

## RECORD SALES & IMPROVED MARGINS

Precise Biometrics AB (publ), Corporate Identity No. 556545-6596  
Year-end report for the period January – December 2009

- The group's net revenue for the financial year amounted to SEK 68.7 million (45.9) and for the fourth quarter to SEK 32.1 million (11.5).
- Net result for the financial year amounted to SEK -21.8 million (-54.2) and for the fourth quarter SEK 2.8 million (-35.8).
- Results per share for the financial year amounted to SEK -0.19 (-0.54) and for the fourth quarter SEK 0.02 (-0.35).
- Liquid assets at the end of the financial year amounted to SEK 40.9 million (11.3). Cash flow for the fourth quarter was to SEK -18.4 million. Adjusted for full repayment of the obtained credit facility and payments of costs related to the share issue, cash flow for the fourth quarter is SEK -1.4 million.

### Important events during the year

- Precise Biometrics was awarded an order worth approximately USD 6.0 million from the US government within the Cyber Security framework. Final delivery of the order will be during the first quarter 2010.
- Precise Biometrics joined a partnership with the Nigerian company Interswitch aimed at developing bank application for the African market. A first project, worth 200 000 Euros in license sales, has already been initiated and invoiced.
- Precise Biometrics received a follow-up order of hardware and software at a value of SEK 2.1 million from an existing government customer in the Middle East
- Together with Gemalto, the world largest smart card provider, Precise Biometrics introduced Gemalto .NET Bio, a computer logon solution for Windows.
- Precise Biometrics AB completed a rights issue with preferential rights, which supplied the Company with SEK 50.6 million before issue costs. The rights issue was subscribed to 178% and is implemented to finance further expansion and increase market penetration in prioritized segments.
- The wholly owned subsidiary Precise Biometrics Solutions AB was restructured due to unfulfilled expectation in the Aviation sector. As an effect Precise Biometrics AB has, during the third quarter, written down the goodwill value of SEK 5.0 million in the subsidiary.

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Precise Biometrics is a market-leading provider of products and solutions for fingerprint recognition. The technology proves people's identities in a fast and secure way, while it reduces costs related to password management, identity theft and fraud.

Precise Biometrics serves business and government organizations throughout the world and its technology is licensed to close to 100 million users. Precise Biometrics is listed on NASDAQ OMX Stockholm small cap list (PREC). For more information, please visit [www.precisebiometrics.com](http://www.precisebiometrics.com) or view the [Company presentation](#).



## Record Sales & Improved Margins

- Interview with Thomas Marschall, CEO and President, Precise Biometrics

### How would you sum up 2009?

“It was Precise Biometrics’ best year ever, in spite of the recession. Sales were at their highest level so far, and we continued to improve margins. We achieved a major success in the market by twinning the largest order we have ever had for a value of USD 6 million from the US government. We also implemented a new share issue, which became significantly oversubscribed, at the same time as our share increased substantially in value on the stock exchange. The year closed well with a strong fourth quarter presenting a positive net profit.”



### How did developments reflect the long-term objectives you established three years ago?

“In the last three years we have delivered in line with the strategy we formulated in 2006, but I am still not quite satisfied since we did not manage to go all the way towards improving profits. We had hoped to reach break-even in 2009, however the operating loss for the year was SEK -20 million. This was partly a result of the financial crisis and cautious activity in the market, and because tenders were postponed. We also wrote down goodwill in a subsidiary during the year. On the other hand, we are very pleased to have succeeded in significantly improving operating result every year, and that the accumulated improvement since 2006 actually amounts to SEK 70 million.”

“It is important to highlight that Precise Biometrics has confirmed and sustained its position as a world leader in its market niche with close to 100 million contracted licenses for our Match-on-Card technology. Our technology is used in five international ID cards; the US Department of State’s ID card for employees at embassies and consulates, the SAS check-in system for domestic flights in Scandinavia, and several other ID cards for government agencies and companies.”

### Can you give us an update on the business plan?

“We are preparing a new plan, which I will be presenting in advance of the next quarterly report. The broad outline of this plan is that we aim for continued growth, by focusing more explicitly on activities in specific market segments.”

