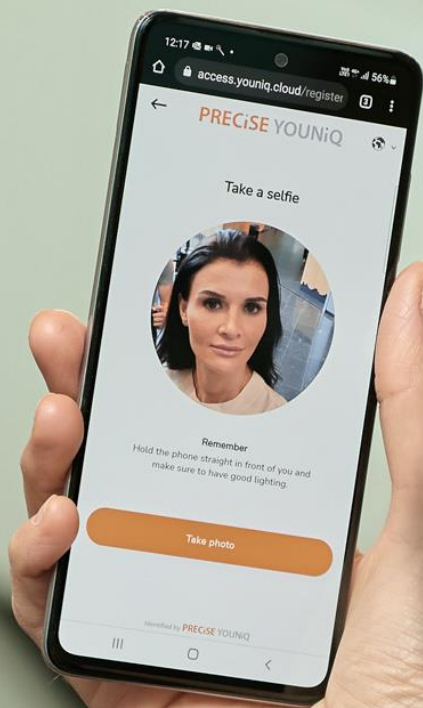


PRECiSE
BIOMETRICS



Q1

PRECISE BIOMETRICS

INTERIM REPORT JAN-MAR 2024

Precise technology

is used

100K

times/second

all year round



Precise Biometrics (Precise) is a global pioneer in the field of biometric IT security solutions. The offering includes algorithm products for fingerprint, facial and hand recognition, as well as end-customer products for biometric access (YOUNiQ Access) and visitor management (YOUNiQ Visit). Our focus areas are biometric authentication for mobile phones, laptops, security keys and smart locks, vehicle applications for in-car payment, driver authentication and personal settings/access – as well as specialized systems for visitor management and physical biometric access control. Precise operates through two main business areas, Digital Identity and Biometric Technologies, and operates from its offices in Lund (HQ) and Stockholm, Sweden, Potsdam NY, USA, Seoul, South Korea, Taipei, Taiwan and Shanghai, China. The Precise share is listed on the Nasdaq Stockholm (PREC). Find out more at www.precisebiometrics.com.

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Q1 2024 IN BRIEF

INCREASED REVENUE AND POSITIVE EBITDA

FIRST QUARTER

- Net sales totaled SEK 21.7 (19.2) million.
- EBITDA totaled SEK 3.1 (–0.6) million.
- The operating profit/loss for the quarter totaled SEK –2.8 (–6.9) million.
- Earnings for the period totaled SEK –3.0 (–6.9) million.
- Earnings per share totaled SEK –0.0 (–0.2).
- Cash flow from operations totaled SEK –2.8 (–5.3) million.
- Cash and cash equivalents totaled SEK 41.1 (34.4) million.
- ARR (Annual Recurring Revenue) at the end of the period was SEK 18.3 (17.3 million)

SIGNIFICANT EVENTS DURING THE QUARTER

- Signed commercial agreement with Korean sensor manufacturer LaserSemicon (formerly CanvasBio)
- Launched palm recognition – a new addition to the company’s product portfolio
- Showcased the biometric security solutions of the future at the Confederation of Swedish Enterprise’s Företagardagarna 2024 event
- Strengthened position in Benelux through local sales team

SIGNIFICANT EVENTS AFTER THE QUARTER

- Extended partnership with Flowscape Technology and signed new customer agreement
- Demonstrated biometric recognition solutions at ISC West and Embedded World

FINANCIAL DATA AND KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

Amounts in SEK thousands unless otherwise stated	2024	2023	2023	Rolling
	Jan-Mar	Jan-Mar	Full-year	12 months
Net sales	21 684	19 150	75 069	77 603
Net sales growth, %	13,2%	-32,4%	-17,5%	-5,2%
EBITDA	3 069	-625	-1 691	2 002
Gross margin, %	72,2%	64,8%	63,7%	65,8%
Operating profit/loss	-2 826	-6 862	-26 458	-22 423
Operating margin, %	-13,0%	-35,8%	-35,2%	-28,9%
Cash flow from the operating activities	-2 832	-5 810	-10 760	-7 781
Cash and cash equivalents	41 148	34 434	47 534	41 148
Annual Recurring Revenue*	18 317	17 274	18 307	18 317

See the Financial Glossary for definitions.

PRESENTATION AND Q&A

Precise Biometrics has published a video in connection with today's interim report, which includes an interview with CEO Joakim Nydemark. The video is available on the Investor Relations page: <https://precisebiometrics.com/sv/investerare/>

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

The company also invites you to a live Q&A that starts at 10:00 AM (CET) on May 14, 2024.

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

<https://precisebiometrics.com/investors>

Questions can be asked directly in the chat function in the interactive player or submitted in advance to investor@precisebiometrics.com.



CEO COMMENTS

2024 has hit the ground running, characterized by intensive customer-focused and marketing activities, including attendance at most trade fairs in Europe and the USA, the opening of a sales office in the Netherlands, and new customer and partnership agreements.

I am pleased that the positive trend from Q4 continued during Q1, with an increase in net sales to SEK 21.7 (19.2) million and a noticeable improvement in the operating profit before depreciation (EBITDA) to SEK 3.1 (-0.6) million. Had it not been for two slightly delayed customer payments totaling SEK 11 million (the payments were registered at the beginning of April), cash flow for the quarter would also have been strong. With net sales moving in the right direction and a positive profit before depreciation, I have an optimistic view of the future.

In addition to a strong focus on customers and intensive marketing within our two business areas, we have continued to work on streamlining our processes in order to further accelerate our progress towards profitable growth. Precise Biometrics has consolidated its world-leading position in biometrics with several new partner agreements and collaborations, and is in a stronger position than ever. We now have a well-positioned, diversified product portfolio focused on products including ultrasound sensors, which have both higher growth and better margins than other types of sensors, which bodes well for the future.

