

GROWTH WITH HIGH PROFITABILITY

Interim report January-March 2016

Published May 17th, 2016

INTEGRATED IN OVER 25 SMARTPHONES

Q1

- ▶ Precise BioMatch Mobile was integrated in over 25 smartphones
- ▶ Precise Biometrics, Gemalto, Fingerprint Cards, and STMicroelectronics introduced the first end-to-end security architecture for biometric fingerprint authentication at Mobile World Congress 2016



TWO NEW LICENSE AGREEMENTS

Q1

- ▶ Signed license agreements with sensor manufacturers Chipone och MStar
- ▶ Extended the license agreement with Fingerprint Cards to include Precise BioMatch™ Embedded for smart cards
- ▶ First royalty revenues from Synaptics



TACTIVO ORDER FROM US GOVERNMENT

Q1

- ▶ Follow-on order from Defense Logistics Agency within the US Department of Defense

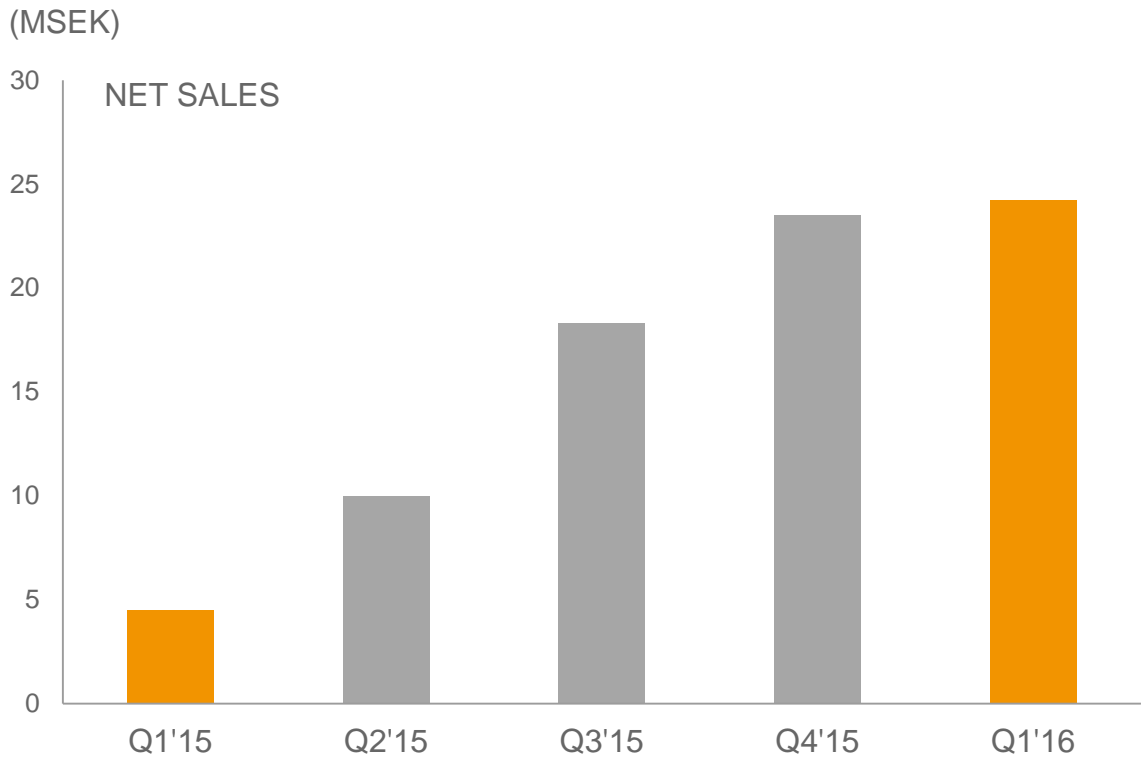


MAIN EVENTS AFTER THE FIRST QUARTER

- ▶ Won a framework agreement for Tactivo from the Defense Logistics Agency within the US Department of Defense
- ▶ Precise BioMatch Mobile was integrated in more than 15 additional smartphones
- ▶ Signed license agreement with IDEX and Oberthur Technologies
- ▶ Precise BioMatch Embedded was integrated in Fingerprint Cards biometric module FPC-BM



