Initial Research 2025-02-18

Precise Biometrics: Scanning for higher growth

- New verticals and modalities add value to Biometric Technologies
- Digital Identity provides growth and visibility
- We initiate coverage with 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):	3.72
Market cap (MSEK):	291.9
Enterprise Value (MSEK):	254.2
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 (%)**
Avanza Pension	5.1
Egis Technology	5.0
Nordnet Pension	3.0
RM International	1.7
Precise Biometrics	1.4

Share price history (SEK)

	-1m	-3m	-12m
Change (%)	-14.9	-0.3	255.6
52 wk range (Low/Hi) - SEK			0.97/ 7.32

Source: Västra Hamnen Coporate Finance

2024 was a turnaround year for **Precise Biometrics**, reporting a steady improvement in profitability. The stock market noted the development, Precise Biometrics was the best-performing share on the Swedish main list last year, posting a 350-per cent rise.

Despite the recent revaluation of the company, we see further potential. In our forecast, we have identified a number of value drivers that create growth, cash flow and profitability.

Firstly, as global smartphone volumes are recovering, we think Precise Biometrics is well-positioned for transitioning to the next generation of biometric sensors. The company's algorithms for ultrasonic sensors are already found in several products on the market.

Secondly, although fingerprint recognition is the main product area, software for other modalities, such as face and palm recognition, has also been launched.

Thirdly, the company explores opportunities in new verticals, exemplified by the collaboration with leading suppliers in the automotive industry. Other applications, such as smart locks and retail payments, are also being explored.

Finally, we expect further growth in the business unit *Digital Identity*, where the company offers its access and visitor systems. Since acquiring **EastCoast Solutions** in 2021, the company has applied a software-as-a-service (SaaS) model with subscription revenues. This will provide Precise Biometrics with visibility in sales in addition to the fluctuating but more profitable algorithm business in *Biometric Technologies*.

Our growth prospects imply a fair value of SEK 7.25 per share.

If the smartphone market does not recover as expected, our estimates would probably be too optimistic. Our fair value also implies that Digital Identity will grow at a significantly higher rate than it has done historically.

Table 1: Financial Overview

MSEK	2022	2023	2024e	2025e	2026e
Total revenues	91.0	75.1	86.9	103.0	130.0
Growth (%)	9.2%	-17.5%	15.7%	18.6%	26.2%
Gross margin (%)	71.5%	63.7%	72.6%	76.8%	79.2%
Adj gross margin	94.7%	92.3%	93.6%	94.2%	89.9%
EBITDA	1.1	-1.7	13.4	19.2	25.3
EBITDA margin (%)	1.3%	neg	15.4%	18.7%	19.5%
EBT	-23.5	-26.8	-8.8	-5.0	6.7
Cash holdings	46.4	47.5	37.7	33.4	47.3
Total assets	213.2	212.7	203.1	188.9	196.6
Total equity	146.3	159.3	151.2	146.2	152.8
Solidity (%)	68.6%	74.9%	74.4%	77.4%	77.8%
P/E	neg	neg	neg	neg	43.6
ROE	neg	neg	neg	neg	4.4%
EV/EBIT (x)	neg	neg	neg	neg	32.5
EV/Sales (x)	2.8	3.4	2.9	2.5	2.0

Source: Västra Hamnen Corporate Finance

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What does Precise Biometrics do?

An established software provider in biometrics

Lund-based Precise Biometrics (Precise) develops software for biometric recognition in various applications. Unlocking mobile phones and tablets, logging on to computer systems, and entering and accessing buildings are everyday activities that require secure, reliable and swift handling. Thanks to technological progress, lower costs and a broad acceptance of the technology, biometric authentication has become a solution for meeting these and new needs.

Biometric sensors had a breakthrough in consumer electronics in the 2010s, led by the development of mobile phones. After the pandemic, global smartphone volumes declined, putting pressure on the entire industry, including Precise.

Accommodating lower smartphone shipments, the company ventured into new verticals, such as laptops, vehicles, smart locks, and payments. A new modality – palm recognition, has recently been added to complement the existing fingerprint and face recognition products.

Algorithms in Biometric Technologies

The company is organised into two business units. In *Biometric Technologies*, formerly *Algo*, the algorithms for fingerprint, face and palm recognition are licensed to sensor manufacturers. These customers integrate the software into circuits to produce sensors, which eventually are delivered to producers of laptops, smart locks, vehicles and smartphones.

Access and turnkey solutions in Digital Identity

Digital Identity provides biometric turnkey solutions for access and visitor systems with the products *YOUNiQ Access* and *YOUNiQ Visit*. Replacing keys, access cards and other traditional methods for entry into offices and other spaces is a fast-growing area. The company has also identified prospects in providing biometric solutions for visitor management. Through the acquisition of Swedish EastCoast Solutions (EastCoast) in 2021, Precise added a visitor management system to its access and turnkey solutions.

Turnaround with further potential

With the current business model, the board and management see opportunities in a fast-moving industry. In 2024, Precise underwent a turnaround as smartphone shipments started to rise again, along with a focus on activities to increase sales. In Q3, the company posted the first positive quarterly EBIT for several years. The development was duly noted, investor interest fuelled the share price by 350 per cent last year. Precise Biometrics was the best-performing stock on the Swedish main list in 2024.

Before we look into market potential, competitors, the financial forecast, and valuation, we begin with a brief overview of the biometrics industry to describe the context in which Precise is operating.

Brief overview of the industry

For centuries, fingerprints have been a highly accurate biometric modality used to establish a person's identity. Today, fingerprint recognition is the leading identifier due to its high uniqueness, cost-effectiveness and well-established standards, making it suitable for large-scale use.

There are, however, other methods. Biometrics is commonly divided into two subcategories: physical and behavioural indicators. Physical biometric indicators include fingerprints, palm prints, iris patterns, retinal and facial recognition, and vein patterns. While fingerprints and iris scans are unique and permanent, facial recognition is more affordable but easier to spoof. Vein pattern recognition is regarded as secure but currently slow.

Behavioural indicators are measurable characteristics like voice, signature, body language and gait. These methods are usually inexpensive but vulnerable to manipulation and can change over time.

Palm recognition

The patterns of the palm contain ridges and valleys similar to fingerprints. Due to its larger area, a palmprint is even more distinct. Palm recognition can also be based on or complemented by recognition of the veins in the hand, which would further enhance security.

Showing the palm could be preferred over using the face or a finger in certain situations, such as banking and healthcare applications, access control, and visitor management. The COVID-19 pandemic showed the need for contactless technology. Palm recognition could also be perceived as less intrusive compared to face recognition.

Fingerprint recognition

Fingerprint recognition is still the most widely used method in consumer electronics. The emergence of smartphones has been a major force behind biometric advancements in the industry. Today, several sensor technologies exist, competing on parameters such as security, reliability, processing speed, size, and cost-effectiveness.

Capacitive sensors

Capacitive sensors generate an image based on differences in very small electrical charges based on the fingerprint’s ridges and valleys. These charges form a capacitance pattern, which is analysed by a microprocessor.

These sensors are now the cheapest on the market and are used as a reference for price comparisons between technologies. This sensor type has decreased in use as larger smartphone screens have made it difficult to have a dedicated slot for fingerprint scanners on the phones.

Optical sensors

Around 2017, the market shifted to under-display and in-display sensors, which led to optical sensors becoming more popular. An optical sensor uses light to build an image of the fingerprint. Optical sensors are cheaper and common in mid-range smartphones but less secure than capacitive sensors.

Since the optical sensors use a 2D representation of the fingerprint, they can be deceived by fake images or forged materials. Optical sensors are also sensitive to stray light from other sources and surface contamination such as dirt, condensation and scratches. Image-enhancing software can be used to address these problems.

Ultrasonic sensors

In recent years, smartphone screens have been designed to let less light through, creating difficulties in obtaining an accurate representation of the fingerprint by optical

sensors. This has led to the emergence of a new generation of sensors based on ultrasonic technology.

These sensors use a transmitter and a receiver to obtain a representation of the fingerprint through an ultrasonic pulse. The sensors create a 3D image of the finger, which is substantially harder to spoof than a 2D image obtained by an optical sensor.

Ultrasonic sensors are more compact and thinner than optical sensors and do not interfere with the battery placement on the smartphone. These sensors are now the most expensive and require significant processing.

Another disadvantage of these sensors is that the signal could be disturbed. To address this, additional software for Image Signal Processing (ISP) can be applied. The ISP acts as an amplifier and improves the ultrasonic image.

