

LUND, AUGUST 16th 2016

## NEW LICENSE AGREEMENTS CREATE ADDITIONAL GROWTH OPPORTUNITIES

PRECISE BIOMETRICS AB (PUBL), CORPORATE IDENTITY NO. 556545-6596

### INTERIM REPORT FOR THE PERIOD JANUARY-JUNE 2016

#### SECOND QUARTER

- Consolidated net sales increased to SEK 21.9 (10.0) million.
- EBITDA increased to SEK 6.2 (-5.2) million.
- Profit after tax increased to SEK 4.4 (-7.9) million.
- Earnings per share for the period increased to SEK 0.01 (-0.02).
- Cash flow from operations increased to SEK 10.0 (-5.6) million.

#### FIRST HALF-YEAR

- Consolidated net sales increased to SEK 46.1 (14.6) million.
- EBITDA increased to SEK 14.4 (-11.6) million.
- Profit after tax increased to SEK 10.7 (-16.7) million.
- Earnings per share for the period increased to SEK 0.03 (-0.05).
- Cash flow from operations increased to SEK 17.5 (-11.9) million.
- Cash and cash equivalents were SEK 67.4 (47.0) million at the end of the interim period.

#### SIGNIFICANT EVENTS IN THE SECOND QUARTER

- Precise BioMatch Mobile was included in over 40 different smartphones, tablets and laptops that was launched during the quarter.
- Licensing agreements were signed with sensor manufacturers IDEX and EOSMEN as well as the digital security company, Oberthur Technologies.
- Precise Biometrics, won a framework agreement for Tactivo from the Defense Logistics Agency within the US Department of Defense.
- Precise BioMatch Embedded was integrated in Fingerprint Cards (FPC) embedded biometric module solution FPC-BM.

#### SIGNIFICANT EVENTS AFTER THE SECOND QUARTER

- Precise BioMatch Mobile has so far been included into seven different smartphones and tablets that was launched after the end of the second quarter.
- Licensing agreements after the end of the quarter were signed with the sensor manufacturers Betterlife and Qualcomm Technologies, Inc.

#### CONFERENCE CALL

On the occasion of today's interim report, we are pleased to invite investors and journalists to a conference call today at 10.00. More information can be found at the last page of the report.

## CEO'S COMMENTS

The second quarter was another good quarter for Precise Biometrics. The company has had a fantastic development during the past year. During the last 12-month period net sales increased with 176% to SEK 87.9 million (SEK 31.8). Corresponding EDITDA was SEK 26.5 million (- 27.3), an increase with SEK 53.8 million on an annual basis. I am of course not satisfied with the discontinued net sales growth compared to the first quarter, but I am convinced that we will have continued growth ahead.

However, I am pleased that the positive trend of new customer agreements continued during the second quarter, and that we signed an agreement with Qualcomm at the beginning of the third quarter. This is a partnership that we feel holds great potential. Qualcomm is one of the leaders in the mobile industry and has an exciting sensor technology based on ultrasound. During the quarter we also signed licensing agreements with the sensor manufacturers IDEX and EOSMEM, and with the security company Oberthur. We now have a total of 18 licensing agreements, giving us great opportunities to win a significant share of the market growth. We are continuously assessing new partners to further enhance our market position and competitive edge, in line with our strategy.

The market for fingerprint technology continues to grow, and more and more manufacturers are also choosing to integrate the technology in mobile phones in the low- and medium-price segments, as well as in tablets and laptops. Leading market analysts project a compound annual growth rate of 35% in the fingerprint market until 2020. I expect that already next year our addressable market will reach almost 800 million mobile phones, tablets and laptops with fingerprint technology. This is an amazing market trend, which provides us with opportunities for growth in both the short term and the long term.