NET SALES PER QUARTER

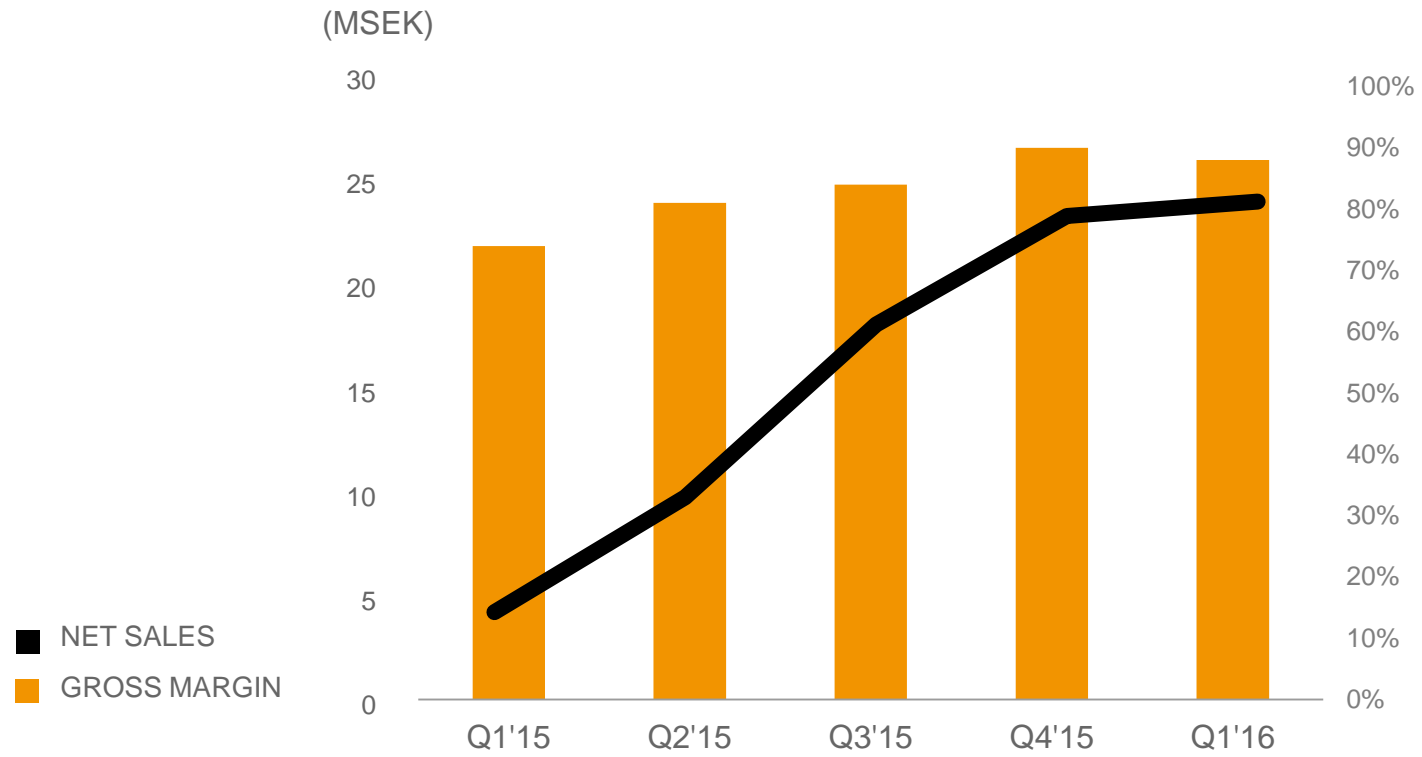


- ▶ Net sales increased to 24,2 (4,5) MSEK in Q1
- ▶ Strong sales increase both in Business Area Fingerprint Technology and Mobile Smart Card Solutions.

