

PROGRESS IN FOCUS AREA MOBILE

Interim report April-June 2018

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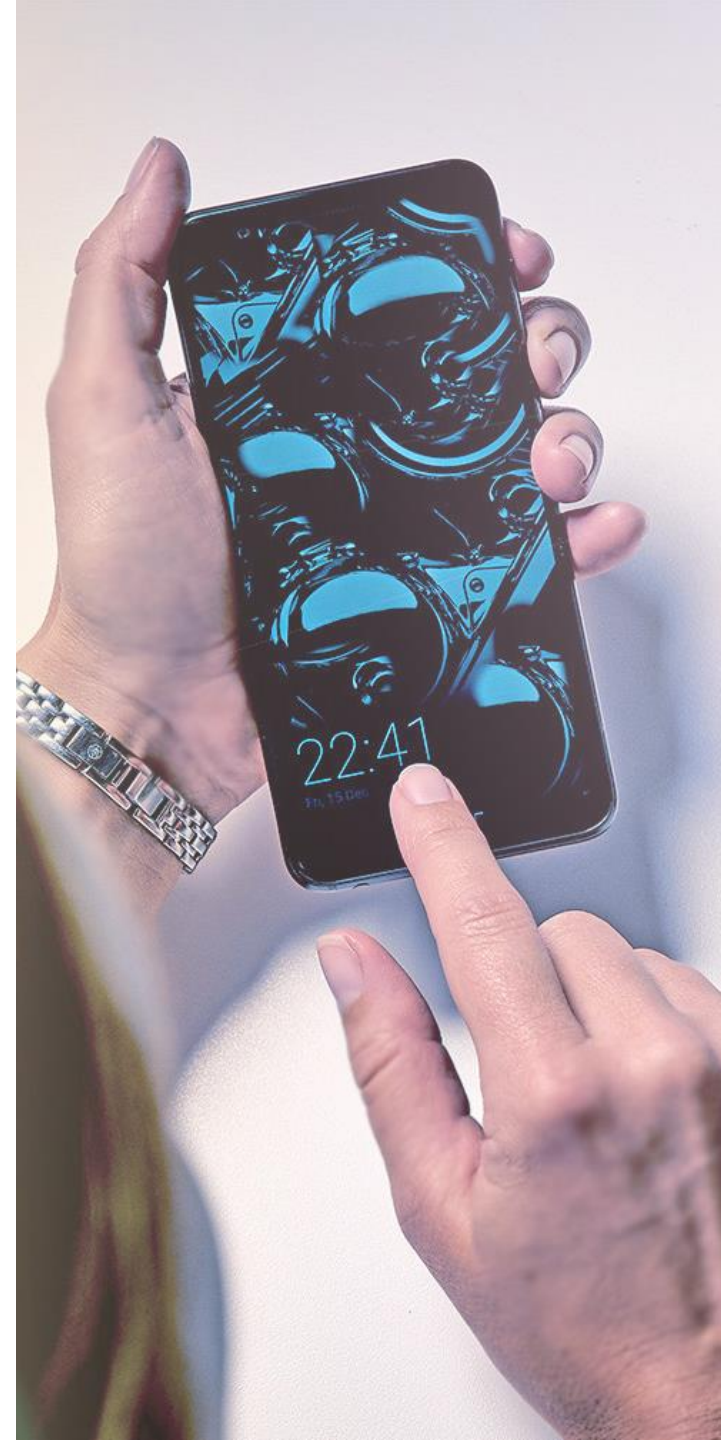
DRIVING FACTORS IN KEY FOCUS AREAS

	AREA	DRIVING FACTOR
MOBILE	HIGH-END	New smartphone designs with edge-to-edge screens with optical or ultrasound sensors
	LOW-END	Increased price pressure on capacitive sensors opens up low-end segment
	SMART CARDS	Demand for biometric payment cards to increase convenience of contactless payments and reduce fraud
	NEW APPLICATIONS	Demand for convenience, security and personalization

