

# Q3



## PRECISE BIOMETRICS INTERIM REPORT JANUARY-SEPTEMBER 2022

# Precise grows despite weak demand for mobile phones

INTERIM REPORT FOR THE PERIOD JANUARY TO SEPTEMBER 2022

## THIRD QUARTER

- Net sales totaled SEK 18.8 (16.9) million.
- EBITDA totaled SEK –1.8 (1.0) million.
- The operating profit/loss totaled SEK –7.3 (–3.0) million.
- Earnings for the period totaled SEK –7.4 (–2.9) million.
- Earnings per share totaled SEK –0.2 (–0.1).
- Cash flow from operating activities totaled SEK –7,0 (–2.4) million.

## INTERIM PERIOD

- Net sales totaled SEK 71.7 (55.9) million.
- EBITDA totaled SEK 3.1 (0.2) million.
- The operating profit/loss totaled SEK –12.3 (–11.4) million.
- Earnings for the period totaled SEK –12.9 (–11.0) million.
- Earnings per share totaled SEK –0.3 (–0.3).
- Cash flow from operating activities totaled SEK 3.7 (–4.6) million.

## SIGNIFICANT EVENTS DURING THE QUARTER

- Precise decided on a directed share issue of 3,959,639 shares to Egis Technology, and a preferential rights issue of up to 6,599,399 shares and an over-allotment option of a maximum of 2,339,787 shares to Egis Technology.
- An extraordinary general meeting held on September 5, 2022, decided on the approval of the preferential share issue, authorization for the Board of Directors to decide on the issue of ordinary shares and authorization for the Board of Directors to decide on the issue of ordinary shares and/or convertibles.
- A total of 2,871,564 ordinary shares were subscribed for in the preferential rights issue, corresponding to approximately 43.5% of the preferential rights issue.
- Precise announced changes in the management to better reflect the company's growth strategy in the Digital Identity and Algo business areas. As a result, Fredrik Sjöholm was appointed EVP and CCO of Algo, and Patrick Höjjer assumed the role of CCO Digital Identity in addition to the role of CEO of Precise.
- In accordance with the incentive program adopted by the 2022 AGM, the company's CEO subscribed for 100,000 options, corresponding to 100% of the total stock options.

## SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

- In connection with the directed new share issue to Egis Technology and the completion of the preferential rights issue, the number of shares and votes in Precise increased by 6,831,203. All members of the Board of Directors and the company's management group participated in the preferential rights issue in proportion to their holdings.
- The issues were registered with the Swedish Companies Registration Office on October 4, and Precise received SEK 44 million before issue costs on October 6.

## FINANCIAL DATA AND KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

### KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2022 Q3	2021 Q3	2022 Q1 - Q3	2021 Q1 - Q3	2021 Full-year	Rolling 12 mth
Net sales	18 816	16 905	71 742	55 885	83 319	99 176
Net sales growth, %	11,3%	-27,1%	28,4%	-20,0%	-9,8%	26,5%
EBITDA	-1 829	998	3 132	206	1 872	4 798
Gross margin, %	63,2%	76,4%	73,6%	75,7%	76,3%	74,6%
Operating profit/loss	-7 341	-2 972	-12 252	-11 380	-14 073	-14 945
Operating margin, %	-39,0%	-17,6%	-17,1%	-20,4%	-16,9%	-15,1%
Cash flow from the operating activities	-7 028	-2 361	3 656	-4 649	-1 477	3 530
Cash and cash equivalents	41 278	55 658	41 278	55 658	64 102	41 278

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 November 11, 2022.**

Link to webcast:

<https://financialhearings.com/event/44151>

To take part, click on the link above to listen and follow the presentation online.

Please send any questions to [investor@precisebiometrics.com](mailto:investor@precisebiometrics.com).

The conference call will be held in English.

Participating on behalf of Precise:

**Patrick Højjer, CEO**

**Annika Freij, CFO**

## CEO COMMENTS

**It has been an eventful quarter for Precise. First of all, we continue to grow despite lower demand in the mobile industry. This shows the strength of our new business model, where the recurring revenues in the Digital Identity business area, mainly through the acquisition of EastCoast, combined with the stable trend in license fees in the Algo business area, compensate for the lower royalty revenues. In total, revenues grew by 11.3% to SEK 18.8 (16.9) million, with an EBITDA of SEK -1.8 million (1.0). During the quarter we also carried out a directed new share issue to Egis Technology, which is a major customer to Precise, and a preferential share issue to our existing shareholders. These share issues will contribute a total of approximately SEK 41 million to Precise, which, combined with the extended collaboration with Egis, will support our ability to deliver on our strategy.**

### **The Algo business area**

The lower demand for mobile phones in 2022 has meant that mobile phone manufacturers (OEMs) have large inventories of components and phones. They have therefore focused on reducing their inventories by reducing purchases from the module houses, i.e., the subcontractors that supply components to OEMs. Precise's customers supply fingerprint sensors to the module houses, and they therefore experienced significantly lower volumes during the third quarter, which affected Precise's royalty revenues. If we look at revenues for Algo as a whole, they totaled SEK 13 (16.6) million, primarily as a consequence of royalty revenues falling by 72% compared with the corresponding period last year, while license fees increased marginally. As soon as mobile phone manufacturers start to reduce their inventories, we expect a gradual recovery and thus an increase in royalty revenues. Exactly when this will happen is difficult to predict, but our best assessment at the moment is that we will see a gradual normalization of inventory levels during the first half of 2023.

In Algo, we have spent many years building up world-leading expertise in the development of algorithms for fingerprint recognition, a technology based on advanced expertise in image analysis. Our solutions are used primarily in phones in the medium to premium segment, as a consequence of our success in delivering more complex software for sensors under the mobile phone's display, primarily sensors based on optical and ultrasound technology. In recently completed tests of our algorithms, we can see that they are maintaining a world-leading level, especially in terms of biometric performance and latency. This is a proof point for our business, which is also confirmed when I meet customers in markets such as the USA and Asia. During the quarter, we saw our solutions being launched in new mobile phones from Vivo and in smart door locks from Aqara and TP-Link.

Our growth strategy for Algo is clear. We continue to support our partners in order to win business in the mobile segment and support new sensor suppliers. At the same time, we are exploring new verticals and evaluating new types of sensors that can use our algorithms.

