

NEW LICENSE AGREEMENTS CREATE ADDITIONAL GROWTH OPPORTUNITIES

Interim report Jan-June 2016

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INTEGRATED IN 40 MOBILE DEVICES

Q2

- ▶ Precise BioMatch Mobile was included in 40 smartphones, tablets and laptops that was launched in the second quarter
- ▶ First software deliveries through Synaptics and EMC – in total 5 devices



THREE NEW LICENSE AGREEMENTS

Q2

- ▶ Signed license agreements with IDEX, Oberthur Technologies and EOSMEM
- ▶ Precise BioMatch Embedded was integrated in Fingerprint Cards biometric module FPC-BM



TACTIVO FRAMEWORK AGREEMENT WITH US DoD

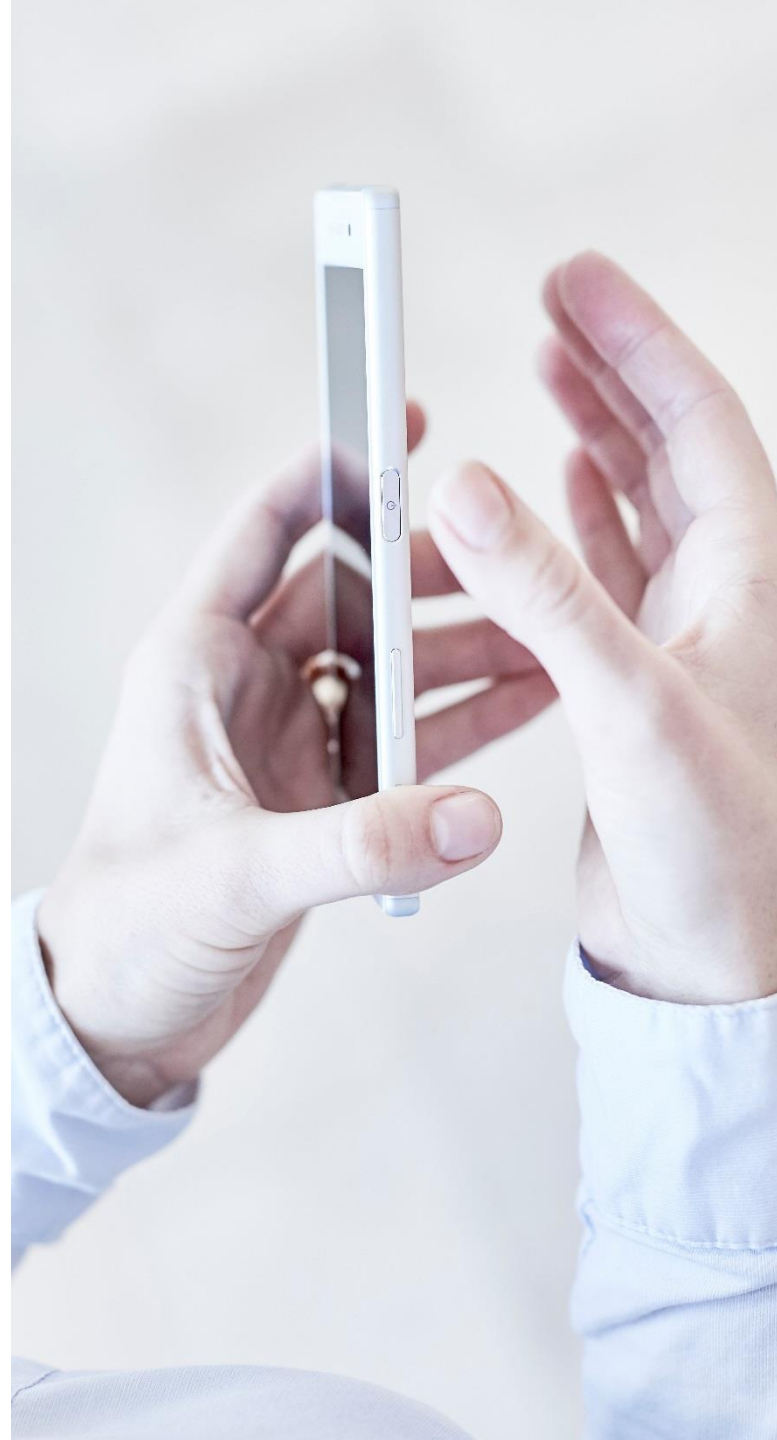
Q2

- ▶ Framework agreement for Tactivo with the Defense Logistics Agency part of the US Department of Defense