Thermal sensors

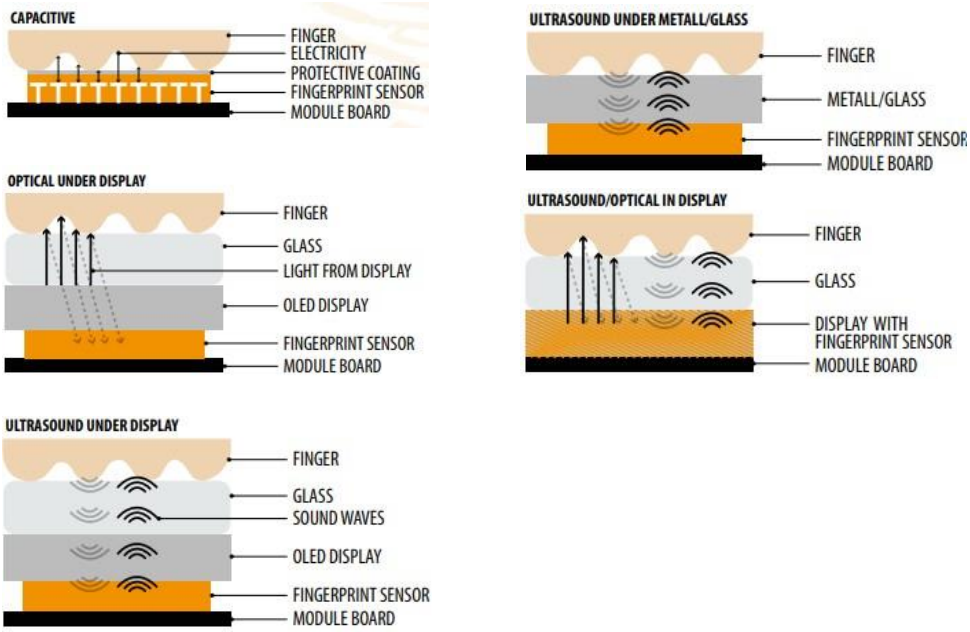
There is also a fourth option, thermal sensors, which use temperature variations to create fingerprint images. They feature arrays of pyro-electric plates, similar to those used in infrared cameras. When a finger is placed on the sensor, temperature differences between the ridges and valleys of the fingerprint are detected and transformed into a digital image.

A drawback with thermal sensors is that the fingerprint image is temporary, lasting only about a tenth of a second until the sensor reaches the same temperature as the finger. These sensors are also known to be slower than other fingerprint sensors.

To conclude, fingerprint recognition is the most common modality today; new modalities, such as facial recognition and palm, are increasingly being explored.

Ultrasonic sensors have recently been included in premium smartphones. However, due to their high security level and cost-effectiveness, capacitive sensors could be the preferred choice for other applications.

Figure 1 – Overview of different sensors



Business model

As mentioned, Precise has divided its business into two units: Biometric Technologies, where the company develops and offers algorithms for sensors, and the relatively recently formed Digital Identity, for its access and visitor solutions.

Algorithms for biometric recognition

Biometric Technologies

Precise licenses its software to sensor manufacturers, who integrate the algorithms with the sensors. The next step is to integrate the sensors into modules and displays. The composed product is then sold to original enterprise manufacturers (OEMs), providing it to mobile phone manufacturers, vehicle manufacturers, and others. Precise generates revenue through royalties and license fees from the sensor manufacturers.

Figure 2 illustrates the value chain of the fingerprint sensor process and where Precise positions itself as a provider of sensor software.

Figure 2 – Fingerprint sensor value chain

Biometric Technologies offers three main products:

- *BioMatch* is Precise's artificial intelligence-based (AI) algorithm for fingerprint recognition. The product is applicable on mobile phones, tablets, laptops, automotive, smart locks and smart cards.
- *BioLive* is the company's liveness and anti-spoof software, identifying whether a fingerprint is fake. The hardware-agnostic, upgradeable and AI-based software can be applied as a stand-alone product or integrated into Precise's other solutions. The product is available for fingerprint and palm recognition.
- *BioEnhance* is an advanced ISP that improves the clarity and accuracy of an image when reading a fingerprint, palm or face.

Security is an increasingly important issue

A critical factor for biometric applications is security, and the industry is increasingly focused on the issue. For a decade, Precise has closely collaborated with the Center for Identity Technology Research at Clarkson University, USA. At the facility in New York State, Precise collects data and trains its liveness and anti-spoof algorithms in various conditions. Sensor manufacturers and system integrators are invited to the lab to optimise their products. As for all development in AI, access to data is a valuable resource, and the service benefits both Precise and its partners.

Revenue through royalties and license fees

License fees and royalties from fingerprint sensors in mobile phones are the most significant part of Precise's revenues. New verticals de-risks the company's exposure to a specific industry. Further, the expected life cycle of the algorithms in other applications could differ, implying higher revenue for longer. In the US, smartphones are, on average, replaced every 30 months, according to Statista.[1]

In 2024, Precise launched a product based on palm recognition. The new addition will be available as an algorithm as well as integrated in its access and visitor solutions. In Q4, the company signed a licensing deal with Crunchfish regarding *XR Skeleton*, which is software for following and identifying hand gestures. Precise is constantly required to develop new features and enhancements to stay ahead of the competition.

Examples of collaborations – Biometric Technologies

Qualcomm

The partnership with US-based telecom equipment and semiconductor company Qualcomm includes integrating Precise's software into Qualcomm's ultrasonic fingerprint solutions. Qualcomm adopted BioMatch Mobile and BioLive anti-spoofing algorithms for its *3D Sonic Sensors*. Precise is Qulacomm's only supplier of ultrasonic and anti-spoof algorithms. The technology debuted in the *Meizu 18* and *Meizu 18 Pro 5G*

[1] Statista (2023), U.S.: smartphones replacement cycle 2013-2027 | Statista

smartphones, launched in March 2021. By 2024, the partnership had grown with numerous projects. Several products are on the market, including a **Google** mobile device launched in Q3 2024.

Infineon Technologies

Precise's collaboration with German semiconductor company **Infineon Technologies** is aimed at delivering fingerprint authentication solutions for the automotive industry. This collaboration integrates Precise's advanced BioMatch algorithm with Infineon's fingerprint sensor integrated circuits (ICs) to enable a secure and personalised driver experience. The functions are applied in driver authentication, secure in-vehicle payments, and personalised settings.

In 2024, the partnership reached a milestone with the launch of a jointly packaged product for the automotive market. This ready-to-deploy solution integrates Precise's biometric software with Infineon's hardware. These innovations were showcased at key industry events like the **CES** and **Embedded World** in 2024.

Egis Technology

Precise Biometrics and **Egis Technology** have cultivated a productive partnership since 2019, focusing on delivering advanced fingerprint recognition solutions for mobile devices. Precise's BioMatch Mobile software is integrated into Egis's optical under-display sensors to enhance security and user experience in smartphones and tablets.

In 2020, the partnership was strengthened through an extended license agreement, granting Precise royalties based on the number of devices utilising the software, license fees, and support and maintenance charges.

The partnership has yielded tangible results, with Egis securing design wins with top-tier Chinese OEMs and being included in products from companies such as **Huawei**. Egis's optical fingerprint sensors, integrated with Precise's software, are featured in devices like the *Honor 30 Pro*, *Honor 30 Pro+*, and *Nova 7 Pro*, which was launched in April 2020.

In 2022, Egis Technology became a significant shareholder in Precise Biometrics by subscribing to a directed share issue of 3,959,639 ordinary shares, corresponding to 10 per cent of Precise's outstanding shares. The investment was aimed to deepen the partnership, facilitate joint development of new verticals and sensor technologies and capitalise on the growing market for digital access solutions. According to the latest data, Egis currently holds 5 per cent of the shares.

Digital Identity

EastCoast Solutions broadened the offering

In 2021, Precise Biometrics acquired EastCoast, adding a visitor management system to its solution for physical access. The two products, *YOUNiQ Access* and *YOUNiQ Visit,* are concepts offered in the Digital Identity business unit. In Sweden, YOUNiQ Visit is marketed under the brand name *EastCoast Visit*. Similar to the algorithms in Biometric Technologies, the YOUNiQ concepts are hardware-agnostic and can be applied and adapted to different visitor management systems.

Precise offers YOUNiQ Access to system integrators, adding biometric modalities to access management systems. The product is offered by Precise directly to end customers or through partners.

An SaaS business model

Sales in Digital Identity are mainly in the form of subscription revenues with a smaller part of upfront fees. The company reports key performance indicators (KPIs) commonly applied for SaaS business. Currently, annual recurring revenue (ARR) is reported every quarter. Additional KPIs could be added as data becomes available.

Expanding reach in 2024

Precise has a clear ambition to grow the Digital Identity business. In 2024, Precise established a new sales office in the Netherlands to address continental Europe. The company reported in its latest financial statement about efforts in marketing activities and an increased interest in the concepts in Norway and the UK.

The company collaborates with technological partners such as **Entryfy**, **Axis Communications**, and **SystemHouse Solutions** in Sweden and in the US, with **Genetec**, **Hanwha** and **Hand.ID**. Precise has also established a commercial collaboration with **Flowscape Technology** (Flowscape).

Examples of collaborations – Digital Identity

Genetec
The collaboration with the Canadian IT company Genetec began in 2023. The company offers a broad spectrum of solutions within security and access management, primarily for the US market. Genetec's visitor management system integrates facial recognition from Precise's YOUNiQ solution. Precise is part of the Genetec Technology Partner Program, which enhances its expansion on the US market.

Flowscape
Another example is the collaboration with Flowscape, which develops hybrid workplace solutions using both software and hardware. In 2023, the agreement allowed Flowscape to distribute Precise's YOUNiQ Visit in the US. The partnership was expanded in 2024 to include the Nordics, the UK, and the Middle East.