### **The Digital Identity business area**

Digital Identity, which focuses on access and visitor management, reported a strong third quarter. Revenues increased to SEK 5.8 (0.3) million, driven by our visitor management solutions within our latest acquisition, EastCoast. The company is seeing increasing demand for our visitor management systems, where the value of the sales pipeline in the first nine months of 2022 increased by 50% compared with the corresponding period last year. We currently have two visitor management solutions, an on-premises solution and a cloud-based solution that generates recurring revenues. In 2022, we have been driving several initiatives to increase sales of the scalable cloud-based solution. This has been fruitful, as the value of the sales pipeline of this solution for the first nine months of 2023 almost doubled compared with the same period last year.

During the quarter, we won new YOUNiQ contracts with Paras Bygg and additional projects with Algeco. We have also won EastCoast contracts with customers including ATEA and Smurfit Kappa.

With YOUNiQ, in recent years we have developed a market-leading solution for biometric physical access through facial recognition. Our product development is now focusing primarily on creating additional scalability and simplicity in the solution. The overall focus for YOUNiQ is to build up strong sales channels by ensuring the right partnerships, both commercially and technically. One step on this

journey is that YOUNIQ in September was certified by our US partner Genetec for inclusion in their security platform Genetec Security Center.

I am therefore particularly pleased that we won a contract in the USA with St Lawrence Health Hospital in the state of New York. This involves us providing the hospital and pharmacists with a secure access solution based on facial recognition. The US market is considered to have good potential, given its size and maturity when it comes to knowledge and use of biometric solutions compared with Europe. Going forward, we will focus more sales efforts on the US market to support growth in the business area.

**Increased commercial focus and cost control**

We are operating in an increasingly uncertain macroeconomic environment. Precise has so far demonstrated resilient revenues despite this, as a consequence of developments in Digital Identity and a stable trend in license fees in both our business areas. But in order to best meet the uncertainty in global demand for mobile phones, we have increased our cost control, and have already taken the initiative during the quarter to reduce our operating costs. This has been done by such means as reducing the number of consultants and optimizing our R&D initiatives. This is in line with our strategy and increased commercial focus.

During the quarter, Precise was reorganized into two distinct business areas, Digital Identity and Algo, in order to further focus on the growth opportunities of our respective business areas. This has created a clearer focus and a forward-thinking approach that makes me comfortable that we will be able to continue to deliver on our strategy.

I have had the opportunity during the fall to meet our customers around the world, and I am pleased to see how much confidence they have in Precise’s technology. The underlying global trend of increased use of biometrics benefits us, and I look forward to continuing to commercialize our position as a leading global supplier of identification software.

*Patrick Höjjer, CEO*

**Growth Strategy**

***Reinforce the leading position in the Algo business area***

- *Focus on our strategic partners in the Mobile segment to win new projects*
- *Broadening the Algo business by means of:*
  - *Growing within current and new verticals, such as automotive, laptops and physical access*
  - *Building new partnerships with new sensor suppliers regardless of sensor technology (optical, ultrasound and capacitive sensors)*
- *Leverage our expertise in advanced image processing for applications even outside fingerprint biometrics*

***Capture the market potential in the Digital Identity business area***

- *Focus on building sales channels through commercial and technical integration with strategic access and installation partners in Sweden*
- *Addressing new geographical regions through local presence and partnerships*
- *Continue to develop our integrated solution based on existing products to manage customer flows for visits and access*

## MARKET AND SALES

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

Algo	Digital Identity
<p><b>Precise BioMatch®</b> – Software (AI algorithms based on advanced image analysis) to verify a person's fingerprint</p> <p><b>BioLive™</b> – Software-based solutions to prevent fraud using false fingerprints</p>	<p><b>Precise YOUNIQ®</b> – Secures digital identity in a simple, secure way</p> <p><b>EastCoast Solutions</b> – Safe and efficient visitor management systems</p>

## MARKET DEVELOPMENT

### *Segment – Algo*

User-friendly phones and tablets, combined with ever-increasing security requirements to protect important data in the devices, continue to be important trends that contribute to driving demand for mobile devices. Continued demand for user-friendly telephones and tablets with full screens is driving the trend for mobile devices. 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 to verify identity and thereby contribute to increased security 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. This includes not only card manufacturers and the introduction of new biometric payment cards, but to a greater extent also mobile phones, which are increasingly being used by consumers to make payments with different solutions.

As more and more devices become connected with different smart functions as part of the trend towards IoT, biometric security solutions are being used in more and more products, such as smart door locks and various products for secure login and access to digital services. There is also a trend to integrate biometrics in vehicles, although it is only recently that bigger product volumes have started to emerge.

### *Segment – Digital Identity*

People are 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 manage both digital and physical access solutions is increasing.

One area of application with good market potential is biometric access to buildings through facial recognition. Historically, access has taken place through object-based access (e.g., keys or tags) or through information-based access (e.g., passwords or PIN codes). The global trend to increasingly use biometric access is driven by higher security, as it cannot be copied or shared, and also provides greater convenience and increased cost savings.

Precise focuses primarily on segments with high security needs or where there are special customer needs, such as gyms, infrastructure, production and commercial buildings. The market for this solution is currently young, but the potential is expected to increase as awareness of the technology increases.

Precise also has a market-leading position in visitor management and continues to work on the development of integrated solutions between our various product areas to manage customers' flows of visits and access.

### **NET SALES AND OPERATING PROFIT/LOSS IN THE QUARTER**

Net sales for the quarter increased to SEK 18.8 (16.9) million. Net sales were split between royalty revenues of SEK 1.9 (6.8) million, license fees (including support and maintenance) of SEK 14.8 (9.7) million and Other of SEK 2.1 (0.3) million. The decline in royalty revenues is due to a sharp decline in demand in the mobile sector. The increase in license fees is primarily due to the acquisition of EastCoast, which was completed on November 30, 2021, which contributed a total of SEK 4.5 million in sales during the quarter.

