

CHANGING MARKET CONDITIONS PROVIDES NEW OPPORTUNITIES

Year-end report 2017

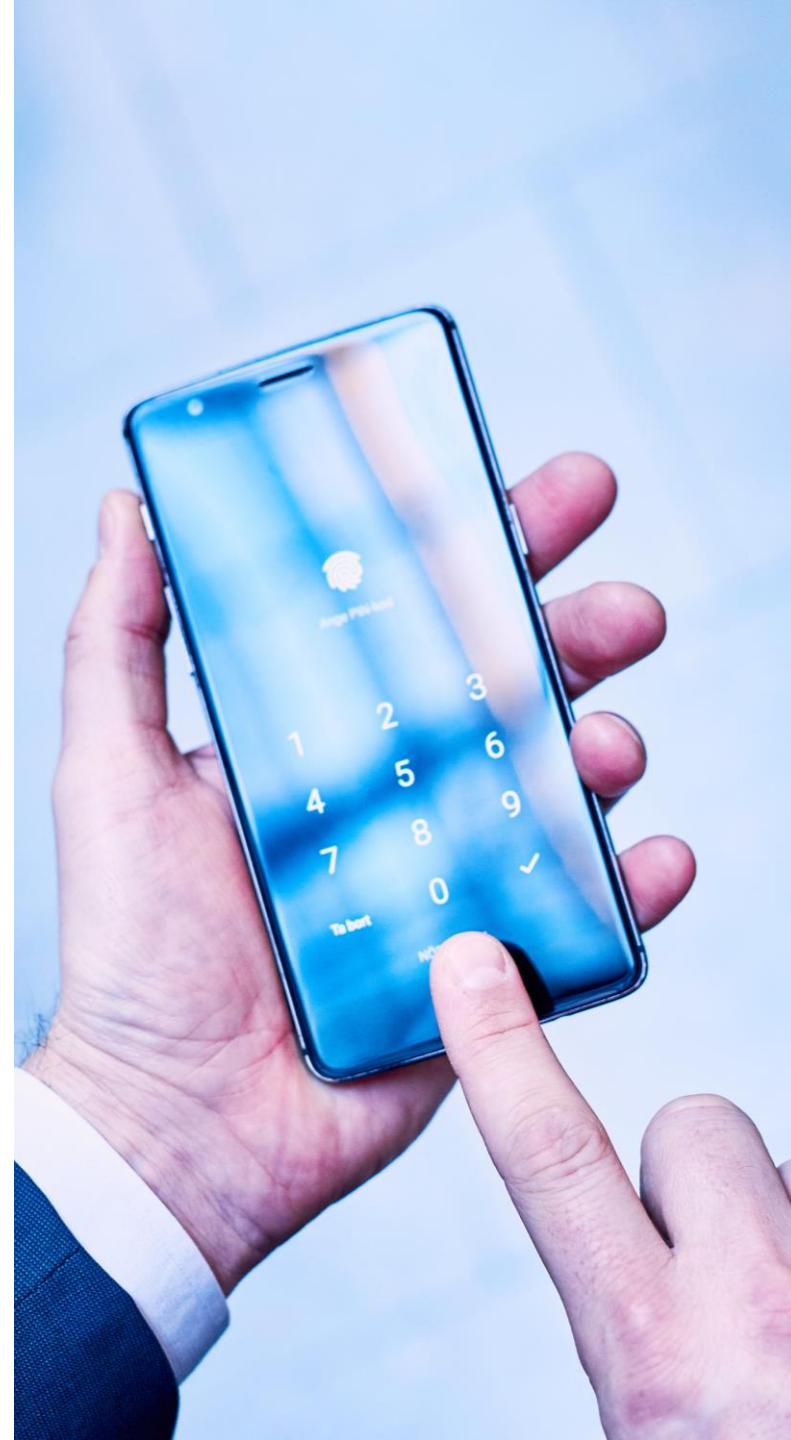
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DRIVING FACTORS IN KEY SEGMENTS

	Segment	Driving factor
Mobile	Capacitive	▶ Our core market, with our algorithm being integrated in customer's products we continue to act on this market. Increased price pressure on sensors opens up low-end segment
	In-display high-end	▶ New smartphone designs with edge-to-edge screens require optical or ultrasound sensors
	Smart Cards	▶ Demand for biometric payment cards to reduce fraud and increase convenience of contactless payments
	New applications	▶ Demand for security, convenience and the ability to personalize devices

