

Update: Report Q1 2025

2025-05-16

Precise Biometrics: Headwind in Q1

- Lower revenue and higher costs than expected
- Longer-term growth case intact
- Our model suggests a fair value of SEK 7.25 per share

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Stock ticker: PREC
Industry: IT Services
Listed on: Small Cap Stockholm

Latest share price (SEK): 3,54
Market cap (MSEK): 277,8
Enterprise Value (MSEK): 241,7
Total number of shares (M): 78,46
- of which free float (M): 48,57

VHCF fair value per share
DCF model SEK 7.25

Address: Scheelevägen 27
223 63 Lund

Webpage: Precisebiometrics.com
CEO: Joakim Nydemark

Main owners (Jan 29th 2025)

	Capital (%)
Egis Technology	5,0
Avanza Pension	4,8
Nordnet Pension	3,0
RM International	1,7
Precise Biometrics	1,4

Share price history (SEK)



Source: Västra Hamnen Corporate Finance

Precise Biometrics (Precise) reported figures below our estimates in its recent Q1 report. Revenue came in at MSEK 20, and costs increased to MSEK 21.4. Overall, the EBITDA was MSEK 6.1 lower than expected.

The figures were mainly explained by three factors: currency headwinds, the effect of a renegotiated customer contract, and cautious customers due to geopolitical uncertainties during the quarter. While this weighed on the company's results, the fundamentals remain intact.

CEO **Joakim Nydemark** stated in Västra Hamnen's [interview](#) that he sees the hesitant clients as a short-term reaction. The new client agreement reallocated sales from Q1 to later in the year, the full year estimate from this contract remains unchanged. The underlying markets remain strong according to Nydemark, and Precise's offering is highly competitive. We note that the revenue from *Biometric Technologies* could differ significantly between quarters, and we expect the growth to increase during the second half of 2025.

In March, the company announced that its *BioLive* solution was approved for a national identification programme in India, the Aadhaar system. This project is in its early stages, and we await further details before including it in our valuation.

Growing the *Digital Identity* business is a high priority for the company and a significant value driver in our model. The Q1 figures were lower than our estimate, although the company has taken several steps to increase growth in the business unit. These measures include increasing the sales force, establishing a team in Norway and launching new features within the offering.

The weaker-than-expected figures prompt us to adjust our near-term projection. We lower our 2025 sales estimate to MSEK 89 from MSEK 103. Despite the adjustments, our model suggests an unchanged fair value of SEK 7.25 per share.

In the long term, we still see the potential in Precise's business, and we expect the company to be back on track during the second half of 2025.

Table 1: Financial Overview

MSEK	2022	2023	2024	2025e	2026e
Total revenues	91,0	75,1	86,9	89,1	130,0
Growth (%)	9,2%	-17,5%	15,7%	2,6%	45,9%
Gross margin (%)	71,5%	63,7%	72,6%	74,5%	79,2%
Adj gross margin	94,7%	92,3%	93,6%	94,2%	90,1%
EBITDA	1,1	-1,7	13,4	5,9	24,8
EBITDA margin (%)	1,3%	neg	15,4%	6,7%	19,1%
EBT	-23,5	-26,8	-8,8	-17,7	5,7
Cash holdings	46,4	47,5	37,7	20,7	32,9
Total assets	213,2	212,7	203,1	176,0	185,6
Total equity	146,3	159,3	151,2	133,3	138,9
Solidity (%)	68,6%	74,9%	74,4%	75,7%	74,9%
P/E	neg	neg	neg	neg	49,1
ROE	neg	neg	neg	neg	4,1%
EV/EBIT (x)	neg	neg	neg	neg	34,2
EV/Sales (x)	2,7	3,2	2,8	2,7	1,9

Source: Västra Hamnen Corporate Finance

Biometric Technologies

BioLive

Precise's anti-spoof solution BioLive, has recently taken an important step in India. Together with its partner, it has met the highest biometric security standards and has been approved by **UIDAI**, the national identity authority in India.

Opportunities presenting in India

Last year, a security breach in the *Aadhaar* system prompted authorities to act and raise the bar for anti-spoofing technology. With the certification in place, BioLive is now positioned for broader adoption within India's national ID ecosystem, together with its partner. Moreover, the company sees potential to leverage this achievement in other regions where biometric security solutions are gaining traction, such as Southeast Asia, Africa and South America.

The project is in its early stages, and we await further details before including it in our valuation model.