### What does the market look like after last year’s global recession?

“The market potential for Precise Biometrics’ products and technology has never been better. For one thing we are expecting the large US order for Precise Match-on-Card™ to be followed by further orders from other US agencies as the rollout progresses.”

“Concerning national ID cards, we have assessed that the ongoing technology standardization will increase demand and volumes, but also lead to increased competition and more price pressure.”

“We are experiencing increased interest from corporate customers for our technology, which can help them to become more competitive and cost-effective. One example of this is the Swedish gym chain that incorporates biometrics as an integral part of its business strategy to enable them to offer opening hours 24 hours a day without personnel and with preferential membership prices, while also ensuring that all the people who take part are paying members and not persons who have borrowed membership cards. Corporate customers also bring with them the advantage of less complex and more easily

influenced decision channels than the national projects, which means that our marketing and sales initiatives lead to orders at a faster pace.”

**What does the new issue of shares this year mean for your business operations?**

“The new issue of shares has reinforced our financial strength and provided more leeway for offensive marketing with the focus on growth, long-term and profitable business. In 2010 we will also be reinforcing our orientation towards specific applications and strengthening our marketing and sales organization”.

**What will the stronger marketing organization look like?**

“We are in the process of creating an organization with new business areas, which means that we are moving from the present geographic divisions towards focusing globally on applications and business segments. The objective is to reinforce our focus on application areas with recurrent income and also to expand in more markets and applications, which will introduce a new dimension to Precise Biometrics.”

**What will 2010 be like for Precise Biometrics?**

“The new issue of shares, final delivery of the US order in the first quarter, and ongoing orders to existing customers means that we are starting the year from a strong business and financial platform. I am expecting us to bring home several large orders for ID cards and other applications, primarily in the corporate sector. The overall potential in Precise Biometrics is greater than ever.

## **Sales and result**

### The financial year 2009

Sales during the financial year amounted to SEK 68.7 million compared to SEK 45.9 million previous year. The gross margin was 52 % (49).

The group's net loss for the financial year amounted to SEK -21.8 million (-54.2). Operating costs for the financial year, excluding cost of goods sold, results from participations in associated companies and goodwill write-down, amounted to SEK -51.1 million (-46.4), including depreciation and write-downs of SEK 2.7 million (2.8) and capitalization of costs for development work of SEK 1.3 million (1.6).

Earnings per share (average number of shares) for the period amounted to SEK -0.19 (-0.54).

### Fourth quarter October - December 2009

Sales for the fourth quarter amounted to SEK 32.1 million compared to SEK 11.5 in the corresponding period previous year. The gross margin amounted to 51% (51).

The group's net profit for the fourth quarter amounted to SEK 2.8 million (-35.8). Operating expenses excluding cost of goods sold and results from participations in associated companies, amounted to SEK -13.0 million (-12.3), including depreciation and write-downs of SEK 0.5 million (0.7) and capitalization development costs of SEK 0.3 million (0.2).

Result per share (average number of shares) for the fourth quarter amounted to SEK 0.02 (-0.35).

## **Financing and liquidity**

As of December 31, 2009 equity amounted to SEK 45.4 million (16.0) and equity/share to SEK 0.34 (0.16).

The cash flow from current operations during the year amounted to SEK -21.2 million (-19.8). Liquid assets at the end of the financial year amounted to SEK 40.9 million (11.3).

Precise Biometrics AB completed, during the year, a rights issue with preferential rights, which has supplied the Company with SEK 50,6 million after issue costs. The non-guaranteed rights issue was subscribed to 178% and is implemented to finance further expansion and increase market penetration in prioritized segments.

Cash flow for the fourth quarter amounted to SEK -18.4 million. Adjusted for full repayment of the obtained credit facility and payments of costs related to the share issue, cash flow for the fourth quarter was SEK -1.4 million.

## **Geographical markets – Most important events during the year**

The most important event during the year was a major order from the US government within the framework of the Cyber Security Program, which is being introduced to prevent hostile infiltration in government systems for critical infrastructures. The value of the order is over USD 6 million, and is the largest order the Company has received so far. Following an agreement with the customer, final delivery of the order will take place in the first quarter of 2010.