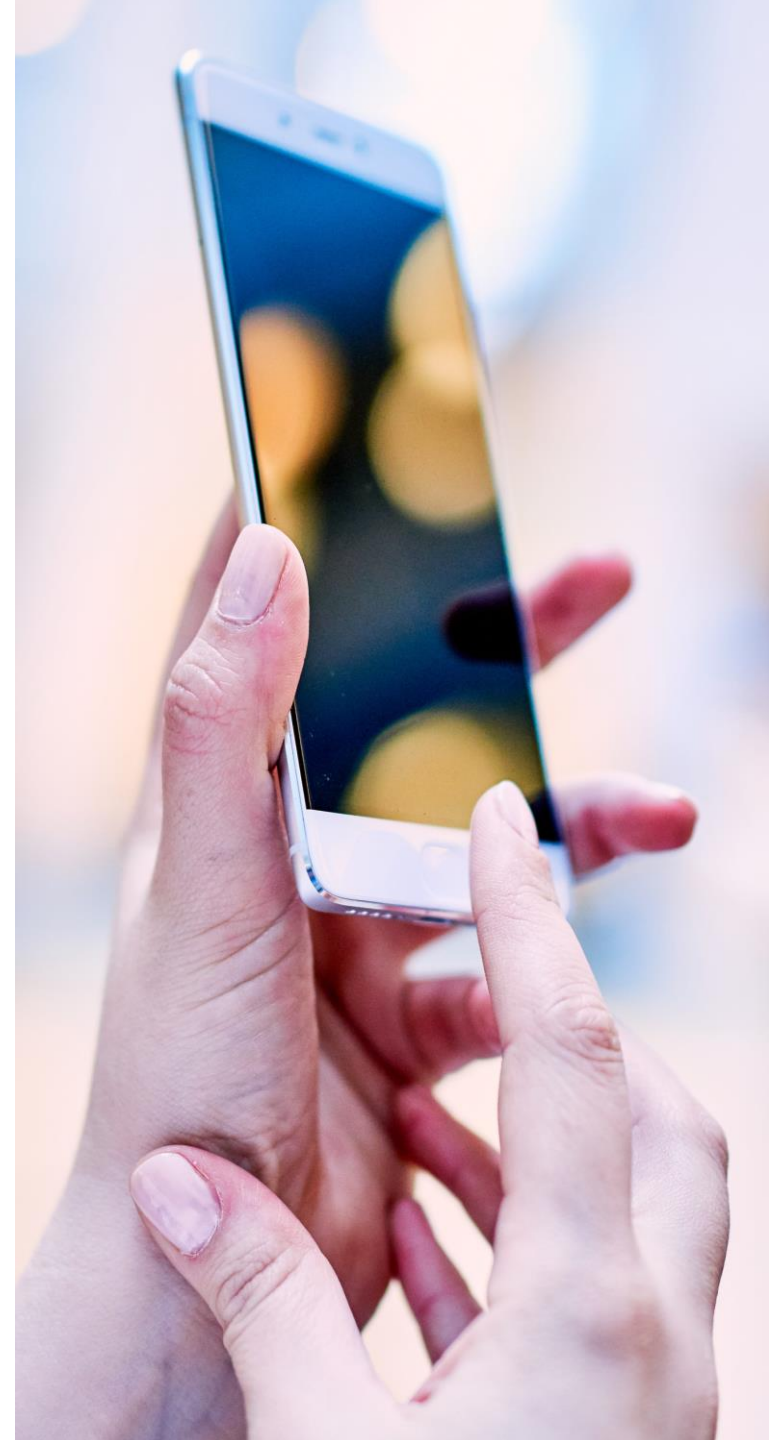
CHALLENGING MARKET IN 2017 FOR CAPACITIVE SENSORS

- ▶ Increased competition and price pressure on capacitive sensors
- ▶ Market dominated by a few vendors
- ▶ Precise Biometrics and our customers have not been able to break the market dominance
- ▶ Business wins below expectations during 2017
- ▶ Continue to work with customers that address this market



GROWTH IN CAPACITIVE SENSORS FOR LOW-END DEVICES

- ▶ Fingerprint sensors for low-end mobile devices to drive sensor shipment growth in 2018
- ▶ Capacitive sensors will dominate low-end segment
- ▶ Precise Biometrics is working with several customers targeting low-end devices



NEW SMARTPHONE DESIGNS CHANGE SENSOR MARKET

- ▶ Smartphones with edge-to-edge displays and glass backs
- ▶ Increased demand of ultrasound and optical sensors – best option to read fingerprints through display and glass
- ▶ Vendors of ultrasound and optical sensors are challenging current capacitive market leaders
- ▶ We have ten customers working with these solutions