We have further enhanced our position as the leading supplier of fingerprint software. Our software is now included in more than 130 mobile devices from over 35 different manufacturers. Precise BioMatch Mobile was included in a total of 40 different mobile phones, tablets and laptops that was launched during the quarter, 15 more than in the first quarter, five of which were for customers other than Fingerprint Cards AB. We expect sales and volumes to increase from several of our other sensor customers, which will drive growth and compensate for the effects of Fingerprint Cards having implemented their own algorithm solution with some key customers.

In recent months many of our customers have undergone comprehensive qualification processes with leading mobile phone manufacturers. The customers are now involved in final evaluations and integration projects that may generate volume shipments towards the end of the year. During the quarter sensors from Synaptics and Elan Microelectronics were delivered with our software in several mobile devices, an indication of increasing competition in the market. We are increasingly collaborating with our customer on site at the premises of mobile phone manufacturers. This way, we can achieve faster, more efficient evaluation and integration processes and thus create the conditions for earlier and increased royalty revenues.

We have continued our investments in research and development to secure our competitiveness by having the market's best performance in terms of user experience and security. We are furthermore developing our offer with software and reference implementations for different platforms as well as integration services to be able to offer broader solutions that enable quicker integration of our fingerprint software in mobile devices. In order to get closer to and better support our customers in critical integration projects in our key markets, China and Taiwan, we have also established a local organization for support and integration in Taiwan that also covers the Chinese market.

Sales in the Mobile Smart Card Solutions business area was weaker than expected, primarily

because of lower sales to the US government agency market and the Defense Logistics Agency.

However, we expect continued growth over time in this business area. Beyond the US, several interesting projects are showing progress, primarily in Sweden, Germany and the UK. The City of Gothenburg is planning to introduce a mobile solution featuring Tactivo to 10,000 employees over the next year. This is a wide-ranging project that is progressing according to schedule, and we expect initial orders for Tactivo as early as this fall. Many stakeholders in the Swedish healthcare sector are monitoring the development of this project, which may have a positive impact on other organizations' decisions to introduce mobile solutions using Tactivo. Pilot projects with German authorities are also progressing in the right direction, which may generate revenues in 2017.

The first half of 2016 has been eventful, and I am satisfied with our overall development. We have strengthened our position as the leading supplier of fingerprint software. As more and more of our customers becomes qualified as suppliers, we are also reducing our reliance on individual partnerships. Through our broad customer base of 16 sensor manufacturers and two security companies, we are well positioned for profitable growth and I am confident that Precise Biometrics' positive development will continue.

Håkan Persson, CEO

## **MARKET AND SALES**

Precise Biometrics has two business areas: Fingerprint Technology and Mobile Smart Card Solutions.

### **Fingerprint Technology**

In this business area, Precise Biometrics develops and sells fingerprint software for convenient and secure authentication of people's identity in mobile phones, smart cards and products with small fingerprint sensors. The company's fingerprint software consists of advanced algorithms that process, analyze and match images of fingerprints and are key to the user experience of fingerprint technology.

The product portfolio consists of three products:

- Precise BioMatch<sup>TM</sup> Mobile, an algorithm solution for integration into mobile phones and tablets.
- Precise BioMatch<sup>TM</sup> Embedded, an algorithm solution for integration into products with small sensors and limited platforms, such as smart cards, wearables, locks and cars.
- Precise Match-on-Card<sup>TM</sup>, an algorithm solution for integration into national ID cards.

Royalty revenues from Synaptics, Silead and ELAN rose during the quarter, while revenues from Fingerprint Cards declined as they implemented their own algorithm solution with some of their key customers. The national ID card project in Portugal continues to generate royalty revenues from Gemalto.

Precise Biometrics has entered new licensing agreements with IDEX, Oberthur Technologies, EOSMEM, Betterlife and Qualcomm Technologies. IDEX is a promising sensor manufacturer that already has its sensor integrated into products on the market. Oberthur is a leading security company whose solutions are integrated into more than 180 million mobile phones. EOSMEM and Betterlife are two new, interesting sensor manufacturers from Taiwan and China respectively. Qualcomm is one of the leading operators in the mobile industry. Precise Biometrics is now a supplier to 16 sensor manufacturers and two security companies, creating the conditions for long-term growth in a rapidly expanding market. The company expects royalty revenues from about half of its customers during the second half of 2016.