HIGH-END MOBILE

FIRST SMARTPHONE WIN IN NEW SENSOR TECHNOLOGY

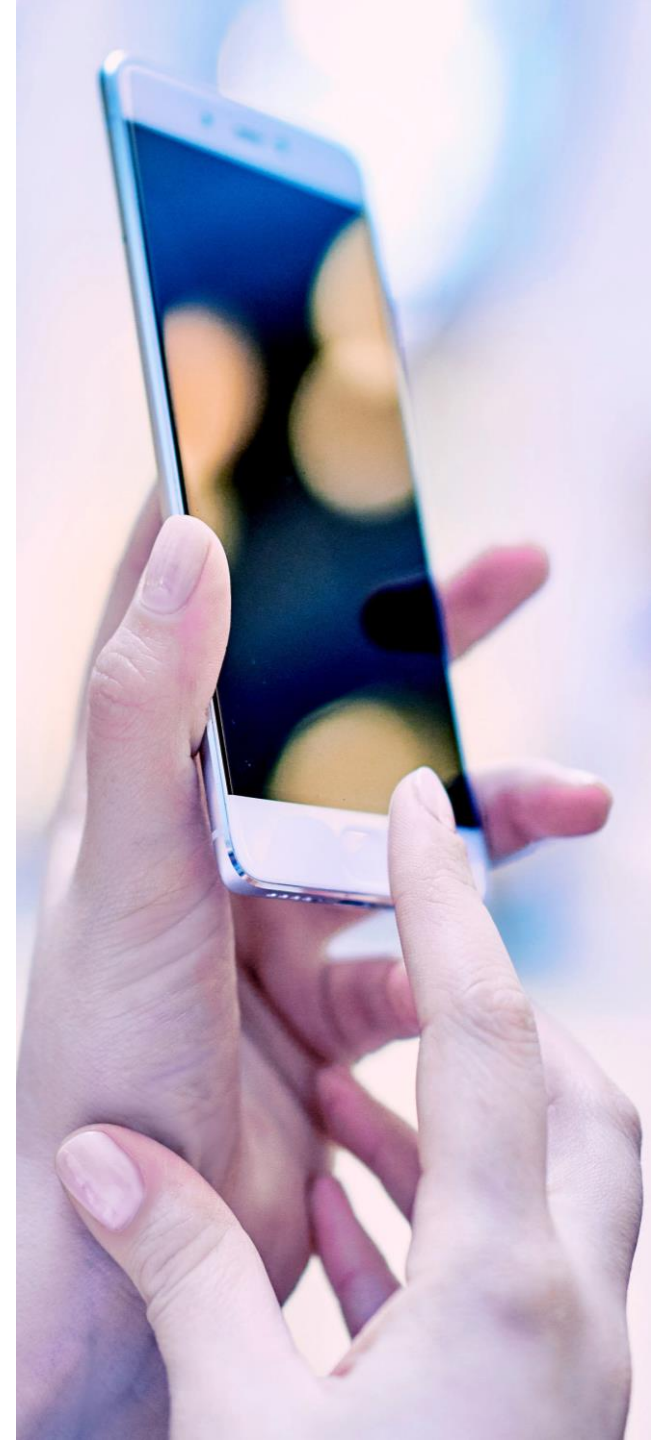
- ▶ Increased interest in ultrasound and optical sensors - several smartphones launched in the first half of 2018
- ▶ Precise BioMatch™ Mobile has been deployed in Huawei Honor 10, integrated with an under-glass sensor from Qualcomm
- ▶ IHS Markit estimates that new sensor technologies will exceed 100 million shipments in 2019
- ▶ Close collaboration with several customers to win new business in optical and ultrasound sensors



LOW-END MOBILE

PRECISE BIOMATCH MOBILE IN SEVERAL NEW SMARTPHONES

- ▶ Continued price pressure on capacitive sensors, making them attractive for the low-end market
- ▶ Precise BioMatch Mobile has been integrated in several new low-end devices from Nokia, TCL and Lenovo



SMART CARDS

STRENGTHENED POSITION IN BIOMETRIC SMART CARDS

- ▶ New pilots of biometric payment cards initiated
- ▶ Positive user feedback from initial pilots in the US, Cyprus and Japan
- ▶ Major payment providers are setting specifications for biometric payment cards - MasterCard expect to finalize specifications this year
- ▶ We have deepened cooperation with NXP and Kona-i for contactless biometric payment cards