OUR BUSINESS AREAS AND OUR BUSINESS

In our Digital Identity business area, where we offer visitor and access systems with biometrics, we have boosted our strength with additional sales resources in the USA through our partners Genetec and Flowscape Technologies, resulting in a significant increase in our pipeline of potential new customers. We have also opened a local sales office in Amsterdam to target Benelux, and in due course other parts of Europe. Safety and security are becoming increasingly important, driving demand for biometric access systems such as YOUNiQ Access in workplaces, public buildings and homes. We are also seeing more secure, more efficient visitor systems contributing to increased security and a better customer experience, which we feel has increased demand for YOUNiQ Visit.

The mobile market has started to show signs of growth, especially when it comes to demand for more complex ultrasound sensors and software solutions that meet increased security requirements, which benefits our business in the Biometric Technologies business area. Our positioning with algorithms for the latest generation of fingerprint sensors based on ultrasound continues to create good conditions for growth in 2024 and beyond.

The launch of our latest product and modality for [palm recognition](#) also strengthens our offering going forward, and enables us to address even more customers, verticals, and areas of application. Palm recognition is currently available as a software algorithm product, but is also seamlessly integrated into our products for access management (YOUNiQ Access) and visitor management (YOUNiQ Visit). Adding palm recognition to the company's biometric product portfolio further enables biometric multi-factor authentication (MFA), further increasing the level of security and providing organizations with customizable authentication and identification options tailored to their specific needs and meeting various regulatory requirements.

NEW PARTNER AGREEMENTS

New partner agreements and extended partnerships are naturally important components in the company's journey of growth, and there are two partnerships that I am particularly proud of and would like to highlight. One is the extended partnership with [Flowscape Technology](#), a listed building technology company. The agreement gives Flowscape the right to sell YOUNiQ Visit globally and entails a significant expansion of Precise Biometrics' international selling power.

"We are delighted to further deepen our collaboration with Precise, which is a leader in its category. In our efforts to offer innovative, high-quality solutions to our customers in the area of Smart Office, this type of high-tech system is an important competitive advantage that strengthens our offering to customers. The fact that we have already signed an agreement with a customer in the UK as a result of the collaboration is a clear confirmation of this."

Peter Reigo, CEO of Flowscape Technology

The second is the partnership with Infineon Technologies, which has been further strengthened during the quarter. This has included several joint marketing activities such as the Consumer Electronics Show (CES) in the USA and Embedded World in Germany. Discussions are also underway about further deepening the collaboration in order to win more joint business. There is a lot going on in the automotive industry in general, where many new services in the vehicles of the future will require payment and biometric authentication. Biometrics in the automotive industry is expected to grow by more than 23% a year over the next five years, which creates excellent opportunities for Precise Biometrics, as Infineon's only Premium partner in biometrics in the automotive vertical.

MARKET DEVELOPMENT

Safety and security are important values that Precise delivers hundreds of thousands of times every single second when our world-leading biometric technology makes the individual the key to unlock doors, mobile phones, computers, and cars, or

to create secure authentication when making a payment. There is no doubt that biometrics represents the way ahead for personal identification and authentication in a number of different areas. As a pure software company, we have the opportunity to quickly adapt to market requirements, and thus further strengthen our position in this future, as many of our competitors who also build hardware do not have the facility to make the switch as quickly.

You can rely on the entire Precise team working incredibly hard to take the company to new heights. I am looking forward to the continuation of 2024, as we, with increased market presence, high-quality products, and more efficient sales and delivery processes, will maintain a full focus on creating both growth and profitability.

Joakim Nydemark
CEO

"My top three:

- Biometrics are more in demand than ever.
- Our focus on sales and cost savings has paid off.
- The positive trend from Q4 is continuing, and 2024 looks promising with new customer projects and an extended offering with palm recognition."

CEO Joakim Nydemark



UPDATE FROM THE BUSINESS AREAS

BIOMETRIC TECHNOLOGIES

Precise is experiencing increased interest in biometric solutions, where increased security, multi-factor authentication and a good user experience are driving factors. Collaboration with important partners continues to be deepened, and new partners are being added on an ongoing basis, driving business in the right direction. Equally important is the fact that the company is well positioned for the future and the next generation of products, for example with algorithms for ultrasound sensors and hand recognition.

THE AUTOMOTIVE INDUSTRY

The collaboration with Infineon Technologies is developing well, and the first vehicles with the shared fingerprint solution are expected to reach the market before the end of the year.

Interest in biometric authentication in vehicles is growing, and one important reason for this is that in-vehicle payment will become increasingly common and important. In addition, vehicles are increasingly becoming a software product – SDV (Software Defined Vehicle). SDV is a central concept and means that the hardware is installed during the manufacture of the vehicle, after which continuous updates of functions are made by downloading new software. Vehicles are also being fitted with more and more sensors, which, combined with new, stricter requirements for road safety and safety in the vehicle, opens up new opportunities for authentication and for Precise.



PALM RECOGNITION

During the quarter, Precise launched its latest modality, palm recognition. This product is available both as algorithm

technology for sensor manufacturers and as an end-customer product integrated into the access and visitor systems YOUNiQ Access and YOUNiQ Visit. The benefits of palm recognition include a clear intention when used, the fact that the technology is touchless, and that it offers a simple user experience. Examples of applications are payment and door access. Precise palm recognition was presented to customers for the first time at a security fair in the USA in April, where it was extremely well received.



INCREASED SECURITY WITH LIVENESS AND MFA

Liveness and fraud detection, where the Precise product BioLive has a unique position on the market, are more relevant than ever. When biometrics are used in systems with a high level of security, there is also an increased need to protect against fraud, for example in the form of impressions of fingerprints or photos of faces. Biometrics generally has a very high level of security, but with Precise BioLive, which is optimized to detect false impressions and images, and to verify that the biometric impression belongs to a living individual, the very highest security demands in the world can be met. In addition to increased security, BioLive also contributes to a better and faster user experience.