Learn more about value drivers and our financial projections for the business units in the sections *What is the market potential?* and *What is the earnings outlook?* below.

Owners
The ownership in Precise Biometrics is spread, with no single owner of more than 10 per cent of the company. The formal largest shareholder with 5.0 per cent of the shares is **Egis Technology**, which is represented on the board of directors by **Howard Ro**. Excluding Avanza pension and Nordnet pension, the next largest shareholder is **RM International,** with 1.7 per cent of the shares.

Owners	Shares	Capital
Avanza Pension	4 026 757	5.13%
Egis Technology Inc	3 920 704	5.00%
Nordnet Pensionsförsäkring	2 325 283	2.96%
RM International AB	1 357 700	1.73%
Precise Biometrics AB	1 085 000	1.38%
Timo Hiltunen	910 985	1.16%
Lars Ingvarsson	861 239	1.10%
Douglas Storckenfeldt	650 000	0.83%
Håkan Vilhelmsson	613 448	0.78%
SEB Investment Management	582 581	0.74%
Other shareholders	62 130 630	79.18%
Total	**78 464 327**	**100%**

Key personnel and management
Joakim Nydemark joined Precise Biometrics in 2023 as Chief Commercial Officer (CCO) for Biometric Technologies and was appointed CEO later the same year. Previous assignments include CEO at Crunchfish, **Crunchfish Interaction** and board member at **Hoodin**, **IMINT Image Intelligence**, **Blippit** and **Crunchfish Digital Cash**. Nydemark holds an MSc in Electrical Engineering from **Lund University**. Stock ownership, including relatives: 33,332 shares.

Maria Wester joined in 2024 as the company's CFO. Previous experiences include CFO at **Lime Technologies** and **Min Doktor**, Managing Director Nordics and Finance Director at **Intertrust Group** and board assignments via Intertrust Group. Wester holds a master's degree in Science, Business & Economics from Lund University. Stock ownership, including relatives: 0 shares.

Henrik Winberg joined in 2023 as the CCO for Biometric Technologies. Winberg has extensive experience with technology companies focusing on business development,

product development and complex system sales. Previously in roles as Chief Operating Officer, Head of Sales at Dlaboratory Sweden, and senior positions at Crunchfish, Texas Instruments, Scalado and Saab Bofors Dynamics. Winberg holds a master's degree in Applied Physics and Electrical Engineering. Stock ownership, including relatives: 0 shares.

Sarandis Kalogeropoulos is the CCO of Digital Identity and joined in 2023. Kalogeropulos holds a bachelor's degree in Engineering and a master's degree in Physics from Lund University. Kalogeropoulos has previously been the CCO and Chief Product Officer at Anima/Kronaby. Also, he has held several positions at Sony Ericsson/Sony in technology, business and product development, and marketing. Stock ownership, including relatives: 0 shares.

Fredrik André is the Chief Marketing Officer (CMO) since 2023. André has over 25 years of experience in B2B marketing and commercial management, mainly in the technology and SaaS field. Previous experiences include Avensia, Autodesk, A.P Moller-Maersk, Medius and Visma. André holds a master's degree in Marketing and a bachelor's degree in Building Design. Stock ownership, including relatives: 25,000 shares.

What is the market potential?

The biometric recognition industry is large and growing. As a software provider, Precise operates early in the value chain, and it is difficult to find reliable data for this particular market segment. However, the end market, i.e. the market for biometric sensors, is expected to grow rapidly.

A key driver is the growing acceptance of the technology as a safe and secure method for authentication, with increasing requirements in the security landscape. Implementing the technology has become less costly and more effective, especially by leveraging AI, opening for wider use in other verticals than consumer electronics.

Biometric Technologies

The fingerprint sensor market estimated to BUSD 13 by 2028

The global fingerprint sensor market is expected to reach a value of BUSD 13.7 by 2028, representing a CAGR of 12.5 per cent, according to Statista, illustrated in Figure 3.[2] As mobile phones are the primary end products, this market is currently the most important driver for Precise's revenue growth. After a decline in smartphone sales during and following the COVID-19 pandemic, shipments have recovered. According to analysts at Canalys, smartphone sales increased by 7 per cent during 2024.[3]

Transformation to ultrasonic sensors

Changes in smartphone preferences have been driving demand for different types of biometric sensors. As smartphone manufacturers have moved away from having dedicated slots for fingerprint scanners, the demand for capacitive sensors has decreased. Instead, in-screen and under-screen sensors have gained, most commonly, optical sensors. These are relatively cheap while still being more costly than capacitive sensors. The latest generation ultrasonic sensors are more reliable than optical sensors and merit a higher price.

Ultrasonic sensors are currently being introduced in premium mobile devices. The technology will eventually reach mid-range devices, implying larger smartphone volumes using ultrasonic fingerprint recognition.

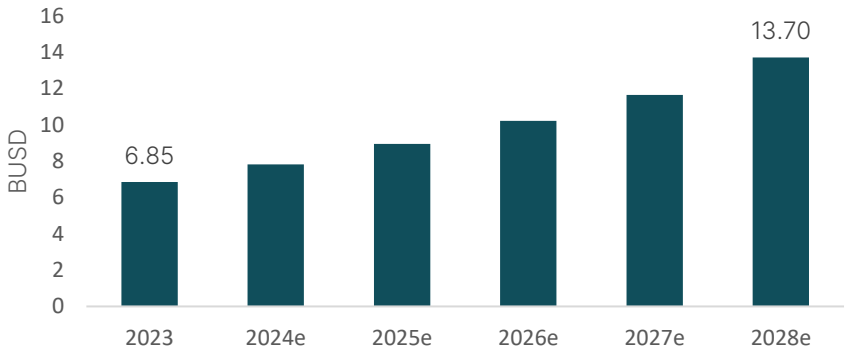
Palm recognition is an emerging modality

Precise also develops software for other biometric modalities, such as face and palm recognition. The market for the latter is currently smaller than for fingerprint sensors.

[2] Statista (2022), Fingerprint sensors market worldwide 2028 | Statista
[3] Canalys (2025), Canalys Newsroom - Global smartphone market grew by 3% in Q4 2024, with Apple leading for the full year

However, the demand is expected to grow rapidly. New verticals emerge, such as retail sales, automotive and the hospitality industry. For instance, in 2023, Amazon's *Whole Foods Market* stores introduced *Amazone One*, its palm-based payment authorisation service in the US. Later that year, the company launched an access service, *Amazon One Enterprise*, based on the same technology. Amazon One has also trialled on certain American Starbucks locations. Making palm recognition more broadly accepted is beneficial for all players developing palm-based authorisation, including Precise.

Figure 3 – Global fingerprint sensors market value



Source: Statista

Digital Identity

The identity and access market estimated to BUSD 13.7 by 2029

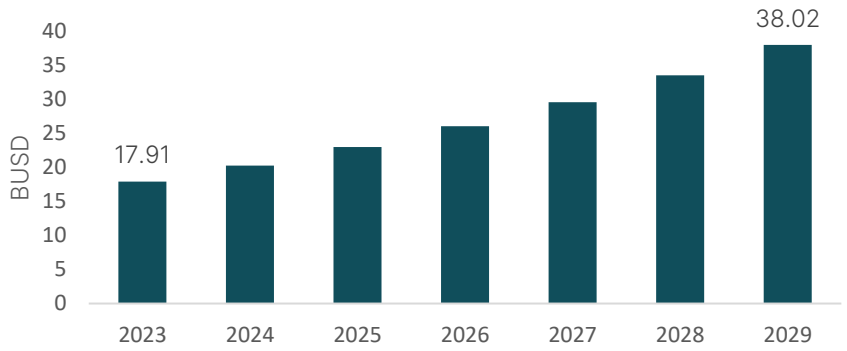
The market for access management solutions is already large and is expected to continue to grow. Traditional lock-and-key access, keycards and fobs are being progressively replaced by biometric access solutions. Requirements for higher security standards and healthcare demands are driving the change, especially after the pandemic. Precise's Digital Identity segment is well-positioned to capitalise on a market that, according to Statista, will grow at a CAGR of 13.4 per cent until 2029 and reach an estimated value of BUSD 38, as illustrated in Figure 4.[4]

Few direct compeititors, many possible collaborators

A key contributor to Digital Identity's market position is that the business unit has few direct competitors and a multitude of potential collaborators and customers. Global companies in access management and security, such as Assa Abloy and Allegion, are increasingly moving towards high-tech solutions such as biometrics. The fact that Precise is one of the few players in the field outside of Asia could also make it more attractive to companies operating in, for instance, North America.

[4] Statista (2024), Identity and Access Management - statistics & facts

Figure 4 – Market value of identity and access management



Source: Statista

Market sizes allow growth

In combination with an increasing demand for biometric solutions, we believe that Precise's products, business model and market position provide the company with the potential to grow faster than the overall market.

How is the competitive situation?

Precise faces competition from global companies with broad product portfolios but also from smaller ones specialised in certain ve-rticals, modalities, or sensor types. Many comparable companies offer a combination of hardware and software, but few specialise solely in software, as Precise does.