NEW APPLICATIONS

INCREASED USE OF BIOMETRICS IN NEW APPLICATION AREAS

- ▶ Increased usage of biometrics in new application areas such as USB-keys and crypto wallets
- ▶ Biometrics will to a greater extent replace passwords and other means of authentication
- ▶ Continued interest to use fingerprint technology in:
 - ▶ Cars
 - ▶ Wearables, such as watches and rings
 - ▶ Gaming controls
- ▶ Precise Biometrics are working on several projects within this area



MAIN EVENTS AFTER THE SECOND QUARTER

- ▶ Stefan K Persson started as CEO of Precise Biometrics on August 1

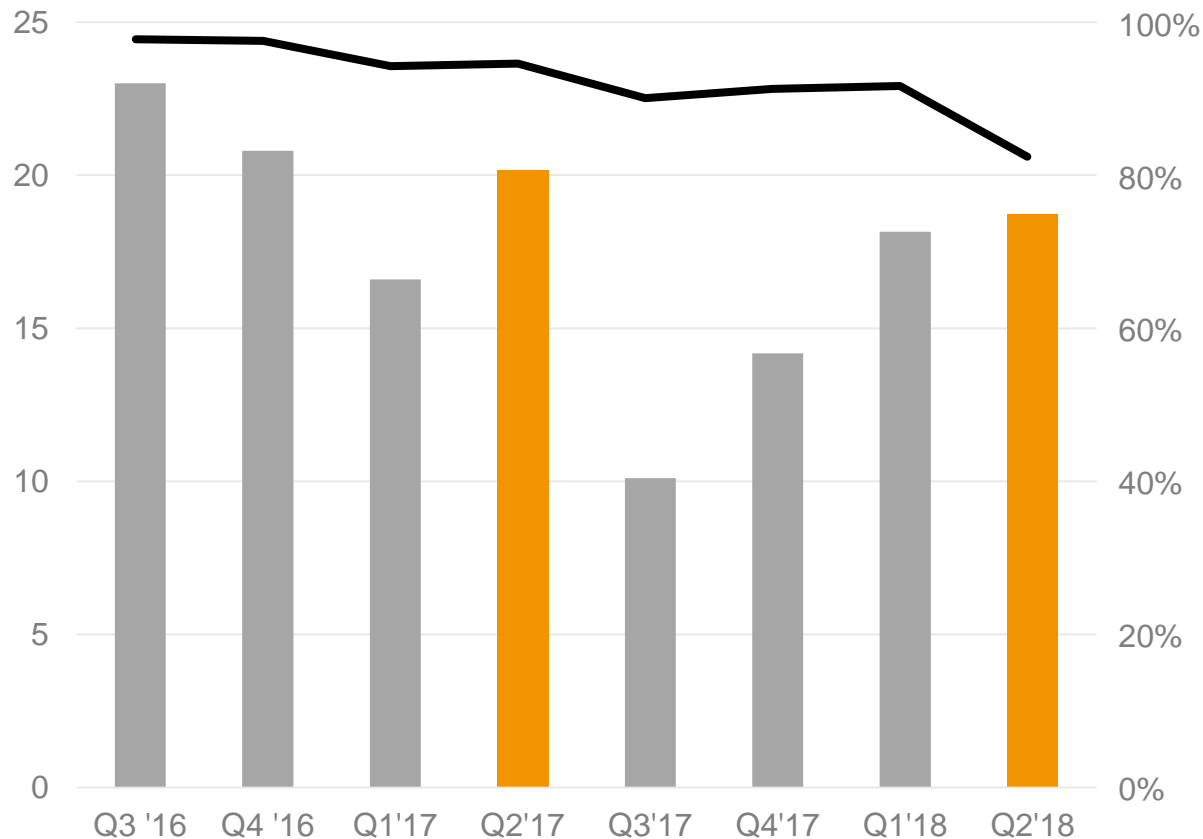


FINANCIALS

NET SALES & GROSS MARGIN

FINGERPRINT TECHNOLOGY

(MSEK)