Precise has also been investing resources in Multi Factor Authentication (MFA) for some time now, which means that more than one identification method is required for physical or digital access. Precise has three modalities (face, hand and finger) that, together with the company's expertise and technology, offer great opportunities in the field of MFA – an area that is included in, among others, the EU's new NIS2 regulations on cyber security.

MOBILE MARKET AND ULTRASOUND SENSORS

After a period of lower volumes in mobile phones, the number of mobile phones manufactured has now started to rise again. Precise is well positioned in the mobile market, with strong partners such as Qualcomm and EgisTech, but has also created a strong and strategic position as one of the very few suppliers in the world of fingerprint algorithms for ultrasound sensors. The new generation of mobile screens requires the more advanced ultrasound sensors to read the fingerprint through the mobile screen, as very little light passes through.

Together with its partners, Precise has an almost unique opportunity to take new market shares, and there is also a higher margin in the ultrasound sensors segment. There are already products on the market with Precise's ultrasound algorithm, but with more of the new generation of displays, demand will increase.



MORE VERTICALS

With a long history as a supplier to the mobile industry, Precise is now continuing to expand its offering into new verticals. The automotive industry, smart locks, security tokens and laptops are all important segments. One concrete example of this is Infineon, but the partnership agreement with the Korean sensor manufacturer LaserSemicon (formerly CanvasBio) is also exciting, with the first laptops with a shared solution coming to market shortly.



DIGITAL IDENTITY

The current security situation strengthens Precise's position in the fields of both access and visitor systems, and the business area is a hive of activity. The fourth quarter was the best ever, while sales in the first quarter were slightly lower, which was expected and normal for Q1. Sales are, however, largely on track, and we see extremely high levels of interest and potential going forward.



EXTENDED COLLABORATION WITH FLOWSCAPE

Precise extended its collaboration with Flowscape through a global partnership agreement covering all markets in which they operate. This extended collaboration has already resulted in one new customer – a large global consultancy company.

MORE SALES RESOURCES AND OPENING OF SALES OFFICE IN THE NETHERLANDS

During the quarter, a sales office was opened in the Netherlands, which will initially target the Benelux countries, and in due course additional markets as well. The level of interest and activity has been good, and the first customer has already implemented a pilot project. Precise has also boosted its strength with additional sales resources in the USA, as well as further extending its collaboration with existing partners such as Genetec.

NEW CUSTOMERS

In recent months, Precise has signed many new customers up for YOUNiQ Visit, several of whom are large international companies that are implementing YOUNiQ across the

majority of their offices. We are seeing a general increased level of interest in YOUNiQ Visit, the main reasons for such investment being stricter requirements for security, an ambition to become more customer-friendly, and a need to create more efficient administration.

PALM RECOGNITION

The new palm recognition modality is also being integrated into YOUNiQ Access and Visit as a complement to facial and QR codes. One major benefit of palm recognition is that the hand movement indicates a clear intention. When YOUNiQ Access with palm recognition was presented at one of the world's largest security fairs, ISC in Las Vegas, there was a great deal of interest. The product is hardware-independent, needing just a sufficiently good camera, but we are also collaborating with hardware partners such as American Hand.ID to create an optimal user experience.

“We are proud to be working with Precise, as they are the global leader in premium biometric technologies. Precise is the natural choice for collaboration for our hand-held reader unit, and their performance and expertise in the field of biometrics has impressed us a lot. Together, we are ready to deliver solutions that take biometric authentication to the next level.”

Ken Brownlee, CEO of Hand.ID

NEW RELEASES AND ROADMAP

New releases of both YOUNiQ products were launched during the quarter, and there is a clear roadmap going forward, which includes both new functionality and further improved security and compatibility with different security standards.

PERSONAL PRIVACY AND SECURITY

Both of these areas are important to us, and we work continuously to both increase our customers' security and at the same time ensure customers' personal privacy. We also work to comply with the various industry standards and regulations that are in place. More information about this work is available at [precisebiometrics.com](https://www.precisebiometrics.com).

CUSTOMER OFFERING

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

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

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

– YOU ARE THE KEY



WHY PRECISE?

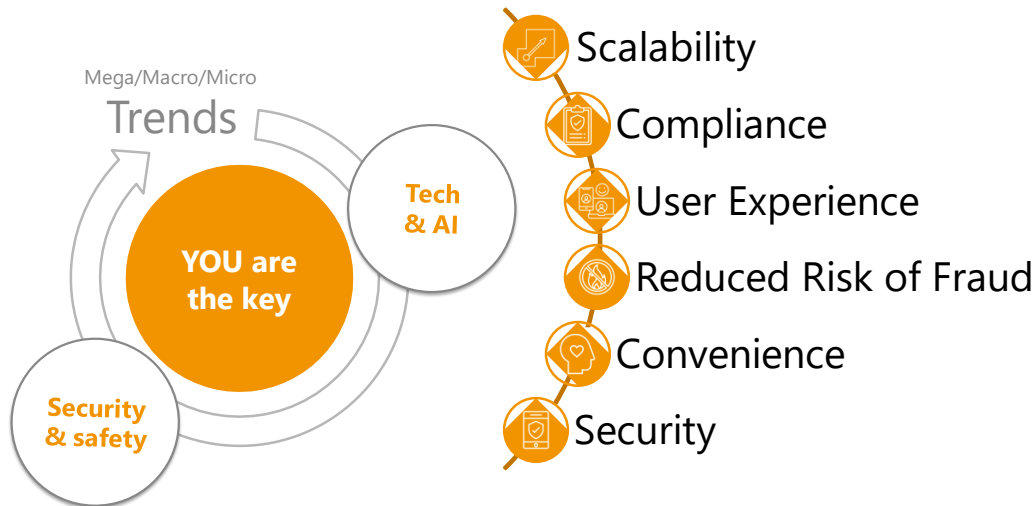
- Unique knowledge, as biometrics has been our core business for 25 years.
- Established on the global market, our technology is used more than 100,000 times per second, all year round.
- Large customer base and a global footprint in the world of biometrics.
- Hardware-independent, handling several different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