The Mobile segment

Trade war puts pressure on mobile phone manufacturers

The mobile phone segment saw a downturn in Q1, with royalty fees amounting to MSEK 8.7 (10.5). This decline is primarily due to a lower overall volume in the segment, partly explained by cautious customers awaiting clarity regarding the trade war. It is also worth remembering that revenues in this segment fluctuate between quarters, which means that the longer-term trend is more significant than single quarterly figures.

The company perceives itself to be well-positioned within ultrasonic sensors. Currently, these sensors are predominantly used in premium models but are expected to be introduced into mid-range models within 1-2 years, leading to a strong demand for the sensors.

The Vehicle segment

Vehicle segment starts paying dividends

Royalties from the vehicle vertical have started, slightly exceeding expectations despite the market conditions. Together with **Infineon**, the companies are positioned as the market leader in this segment as the concept of Software Defined Vehicle (SDV) continues to grow.

Digital Identity

Precise's ambition is to achieve predictable recurring revenue from Digital Identity compared to Biometrics Technologies. During the past quarters, the company has taken measures to focus on marketing activities and sales, including hiring personnel in Norway. Precise has also launched new products and features to strengthen its offering.

Precise Access

The company launched an on-premises version of *Precise Access* during Q1 to meet the requirements for high-security organisations, such as government agencies, critical infrastructure, and defence organisations.

Precise Visit by EastCoast

Sales efforts increasing in Digital Identity

Precise sees increasing demand for the visitor management system both domestically and internationally. The ongoing migration to cloud solutions will imply lower costs for Precise, better scalability, and better ability to provide service. Companies such as **Alfa Laval**, **Familjebostäder**, **Tobii Technology**, and **Öresundskraft** have made the transition. To further support growing volumes, Nydemark pointed to the existing agreements with several corporations with offices around the world, which will implement the system in due time.

While there is some short-term churn, as certain customers with older solutions are hesitant to migrate to the cloud, we view this as the right solution for both the medium and long term.

Financial update after Q1

There are some quite considerable discrepancies in our estimates versus the actual outcome. In our initial analysis, we modelled for higher growth in the first quarter, which proved to be too optimistic. Given the geopolitical uncertainty, we have revised our expectations for the near-term but kept the long-term scenario intact.

Table 2: Estimates vs actual, Q1 2025

kSEK	Q1 '24	Q1 '25e	Q1'25 act	Diff
Net Revenues	21 684	23 419	20 007	-3 412
Total Revenues	21 684	23 419	20 007	-3 412
Cost of Goods Sold	-6 027	-5 517	-5 615	-98
Adj Cost of Goods Sold*	-1 283	-980	-1 328	-348
Gross Profit	20 401	22 439	18 679	-3 760
Personnel Expenses	-3 850	-3 717	-3 944	-227
Marketing and sales expenses	-8 484	-8 197	-8 804	-607
R&D expenses	-6 808	-7 026	-7 097	-71
Other Operating Expenses	658	-234	-1 597	-1 363
Total OPEX	-18 484	-18 012	-21 442	-3 430
Adj OPEX**	-17 332	-18 971	-20 367	-1 396
EBITDA	3 069	3 468	-1 689	-5 157
Amortisation and Depreciation	-5 895	-5 698	-5 362	336
EBIT	-2 826	-1 271	-7 051	-5 780
Net Financial Items	-229	-407	-228	179
EBT	-3 055	-1 678	-7 279	-5 601
Taxes	86	0	86	86
Net Profit	-2 969	-1 678	-7 193	-5 515
Cash and Equivalents	41 148	30 123	36 036	5 913
Total Equity	156 509	149 485	143 629	-5 856

Source: Västra Hamnen Corporate Finance

*Adjusted for depreciation in COGS

**Adjusted for depreciation in OPEX

Working capital boosts cash holdings

Despite the relatively large difference in profitability compared to our expectations, it is noticeable that the Cash and Equivalents displays a discrepancy in the opposite direction. We had anticipated that the company's net working capital would increase during the first quarter, but instead, there was an increase in the company's current liabilities, which in turn resulted in a larger cash balance for the quarter.

Biometrics Technologies is mainly driven by the development of the mobile phone market. Lower shipments mean lower royalties, which has been a fact at the beginning of 2025. We now adjust our revenue projection - for 2025, we expect sales of MSEK 89 compared to MSEK 103. A major part of the adjustment relates to changes in Biometric Technologies. We believe Digital Identity will grow more steadily. We still model a substantial total increase in sales for 2026 and onwards.