Other sales during the year have mainly consisted of licenses for Precise Match-on-Card™ and fingerprint readers to existing customers, such as government customers and ongoing national

ID card projects in various parts of the world. A number of important pilot projects have also been initiated together with partners, mainly for ID cards for employees at government agencies in Europe, and for banks and other corporations.

Cooperation has also been established during the year with several different companies, among them the strategic partnership with Interswitch in Nigeria which opens up the banking market in Africa. The initial value of the contract was over SEK 2 million, which has been invoiced in 2009. The partnership between Precise Biometrics and Interswitch aims at building and promoting biometric Match-on-Card solutions for the banking industry in West Africa. The solutions will initially be marketed in Nigeria, which is the largest populated country in Africa with approximately 150 million inhabitants. Interswitch is the leading supplier of electronic transaction switching and payment processing in Nigeria. The company is also one of the main contractors for the country's national ID card. Several African banks account for some of the largest shareholders in the company. Interswitch is also - like Precise Biometrics - an established Gemalto partner.

The launch of a Match-on-Card solution for Windows together with Gemalto was among the most significant product launches during the years. The product, Gemalto .NET Bio, was demonstrated at the leading industry event RSA Conference in San Francisco in April 2009, both at Gemalto's and Microsoft's booths.

Another important event during the year was the GSMA Mobile World Congress, the largest event in the world for mobile communication, and where Precise Match-on-SIM™ won the global SIMagine competition. This winning solution focuses on the aviation industry and is based on Precise Match-on-SIM™. The technology enables fast-lane service by the use of fingerprints and mobile phones. SIMagine is a global competition that focuses on new innovative solutions for mobile communication and Java cards. The competition is arranged by Gemalto, the world-leader in digital security, Sun Microsystems and Samsung.

Precise Biometrics participated at Cartes, the most important event in the smart card industry. Precise Biometrics had its own booth and also hosted in the conference section two presentations, one on payment services with mobile phones and Match-on-Card security and one on how to build a business case for government ID cards with biometrics.

A new EU financed research project, BioP@ss, was communicated during the first quarter of 2009. This project is a direct continuation of the award-winning European research initiative Onom@topic+. Precise Biometrics will receive SEK 4 million during a two-year period for its participation in the project. The project involves several advantages for Precise Biometrics' research into the possibility of using fingerprint images and matching them in a smart card chip, with the objective of achieving full interoperability.

### **Parent company**

Parent company sales for the financial year amounted to SEK 57.4 million (30.8). Operating loss before tax for the financial year amounted to SEK -23.8 million (-54.6).

Parent company sales for the fourth quarter amounted to SEK 31.1 million (8.0). Operating profit before tax for the fourth quarter amounted to SEK 3.9 million (-31.1).

At the end of the financial year there were 25 persons employed in the parent company.

Liquid assets at the end of the fourth quarter amounted to SEK 28.5 million (9.3). Investments in tangible fixed assets amounted to SEK 0.0 million (0.2).

During the financial year development costs of SEK 1.1 million (1.6) were capitalized, SEK 0.3 million (0.2) during the fourth quarter.

### **Organization and employees**

The parent company of Precise Biometrics has its headquarters in Lund, Sweden. The organization also consists of Precise Biometrics Inc. in Washington DC, USA, Precise Biometrics Solutions AB with an office in Karlstad, and Precise Biometrics Asia Ltd. with its headquarters in Hong Kong, including the dormant companies Precise Biometrics Services AB and Loqware Sweden AB (in the process of liquidation).

During 2010 Precise Biometrics will close the subsidiary Precise Biometrics Asia Ltd. We are still positive towards the developments in the Asian market, but our Asian marketing activities will be organized from the headquarters in Lund.

As of December 31, 2009 the group had 36 (44) employees, 34 in Sweden, 1 in the US, and 1 in Hong Kong. Of these employees, 26 (34) were men and 10 (10) were women.

### **Investments in tangible fixed assets**

During the financial year the group has invested SEK 0.0 million (0.2) in tangible fixed assets.

In the fourth quarter the group invested SEK 0.0 million (0.0) in tangible fixed assets.