Precise Biometrics has continued to invest in research and development in order to ensure that the algorithm solutions have the best performance in the industry in terms of user experience and security for small sensors in limited environments. The company has also established a local organization for support and integration of fingerprint software in Taiwan, which also covers the Chinese market. There was already a corresponding organization in South Korea.

### **Mobile Smart Card Solutions**

This business area consists of Tactivo, a product portfolio of smart card readers for smartphones and tablets. Tactivo enables convenient and secure mobility in organizations that require smart cards to log in to IT systems, contributing to a more efficient and enhanced working environment, increased information security and reduced operating costs.

Sales to the Defence Logistics Agency and the US Navy accounted for the majority of revenues in this business area. The healthcare markets in Sweden and the UK continue to show a high level of interest in Tactivo, even though sales have not taken off due to long sales processes involving wide-ranging pilot projects. Many Swedish municipalities have implemented Tactivo and a number of pilot projects for larger implementations are under way, including the City of Gothenburg. The company is also involved in several pilot projects in Europe, the Middle East and South America.

### **SALES AND EARNINGS - SECOND QUARTER 2016**

Net sales for the second quarter amounted to SEK 21.9 (10.0) which was an increase by 119 percent. A majority of the sales was generated from Business Area **Fingerprint Technology** which accounted for SEK 18.9 (6.9).

Revenues from Business Area **Mobile Smart Card Solutions** accounted for 3.0 (2.5) million. Defense Logistics Agency's roll out plan for Tactivo in the second quarter did not meet up to earlier indicated volumes which resulted in lower growth compared to previous quarter.

Gross margin increased to 88% (81%) due to a gradually larger share of software sales.

Total operating expenses was reduced to SEK 14.9 (15.8) million due to lower administration costs.

Operating profit increased to SEK 4.5 (-7.7) million primarily as a result of higher net sales. Profit before tax improved to SEK 4.4 (-7.9) million. The result on EBITDA level increased to SEK 6.2 (-5.2) million. Earnings per share (average number of shares) for the second quarter amounted to SEK 0.01 (-0.02) million.

### **SALES AND EARNINGS – FIRST HALF-YEAR**

Net sales for the first half of the year improved to SEK 46.1 (14.6) million which is an increase by 216 %. For Business Area **Fingerprint Technology** net sales increased to SEK 39.6 (10.3) million. Net sales for Business Area **Mobile Smart Card Solutions** during the same period increased to SEK 6.5 (3.3) million.

Gross margin for the first half of the year increased to 88% (78%) due to a larger share of software sales.

Total operating expenses increased for the first half of the year to SEK 30.0 (28.0) million due to higher sales, R&D and administration costs amounting to SEK 15.1 (13.2) million.

Operating profit increased to SEK 10.7 (-16.6) million primarily as a result of higher net sales. Profit before tax improved to SEK 10.7 (-16.7) million. The result on EBITDA level increased to SEK 14.4 (-11.6) million. Earnings per share (average number of shares) for the first half of the year amounted to SEK 0.03 (-0.05).

Financial net for the first half of the year was SEK 0.0 (-0.2) million.

For the latest 12-month period net sales has increased by 176 % to SEK 87.9 million (31.8). The result on EBITDA level has improved to SEK 26.5 (-27.3) million.

### **INVESTMENTS IN PROPERTY, PLANT & EQUIPMENT**

During the second quarter the Group has invested SEK 0.1 (0.4) million in property, plant and equipment. Depreciation of property, plant and equipment amounted for the interim period to SEK 0.3 (0.3) million.