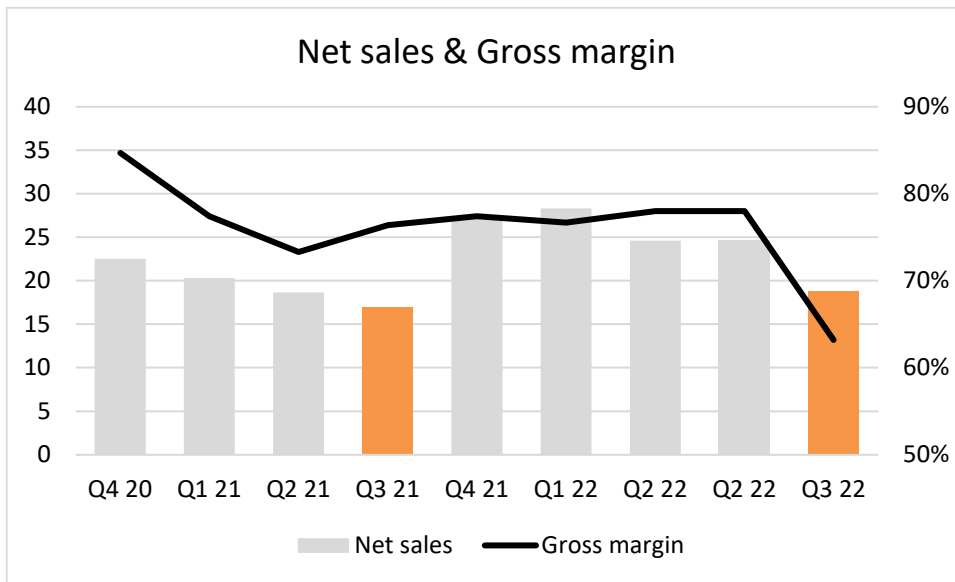
The gross margin during the quarter totaled 63.2% (76.4). The downturn is due to changes in the product mix, as the Algo product segment has higher margins than the DI product segment. Amortization of capitalized development expenses increased to SEK 3.9 (3.0) million, relating primarily to Digital Identity, which includes EastCoast. Amortization of acquired intangible assets totaled SEK 0.6 (0.2) million.

#### *Segment – Algo*

Net sales for Algo totaled SEK 13.0 (16.6) million and are reported under royalties at SEK 1.9 (6.8) million, licenses at SEK 9.9 (9.5) million and Other at SEK 1.2 (0.3) million. Last year's component shortage was replaced by declining demand for mobile phones, which has resulted in continued low production volumes in the mobile market. License fees increased marginally compared with the third quarter of 2021. The gross margin during the quarter totaled 82.1%.

#### *Segment – Digital Identity*

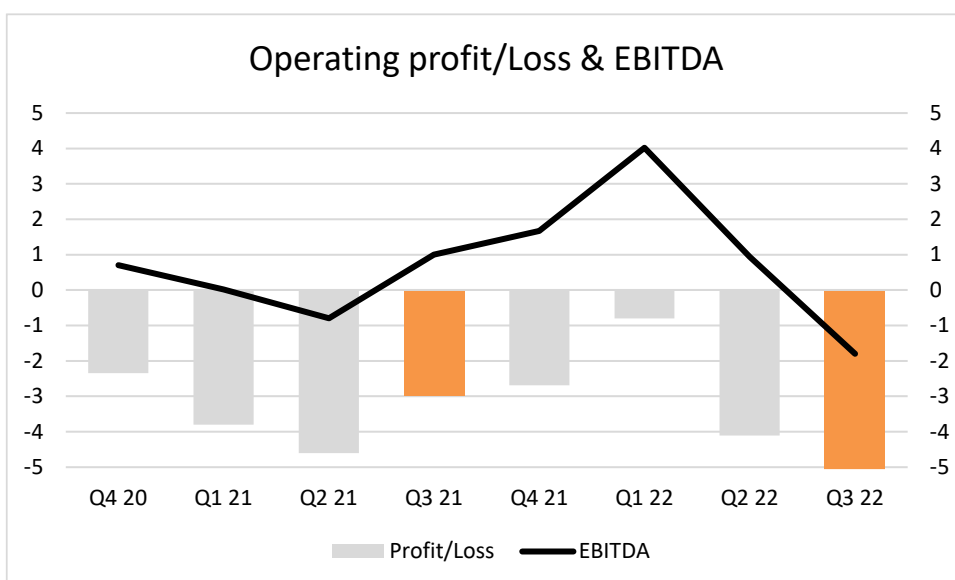
Net sales for Digital Identity totaled SEK 5.8 (0.3) million and are reported under licenses at SEK 4.8 (0.2) million and Other at SEK 1.0 (0.0) million. The increase in revenues in Digital Identity is due primarily to EastCoast, which contributed net sales of SEK 4.5 million during the quarter. The gross margin during the quarter totaled 20.8%. The gross margin in Digital Identity is lower than in the Algo segment, as a large proportion of sales consists of hardware.



Operating expenses for the quarter increased to SEK 19.2 (15.9) million due to operating expenses for the acquired company EastCoast of SEK 3.6 million and a provision for bad debts of SEK 1.5 million. The profit/loss at EBITDA level totaled SEK –1.8 (1.0) million. The decline in EBITDA can be explained by lower royalty revenues in Algo with higher margins, and a higher cost level.

The operating profit/loss for the quarter totaled SEK –7.3 (–3.0) million. Earnings for the quarter totaled SEK –7.4 (–2.9) million. Total depreciation/amortization totaled SEK 5.5 (4.0) million.

Earnings per share (average number of shares) for the quarter totaled SEK –0.2 (–0.1). The comparative period has been adjusted as a result of the consolidation of shares (1:10).





**NET SALES AND OPERATING PROFIT/LOSS IN THE INTERIM PERIOD**

Net sales during the interim period totaled SEK 71.7 (55.9) million. Net sales were split between royalty revenues of SEK 19.2 (24.8) million, license fees (including support and maintenance) of SEK 45.9 (27.7) million and Other of SEK 6.6 (3.4) million. Last year's component shortage was replaced by lower demand for mobile phones, which has resulted in continued low production volumes in the mobile market, and consequently low royalty revenues. The increase in license fees is primarily due to the acquisition of EastCoast, which was completed on November 30, 2021, contributing total net sales of SEK 13 million, as well as our two customers in the automotive industry.

The gross margin during the interim period totaled 73.6% (75.7). The decrease is mainly due to a higher proportion of hardware sales compared with software, with hardware having poorer margins than software. Amortization of capitalized development expenses increased to SEK 10.6 (9.0) million, relating primarily to Digital Identity and the acquisition of EastCoast. Amortization of acquired intangible assets totaled SEK 1.8 (0.6) million.

