

Update: Report Q3 2025

2025-11-18

Precise Biometrics: Lower growth, better profitability

- Net sales below estimates, diligent cost control improves profitability
- Activities to increase growth continues
- Adjustments lead to a lower fair value of SEK 6.32 (7.25) per share



Despite lower sales, **Precise Biometrics** (Precise) reported a positive EBITDA for the quarter of MSEK 4.4. Revenue came in at MSEK 20.0 and costs decreased to MSEK 15.8.

The company is still affected by the weak US dollar and a continued cautious market situation. The sales development has been flat since the start of the year, raising concerns among investors.

The *Digital Identity* segment is still not showing any significant growth as the company has focused on client transition to the cloud-based solution. The annual recurring revenue (ARR) amounted to MSEK 18.4, the same level as in Q3 2024.

Biometric Technologies is experiencing rising demand, and the company continues to secure new projects together with customers and partners. Revenue grew sequentially by 6 per cent from Q2 but is still lower compared to the same period last year.

In Västra Hamnen's recent [video interview](#), CEO **Joakim Nydemark** emphasised that the activities the company has undertaken during the year will create better growth opportunities going forward.

However, the weaker-than-expected sales figures prompt us to adjust our projection for the coming quarters. We still regard Precise as a growth case, but the company has not delivered in line with our forecast. On the other hand, diligent cost control in Q3 has improved profitability. The adjustments to the model lead to a lower fair value corresponding to SEK 6.32 per share.

Table 1: Financial Overview

MSEK	2022	2023	2024	2025e	2026e
Total revenues	91.0	75.1	86.9	82.9	101.7
Growth (%)	9.2%	-17.5%	15.7%	-4.6%	22.7%
Gross margin (%)	71.5%	63.7%	72.6%	74.5%	78.8%
Adj gross margin	94.7%	92.3%	93.6%	94.1%	92.8%
EBITDA	1.1	-1.7	13.4	4.8	18.4
EBITDA margin (%)	1.3%	neg	15.4%	5.8%	18.1%
EBT	-23.5	-26.8	-8.8	-16.7	-1.1
Cash holdings	46.4	47.5	37.7	25.2	25.8
Total assets	213.2	212.7	203.1	177.0	171.9
Total equity	146.3	159.3	151.2	134.6	133.4
Solidity (%)	68.6%	74.9%	74.4%	76.0%	77.6%
P/E	neg	neg	neg	neg	neg
ROE	neg	neg	neg	neg	neg
EV/EBIT (x)	neg	neg	neg	neg	1.049.1
EV/Sales (x)	2.0	2.4	2.1	2.2	1.8

Source: Västra Hamnen Corporate Finance

Biometric Technologies

For this segment, Precise gave some updates in the report, and our takeaways are.

- Ongoing global trade conditions are weighing on customer sales, particularly in the mobile sector, which has resulted in lower quarterly volumes year-on-year.
- Ultrasonic technology continues to expand and capture market share from older technologies. This development benefits Precise, which is among the few suppliers worldwide.
- Driven by heightened security needs and the expansion of AI, *BioLive* is becoming increasingly relevant across segments. The anti-spoof solution is applied in areas such as Android phones, national ID readers, and other applications within cybersecurity.

The growth was not what we had hoped for, but we still believe Precise is well-positioned to benefit from the adoption of the high-margin ultrasonic sensors in the smartphone segment. In the longer term, growth from new verticals such as automotive and retail will diversify revenue while the mobile segment remains the main value driver despite seasonal fluctuations.

Biometric synthetic data generation

Generating synthetic biometric data goes beyond simply producing a fingerprint or palm image. The main challenge is ensuring that the data accurately reflects the complexity and variety in real-world scenarios.

To address this, Precise has started integrating synthetic biometric data into its product development and offers this as a service to customers. Drawing on its expertise in biometrics, AI, and image analysis, the company can create large-scale synthetic datasets that improve security, privacy and development efficiency.

This capability enables faster and more reliable authentication and identification solutions, including anti-spoofing. Through synthetic data generation, Precise further strengthens its position in AI-based biometry and cybersecurity.