During the first half of the year the Group has invested SEK 0.2 (0.5) million in property, plant and equipment. Depreciation of property, plant and equipment for the first half of the year amounted to SEK 0.6 (0.5) million.

#### **CAPITALIZATION AND AMORTIZATION OF RESEARCH AND DEVELOPMENT**

During the second quarter expenses for research and development were capitalized by SEK 1.4 (0.1) million. Depreciation of capitalized research and development expenses amounted for the interim period to SEK 1.4 (2.2) million.

During the first half of the year expenses for research and development were capitalized by SEK 2.4 (0.7) million. Depreciation of capitalized research and development expenses amounted for the first half of the year to SEK 3.0 (4.3) million.

#### **FINANCING AND CASH FLOW**

Equity at the end of the quarter totaled SEK 94.0 (75.8) million and equity per share at SEK 0.27 (0.22).

Cash flow from current operations for the quarter improved and amounted to SEK 10.0 (-5.6) million. Cash and cash equivalents at the end of the quarter amounted to SEK 67.4 (47.0) million.

#### **PARENT COMPANY**

Parent company sales for the first half of the year came in at SEK 43.0 (12.2) million. Profit before tax for the period amounted to SEK 11.8 (-13.6) million.

Cash and cash equivalents at the end of the quarter totaled SEK 56.3 (43.4) million.

#### **ORGANIZATION AND STAFF**

The organization consists of Precise Biometrics AB, with its head office in Lund and with an office in Karlstad, Sweden and Precise Biometrics Inc. with offices in Virginia, USA. To secure local presence on key markets sales consultants are hired in the US, Taiwan, China and Korea.

At the end of the quarter the Group had 35 staff members, consultants included. The number of employees were 26 (27), of which 26 (27) were based in Sweden and 0 (2) in the US.

#### **UPCOMING REPORTING DATES**

Q3 2016 Interim Report	November 15, 2016
Year-end report 2016	February 14, 2017

## **RISK FACTORS**

Precise Biometrics is exposed to business risks and financial risks outside reach and control of the Company. There is no guarantee that new capital can be raised if the need should arise, or that such capital can be raised on favorable terms. For a full report on the risk identified, please see the Annual Report for 2015 submitted on April 8, 2016. No new significant risks or uncertainties have arisen since the annual report was submitted.

## **ACCOUNTING POLICIES**

The consolidated financial statements in this interim report have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The parent company 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. This interim report has been prepared in compliance with IAS 34 Interim Reporting. The recognition and measurement policies as well as the bases of estimates and judgements applied in the Annual Report for 2015 have been used in this interim report as well. Furthermore, new standards and interpretations that came into force for the calendar year 2016 have had no material impact in the financial reporting.

For information on applied accounting principles, please read the Annual Report for 2015.

The 2016 interim report has not been reviewed by the Company's auditors.

*Lund August 16, 2016*

Torgny Hellström, Chairman of the Board

Torbjörn Clementz

Mats Lindoff

Matts Lilja

Synnöve Trygg

Anna Almlöf

Håkan Persson, CEO

*This information is information that Precise Biometrics AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 CET on August 16, 2016.*