*Segment – Algo*

Net sales for Algo totaled SEK 54.4 (54.0) million and are reported under royalties at SEK 19.2 (24.8) million, licenses at SEK 31.9 (27.2) million and Other at SEK 3.3 (2.0) million. Last year's component shortage was replaced by declining demand for mobile phones, which has resulted in continued low production volumes in the mobile market. License fees increased marginally compared with the third quarter of 2021. The gross margin during the interim period totaled 86.8%.

*Segment – Digital Identity*

Net sales for Digital Identity totaled SEK 17.3 (1.9) million and are reported under licenses at SEK 14.0 (0.5) million and Other at SEK 3.3 (1.4) million. The increase in revenues in Digital Identity is due primarily to EastCoast, which contributed net sales of SEK 13 million during the interim period. The gross margin during the quarter totaled 32.0%. The gross margin in Digital Identity is lower than in the Algo segment, as a large proportion of sales consists of hardware.

Operating expenses for the interim period increased to SEK 65.7 (53.7) million, primarily due to the addition of expenses corresponding to SEK 10.5 million for EastCoast and a provision for bad debts of SEK 1.5 million. The profit/loss at EBITDA level totaled SEK 3.1 (0.2) million.

The operating profit/loss for the interim period totaled SEK –12.3 (–11.4) million. The decline in operating profit/loss is attributable to a lower gross margin and higher expenses, although this is partly offset by slightly higher net sales. Earnings for the interim period totaled SEK –12.9 (–11.0) million. Total depreciation/amortization totaled SEK 15.4 (11.6) million.

Earnings per share (average number of shares) for the interim period totaled SEK –0.3 (–0.3). The comparative period has been adjusted as a result of the consolidation of shares (1:10).

**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 for the quarter totaled SEK –0.2 (0.0) million and the tax expense totaled SEK 0.1 (–0.0) million. Net financial items for the interim period totaled SEK –1.0 (0.4) million and the tax expense totaled SEK 0.3 (–0.0) million. Net financial items are attributable to exchange rate differences in cash and cash equivalents, and also interest on the lease liability in accordance with IFRS 16, as well as interest expense on the deferred fixed purchase price related to the acquisition of EastCoast.

### CASH FLOW AND INVESTMENTS

The cash flow for the quarter from operating activities totaled SEK **-7,0** (-2.4) million, of which SEK -5.2 (-3.4) million is attributable to changes in working capital, i.e., reduced current receivables and an increase in current liabilities. The Group invested SEK 0 (0.5) million in property, plant and equipment during the quarter. Total cash flow for the period was SEK -13.4 (-6.8) million. Liquid funds of approximately SEK 41 million for the completed share issues will therefore affect cash and cash equivalents during the fourth quarter.

The cash flow for the interim period from operating activities totaled SEK 3.7 (-4.6) million, of which SEK 0.6 (-5.2) million is attributable to changes in working capital. The Group invested SEK 0.2 (2.5) million in property, plant and equipment during the interim period. During the interim period, a payment of SEK 8.3 million was also made in respect of the acquisition of East Coast. Total cash flow for the interim period was SEK -23 (-20.6) million.

### CAPITALIZATION AND AMORTIZATION OF DEVELOPMENT WORK

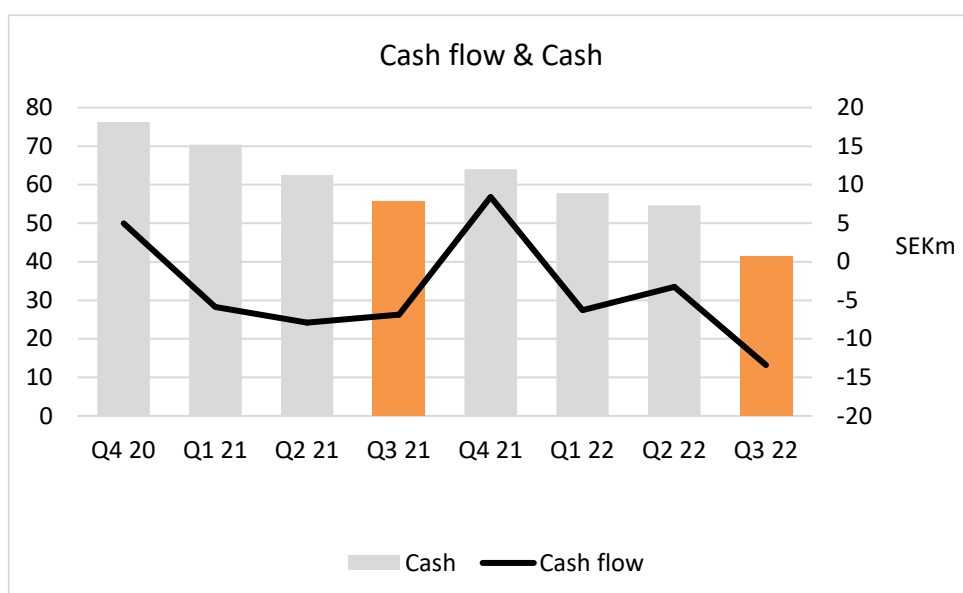
Development expenses of SEK 4.8 (3.6) million were capitalized during the quarter, and amortization of capitalized development expenses in respect of Digital Identity and Algo totaled SEK 3.9 (3.0) million.

Development expenses of SEK 13.4 (12.5) million were capitalized during the interim period, and amortization of capitalized development expenses totaled SEK 10.6 (9.0) million.

### FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totaled SEK 41.3 (55.7) million. On September 28, the company announced its results regarding the outcome of a preferential share issue and a directed new share issue. Liquid funds of approximately SEK 41 million for the completed share issues was paid after the end of the period and will therefore affect cash and cash equivalents during the fourth quarter.

Total equity at the end of the period totaled SEK 155.9 (103.0) million, and equity per share was SEK 3.9 (2.9). The comparative period has been adjusted as a result of the consolidation of shares (1:10).