Digital Identity

Partnered with Avigilon

At the end of the quarter, Precise announced a partnership with **Avigilon**, a **Motorola Solutions** company specialising in video security and access control systems. As part of the collaboration, Avigilon will integrate *Precise Access* with its security platform.

Using face and palm recognition, the solution will offer fast and secure access while minimising the dependence on traditional credentials. With built-in two-factor authentication (2FA), it provides Avigilon's customers and partners with a streamlined, user-friendly system that ensures only authorised individuals will gain access.

New access control capabilities in Precise Visit by EastCoast

After the quarter, Precise announced an update to its visitor management system, *Precise Visit by EastCoast*, adding new features. By integrating elements from Precise Access, the system connects the visitor management process with physical access, allowing visitors to check in and gain door access using face or palm recognition, or a QR code. The update includes integrations with several access control systems in Scandinavia, such as **RCO**, **Integra**, **ARX**, as well as global platforms including **Genetec** and Avigilon.

The new functionality addresses the increasing demand for better security and more efficient visitor solutions. These functions support unmanned front desks, coworking spaces, and multi-tenant environments. Precise is continuing to expand *Precise Visit* by extending its geographic availability and increasing cloud-based subscriptions, combining visitor management and access control into a single system.

New partnerships will also add to Precise's ambition to grow the Digital Identity business.

Financial update after Q2

Table 2 presents the differences between our estimates and the actual outcome for the quarter. Revenue came in at MSEK 2 below our estimates, but costs were also significantly lower than forecasted. Overall, EBITDA exceeded our estimate by MSEK 3.0. The steady improvement throughout the year is a positive sign.

Cash and equivalents amounted to MSEK 31.3 at the end of the quarter. Together with stronger results and better-than-expected working capital, it improved the cash position. Remember that an instalment of MSEK 5 will be paid in Q4 due to the acquisition of EastCoast.

Table 2: Estimates vs actual, Q3 2025

kSEK	Q3 '24	Q3 '25e	Q3'25 act	Diff
Net Revenues	22 799	22 147	20 006	-2 141
Total Revenues	22 799	22 147	20 006	-2 141
Cost of Goods Sold	-5 863	-5 810	-4 838	972
Adj Cost of Goods Sold*	-1 365	-1 748	-942	806
Gross Profit	21 434	20 399	19 064	-1 335
Administrative costs	-2 495	-3 966	-2 881	1 085
Sales costs	-6 705	-8 416	-6 855	1 561
R&D expenses	-6 325	-7 087	-6 033	1 054
Other Operating Expenses	-260	-664	-40	624
Total OPEX	-15 785	-20 133	-15 809	4 324
Adj OPEX**	-14 648	-19 083	-14 713	4 370
EBITDA	6 786	1 316	4 351	3 035
Amortisation and Depreciation	-5 636	-5 112	-4 992	120
EBIT	1 150	-3 796	-641	3 155
Net Financial Items	159	-466	-100	366
EBT	1 309	-4 261	-741	3 520
Taxes	88	0	87	87
Net Profit	1 397	-4 261	-654	3 607
Cash and Equivalents	41 650	28 662	31 275	2 613
Total Equity	152 200	133 808	137 395	3 587

Source: Västra Hamnen Corporate Finance

*Adjusted for depreciation in COGS

**Adjusted for depreciation in OPEX

Adjusting the sales trajectory

Based on the Q3 report, we have revised our expectations for Q4 2025 and the coming years. We now estimate total sales of MSEK 82.9 for 2025, corresponding to MSEK 22.1 for Q4. Additionally, we have updated our sales projections for 2026 and 2027. In our initial analysis, we assumed a steeper growth trajectory than what the company has delivered. However, we remain optimistic, projecting sales growth of 23 per cent in 2026 and 28 per cent in 2027.

Improved gross margin

Also, these adjustments have led us to lower our ARR estimate for 2025 and 2026.

The gross margin for Biometric Technologies and Digital Identity was 84.6 and 50.0 per cent, respectively, in total, implying 75.8 per cent. It is promising that the overall gross margin has increased from 72 per cent to 76 per cent during 2025, and we estimate it will increase further to 77 before year-end.

We do not expect the company to report any major deviations in operating expenses in the coming quarters.