### **Capitalization and depreciation of development work**

Costs for development work of SEK 1.3 million (1.6) were capitalized during the financial year. Depreciation and write-downs of capitalized costs for development work amounted in the financial year to SEK 2.2 million (2.2), of which write-downs accounted for SEK 0.1 million (0.1).

During the fourth quarter development costs of SEK 0.3 million (0.2) were capitalized. Depreciation and write-downs of capitalized costs for development work amounted in the quarter to SEK 0.4 million (0.6), of which write-downs accounted for SEK 0.1 million (0.0).

### **Patents**

The group's long-term patent strategy focuses on establishing strong protection round the Precise Match-on-Card™ technology. The patents portfolio has been strengthened since 2001 and at the end of the financial year includes 73 registered and 32 applications for patents in 21 different product families. Precise Biometrics has 13 different patent families for the Match-on-Card technology alone.

### **The share**

The company's shares have been listed on the O-list of the Stockholm Stock Exchange since October 3, 2000, which after October 2, 2006 was replaced by the Nasdaq OMX Nordic where the company is now listed on the Small Cap list.

The total number of registered shares at the end of the fourth quarter was 134,960,800. During the financial year the average turnover per day was SEK 3,327 thousand and the share price ranged from



SEK 0.5 to 3.72. During the fourth quarter the average turnover per day was SEK 2,619 thousand and the share price has ranged from SEK 2.0 to 3.19.

The main shareholders as of December 31, 2009

Name	Percentage of capital stock	No. of shares
Avanza Pension Försäkring AB	5.6%	7,575,624
Swedbank Robur fonder	3.9 %	5,315,932
Storebrand fonder.	3.2%	4,326,090
Nordnet Pensionsförsäkring AB	2.0 %	2,666,959

Source: SIS Ägarservice

### **Nomination committee**

Following a decision at the Annual General Meeting on April 22, 2008 a Nomination Committee shall be organized. The Nomination Committee shall as a minimum consist of one representative from each of the three major shareholders per August 31, 2009 as well as the Chairman of the Board.

Accordingly the Nomination Committee consists of Kerstin Stenberg (Swedbank Robur fonder) Öyvind Fjell (Storebrand fonder) and Nils Bernhard (Nils Bernhard Bolag).

The Chairman of the Board, Lisa Thorsted, is also represented in the Nomination Committee, and is the convener.

### **Risk factors**

#### Technological development

The market on which the Company operates is subject to rapid change. New technology and new players are constantly emerging. The Company's technology must therefore to a large extent be accepted by the leading players on the market, both by suppliers and customers. The market must be mature enough to understand and accept the new technology supplied by the Company. This can mean that major investments in marketing and sales may be required to achieve the expected sales volumes.

#### Technological and market development and production

As the market in which the Company operates grows and the number of players increases, there is a risk that alternative technologies will be developed and that the price of comparable products will thereby be reduced. The Company depends on external production capacity. If the demand for components and production capacity should increase, the manufacturing costs for the Company's products will also increase. An increase in the demand for components could also lead to delayed deliveries, which could result in income displacement.

#### Employees

There are a number of key persons in the Company who are important for operations, and who possess unique competence. If one or more of these key persons should leave the Company it could, in the short term, have a negative impact on operations. There is also the risk that the recruitment of new employees for these positions can take time and result in additional costs for the Company.

#### Partners

Today the Company cooperates with several different partners. They include systems integrators, smart card manufacturers, chip manufacturers and suppliers of applications. The Company relies on this

cooperation in order to be able to offer end-users complete security solutions. There is a risk that one or more of these partners could end their cooperation or fail to achieve the expected results, which would result in a loss of expected future earnings.

#### Patents and industrial and intellectual property rights

It is important for the Company to protect its technology through patents or other industrial and intellectual property rights, and thereby retain its technological lead and create the opportunity for license earnings in the future. The company therefore pursues an active patent strategy, which involves applying for patents for strategically important inventions in the countries where this is considered to be appropriate.

#### Competitors

The company operates on the biometrics market where competition is intense. The competing companies can have substantially larger financial and industrial resources at their disposal than the Company, and it cannot be excluded that competition from this type of player can lead to diminished market shares and/or a reduction in profitability for Precise Biometrics.