**Consolidated income statement**

<b>(Amounts in SEK thousand)</b>	<b>2016 Q2</b>	<b>2015 Q2</b>	<b>2016 Q1-Q2</b>	<b>2015 Q1-Q2</b>	<b>2015 Full year</b>	<b>Rolling 12 months</b>
Net sales	21 880	10 041	46 110	14 550	56 337	87 897
Cost of goods sold	-2 520	-1 947	-5 338	-3 132	-8 415	-10 622
<b>Gross profit/loss</b>	<b>19 360</b>	<b>8 094</b>	<b>40 772</b>	<b>11 418</b>	<b>47 922</b>	<b>77 276</b>
Selling expenses	-4 124	-3 379	-7 798	-6 282	-12 685	-14 201
Administrative expenses	-3 054	-4 170	-7 309	-6 874	-13 587	-14 022
R&D costs	-8 496	-7 953	-15 435	-15 244	-31 275	-31 466
Other revenue/costs	768	-299	487	415	219	291
	-14 905	-15 801	-30 054	-27 985	-57 330	-59 399
<b>Operating profit/loss</b>	<b>4 455</b>	<b>-7 707</b>	<b>10 718</b>	<b>-16 567</b>	<b>-9 408</b>	<b>17 877</b>
Financial income/cost	-6	-188	-10	-174	-62	102
<b>Profit/loss before tax</b>	<b>4 448</b>	<b>-7 895</b>	<b>10 707</b>	<b>-16 741</b>	<b>-9 469</b>	<b>17 979</b>
Tax	-	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>4 448</b>	<b>-7 895</b>	<b>10 707</b>	<b>-16 741</b>	<b>-9 469</b>	<b>17 979</b>
<b>Profit/loss for the period attributable to:</b>						
Parent company shareholders	4 448	-7 895	10 707	-16 741	-9 469	17 979
<i>Basic earnings per share, SEK</i>	<i>0,01</i>	<i>-0,02</i>	<i>0,03</i>	<i>-0,05</i>	<i>-0,03</i>	<i>0,10</i>
<i>Diluted earnings per share, SEK</i>	<i>0,01</i>	<i>-0,02</i>	<i>0,03</i>	<i>-0,05</i>	<i>-0,03</i>	<i>0,10</i>



## Consolidated statement of profit or loss and other comprehensive income

(Amounts in SEK thousand)	2016 Q2	2015 Q2	2016 Q1-Q2	2015 Q1-Q2	2015 Full year	Rolling 12 months
<b>Profit/loss for the period</b>	<b>4 448</b>	<b>-7 895</b>	<b>10 707</b>	<b>-16 741</b>	<b>-9 469</b>	<b>17 979</b>
<b>Other comprehensive income: Items that may be reclassified to profit or loss</b>						
Changes in accumulated translation difference	471	9	217	238	545	524
	471	9	217	238	545	524
<b>Other comprehensive income for the period, net of tax</b>	<b>471</b>	<b>9</b>	<b>217</b>	<b>238</b>	<b>545</b>	<b>524</b>
<b>Total comprehensive for the period</b>	<b>4 919</b>	<b>-7 886</b>	<b>10 924</b>	<b>-16 503</b>	<b>-8 924</b>	<b>18 503</b>
<b>Attributable to:</b>						
Parent company shareholders	4 919	-7 886	10 924	-16 503	-8 924	18 503

## Consolidated balance sheet

(Amounts in SEK thousand)	2016-06-30	2015-06-30	2015-12-31
<b>Assets</b>			
Intangible fixed assets	10 501	13 690	11 152
Property, plant & equipment	1 719	2 639	2 132
<b>Total tangible and intangible assets</b>	<b>12 220</b>	<b>16 329</b>	<b>13 284</b>
Inventories	8 048	11 595	8 503
Trade receivables	4 157	4 349	8 831
Other current receivables	18 061	8 079	15 975
Cash and bank balances	67 411	47 061	52 356
<b>Total current assets</b>	<b>97 677</b>	<b>71 084</b>	<b>85 665</b>
<b>Total assets</b>	<b>109 897</b>	<b>87 413</b>	<b>98 949</b>
<b>Equity and liabilities</b>			
Equity	93 986	75 847	83 059
<b>Total equity</b>	<b>93 986</b>	<b>75 847</b>	<b>83 059</b>
Current liabilities	15 911	11 567	15 890
<b>Total current liabilities</b>	<b>15 911</b>	<b>11 567</b>	<b>15 890</b>
<b>Total equity and liabilities</b>	<b>109 897</b>	<b>87 413</b>	<b>98 949</b>
<b>Pledged assets</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>	<b>None</b>	<b>None</b>	<b>None</b>