Nordic peers not direct competitors

Biometric Technologies

A Swedish company that is often compared to Precise is Fingerprint Cards (Fingerprints). Founded the same year, listed on Nasdaq Stockholm the same year, and sharing the ambition to become leaders in biometric IT solutions, there are significant differences between the companies.

Historically, Fingerprints has been specialised in capacitive fingerprint sensors for mobile phones and PCs. Due to price pressure and the shift to other sensor technologies for these verticals, the company is transforming to focus on access and payment solutions. In 2025, Fingerprints will carry out a rights issue to achieve a turnaround in its currently loss-making business. The market capitalisation amounted to MUSD 9.5 in January 2025. The company reported a gross margin of 12.7 per cent for 2023.

Norwegian NEXT Biometrics Group (Next) develops active thermal conductivity sensors for fingerprint recognition in public security, access control, offices, and notebooks. The company's shares are listed on Oslo Børs with a market cap of around MUSD 65.2. The company reported gross margins of 21 per cent in 2023, compared to 31 per cent in 2022.

IDEX Biometrics is another Norwegian company listed on Oslo Børs. IDEX delivers solutions for smart cards based on capacitive fingerprint sensors used in banking, healthcare, enterprise security and public services. The company currently warrants a market cap of MUSD 7.37. For 2023, the gross margin amounted to 5 per cent compared to 17 per cent in 2022.

The three companies above deliver products in which the algorithms are specifically designed for the respective hardware-integrated sensors.

Algorithms for ultrasonic sensors

Goodix

A company covering several levels of the biometric value chain, different modalities and all sensor types is Chinese **Goodix**. Founded in 2002, the company provides IC design and software solutions in smartphones, IoT (Internet of Things) applications, and the automotive industry. Goodix is the leading fingerprint sensor provider to Android smartphones globally. The company has also launched a direct competitor to Qualcomm's ultrasonic sensor. Goodix is listed on the **Shanghai Stock Exchange** with a market capitalisation of almost BUSD 5. In 2023, the company reported a revenue of MUSD 620.43, a gross margin of 40 per cent and an operating margin of 1.8 per cent.[5]

Another large company worth mentioning is **Amazon Web Services** (AWS), **Amazon's** subsidiary within cloud computing. AWS is active in many areas relevant to Precise, for instance, its Amazon One solution, mentioned above.

A fragmented market

Digital Identity

This segment can be divided into access management and visitor management, where many companies offer both solutions, and others specialise in one of them.

American **Alcatraz.ai** is a privately owned company founded in 2016. The company focuses on touchless access control systems using facial recognition. Its solutions are used in mobile device registration multifactor and facial authentication. Alcatraz.ai primarily operates within the US; however, the offering is fully compliant with EU privacy regulations such as the GDPR framework.

Envoy, also unlisted and US-based, offers software solutions for visitor management systems. The platform enables visitor registration, tracking, and workplace solutions. This includes various features such as automated check-ins, identity verification, document signing, and host notifications.

IDEMIA is a French company that provides biometric solutions and cryptography for secure transactions, public security and smart identity. IDEMIA has a global reach with operations in more than 180 countries. The company is owned by the American private equity firm **Advent International** and was founded in 2017 through the merger of **Morpho** and **Oberthur Technologies**. In 2023, the company's turnover reached nearly BUSD 3.[6]

BIO-key International, founded in 1993, develops identity and access management solutions. Bio-Key offers multi-factor authentication, single sign-on, and fingerprint scanners for authentication. The American company was listed on **Nasdaq** in 2017 and has a current market capitalisation of MUSD 4.5. The gross margin in 2023 was 18 per cent, compared to 65 per cent in 2022.[7] The revenue in 2023 reached MUSD 7.8, an increase from MUSD 7.0 the year before.[8]

German **Dermalog** offers software and hardware solutions for biometric authentication for different modalities, including fingerprint, face, iris, and palm. The products are applied in different areas, such as law enforcement, border control, banking, and healthcare.

[5] Goodix (2023), 2023Annual Report Summary 20240428
[6] IDEMIA (2024), IDEMIA Reorganizes to Accelerate Growth and Customer-Centricity | IDEMIA
[7] BIO-key International (2024), Form 10-K for BIO KEY International INC filed 06/05/2024, s.25
[8] BIO-key International (2024), Form 10-K for BIO KEY International INC filed 06/05/2024, s.27

What is the earnings outlook?

In order to estimate a fair value of Precise, we have forecasted a financial scenario that extends to 2035. We forecast separate earnings projections for Biometric Technologies and Digital Identity.

Sales growth

Biometric Technologies

Revenue in Biometric Technologies is mainly driven by the development of the mobile phone market. Lower global shipments mean lower royalties and fewer licensing fees, which has been reflected in the financials for Precise. Between 2018 and 2023, the compounded annual growth rate (CAGR) of its revenue was 2 per cent, with EBIT margins ranging from -35 per cent to 1 per cent.

Smartphone shipments drives sales growth

In 2024, the smartphone market picked up, and the positive trend was visible in Precise's figures. In Q4 2024, royalties and licenses increased by 91 and 17 per cent, respectively, year over year, amounting to MSEK 16.2 for the quarter. We assume that the positive sales trend will continue as smartphone volumes are improving.

Sales to grow by 19 per cent

Looking forward, we estimate sales in 2025 to increase by approximately 19 per cent compared to 2024. In the following years, we model a CAGR of 22 per cent until the year 2029. We believe Precise Biometrics will be able to capitalise on its position within algorithms for ultrasonic sensors. These sensors are found in products on the market and offer high margins for the company. The company expects ultrasonic sensors to spread from the premium smartphones to the mid-segment, implying larger user volumes.

New verticals and modalities will generate revenue

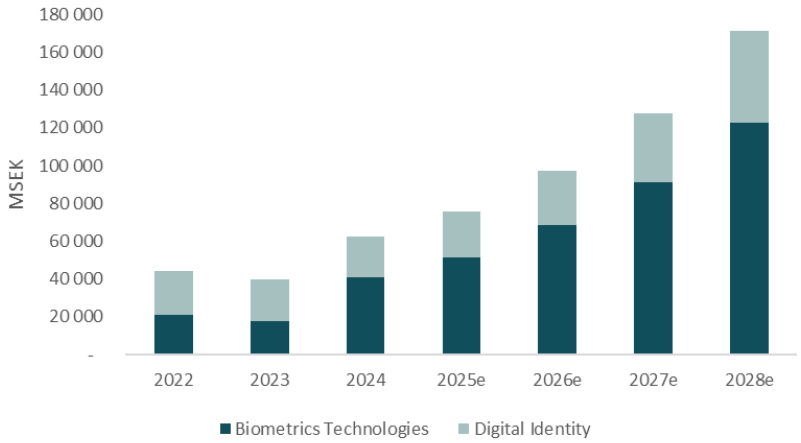
In our longer-term growth projection, we estimate that new verticals, such as automotive and retail sales, will grow. New verticals will not only diversify the revenue streams but also introduce products with a different lifecycle than sensors in smartphones. In the near term, the mobile segment will continue to be the dominant value driver. However, we expect sales volumes to fluctuate between quarters due to seasonality and product launches.

Digital Identity

The YOUNiQ concept to grow by 22 per cent

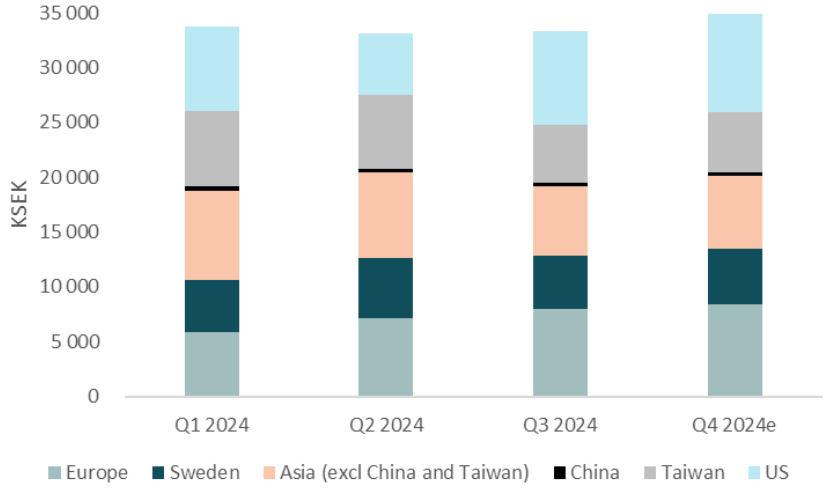
For Digital Identity, we estimate a steady CAGR of 22 per cent for the next 5 years. As described above, we expect rising demand for solutions like YOUNiQ Access and YOUNiQ Visit. In the latest report, Precise explicitly announced the first deals from the office in the Netherlands and mentioned increased interest in Norway and the UK. Since Q4 2022, ARR has increased by 13.6 per cent to MSEK 19.5 in Q4 2024. The business unit must show significantly stronger sales growth to meet our expectations.