The model suggests a fair value of SEK 6.32 (7.25) per share

After revising our forecast, the model implies a fair value of SEK 6.32 per share.

Potential triggers

- Higher volumes in mobile phones
- Accelerated growth in Digital Identity
- Customer orders for hand recognition
- Commercial progress in the Aadhaar program

Income Statement - Annual Data

kSEK	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Net sales	91 018	75 069	86 852	82 851	101 652	129 798	211 334	275 693
Total revenue	91 018	75 069	86 852	82 851	101 652	129 798	211 334	275 693
Cost of goods sold	-25 982	-27 246	-23 786	-21 105	-21 506	-26 040	-36 323	-45 731
Adj Cost of goods sold*	-4 819	-5 802	-5 557	-4 867	-7 302	-12 929	-23 769	-32 993
Gross profit	86 199	69 267	81 295	77 984	94 350	116 869	187 565	242 700
Sales costs	-34 796	-27 420	-32 982	-32 699	-31 512	-40 237	-59 174	-74 437
Administrative costs	-17 613	-14 150	-13 789	-14 787	-17 270	-21 145	-25 907	-31 743
Other operating income/expense	2 262	-606	1 256	-3 149	-1 249	-1 298	-2 113	-2 757
R&D	-34 905	-32 105	-26 966	-26 895	-29 944	-36 343	-58 005	-71 680
OPEX	-85 052	-74 281	-72 481	-77 530	-79 975	-99 023	-145 199	-180 617
Adj OPEX**	-85 052	-70 960	-67 917	-73 186	-75 979	-95 335	-141 667	-177 034
EBITDA	1 147	-1 693	13 378	4 797	18 371	21 534	45 898	65 666
Amortisation & depreciation	-21 163	-24 767	-22 793	-20 582	-18 200	-16 799	-16 085	-16 321
EBIT	-20 016	-26 460	-9 415	-15 785	171	4 734	29 813	49 345
Financials, net	-3 453	-291	630	-928	-1 301	-801	-801	-801
EBT	-23 469	-26 751	-8 785	-16 713	-1 130	3 934	29 012	48 544
Taxes	1 239	346	351	260	0	0	0	0
Net profit	-22 230	-26 405	-8 434	-16 453	-1 130	3 934	29 012	48 544
Earnings per share (SEK)	-0,05	-0,04	-0,01	0,01	0,04	0,06	0,09	0,12
Growth (%)								
Net revenues	9,2%	-17,5%	15,7%	-4,6%	22,7%	27,7%	62,8%	30,5%
EBITDA	-38,7%	na	na	-64,1%	282,9%	17,2%	113,1%	43,1%
EBIT	na	na	na	na	na	2667,4%	529,7%	65,5%
Net profit	na	na	na	na	na	na	637,5%	67,3%
% of revenues (%)								
Gross margin	71,5%	63,7%	72,6%	74,5%	78,8%	79,9%	82,8%	83,4%
Adj gross margin	94,7%	92,3%	93,6%	94,1%	92,8%	90,0%	88,8%	88,0%
EBITDA margin	1,3%	neg	15,4%	5,8%	18,1%	16,6%	21,7%	23,8%
EBIT margin	neg	neg	neg	neg	0,2%	3,6%	14,1%	17,9%
EBT margin	neg	neg	neg	neg	neg	3,0%	13,7%	17,6%
Profit margin	neg	neg	neg	neg	neg	3,0%	13,7%	17,6%
Personnel costs	19,4%	18,8%	15,9%	17,8%	17,0%	16,3%	12,3%	11,5%
Total OPEX	93,4%	99,0%	83,5%	93,6%	78,7%	76,3%	68,7%	65,5%
Profitability (%)								
ROE	neg	neg	neg	neg	neg	2,9%	17,4%	22,6%
ROIC	neg	neg	neg	neg	0,1%	3,2%	0,0%	0,0%

