

# Q4



## PRECISE BIOMETRICS YEAR-END REPORT 2020

## An eventful year with a stable financial position

YEAR-END REPORT FOR THE PERIOD JANUARY TO DECEMBER 2020

### **FOURTH QUARTER**

- Net sales totaled SEK 22.5 (38.8) million.
- EBITDA totaled SEK 0.7 (16.0) million.
- The operating profit/loss totaled SEK -2.6 (12.5) million.
- Earnings for the period totaled SEK -8.8 (13.4) million.
- Earnings per share totaled SEK -0.02 (0.04).
- Cash flow from operating activities totaled SEK 12.2 (14.3) million.

### **FULL-YEAR PERIOD, JANUARY-DECEMBER**

- Net sales totaled SEK 92.3 (91.9) million.
- EBITDA totaled SEK 6.9 (13.8) million.
- The operating profit/loss totaled SEK -5.8 (0.7) million.
- Earnings for the period totaled SEK -12.2 (1.0) million.
- Earnings per share totaled SEK -0.03 (0.00).
- Cash flow from operating activities was strengthened and totaled SEK 21.9 (-0.5) million.

### **SIGNIFICANT EVENTS DURING THE QUARTER**

- YOUNiQ integrated with Telcred and Axis Communication's system. First installation operational at Zynka Group's head office in Gothenburg
- Collaboration with Sehlhall Fastigheter on YOUNiQ

### **SIGNIFICANT EVENTS AFTER THE END OF THE FULL-YEAR PERIOD**

- Collaboration with Sensative on the integration of YOUNiQ with Sensative's Yggio platform
- Commercial agreement with Clarkson University on the installation of YOUNiQ in the business incubator North Country Incubator. This installation is the first one in the USA.

## FINANCIAL DATA AND KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

### KEY INDICATORS

	2020 Q4	2019 Q4	2020 Full-Year	2019 Full-Year
Net sales	22 494	38 816	92 349	91 927
Net sales growth, %	-42,0%	178,3%	0,5%	35,9%
Gross margin, %	84,7%	91,9%	84,2%	86,4%
EBITDA	703	15 997	6 862	13 791
Operating profit/loss	-2 625	12 534	-5 792	651
Operating margin, %	-11,7%	32,3%	-6,3%	0,7%
Cash flow from the operating activities	12 215	14 257	21 896	-477
Cash and cash equivalents	76 258	73 676	76 258	73 676

See the Financial Glossary for definitions.

### INVITATION TO PRESENTATION OF THE YEAR-END REPORT

In connection with today's year-end report, Precise invites investors and the media to an informational conference call.

**The conference call starts at 10:00 AM on February 16.**

Link to all public information such as link to webcast and participant number for the telephone conference:

<https://financialhearings.com/event/13013>

To take part, click on the link above to listen to and follow the presentation online, or call one of the following numbers to follow by phone.

SE: +46850558352

UK: +443333009265

You will be asked to state your name when you connect to the conference call and there will be an opportunity to ask questions in Swedish. The conference call will be held in English.

Participating on behalf of Precise:

**Stefan K Persson, CEO**

**Ulrik Nilsson, CFO**

## CEO COMMENTS

During 2020 we confirmed our stable position in the Mobile segment, where we continue to gain ground together with our customers in a competitive market. Our strategy to work in a focused way with a smaller number of partners and to move closer to the end customer has produced results in the form of increased income and positive cash flow during the year. This, combined with good cost control, has resulted in a stable financial position, enabling continued investments in our prioritized areas. We have also made major progress in the commercialization of YOUNiQ through new customers and strategic partnerships.

Along with the increased use of digital products and service, there is an increased need for more convenient and secure identification solutions. In the wake of Covid-19, there has been increased interest in Precise YOUNiQ, contactless identification solutions in public environments, and during the fourth quarter the commercialization of YOUNiQ continued in the application area of access. Through the agreement with Sehlhall Fastigheter, we can now offer our facial recognition technology for secure, convenient access to their properties. This agreement is an example of how YOUNiQ enhances our customers' offering through an improved user experience and security.

After the end of the quarter we also entered into a collaboration with another platform provider – Sensative – in line with our strategy to integrate YOUNiQ with open platforms. We will continue to identify and enter into partnerships of this kind with a view to creating solutions that focus on the end customer's needs. Another gratifying event saw the first commercial installation being carried out in the USA, where Clarkson University, through their business incubator North Country Incubator, chose to install YOUNiQ at their premises. In 2021 we will continue to invest in this application in order to further accelerate the rate of commercialization for YOUNiQ. The main focus is the Swedish market, and to continue to develop our sales channels in the USA and to prepare to move into other Nordic countries.