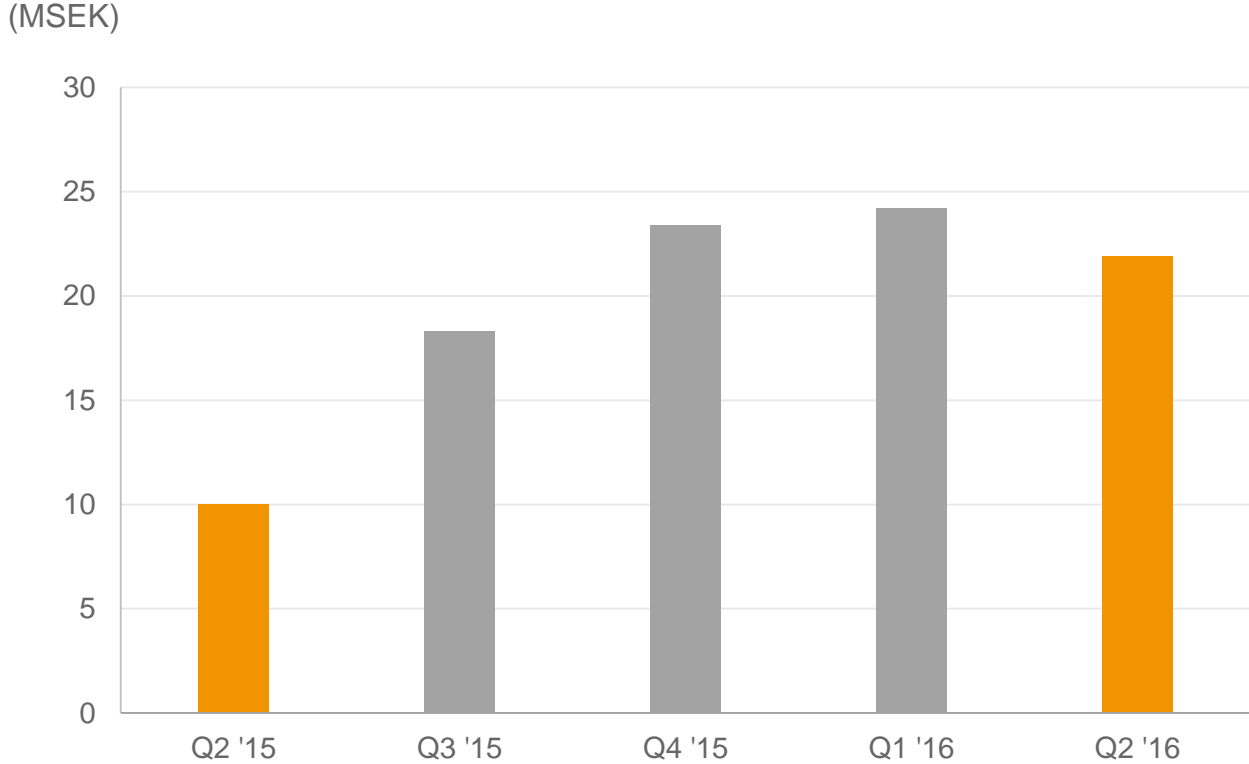


MAIN EVENTS AFTER THE SECOND QUARTER

- ▶ License agreements with Qualcomm Technologies, Inc. and Betterlife
- ▶ Precise BioMatch Mobile was included in 7 additional mobile devices that was launched after the quarter