Depreciating USD hurts the bottom line

On the cost side, we are making a slight reshuffle between the items in the operating expenses. We have increased personnel expenses and reduced R&D expenses. In total, the cost level will remain in line with previous assumptions. Unfavourable movements in the exchange rate affected the Q1 figures by MSEK 1.6. We believe the USD weakness will prevail to some extent in Q2.

The gross margin for Biometric Technologies and Digital Identity was 82.9 and 39.8 per cent, respectively, which implied 71.9 per cent in total. This is four percentage points lower than our estimates and is mainly driven by the lower royalty revenues. We adjust accordingly and expect gross margins to follow the sales development.

Even with our revised revenue projection, the model still implies a fair value of SEK 7.25 per share.

Growth to return in H2 2025

There are many promising opportunities ahead, and if the company executes on its strategy, we believe there is significant upside in the valuation. However, the recent report called for adjustments, and we need the company to convince us and the market that growth will return in the second half of 2025.

Potential triggers

- Smartphone shipments continue to improve, implying higher royalties
- Improved ARR in Digital Identity
- Increased sales in Norway
- Customer orders for hand recognition

Income Statement - Annual Data

kSEK	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Net sales	91 018	75 069	86 852	89 102	130 029	165 041	214 471	278 517
Total revenue	91 018	75 069	86 852	89 102	130 029	165 041	214 471	278 517
Cost of goods sold	-25 982	-27 246	-23 786	-22 738	-27 043	-31 669	-37 577	-46 817
Adj Cost of goods sold*	-4 819	-5 802	-5 557	-5 201	-12 900	-18 290	-24 544	-33 596
Gross profit	86 199	69 267	81 295	83 900	117 129	146 751	189 927	244 922
Sales costs	-34 796	-27 420	-32 982	-34 038	-39 009	-49 512	-60 052	-75 200
Administrative costs	-17 613	-14 150	-13 789	-16 306	-17 270	-21 145	-25 907	-31 743
Other operating income/expel	2 262	-606	1 256	-3 129	-1 300	-1 650	-2 145	-2 785
R&D	-34 905	-32 105	-26 966	-28 877	-38 303	-46 211	-58 870	-72 414
OPEX	-85 052	-74 281	-72 481	-82 350	-95 882	-118 519	-146 974	-182 142
Adj OPEX**	-85 052	-70 960	-67 917	-77 952	-92 335	-115 164	-143 706	-178 827
EBITDA	1 147	-1 693	13 378	5 948	24 794	31 587	46 221	66 095
Amortisation & depreciation	-21 163	-24 767	-22 793	-21 934	-17 689	-16 734	-16 302	-16 537
EBIT	-20 016	-26 460	-9 415	-15 986	7 105	14 853	29 919	49 558
Financials, net	-3 453	-291	630	-1 670	-1 423	-923	-923	-923
EBT	-23 469	-26 751	-8 785	-17 656	5 682	13 929	28 996	48 635
Taxes	1 239	346	351	86	0	0	0	0
Net profit	-22 230	-26 405	-8 434	-17 570	5 682	13 929	28 996	48 635
Earnings per share (SEK)	-0,05	-0,04	-0,01	0,02	0,04	0,06	0,09	0,12
Growth (%)								
Net revenues	9,2%	-17,5%	15,7%	2,6%	45,9%	26,9%	30,0%	29,9%
EBITDA	-38,7%	na	na	-55,5%	316,8%	27,4%	46,3%	43,0%
EBIT	na	na	na	na	na	109,0%	101,4%	65,6%
Net profit	na	na	na	na	na	145,2%	108,2%	67,7%
% of revenues (%)								
Gross margin	71,5%	63,7%	72,6%	74,5%	79,2%	80,8%	82,5%	83,2%
Adj gross margin	94,7%	92,3%	93,6%	94,2%	90,1%	88,9%	88,6%	87,9%
EBITDA margin	1,3%	neg	15,4%	6,7%	19,1%	19,1%	21,6%	23,7%
EBIT margin	neg	neg	neg	neg	5,5%	9,0%	14,0%	17,8%
EBT margin	neg	neg	neg	neg	4,4%	8,4%	13,5%	17,5%
Profit margin	neg	neg	neg	neg	4,4%	8,4%	13,5%	17,5%
Personnel costs	19,4%	18,8%	15,9%	18,3%	13,3%	12,8%	12,1%	11,4%
Total OPEX	93,4%	99,0%	83,5%	92,4%	73,7%	71,8%	68,5%	65,4%
Profitability (%)								
ROE	neg	neg	neg	neg	4,1%	9,1%	15,9%	21,1%
ROIC	neg	neg	neg	neg	4,9%	9,7%	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	366	517	556	607	761
Receivables	11 478	19 173	23 813	20 560	19 341	19 859	19 419	25 123
Other short-term receivables	3 643	3 499	3 123	4 002	7 753	10 686	15 215	15 836
Prepaid costs & accrued inc	3 397	2 903	2 804	3 673	5 636	7 204	8 993	11 534
Cash and cash equivalents	46 405	47 534	37 704	20 706	32 901	41 067	73 996	121 524
Total current assets	65 234	73 467	67 686	49 308	66 148	79 373	118 230	174 778
Tangible assets	9 090	6 447	10 639	13 174	13 174	13 174	13 174	13 174
Intangible assets	138 898	132 751	124 741	113 567	106 281	102 311	102 094	106 446
Financial assets	0	0	0	0	0	0	0	0
Total fixed assets	147 988	139 198	135 380	126 741	119 455	115 485	115 268	119 620
Total assets	213 222	212 665	203 066	176 049	185 602	194 858	233 498	294 399
Accounts payable	5 952	2 722	0	1 967	2 407	2 864	3 426	4 241
Accrued cost & prepaid incor	22 147	22 391	0	19 011	26 826	27 183	35 439	45 849
Other short term liabilities	1 732	2 307	0	1 501	2 118	2 718	3 544	4 585
Derivative Securities	11 739	8 466	0	6 089	6 089	0	0	0
Total current liabilities	41 570	35 886	35 622	28 568	37 439	32 765	42 409	54 675
Long term liabilities	25 350	17 460	16 281	14 233	9 233	9 233	9 233	9 233
Total equity	146 302	159 319	151 163	133 251	138 932	152 862	181 858	230 492
Total equity and liabilities	213 222	212 665	203 066	176 049	185 602	194 858	233 498	294 399