Figure 5: Revenue by segment



Source: Västra Hamnen Corporate Finance

Figure 6: Revenue by selected geographies



Source: Västra Hamnen Corporate Finance

Gross margins and cost levels

Regarding costs, we have been focusing on COGS separately in the two segments.

Biometric Technologies

Biometric Technologies gross margins will reach 90 per cent

The gross margin for Biometric Technologies was 84 per cent in Q4 2024. We estimate that it will increase towards 90 per cent in the long term. In our model, this will happen in 2029. We assume that the ultrasonic algorithms will account for a larger share of the business unit's revenue, with higher prices and improved margins.

Digital Identity

Gross margins improves in Digital Identity towards 68 per cent

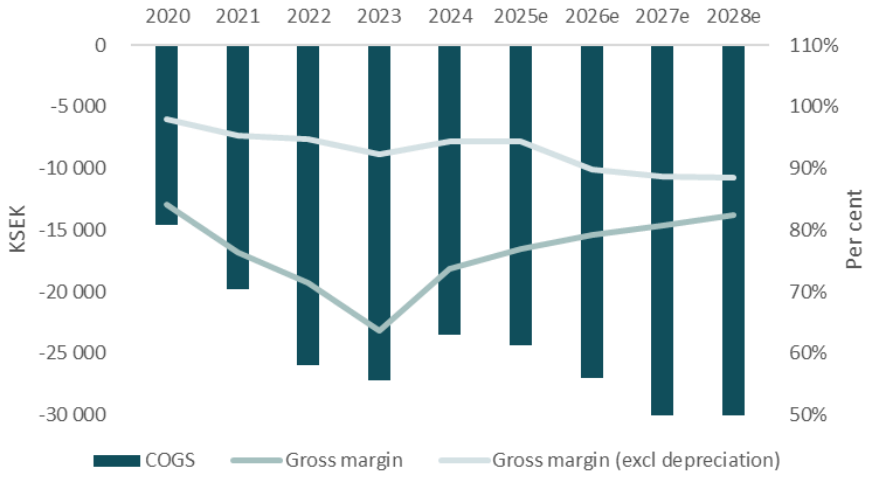
For Digital Identity, the gross margin amounted to 50 per cent in Q4 2024. The rise from earlier quarters is explained by the increased migration to cloud-based systems, which in turn means Precise's offer does not require hardware components to the same extent. Within Digital Identity, the gross margin has historically fluctuated. Compared to peers, though, it has remained relatively high. As the dependence on specific hardware decreases, our long-term estimate is that the gross margin for the business unit will eventually grow to 68 per cent.

When examining the company as a whole, the overall gross margin has been around 73 per cent during the last four quarters. With our projections for each business unit, we estimate that the total gross margin will increase to 83 per cent in the coming years.

Projection of adjusted gross margin

The gross margin estimates above include a component of depreciation attributable to the cost of goods sold. To make the metric more comparable to other companies, we calculate a version without this component - adjusted gross margin. See the chart below. Since most SaaS companies use cloud-based solutions, depreciation in COGS is rarely encountered.

Figure 7: COGS



Source: Västra Hamnen Corporate Finance

Operating expenses

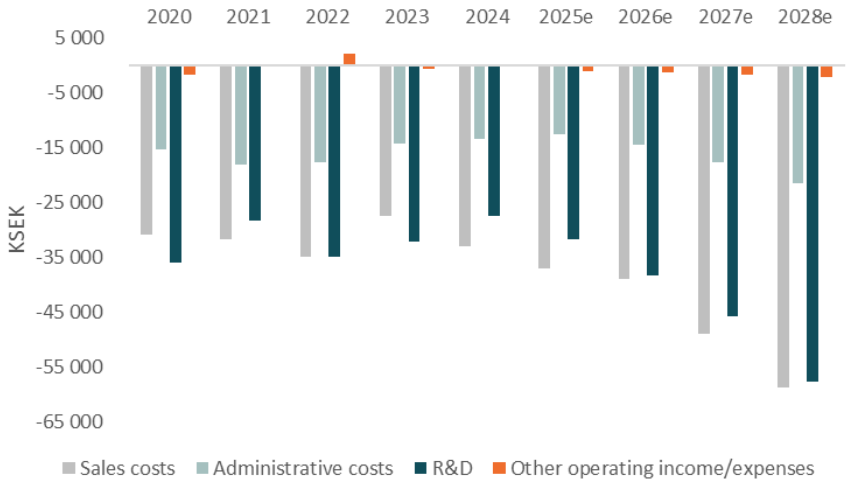
OPEX improvements lift margins

Operating expenses have been around MSEK 80 during the last couple of years. Marketing and sales expenses have fluctuated around the level of 38 per cent of sales, and we estimate these will decrease to 25 per cent as sales will be increasingly web-based in Digital Identity in the long term. This is a key reason for the improved estimated EBITDA and EBIT margins.

Historically, administrative expenses have amounted to approximately 20 per cent of sales. Per Q4 2024, the company employed 35 people, not including partners or external consultants. We do not believe that the company will expand its workforce in 2025.

Precise will continuously need to invest in software development, and we model for research and development expenses of 30 per cent of sales during the entirety of the projection period.

Figure 8: OPEX



Source: Västra Hamnen Corporate Finance

We see little reason for any extensive capital expenditure in the near future. We estimate investments in tangible and intangible assets as a percentage of total revenue per year based on historical expenditures throughout our forecast. Also, we expect Precise to maintain depreciation levels exceeding capital expenditures in the near future.

Increasing EBIT margin

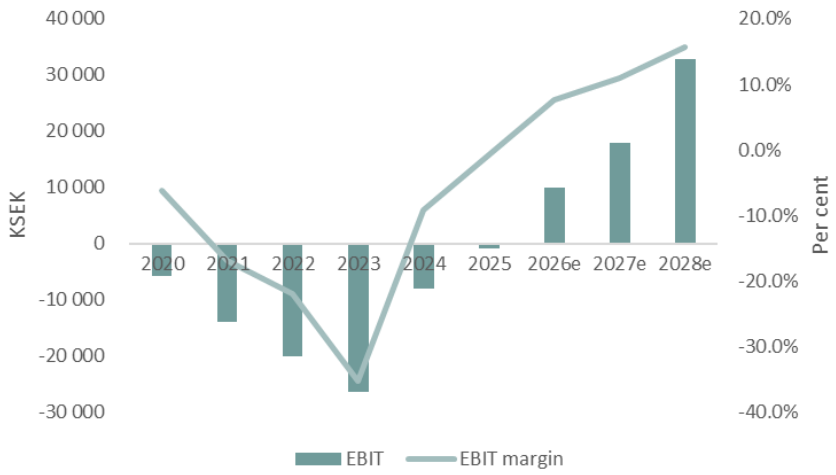
EBIT margin

We believe that growing demand for new generations of biometric sensors will increase the margins of Biometric Technology even further. Combined with strong growth from Digital Identity, we estimate the EBIT margin to steadily increase to about 26 per cent. Along with improved margins, we expect EBIT to increase rapidly, especially after 2027.

We anticipate operating leverage and successively increasing margins. The company is expected to be EBIT positive from Q1 2026 onwards and reach our EBIT margin target by 2032.

It is worth noting that our fair value is highly dependent on the projected sales development and earnings growth. Should Precise fall short of our estimates, we will have to revise our expectations.

Figure 9: EBIT margin



Source: Västra Hamnen Corporate Finance

What is the cash situation?

The company has carried out a series of issues in recent years, both directed and preferential. The most recent was a right issue in March 2023, which was subscribed to 100 per cent. This financing round provided Precise with approximately MSEK 50 before costs.

No need for external financing

In Q4 2024, Precise reported a cash position of approximately MSEK 37.7. With the positive cash flow in combination with growing sales, we see no further need for external capital, neither short-term nor long-term.

The debt situation

Precise has two instalments left of MSEK 5 each to settle the debt from the acquisition of EastCoast. The first will be carried out in Q4 2025, and the second during the same period the year after.

What is behind the numbers?

Deferred tax asset

In our research, we try to look beyond the reported numbers to see if the company uses accounting methods or reports items off the income statement or balance sheet that could impact our interpretation of its official figures. The underlying financials of the company could be stronger or weaker than they look at first glance, which could be important for our valuation.

Due to previously reported losses, we estimate that Precise accumulated losses of MSEK 739. Incurred losses can be used to offset future tax payments. Due to the acquisition of EastCoast in 2021, Precise's previously accumulated losses were blocked for group contributions until the start of the calendar year 2027. We estimate that this tax asset will imply that Precise will not pay taxes during our forecasted period.

What could go wrong?

Dependence of macro factors

The company's profitability has historically fluctuated with smartphone volumes. The dependence prevails but could be balanced by Digital Identity growth and the development of new verticals.

The automotive industry has been pressured by lower car sales lately. Precise's exposure is limited to car makers as of now, but expectations are high that it will become more substantial.

Competition

Precise faces competition from resourceful companies. The area is in constant change, and being on top of the competition is crucial for delivering value over time.

Technological shifts

The algorithms for ultrasonic fingerprint sensors are currently generating healthy margins. In the long term, Precise Biometrics must position itself for the next change.

Palm-based recognition is promising but not yet established.