We continued to win projects in the Mobile segment thanks to our global setup, with local offices in Shanghai and Potsdam, USA, which enabled us to maintain good support for our customers and partners. As a result, our product has continued to be integrated into sensors, which have in turn been implemented in mobile devices from leading OEM manufacturers such as Samsung, for example. To further enhance our position in Mobile, during the quarter we worked intensively on a new generation of our fingerprint software. This new generation is both faster and more secure than before, and also even better at handling demanding environments. The new generation has already been launched to a selection of our partners, and we look forward to a broader rollout during 2021.

In summary, it has been an eventful fourth quarter and 2020 for Precise, characterized by the ongoing pandemic, but also by stable business in the Mobile segment and important progress in YOUNiQ. There is strong, growing interest in our products from customers, and I look forward to continuing to develop and commercialize the best identification solutions in the market, with you as the key.

*Stefan K Persson, CEO*

## MARKET AND SALES

Precise is a global supplier of identification software and offers products for the convenient, secure authentication of people's identity. The company offers the following products in each area:

Digital Identity	Mobile	Smart Card
Precise YOUNiQ® - Secures digital identity in a simple, secure way	Precise BioMatch® Mobile - Verifies fingerprints in mobile devices	Precise BioMatch®Card - Verifies fingerprints in smart cards

In addition to the areas listed above, Precise is working on selected projects in a number of different areas of application.

## MARKET DEVELOPMENT

### *Digital Identity*

We increasingly use digital services that require identification of the user. Since the registration process is often complicated and users choose passwords that are too simple, there is growing demand for easier and safer ways of verifying our digital identity. Our increasingly more interconnected world also means that we not only use our digital identity in multiple channels, but also on a number of different devices, which amplifies the need for secure and effective identification.

One area of application with tremendous market potential is biometric access to buildings and premises, where growth is being driven by trends such as security, sustainability, technological development and regulation. Precise has identified six segments where there is high demand for secure, convenient access solutions. These are apartment blocks, commercial properties, construction sites, gyms, industrial sites and public sector activities. Based on data from Statistics Sweden, Datscha and IHRSA, it is estimated that the total number of buildings in these segments in Sweden will be around 450,000 by 2025. Of these, it is estimated that 35% of the buildings in apartment blocks, commercial properties, industrial sites and public sector activities segments will have installed electric locks, which are a basic prerequisite for biometric access. The corresponding figure for construction sites and gyms is 80%. If we assume one installation per building and annual income of SEK 35,000 per installation, the total market potential is estimated at around SEK 7 billion. Precise's assessment is that around 15% of the total market will be using biometric access by 2025, representing an addressable market of around SEK 1 billion in Sweden.

### *Mobile*

Continued demand for user-friendly telephones and tablets with full screens is driving the trend for mobile devices. The next development step is sensors that cover the full screen and can read a fingerprint wherever it is placed on the display. According to an analysis from IHS Market, optical and ultrasonic sensors for phones in the higher price segment will increase. As the average price of these sensors is much higher than for capacitive sensors, they will account for a significant share of the market value for fingerprint sensors. In overall terms, the value of the market for capacitive sensors is falling, as prices are dropping faster than volumes are rising.

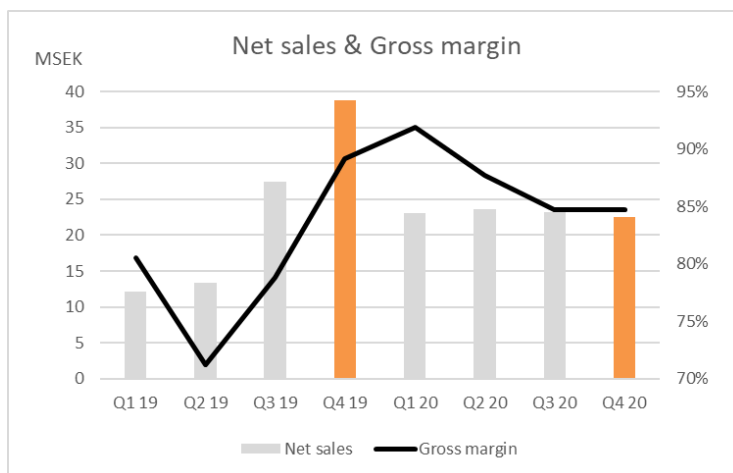
### *Smart Card*

Biometrics for identity verification has become an increasingly important tool in the battle against fraud in virtually all payment channels. Payments have become the main driving force for the development of biometrics at the consumer level. Card manufacturers are focusing increasingly on the certification and cost-optimization of contactless biometric payment cards, which is a precondition for card issuers to be able to achieve a broad launch on the market.