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Operating Activities	852	-1 238	14 122	4 170	23 371	30 664	45 298	65 171
Changes in working capital	3 079	-9 336	-4 068	-6 867	8 871	-4 674	9 644	12 266
Investing activities	-60 008	-25 316	-17 505	-9 910	-10 402	-12 765	-16 085	-20 889
Financing activities	38 313	37 287	-2 545	-5 601	-5 000	0	0	0
Cash flow for the period	-17 764	1 397	-9 996	-18 209	16 840	13 225	38 857	56 549
Beginning cash balance	64 102	46 405	47 534	37 702	19 322	36 162	49 387	36 162
Ending cash balance	46 405	47 534	37 702	19 322	36 162	49 387	88 244	92 711

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

kSEK	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025e	Q3 2025e	Q4 2025e
Net sales	21 684	20 582	22 799	21 787	20 007	21 027	23 053	25 015
Total revenue	21 684	20 582	22 799	21 787	20 007	21 027	23 053	25 015
Cost of goods sold	-6 027	-5 881	-5 863	-6 015	-5 615	-5 347	-5 794	-5 982
Adj Cost of goods sold*	-1 283	-1 281	-1 365	-1 628	-1 328	-898	-1 382	-1 593
Gross profit	20 401	19 301	21 434	20 159	18 679	20 129	21 671	23 422
Sales costs	-8 484	-9 399	-6 705	-8 394	-8 804	-8 411	-8 068	-8 755
Administrative costs	-3 850	-3 744	-2 495	-3 700	-3 944	-4 039	-4 120	-4 202
Other operating income/expei	658	-135	-260	993	-1 597	-1 051	-231	-250
R&D	-6 808	-7 086	-6 325	-6 747	-7 097	-7 359	-6 916	-7 504
OPEX	-18 484	-20 364	-15 785	-17 848	-21 442	-20 861	-19 335	-20 712
Adj OPEX**	-17 332	-19 212	-14 648	-16 725	-20 367	-19 745	-18 228	-19 612
EBITDA	3 069	89	6 786	3 434	-1 688	384	3 442	3 810
Amortisation & depreciation	-5 895	-5 752	-5 636	-5 510	-5 362	-5 565	-5 518	-5 489
EBIT	-2 826	-5 663	1 150	-2 076	-7 050	-5 181	-2 076	-1 679
Financials, net	-229	10	159	690	-228	-481	-481	-481
EBT	-3 055	-5 653	1 309	-1 386	-7 278	-5 662	-2 557	-2 160
Taxes	86	88	88	89	86	0	0	0
Net profit	-2 969	-5 565	1 397	-1 297	-7 192	-5 662	-2 557	-2 160
Earnings per share (SEK)	-0	-0	0	-0	-0	-0	-0	-0
Y-o-Y Growth (%)								
Net revenues	13,2%	15,1%	28,7%	7,3%	-7,7%	2,2%	1,1%	14,8%
EBITDA	na	na	na	480,1%	na	331,5%	-49,3%	10,9%
EBIT	na	na	na	na	na	na	na	na
Net profit	na	na	na	na	na	na	na	na
% of revenues (%)								
Gross margin	72%	71%	74%	72%	72%	75%	75%	76%
Adj gross margin	94%	94%	94%	93%	93%	96%	94%	15,2%
EBITDA margin	14,2%	0,4%	29,8%	15,8%	neg	1,8%	14,9%	neg
EBIT margin	neg	neg	5,0%	neg	neg	neg	neg	neg
EBT margin	neg	neg	5,7%	neg	neg	neg	neg	neg