Historically, price pressure in mature markets with older technologies has depleted profits for many of the competitors. This could potentially be repeated when the next sensor generation emerges.

The emergence of an alternative technology could seriously put our financial prospects at risk.

A concentrated customer base

Precise collaborates with a few large sensor manufacturers in Biometric Technologies, especially in the mobile segment. Cancelled orders or terminated partnerships could have a significant impact on sales and profitability.

Expansion risk in Digital Identity

Precise could fail in achieving sustainable, profitable growth with Digital Identity. Additionally, growth could be attained by acquisitions, which could put short-term pressure on the financial situation.

Regulatory risk

Biometric and AI data are sensitive information. The field is constantly evolving, and regulations are continuously updated, increasing the legal risk. Precise must ensure compliance with these regulations.

What is the fair value of the share?

DCF valuation

Our DCF calculation comprises two steps, see the appendix for details of the method. In the first step, we estimate the fair enterprise value based on our estimated projections. In the second step, we multiply the enterprise value with a risk coefficient, reflecting the probability of reaching our forecast. This method is recommended for companies before reaching sustainable profits.

The WACC amounts to 13.1 per cent

We derive the discount factor, the weighted average cost of capital (WACC), from the *capital asset pricing model* (CAPM). We use benchmarks for the equity risk premium and additional risk premia associated with small-cap companies as accounted for in PwC's report *Equity Risk Premium on the Swedish market* from 2024.[9] We also include the interest rate from Precise's long-term debt. The WACC in our model amounts to 13.1 per cent.

We apply a risk adjustment of 90 per cent

The risk adjustment in the model reflects Precise's potential to achieve sustainable profitability. In our model, the probability amounts to 90 per cent and is influenced by the company's progress to achieve recurring profitability.

Revenue growth, the ability to generate stable cash flows, and market conditions are inputs in our model. If the company reports consecutive profitable quarters, the probability could increase in our risk adjustment.

During the model's explicit period, the net present value of cash flows amounts to about MSEK 292. To this, we add a discounted terminal value of all cash flows from the last year onwards. We have used a terminal growth rate of 2 per cent. This sums up to a fair enterprise value of MSEK 608 before adjusting for risk. Risk-adjusted by 90 per cent, the estimated fair enterprise value is MSEK 547.

Our model suggests a fair value per share of SEK 7.25

To reach the market capitalisation from enterprise value, we add cash holdings and subtract interest-bearing debt. This leads us to a fair market valuation of the equity of MSEK 569, corresponding to an estimated fair value per share of SEK 7.25.

[9] PwC (2024), Riskpremiestudien: Fortsatt rekordhöga avkastningskrav | PwC

Table 2: DCF model assumptions

MSEK	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e
Total revenues	75.1	86.9	103.0	130.0	165.0	214.5	278.5	355.7
EBITDA	(1.7)	13.4	19.2	25.3	32.3	47.1	67.3	90.4
EBIT	(26.5)	(9.4)	(3.4)	7.8	15.7	31.0	50.8	73.0
EBIT margin	Neg.	Neg.	Neg.	6.0%	9.5%	14.4%	18.3%	20.5%
Adj. Taxes	0.0	0.0	0.0	0.0	0.0	0.0	(0.5)	(15.0)
NOPLAT (= EBIT - tax)	**(26.5)**	**(9.4)**	**(3.4)**	**7.8**	**15.7**	**31.0**	**50.4**	**58.0**
Depreciation	24.8	22.9	22.6	17.5	17.5	16.2	16.4	17.4
Capex + Working cap	(34.8)	(21.6)	(16.9)	(5.3)	(5.3)	(12.4)	(17.7)	(26.3)
Net cash flow	**(36.5)**	**(8.1)**	**2.3**	**20.0**	**27.9**	**34.8**	**49.1**	**49.1**

DCF (MSEK)	
WACC	13.1%
Enterprise value (EV)	608.1
Prob of profitability	90%
Risk adjusted EV	547.3
Warrants	0.0
Net cash (= cash - debt)	21.4
Fair value market cap	**568.7**
Diluted no of shares (M)	78.46
Fair value/share (SEK)	**7.25**

Sensitivity analysis (value per share, SEK)

WACC \ Prob of profitability	85%	90%	95%	100%
15%	5.55	5.86	6.17	6.49
14%	6.18	6.52	6.87	7.22
13%	6.86	7.25	7.64	8.03
12%	7.83	8.28	8.72	9.17
11%	8.96	9.47	9.98	10.49

Source: Västra Hamnen Corporate Finance

Peer valuation

In addition to our DCF valuation, we usually conduct a peer group valuation to assess how our justified value compares to the market's assumptions.

In this case, we argue that it is not appropriate to value Precise based on a single group of peers because of how different Precise's business units are. A solution would be to use two peer groups, one for each business unit.

This approach is limited to a comparison based on sales multiples since Precise reports revenues but not costs by business unit. Without a detailed breakdown of each unit, profitability measures such as EBIT and EBITDA cannot properly be calculated.

Therefore, we can only provide a multiple valuation based on EV/Sales, which is weighted by each of Precise's business units' contribution to total sales.

Furthermore, most of the listed Nordic peers within Biometric Technologies currently post losses. This is another reason why comparisons with this peer group can only be made using sales multiples.

In Tables 3 and 4, we show peers for the respective business unit compared with Precise as a whole. The figures provided illustrate how the market would value each of Precise's business units and what margins could be appropriate for Precise later on.

Table 3 – Biometric Technologies peer analysis

Company Name	Market cap	Enterprise value	LTM Sales	P/S	EV/S	LTM EBITDA Margin %	LTM Gross Margin %
IDEX	79	97	1	65.83x	80.83x	na	(26.6%)
Fingerprint	252	211	562	0.45x	0.38x	(33.2%)	10.4%
Next	645	601	73	8.88x	8.28x	(41.9%)	52.7%
Yubico	19 065	18 277	2 326	8.20x	7.86x	19.0%	81.6%
Average	**5010**	**4797**	**740**	**20.8x**	**24.3x**	**(14.0%)**	**29.5%**
Median	**449**	**406**	**317**	**8.5x**	**8.1x**	**(33.2%)**	**31.6%**
Precise Biometrics	**289**	**251**	**85**	**3.38x**	**2.94x**	**15.4%**	**72.6%**

Source: Västra Hamnen Corporate Finance

The average and median EV/S for the last twelve months' sales figures are 24.3 and 8.1 times. Yubico stands out by its high gross margin and high EBITDA margin of 82 and 19 per cent, respectively. We argue that Precise will reach a similar level during our forecasted period.

Table 4 – Digital Identity peer analysis

Company Name	Market cap	Enterprise value	LTM EV/S	LTM EV/EBITDA	NTM Forward P/E	LTM EBITDA Margin %	LTM Gross Margin %
Amido	118	111	3.4x	44.4x	na	7.6%	88.0%
Assa Abloy	368 485	438 738	2.9x	14.7x	21.06	19.9%	41.8%
Checkin.com	314	294	3.8x	21.6x	na	13.6%	108.0%
Cyviz	389	389	0.7x	10.7x	11.24	6.4%	53.3%
Dynavox Group	7 350	8 008	4.1x	18.7x	32.38	21.8%	68.8%
Physitrack	219	268	17.0x	35.3x	13.36	48.4%	24.3%
Flowscape	62	53	1.1x	6.2x	na	17.8%	95.7%
Formpipe Software AB	1 367	1 346	2.5x	14.4x	23.5	17.7%	100.0%
Tcecur	245	320	0.5x	8.9x	na	6.0%	51.7%
Average	**42 061**	**49 947**	**4.0x**	**19.4x**	**20.3x**	**17.7%**	**70.2%**
Median	**314**	**320**	**2.9x**	**14.7x**	**21.1x**	**17.7%**	**68.8%**
Precise Biometrics	**289**	**251**	**2.9x**	**18.77x**	**191.5x**	**15.4%**	**72.6%**

Source: Västra Hamnen Corporate Finance

In Digital Identity, we have compared the business unit to Nordic SaaS peers, which are profitable on an operating level. We believe Digital Identity aligns with the characteristics of a SaaS business.

The companies in our SaaS peer group have recurring revenues, indicating a stable and predictable source of income, high gross and EBITDA margins thanks to scalability, and an established and growing market position.

From Table 4, it seems as if Precise is being traded at a discount, both to the average EV/S multiple and on the EV/EBITDA multiple. It is also noticeable that Precise is above the average gross margin.

For the comparison, we have calculated the median multiples of the group and applied them to our weighted LTM sales for Precise's two segments. The value has been risk-adjusted based on our model assumptions. In summary, the peer analysis implies a fair value per share of SEK 7.01.