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

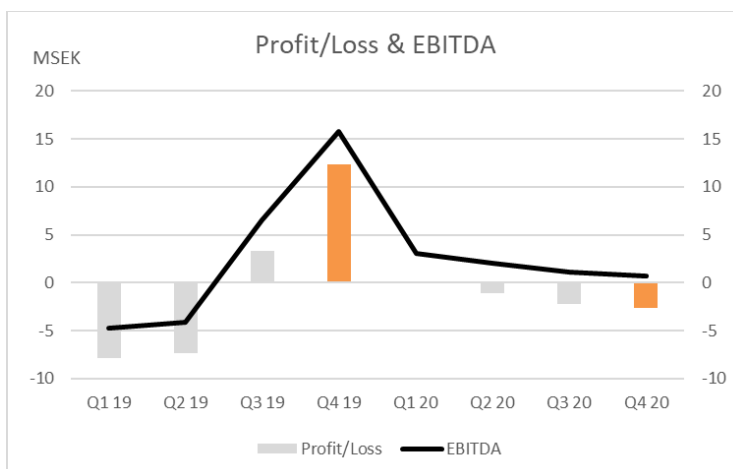
Net sales during the quarter totaled SEK 22.5 (38.8) million. Net sales were split between royalty revenues of SEK 10.9 (20.0) million, license fees (including support and maintenance) SEK 10.7 (17.8) million and Other of SEK 0.9 (1.0) million. The fall in royalty revenues was primarily attributable to the customer Egis Technology, where revenues last year were relatively high. In 2020, income from Mobile saw a more even quarterly distribution as a consequence of differences in the business arrangements with key customers. The fall in license fees is primarily a result of a previously communicated strategy in which Precise is focusing on deeper collaboration with fewer customers.

The gross margin during the quarter totaled 84.7% (91.9). This change relates primarily to changes in the product mix. Total amortization and write-downs of capitalized development expenses was SEK 2.6 (2.8) million. Amortization of acquired intangible assets totaled SEK 0.2 (0.2) million.



Operating expenses for the quarter fell by SEK 1.4 million and totaled SEK 21.7 (23.1) million. Cost increases in R&D relating to initiatives in the areas of Digital Identity and Mobile are offset by the fact that an increased proportion of development expenses is being capitalized, primarily in the area of Digital Identity.

The operating profit/loss for the quarter totaled SEK -2.6 (12.5) million. The reduction in the operating profit/loss is explained primarily by lower net sales combined with a lower gross margin. Earnings for the quarter totaled SEK -8.8 (13.4) million. Total depreciation/amortization totaled SEK 3.3 (3.5) million. The profit/loss at EBITDA level totaled SEK 0.7 (16.0) million. Earnings per share (average number of shares) for the quarter totaled SEK -0.02 (0.04).



**NET SALES AND OPERATING PROFIT/LOSS FOR THE FULL-YEAR PERIOD**

Net sales during the full-year period increased by 0.5% and totaled SEK 92.3 (91.9) million. Net sales were split between royalty revenues of SEK 47.1 (31.2) million, license fees (including support and maintenance) SEK 39.7 (54.6) million and Other of SEK 5.6 (6.1) million. The increase in royalty revenues was primarily attributable to our customer Egis Technology, and is the result of Precise's decision to extend collaboration with fewer customers. The fall in license fees is primarily a result of the previously communicated strategy.

The gross margin during the full-year period totaled 84.2% (93.8). This change relates primarily to the product mix. Total amortization and write-downs of capitalized development expenses was SEK 9.6 (10.2) million. Amortization of acquired intangible assets totaled SEK 0.8 (0.8) million.

Operating expenses for the full-year period increased by SEK 4.8 million and totaled SEK 83.6 (78.8) million. This increase is primarily attributable to cost increases in R&D relating to investments in the areas of Digital Identity and Mobile, as well as increased selling expenses.

The operating profit/loss for the full-year period totaled SEK -5.8 (0.7) million. The change in the operating profit/loss can be explained primarily through a reduced gross margin and increased operating expenses of SEK 4.8 million. Earnings for the period totaled SEK -12.2 (1.0) million. Total depreciation/amortization totaled SEK 12.7 (13.1) million. The profit/loss at EBITDA level totaled SEK 6.9 (13.8) million. Earnings per share (average number of shares) for the full-year period totaled SEK -0.03 (0.00).

### NET FINANCIAL ITEMS AND TAX

Precise has no interest-bearing liabilities apart from lease liabilities. Net financial items are attributable to exchange rate differences in cash and cash equivalents, and also interest on lease liability in accordance with IFRS 16. Net financial items during the fourth quarter totaled SEK -0.5 (-0.5) million and the tax expense totaled SEK -5.8 (1.3) million.

Net financial items for the full-year period totaled SEK -0.6 (-0.6) million and the tax expense totaled SEK -5.8 (0.9) million. The tax expense does not affect cash flow, as it comprises an impairment of previously posted deferred tax. The company's historically reported losses represent a significant amount. As the most recent fiscal years resulted in a tax loss, Digital Identity is in an early phase and there is quite naturally uncertainty in the forecasts, the company's assessment is cautious on the basis that there are convincing factors that suggest future taxable surpluses in the near future.