THE COMMERCIAL BENEFIT OF BIOMETRIC RECOGNITION

The commercial benefit of biometric recognition solutions can be divided into internal company factors and external environmental factors. The internal factors relate to areas such as security, efficiency, user-friendliness, customer

service, compliance, and scalability, while the external factors primarily concern the rapid development of technology and AI, and the uncertain security situation.



OUR PRODUCTS

End-customer products for access and visitor management

- **YOUNiQ Access** is our access solution for doors based on biometrics, such as facial recognition.
- **YOUNiQ Visit** (EastCoast Visit in Sweden) is our visitor management solution.



Algorithm products for biometric recognition

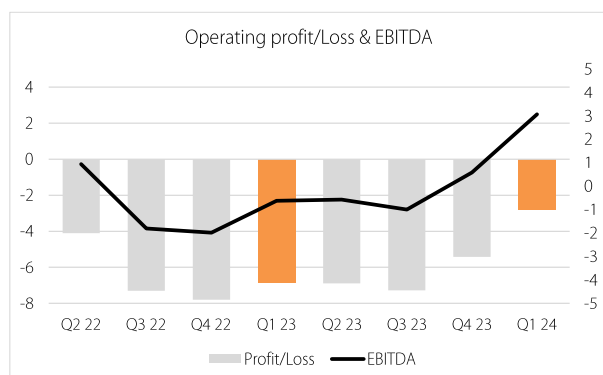
- **BioMatch** is our fingerprint matching product.
- **BioLive** is our product to prevent fraud using false fingerprints.
- **BioEnhance** is our product for image enhancement, e.g., regarding fingerprints before matching.



NET SALES AND OPERATING PROFIT/LOSS

NET SALES FOR THE QUARTER

Net sales during the quarter increased to SEK 21.7 (19.2) million, representing an increase of 13.2%, and net sales were divided between royalty revenues of SEK 10.5 (4.1) million, license fees (including support and maintenance) of SEK 9.8 (13.2) million and other revenues of SEK 1.4 (1.9) million. Royalty revenues have been at a low level over the past two years, but we are seeing an increase to a royalty level that we have not seen since Q1 2022. License fees decreased compared with the same period last year, mainly due to changes in the composition of customers and renegotiated license agreements. The reduction in Other is primarily explained by the fact that less hardware is sold in Digital Identity.



BIOMETRIC TECHNOLOGIES

Net sales for Biometric Technologies totaled SEK 16.7 (14.0) million and are reported under royalties at SEK 10.5 (4.1) million, licenses at SEK 5.3 (8.8) million, and Other at SEK 0.9 (1.1) million. After a period of low royalty levels towards the end of 2022 and the first part of 2023, as a consequence of low demand and low production volumes in the mobile market, royalty levels increased during Q4 2023 and increased further during Q1 2024. This increase is partly due to Precise being correctly positioned in the area of new sensor technologies such as ultrasound. License fees decreased compared with the same period last year, mainly due to changes in the composition of customers and renegotiated license agreements. The gross margin during the quarter totaled 85.3% (82.3). The increase in gross margin is primarily due to higher sales. Royalty revenues are based on the customers' sales volumes, and increased royalty revenues therefore have a positive impact on margins as they do not entail any extra costs for Precise.

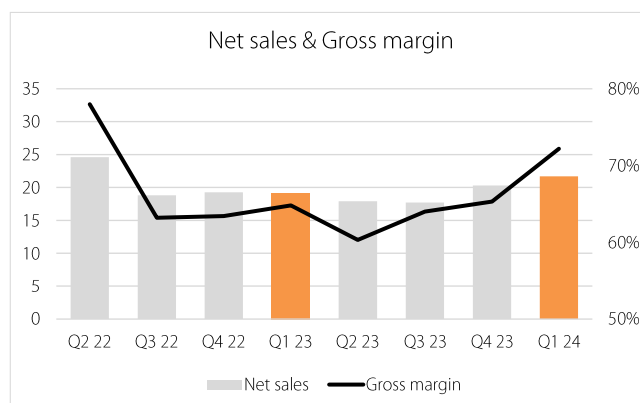
DIGITAL IDENTITY

Net sales for Digital Identity totaled SEK 5.0 (5.1) million and are reported under licenses at SEK 4.5 (4.3) million, and other at SEK 0.5 (0.8) million. The proportion of recurring revenues (Annual Recurring Revenue, ARR) increased, while revenues of a non-recurring nature decreased. The ARR at the end of the quarter was SEK 18.3 (17.3) million.

The gross margin during the quarter totaled 28.7% (16.9). The higher gross margin is mainly due to a lower proportion of hardware sales, where the margin is lower. The margin in Q1 2023 was also very low due to non-recurring costs in connection with the integration of EastCoast.

EARNINGS FOR THE QUARTER

The gross margin during the quarter totaled 72.2% (64.8). The increase is primarily caused by increased sales and a changed product mix, as sales in Biometric Technologies increased and this product segment has higher margins. Total amortization of capitalized development expenses was SEK 4.3 (4.5) million. Amortization of acquired intangible assets totaled SEK 0.6 (0.6) million.