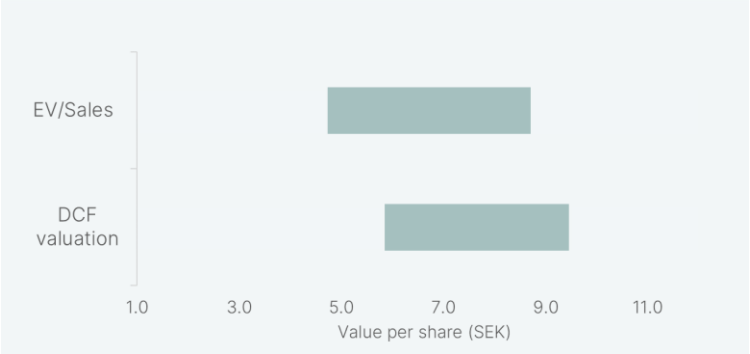
Table 5 – Fair value per share

	LTM Sales	EV/S
Median Biometrics Technologies		8.1x
Median Digital Identity		2.9x
Biometrics Technologies LTM Sales	65 424	75%
Digital Identity LTM Sales	21 429	25%
Precise Biometrics LTM Sales	86 853	100%
Weighted EV/Sales Multiple		**6.8x**
Fair value per share, SEK		**7.01**

Source: Västra Hamnen Corporate Finance

Finally, we have also used a wider range of assumptions in addition to our estimates. The DCF valuation range below is based on a WACC of 11-15 per cent, resulting in a justified price per share of SEK 5.9-9.5. For EV/S, we have used a range of EV/S multiples of 4.5x–8.5x, between our weighted EV/S multiple of 6.8. This results in an implied value per share of SEK 4.7-8.7.

Figure 10 – Football field DCF valuation and EV/Sales



Source: Västra Hamnen Corporate Finance

Value drivers and potential triggers

Smartphone shipments continue to improve

The bulk of Precise's revenue currently stems from smartphone sensor royalties and license fees. A downturn in the positive development for smartphone deliveries would imply less revenue for Precise.

Transition to biometric ultrasonic sensors

Precise Biometrics is well positioned for a transition to the new technological standard for biometrics in smartphones. The use of ultrasonic sensors will spread from premium smartphones to mid-segments of the market, implying larger volumes using them. However, the lifetime of ultrasonic sensors in smartphones is difficult to estimate.

Announcing customers in new verticals and modalities

The application of biometrics in other areas than smartphones is emerging. Today, the company has established collaborations with leading suppliers in the automotive industry. Retail sales and homebuilders are also promising areas for biometric solutions for validating payments or granting access.

Growing the Digital Identity business

Developing its concept within access and visitor systems holds significant potential. The addressable market is large and growing. Regarding sales growth, new geographical markets will drive ARR. Margins in the YOUNiQ Visit product will improve as it will be less dependent on specific hardware.

The company will be able to report additional key performance indicators typical for SaaS businesses as more data becomes available. KPIs such as churn, net retention revenue (NRR), average price per account (ARPA), and customer lifetime value (CLV) would help to further evaluate the efficiency and performance of the business unit.

Financial calendar

15 May 2025	Q1 report 2025
15 August 2025	Q2 report 2025
14 November 2025	Q3 report 2025
12 February 2026	Year-end report 2025

Appendix:
Valuation method

Early-stage companies usually report negative net profits and may have many years left until they turn a profit. Sometimes they even have years until their first significant sales revenues. The difficulty in valuing growth companies with limited historical records is that the valuation rests on uncertain estimates of future earnings, more uncertain than for companies with years of stable profits on record. There is little in terms of historical figures on which to base estimates of future revenues, future profit margins and other items.

To handle these challenges, we choose to follow a generally accepted method for valuing growth companies described by finance professor Aswath Damodaran among others. Instead of scaling the discount rate (WACC) to account for all the risks and uncertainties associated with a young company, we use a two-stage valuation approach: [10]

- First, we estimate fair enterprise value under the explicit assumption that the company survives until its first year of sustainable profits. We use a WACC commensurate with the circumstances of the company once it reaches profitability.

- - Second, we adjust the estimated enterprise value by multiplying it with a probability factor reflecting the likelihood that the company survives.

With each passing period after the initial valuation, the probability factor may be adjusted based on the company's development and our updated assessment of its chances of survival.

Discount rate WACC

To estimate the fair value of the company, we use a well-established model to calculate the present value of future cash flows. In this model, there are several assumptions and parameters that we discuss here.

An important factor in the model is the discount rate for the future cash flows. We use the company's weighted average cost of capital (WACC) and other recognised risk premiums. The WACC is derived from the weighted cost of equity and debt. To calculate the cost of equity, we use the Capital Asset Pricing Model (CAPM), with an added small-cap premium:

$$Re = Rf + Rp + \beta(Rm - Rf)$$

The risk-free rate (Rf), the market premium (Rm-Rf) and the small cap premium (Rp) are all taken from PwC's 2024 risk premium study.[11] The beta value for Precise's share is based on beta values for peers. The process can be described in three steps:

1. First, we calculate each company's beta where, according to Koller et.al (2020), we used monthly returns over five years.[12] As the identified peer companies are active on a global level, we have used the broad index S&P 500 as the market index.

[10] Damodaran, Aswath, (2009), Valuing Young, Start-up and Growth Companies: Estimation Issues and Valuation Challenges, Stern School of Business, New York University.
[11] PwC (2024), Riskpremiestudien: Fortsatt rekordhöga avkastningskrav | PwC
[12] Koller, Tim., Goedhart, Marc & Wessels, David. (2020). Valuation: Measuring and Managing the Value of Companies, John Wiley Sons Inc, 7th ed

2. We then calculate the unlevered beta for each company according to the formula: $\frac{B_L}{(1+\frac{D}{E}*(1-t))} = B_u$
   We can now calculate a median value of the beta values of the peer group without debt.
3. In the last step, we take into account the indebtedness of the Precise according to the formula: $B_u * \left(1 + \frac{D}{E} * (1-t)\right) = B_L$

By taking the capital structure into account in the beta calculation, we create a more dynamic beta value. This approach captures a leverage effect on equity which increases as leverage increases.

To conclude, we get a WACC of 13.1 per cent, to discount the cash flows.

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Financial overview

Income Statement - Annual Data

kSEK	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Net sales	91 018	75 069	86 852	103 032	130 029	165 041	214 471	278 517
Total revenue	**91 018**	**75 069**	**86 852**	**103 032**	**130 029**	**165 041**	**214 471**	**278 517**
Cost of goods sold	-25 982	-27 246	-23 786	-23 916	-27 043	-31 669	-37 577	-46 817
Adj Cost of goods sold*	-4 819	-5 802	-5 557	-5 930	-13 092	-18 459	-24 694	-33 732
Gross profit	**86 199**	**69 267**	**81 295**	**97 102**	**116 937**	**146 581**	**189 776**	**244 785**
Sales costs	-34 796	-27 420	-32 982	-36 061	-39 009	-49 512	-60 052	-75 200
Administrative costs	-17 613	-14 150	-13 789	-14 488	-16 567	-20 290	-24 860	-30 460
Other operating income/expe	2 262	-606	1 256	-1 030	-1 300	-1 650	-2 145	-2 785
R&D	-34 905	-32 105	-26 966	-30 910	-38 303	-46 211	-58 870	-72 414
OPEX	**-85 052**	**-74 281**	**-72 481**	**-82 489**	**-95 179**	**-117 664**	**-145 927**	**-180 860**
Adj OPEX**	-85 052	-70 960	-67 917	-77 885	-91 608	-114 282	-142 629	-177 510
EBITDA	**1 147**	**-1 693**	**13 378**	**19 218**	**25 329**	**32 299**	**47 147**	**67 275**
Amortisation & depreciation	-21 163	-24 767	-22 793	-22 591	-17 521	-16 592	-16 181	-16 434
EBIT	**-20 016**	**-26 460**	**-9 415**	**-3 373**	**7 808**	**15 708**	**30 966**	**50 840**
Financials, net	-3 453	-291	630	-1 628	-1 128	-628	-628	-628
EBT	**-23 469**	**-26 751**	**-8 785**	**-5 001**	**6 680**	**15 080**	**30 338**	**50 212**
Taxes	1 239	346	351	0	0	0	0	0
Net profit	**-22 230**	**-26 405**	**-8 434**	**-5 001**	**6 680**	**15 080**	**30 338**	**50 212**
Earnings per share (SEK)	**-0.05**	**-0.04**	**-0.01**	**0.02**	**0.04**	**0.06**	**0.09**	**0.13**
Growth (%)								
Net revenues	9.2%	-17.5%	15.7%	18.6%	26.2%	26.9%	30.0%	29.9%
EBITDA	-38.7%	na	na	43.7%	31.8%	27.5%	46.0%	42.7%
EBIT	na	na	na	na	na	101.2%	97.1%	64.2%
Net profit	na	na	na	na	na	125.7%	101.2%	65.5%
% of revenues (%)								
Gross margin	71.5%	63.7%	72.6%	76.8%	79.2%	80.8%	82.5%	83.2%
Adj gross margin	94.7%	92.3%	93.6%	94.2%	89.9%	88.8%	88.5%	87.9%
EBITDA margin	1.3%	neg	15.4%	18.7%	19.5%	19.6%	22.0%	24.2%
EBIT margin	neg	neg	neg	neg	6.0%	9.5%	14.4%	18.3%
EBT margin	neg	neg	neg	neg	5.1%	9.1%	14.1%	18.0%
Profit margin	neg	neg	neg	neg	5.1%	9.1%	14.1%	18.0%
Personnel costs	19.4%	18.8%	15.9%	14.1%	12.7%	12.3%	11.6%	10.9%
Total OPEX	93.4%	99.0%	83.5%	80.1%	73.2%	71.3%	68.0%	64.9%
Profitability (%)								
ROE	neg	neg	neg	neg	4.4%	9.0%	15.3%	20.2%
ROIC	neg	neg	neg	neg	5.5%	10.6%	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	400	523	564	618	776
Receivables	11 478	19 173	23 813	23 314	19 341	19 859	19 419	25 123
Other short-term receivables	3 643	3 499	3 123	4 538	7 771	10 713	15 255	15 896
Prepaid costs & accrued incc	3 397	2 903	2 804	4 158	5 626	7 189	8 969	11 499
Cash and cash equivalents	46 405	47 534	37 704	33 421	47 329	56 498	90 639	139 630
Total current assets	**65 234**	**73 468**	**67 686**	**65 832**	**80 589**	**94 822**	**134 900**	**192 924**
Tangible assets	9 090	6 447	10 639	10 639	10 639	10 639	10 639	10 639
Intangible assets	138 898	132 751	124 741	112 453	105 334	101 507	101 412	105 866
Financial assets	0	0	0	0	0	0	0	0
Total fixed assets	**147 988**	**139 198**	**135 380**	**123 092**	**115 973**	**112 146**	**112 051**	**116 505**
Total assets	**213 222**	**212 666**	**203 066**	**188 924**	**196 563**	**206 969**	**246 951**	**309 429**
Accounts payable	5 952	2 722	0	2 132	2 407	2 864	3 426	4 241
Accrued cost & prepaid incor	22 147	22 391	0	21 558	26 826	27 183	35 439	45 849
Other short term liabilities	1 732	2 307	0	1 702	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**	**35 621**	**31 480**	**37 439**	**32 765**	**42 409**	**54 675**
Long term liabilities	**25 350**	**17 460**	**16 281**	**11 281**	**6 281**	**6 281**	**6 281**	**6 281**
Total equity	**146 302**	**159 319**	**151 163**	**146 162**	**152 842**	**167 921**	**198 259**	**248 472**
Total equity and liabilities	**213 222**	**212 666**	**203 066**	**188 924**	**196 563**	**206 969**	**246 951**	**309 429**