### CASH FLOW AND INVESTMENTS

The cash flow for the quarter from current operations totaled SEK 12.2 (14.3) million, of which SEK 10.6 (-1.0) million is attributable to reduced capital tied up. The Group invested SEK 0.6 (0.1) million in property, plant and equipment during the quarter.

Cash flow for the full-year period from operating activities was strengthened and totaled SEK 21.9 (-0.5) million, SEK 15.8 (-12.0) million of which is attributable to reduced capital tied up. The Group invested SEK 2.2 (0.3) million during the full-year period in property, plant and equipment.

### CAPITALIZATION AND AMORTIZATION OF DEVELOPMENT WORK

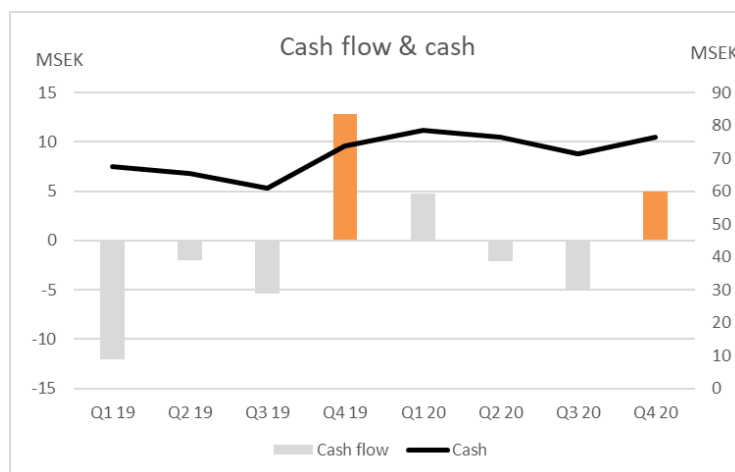
Development expenses of SEK 5.2 (1.2) million were capitalized during the quarter. Depreciation of capitalized development expenses totaled SEK 2.6 (2.8) million during the quarter.

Development expenses of SEK 15.6 million (5.4) were capitalized during the full-year period. Amortization of capitalized development expenses totaled SEK 9.6 (10.2) million during the full-year period.

### FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents increased and at the end of the period totaled SEK 76.3 (73.7) million.

Total equity at the end of the period totaled SEK 114.0 (126.5) million, and equity per share was SEK 0.32 (0.35).





**THE PARENT COMPANY**

The parent company's net sales for the full-year period totaled SEK 90.9 (90.4) million. The operating profit/loss totaled SEK -8.4 (-3.4) million and was affected by amortization of goodwill totaling SEK 2.5 (2.5) million.

Cash and cash equivalents at the end of the full-year period totaled SEK 73.4 (70.2) million, and equity SEK 103.6 (118.2) million.

**ORGANIZATION AND STAFF**

The organization consists of the head office in Lund, Sweden, and offices in Potsdam, USA, and Shanghai, China. At the end of the full-year period the group had a workforce of 48 (48) people, including on-site consultants. The number of employees was 23 (22), of which 17 (14) were in Sweden. Precise works in an agile way together with several partners, creating a fast-moving, scalable organization. The number of employees does not include partners.

**REPORTING DATES**

Q1 Interim report 2021	May 12, 2021
Q2 Interim report 2021	August 12, 2021
Q3 Interim report 2021	November 12, 2021

**ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on May 14, 2021. The Annual Report for 2020 will be available on Precise Biometrics' website and at the head office at the latest on Friday, April 23, 2021. Shareholders who wish to participate in the Annual General Meeting must be included in the share register kept by Euroclear Sweden AB as of May 5, 2021 and register their participation as indicated in the notice of the meeting. Shareholders who have had their shares registered through an agent must, in order to be entitled to participate in the meeting, register their shares in their own name so that the shareholder is included in the production of the share register as of May 5, 2021. Such registration may be temporary ("registration of voting rights") and is requested from the agent in accordance with the agent's procedures with a period of advance notice as determined by the agent. Registrations of voting rights that have been completed by the agent no later than May 7, 2021 will be included in the production of the share register. Further instructions will be provided in the notice of the Annual General Meeting.

The board proposes that no dividends be distributed for the fiscal year 2020.

**RISK FACTORS**

The Group's and the parent company's business risks and risk management as well as the management of financial risks are described in detail in the Annual Report for 2019. There have been no incidents of significant importance during the year that would affect or change these descriptions of the Group's or the parent company's risks and how they are managed. The company has not experienced any discernible effect from the Covid-19 pandemic so far, but the possibility cannot be discounted that a future impact may arise.

## **OWNERSHIP STRUCTURE**

Precise Biometrics AB (publ), corporate ID number 556545-6596, is the parent company in the Precise Biometrics Group. Precise Biometrics AB's shares are listed on the Small Cap list of the Nasdaq OMX Nordic. The number of shareholders at the end of the year was 18,697 (20,575). 63,723,942 shares were traded during the quarter. The closing price on December 30 was SEK 1.23, and during the quarter the share price fluctuated between SEK 1.01 and SEK 1.35.