Profit margin	neg	neg	6,1%	neg	neg	neg	neg	16,8%
Personnel costs	17,8%	18,2%	10,9%	17,0%	19,7%	19,2%	17,9%	82,8%
Total OPEX	85,2%	98,9%	69,2%	81,9%	107,2%	99,2%	83,9%	
Profitability (%)								
ROE	neg	neg	0,9%	neg	neg	neg	neg	neg
ROIC	neg	neg	0,7%	neg	neg	neg	neg	neg

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data

kSEK	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025e	Q3 2025e	Q4 2025e
Inventories	292	291	231	242	222	333	341	366
Receivables	26 845	19 897	15 836	23 813	22 748	23 076	20 211	20 560
Other short-term receivables	3 016	3 579	4 388	3 123	2 922	3 964	3 688	4 002
Accrued cost & prepaid incor	0	0	17 301	0	0	25 232	20 747	19 011
Cash and cash equivalents	41 148	41 746	41 650	37 704	36 036	29 172	27 532	20 706
Total current assets	74 357	68 604	64 815	67 686	65 113	60 191	55 038	49 309
Tangible assets	11 312	10 413	9 645	10 639	13 174	13 174	13 174	13 174
Financial assets	0	0	0	0	0	0	0	0
Intangible assets	130 804	128 620	126 408	124 741	123 230	119 768	116 555	113 567
Total fixed assets	142 116	139 033	136 053	135 380	136 404	132 942	129 729	126 741
Total assets	216 473	207 636	200 868	203 066	201 517	193 133	184 767	176 050
Accounts payable	0	0	2 752	0	0	2 930	1 905	1 967
Accrued cost & prepaid incor	0	0	17 301	0	0	25 232	20 747	19 011
Other short term liabilities	0	0	1 376	0	0	1 682	1 383	1 501
Derivative Securities	0	0	6 089	0	0	6 089	6 089	6 089
Total current liabilities	37 350	34 805	27 518	35 621	38 656	35 933	30 124	28 568
Long term liabilities	22 614	21 904	21 150	16 281	19 233	19 233	19 233	14 233
Total equity	156 509	150 927	152 200	151 163	143 629	137 967	135 410	133 251
Total equity and liabilities	216 473	207 636	200 868	203 066	201 517	193 133	184 767	176 050

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025e	Q3 2025e	Q4 2025e
Operating Activities	2 949	0	6 826	4 268	-2 024	-97	2 962	3 329
Changes in working capital	-5 781	3 776	-3 552	1 489	4 127	-4 664	-2 296	-2 653
Investing activities	-3 024	-2 598	-2 670	-9 213	-3 001	-2 103	-2 305	-2 501
Financing activities	-623	-640	-641	-641	-601	0	0	-5 000
Cash flow for the period	-6 479	617	-37	-4 097	-1 499	-6 864	-1 640	-6 826
Beginning cash balance	47 534	41 148	41 746	41 650	37 704	36 036	29 172	27 532
Ending cash balance	41 148	41 746	41 650	37 704	36 036	29 172	27 532	20 706

Source: Västra Hamnen Corporate Finance

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