

Update: Report Q2 2025

2025-08-19

Precise Biometrics: Market uncertainty slows Q2

- Fast-growing demand for biometric cybersecurity solutions
- Digital Identity growth remains slow
- Despite adjustments we keep the fair value at SEK 7.25 per share



Precise Biometrics (Precise) reported figures slightly below our estimates in its recent Q2 report. Revenue came in at MSEK 20.8, and costs at MSEK 21. Overall, the EBITDA was MSEK 0.9 lower than expected.

The revenue was partly impacted by 1 MSEK due to the renegotiated customer contract mentioned in the Q1 report. The new agreement re-allocates sales from Q2 to Q4 this year, leaving the full-year estimate from the contract unchanged.

Precise's performance was once again adversely affected by currency headwinds, amounting to MSEK 0.9. EBITDA adjusted for the currency effect and the changed customer agreement, would have come in positive at MSEK 1.4.

CEO **Joakim Nydemark** highlighted in Västra Hamnen's [interview](#) that customers remain affected by market uncertainty, resulting in longer sales cycles.

In our previous comment, we emphasised that growing the *Digital Identity* business is a significant value driver in the investment case. Despite several initiatives, the segment continues to grow slowly. Furthermore, one of the larger installations within *Precise Access*, corresponding to MSEK 0.8 in annual recurring revenue (ARR), was cancelled due to a customer defaulting.

The weak growth prompts us to lower our near-term outlook. We adjust our expectations for Digital Identity in 2025 by MSEK 1.5, implying total sales of MSEK 87.5 for 2025. We also lower our sales estimates for 2026, from MSEK 130 to MSEK 115.

Despite the adjustments, the long-term value is little affected, and our model still suggests a fair value of SEK 7.25 per share.

Our model indicates significant potential in Precise's business, supported by the fast-growing demand for biometric cybersecurity solutions. We expect the company to deliver higher growth in both Biometric Technologies and Digital Identity in the next six to twelve months.

Table 1: Financial Overview

MSEK	2022	2023	2024	2025e	2026e
Total revenues	91,0	75,1	86,9	87,5	115,1
Growth (%)	9,2%	-17,5%	15,7%	0,7%	31,6%
Gross margin (%)	71,5%	63,7%	72,6%	74,1%	78,9%
Adj gross margin	94,7%	92,3%	93,6%	92,9%	91,3%
EBITDA	1,1	-1,7	13,4	1,9	20,5
EBITDA margin (%)	1,3%	neg	15,4%	2,2%	17,8%
EBT	-23,5	-26,8	-8,8	-20,0	1,2
Cash holdings	46,4	47,5	37,7	20,9	24,8
Total assets	213,2	212,7	203,1	176,8	175,6
Total equity	146,3	159,3	151,2	131,2	132,3
Solidity (%)	68,6%	74,9%	74,4%	74,2%	75,3%
P/E	neg	neg	neg	neg	183,3
ROE	neg	neg	neg	neg	0,9%
EV/EBIT (x)	neg	neg	neg	neg	70,7
EV/Sales (x)	2,0	2,4	2,0	2,0	1,5

Source: Västra Hamnen Corporate Finance

The palm project nearing production**Biometric Technologies***Pilot project in the US*

During the quarter, multiple pilot projects were initiated in the US within access solutions. In the recent video interview, Nydemark was optimistic and hoped to be able to announce additional partners shortly. The goal of expanding the partner network is to strengthen market presence and penetration within the palm segment.

Precise's business partner, **HandID** is approaching a final version of its palm reader after a slight delay. HandID is preparing for mass production starting in Q4 2025, with commercial sales expected in Q1 2026. We forecast that hand recognition will be a significant factor for driving growth in 2026, given that no further delays occur.

Commercial progress in India*BioLive*

In Q1, Precise's anti-spoof solution *BioLive* was approved for the Indian national identity program *Aadhaar*. In Q2, Precise reported further progress with the first commercial contracts signed with suppliers to the program. Nydemark expects initial sales in Q4 this year, followed by additional sales in Q1 2026 and beyond. Given the scale of the project, we expect longer lead times and do not yet include this potential revenue stream in our valuation.

