	2019 Full-Year	Rolling 12 mth
Net sales	2	23 175	27 521	69 855	53 111	91 927	108 671
Cost of goods sold		-4 691	-2 962	-11 141	-9 311	-12 470	-14 300
Gross profit		18 484	24 559	58 714	43 800	79 457	94 371
Marketing and sales expenses		-8 034	-8 068	-21 645	-18 944	-28 220	-30 921
Administrative expenses		-3 744	-3 234	-11 545	-11 541	-14 811	-14 815
R&D expenses		-8 194	-10 539	-28 099	-26 016	-35 794	-37 877
Other operating income/expenses		-699	541	-592	818	19	-1 391
		-20 671	-21 300	-61 881	-55 683	-78 806	-85 004
Operating profit/loss		-2 187	3 259	-3 167	-11 883	651	9 367
Finacial income/expenses		16	67	-172	-69	-556	-659
Profit/Loss before tax		-2 171	3 326	-3 339	-11 952	95	8 708
Tax		-1	-127	-1	-379	926	1 304
Profit/Loss for the period		-2 172	3 199	-3 340	-12 331	1 021	10 012
Profit/Loss after tax from discontinued operations		-355	-255	-355	-255	-427	-527
Profit/loss for the period attributable to parent company shareholders		-2 527	2 944	-3 695	-12 586	594	9 485
Earnings per share, remaining operations, SEK							
- before dilution		-0,01	0,01	-0,01	-0,03	0,00	0,03
- before dilution		-0,01	0,01	-0,01	-0,03	0,00	0,03
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Profit/Loss for the period		-2 527	2 944	-3 695	-12 586	594	9 485
Other comprehensive income:							
<i>Items that may be reclassified to profit or loss</i>							
Changes in accumulated exchange rate differences		-57	56	-52	57	-4	-113
Other comprehensive income for the period		-57	56	-52	57	-4	-113
Profit/Loss total		-2 584	3 000	-3 747	-12 529	590	9 372

CONSOLIDATED BALANCE SHEET – IN SUMMARY

Amounts in SEK thousands

ASSETS	Note	2020-09-30	2019-09-30	2019-12-31
ASSETS				
Material assets		8 824	8 848	1 884
Immaterial assets		45 281	44 113	42 415
Deferred tax assets		5 750	4 834	5 750
TOTAL FIXED ASSETS		59 855	57 795	50 049
CURRENT ASSETS				
Accounts receivable	3	22 408	26 548	29 279
Other current receivables	3	2 944	2 938	3 594
Accruals and deferred income		3 619	1 280	1 875
Cash and cash equivalents		71 294	60 908	73 676
TOTAL CURRENT ASSETS		100 265	91 674	108 424
TOTAL ASSETS		160 120	149 469	158 473
EQUITY AND LIABILITIES				
EQUITY				
Equity		122 720	113 351	126 467
Total Equity		122 720	113 351	126 467
TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		122 720	113 351	126 467
LONG-TERM DEBT				
Long term debt		5 992	6 873	126
TOTAL LONG-TERM DEBT		5 992	6 873	126
SHORT-TERM LIABILITIES				
Short-term liabilities	3	31 408	29 245	31 880
Total Short-term liabilities		31 408	29 245	31 880
TOTAL EQUITY AND LIABILITIES		160 120	149 469	158 473

CONSOLIDATED CASH FLOW STATEMENT – IN SUMMARY

Amounts in SEK, thousands	Note	2020 Q3	2019 Q3	2020 Q1 - Q3	2019 Q1 - Q3	2019 Full-Year	Rolling 12 mth
Cash flow from operating activities before changes in working capital		376	5 979	4 446	-3 808	11 488	19 742
Cash flow from changes in working capital		104	-9 418	5 235	-10 926	-11 965	4 196
Cash flow from operating activities		480	-3 439	9 681	-14 734	-477	23 938
Cash flow from investment activities		-5 401	-1 121	-12 032	-4 399	-5 843	-13 476
Cash flow from financing activities		0	-6	0	396	396	0
Cash flow for the period		-4 921	-4 566	-2 351	-18 737	-5 924	10 462
Cash and cash equivalents at the start of the period		76 259	65 416	73 676	79 543	79 543	60 908
Translation difference in cash and cash equivalents		-44	58	-31	102	57	-76
Cash and cash equivalents at the end of the period *		71 294	60 908	71 294	60 908	73 676	71 294

*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 thousands

	Note	2020 Q1 - Q3	2019 Q1 - Q3	2019 Full-Year	Rolling 12 mth
Equity at start of period		126 467	125 481	125 481	113 351
Comprehensive income					
Profit/loss for the period		-3 695	-12 586	594	9 485
Other comprehensive income					
Exchange differences		-52	60	-4	-116
Total other comprehensive income		-52	60	-4	-116
Total comprehensive income		-3 747	-12 526	590	9 369
Transactions with shareholders					
Stockoptions	4		396	396	0
Total transactions with shareholders			396	396	0
Equity end of period		122 720	113 351	126 467	122 720

NOTE 1 - ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim 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 2019 have been used in this interim report as well. No new or revised IFRS standards that came into force in 2020 have had any material impact on the Group's financial statements.