#### Forecasting reliability

The Company operates on a market that is in an early stage of growth and is characterized by long sales promotion periods, which leads to a certain degree of inaccurate forecasts. Earlier or later submissions of orders can have a significant effect on annual sales and earnings.

#### Cash flow

The Company endeavors to minimize the time capital is tied up, for example in stocks and accounts receivable. To reduce the risks of tied-up capital the Company works actively to improve the internal process for forecasting and production planning. The Company also endeavors to ensure that the long ID card projects are not an excessive burden in terms of the cash flow.

During the current global financial crisis focus has been on liquidity and current payment conditions. Due to this Precise Biometrics has sharpened payment conditions for customers.

#### Currency exposure risks

A large part of the Company's expenses is in Swedish kronor (SEK), while a significant part of earnings and production costs are generated in foreign currency (mainly USD), which increases the Company's currency exposure risks. The Company has adopted a currency exposure risk policy for the purpose of minimizing the risks in operations.

#### Credit risk

The Company has guidelines for awarding credit to its clients. The Company believes that there is no significant concentration of credit risks in relation to any individual client or other party.

For a full account of identified risks, please refer to the Annual Report for 2008.

#### **Future report dates**

Interim report Q1	April 21, 2010
Interim report Q2	July 20, 2010
Interim report Q3	October 21, 2010
Year-end report	February 4, 2011



**General Annual Meeting**

The annual general meeting for Precise Biometrics AB (publ) will be held on Wednesday April 21, 2010 at 16.00 at Precise Biometrics headquarters in Lund, Scheelevägen 30.

**Annual Report**

The Annual Report will be available in an electronic format in the beginning of April on [www.precisebiometrics.com](http://www.precisebiometrics.com).

Information on when the annual report is published can be asked for from Precise Biometrics via telephone +46 46 31 11 00, fax +46 46 31 11 01 or email [investor@precisebiometrics.com](mailto:investor@precisebiometrics.com). No printed version will be distributed but it will be possible to print the report from the website.

**Accounting principles**

This year-end report has been prepared in accordance with IAS 34, Interim reporting and the Swedish Company Accounts Act.

The accounting principles remain unchanged in comparison with the previous year. For information on the applied accounting policies, please refer to the Annual Report for 2008.

The Board of Directors proposes that there will be no dividends paid out.

Lund, February 3, 2010

**The Board of Directors**

Lisa Thorsted, Chairman

Marc Chatell    Torbjörn Clementz    Lena Widin Klasén    Eva Maria Matell

Thomas Marschall, President and CEO

## Review report

We have conducted a general review of the year-end report for Precise Biometrics AB (publ) for the period January 1, 2009 to December 31, 2009. It is the responsibility of the Board and the President to prepare and present this year-end report in accordance with the Annual Accounts Act and IAS 34. Our responsibility is to express an opinion on this year-end report based on our general review.

We have conducted our general review in accordance with the Swedish Standard for general reviews SÖG 2410 *General review of financial interim information conducted by the company's auditors*. A general review consists of making enquiries, in the first instance to persons who are responsible for financial issues and accounting issues, to conduct an analytic review and to take other general review measures. A general review has a different focus and is of a significantly smaller scope in comparison with the focus and scope of an audit in accordance with the Standards on Auditing in Sweden (RS) and otherwise generally accepted auditing standards. The review measures taken during a general review do not allow us to acquire a sufficient degree of certainty so as to be aware of all the important circumstances we would have identified if an audit was conducted. The opinion we have expressed on the basis of a general review therefore does not have the degree of certainty that an opinion based on an audit has.

On the basis of our general review we have not found any circumstances that have given us reason to believe that the interim report has not in all essential respects been prepared in accordance with the Annual Accounting Act and IAS 34.