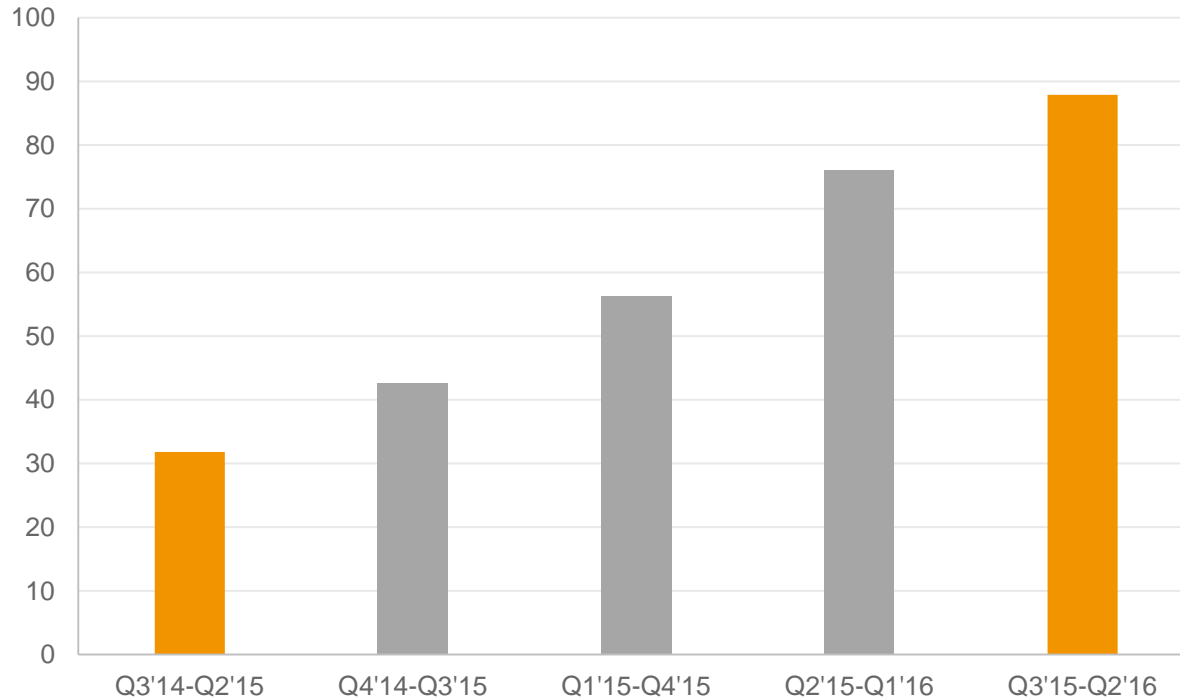
NET SALES PER QUARTER



- ▶ Net sales increased to 21.9 (10.0) MSEK in Q2 – up 119 %
- ▶ Strong sales increase in Fingerprint Technology Business Area – up 174 % compared to Q2 15