The mobile phone segment

The company reported multiple new projects within the mobile phone segment. Existing customers are providing solid volumes, but with lower growth due to geopolitical uncertainty. Relationships with larger customers such as **Qualcomm** and **EgisTech** are developing positively, generating stable revenues.

Last year in H2, we saw a sharp increase in revenue from Q2 to Q3, driven by higher mobile volumes, only to fall back in Q4. The market misinterpreted this volatility as weak performance, overlooking that volumes in this segment naturally fluctuate between quarters. We underline the importance of focusing on the longer-term trend rather than single-quarter variations.

Initiatives to drive growth**Digital Identity***Revised product packaging*

The growth within Digital Identity and its access solutions has been flat during the first half of the year. The company has placed a strong focus on the segment in 2025, launching multiple initiatives. *Precise Visit by EastCoast* has been divided into three product packages to create a clearer and more attractive offering. Together with an adjusted product portfolio, a new website supporting online sales, a larger salesforce, and expansion into new geographical markets, the company expects higher growth within Digital Identity in the second half of 2025.

Financial update after Q2

Table 2 presents the differences between our estimates and the actual outcome for the quarter. Overall, we note modest discrepancies in the Q2 report.

With slightly lower revenue and higher costs than expected, overall EBITDA was MSEK 0.9 below our estimate. Notably, amortisation and depreciation were MSEK 0.4 lower than expected, explained by reduced depreciation in COGS.

Despite smaller deviations elsewhere, we note that the Cash and Equivalents was MSEK 4.4 higher than our estimates. The difference is due to a decrease in accounts receivable, which in turn resulted in a larger cash balance than expected for the quarter.

Table 2: Estimates vs actual, Q2 2025

kSEK	Q2 '24	Q2 '25e	Q2'25 act	Diff
Net Revenues	20 582	21 027	20 784	-243
Total Revenues	20 582	21 027	20 784	-243
Cost of Goods Sold	-5 881	-5 347	-5 505	-158
Adj Cost of Goods Sold*	-1 281	-898	-1 405	-507
Gross Profit	19 301	20 129	19 379	-750
Administrative costs	-3 744	-4 039	-3 886	153
Sales costs	-9 399	-8 411	-9 101	-690
R&D expenses	-7 086	-7 359	-7 149	210
Other Operating Expenses	-135	-1 051	-850	201
Total OPEX	-20 364	-20 861	-20 986	-125
Adj OPEX**	-19 212	-19 745	-19 926	-181
EBITDA	89	384	-547	-931
Amortisation and Depreciation	-5 752	-5 565	-5 160	405
EBIT	-5 663	-5 181	-5 707	-526
Net Financial Items	10	-481	-150	331
EBT	-5 653	-5 662	-5 857	-195
Taxes	88	0	87	87
Net Profit	-5 565	-5 662	-5 770	-108
Cash and Equivalents	41 746	29 172	33 577	4 405
Total Equity	150 927	137 967	138 069	102

Source: Västra Hamnen Corporate Finance

*Adjusted for depreciation in COGS

**Adjusted for depreciation in OPEX

Revised near-term expectations

In our [initial analysis](#), we modelled for a short-term growth rate in Digital Identity, which proved to be too optimistic. Given customer uncertainty and longer sales cycles, we have reduced our expectations for the near term but keep the long-term scenario.

As a result, our sales estimate for 2025 is lowered by MSEK 1.5, to MSEK 87.5. This adjustment includes the renegotiated customer contract, which will add MSEK 2 in Q4. The slower growth has also led us to revise our 2026 sales estimate from MSEK 130 to 115.

The lost revenue from the defaulted customer of MSEK 0.8, combined with weaker growth in Digital Identity, has led us to slightly lower our ARR estimate for 2025 and 2026.