## **AUDIT**

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

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

*Lund, February 16, 2021*

Torgny Hellström,

Chairman of the Board

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

Stefan K Persson

CEO

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

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*This information is information that Precise Biometrics AB is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on February 16, 2021 at 08:00 AM.*

## CONSOLIDATED INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousand	Note	2020 Q4	2019 Q4	2020 Full-Year	2019 Full-Year
Net sales	2	22 494	38 816	92 349	91 927
Cost of goods sold		-3 440	-3 159	-14 581	-12 470
<b>Gross profit</b>		<b>19 054</b>	<b>35 657</b>	<b>77 768</b>	<b>79 457</b>
Marketing and sales expenses		-9 092	-9 276	-30 737	-28 220
Administrative expenses		-3 636	-3 270	-15 181	-14 811
R&D expenses		-7 842	-9 778	-35 941	-35 794
Other operating income/expenses		-1 109	-799	-1 701	19
		<b>-21 679</b>	<b>-23 123</b>	<b>-83 560</b>	<b>-78 806</b>
<b>Operating profit/loss</b>		<b>-2 625</b>	<b>12 534</b>	<b>-5 792</b>	<b>651</b>
Financial income/expenses		-446	-487	-618	-556
<b>Profit/Loss before tax</b>		<b>-3 071</b>	<b>12 047</b>	<b>-6 410</b>	<b>95</b>
Tax		-5 753	1 305	-5 754	926
<b>Profit/Loss for the period</b>		<b>-8 824</b>	<b>13 352</b>	<b>-12 164</b>	<b>1 021</b>
Profit/Loss after tax from discontinued operations		280	-172	-75	-427
<b>Profit/Loss for the period attributable to parent company shareholders</b>		<b>-8 544</b>	<b>13 180</b>	<b>-12 239</b>	<b>594</b>
Earnings per share, remaining operations, SEK					
- before dilution		-0,02	0,04	-0,03	0,00
- before dilution		-0,02	0,04	-0,03	0,00
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>Profit/Loss for the period</b>		<b>-8 544</b>	<b>13 180</b>	<b>-12 239</b>	<b>594</b>
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified to profit or loss</i>					
Changes in accumulated exchange rate differences		-132	0	-184	-4
<b>Other comprehensive income for the period</b>		<b>-132</b>	<b>0</b>	<b>-184</b>	<b>-4</b>
<b>Profit/Loss total</b>		<b>-8 676</b>	<b>13 180</b>	<b>-12 423</b>	<b>590</b>

## CONSOLIDATED BALANCE SHEET – IN SUMMARY

Amounts in SEK thousands

ASSETS	Note	2020-12-31	2019-12-31
<b>ASSETS</b>			
Material assets		8 922	1 884
Immaterial assets		47 664	42 415
Deferred tax assets		0	5 750
<b>TOTAL FIXED ASSETS</b>		<b>56 586</b>	<b>50 049</b>
<b>CURRENT ASSETS</b>			
Inventories		1 052	0
Accounts receivable	3	12 933	29 279
Other current receivables	3	2 443	3 594
Accruals and deferred income	3	3 681	1 875
Cash and cash equivalents		76 258	73 676
<b>TOTAL CURRENT ASSETS</b>		<b>96 367</b>	<b>108 424</b>
<b>TOTAL ASSETS</b>		<b>152 953</b>	<b>158 473</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity		114 044	126 467
<b>Total Equity</b>		<b>114 044</b>	<b>126 467</b>
<b>TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>		<b>114 044</b>	<b>126 467</b>
<b>LONG-TERM DEBT</b>			
Long term debt	3	5 668	126
<b>TOTAL LONG-TERM DEBT</b>		<b>5 668</b>	<b>126</b>
<b>SHORT-TERM LIABILITIES</b>			
Short-term liabilities	3	33 241	31 880
<b>Total Short-term liabilities</b>		<b>33 241</b>	<b>31 880</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>152 953</b>	<b>158 473</b>

## CONSOLIDATED CASH FLOW STATEMENT – IN SUMMARY

Note	2020 Q4	2019 Q4	2020 Full-Year	2019 Full-Year
Cash flow from operating activities before changes in working capital	1 637	15 296	6 083	11 488
Cash flow from changes in working capital	10 578	-1 039	15 813	-11 965
<b>Cash flow from operating activities</b>	<b>12 215</b>	<b>14 257</b>	<b>21 896</b>	<b>-477</b>
Cash flow from investment activities	-5 865	-1 444	-17 897	-5 843
Cash flow from financing activities	-1 378	0	-1 378	396
<b>Cash flow for the period</b>	<b>4 972</b>	<b>12 813</b>	<b>2 621</b>	<b>-5 924</b>
Cash and cash equivalents at the start of the period	71 294	60 908	73 676	79 543
Translation difference in cash and cash equivalents	-8	-45	-39	57
<b>Cash and cash equivalents at the end of the period *</b>	<b>76 258</b>	<b>73 676</b>	<b>76 258</b>	<b>73 676</b>

\*The balance sheet item Cash & cash equivalents only includes bank balances at both the beginning and end of the period.