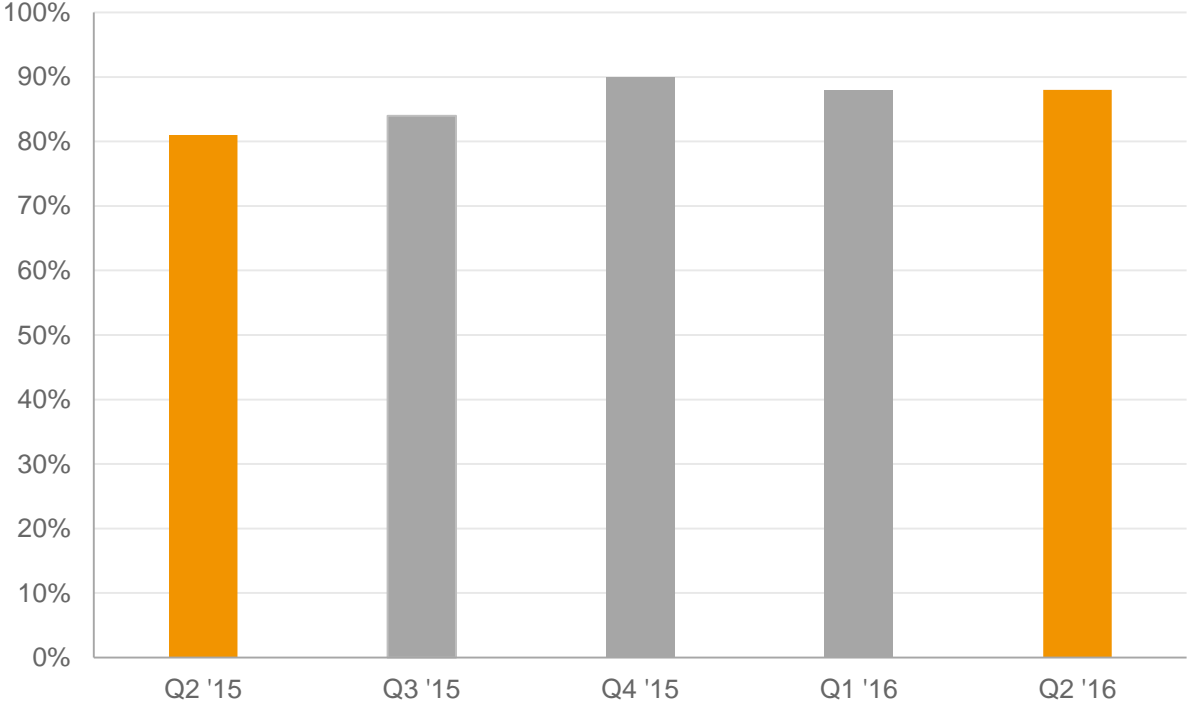
NET SALES - 12 MONTHS ROLLING

(MSEK)



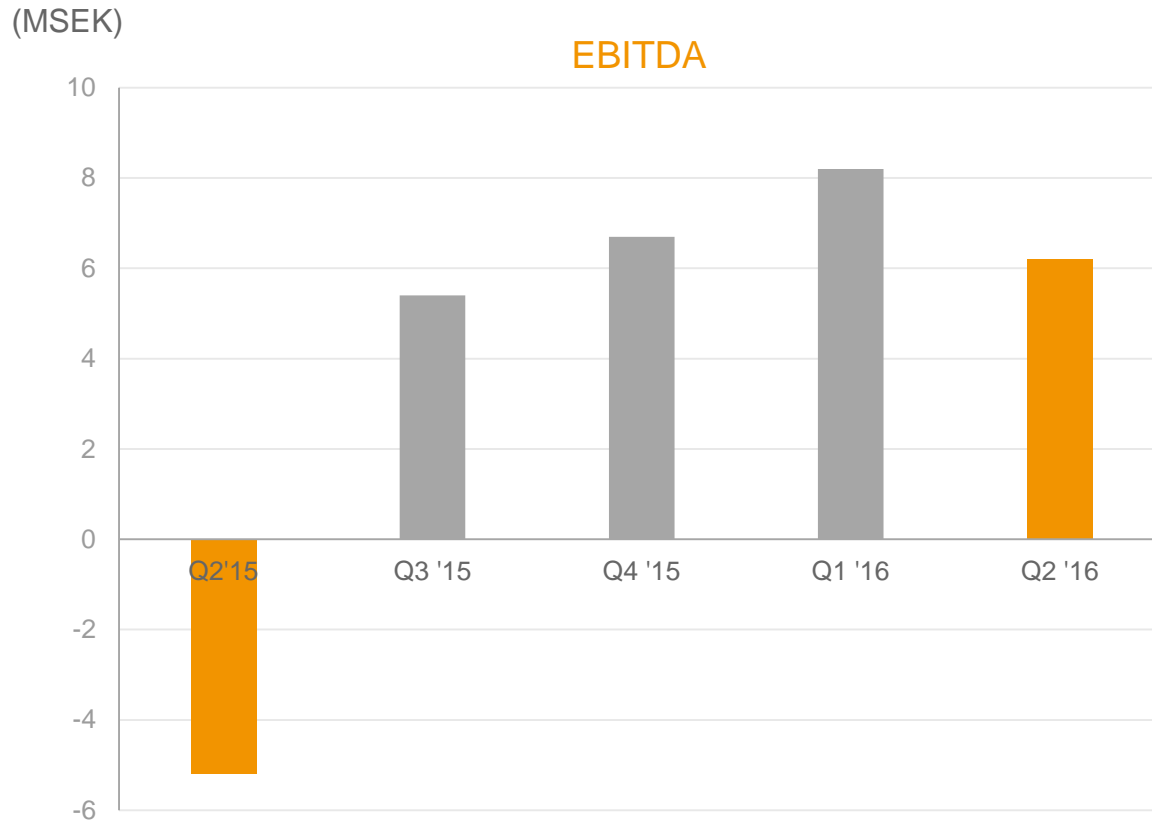
▶ Net sales 12 months rolling increased to 87.9 (31.8) MSEK – up 176 % compared to Q3'14 – Q2'15