NOTE 2 - REVENUE ALLOCATION

Amounts in SEK thousands

	2020 Q3	2019 Q3	2020 Q1 - Q3	2019 Q1 - Q3	2019 Full-Year	Rolling 12 mth
Revenue type						
Royalty	11 274	8 220	36 169	11 198	31 234	56 205
Licenses	9 041	15 896	24 811	29 826	45 515	40 500
Support & Maintenance	1 220	1 953	4 176	7 014	9 119	6 281
Other	1 639	1 452	4 698	5 073	6 059	5 684
Total	23 175	27 521	69 855	53 111	91 927	108 671
Region/Country						
Europe	1 801	2 978	3 973	8 803	11 083	6 253
- whereof Sweden	1 390	1 348	2 099	3 724	4 984	3 359
Asia	18 889	20 391	56 930	32 332	65 586	90 184
- whereof China	3 113	707	6 678	4 958	7 641	9 361
- whereof Taiwan	14 308	17 423	45 139	23 042	53 612	75 709
USA	2 484	4 152	8 952	11 976	15 258	12 234
Total	23 175	27 521	69 855	53 111	91 927	108 671
Timing of revenue recognition						
Services transferred over time	10 261	17 849	28 987	36 840	54 634	46 781
Services transferred at a certain time	12 914	9 672	40 868	16 271	37 293	61 890
Total	23 175	27 521	69 855	53 111	91 927	108 671

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 can be issued, with each stock option providing entitlement to subscribe to one (1) share in the company. Subscription to the stock options was to take place no later than June 30, 2019, with the Board having the right to extend the subscription period. 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. At the end of the interim period, 1,300,000 options had been subscribed, corresponding to 100% of total stock options. Assuming that all stock options are exercised to subscribe to new shares, the number of shares in the company will increase by 1,300,000 shares.

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.

PARENT COMPANY INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousands

	Not	2020 Q3	2019 Q3	2020 Q1 - Q3	2019 Q1 - Q3	2019 Full-Year	Rolling 12 mth
Net sales		23 147	27 247	69 285	52 084	90 363	107 564
Cost of goods sold		-6 852	-5 053	-16 344	-15 179	-19 944	-21 109
Gross profit		16 295	22 194	52 941	36 905	70 419	86 455
Marketing and sales expenses		-7 594	-7 453	-20 236	-17 172	-25 889	-28 953
Administrative expenses		-3 726	-3 218	-11 508	-11 511	-14 784	-14 781
R&D expenses		-6 997	-9 713	-25 535	-23 658	-32 732	-34 609
Other operating income/expenses		-1 053	247	-946	563	-407	-1 916
		-19 370	-20 137	-58 225	-51 778	-73 812	-80 259
Operating profit/loss		-3 075	2 057	-5 284	-14 873	-3 393	6 196
Financial income/expenses		39	148	-142	162	-255	-559
Profit/loss before tax		-3 036	2 205	-5 426	-14 711	-3 648	5 637
Tax		0	0	0	0	-430	-430
Profit/loss for the period*		-3 036	2 205	-5 426	-14 711	-4 078	5 207

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

PARENT COMPANY BALANCE SHEET – IN SUMMARY

Amounts in SEK thousands

ASSETS	Note	2020-09-30	2019-09-30	2019-12-31
Fixed assets				
Fixed assets		1 236	472	525
Immaterial assets		37 371	38 652	36 342
Deferred tax assets		7 528	7 958	7 528
TOTAL FIXED ASSETS		46 135	47 082	44 395
CURRENT ASSETS				
Accounts receivable		22 346	26 190	28 811
Other receivables		3 281	2 938	3 595
Accruals and deferred income		3 387	1 143	1 557
Cash and cash equivalents		68 177	57 572	70 216
TOTAL CURRENT ASSETS		97 191	87 843	104 179
TOTAL ASSETS		143 326	134 925	148 574
EQUITY AND LIABILITIES				
EQUITY				
Equity		112 805	107 598	118 231
Total Equity		112 805	107 598	118 231
LONG-TERM DEBT				
Long term debt		0	0	52
TOTAL LONG-TERM DEBT		0	0	52
SHORT-TERM LIABILITIES				
Short-term liabilities		30 521	27 327	30 291
Total Short-term liabilities		30 521	27 327	30 291
TOTAL EQUITY AND LIABILITIES		143 326	134 925	148 574

CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

	2020 Q3	2019 Q3	2020 Q1 - Q3	2019 Q1 - Q3	2019 Full-Year	Rolling 12 mth
Net sales	23 175	27 521	69 855	53 111	91 927	108 671
Net sales growth, %	-15,8%	63,6%	31,5%	-1,1%	35,9%	62,1%
Gross margin, %	79,8%	89,2%	84,1%	82,5%	86,4%	86,8%
Operating profit/loss	-2 187	3 259	-3 167	-11 883	651	9 367
Operating profit/loss, total operations	-2 542	3 004	-3 522	-12 138	224	8 840
Working capital, total operations	68 857	62 429	68 857	62 429	76 544	68 857
Capital employed, total operations	128 712	120 224	128 712	120 224	126 593	128 712
Liquidity ratio, total operations, %	319%	313%	319%	313%	340%	319%
Equity/assets ratio, total operations, %	76,6%	75,8%	76,6%	75,8%	79,8%	76,6%
Earnings per share before dilution, SEK	-0,01	0,01	-0,01	-0,03	0,00	0,03
Earnings per share before dilution, total operations, SEK	-0,01	0,01	-0,01	-0,03	0,00	0,03
Earnings per share after dilution, SEK	-0,01	0,01	-0,01	-0,03	0,00	0,03
Earnings per share after dilution, total operations, SEK	-0,01	0,01	-0,01	-0,03	0,00	0,03
Equity per share, total operations, SEK	0,34	0,31	0,34	0,31	0,35	0,34
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	360 231	360 231	361 531	360 881	360 556
Number of employees at the end of the period	21	22	21	22	22	21
Average number of employees during the period	21	22	24	23	20	24

ALTERNATIVE CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

	2020 Q3	2019 Q3	2020 Q1 - Q3	2019 Q1 - Q3	2019 Full-Year	Rolling 12 mth
Net sales	23 175	27 521	69 855	53 111	91 927	108 671
Net sales growth, %	-15,8%	63,6%	31,5%	-1,1%	35,9%	62,1%
Gross profit	18 484	24 559	58 714	43 800	79 457	94 371
Net sales	23 175	27 521	69 855	53 111	91 927	108 671
Gross margin, %	79,8%	89,2%	84,1%	82,5%	86,4%	86,8%
Operating profit/loss	-2 187	3 259	-3 167	-11 883	651	9 367
Net sales	23 175	27 521	69 855	53 111	91 927	108 671
Operating margin, %	-9,4%	11,8%	-4,5%	-22,4%	0,7%	8,6%
Operating profit/loss remaining operations	-2 187	3 259	-3 167	-11 883	651	9 367
Operating profit/loss discontinued operations	-355	-255	-355	-255	-427	-527
Rörelseresultat total verksamhet	-2 542	3 004	-3 522	-12 138	224	8 840
EBITDA	1 100	6 587	6 158	-2 206	13 791	22 156
Depreciation and amortization	-3 287	-3 328	-9 326	-9 677	-13 140	-12 789
Operating profit/loss remaining operations	-2 187	3 259	-3 167	-11 883	651	9 367
EBITDA, total operations	745	6 332	5 803	-2 461	13 364	21 629
Depreciation and amortization, total operations	-3 287	-3 328	-9 326	-9 677	-13 140	-12 789
Operating profit/loss total operations	-2 542	3 004	-3 522	-12 138	224	8 840
Sales expenses	-8 034	-8 068	-21 645	-18 944	-28 220	-30 921
Administrative expenses	-3 744	-3 234	-11 545	-11 541	-14 811	-14 815
R&D expenses	-8 194	-10 539	-28 099	-26 016	-35 794	-37 877
Other operating income/expenses	-699	541	-592	818	19	-1 391
Total operating expenses	-20 671	-21 300	-61 881	-55 683	-78 806	-85 004
Balance sheet total, total operations	160 120	149 469	160 120	149 469	158 473	160 120
Non-interest-bearing liabilities, total operations	31 408	29 245	31 408	29 245	31 880	31 408
Capital employed, total operations	128 712	120 224	128 712	120 224	126 593	128 712
Closing equity, total operations	128 712	113 351	122 720	113 351	126 467	122 720
Average equity, total operations	125 354	116 694	125 354	116 694	116 941	125 354
Current assets minus inventories	100 265	91 674	100 265	91 674	108 424	100 265
Current liabilities	31 408	29 245	31 408	29 245	31 880	31 408
Liquidity ratio, total operations	319%	313%	319%	313%	340%	319%
Equity	128 712	113 351	122 720	113 351	126 467	122 720
Total assets	160 120	149 469	160 120	149 469	158 473	160 120
Equity/assets ratio, total operations	80,4%	75,8%	76,6%	75,8%	79,8%	76,6%

FINANCIAL GLOSSARY

NET SALES GROWTH

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

GROSS MARGIN

Gross profit/loss divided by net sales. Shows what proportion of sales 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 the 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 the 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 are, for example, wages and other personnel expenses, as well as rent 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 how much equity there is per share, which is used when valuing the share in relation to the share price.