## CONSOLIDATED CHANGE IN EQUITY – IN SUMMARY

Amounts in SEK thousands

Note	2020 Full-Year	2019 Full-Year
<b>Equity at start of period</b>	<b>126 467</b>	<b>125 481</b>
<b>Comprehensive income</b>		
Profit/loss for the period	-12 239	594
<b>Other comprehensive income</b>		
Exchange differences	-184	-4
Total other comprehensive income	-184	-4
Total comprehensive income	-12 423	590
<b>Transactions with shareholders</b>		
Stockoptions	4	396
Total transactions with shareholders		396
<b>Equity end of period</b>	<b>114 044</b>	<b>126 467</b>

## NOTE 1 - ACCOUNTING POLICIES

This year-end report has been prepared in accordance with IAS 34, Interim Reporting. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The recognition and measurement policies as well as the bases of estimates applied in the Annual Report for 2019 have been used in this year-end report as well. No new or revised IFRS standards that came into force in 2020 have had any material impact on the Group's financial statements.

## NOTE 2 - REVENUE ALLOCATION

Amounts in SEK thousands

	2020 Q4	2019 Q4	2020 Full-Year	2019 Full-Year
<b>Revenue type</b>				
Royalty	10 939	20 036	47 108	31 234
Licenses, incl. Support & Maintenance	10 680	17 793	39 667	54 634
Other	875	987	5 574	6 059
<b>Total</b>	<b>22 494</b>	<b>38 816</b>	<b>92 349</b>	<b>91 927</b>
<b>Region/Country</b>				
Europe	610	2 280	4 583	11 083
- whereof Sweden	98	1 260	2 197	4 984
Asia	17 234	33 255	74 164	65 586
- whereof China	2 641	1 691	9 319	7 641
- whereof Taiwan	13 059	30 570	58 198	53 612
USA	4 650	3 281	13 602	15 258
<b>Total</b>	<b>22 494</b>	<b>38 816</b>	<b>92 349</b>	<b>91 927</b>

**NOTE 3 - FINANCIAL INSTRUMENTS**

The fair value in respect of financial assets and liabilities corresponds in all material respects with the carrying amount in the balance sheet.

**NOTE 4 OPTION PROGRAM**

The 2019 shareholders' general meeting made a decision to offer an incentive plan for the company's CEO and CFO to the effect that a maximum of 1,300,000 stock options can be issued, with each stock option providing entitlement to subscribe to one (1) share in the company. Subscription to the stock options was to take place no later than June 30, 2019, with the Board having the right to extend the subscription period. Subscription through the exercising of stock options may take place during the period June 1, 2022 until June 30, 2022. The subscription price for the options has been set at SEK 0.32 and the subscription price for the shares at SEK 1.65. At the end of the full-year period, 1,300,000 options had been subscribed, corresponding to 100% of total stock options. Assuming that all stock options are exercised to subscribe to new shares, the number of shares in the company will increase by 1,300,000 shares.

Dilution effects are only considered in the event that the earnings per share become worse. Dilution effects have not been considered, as the average price is below the price in current option programs.

## PARENT COMPANY INCOME STATEMENT – IN SUMMARY

Amounts in SEK thousands

Note	2020 Q4	2019 Q4	2020 Full-Year	2019 Full-Year
Net sales	21 572	38 279	90 857	90 363
Cost of goods sold	-5 209	-4 765	-21 553	-19 944
<b>Gross profit</b>	<b>16 363</b>	<b>33 514</b>	<b>69 304</b>	<b>70 419</b>
Marketing and sales expenses	-8 692	-8 717	-28 928	-25 899
Administrative expenses	-3 629	-3 273	-15 137	-14 784
R&D expenses	-6 289	-9 074	-31 824	-32 732
Other operating income/expenses	-831	-970	-1 777	-407
	<b>-19 441</b>	<b>-22 034</b>	<b>-77 666</b>	<b>-73 812</b>
<b>Operating profit/loss</b>	<b>-3 078</b>	<b>11 480</b>	<b>-8 362</b>	<b>-3 393</b>
Financial income/expenses	-384	-417	-526	-255
<b>Profit/loss before tax</b>	<b>-3 462</b>	<b>11 063</b>	<b>-8 888</b>	<b>-3 648</b>
Tax	-5 750	-430	-5 750	-430
<b>Profit/loss for the period</b>	<b>-9 212</b>	<b>10 633</b>	<b>-14 638</b>	<b>-4 078</b>

