

LUND, AUGUST 18, 2015

## Strong gains for Precise BioMatch<sup>TM</sup> Mobile

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

### INTERIM REPORT FOR THE PERIOD FROM JANUARY TO JUNE 2015

#### Q2

- Consolidated net sales increased to SEK 10.0 (7.0) million.
- The operating loss improved to SEK 7.7 (9.9) million.
- The group cut its loss for Q2 to SEK 7.9 (9.7) million.
- Earnings per share for the period amounted to SEK -0.02 (-0.03).
- Cash and cash equivalents were SEK 47.0 (76.2) million at the end of the quarter.

#### FIRST HALF-YEAR

- Consolidated net sales increased to SEK 14.6 (14.2) million.
- The operating loss improved to SEK 16.6 (20.8) million.
- The group cuts its loss for the period to SEK 16.7 (20.4) million.
- Earnings per share for the period amounted to SEK -0.05 (-0.06).
- Cash and cash equivalents were SEK 47.0 (76.2) million at the end of the quarter.

#### SIGNIFICANT EVENTS IN Q2

- Precise BioMatch Mobile was integrated into eight cell phones under the group's partnership with Fingerprint Cards.
- A licensing agreement was signed with Chinese sensor manufacturer Silead.
- Precise Biometrics was awarded the 2015 Frost & Sullivan Award for Global Customer Value Leadership in Fingerprint Biometrics for Mobile Devices.
- Smart card reader Tactivo was approved for use with Swedish healthcare system Pascal.
- Major order for Tactivo from leading NHS trust in the UK.
- Follow-up order for Tactivo from the Defense Logistics Agency (DLA), an agency of the U.S. Department of Defense.

#### SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- A licensing agreement was signed with Taiwanese sensor manufacturer ELAN Microelectronics.
- Precise BioMatch Mobile was integrated into five more cell phones under the group's partnership with Fingerprint Cards.
- Follow-up order for Tactivo from NHS trust in the UK.
- Another follow-up order for Tactivo from the Defense Logistics Agency (DLA).

#### FOR MORE INFORMATION, PLEASE CONTACT

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Interview with Håkan Persson  
President and CEO, Precise Biometrics

## Strong gains for Precise BioMatch<sup>TM</sup> Mobile

### **How would you summarize Q2?**

The rate at which smartphones with fingerprint technology were launched really took off in Q2. Eight new models from just as many different manufacturers were launched with Precise BioMatch Mobile under our partnership with Fingerprint Cards. This is a significant increase from the previous quarter, which is reflected in the increase in royalty revenues. The positive trend in the Fingerprint Technology business area has begun to have an effect on the company's total sales and is becoming increasingly significant for the company's revenue. We also signed a licensing agreement with Silead\*, a new Chinese sensor manufacturer with high ambitions to establish itself as a sensor supplier for mobile devices. These successes have established us as the market-leading supplier of fingerprint biometrics software for mobile devices.

The Mobile Smart Card Solutions business area is also exhibiting a positive trend. In April, healthcare system Pascal\*\* was approved for mobile use with our smart card reader Tactivo. This is a breakthrough for secure mobile services in the Swedish healthcare system. We also won a couple orders for Tactivo from NHS trusts in the UK during the period. This gives us a solid foothold on the UK market, which paves the way for more sales. We also got a substantial follow-up order for Tactivo from the Defense Logistics Agency (DLA), an agency of the U.S. Department of Defense.

Our sales performance in both of these business areas is a key step toward reaching our target of achieving an operating profit on EBITDA level in Q4 of this year. The company's sales performance for Q2 was one of its best, with a significant improvement of gross margin. In less than one year, we successfully shifted revenues to our prioritized future business areas, Fingerprint Technology and Mobile Smart Card Solutions. Sales and administrative expenses have decreased, which provides scope for increasing investments in our products. The focusing of our business initiated in August 2014 serves as the basis for this trend.

### **How is the market for fingerprint technology in mobile devices performing?**

The market is performing well and there are now several manufacturers marketing more than one model with fingerprint technology. As expected, the manufacturers' premium models are the first ones to be launched with the technology, but we are seeing a trend toward units in the mid-price range featuring fingerprint technology. This trend and the fact that our products are available in most phones launched on the market puts us in a good position for continuing strong growth in this segment.

Our partnerships with sensor manufacturers such as Fingerprint Cards (Sweden), Synaptics (U.S.), Silead (China) and now also ELAN Microelectronics (Taiwan)\*\*\* gives us a base of sensor manufacturers marketing solutions with our technology. Our partnership with Fingerprint Cards has shaped out very well, which is reflected in the Q2 sales figures. The number of partners and their geographic reach is expected to contribute to an increase in the number of smartphones with our biometrics software integrated, which will gradually increase our royalty revenue.