CONTINUED HIGH GROSS MARGIN



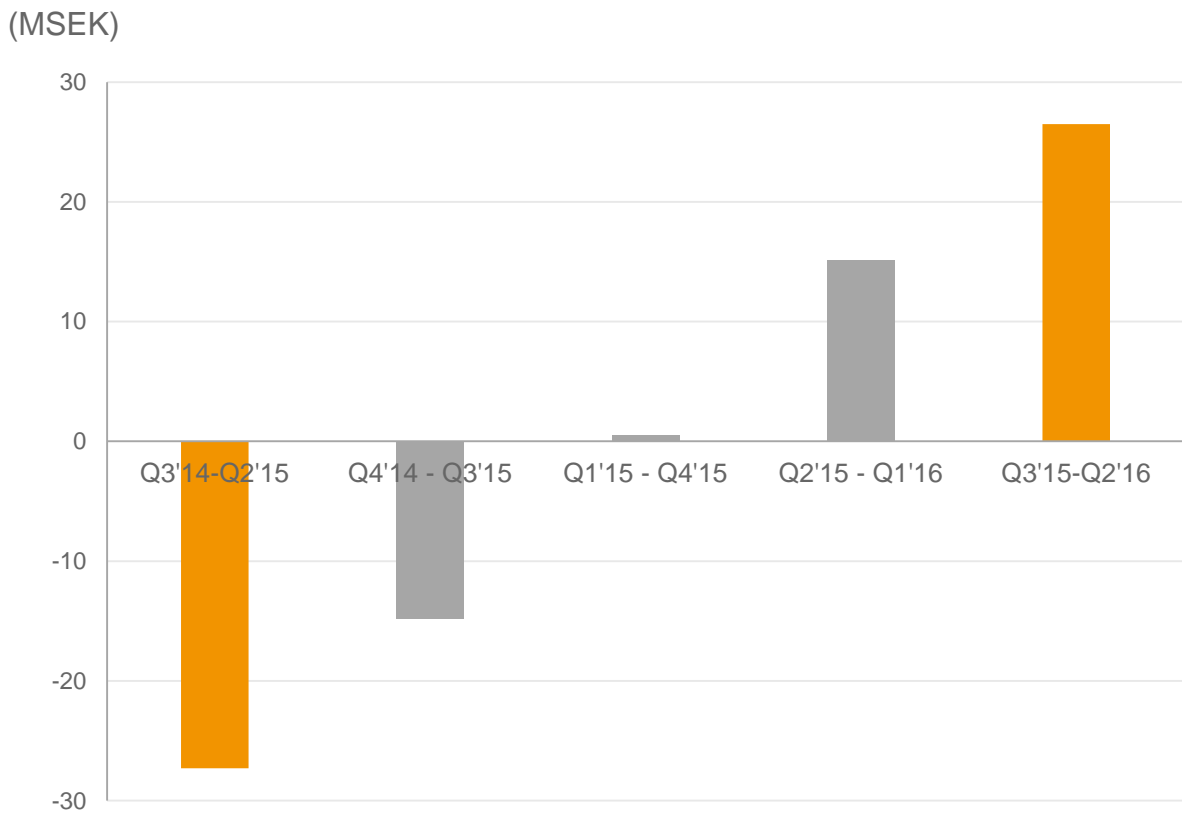
- ▶ Gross margin increased to 88% (81%)
- ▶ Increased sales of fingerprint software has led to an increase in gross margin