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



## PARENT COMPANY BALANCE SHEET – IN SUMMARY

Amounts in SEK thousands

<b>ASSETS</b>	<b>Note</b>	<b>2020-12-31</b>	<b>2019-12-31</b>
<b>Fixed assets</b>			
Fixed assets		1 696	525
Immaterial assets		39 141	36 342
Deferred tax assets		1 778	7 528
<b>TOTAL FIXED ASSETS</b>		<b>42 615</b>	<b>44 395</b>
<b>CURRENT ASSETS</b>			
Inventory		1 052	0
Accounts receivable		12 142	28 811
Other receivables		2 923	3 595
Accruals and deferred income		3 539	1 557
Cash and cash equivalents		73 434	70 216
<b>TOTAL CURRENT ASSETS</b>		<b>93 090</b>	<b>104 179</b>
<b>TOTAL ASSETS</b>		<b>135 705</b>	<b>148 574</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity		103 593	118 231
<b>Total Equity</b>		<b>103 593</b>	<b>118 231</b>
<b>LONG-TERM DEBT</b>			
Long term debt		0	52
<b>TOTAL LONG-TERM DEBT</b>		<b>0</b>	<b>52</b>
<b>SHORT-TERM LIABILITIES</b>			
Short-term liabilities		32 112	30 291
<b>Total Short-term liabilities</b>		<b>32 112</b>	<b>30 291</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>135 705</b>	<b>148 574</b>

## CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated

	2020 Q4	2019 Q4	2020 Full-Year	2019 Full-Year
Net sales	22 494	38 816	92 349	91 927
Net sales growth, %	-42,0%	178,3%	0,5%	35,9%
Gross margin, %	84,7%	91,9%	84,2%	86,4%
Operating profit/loss	-2 625	12 534	-5 792	651
Operating profit/loss, total operations	-2 345	12 362	-5 867	224
Working capital, total operations	63 126	76 544	63 126	76 544
Capital employed, total operations	119 712	126 593	119 712	126 593
Liquidity ratio, total operations, %	287%	340%	287%	340%
Equity/assets ratio, total operations, %	74,6%	79,8%	74,6%	79,8%
Earnings per share before dilution, SEK	-0,02	0,04	-0,03	0,00
Earnings per share before dilution, total operations, SEK	-0,02	0,04	-0,03	0,00
Earnings per share after dilution, SEK	-0,02	0,04	-0,03	0,00
Earnings per share after dilution, total operations, SEK	-0,02	0,04	-0,03	0,00
Equity per share, total operations, SEK	0,32	0,35	0,32	0,35
Number of shares (thousands)	360 231	360 231	360 231	360 231
Weighted avg. number of shares, adjusted for dilution effect (thousands)	360 231	361 531	360 231	360 881
Number of employees at the end of the period	23	22	23	22
Average number of employees during the period	23	22	24	20

## RECONCILIATION OF CONSOLIDATED ALTERNATIVE KEY FIGURES

Amounts in SEK thousands unless otherwise stated

	2020 Q4	2019 Q4	2020 Full-Year	2019 Full-Year
Net sales	22 494	38 816	92 349	91 927
Net sales growth, %	-42,0%	178,3%	0,5%	35,9%
Gross profit	19 054	35 657	77 768	79 457
Net sales	22 494	38 816	92 349	91 927
<b>Gross margin, %</b>	<b>84,7%</b>	<b>91,9%</b>	<b>84,2%</b>	<b>86,4%</b>
Operating profit/loss	-2 625	12 534	-5 792	651
Net sales	22 494	38 816	92 349	91 927
<b>Operating margin, %</b>	<b>-11,7%</b>	<b>32,3%</b>	<b>-6,3%</b>	<b>0,7%</b>
Operating profit/loss remaining operations	-2 625	12 534	-5 792	651
Operating profit/loss discontinued operations	280	-172	-75	-427
<b>Rörelseresultat total verksamhet</b>	<b>-2 345</b>	<b>12 362</b>	<b>-5 867</b>	<b>224</b>
EBITDA	703	15 997	6 862	13 791
Depreciation and amortization	-3 328	-3 463	-12 654	-13 140
<b>Operating profit/loss remaining operations</b>	<b>-2 625</b>	<b>12 534</b>	<b>-5 792</b>	<b>651</b>
EBITDA, total operations	983	15 825	6 787	13 364
Depreciation and amortization, total operations	-3 328	-3 463	-12 654	-13 140
<b>Operating profit/loss total operations</b>	<b>-2 345</b>	<b>12 362</b>	<b>-5 867</b>	<b>224</b>
Sales expenses	-9 092	-9 276	-30 737	-28 220
Administrative expenses	-3 636	-3 270	-15 181	-14 811
R&D expenses	-7 842	-9 778	-35 941	-35 794
Other operating income/expenses	-1 109	-799	-1 701	19
<b>Total operating expenses</b>	<b>-21 679</b>	<b>-23 123</b>	<b>-83 560</b>	<b>-78 806</b>
Balance sheet total, total operations	152 953	158 473	152 953	158 473
Non-interest-bearing liabilities, total operations	33 241	31 880	33 241	31 880
<b>Capital employed, total operations</b>	<b>119 712</b>	<b>126 593</b>	<b>119 712</b>	<b>126 593</b>
Closing equity, total operations	114 044	126 467	114 044	126 467
<b>Average equity, total operations</b>	<b>122 248</b>	<b>116 694</b>	<b>122 248</b>	<b>116 694</b>
Current assets minus inventories	95 315	108 424	95 315	108 424
Current liabilities	33 241	31 880	33 241	31 880
<b>Liquidity ratio, total operations</b>	<b>287%</b>	<b>340%</b>	<b>287%</b>	<b>340%</b>
Equity	114 044	126 467	114 044	126 467
Total assets	152 953	158 473	152 953	158 473
<b>Equity/assets ratio, total operations</b>	<b>74,6%</b>	<b>79,8%</b>	<b>74,6%</b>	<b>79,8%</b>