Source: Västra Hamnen Corporate Finance

*Adjusted for depreciation in COGS

**Adjusted for depreciation in OPEX

Balance Sheet - Annual Data

kSEK	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Inventories	311	359	242	310	405	453	579	725
Receivables	11 478	19 173	23 813	14 501	15 124	15 597	19 215	24 872
Other short-term receivables	3 643	3 499	3 123	3 529	6 133	8 498	15 254	15 975
Prepaid costs & accrued income	3 397	2 903	2 804	3 218	4 378	5 614	8 814	11 293
Cash and cash equivalents	46 405	47 534	37 704	25 184	25 755	27 680	59 288	106 633
Total current assets	65 234	73 467	67 686	46 742	51 795	57 842	103 151	159 497
Tangible assets	9 090	6 447	10 639	12 410	12 410	12 410	12 410	12 410
Intangible assets	138 898	132 751	124 741	117 802	107 734	100 974	100 739	105 095
Financial assets	0	0	0	0	0	0	0	0
Total fixed assets	147 988	139 198	135 380	130 212	120 144	113 384	113 149	117 505
Total assets	213 222	212 665	203 066	176 954	171 939	171 226	216 300	277 002
Accounts payable	5 952	2 722	0	2 256	1 910	2 373	3 345	4 146
Accrued cost & prepaid income	22 147	22 391	0	19 848	20 977	21 349	35 067	45 391
Other short term liabilities	1 732	2 307	0	1 323	1 656	2 135	3 507	4 539
Derivative Securities	11 739	8 466	0	5 961	5 961	0	0	0
Total current liabilities	41 570	35 886	35 622	29 389	30 503	25 857	41 919	54 076
Long term liabilities	25 350	17 460	16 281	13 007	8 007	8 007	8 007	8 007
Total equity	146 302	159 319	151 163	134 558	133 429	137 362	166 374	214 919
Total equity and liabilities	213 222	212 665	203 066	176 955	171 940	171 227	216 301	277 003

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Operating Activities	852	-1 238	14 122	3 704	17 071	20 733	45 097	64 865
Changes in working capital	3 079	-9 232	-4 068	-5 942	1 114	-4 647	16 062	12 158
Investing activities	-60 008	-25 316	-17 505	-12 054	-8 132	-10 039	-15 850	-20 677
Financing activities	38 313	37 287	-2 545	-6 359	-5 000	0	0	0
Cash flow for the period	-17 764	1 501	-9 996	-20 651	5 053	6 047	45 309	56 346
Beginning cash balance	64 102	46 405	47 534	37 702	16 757	21 810	27 857	21 810
Ending cash balance	46 405	47 534	37 702	16 757	21 810	27 857	73 166	78 155

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data								
kSEK	Q1 2025	Q2 2025	Q3 2025	Q4 2025e	Q1 2026e	Q2 2026e	Q3 2026e	Q4 2026e
Net sales	20 007	20 784	20 006	22 054	23 294	24 667	26 090	27 601
Total revenue	20 007	20 784	20 006	22 054	23 294	24 667	26 090	27 601
Cost of goods sold	-5 615	-5 505	-4 838	-5 147	-4 958	-5 229	-5 511	-5 809
Adj Cost of goods sold*	-1 328	-1 405	-942	-1 192	-1 281	-1 640	-2 004	-2 377
Gross profit	18 679	19 379	19 064	20 862	22 014	23 027	24 086	25 224
Sales costs	-8 804	-9 101	-6 855	-7 939	-7 221	-7 647	-8 088	-8 556
Administrative costs	-3 944	-3 886	-2 881	-4 076	-4 024	-4 183	-4 401	-4 661
Other operating income/expenses	-1 597	-850	-40	-662	-466	-247	-261	-276
R&D	-7 097	-7 149	-6 033	-6 616	-6 988	-7 400	-7 827	-7 728
OPEX	-21 442	-20 986	-15 809	-19 293	-18 699	-19 477	-20 577	-21 222
Adj OPEX**	-20 367	-19 926	-14 713	-18 180	-17 665	-18 467	-19 591	-20 256
EBITDA	-1 688	-547	4 351	2 681	4 349	4 560	4 495	4 967
Amortisation & depreciation	-5 362	-5 160	-4 992	-5 068	-4 712	-4 598	-4 493	-4 397
EBIT	-7 050	-5 707	-641	-2 387	-363	-39	2	570
Financials, net	-228	-150	-100	-450	-325	-325	-325	-325
EBT	-7 278	-5 858	-741	-2 837	-688	-364	-323	245
Taxes	86	87	87	0	0	0	0	0
Net profit	-7 192	-5 770	-654	-2 837	-688	-364	-323	245
Earnings per share (SEK)	-0	0						
Y-o-Y Growth (%)								
Net revenues	-7,7%	1,0%	-12,3%	1,2%	16,4%	18,7%	30,4%	25,2%
EBITDA	na	na	-35,9%	-21,9%	na	na	3,3%	85,3%
EBIT	na							
Net profit	na							
% of revenues (%)								
Gross margin	72%	74%	76%	77%	79%	79%	79%	79%
Adj gross margin	93%	93%	95%	12,2%	18,7%	18,5%	17,2%	18,0%
EBITDA margin	neg	neg	21,7%	neg	neg	neg	0,0%	2,1%
EBIT margin	neg	0,9%						
EBT margin	neg	0,9%						
Profit margin	neg	neg	neg	18,5%	17,3%	17,0%	16,9%	16,9%
Personnel costs	19,7%	18,7%	14,4%	87,5%	80,3%	79,0%	78,9%	76,9%
Total OPEX	107,2%	101,0%	79,0%					
Profitability (%)								
ROE	neg	0,2%						
ROIC	neg	neg	neg	neg	neg	neg	0,0%	0,4%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data