OPERATING PROFIT & EBITDA



- ▶ Operating profit for Q2 2016 increased to 4.4 MSEK from -7.9 MSEK in Q2 2015
- ▶ EBITDA for Q2 2016 increased to 6.2 MSEK from -5.2 MSEK in Q2 2015

EBITDA - 12 MONTHS ROLLING

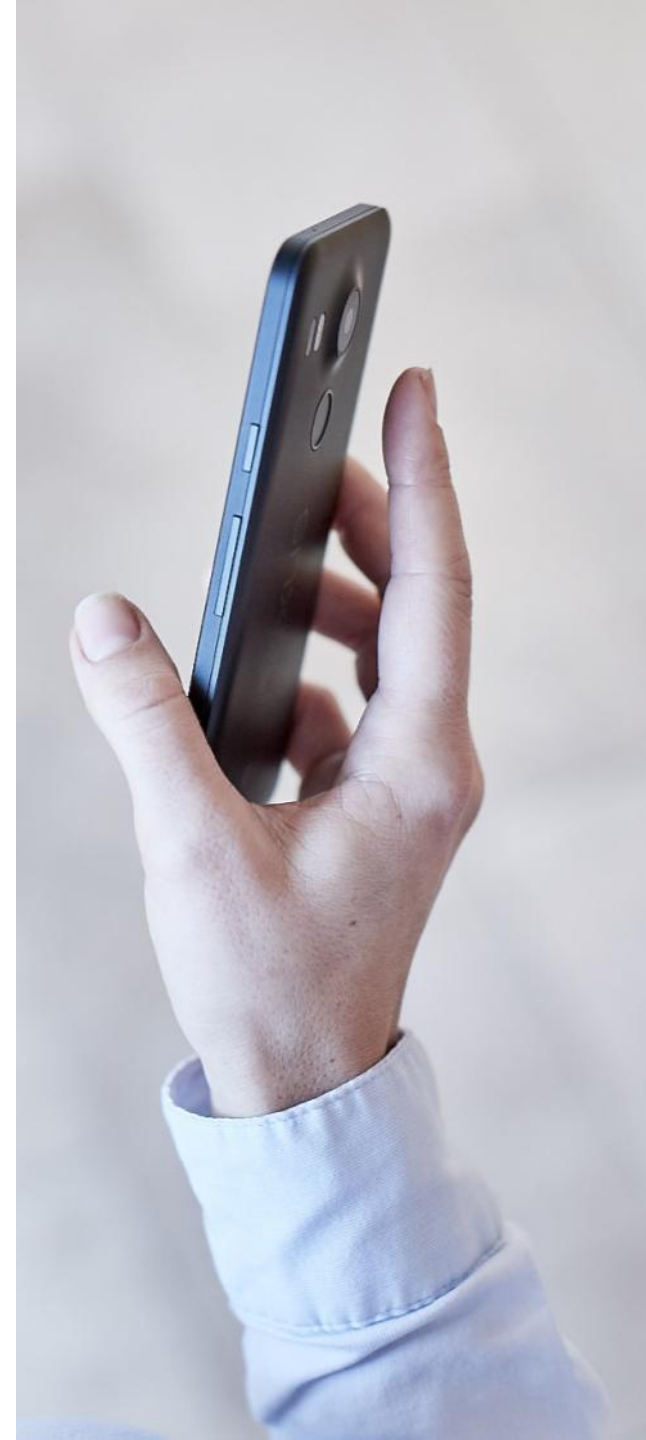


▶ EBITDA 12 months rolling increased to 26.5 (-27.3) MSEK

FINANCING AND CASH FLOW

(As of June 30, 2016)