## **FINANCIAL GLOSSARY**

### **NET SALES GROWTH**

Percentage change compared with the corresponding period in the previous year. A measure of whether the group's net sales are increasing.

### **GROSS MARGIN**

Gross profit/loss divided by net sales. Shows what proportion of sales is left over to cover wages, other operating expenses, interest and profit.

### **OPERATING PROFIT/LOSS**

Profit/loss before financial net and tax. A measure of the company's profit before interest and taxes, i.e., the difference between operating income and operating expenses. This figure does not include the discontinued operation.

### **OPERATING PROFIT/LOSS, TOTAL OPERATION**

Operating profit/loss plus profit/loss after tax from discontinued operation. A measure of the company's profit before interest and taxes, i.e., the difference between operating income and operating expenses. The total operation also includes the discontinued operation.

### **OPERATING EXPENSES**

Operating expenses excluding cost of goods sold. Operating expenses are expenses that do not belong directly to a particular product or product group. Common operating expenses are, for example, wages and other personnel expenses, as well as rent of premises.

### **EBITDA**

Profit/loss before financial items and depreciation. This key figure shows the group's profit/loss before depreciation/amortization of capitalized assets. This measure makes it possible to make comparisons with other companies, regardless of whether the operation is based on acquisitions or through organic growth.

### **OPERATING MARGIN**

Operating profit/loss divided by net sales. Defines what proportion of each Swedish krona of sales is left over to cover interest, taxes and any possible profit.

### **CASH FLOW, TOTAL OPERATION**

Cash flow from operating activities after changes in working capital. The operating cash flow indicates whether a company can generate a sufficiently positive cash flow to maintain and expand its operation, or whether it needs external financing.

### **WORKING CAPITAL, TOTAL OPERATION**

Current assets less current liabilities. This measure shows the capital a company needs to finance operating activities.

### **CAPITAL EMPLOYED, TOTAL OPERATION**

Total assets less non-interest-bearing liabilities and provisions. This measure shows how much capital is used in the operation and is thus one component of measuring the return from the operation.

### **EQUITY, TOTAL OPERATION**

Equity at the end of the period. Equity is the difference between the group's assets and liabilities, which corresponds to the Group's equity that has been contributed by shareholders and the

Group's accumulated profit  
for the year.

**AVERAGE EQUITY, TOTAL OPERATION**

The average equity was calculated as equity for the last four quarters divided by four.

**LIQUIDITY RATIO, TOTAL OPERATION**

Current assets excluding inventories divided by current liabilities. This key figure shows the group's ability to pay in the short term.

**EQUITY/ASSETS RATIO, TOTAL OPERATION**

Equity divided by total assets on the balance sheet date. This key figure shows what proportion of assets is funded by equity. This measure can be of interest when assessing the group's ability to pay in the long term.

**EARNINGS PER SHARE, REMAINING OPERATION, BEFORE DILUTION**

Profit/loss for the period from remaining operation divided by average number of shares.

**EARNINGS PER SHARE, REMAINING OPERATION, AFTER DILUTION**

Profit/loss for the period from remaining operation divided by weighted average number of shares.

**EARNINGS PER SHARE, TOTAL OPERATION, BEFORE DILUTION**

Profit/loss for the period from total operation divided by average number of shares.

**EARNINGS PER SHARE, TOTAL OPERATION, AFTER DILUTION**

Profit/loss for the period from total operation divided by weighted average number of shares.

**EQUITY PER SHARE, TOTAL OPERATION**

Equity on the balance sheet date divided by the number of shares on the balance sheet date. A measure of how much equity there is per share, which is used when valuing the share in relation to the share price.