Currency headwind set to ease

On the cost side, we are only making minor adjustments. Higher marketing, sales and R&D expenses lead us to forecast slightly higher costs in the coming quarters. Unfavourable movements in the exchange rate affected Q2 figures by MSEK 0.9. We believe that the currency headwind during the first half of 2025 will ease in the second half of the year.

The gross margin in line with estimates

The gross margin for Biometric Technologies and Digital Identity was 82.2 and 49.2 per cent respectively, implying 73.5 per cent in total. The overall gross margin is in line with our estimates and two basis points higher than a year ago. Digital Identity delivers higher margins than estimated, due to lower amortisation on COGS.

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

Higher growth rate required

We regard Precise as a growth case and expect higher growth than what was achieved in H1 2025. If the company can translate the increased sales and marketing initiatives into revenue, we believe there is significant upside in the valuation. However, the weak first half of 2025 called for adjustments, and the company now needs to convince us that Precise truly is a growth case.

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	87 452	115 058	163 938	215 215	280 590
Total revenue	91 018	75 069	86 852	87 452	115 058	163 938	215 215	280 590
Cost of goods sold	-25 982	-27 246	-23 786	-22 665	-24 324	-31 173	-37 875	-47 614
Adj Cost of goods sold*	-4 819	-5 802	-5 557	-6 251	-10 004	-17 741	-24 811	-34 368
Gross profit	86 199	69 267	81 295	81 201	105 054	146 197	190 404	246 223
Sales costs	-34 796	-27 420	-32 982	-35 146	-35 668	-50 821	-60 260	-75 759
Administrative costs	-17 613	-14 150	-13 789	-15 841	-17 270	-21 145	-25 907	-31 743
Other operating income/expe	2 262	-606	1 256	-3 847	-1 409	-1 639	-2 152	-2 806
R&D	-34 905	-32 105	-26 966	-28 687	-33 871	-45 903	-59 070	-72 953
OPEX	-85 052	-74 281	-72 481	-83 521	-88 218	-119 508	-147 389	-183 262
Adj OPEX**	-85 052	-70 960	-67 917	-79 311	-84 516	-116 035	-144 012	-179 837
EBITDA	1 147	-1 693	13 378	1 890	20 538	30 162	46 392	66 386
Amortisation & depreciation	-21 163	-24 767	-22 793	-20 624	-18 022	-16 905	-16 441	-16 671
EBIT	-20 016	-26 460	-9 415	-18 734	2 516	13 257	29 950	49 714
Financials, net	-3 453	-291	630	-1 309	-1 362	-862	-862	-862