**Consolidated cash flow statement**

<b>(Amounts in SEK thousand)</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>Rolling</b>
	<b>Q2</b>	<b>Q2</b>	<b>Q1-Q2</b>	<b>Q1-Q2</b>	<b>Full year</b>	<b>12 months</b>
Net cash provided by/used in operation activities before changes in working capital	6 230	-5 589	14 388	-11 976	395	26 760
Cash flow from changes in working capital	3 804	2 064	3 108	55	-4 854	-1 800
<b>Net cash provided by/used in operating activities</b>	<b>10 035</b>	<b>-3 525</b>	<b>17 497</b>	<b>-11 921</b>	<b>-4 458</b>	<b>24 960</b>
Net cash provided by/used in investing activities	-1 562	-98	-2 616	-678	-3 005	-4 943
Net cash provided by/used in financial activities	-	-	-	-	-	-
<b>Net cash flow for the period</b>	<b>8 473</b>	<b>-3 623</b>	<b>14 881</b>	<b>-12 599</b>	<b>-7 463</b>	<b>20 017</b>
Cash and cash equivalents at start of period	58 584	50 684	52 356	59 659	59 659	47 061
Exchange differences from liquid assets	354	-	174	-	160	333
Cash and cash equivalents at end of period	67 411	47 061	67 411	47 061	52 356	67 411

**Consolidated statement of changes in equity – in summary**

(Amounts in SEK thousand)	2016 Q2	2015 Q2	2016 Q1-Q2	2015 Q1-Q2	2015 Full year	Rolling 12 months
<b>Equity at start of the period</b>	<b>89 066</b>	<b>83 366</b>	<b>83 059</b>	<b>91 983</b>	<b>91 983</b>	<b>75 480</b>
Comprehensive income for the period	4 449	-7 895	10 707	-16 741	-9 469	17 979
Exchange rate differences	471	9	220	238	545	527
Warrant programs	-	-	-	-	-	-
<b>Equity at the end of period</b>	<b>93 986</b>	<b>75 480</b>	<b>93 986</b>	<b>75 480</b>	<b>83 059</b>	<b>93 986</b>

**Business area information**

(Amounts in SEK thousand)	2016 Q2	2015 Q2	2016 Q1-Q2	2015 Q1-Q2	2015 Full year	Rolling 12 months
<b>Net sales per business area</b>						
Mobile Smart Card Solutions	2 944	2 529	6 550	3 252	10 141	13 439
Fingerprint Technology	18 936	6 884	39 560	10 332	42 559	71 787
Desktop & Physical Access Solutions	0	628	0	966	3 637	2 671
<b>Group</b>	<b>21 880</b>	<b>10 041</b>	<b>46 110</b>	<b>14 550</b>	<b>56 337</b>	<b>87 897</b>
	<b>2016 Q2</b>	<b>2015 Q2</b>	<b>2016 Q1-Q2</b>	<b>2015 Q1-Q2</b>	<b>2015 Full year</b>	<b>Rolling Q3'15- Q2'16</b>
<b>Costs per business area<sup>1)</sup></b>						
Mobile Smart Card Solutions	-7 851	-5 641	-15 712	-9 795	-21 910	-27 827
Fingerprint Technology	-9 999	-8 317	-18 872	-14 807	-30 167	-34 232
Desktop & Physical Access Solutions	0	-1 128	0	-2 733	-6 448	-3 715
Undistributed <sup>2)</sup>	425	-4 902	-808	-3 782	-7 220	-4 246
<b>Group</b>	<b>-17 425</b>	<b>-19 988</b>	<b>-35 392</b>	<b>-31 117</b>	<b>-65 745</b>	<b>-70 020</b>
	<b>2016 Q2</b>	<b>2015 Q2</b>	<b>2016 Q1-Q2</b>	<b>2015 Q1-Q2</b>	<b>2015 Full year</b>	<b>Rolling 12 months</b>
<b>Operating profit/loss per business area</b>						
Mobile Smart Card Solutions	-4 907	-3 112	-9 162	-6 543	-11 769	-14 388
Fingerprint Technology	8 937	-1 433	20 688	-4 475	12 392	37 555
Desktop & Physical Access Solutions	0	-500	0	-1 767	-2 811	-1 044
Undistributed <sup>2)</sup>	425	-2 662	-808	-3782	-7 220	-4 246
<b>Group</b>	<b>4 455</b>	<b>-7 707</b>	<b>10 718</b>	<b>-16 567</b>	<b>-9 408</b>	<b>17 877</b>