Lund, February 3, 2010

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi

Authorized public accountant

Auditor in charge

Ola Bjärehäll

Authorized public accountant

*Precise Biometrics AB (publ) may be required to disclose the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 09.00 on February 4, 2010.*

## Income statement, Group

(Figures in thousands SEK)

	<b>Q4</b>	<b>Q4</b>	<b>Full year</b>	<b>Full year</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net sales	32,147	11,495	68,655	45,868
Cost of goods sold	-15,856	-5,605	-32,863	-23,324
<b>Gross profit/loss</b>	<b>16,291</b>	<b>5,890</b>	<b>35,792</b>	<b>22,544</b>
Selling expenses	-7,720	-9,226	-30,445	-26,416
Administrative expenses	-3,005	-2,862	-12,554	-11,096
R&D costs	-3,016	-4,669	-12,092	-14,444
Other operating income and changes in value	734	4,460	-977	5,598
Result from participations in associated companies	0	-29,261		-30,738
	-13,007	-41,558	-56,068	-77,096
<b>Operating profit/loss</b>	<b>3,284</b>	<b>-35,668</b>	<b>-20,276</b>	<b>-54,552</b>
Financial costs	-476	-129	-1,492	403
<b>Profit/loss after financial items</b>	<b>2,808</b>	<b>-35,797</b>	<b>-21,768</b>	<b>-54,149</b>
Tax	-4	-31	-4	-31
<b>Profit/loss for the period</b>	<b>2,808</b>	<b>-35,828</b>	<b>-21,772</b>	<b>-54,180</b>
<b>Profit/loss attributable to:</b>				
Owners of the parent	2,808	-35,828	-21,772	-54,180
<i>Results per share, SEK</i>	<i>0.02</i>	<i>-0.35</i>	<i>-0.19</i>	<i>-0.54</i>
<i>Results per share, SEK (after dilution)</i>	<i>0.02</i>	<i>-</i>	<i>-</i>	<i>-</i>

**Other profit/loss, Group** *(according to IAS 1)*
**Other revenues and costs directly accounted for in equity**
**(Figures in thousands SEK)**

	<b>Q4</b>	<b>Q4</b>	<b>Full year</b>	<b>Full year</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Change in accumulated exchange rate differences	116	-1,237	621	-1,471
<b>Other profit/loss for the period, net of tax</b>	<b>116</b>	<b>-1,237</b>	<b>621</b>	<b>-1,471</b>
Profit/loss for the period	2,808	-35,828	-21,772	-54,180
<b>Total profit/loss for the period</b>	<b>2,924</b>	<b>-37,065</b>	<b>-21,151</b>	<b>-55,651</b>
<b>Total profit/loss attributable to:</b>				
Owners of the parent	2,924	-37,065	-21,151	-55,651

**Balance Sheet, Group**
**(Figures in thousands SEK)**

	<b>12/31/2009</b>	<b>12/31/2008</b>
<b>Assets</b>		
Intangible fixed assets	3,802	9,683
Tangible fixed assets	868	1,303
Inventories	6,047	2,618
Accounts receivable - trade	16,758	6,859
Other current receivables	4,734	2,206
Cash and bank balances	40,884	11,343
<b>Total assets</b>	<b>73,093</b>	<b>34,012</b>
<b>Equity and liabilities</b>		
Equity	45,408	16,004
Current liabilities	27,685	18,008
<b>Total equity and liabilities</b>	<b>73,093</b>	<b>34,012</b>
<b>Pledged assets</b>	<b>26,400</b>	<b>12,400</b>
<b>Contingent liabilities</b>	<b>-</b>	<b>-</b>

**Cash Flow Statement, Group**
**(Figures in thousands SEK)**

	<b>Q4</b>	<b>Q4</b>	<b>Full year</b>	<b>Full year</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Cash flow from operating activities				
before changes in working capital	3,259	-9,882	-14,276	-24,778
Cash flow from changes in working capital	-7,908	13,942	-6,931	4,945
Cash flow from operating activities	-4,649	4,060	-21,207	-19,833
Cash flow from investing activities	-309	-233	-1,299	-1,794
Cash flow from financing activities	-13,479	0	52,047	454
<b>Cash flow for the period</b>	<b>-18,437</b>	<b>3,827</b>	<b>29,541</b>	<b>-21,173</b>
Liquid funds at the beginning of the period	59,321	7,516	11,343	32,516
Liquid funds at the end of the period	40,884	11,343	40,884	11,343