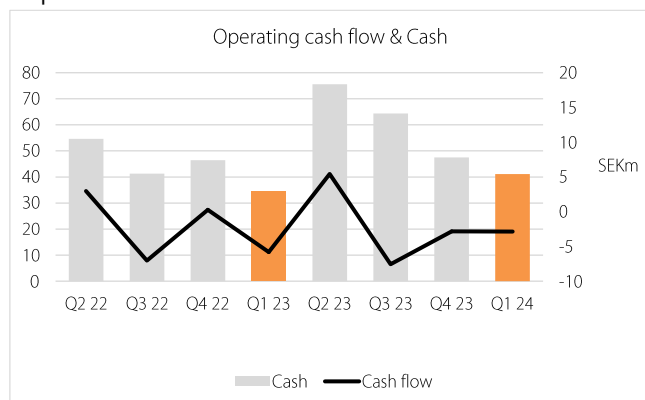


Operating expenses for the quarter fell slightly to SEK 18.5 (19.3) million due to a strong focus on cost control. The profit/loss at EBITDA level improved to SEK 3.1 (-0.6) million. The improved EBITDA is primarily attributable to higher net sales combined with lower operating expenses.

The operating profit/loss for the quarter totaled SEK -2.8 (-6.9) million. Earnings for the quarter totaled SEK -3.0 (-6.9) million. Total depreciation/amortization totaled SEK 5.9 (6.2) million. Earnings per share (average number of shares) for the quarter totaled SEK -0.0 (-0.2).

NET FINANCIAL ITEMS & TAX

Net financial items for the quarter totaled SEK –0.2 (–0.2) million and the tax expense totaled SEK 0.1 (0.1) million. Net financial items are attributable to exchange rate differences in cash and cash equivalents, interest income, interest on the lease liability in accordance with IFRS 16, as well as interest expense on the deferred fixed purchase price related to the acquisition of EastCoast.



CASH FLOW & INVESTMENTS

The cash flow for the quarter from operating activities totaled SEK –2.8 (–5.8) million, of which SEK –5.8 (–5.1) million is attributable to changes in working capital caused by increased accounts receivable. Working capital accumulation was negatively impacted by delayed payments from two large customers of SEK 11 million, which were paid during the first week of Q2. During the quarter, the Group invested SEK 0.0 (0.0) million in intangible assets. Total cash flow for the quarter was SEK –6.5 (–12.0) million.

CAPITALIZATION & AMORTIZATION OF DEVELOPMENT WORK

Development expenses of SEK 3.0 (5.2) million were capitalized during the quarter, and amortization of capitalized development expenses in respect of Digital Identity and Biometric Technologies totaled SEK 4.3 (4.5) million.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totaled SEK 41.1 (34.4) million. Total equity at the end of the period totaled SEK 156.5 (138.9) million, and equity per share was SEK 2.0 (2.9).

THE PARENT COMPANY

The parent company's net sales for the quarter totaled SEK 17.7 (14.2) million. The operating profit/loss for the quarter totaled SEK –3.1 (–7.8) 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 26.7 (22.6) million, and equity SEK 146.1 (129.1) 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 quarter, the Group had a workforce of 43 (50) people, including on-site consultants. The number of employees was 32 (32), of which 24 (26) were located in Sweden. Precise works in an agile way together with several partners, creating a fast-moving, scalable organization. The number of employees does not include partners.

FINANCIAL CALENDAR

Annual General Meeting 2024 in Lund – May 22, 2024

Q2 Interim Report 2024 – August 16, 2024

Q3 Interim Report 2024 – November 15, 2024

RISK FACTORS

The Group and parent company's business risks and risk management as well as the management of financial risks are described in detail in the Annual Report for 2023, which was issued in April 2024. 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.

OWNERSHIP STRUCTURE

Precise Biometrics AB (publ), corporate ID number 556545-6596, is the parent company in the Precise Biometrics Group. Precise Biometrics AB's shares are listed on the Small Cap list of the Nasdaq OMX Nordic. The number of shareholders at the end of the quarter was 16,270 (17,189), of which the proportion of foreign shareholders is 14.7%. 13,305,644 PREC shares were traded during the quarter. The closing price on March 28 was SEK 1.11, and during the quarter the share price fluctuated between SEK 0.80 and SEK 1.17.

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, May 14, 2024

Torgny Hellström
Chairman of the Board

Jimmy Hsu
Board member

Mats Lindoff
Board member

Maria Rydén
Board member

Åsa Schwarz
Board member

Peter Gullander
Board member

Joakim Nydemark
CEO

For further information, please contact:

Joakim Nydemark, CEO

Email: joakim.nydemark@precisebiometrics.com

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 May 14, 2024 at 08:00 AM (CET).

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

Amounts in SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Full year	Rolling 12 months
Net sales	2,3	21 684	19 150	75 069	77 603
Cost of goods sold		-6 027	-6 741	-27 246	-26 532
Gross profit		15 657	12 409	47 823	51 071
Marketing and sales expenses		-8 484	-6 806	-27 420	-29 098
Administrative expenses		-3 850	-3 516	-14 150	-14 484
R&D expenses		-6 808	-8 911	-32 105	-30 002
Other operating income/expenses		658	-39	-606	91
		-18 483	-19 271	-74 281	-73 493
Operating profit/loss		-2 826	-6 862	-26 458	-22 423
Financial income/expenses	4	-229	-166	-291	-354
Profit/Loss before tax		-3 055	-7 028	-26 749	-22 776
Tax		86	87	346	345
Profit/loss for the period attributable to parent company shareholders		-2 969	-6 941	-26 403	-22 431
Earnings per share, remaining operations, SEK*					
- before dilution		-0,04	-0,15	-0,34	-0,23
- after dilution		-0,04	-0,15	-0,34	-0,23
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Profit/Loss for the period		-2 969	-6 941	-26 403	-22 431
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss</i>					
Changes in accumulated exchange rate differences		158	-13	-127	44
Other comprehensive income for the period		158	-13	-127	44
Profit/Loss total attributable to holders of participations in the parent company		-2 811	-6 954	-26 530	-22 387