kSEK	Q1 2025	Q2 2025	Q3 2025	Q4 2025e	Q1 2026e	Q2 2026e	Q3 2026e	Q4 2026e
Inventories	222	225	250	310	310	339	370	405
Receivables	22 748	15 120	13 023	14 501	17 870	17 571	14 296	15 124
Other short-term receivables	2 922	3 918	4 025	3 529	4 193	4 440	5 694	6 133
Prepaid costs & accrued income	3 184	2 822	2 561	3 218	3 467	3 720	4 035	4 378
Cash and cash equivalents	36 036	33 577	31 275	25 184	20 366	23 611	28 628	25 755
Total current assets	65 113	55 662	51 134	46 742	46 206	49 681	53 024	51 795
Tangible assets	13 174	12 944	12 410	12 410	12 410	12 410	12 410	12 410
Financial assets	0	0	0	0	0	0	0	0
Intangible assets	123 230	121 708	120 665	117 802	114 954	112 329	109 923	107 734
Total fixed assets	136 404	134 652	133 075	130 212	127 364	124 739	122 333	120 144
Total assets	201 517	190 314	184 209	176 954	173 569	174 420	175 357	171 939
Accounts payable	0	0	0	2 256	1 630	1 719	1 812	1 910
Accrued cost & prepaid income	0	0	0	19 848	17 704	18 747	19 829	20 977
Other short term liabilities	0	0	0	1 323	1 398	1 480	1 565	1 656
Derivative Securities	0	0	0	5 961	5 961	5 961	5 961	5 961
Total current liabilities	38 656	33 621	28 807	29 389	26 692	27 907	29 167	30 503
Long term liabilities	19 233	18 623	18 007	13 007	13 007	13 007	13 007	8 007
Total equity	143 629	138 069	137 395	134 558	133 870	133 506	133 183	133 429
Total equity and liabilities	201 517	190 314	184 209	176 954	173 569	174 420	175 357	171 939

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	Q1 2025	Q2 2025	Q3 2025	Q4 2025e	Q1 2026e	Q2 2026e	Q3 2026e	Q4 2026e
Operating Activities	-2 024	-702	4 199	2 231	4 024	4 234	4 170	4 642
Changes in working capital	4 127	2 009	-2 537	-1 117	-6 978	984	2 934	-307
Investing activities	-3 001	-3 433	-3 415	-2 205	-1 864	-1 973	-2 087	-2 208
Financing activities	-601	-186	-572	-5 000	0	0	0	-5 000
Cash flow for the period	-1 499	-2 312	-2 325	-6 091	-4 818	3 245	5 017	-2 873
Beginning cash balance	37 704	36 036	33 577	31 275	25 184	20 366	23 611	28 628
Ending cash balance	36 036	33 577	31 275	25 184	20 366	23 611	28 628	25 755

Source: Västra Hamnen Corporate Finance

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