<sup>1)</sup> Cost for the business area include costs of goods sold as well as direct and the share of indirect costs.

<sup>2)</sup> Undistributed costs consist of capitalization of research and development costs, depreciation of property, plant & equipment, amortization of intangible assets, and other revenue and fair value changes.

**Parent company income statement**

(Amounts in SEK thousand)

	<b>2016 Q2</b>	<b>2015 Q2</b>	<b>2016 Q1-Q2</b>	<b>2015 Q1-Q2</b>	<b>2015 Full year</b>	<b>Rolling 12 months</b>
Net sales	20 767	8 479	42 976	12 241	49 755	80 490
Cost of goods sold	-1 220	-354	-2 167	-1 381	-5 500	-6 286
<b>Gross profit/loss</b>	<b>19 547</b>	<b>8 125</b>	<b>40 809</b>	<b>10 860</b>	<b>44 256</b>	<b>74 204</b>
Selling expenses	-4 036	-2 851	-7 580	-5 207	-11 082	-13 455
Administrative expenses	-3 055	-4 169	-7 307	-6 872	-13 586	-14 021
R&D costs	-8 496	-7 954	-15 435	-15 244	-31 275	-31 466
Other revenues/costs	2 645	-2 261	1 250	2 668	3 140	1 722
	-12 942	-17 235	-29 072	-24 655	-52 804	-57 221
<b>Operating profit/loss</b>	<b>6 605</b>	<b>-9 110</b>	<b>11 738</b>	<b>-13 795</b>	<b>-8 548</b>	<b>16 983</b>
Financial income/costs	69	-1	115	197	-35 341	-35 423
<b>Profit/loss before tax</b>	<b>6 674</b>	<b>-9 111</b>	<b>11 853</b>	<b>-13 598</b>	<b>-43 889</b>	<b>-18 440</b>
Tax	-	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>6 674</b>	<b>-9 111</b>	<b>11 853</b>	<b>-13 598</b>	<b>-43 889</b>	<b>-18 440</b>

**Parent company balance sheet**

(Amounts in SEK thousand)	2016-06-30	2015-06-30	2015-12-31
<b>Assets</b>			
Intangible fixed assets	10 501	13 690	11 152
Property, plant & equipment	1 719	2 639	2 132
Financial assets	15 117	1 058	10 135
<b>Total tangible and intangible assets</b>	<b>27 337</b>	<b>17 387</b>	<b>23 419</b>
Inventories	4 851	6 836	5 746
Trade receivables	2 187	3 398	4 848
Other current receivables	17 791	49 671	15 790
Cash and bank balances	56 325	43 460	46 860
<b>Total current assets</b>	<b>81 153</b>	<b>103 365</b>	<b>73 244</b>
<b>Total assets</b>	<b>108 490</b>	<b>120 752</b>	<b>96 663</b>
<b>Equity and liabilities</b>			
Equity	93 138	111 576	81 285
<b>Total equity</b>	<b>93 138</b>	<b>111 576</b>	<b>81 285</b>
Provisions	78	205	78
<b>Total provisions</b>	<b>78</b>	<b>205</b>	<b>78</b>
Current liabilities	15 274	8 970	15 300
<b>Total liabilities</b>	<b>15 274</b>	<b>8 970</b>	<b>15 300</b>
<b>Total equity and liabilities</b>	<b>108 490</b>	<b>120 752</b>	<b>96 663</b>
<b>Pledged assets</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>	<b>None</b>	<b>None</b>	<b>None</b>