EBT	-23 469	-26 751	-8 785	-20 043	1 154	12 395	29 088	48 852
Taxes	1 239	346	351	173	0	0	0	0
Net profit	-22 230	-26 405	-8 434	-19 870	1 154	12 395	29 088	48 852
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%	0,7%	31,6%	42,5%	31,3%	30,4%
EBITDA	-38,7%	na	na	-85,9%	986,6%	46,9%	53,8%	43,1%
EBIT	na	na	na	na	na	426,9%	125,9%	66,0%
Net profit	na	na	na	na	na	974,1%	134,7%	67,9%
% of revenues (%)								
Gross margin	71,5%	63,7%	72,6%	74,1%	78,9%	81,0%	82,4%	83,0%
Adj gross margin	94,7%	92,3%	93,6%	92,9%	91,3%	89,2%	88,5%	87,8%
EBITDA margin	1,3%	neg	15,4%	2,2%	17,8%	18,4%	21,6%	23,7%
EBIT margin	neg	neg	neg	neg	2,2%	8,1%	13,9%	17,7%
EBT margin	neg	neg	neg	neg	1,0%	7,6%	13,5%	17,4%
Profit margin	neg	neg	neg	neg	1,0%	7,6%	13,5%	17,4%
Personnel costs	19,4%	18,8%	15,9%	18,1%	15,0%	12,9%	12,0%	11,3%
Total OPEX	93,4%	99,0%	83,5%	95,5%	76,7%	72,9%	68,5%	65,3%
Profitability (%)								
ROE	neg	neg	neg	neg	0,9%	8,6%	16,7%	21,9%
ROIC	neg	neg	neg	neg	1,7%	8,6%	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	347	473	545	608	760
Receivables	11 478	19 173	23 813	18 805	17 706	19 794	19 563	25 311
Other short-term receivables	3 643	3 499	3 123	3 922	7 131	10 705	15 411	16 078
Prepaid costs & accrued incc	3 397	2 903	2 804	3 589	5 143	7 154	9 019	11 559
Cash and cash equivalents	46 405	47 534	37 704	20 914	24 768	31 608	64 706	112 445
Total current assets	65 234	73 467	67 686	47 577	55 221	69 806	109 307	166 152
Tangible assets	9 090	6 447	10 639	12 944	12 944	12 944	12 944	12 944
Intangible assets	138 898	132 751	124 741	116 272	107 455	103 229	102 929	107 302
Financial assets	0	0	0	0	0	0	0	0
Total fixed assets	147 988	139 198	135 380	129 216	120 399	116 173	115 873	120 246
Total assets	213 222	212 665	203 066	176 794	175 620	185 979	225 179	286 398
Accounts payable	5 952	2 722	0	2 514	2 224	2 842	3 484	4 312
Accrued cost & prepaid incor	22 147	22 391	0	22 062	24 558	27 093	35 703	46 192
Other short term liabilities	1 732	2 307	0	1 471	1 939	2 709	3 570	4 619
Derivative Securities	11 739	8 466	0	5 961	5 961	0	0	0
Total current liabilities	41 570	35 886	35 622	32 008	34 681	32 644	42 757	55 124
Long term liabilities	25 350	17 460	16 281	13 623	8 623	8 623	8 623	8 623
Total equity	146 302	159 319	151 163	131 161	132 315	144 710	173 798	222 650
Total equity and liabilities	213 222	212 665	203 066	176 794	175 620	185 979	225 179	286 398