- ▶ Equity amounted to 94.0 MSEK (75.8)
- ▶ Equity per share amounted to 0.27 SEK (0.22)
- ▶ Available cash amounted to 67.4 MSEK (47.0)
- ▶ Cash flow from current operations in Q2 amounted to 10.0 MSEK (-5.6). For the first half year, 17.5 MSEK (-11.9)



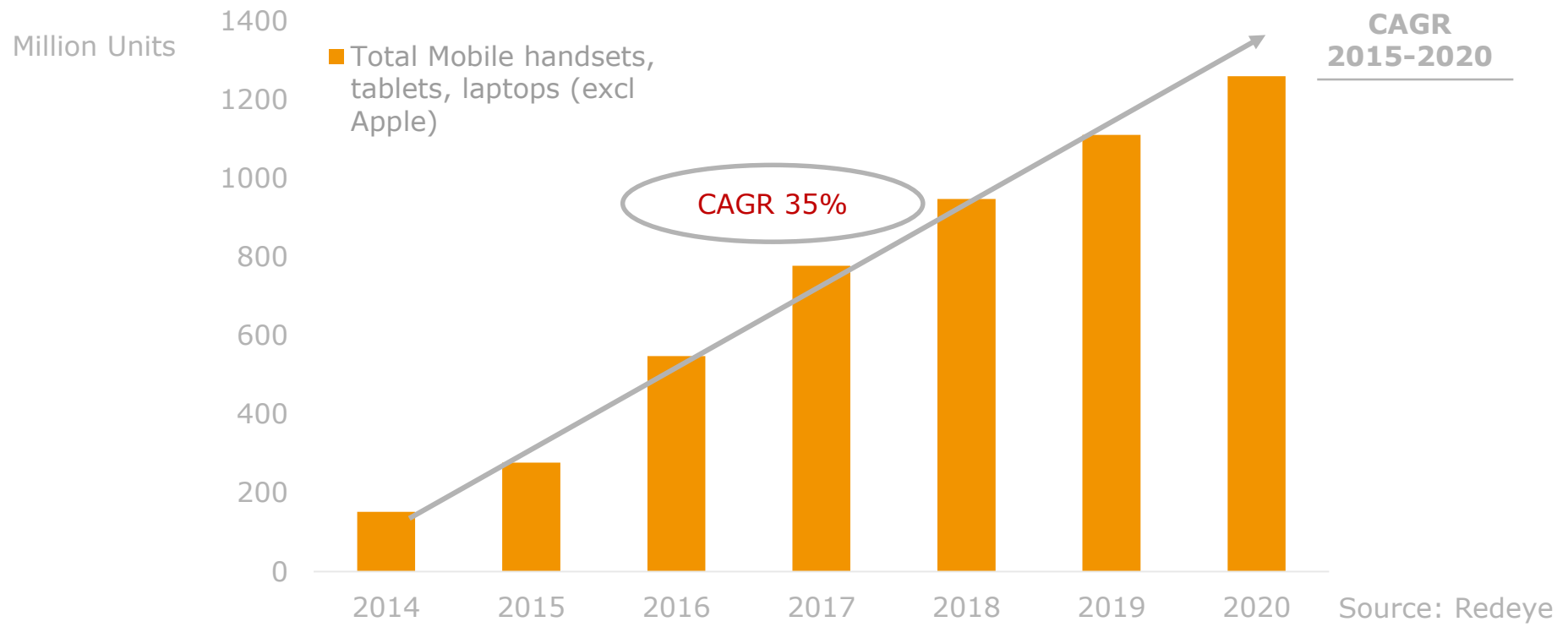
NEW CUSTOMERS CREATE GROWTH OPPORTUNITIES

- ▶ Continued positive development with new customer agreements - creates additional growth opportunities
- ▶ 18 license agreements with sensor manufacturers and security companies
- ▶ Well positioned to benefit from market growth and to capture a considerable market share
- ▶ Continuous evaluation of new potential partners
- ▶ Great potential for fingerprint technology within new product areas, smart cards in particular, but also, wearables, cars and IoT