## Key Figures, Group

	<u>12/31/2009</u>	<u>12/31/2008</u>
Working capital (thousands SEK)	40,738	5,018
Liquid ratio	225%	113%
Equity/assets ratio	62%	47%
Return on average equity	neg	neg
Capital employed (thousands SEK)	46,900	16,004
Return on capital employed	neg	neg
Profit/loss per share (SEK)	-0.19	-0.54
EBITDA (thousands SEK)	-12,662	-22,132
Equity per share (SEK)	0.34	0.16
Number of shares	134,960,800	101,220,600
Number of employees at the end of the period	36	44
Average number of employees during the period	38	41

### Definitions - Key Figures

Working capital: Current assets less current liabilities

Liquid ratio: Current assets less inventories divided by current liabilities

Equity/assets ratio: Equity as of the balance sheet date divided by total assets as of the balance sheet date

Return on equity: Profit/loss for the period divided by average equity

Capital employed: Balance sheet total minus non-interest-bearing liabilities and provisions

Return on capital employed: Profit/loss after financial items plus financial expenses divided by the average capital employed

Profit/loss per share: Profit/loss after tax divided by the average number of shares. The options are not included in the calculation due to calculation of potential shares would result in an improvement in loss per share which is not permitted according to IAS 33

EBITDA: Profit/loss before net financial items, depreciations, write-downs and tax

Equity per share: Equity at the end of the period divided by the number of shares at the end of the period

Quarterly earnings ratios are not disclosed



**Changes in equity, Group**  
**(Figures in thousands SEK)**

	Capital stock	Other paid in capital	Reserves	Balanced profit/ year's profit	<b>Total equity</b>
Opening balance of January 1, 2008	40,488	499,701	1,005	-469,993	71,201
Optionsprogram <sup>1)</sup>	-	454	-	-	454
Total Other profit/loss for the period	-	-	-1,471	-54,180	-55,651
<b>Closing balance as of December 31, 2008</b>	<b>40,488</b>	<b>500,155</b>	<b>-466</b>	<b>-524,173</b>	<b>16,004</b>
Opening balance as of January 1, 2009	40,488	500,155	-466	-524,173	16,004
Optionsprogram <sup>2)</sup>	-	-77	-	-	-77
New share issue in progress <sup>3)</sup>	13,496	37,136	-	-	50,632
Total Other profit/loss for the period	-	-	621	-21,772	-21,151
<b>Closing balance as of December 31, 2009</b>	<b>53,984</b>	<b>537,214</b>	<b>155</b>	<b>-545,945</b>	<b>45,408</b>

<sup>1)</sup> Relates to 2,300,000 share options to Management at a rate of SEK 0.19 and 210,000 share options to other employees at a rate of SEK 0.08.

<sup>2)</sup> Repurchase of 450,000 share options.

<sup>3)</sup> New share issue totalling 33 740 200 new shares at a rate of SEK 1.60 with deductions for issue costs

### Turnover and profitability by Regions Q4 2009

(Figures in thousands SEK)	North America		Europe		Middle East & Africa		Asia	
	2009	2008	2009	2008	2009	2008	2009	2008
	Net sales	24,119	843	3,156	7,032	3,890	585	1
Expenses <sup>1)</sup>	<u>-16,298</u>	<u>-2,346</u>	<u>-2,890</u>	<u>-6,370</u>	<u>-1,074</u>	<u>-951</u>	<u>-796</u>	<u>-802</u>
Operating profit/loss	7,821	-1,503	266	662	2,816	-366	-795	-802
	Latin America		Other					
	2009	2008	2009	2008				
Net sales	980	3,035	-	-				
Expenses <sup>1)</sup>	<u>-3</u>	<u>10</u>	<u>274</u>	<u>-206</u>				
Operating profit/loss	977	3,045	274	-206				

1) The above expenses in Regions include Cost of goods sold as well as operation expenses for each region.