*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	2024 March	2023 March	2023 December
FIXED ASSETS				
Material assets		11 312	8 700	6 447
Goodwill and immaterial assets		130 804	138 931	132 751
TOTAL FIXED ASSETS		142 116	147 631	139 198
CURRENT ASSETS				
Inventories		292	311	359
Accounts receivable		26 845	16 355	19 173
Other current receivables		3 016	3 400	3 499
Accruals and deferred income		3 056	2 620	2 903
Cash and cash equivalents	4,6	41 148	34 434	47 534
TOTAL CURRENT ASSETS		74 357	57 120	73 467
TOTAL ASSETS		216 473	204 751	212 665
EQUITY AND LIABILITIES				
EQUITY				
Equity		156 509	138 925	159 319
TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		156 509	138 925	159 319
LONG-TERM DEBT				
Long term debt	6	22 614	25 237	17 460
TOTAL LONG-TERM DEBT		22 614	25 237	17 460
SHORT-TERM LIABILITIES				
Short-term liabilities	4,6	37 350	40 589	35 886
Total Short-term liabilities		37 350	40 589	35 886
TOTAL EQUITY AND LIABILITIES		216 473	204 751	212 665

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Full year	Rullande 12 months
Cash flow from operating activities					
Operating profit/loss		-2 826	-6 862	-26 458	-22 422
Adjustments for items not included in cash flow		6 011	6 241	24 843	24 613
Interest payments, net		-229	-44	386	201
Tax paid		-7	-4	-9	-12
Cash flow from operating activities before changes in working capital		2 949	-669	-1 238	2 380
Cash flow from changes in working capital					
Change in inventories		66	0	-48	18
Change in current receivables		-7 306	-3 868	-7 083	-10 521
Change in current liabilities		1 459	-1 273	-2 392	341
		-5 781	-5 141	-9 522	-10 162
Cash flow from operating activities		-2 832	-5 810	-10 760	-7 781
Cash flow from investing activities					
Acquisition of subsidiaries	6	0	0	-10 000	-10 000
Investment in fixed assets		31	-17	-1 215	-1 167
Investment in intangible assets		-3 055	-5 191	-14 101	-11 965
Cash flow from investing activities		-3 024	-5 208	-25 316	-23 132
Cash flow from financing activities					
New share issue		0	0	49 523	49 523
Commission expenses		0	-423	-9 979	-9 556
Repurchase of own shares		-1	0	0	-1
Payment for sale/buy-back of options		0	0	0	0
Payment of lease liability		-622	-529	-2 258	-2 351
Cash flow from financing activities		-623	-952	37 287	37 616
Total Cash flow		-6 478	-11 969	1 211	6 703
Cash & cash equivalents at beginning of year		47 534	46 405	46 405	34 434
Exchange rate differences in cash & cash equivalents		91	-2	-83	10
Cash & cash equivalents at end of period 1)		41 148	34 434	47 534	41 148

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

CHANGE IN EQUITY (GROUP)

Amounts in SEK thousand		2024	2023	2023	Rolling
	Note	Jan-Mar	Jan-Mar	Full year	12 months
Equity at start of period		159 319	146 302	146 302	138 925
Comprehensive income					
Profit/loss for the period		-2 969	-6 941	-26 403	-22 431
Other comprehensive income					
Exchange differences		158	-13	-127	44
Total other comprehensive income		158	-13	-127	44
Total comprehensive income		-2 811	-6 954	-26 530	-22 387
Transactions with shareholders					
Stockoptions	5	0	0	0	0
LTI programme	5	1	0	3	4
Repurchase of own shares	5	0	0	0	0
New share issue		0	0	49 523	49 523
New issue cost		0	-423	-9 979	-9 556
Total transactions with shareholders		1	-423	39 547	39 971
Equity end of period		156 509	138 925	159 319	156 509

NOTES

NOTE 1 – ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The recognition and measurement policies and bases of estimates applied in the Annual Report for 2023 report have also been used in this interim report.

NOTE 2 – REVENUE ALLOCATION

Amounts in SEK thousand	2024 Jan-Mar	2023 Jan-Mar	2023 Helår	Rolling 12 months
Segment				
<i>Biometric Technologies (fd Algo)</i>				
Royalty	10 488	4 085	17 654	24 057
Licenses, incl. support & maintenance	5 281	8 838	31 500	27 943
Other	911	1 103	3 658	3 466
<i>Digital Identity</i>				
Licenses, incl. support & maintenance	4 515	4 329	18 308	18 493
Other	489	795	3 949	3 643
Total	21 684	19 150	75 069	77 603
Timing of revenue recognition				
At point in time*	1 396	1 965	7 740	7 170
Over time**	20 288	17 185	67 329	70 433
Total	21 684	19 150	75 069	77 603
Region/Country				
Europe	5 824	7 237	29 054	27 641
- w hereof Sweden	4 819	5 393	20 982	20 408
Asia	8 125	8 406	31 205	30 924
- w hereof China	361	1 320	3 152	2 194
- w hereof Taiwan	6 871	6 067	25 224	26 028
USA	7 735	3 520	14 811	19 025
Total	21 684	19 150	75 069	77 603

* Sale at a certain time means that revenue is recognized point-in-time at the start of the agreement period, when control has been transferred to the customer.