CONTINUED HIGH GROSS MARGIN

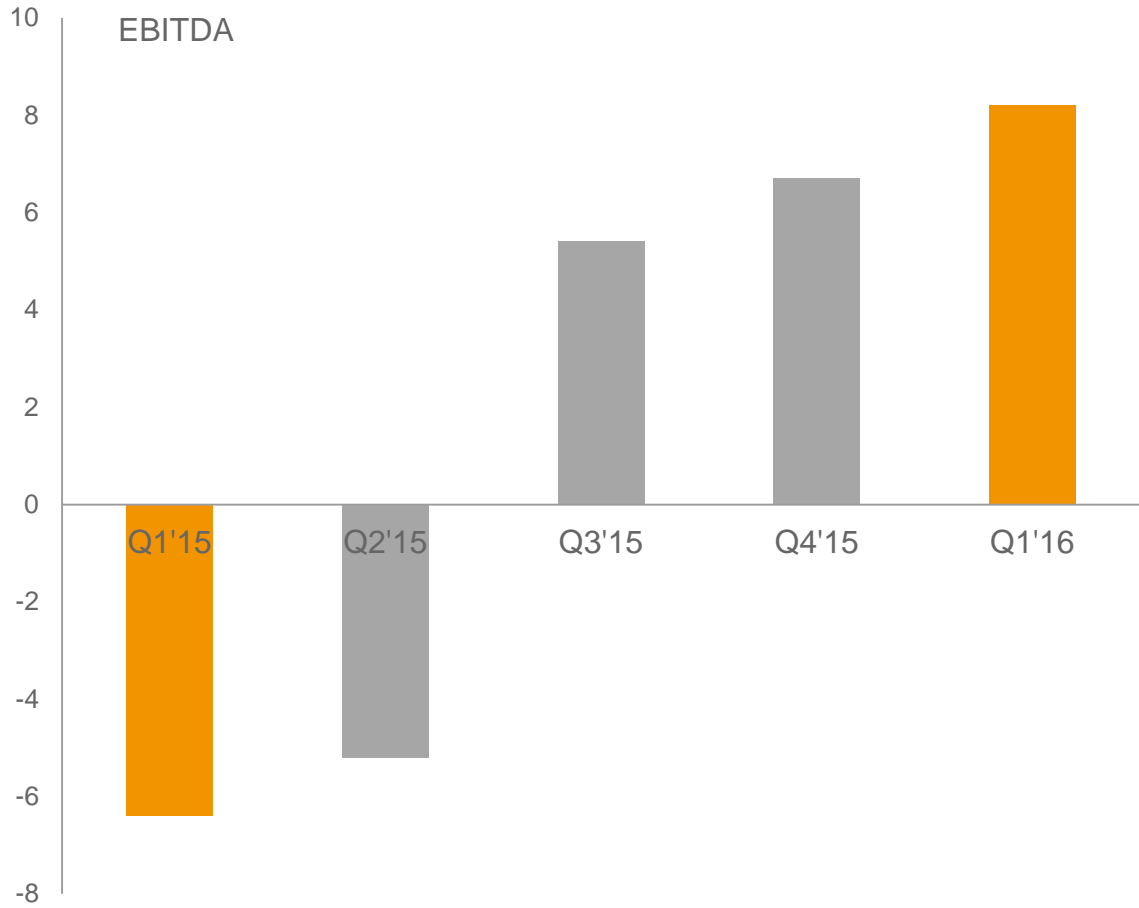
▶ Gross margin increased to 88% (74%)

Increased sales of fingerprint software has led to an increase in gross margin



EBITDA & OPERATING PROFIT

(MSEK)