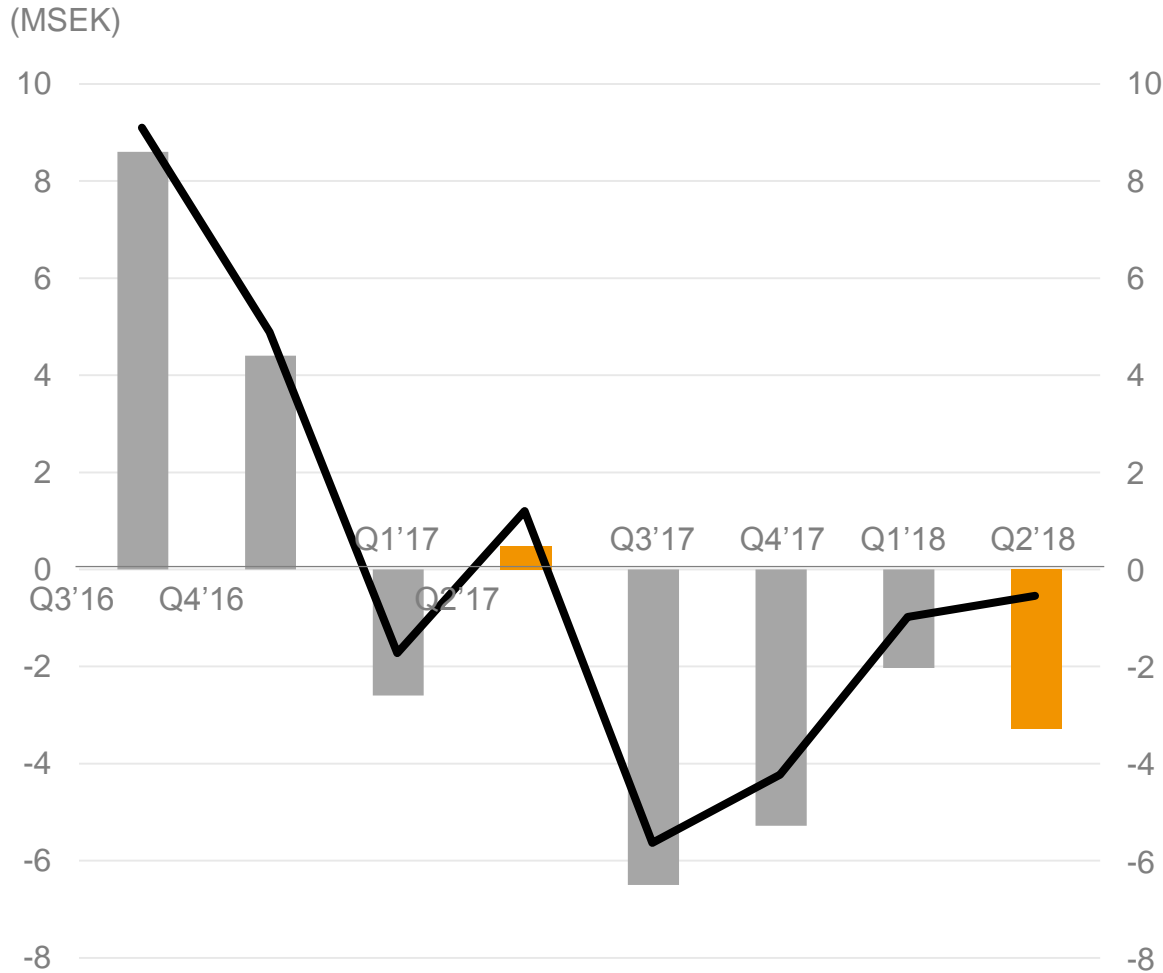


- ▶ Sales in Q2 18.7 MSEK (20.2)
- ▶ Gross margin in Q2 82.8% (95.0) impacted by
 - ▶ New assessment of depreciation of capitalized development expenses impact with 7.5%-units, 1.4 MSEK.
 - ▶ Lower sales and increased depreciations.