BIOMETRIC SMART CARDS DEPLOYED IN PILOTS

- ▶ Contactless biometric payment cards increase convenience and security - reducing fraud
- ▶ Pilots of biometric payment cards signals new phase in bringing cards to market
- ▶ Pilots with banks and leading payment providers to validate commercial deployments
- ▶ Precise Biometrics is working with several customers on biometric card projects



BIOMETRICS IN NEW AREAS OF USE

- ▶ Biometrics will to a greater extent replace passwords and other means of authentication in new areas of use, for example:
- ▶ Wearables and gaming controls to enable payments and personalization
- ▶ Cars - the first concepts of fingerprint authentication on door handles and start buttons have been showcased. Increasing convenience and security



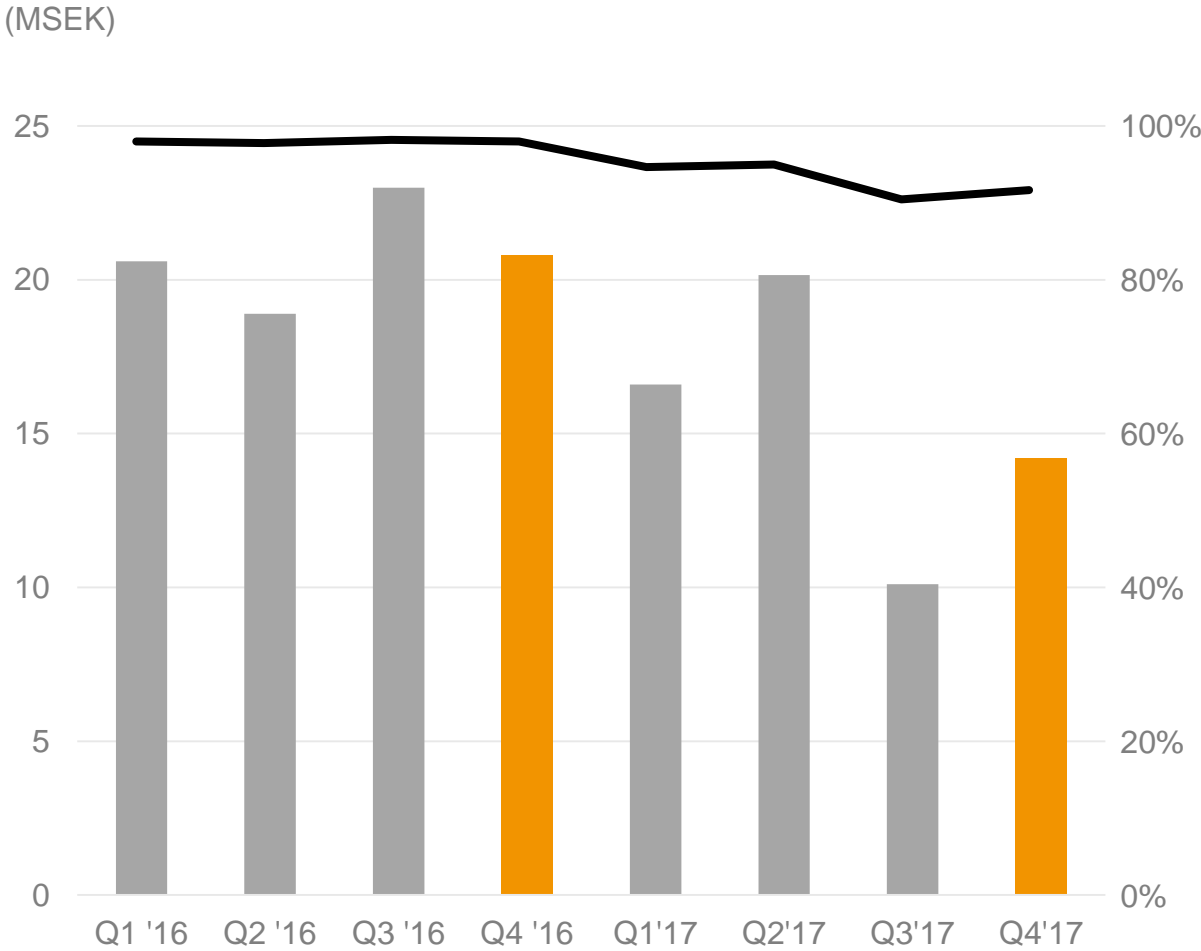
MAIN EVENTS AFTER THE FOURTH QUARTER

- ▶ First pilot by Visa of dual-interface biometric payment cards in the USA – using Precise BioMatch Embedded
- ▶ Stefan K Persson, Executive Vice President BO Home within the Bang Olufsen Group, was appointed new CEO
- ▶ Expanded licensing agreement for Precise BioLive™ anti-spoof technology with Crossmatch