## Consolidated financial ratios

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	Rolling 12 months
Net sales (SEK thousand)	21 880	24 230	23 454	18 333	10 041	87 897
Net sales growth	-9,7%	3,3%	28,0%	82,6%	123,0%	176,0 %
Operating profit (SEK thousand)	4 455	6 263	4 384	2 776	-7 707	17 878
EBITDA (SEK thousand)	6 236	8 162	6 667	5 400	-5 170	26 465
Working capital (SEK thousand)	81 766	76 627	69 775	63 799	59 517	72 992
Quick ratio	563%	558%	486%	579%	514%	534%
Equity-asset ratio	86%	86%	84%	87%	87%	86%
Return on equity	12,6%	1,8%	4,0 %	4,0 %	NEG	20,1%
Capital employed (SEK thousand)	93 986	89 066	83 059	77 517	75 846	85 907
Earnings per share (SEK)	0,01	0,02	0,02	0,01	-0,02	0,02
Equity per share (SEK)	0,27	0,26	0,24	0,22	0,22	0,25
Number of shares (SEK thousand)	345 306	345 306	345 306	345 306	345 306	345 306
Number of employees at end of the period	26	24	22	21	22	26
Average number of employees during the period	26	24	22	21	22	23

## Consolidated quarterly financials

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	Rolling 12 months
Net sales (SEK thousand)	21 880	24 230	23 454	18 333	10 041	87 897
Net sales growth	-9,7%	3,3%	28,0%	82,6%	123,0%	176,0 %
Operating profit (SEK thousand)	4 455	6 263	4 384	2 776	-7 707	17 878
EBITDA (SEK thousand)	6 236	8 162	6 667	5 400	-5 170	26 465
Cash flow (SEK thousand)	10 035	7 462	8 814	-1 871	-3 525	24 440
Capital employed (SEK thousand)	93 986	89 066	83 059	77 517	75 846	85 907

## Definitions of financial ratios

**Net sales growth (changes in %):** Comparison with previous quarter

**Operating profit (SEK thousand):** Operating profit before tax

**EBITDA (SEK thousand):** Earnings before interest (financial items), taxes, depreciation and amortization (including impairment losses)

**Cash flow (SEK thousand):** Net cash provided by/used in operating activities after changes in working capital

**Working capital:** Current assets minus current liabilities

**Quick ratio:** Current assets less inventories divided by current liabilities

**Equity-assets ratio:** Equity on the balance sheet date divided by total assets on the balance sheet date

**Return on equity:** Profit/loss after tax as a percentage of average equity

**Capital employed:** Total assets less non-interest-bearing liabilities and provisions

**Earnings per share:** Profit/loss after tax divided by average number shares

**Equity per share:** Equity on the balance sheet divided by the number of shares on the balance sheet date

**Operating costs (as presented in sales and earnings):** Operating costs excluding costs of goods sold, including provisions and depreciation, after capitalization costs for research and development

## **PRESENTATION OF THE INTERIM REPORT**

On the occasion of today's interim report, we invite investors and journalists to an informational conference call today.

### **The conference call starts at 10:00 AM (CEST)**

Click on the link to follow the presentation on the web <https://wonderland.videosync.fi/2016-08-16-precise-biometrics-q2-report>

To follow the presentation over phone, dial:

- Sweden +46 8-5664 2662
- UK +44 20 3008 9801
- US +1 855 753 2235

When connecting to the conference call, please state your name. The conference call will be in English. Participants will also be given the opportunity to ask questions in Swedish.

Participating on behalf of Precise Biometrics:

**Håkan Persson, CEO**

**Tommy Nilsson, CFO**

The conference will be made available at <http://precisebiometrics.com/investor/financial-reports/>