### **THE PARENT COMPANY**

The parent company's net sales for the interim period totaled SEK 57.2 (54.7) million. The operating profit/loss totaled SEK –15.4 (–13.5) 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 28.1 (52.6) million, and equity SEK 141.3 (90.6) 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. The number of employees was 28 (25), of which 22 (15) were located in Sweden. The increase is due to the acquisition of EastCoast. 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 2022	February 17, 2023
Q1 Interim report 2023	May 12, 2023

### **RISK FACTORS**

The Group's 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 April 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. 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 is experiencing a downturn, and this may continue to have an impact on net sales, partly as a consequence of Covid restrictions in Asia and general macroeconomic uncertainty.

## 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 17,744 (17,636). 3,180,881 PREC shares were traded during the quarter. The closing price on September 30 was SEK 5.67, and during the quarter the share price fluctuated between SEK 5.00 and SEK 7.54. In connection with the directed new share issue to Egis Technology and the preferential share issue, the number of shares and votes in Precise Biometrics increased by 6,831,203 after the end of the quarter. The issues were registered with the Swedish Companies Registration Office on October 4, and Precise received SEK 44 million before issue costs on October 6.

## AUDIT

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

The undersigned certifies that the interim report provides a true and fair view of the parent company and Group's operations, financial position and financial results, and describes the significant risks and uncertainty factors faced by the parent company and the companies that belong to the Group.

*Lund, November 11, 2022*

Torgny Hellström,

Chairman of the Board

Torbjörn Clementz,	Mats Lindoff,	Synnöve Trygg,	Åsa Schwarz,	Peter Gullander,
Board member	Board member	Board member	Board member	Board member

Patrick Höjjer,

CEO

### **For further information, please contact:**

Patrick Höjjer, CEO

Email: [patrick.hojjer@precisebiometrics.com](mailto:patrick.hojjer@precisebiometrics.com)

*This is information that Precise Biometrics AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on November 11, 2022, at 08:00 AM (CET).*

**THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL**

## **Review report**

Precise Biometrics AB (publ), corporate identity number 556545-6596

To the Board of Directors of Precise Biometrics AB (publ)

### **Introduction**

We have reviewed the condensed interim report for Precise Biometrics AB (publ) as of September 30, 2022, and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, November 11, 2022

Ernst & Young AB

Martin Henriksson  
Authorized Public Accountant

**CONSOLIDATED INCOME STATEMENT – IN SUMMARY**

Amounts in SEK thousand	Note	2022 Q3	2021 Q3	2022 Q1 - Q3	2021 Q1 - Q3	2021 Full-year	Rolling 12 mth
Net sales	2,3	18 816	16 905	71 742	55 885	83 319	99 176
Cost of goods sold		-6 921	-3 987	-18 933	-13 563	-19 776	-25 146
<b>Gross profit</b>		<b>11 895</b>	<b>12 918</b>	<b>52 809</b>	<b>42 322</b>	<b>63 543</b>	<b>74 030</b>
Marketing and sales expenses		-7 911	-7 171	-26 025	-23 144	-31 649	-34 530
Administrative expenses		-4 998	-3 131	-15 948	-10 999	-18 018	-22 967
R&D expenses		-6 735	-5 790	-25 474	-19 847	-28 161	-33 788
Other operating income/expenses		408	202	2 386	288	212	2 310
		<b>-19 237</b>	<b>-15 890</b>	<b>-65 061</b>	<b>-53 702</b>	<b>-77 616</b>	<b>-88 975</b>
<b>Operating profit/loss</b>		<b>-7 341</b>	<b>-2 972</b>	<b>-12 252</b>	<b>-11 380</b>	<b>-14 073</b>	<b>-14 945</b>
Financial income/expenses		-194	61	-925	371	724	-572
<b>Profit/Loss before tax</b>		<b>-7 535</b>	<b>-2 911</b>	<b>-13 177</b>	<b>-11 009</b>	<b>-13 349</b>	<b>-15 517</b>
Tax		88	-2	261	-5	-97	169
<b>Profit/loss for the period attributable to parent company shareholders</b>		<b>-7 447</b>	<b>-2 913</b>	<b>-12 916</b>	<b>-11 014</b>	<b>-13 446</b>	<b>-15 348</b>
Earnings per share, remaining operations, SEK*							
- before dilution		-0,19	-0,08	-0,33	-0,31	-0,34	-0,39
- after dilution		-0,19	-0,08	-0,33	-0,31	-0,37	-0,39
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>							
<b>Profit/Loss for the period</b>		<b>-7 447</b>	<b>-2 913</b>	<b>-12 916</b>	<b>-11 014</b>	<b>-13 446</b>	<b>-15 348</b>
<b>Other comprehensive income:</b>							
<i>Items that may be reclassified to profit or loss</i>							
Changes in accumulated exchange rate differences		179	54	414	112	169	471
<b>Other comprehensive income for the period</b>		<b>179</b>	<b>54</b>	<b>414</b>	<b>112</b>	<b>169</b>	<b>471</b>
<b>Profit/Loss total attributable to holders of participations in the parent company</b>		<b>-7 268</b>	<b>-2 859</b>	<b>-12 502</b>	<b>-10 902</b>	<b>-13 277</b>	<b>-14 877</b>

\*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.

Comparative periods have been adjusted as a result of the consolidation (1:10) adopted by the Annual General Meeting on May 19, 2022.

As a result of the consolidation, the number of shares and votes in Precise Biometrics has decreased by 356,367,546. Prior to the consolidation, there were a total of 395,963,940 shares and votes in Precise Biometrics. As of September 30, 2022 the total number of shares and votes in the company is 39,596,394.