■ Gross margin
■ Net sales
■ Net sales

OPERATING PROFIT

FINGERPRINT TECHNOLOGY

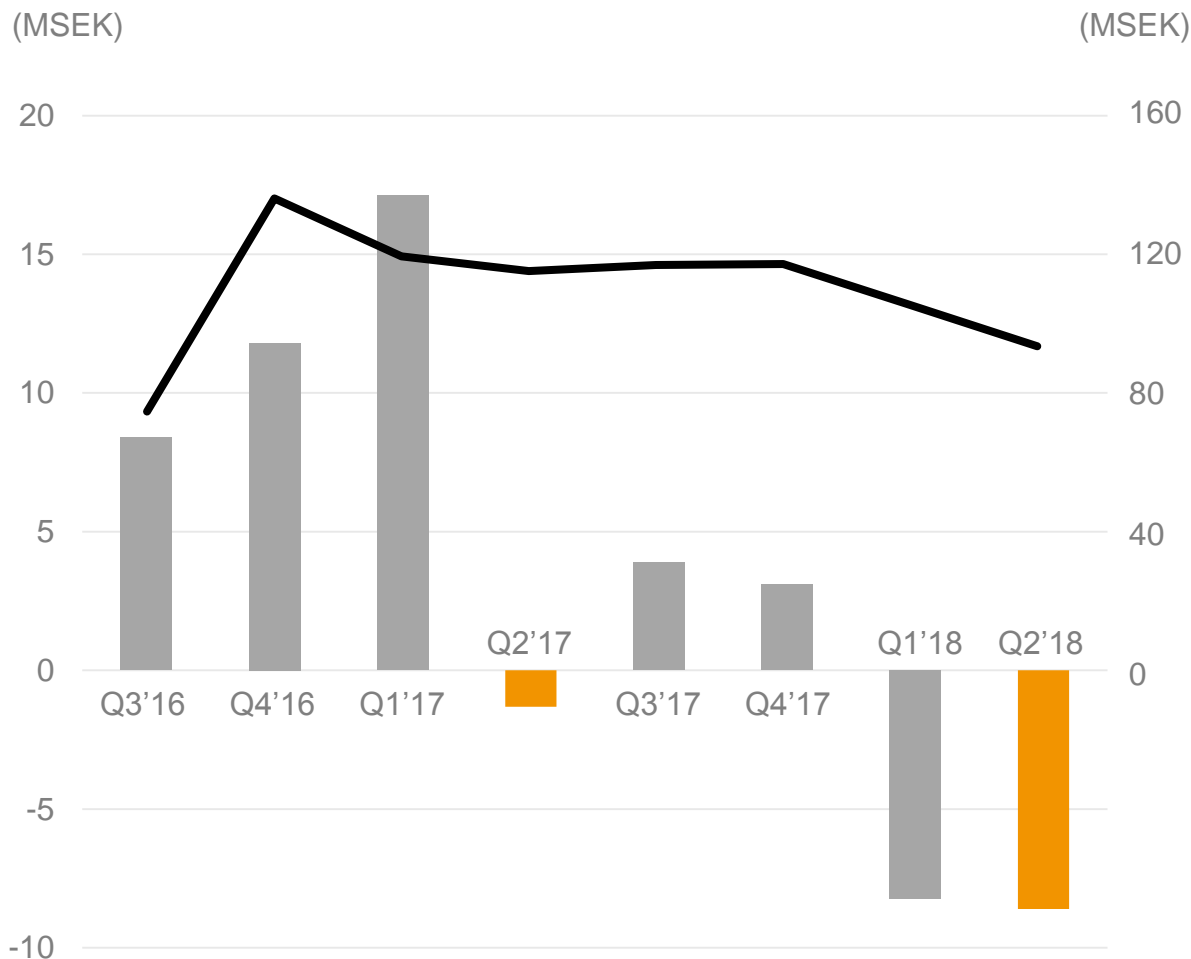


- ▶ Operational costs in Q2 18.8 MSEK (18.7)
- ▶ Operating result in Q2 amounted to -3.3 MSEK (0.5)
- ▶ EBITDA in Q2 -0.5 MSEK (1.2)
- ▶ Workforce of 44 (42), employees & consultants

■ EBITDA
■ Operating profit
■ Operating profit

OPERATING CASH FLOW

TOTAL OPERATION



- ▶ Operational cash flow in Q2 was -8.6 MSEK (-1.3)
 - ▶ Q1 2017 impacted by a prepayment of 17.5 MSEK
- ▶ Available cash 93.6 MSEK (115.0)

■ Cash in Bank
■ Cash flow
■ Cash flow

SUMMARY & OUTLOOK

- ▶ Continue to execute our strategy for the four identified focus areas
- ▶ First smartphone win with an ultrasound sensor in the high-end mobile market and several wins in capacitive low-end mobile market
- ▶ Strengthened our position in the biometric payment cards market
- ▶ Continued efforts to reach profitable growth
- ▶ Strong cash position enable continued investments in key growth areas



THANK YOU!

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VERIFIED **BY YOU**