** Sales over time means that revenue is accrued on a straight-line basis over the term of the agreement.

NOTE 3 – SEGMENT REPORTING

Amounts in SEK thousand	2024			2023		
	Biometric Technologies	Digital Identity	Total Segment	Biometric Technologies	Digital Identity	Total Segment
			Jan-Mar			jan-mar
Net sales	16 680	5 004	21 684	14 026	5 124	19 150
Cost of goods sold	-2 459	-3 569	-6 027	-2 484	-4 257	-6 741
Gross profit	14 221	1 435	15 657	11 542	867	12 409

	2023			Rolling		
	Biometric Technologies	Digital Identity	Total Segment	Biometric Technologies	Digital Identity	Total Segment
			Full-year			12 months
Net sales	52 812	22 258	75 069	55 466	22 137	77 603
Cost of goods sold	-10 171	-17 075	-27 246	-10 146	-16 387	-26 533
Gross profit	42 641	5 182	47 823	45 320	5 750	51 071

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	2024	2023	2023 Rullande	
	Jan-Mar	Jan-Mar	Full year	12 months
Segment profit/Loss	15 657	12 409	47 823	51 071
Marketing and sales expenses	-8 484	-6 806	-27 420	-29 098
Administrative expenses	-3 850	-3 516	-14 150	-14 484
R&D expenses	-6 808	-8 911	-32 105	-30 002
Other operating income/expenses	658	-39	-606	91
Financial income/expenses	-229	-166	-291	-354
Profit/Loss before tax	-3 055	-7 028	-26 749	-22 776

NOTE 4 – FINANCIAL INSTRUMENTS

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

INTEREST-BEARING LIABILITIES

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

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

On November 30, 2022, a supplementary agreement was signed that changed the terms and conditions for the remaining liability of SEK 55,000 thousand for the acquisition of EastCoast Solutions AB. On December 1, 2022, SEK 30,000 thousand was paid and on November 30, 2023, SEK 10,000 thousand was paid.

SEK 5,000 thousand will be paid on November 30, 2024, SEK 5,000 thousand on November 30, 2025, and SEK 5,000 thousand on November 30, 2026. Interest will be added to the amounts of SEK 5,000 thousand due on November 30, 2025 and SEK 5,000 thousand due on November 30, 2026. The interest, of 3 months STIBOR + 8%, is added from November 30, 2023 until the amounts have been paid. The liability is recognized as an interest-bearing liability as of March 31, 2024.

The liability has been calculated at current value at the original effective interest rate of 1.8% and is recognized as other current liabilities (SEK 6,128 thousand) and other non-current liabilities (SEK 11,351 thousand). The effect on earnings of the translation of the liability was estimated at SEK 2,112 thousand and was reported under financial items as other financial expenses during 2023. Precise has the option to pay off the entire remaining purchase price early without incurring any interest expenses.

IMPACT ON CASH AND CASH EQUIVALENTS IN 2024 (REPORTED IN INVESTING ACTIVITIES):

There is no impact on the Group's cash and cash equivalents during Q1 2024.

NOTE 5 – LTI PROGRAM

The Annual General Meeting 2022 resolved, in accordance with the Board's proposal, to establish a long-term share bonus program (LTI 2022/2028) for all employees in Precise Biometrics. In order to facilitate the implementation of LTI 2022/2028 and to ensure the delivery of shares to the participants, and to cover the company's costs for social security contributions, the meeting also decided to amend the Articles of Association in the form of the introduction of new Class C shares, authorization for the Board of Directors to issue Class C shares, authorization for the Board of Directors to buy back Class C shares, and approval of the transfer of shares to participants in LTI 2022/2028. The implementation of Class C shares took place in Q4 2022. As of March 31, 2024, Precise Biometrics held 1,085,000 Class C shares.

PARENT COMPANY INCOME STATEMENT, IN SUMMARY

Amounts in SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Full year	Rolling 12 mån
Net sales	1	17 710	14 177	53 787	57 320
Cost of goods sold		-8 214	-8 450	-32 709	-32 473
Gross profit		9 496	5 727	21 078	24 848
Marketing and sales expenses		-5 684	-4 891	-18 552	-19 345
Administrative expenses		-3 727	-3 269	-13 203	-13 661
R&D expenses		-3 803	-5 271	-19 813	-18 345
Other operating income/expenses		655	-85	-626	114
		-12 559	-13 516	-52 194	-51 237
Operating profit/loss		-3 063	-7 789	-31 116	-26 390
Financial income/expenses		-140	-103	-109	-146
Group contributions received		0	0	3 487	3 488
Profit/loss before tax		-3 202	-7 892	-27 738	-23 048
Tax		0	0	0	0
Profit/loss for the period		-3 202	-7 892	-27 738	-23 048

PARENT COMPANY BALANCE SHEET, IN SUMMARY

Amounts in SEK thousand

ASSETS	Note	2023 March	2022 March	2023 December
Fixed assets				
Fixed assets		1 776	2 510	2 056
Immaterial assets		29 282	39 126	31 630
Deferred tax assets		90 558	90 558	90 558
TOTAL FIXED ASSETS		121 616	132 194	124 244
CURRENT ASSETS				
Inventories		64	311	64
Accounts receivable		24 467	12 667	13 704
Accounts receivable Group		2 074	844	1 076
Other receivables		11 656	8 795	12 162
Accruals and deferred income		2 635	2 214	2 488
Cash and cash equivalents		26 655	22 613	35 618
TOTAL CURRENT ASSETS		67 551	47 444	65 112
TOTAL ASSETS		189 167	179 638	189 356
EQUITY AND LIABILITIES				
Restricted Equity				
Share capital		23 539	14 254	23 539
Paid-in unregistered share capital		0	0	0
Statutory reserve		1 445	1 445	1 445
Reserve for development expenses		20 002	26 672	21 556
Total restricted equity		44 986	42 370	46 540
Unrestricted Equity				
Share premium reserve		168 316	137 635	168 316
Retained earnings		-64 033	-42 965	-37 849
Profit/loss for the year		-3 203	-7 892	-27 738
Total non-restricted equity		101 081	86 777	102 729
Total Equity		146 066	129 147	149 269
LONG-TERM DEBT				
Long term debt		11 351	16 866	11 302
TOTAL LONG-TERM DEBT		11 351	16 866	11 302
SHORT-TERM LIABILITIES				
Short-term liabilities		31 750	33 625	28 785
Total Short-term liabilities		31 750	33 625	28 785
TOTAL EQUITY AND LIABILITIES		189 167	179 638	189 356

CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2024	2023	2023	Rolling
	Jan-Mar	Jan-Mar	Full-year	12 months
Net sales	21 684	19 150	75 069	77 603
Net sales growth, %	13,2%	-32,4%	-17,5%	-5,2%
Gross margin, %	72,2%	64,8%	63,7%	65,8%
EBITDA	3 069	-625	-1 691	2 002
Operating profit/loss	-2 826	-6 862	-26 458	-22 423
Working capital *	43 135	26 410	43 683	43 135
Capital employed	173 988	138 925	176 724	173 988
Liquidity ratio, %	198,3%	140%	203,7%	198%
Equity/assets ratio, %	72,3%	67,9%	74,9%	72,3%
Earnings per share before dilution, SEK	-0,04	-0,15	-0,34	-0,23
Earnings per share after dilution, SEK	-0,04	-0,15	-0,34	-0,23
Equity per share, SEK	1,99	2,92	2,03	1,99
Number of shares (thousands)	78 464	47 513	78 464	78 464
Weighted avg. number of shares, adjusted for dilution effect (thousands)	78 464	47 513	65 568	73 306
Number of employees at the end of the period	32	32	31	32
Average number of employees during the period	31	31	30	31
Annual Recurring Revenue	18 317	17 274	18 307	18 317

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

ALTERNATIVE CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2024 Jan-Mar	2023 Jan-Mar	2023 Full-year	Rolling 12 months
Net sales	21 684	19 150	75 069	77 603
Net sales growth, %	13,2%	-32,4%	-17,5%	-5,2%
Gross profit	15 657	12 409	47 823	51 071
Net sales	21 684	19 150	75 069	77 603
Gross margin, %	72,2%	64,8%	63,7%	65,8%
Operating profit/loss	-2 826	-6 862	-26 458	-22 423
Net sales	21 684	19 150	75 069	77 603
Operating margin, %	-13,0%	-35,8%	-35,2%	-28,9%
EBITDA	3 069	-625	-1 691	2 002
Depreciation and amortization	-5 895	-6 237	-24 767	-24 425
Operating profit/loss	-2 826	-6 862	-26 458	-22 423
Current assets	74 357	57 120	73 467	90 704
Current liabilities excl. current liabilities EastCoast International*	31 222	30 710	29 784	30 296
Working capital	43 135	26 410	43 683	60 408
Sales expenses	-8 484	-6 806	-27 420	-29 098
Administrative expenses	-3 850	-3 516	-14 150	-14 484
R&D expenses	-6 808	-8 911	-32 105	-30 002
Other operating income/expenses	658	-39	-606	91
Total operating expenses	-18 483	-19 271	-74 281	-73 493
Cost of goods and services sold	-6 027	-6 741	-27 246	-26 532
Depreciation Cost of goods sold	4 744	5 035	20 244	19 952
Cost of goods and services sold excluding depreciation	-1 283	-1 706	-7 002	-6 580
Operating expenses	-18 483	-19 271	-74 281	-73 493
Depreciation Operating expenses	1 152	1 202	4 523	4 473
Operating costs excluding depreciation	-17 331	-18 069	-69 758	-80 823
Balance sheet total	216 473	204 751	212 665	216 473
Non-interest-bearing liabilities	42 485	65 826	35 941	42 485
Capital employed	173 988	138 925	176 724	173 988
Closing equity	156 509	138 925	159 319	156 509
Average equity	163 176	140 939	158 780	163 176
Current assets minus inventories	74 065	56 809	73 109	74 065
Current liabilities	37 350	40 589	35 886	37 350
Liquidity ratio, %	198%	140%	204%	198%
Equity	156 509	138 925	159 319	156 509
Total assets	216 473	204 751	212 665	216 473
Equity/assets ratio, %	72,3%	67,9%	74,9%	72,3%

ANALYSIS OF RESULTS

Amounts in SEK thousand	Note	2024 Jan-Mar	2023 Jan-Mar	2023 Full year	Rullande 12 months
Net sales	2,3	21 684	19 150	75 069	77 603
Cost of goods and services sold excluding depreciation		-1 284	-1 706	-7 003	-6 581
Operating costs excluding depreciation		-17 331	-18 069	-69 758	-69 020
EBITDA		3 069	-625	-1 691	2 002
Total depreciation		-5 895	-6 237	-24 767	-24 425
Operating profit/loss		-2 826	-6 862	-26 458	-22 423

FINANCIAL GLOSSARY

NET SALES GROWTH

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

GROSS MARGIN

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

OPERATING PROFIT/LOSS

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

OPERATING EXPENSES

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

EBITDA

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

OPERATING MARGIN

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

CASH FLOW

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

WORKING CAPITAL

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

CAPITAL EMPLOYED

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

EQUITY

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

AVERAGE EQUITY

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

LIQUIDITY RATIO

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

EQUITY/ASSETS RATIO

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

RETURN ON EQUITY

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

EARNINGS PER SHARE BEFORE DILUTION

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

EARNINGS PER SHARE AFTER DILUTION

Profit/loss for the period divided by the weighted average number of shares adjusted for potential shares that give rise to a dilution effect.

EQUITY PER SHARE

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

ANNUAL RECURRING REVENUE (ARR)

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

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