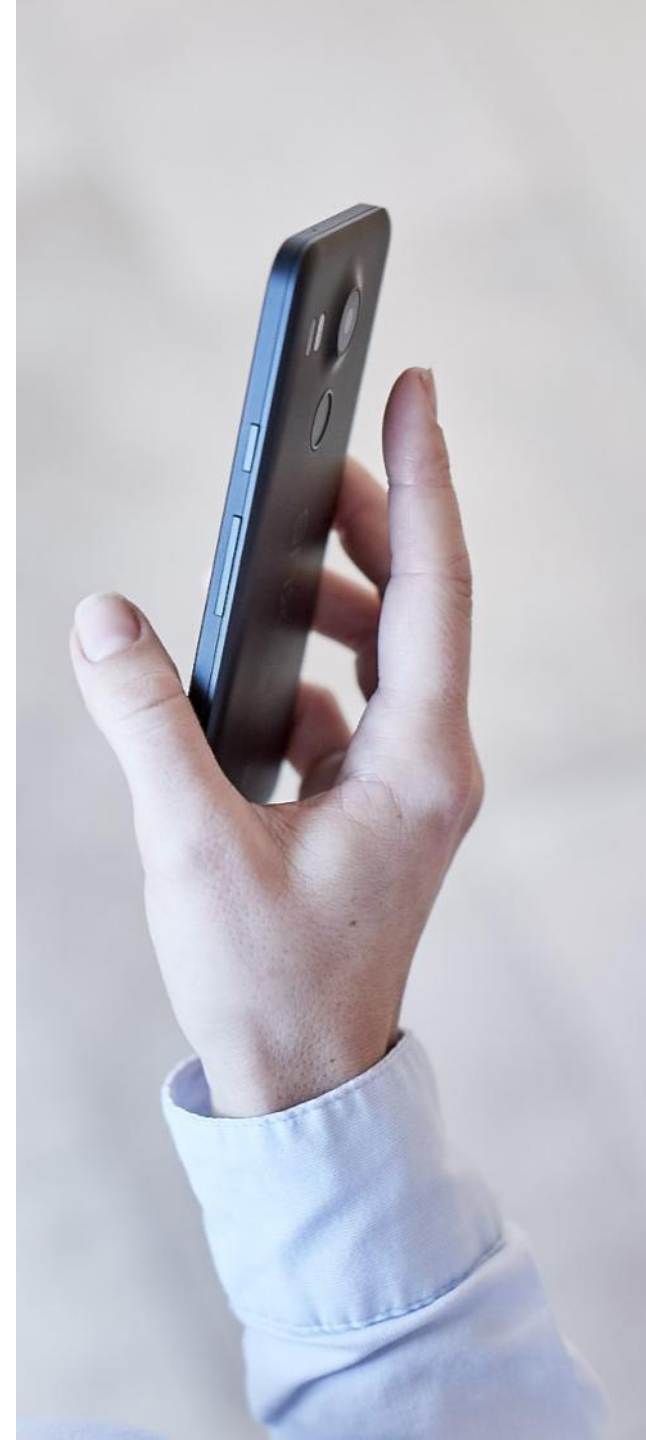


- ▶ EBITDA for Q1 2016 increased to 8.2 MSEK from -6.4 MSEK in Q1 2015
- ▶ Operating profit for Q1 2016 increased to 6.3 MSEK from -8.8 MSEK in Q1 2015

FINANCING AND CASH FLOW

(As of March 31, 2016)

- ▶ Equity amounted to 89.1 MSEK (83.4)
- ▶ Equity per share amounted to 0.26 SEK (0.24)
- ▶ Available cash amounted to 58.6 MSEK (50.7)
- ▶ Cash flow from current operations amounted to 7.5 MSEK (-8.4)