### Turnover and profitability by Regions full year 2009

(Figures in thousands SEK)	North America		Europe		Middle East & Africa		Asia	
	2009	2008	2009	2008	2009	2008	2009	2008
	Net sales	38,075	11,113	14,121	23,956	11,265	7,228	1,038
Expenses <sup>1)</sup>	<u>-26,193</u>	<u>-6,713</u>	<u>-13,338</u>	<u>-19,835</u>	<u>-6,427</u>	<u>-7,675</u>	<u>-3,173</u>	<u>-3,142</u>
Operating profit/loss	11,882	4,400	783	4,121	4,838	-447	-2,135	-2,606
	Latin America		Other					
	2009	2008	2009	2008				
Net sales	4,156	3,035	-	-				
Expenses <sup>1)</sup>	<u>-10</u>	<u>-16</u>	<u>86</u>	<u>-256</u>				
Operating profit/loss	4,146	3,019	86	-256				

1) The above expenses in Regions include Cost of goods sold as well as operation expenses for each region.

**Income statement, Parent company**

(Figures in thousands SEK)

	<b>Full year 2009</b>	<b>Full year 2008</b>
Net sales	57,397	30,849
Cost of goods sold	<u>-28,493</u>	<u>-14,681</u>
<b>Gross profit/loss</b>	<b>28,904</b>	<b>16,168</b>
Selling expenses	-20,562	-24,010
Administrative expenses	-10,390	-11,747
R&D costs	-12,092	-16,872
Other operating income and changes in value	-3,174	10,726
Result from participation in associated companies	<u>-</u>	<u>-29,662</u>
	-46,218	-71,565
<b>Operating profit/loss</b>	<b>-17,314</b>	<b>-55,397</b>
Financial costs <sup>1)</sup>	-6,507	762
<b>Profit/loss after financial items</b>	<b>-23,821</b>	<b>-54,635</b>
Tax	<u>-</u>	<u>-</u>
<b>Profit/loss for the period</b>	<b>-23,821</b>	<b>-54,635</b>

<sup>1)</sup> Include a write-down of the value in the subsidiary Precise Biometrics Solutions AB Amounting to SEK 5.5 million

**Balance Sheet, Parent company**

(Figures in thousands SEK)

	<u>12/31/2009</u>	<u>12/31/2008</u>
<b>Assets</b>		
Intangible fixed assets	3,655	4,751
Tangible fixed assets	479	824
Participations in group companies	1,058	6,540
Inventories	6,047	2,618
Accounts receivable - trade	6,176	4,196
Other current receivables	54,865	41,866
Cash and bank balances	28,494	9,329
<b>Total assets</b>	<b>100,774</b>	<b>70,124</b>
<b>Equity and liabilities</b>		
Equity	79,763	57,728
Other provisions	284	594
Current liabilities	20,727	11,802
<b>Total equity and liabilities</b>	<b>100,774</b>	<b>70,124</b>
<b>Pledged assets</b>	<b>24,000</b>	<b>10,000</b>
<b>Contingent liabilities</b>	<b>2,000</b>	<b>2,000</b>

On the occasion of today's year-end report we have the pleasure to invite investors and journalists to the following informative meeting during the day

- The conference starts at 11:00 (CET)
- To participate, please call + 46 (0)8 506 269 30

An operator will note your name and connect you to the conference. She/he will also provide you with information about what to do if you have any questions. The presentation will be held in English but questions in Swedish are allowed.

Participating on behalf of Precise Biometrics

- Thomas Marschall, President and CEO
- Patrik Norberg, CFO

A recording of the information provided will be available for following three days after the conference. To listen to the conference, dial +46 (0)8 506 269 49 and when you are asked to state a reference PIN please dial 23927 and finish with (#).

Please visit [www.precisebiometrics.com/presentations](http://www.precisebiometrics.com/presentations) where a presentation can be downloaded.

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#### For further information

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Precise Biometrics is a market-leading provider of products and solutions for fingerprint recognition. The technology proves people's identities in a fast and secure way, while it reduces costs related to password management, identity theft and fraud.

Precise Biometrics serves business and government organizations throughout the world and its technology is licensed to close to 100 million users. Precise Biometrics is listed on NASDAQ OMX Stockholm small cap list (PREC).

For more information, please visit [www.precisebiometrics.com](http://www.precisebiometrics.com) or view the [Company presentation](#).