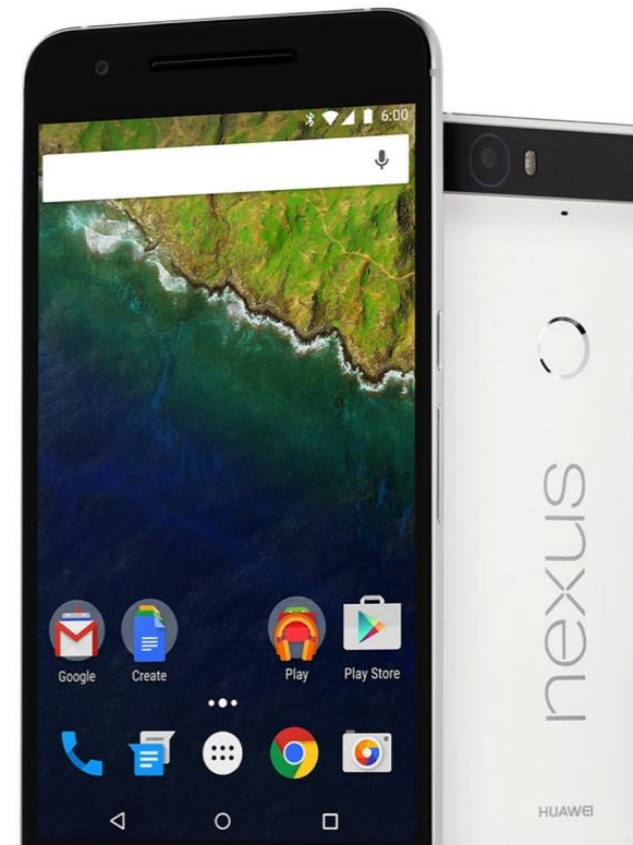
CONTINUED MARKET GROWTH

- ▶ Addressable market of 800 million smartphones, tablets and laptops with fingerprint technology in 2017
- ▶ Compound Annual Growth Rate of 35 % to 2020
- ▶ Growth opportunities for Precise Biometrics short and long term



STRENGTHENED POSITION AS THE LEADER IN FINGERPRINT SOFTWARE

- ▶ Precise BioMatch Mobile is included in +130 mobile devices from 38 vendors, including leading smartphone vendors such as Coolpad, Google, Huawei, HTC, Lenovo, LG, Oppo, Sony, ZTE and Xiaomi
- ▶ We expect to see increased sales and volumes from several sensor customers during the second half of 2016
- ▶ Close cooperation with customers to speed-up OEM evaluations and integration processes



TECHNOLOGY LEADERSHIP

- ▶ Significant performance improvements of our core algorithm solution
- ▶ Customer specific optimizations – new sensor technologies
- ▶ Reference implementations and integration support to make integration of fingerprint software more efficient
- ▶ Investigating new specifications and requirements for future mobile payment solutions
- ▶ Established local integration and support organization for China & Taiwan



GROWTH OVER TIME FOR TACTIVO

GOVERNMENT



- ▶ Continued demand in US market
- ▶ Major pilot projects in Germany
- ▶ Pilot projects in Europe, Middle East and South America

UK HEALTHCARE



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

SWEDISH HEALTHCARE



- ▶ Long sales processes
- ▶ Gothenburg City pilot projects with target deployment for 10.000 employees in 2017
- ▶ Strong interest among municipalities and county councils

OUTLOOK

- ▶ Continue to strengthen position as the leader in fingerprint software
- ▶ Increased revenue opportunities as more customers gain market share – reduced dependency on specific customers
- ▶ Great opportunities in new product areas that requires a small fingerprint sensor in constrained environments
- ▶ Growth over time in our business area Mobile Smart Card Solutions
- ▶ Well positioned for profitable growth and continued positive company development



THANK YOU!

precisebiometrics.com

VERIFIED **BY YOU**