**CONSOLIDATED BALANCE SHEET – IN SUMMARY**

Amounts in SEK thousand

<b>ASSETS</b>	<b>Not</b>	<b>2022-09-30</b>	<b>2021-09-30</b>	<b>2021-12-31</b>
<b>FIXED ASSETS</b>				
Material assets		9 822	9 568	11 466
Goodwill and immaterial assets		137 991	50 447	135 480
<b>TOTAL FIXED ASSETS</b>		<b>147 813</b>	<b>60 015</b>	<b>146 946</b>
<b>CURRENT ASSETS</b>				
Inventories		311	588	548
Accounts receivable	4	10 940	13 085	24 027
Other current receivables	4	43 687	1 643	1 923
Accruals and deferred income		3 478	4 160	3 506
Cash and cash equivalents	4,6	41 278	55 658	64 102
<b>TOTAL CURRENT ASSETS</b>		<b>99 694</b>	<b>75 134</b>	<b>94 106</b>
<b>TOTAL ASSETS</b>		<b>247 507</b>	<b>135 149</b>	<b>241 052</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity		155 846	103 045	128 053
<b>TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>		<b>155 846</b>	<b>103 045</b>	<b>128 053</b>
<b>LONG-TERM DEBT</b>				
Long term debt	6	39 482	4 681	40 463
<b>TOTAL LONG-TERM DEBT</b>		<b>39 482</b>	<b>4 681</b>	<b>40 463</b>
<b>SHORT-TERM LIABILITIES</b>				
Short-term liabilities	4,6	52 179	27 423	72 536
<b>Total Short-term liabilities</b>		<b>52 179</b>	<b>27 423</b>	<b>72 536</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>247 507</b>	<b>135 149</b>	<b>241 052</b>

**CONSOLIDATED CASH FLOW STATEMENT – IN SUMMARY**

Amounts in SEK thousand	Note	2022 Q3	2021 Q3	2022 Q1 - Q3	2021 Q1 - Q3	2021 Full-year	Rolling 12 mth
<b>Cash flow from operating activities</b>							
Operating profit/loss		-7 341	-2 972	-12 252	-11 380	-14 073	-14 945
Adjustments for items not included in cash flow		5 453	3 969	15 372	11 586	14 579	18 365
Interest payments, net		46	61	-86	371	724	267
Tax paid		-7	-5	-21	-5	-141	-157
<b>Cash flow from operating activities before changes in working capital</b>		<b>-1 849</b>	<b>1 054</b>	<b>3 013</b>	<b>572</b>	<b>1 089</b>	<b>3 530</b>
<b>Cash flow from changes in working capital</b>							
Change in inventories		0	-523	237	464	504	277
Change in current receivables		2 446	796	13 094	-884	-6 284	7 694
Change in provisions		0	0	0	0	0	0
Change in current liabilities		-7 625	-3 686	-12 688	-4 800	3 198	-4 690
		<b>-5 179</b>	<b>-3 414</b>	<b>643</b>	<b>-5 221</b>	<b>-2 582</b>	<b>3 282</b>
<b>Cash flow from operating activities</b>		<b>-7 028</b>	<b>-2 361</b>	<b>3 656</b>	<b>-4 649</b>	<b>-1 493</b>	<b>6 812</b>
Acquisition of subsidiaries		0	0	-8 268	0	-10 676	-18 944
Investment in fixed assets		72	-542	-183	-2 502	-2 823	-504
Investment in intangible assets		-4 916	-3 612	-15 580	-12 470	-16 759	-19 869
<b>Cash flow from investing activities</b>		<b>-4 844</b>	<b>-4 154</b>	<b>-24 031</b>	<b>-14 972</b>	<b>-30 258</b>	<b>-39 317</b>
New share issue		0	0	0	0	23 000	23 000
Commission expenses		-1 253	0	-1 383	0	-2 081	-3 464
Payment for sale/buy-back of options		159	0	156	-97	-97	156
Payment of liability		0	0	0	0	0	0
Payment of lease liability		-468	-305	-1 395	-915	-1 279	-1 759
<b>Cash flow from financing activities</b>		<b>-1 562</b>	<b>-305</b>	<b>-2 622</b>	<b>-1 012</b>	<b>19 543</b>	<b>17 933</b>
<b>Total Cash flow</b>		<b>-13 434</b>	<b>-6 820</b>	<b>-22 997</b>	<b>-20 633</b>	<b>-12 208</b>	<b>-14 572</b>
Cash & cash equivalents at beginning of year		54 644	62 466	64 102	76 258	76 258	64 102
Exchange rate differences in cash & cash equivalents		68	12	173	33	52	192
<b>Cash &amp; cash equivalents at end of period</b>		<b>41 278</b>	<b>55 658</b>	<b>41 278</b>	<b>55 658</b>	<b>64 102</b>	<b>49 722</b>

\*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		2022	2021	2021	Rolling
	Note	Q1 - Q3	Q1 - Q3	Full-year	12 mth
<b>Equity at start of period</b>		<b>128 053</b>	<b>114 044</b>	<b>114 044</b>	<b>103 045</b>
<b>Comprehensive income</b>					
Profit/loss for the period		-12 916	-11 014	-13 446	-15 348
<b>Other comprehensive income</b>					
Exchange differences		414	112	168	470
Total other comprehensive income		414	112	168	470
Total comprehensive income		-12 502	-10 902	-13 278	-14 878
<b>Transactions with shareholders</b>					
Stockoptions	5	156	-97	-97	156
Set-off issue	6	0	0	6 466	6 466
New share issue	6	43 993	0	23 000	66 993
New issue cost	6	-3 853	0	-2 082	-5 935
Total transactions with shareholders		40 295	-97	27 287	67 679
<b>Equity end of period</b>		<b>155 846</b>	<b>103 045</b>	<b>128 053</b>	<b>155 846</b>

## 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	2021	2022	2021	2021	Rolling
	Q3	Q3	Q1 - Q3	Q1 - Q3	Full-year	12 mth
<b>Segment</b>						
<b>Algo</b>						
Royalty	1 932	6 834	19 227	24 764	31 300	25 762
Licenses, incl. support & maintenance	9 913	9 511	31 926	27 209	42 901	47 618
Other	1 174	303	3 284	2 012	2 561	3 833
<b>Digital Identity</b>						
Royalty	0	0	0	0	0	0
Licenses, incl. support & maintenance	4 843	211	13 998	505	3 477	16 969
Other	956	46	3 308	1 394	3 081	4 994
<b>Total</b>	<b>18 816</b>	<b>16 905</b>	<b>71 742</b>	<b>55 885</b>	<b>83 319</b>	<b>99 176</b>
<b>Region/Country</b>						
Europe	6 493	608	20 014	2 890	11 000	28 125
- w hereof Sweden	4 287	363	13 003	2 097	6 747	17 654
Asia	9 364	13 534	41 696	45 025	61 613	58 284
- w hereof China	4 114	3 656	11 840	10 647	14 519	15 711
- w hereof Taiwan	4 187	8 803	24 830	31 061	39 421	33 189
USA	2 959	2 764	10 031	7 970	10 706	12 767
<b>Total</b>	<b>18 816</b>	<b>16 905</b>	<b>71 742</b>	<b>55 885</b>	<b>83 319</b>	<b>99 176</b>