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Operating activities	852	-1 238	14 122	17 590	24 201	31 671	46 519	66 647
Changes in w orking capital	3 079	-9 522	-4 068	-4 141	5 959	-4 674	9 644	12 266
Investing activities	-60 008	-25 316	-17 505	-10 303	-10 402	-12 765	-16 085	-20 889
Financing activities	38 313	37 287	-2 545	-5 000	-5 000	0	0	0
Cash flow for the period	**-17 764**	**1 211**	**-9 996**	**-1 854**	**14 758**	**14 233**	**40 078**	**58 024**
Beginning cash balance	64 102	46 405	47 534	37 702	35 848	50 605	64 838	104 916
Ending cash balance	**46 405**	**47 534**	**37 702**	**35 848**	**50 605**	**64 838**	**104 916**	**108 629**

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

kSEK	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025e	Q2 2025e	Q2 2025e	Q2 2025e
Net sales	21 684	20 582	22 799	21 787	23 419	24 773	26 475	28 365
Total revenue	**21 684**	**20 582**	**22 799**	**21 787**	**23 419**	**24 773**	**26 475**	**28 365**
Cost of goods sold	-6 027	-5 881	-5 863	-6 015	-5 517	-5 792	-6 123	-6 484
Adj Cost of goods sold*	-1 283	-1 281	-1 365	-1 628	-980	-1 295	-1 645	-2 010
Gross profit	**20 401**	**19 301**	**21 434**	**20 159**	**22 439**	**23 479**	**24 829**	**26 356**
Sales costs	-8 484	-9 399	-6 705	-8 394	-8 197	-8 671	-9 266	-9 928
Administrative costs	-3 850	-3 744	-2 495	-3 700	-3 717	-3 592	-3 497	-3 681
Other operating income/expe	658	-135	-260	993	-234	-248	-265	-284
R&D	-6 808	-7 086	-6 325	-6 747	-7 026	-7 432	-7 942	-8 510
OPEX	**-18 484**	**-20 364**	**-15 785**	**-17 848**	**-19 173**	**-19 943**	**-20 971**	**-22 402**
Adj OPEX**	-17 332	-19 212	-14 648	-16 725	-18 012	-18 791	-19 825	-21 257
EBITDA	**3 069**	**89**	**6 786**	**3 434**	**4 427**	**4 687**	**5 005**	**5 099**
Amortisation & depreciation	-5 895	-5 752	-5 636	-5 510	-5 698	-5 649	-5 623	-5 620
EBIT	**-2 826**	**-5 663**	**1 150**	**-2 076**	**-1 271**	**-962**	**-619**	**-521**
Financials, net	-229	10	159	690	-407	-407	-407	-407
EBT	**-3 055**	**-5 653**	**1 309**	**-1 386**	**-1 678**	**-1 369**	**-1 026**	**-928**
Taxes	86	88	88	89	0	0	0	0
Net profit	**-2 969**	**-5 565**	**1 397**	**-1 297**	**-1 678**	**-1 369**	**-1 026**	**-928**
Earnings per share (SEK)	**-0.00**	**-0.01**	**0.00**	**-0.00**	**-0.00**	**-0.00**	**-0.00**	**-0.00**
Y-o-Y Growth (%)								
Net revenues	13.2%	15.1%	28.7%	7.3%	8.0%	20.4%	16.1%	30.2%
EBITDA	na	na	na	480.1%	44.3%	5166.5%	-26.3%	48.5%
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%	76%	77%	77%	77%
Adj gross margin	94%	94%	94%	93%	96%	95%	94%	18.0%
EBITDA margin	14.2%	0.4%	29.8%	15.8%	18.9%	18.9%	18.9%	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	13.0%
Personnel costs	17.8%	18.2%	10.9%	17.0%	15.9%	14.5%	13.2%	79.0%
Total OPEX	85.2%	98.9%	69.2%	81.9%	81.9%	80.5%	79.2%	
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 2025e	Q2 2025e	Q2 2025e	Q2 2025e
Inventories	292	291	231	242	305	333	365	400
Receivables	26 845	19 897	15 836	23 813	23 098	23 076	23 211	23 314
Other short-term receivables	3 016	3 579	4 388	3 123	3 747	3 964	4 236	4 538
Accrued cost & prepaid incor	3 056	3 091	2 710	2 804	3 576	3 645	3 742	4 158
Cash and cash equivalents	41 148	41 746	41 650	37 704	30 123	32 836	35 754	33 421
Total current assets	**74 357**	**68 604**	**64 815**	**67 686**	**60 850**	**63 853**	**67 307**	**65 832**
Tangible assets	11 312	10 413	9 645	10 639	10 639	10 639	10 639	10 639
Finacial assets	0	0	0	0	0	0	0	0
Intangible assets	130 804	128 620	126 408	124 741	121 385	118 213	115 237	112 453
Total fixed assets	**142 116**	**139 033**	**136 053**	**135 380**	**132 024**	**128 852**	**125 876**	**123 092**
Total assets	**216 473**	**207 637**	**200 868**	**203 066**	**192 873**	**192 705**	**193 183**	**188 924**
Accounts payable	0	0	2 752	0	1 814	1 904	2 013	2 132
Accrued cost & prepaid incor	0	0	17 301	0	17 798	18 828	20 121	21 558
Other short term liabilities	0	0	1 376	0	1 405	1 486	1 588	1 702
Derivative Securities	0	0	6 089	0	6 089	6 089	6 089	6 089
Total current liabilities	**37 350**	**34 805**	**27 518**	**35 621**	**27 106**	**28 307**	**29 811**	**31 480**
Long term liabilities	**22 614**	**21 904**	**21 150**	**16 281**	**16 281**	**16 281**	**16 281**	**11 281**
Total equity	**156 509**	**150 927**	**152 200**	**151 163**	**149 485**	**148 116**	**147 090**	**146 162**
Total equity and liabilities	**216 473**	**207 636**	**200 868**	**203 066**	**192 873**	**192 705**	**193 183**	**188 924**

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025e	Q2 2025e	Q2 2025e	Q2 2025e
Operating activities	2 949	79	6 826	4 268	4 020	4 280	4 598	4 692
Changes in w orking capital	-5 781	3 776	-3 552	1 489	-9 259	910	968	812
Investing activities	-3 024	-2 598	-2 670	-9 213	-2 342	-2 477	-2 647	-2 837
Financing activities	-623	-640	-641	-641	0	0	0	-5 000
Cash flow for the period	**-6 479**	**617**	**-37**	**-4 097**	**-7 581**	**2 713**	**2 918**	**-2 333**
Beginning cash balance	47 534	41 148	41 746	41 650	37 704	30 123	32 836	35 754
Ending cash balance	**41 148**	**41 746**	**41 650**	**37 704**	**30 123**	**32 836**	**35 754**	**33 421**

Source: Västra Hamnen Corporate Finance

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