NET SALES & GROSS MARGIN

FINGERPRINT TECHNOLOGY

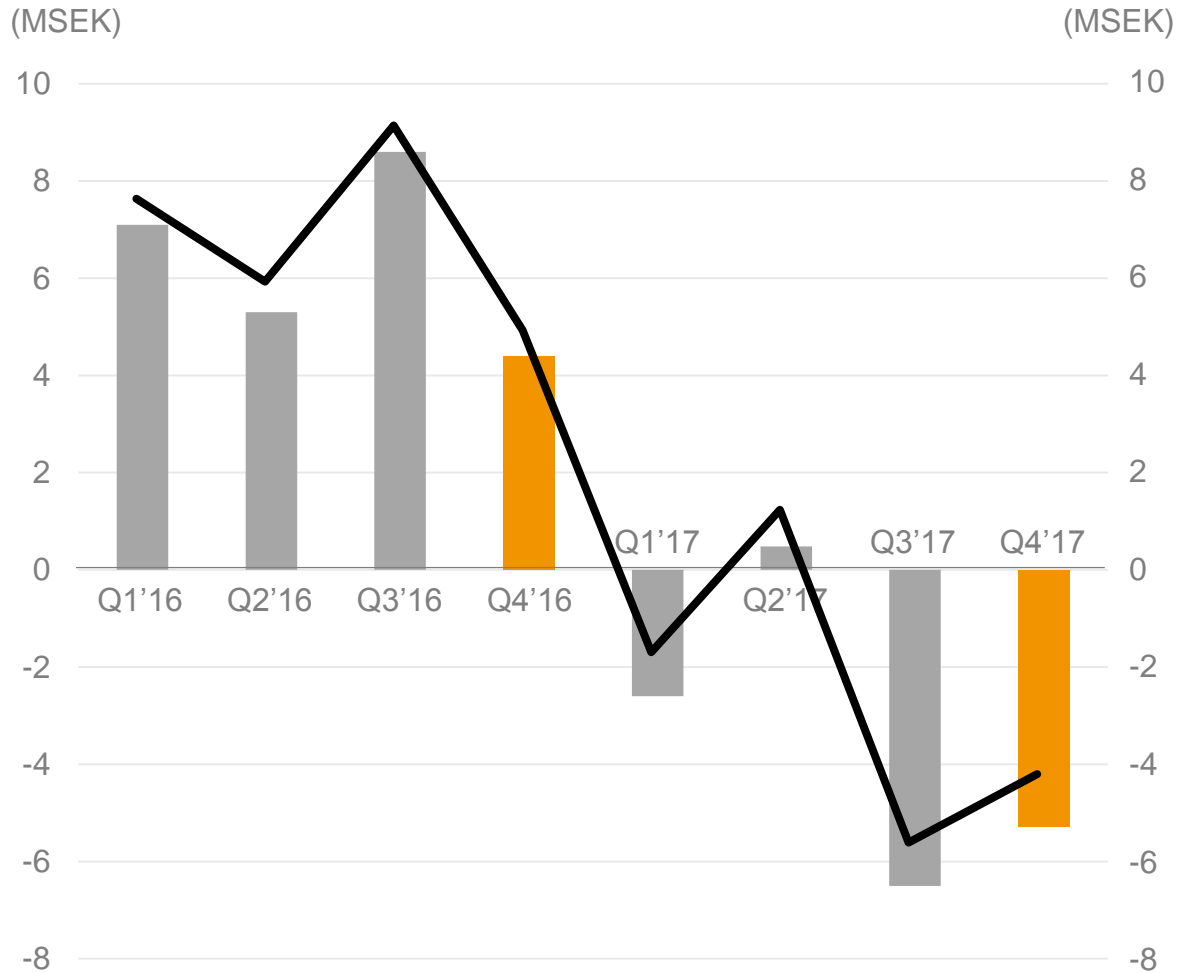


- ▶ Sales in Q4 14.2 MSEK (20.8)
- ▶ Sales full year 2017 61.0 MSEK (83.3)
- ▶ Gross margin in Q4 91.7% (98.0)
- ▶ Gross margin for full year 2017 93.3% (98.0%)