### 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	2022 Q3			2022 Q1 - Q3		
	Algo	Digital Identity	Summa Segment	Algo	Digital Identity	Summa Segment
Net sales	13 018	5 798	18 816	54 437	17 305	71 742
Cost of goods sold	-2 330	-4 590	-6 920	-7 166	-11 766	-18 933
<b>Gross profit</b>	<b>10 687</b>	<b>1 208</b>	<b>11 896</b>	<b>47 270</b>	<b>5 539</b>	<b>52 809</b>
	82,1%	20,8%		86,8%	32,0%	

#### 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	Q3 2022	Q1-Q3 2022
<b>Segment profit/Loss</b>	<b>11 896</b>	<b>52 809</b>
Marketing and sales expenses	-7 911	-26 025
Administrative expenses	-4 998	-15 948
R&D expenses	-6 735	-25 474
Other operating income/expenses	408	2 386
Financial income/expenses	-194	-925
<b>Profit/Loss before tax</b>	<b>-7 535</b>	<b>-13 177</b>

### 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 AND LTI PROGRAM

The 2022 shareholders' general meeting made a decision to offer an incentive plan for the company's CEO to the effect that a maximum of 100,000 (after consolidation) stock options could be issued, with each stock option providing entitlement to subscribe to one (1) share in the company. Subscription through the exercising of stock options may take place during the period July 1, 2025 until June 30, 2025. The subscription price for the shares is set at SEK 9.24. At the end of the interim period, 100,000 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 100,000 shares.

The Annual General Meeting 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 will take place during Q4 2022.

#### **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.

SEK thousand	
Cash and cash equivalents	26 268
Newly issued shares, 6,982,473 ordinary shares	6 466
<u>Deferred fixed purchase price</u>	<u>53 469</u>
<b>Total purchase price</b>	<b>86 203</b>

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.

SEK thousand	
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
<b>Total acquired identifiable net assets</b>	<b>24 792</b>
Goodwill	61 411
<b>Total</b>	<b>86 203</b>

### 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

SEK thousand

<b>Purchase price for shares</b>	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	
at time of acquisition	7 324
<b>Impact on cash and cash equivalents at the time of acquisition</b>	<b>-10 676</b>

### Impact on cash and cash equivalents in Q1-Q3 2022 (reported in investing activities)

SEK thousand

Deferred cash settlement paid	-8 268
<b>Impact on the Group's cash and cash equivalents, Q1-Q3 2022</b>	<b>-8 268</b>

**PARENT COMPANY INCOME STATEMENT – IN SUMMARY**

Amounts in SEK thousand	Note	2022 Q3	2021 Q3	2022 Q1 - Q3	2021 Q1 - Q3	2021 Full-year	Rolling 12 mth
Net sales	1	13 406	16 629	57 229	54 723	79 048	81 554
Cost of goods sold		-7 954	-6 426	-25 258	-21 914	-29 962	-33 306
<b>Gross profit</b>		<b>5 452</b>	<b>10 203</b>	<b>31 971</b>	<b>32 808</b>	<b>49 086</b>	<b>48 249</b>
Marketing and sales expenses		-6 145	-6 731	-20 441	-21 484	-28 737	-27 694
Administrative expenses		-4 011	-3 121	-12 769	-10 957	-15 290	-17 102
R&D expenses		-4 238	-4 207	-16 510	-14 126	-20 003	-22 387
Other operating income/expenses		394	202	2 365	287	212	2 290
		<b>-14 001</b>	<b>-13 857</b>	<b>-47 356</b>	<b>-46 280</b>	<b>-63 819</b>	<b>-64 895</b>
<b>Operating profit/loss</b>		<b>-8 549</b>	<b>-3 654</b>	<b>-15 385</b>	<b>-13 472</b>	<b>-14 733</b>	<b>-16 646</b>
Financial income/expenses		-134	116	-727	540	947	-320
<b>Profit/loss before tax</b>		<b>-8 683</b>	<b>-3 538</b>	<b>-16 112</b>	<b>-12 932</b>	<b>-13 786</b>	<b>-16 966</b>
Tax		0	0	0	0	0	0
<b>Profit/loss for the period*</b>		<b>-8 683</b>	<b>-3 538</b>	<b>-16 112</b>	<b>-12 932</b>	<b>-13 786</b>	<b>-16 966</b>

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

**PARENT COMPANY BALANCE SHEET – IN SUMMARY**

Amounts in SEK thousand

<b>ASSETS</b>	<b>Note</b>	<b>2022-09-30</b>	<b>2021-09-30</b>	<b>2021-12-31</b>
<b>Fixed assets</b>				
Fixed assets		3 127	3 534	3 769
Immaterial assets		40 540	40 087	40 154
Deferred tax assets		90 558	1 778	90 558
<b>TOTAL FIXED ASSETS</b>		<b>134 226</b>	<b>45 399</b>	<b>134 481</b>
<b>CURRENT ASSETS</b>				
Inventories		311	588	548
Accounts receivable		7 921	12 931	17 806
Other receivables		43 811	1 965	2 000
Accruals and deferred income		3 170	3 894	3 202
Cash and cash equivalents		28 138	52 559	52 782
<b>TOTAL CURRENT ASSETS</b>		<b>83 351</b>	<b>71 937</b>	<b>76 337</b>
<b>TOTAL ASSETS</b>		<b>217 577</b>	<b>124 371</b>	<b>210 818</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Restricted Equity</b>				
Share capital		11 879	10 807	11 879
Paid-in unregistered share capital		2 049	0	0
Statutory reserve		1 445	1 445	1 445
Reserve for development expenses		26 480	19 228	23 642
<b>Total restricted equity</b>		<b>41 853</b>	<b>31 480</b>	<b>36 965</b>
<b>Unrestricted Equity</b>				
Share premium reserve		138 141	73 738	100 050
Retained earnings		-22 603	-1 721	-6 135
Profit/loss for the year		-16 112	-12 932	-13 786
<b>Total non-restricted equity</b>		<b>99 426</b>	<b>59 085</b>	<b>80 130</b>
<b>Total Equity</b>		<b>141 279</b>	<b>90 565</b>	<b>117 095</b>
<b>LONG-TERM DEBT</b>				
Long term debt		29 383	0	28 922
<b>TOTAL LONG-TERM DEBT</b>		<b>29 383</b>	<b>0</b>	<b>28 922</b>
<b>SHORT-TERM LIABILITIES</b>				
Short-term liabilities		46 915	33 806	64 801
<b>Total Short-term liabilities</b>		<b>46 915</b>	<b>33 806</b>	<b>64 801</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>217 577</b>	<b>124 371</b>	<b>210 818</b>

## CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2022	2021	2022	2021	2021	Rolling
	Q3	Q3	Q1 - Q3	Q1 - Q3	Full-year	12 mth
Net sales	18 816	16 905	71 742	55 885	83 319	99 176
Net sales growth, %	11,3%	-27,1%	28,4%	-20,0%	-9,8%	26,5%
Gross margin, %	63,2%	76,4%	73,6%	75,7%	76,3%	74,6%
Operating profit/loss	-7 341	-1 972	-12 252	-11 380	-14 073	-14 945
Working capital *	72 441	47 711	72 441	47 711	54 414	72 441
Capital employed	155 846	107 726	155 846	107 726	128 053	155 846
Liquidity ratio, %	190,5%	272%	190,5%	272%	129%	190%
Equity/assets ratio, %	63,0%	76,2%	63,0%	76,2%	53,1%	63,0%
Earnings per share before dilution, SEK	-0,19	-0,08	-0,33	-0,31	-0,34	-0,39
Earnings per share after dilution, SEK	-0,19	-0,08	-0,33	-0,31	-0,37	-0,39
Equity per share, SEK	3,94	2,86	3,94	2,86	3,23	3,94
Number of shares (thousands)	39 596	36 023	39 596	36 023	39 596	39 596
Weighted avg. number of shares, adjusted for dilution effect (thousands)	39 596	36 023	39 596	36 023	36 224	39 001
Number of employees at the end of the period	28	25	28	25	31	28
Average number of employees during the period	29	25	30	24	25	28

\* The key indicator is calculated excluding current liabilities to EastCoast International AB

\*\* Comparative periods have been adjusted as a result of the consolidation (1:10) adopted by the Annual General Meeting on May 19, 2022.

As a result of the consolidation, the number of shares and votes in Precise Biometrics has decreased by 356,367,546. Prior to the consolidation, there were a total of 395,963,940 shares and votes in Precise Biometrics. As of September 30, 2022 the total number of shares and votes in the company is 39,596,394.



## RECONCILIATION OF CONSOLIDATED ALTERNATIVE KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2022 Q3	2021 Q3	2022 Q1 - Q3	2021 Q1 - Q3	2021 Full-year	Rolling 12 mth
Net sales	18 816	16 905	71 742	55 885	83 319	99 176
Net sales growth, %	11,3%	-27,1%	28,4%	-20,0%	-9,8%	26,5%
Gross profit	11 895	12 918	52 809	42 322	63 543	74 030
Net sales	18 816	16 905	71 742	55 885	83 319	99 176
<b>Gross margin, %</b>	<b>63,2%</b>	<b>76,4%</b>	<b>73,6%</b>	<b>75,7%</b>	<b>76,3%</b>	<b>74,6%</b>
Operating profit/loss	-7 341	-2 972	-12 252	-11 380	-14 073	-14 945
Net sales	18 816	16 905	71 742	55 885	83 319	99 176
<b>Operating margin, %</b>	<b>-39,0%</b>	<b>-17,6%</b>	<b>-17,1%</b>	<b>-20,4%</b>	<b>-16,9%</b>	<b>-15,1%</b>
EBITDA	-1 829	998	3 132	206	1 872	4 798
Depreciation and amortization	-5 511	-3 970	-15 384	-11 586	-15 945	-19 743
<b>Operating profit/loss</b>	<b>-7 341</b>	<b>-2 972</b>	<b>-12 252</b>	<b>-11 380</b>	<b>-14 073</b>	<b>-14 945</b>
Current assets	99 694	75 134	99 694	75 134	94 106	118 666
Current liabilities excl. current liabilities EastCoast International	27 254	27 423	27 254	27 423	39 721	39 552
<b>Working capital *</b>	<b>72 441</b>	<b>47 711</b>	<b>72 441</b>	<b>47 711</b>	<b>54 385</b>	<b>79 114</b>
Sales expenses	-7 911	-7 171	-26 025	-23 144	-31 649	-34 530
Administrative expenses	-4 998	-3 131	-15 948	-10 999	-18 018	-22 967
R&D expenses	-6 735	-5 790	-25 474	-19 847	-28 161	-33 788
Other operating income/expenses	408	202	2 386	288	212	2 310
<b>Total operating expenses</b>	<b>-19 236</b>	<b>-15 890</b>	<b>-65 061</b>	<b>-53 702</b>	<b>-77 616</b>	<b>-88 975</b>
Balance sheet total	247 507	135 149	247 507	135 149	241 052	247 507
Non-interest-bearing liabilities *	91 661	27 423	91 661	27 423	112 999	91 661
<b>Capital employed</b>	<b>155 846</b>	<b>107 726</b>	<b>155 846</b>	<b>107 726</b>	<b>128 053</b>	<b>155 846</b>
Closing equity	155 846	103 045	155 846	103 045	128 053	155 846
<b>Average equity</b>	<b>133 347</b>	<b>108 417</b>	<b>133 347</b>	<b>108 417</b>	<b>111 919</b>	<b>133 347</b>
Current assets minus inventories	99 383	74 546	99 383	74 546	93 558	99 383
Current liabilities	52 179	27 423	52 179	27 423	72 536	52 179
<b>Liquidity ratio, %</b>	<b>190%</b>	<b>272%</b>	<b>190%</b>	<b>272%</b>	<b>129%</b>	<b>190%</b>
Equity	155 846	103 045	155 846	103 045	128 053	155 846
Total assets	247 507	135 149	247 507	135 149	241 052	247 507
<b>Equity/assets ratio, %</b>	<b>63,0%</b>	<b>76,2%</b>	<b>63,0%</b>	<b>76,2%</b>	<b>53,1%</b>	<b>63,0%</b>

\* 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.