Source: Västra Hamnen Corporate Finance

Cash flow statement								
kSEK	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Operating Activities	852	-1 238	14 122	468	19 176	29 300	45 529	65 523
Changes in working capital	3 079	-9 283	-4 068	-3 374	2 673	-2 037	10 113	12 367
Investing activities	-60 008	-25 316	-17 505	-11 100	-9 205	-12 678	-16 141	-21 044
Financing activities	38 313	37 287	-2 545	-5 787	-5 000	0	0	0
Cash flow for the period	-17 764	1 450	-9 996	-19 793	7 644	14 585	39 501	56 846
Beginning cash balance	64 102	46 405	47 534	37 702	17 591	25 235	39 820	25 235
Ending cash balance	46 405	47 534	37 702	17 591	25 235	39 820	79 321	82 080

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data								
kSEK	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025e	Q4 2025e
Net sales	21 684	20 582	22 799	21 787	20 007	20 784	22 147	24 514
Total revenue	21 684	20 582	22 799	21 787	20 007	20 784	22 147	24 514
Cost of goods sold	-6 027	-5 881	-5 863	-6 015	-5 615	-5 505	-5 810	-5 735
Adj Cost of goods sold*	-1 283	-1 281	-1 365	-1 628	-1 328	-1 405	-1 748	-1 770
Gross profit	20 401	19 301	21 434	20 159	18 679	19 379	20 399	22 744
Sales costs	-8 484	-9 399	-6 705	-8 394	-8 804	-9 101	-8 416	-8 825
Administrative costs	-3 850	-3 744	-2 495	-3 700	-3 944	-3 886	-3 966	-4 045
Other operating income/expen	658	-135	-260	993	-1 597	-850	-664	-735
R&D	-6 808	-7 086	-6 325	-6 747	-7 097	-7 149	-7 087	-7 354
OPEX	-18 484	-20 364	-15 785	-17 848	-21 442	-20 986	-20 133	-20 960
Adj OPEX**	-17 332	-19 212	-14 648	-16 725	-20 367	-19 926	-19 083	-19 935
EBITDA	3 069	89	6 786	3 434	-1 688	-547	1 316	2 809
Amortisation & depreciation	-5 895	-5 752	-5 636	-5 510	-5 362	-5 160	-5 112	-4 990
EBIT	-2 826	-5 663	1 150	-2 076	-7 050	-5 707	-3 796	-2 181
Financials, net	-229	10	159	690	-228	-150	-466	-466
EBT	-3 055	-5 653	1 309	-1 386	-7 278	-5 858	-4 261	-2 647
Taxes	86	88	88	89	86	87	0	0
Net profit	-2 969	-5 565	1 397	-1 297	-7 192	-5 770	-4 261	-2 647
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%	1,0%	-2,9%	12,5%
EBITDA	na	na	na	480,1%	na	na	-80,6%	-18,2%
EBIT	na							
Net profit	na							
% of revenues (%)								
Gross margin	72%	71%	74%	72%	72%	74%	74%	77%
Adj gross margin	94%	94%	94%	93%	93%	93%	92%	11,5%
EBITDA margin	14,2%	0,4%	29,8%	15,8%	neg	neg	5,9%	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	16,5%
Personnel costs	17,8%	18,2%	10,9%	17,0%	19,7%	18,7%	17,9%	85,5%
Total OPEX	85,2%	98,9%	69,2%	81,9%	107,2%	101,0%	90,9%	
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 2025	Q3 2025e	Q4 2025e
Inventories	292	291	231	242	222	225	339	347
Receivables	26 845	19 897	15 836	23 813	22 748	15 120	16 990	18 805
Other short-term receivables	3 016	3 579	4 388	3 123	2 922	3 918	3 544	3 922
Prepaid costs & accrued incc	3 056	3 091	2 710	2 804	3 184	2 822	3 127	3 589
Cash and cash equivalents	41 148	41 746	41 650	37 704	36 036	33 577	28 662	20 914
Total current assets	74 357	68 604	64 815	67 686	65 113	55 662	52 660	47 577
Tangible assets	11 312	10 413	9 645	10 639	13 174	12 944	12 944	
Financial assets	0	0	0	0	0	0	0	0
Intangible assets	130 804	128 620	126 408	124 741	123 230	121 708	118 811	116 272
Total fixed assets	142 116	139 033	136 053	135 380	136 404	134 652	131 755	129 216
Total assets	216 473	207 636	200 868	203 066	201 517	190 314	184 415	176 794
Accounts payable	0	0	2 752	0	0	0	2 547	2 514
Accrued cost & prepaid incor	0	0	17 301	0	0	0	22 147	22 062
Other short term liabilities	0	0	1 376	0	0	0	1 329	1 471
Derivative Securities	0	0	6 089	0	0	0	5 961	5 961
Total current liabilities	37 350	34 805	27 518	35 621	38 656	33 621	31 984	32 008
Long term liabilities	22 614	21 904	21 150	16 281	19 233	18 623	18 623	13 623
Total equity	156 509	150 927	152 200	151 163	143 629	138 069	133 808	131 161
Total equity and liabilities	216 473	207 636	200 868	203 066	201 517	190 314	184 415	176 794

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025e	Q4 2025e
Operating Activities	2 949	0	6 826	4 268	-2 024	-702	850	2 343
Changes in w orking capital	-5 781	3 776	-3 552	1 489	4 127	2 009	-3 551	-2 640
Investing activities	-3 024	-2 598	-2 670	-9 213	-3 001	-3 433	-2 215	-2 451
Financing activities	-623	-640	-641	-641	-601	-186	0	-5 000
Cash flow for the period	-6 479	617	-37	-4 097	-1 499	-2 312	-4 915	-7 748
Beginning cash balance	47 534	41 148	41 746	41 650	37 704	36 036	33 577	28 662
Ending cash balance	41 148	41 746	41 650	37 704	36 036	33 577	28 662	20 914

Source: Västra Hamnen Corporate Finance

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