■ Gross margin
■ Net sales
■ Net sales

OPERATING PROFIT

FINGERPRINT TECHNOLOGY

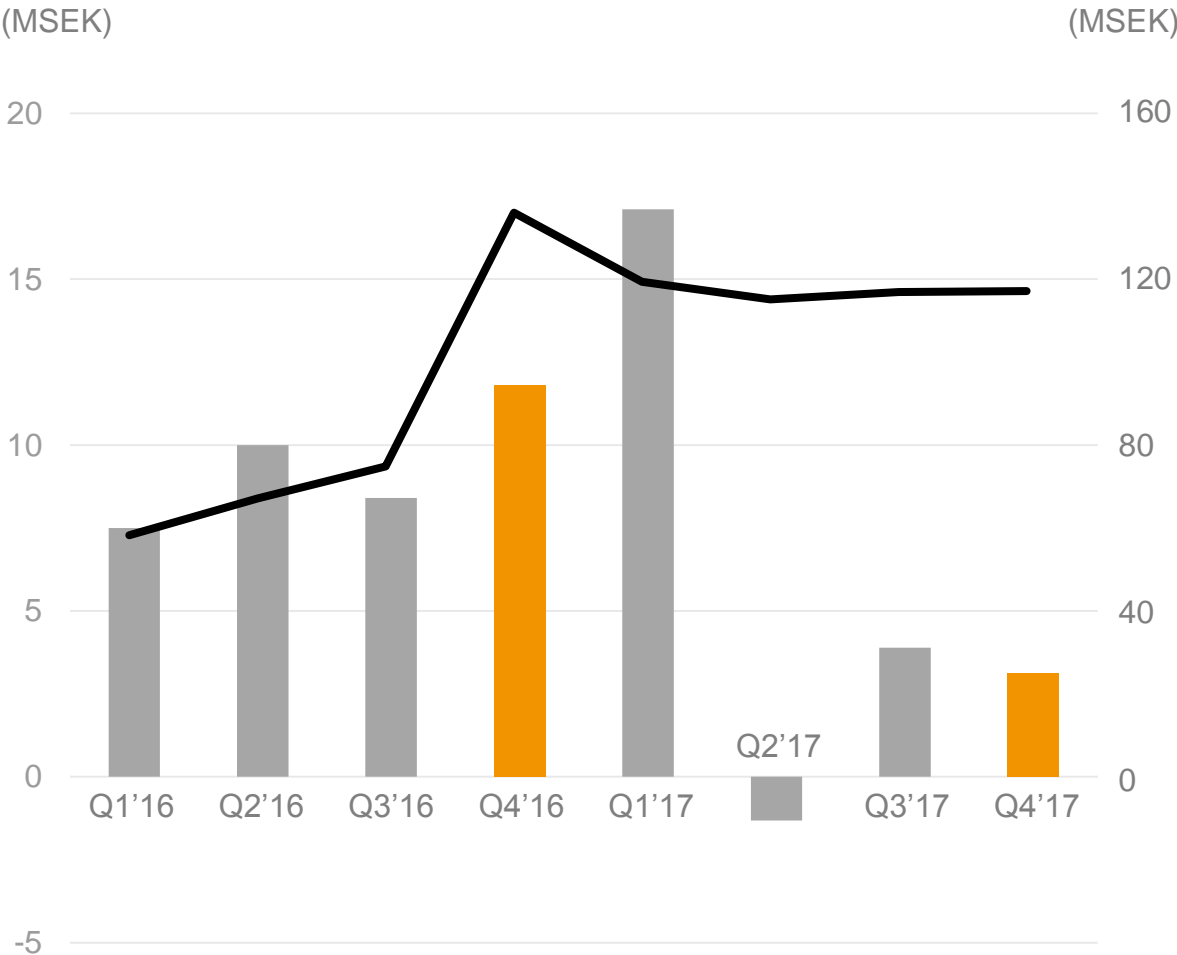


- ▶ Operating profit in Q4 -5.3 MSEK (4.4)
- ▶ Operating profit full year 2017 -13.9 MSEK (25.4)
 - ▶ Lower sales in combination with higher operational costs
- ▶ Workforce of 47 (36) employees & consultants

■ EBITDA
■ Operating profit
■ Operating profit

OPERATING CASH FLOW

TOTAL OPERATION



- ▶ Operating cash flow Q4 3.1 MSEK (11.8)
- ▶ Operating cash flow full year 2017 was 22.8 MSEK (37.7)
- ▶ Payment of 31.4 MSEK for the acquisition of NexID Biometrics was made in Q1 2017
- ▶ Available cash 117.0 MSEK (135.8)

- Cash in Bank
- Cash flow
- Cash flow

SUMMARY & OUTLOOK

- ▶ Strong financial position allow continued investments in identified growth markets
- ▶ Cover all segments, sensor technologies and geographies in mobile sensor market
- ▶ Well positioned in biometric payment cards market
- ▶ Participating and driving projects in new areas of use
- ▶ Positive view on company outlook



THANK YOU!

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VERIFIED **BY YOU**