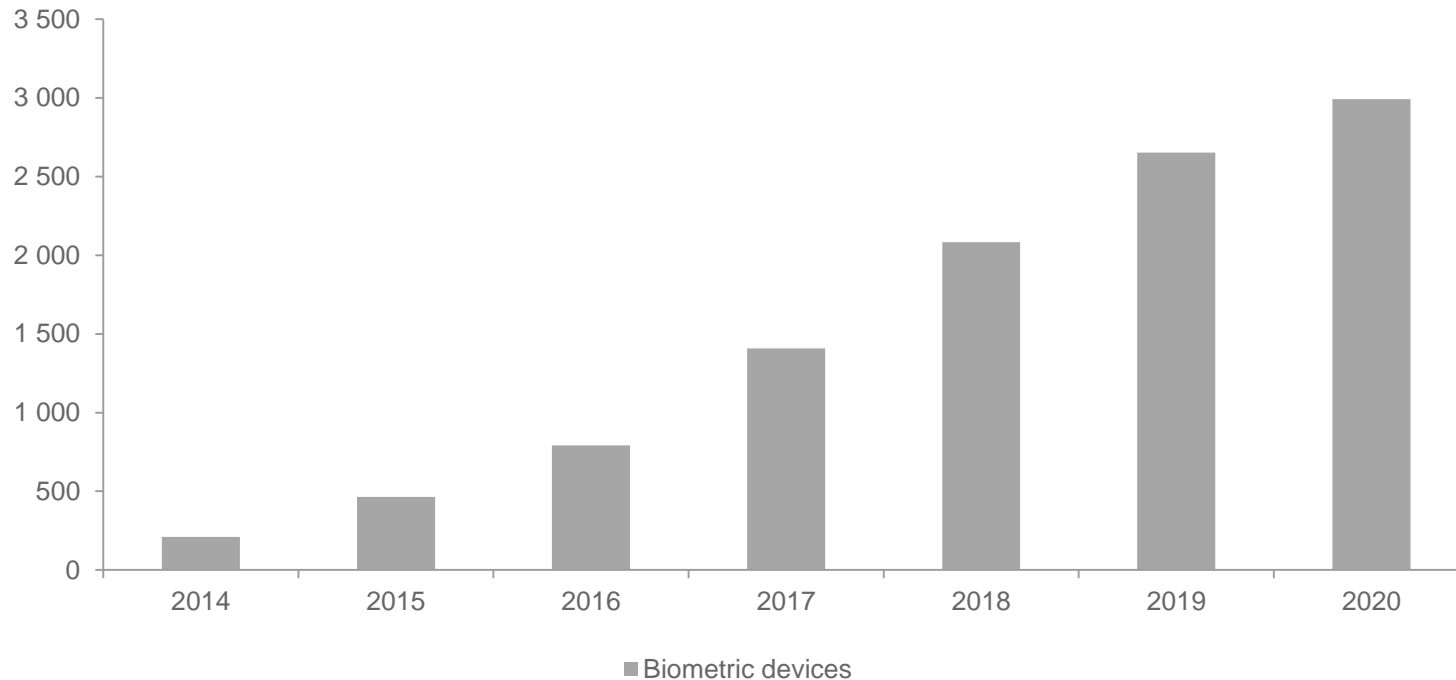


FAST GROWING MARKET

- ▶ 750 million smartphones with fingerprint technology 2016
- ▶ Goode intelligence estimates 1.4 billion mobile devices with fingerprint technology 2018
- ▶ Acuity research estimates 3 billion mobile devices with biometrics 2020
- ▶ Fast growing market in new product areas

Annual smart biometric devices

Acuity Research



LEADING FINGERPRINT SOFTWARE

- ▶ Precise Biometrics fingerprint software gives the best user experience of products with small sensors for platforms where processing power and memory is limited - independent of sensor technology, operating system or hardware platform

KEY DEVELOPMENTS

- ▶ Improved performance for new sensor technologies
- ▶ Algorithm development to support very constrained environments such as Secure Elements and smart cards
- ▶ Reference software to support trusted integration of Precise BioMatch Mobile in Android devices



INTEGRATED IN +90 SMARTPHONES FROM 31 VENDORS

- ▶ Precise BioMatch Mobile is used by leading smartphone vendors such as Coolpad, Google, Huawei, HTC, Lenovo, LG, Oppo, Sony, ZTE and Xiaomi.



WELL POSITIONED FOR GROWTH

- ▶ Increased competition can fuel our growth
- ▶ 13 of the most important sensor manufacturers are our customers
- ▶ Expanded software offering facilitates integration of fingerprint software in smartphones
- ▶ Well positioned for growth in the mobile device market
- ▶ Future growth in new product areas such as smart cards, wearables, cars and IoT



FINGERPRINTS



FocalTech

Gingytech



CHIPONE



GREAT POTENTIAL IN NEW PRODUCT AREAS

- ▶ Great potential for fingerprint technology within new product areas, smart cards in particular
- ▶ Annual addressable market of one billion credit cards
- ▶ The smart card market requires powerful & effective algorithm solutions
- ▶ We are involved in several projects within wearables, smart cards and cars
- ▶ This market can become larger than the smartphone market



INCREASED DEMAND OF TACTIVO

GOVERNMENT



- ▶ Continued interest in the US
- ▶ Pilot projects in Germany
- ▶ Pilot projects in Europe, Middle East and South America

UK HEALTHCARE



- ▶ Long sales processes
- ▶ Great interest among UK Trusts

SWEDISH HEALTHCARE



- ▶ Long sales processes
- ▶ Great interest among municipalities and county councils
- ▶ Gothenburg City pilot projects with target deployment for 10.000 employees

OUTLOOK

- ▶ Increase sales and market share of fingerprint software for mobile devices
- ▶ Well positioned in new product areas that requires a small fingerprint sensor in constrained environments
- ▶ As our customers gain increasing market share our revenues will increase through higher volumes and improved revenue per sensor
- ▶ We expect continued growth over time in our business area Mobile Smart Card Solutions
- ▶ Tactivo sales in the US continues. We expect increasing sales in the Swedish and UK healthcare markets in the second half of the year
- ▶ Well positioned for profitable growth



THANK YOU!

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VERIFIED **BY YOU**

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