Adaptation and integration of Precise BioMatch Mobile for Silead's sensor solutions is ongoing. There are a large number of Chinese mobile device manufacturers, and Silead is seeking to

establish itself as a local alternative to foreign sensor manufacturers. We are looking forward to what our partnership will lead to, but do not expect any substantial volumes until 2016. Our partnership with Synaptics is continuing to develop in a positive direction and is expected to generate royalty revenue in Q4 of this year.

The use of fingerprint technology in mobile devices is being established at a constantly increasing rate. Google's new operating system for mobile devices, Android M, features a standardized framework for implementing fingerprint technology for Android, making it easier for both cell phone manufacturers and app developers to utilize the technology, which will contribute to positive volume growth.

New network services such as payments from cell phones, where safe and secure identity authentication is critical, places major demands on both hardware (sensors) and software (algorithms). At the Global Smart Touch Industry Summit in Shenzhen, China, we were given the opportunity to present the significance of the software for fast and secure authentication and guidelines for how fingerprint technology should be implemented in mobile devices. We received a very positive response and the activity was a part of our concerted efforts to solidify our position as the market-leading supplier of fingerprint biometrics software.

Our long-term global efforts to drive the market in this segment has created a buzz, and the award we received from Frost & Sullivan in April for our leadership in fingerprint biometrics for mobile devices is a good example.

**Where do you see the greatest demand for Tactivo in the future?**

Demand for Tactivo is continuing to grow in the healthcare sector in Sweden and the UK. Is it now possible to access the Pascal healthcare system from mobile devices (iPads). In consideration of the high level of interest in mobile solutions shown by Swedish municipalities and county councils, and the advantages our system provides staff and caregivers, there are high prospects of sales taking off as early as the second half of this year. We are also expecting other Swedish healthcare systems to be made available to mobile devices, which will boost our opportunities for additional sales. Following initial orders from UK hospitals, we are beginning to receive follow-up orders. According to an official decision, the UK National Health Service (NHS) is to go paperless by 2018. Along with supporting software from our partners, Tactivo can play a key role in making that a reality.

There is still potential for mobile solutions with Tactivo on the U.S. government market. The Defense Logistics Agency (DLA) has shown its confidence in Tactivo as a part of their mobility solution with follow-up orders. In collaboration with our partners, we have mobile solutions in place and have established a distribution network that ensures a high level of readiness and the ability to deliver at the pace government agencies commission mobile solutions.

\* Silead information: [www.silead.com](http://www.silead.com)

\*\* Pascal is a Swedish healthcare system for prescribing medicine. Pascal is used by nurses, doctors and other healthcare staff.

\*\*\* ELAN Microelectronics Corporation information: [www.emc.com.tw/eng/](http://www.emc.com.tw/eng/)

## **MARKET AND SALES – Q2 2015**

The company has three business areas: Fingerprint Technology, Mobile Smart Card Solutions and Desktop & Physical Access Solutions.

The **Fingerprint Technology** business area features products based on Precise Biometrics' core technology, algorithms for fingerprint biometrics. Its product portfolio consists of three products:

- Precise BioMatch™ Mobile, software which is developed and optimized for integration of fingerprint biometrics in smartphones and tablets.
- Precise BioMatch™ Embedded, software for integration of fingerprint biometrics in third-party hardware.
- Precise Match-on-Card™, software for integration of fingerprint biometrics in cards, such as bank and ID cards.

Sales for this business area came in at SEK 6.9 million for Q2. The group's partnership with Fingerprint Cards generated royalty revenue for integration of Precise BioMatch Mobile from eight different manufacturers, with six new ones in Q2. Royalty revenues are mainly attributable to integrations with both major and minor manufacturers from China and Taiwan. The national ID card project in Portugal also generated royalty revenue.

The **Mobile Smart Card Solutions** business area features the company's Tactivo products, a product portfolio of smart card and fingerprint readers for smartphones and tablets. Tactivo enables secure and simple mobile login to systems and applications in organizations that use smart cards as a security solution.

Sales for this business area totaled SEK 2.5 million in Q2. Its revenues mainly stem from an order from the U.S. Department of Defense and an NHS trust in the UK.

We continue to see great interest in Tactivo on our three main markets – health and healthcare, U.S. government agencies and businesses.

The **Desktop & Physical Access Solutions** business area features the company's traditional range of products, such as fingerprint readers for desktop workplaces and physical access to premises. This includes products such as combined fingerprint and smart card readers for secure login to systems, networks and physical access control.

Sales for this business area reached SEK 0.6 million in Q2. Its revenues came from sales to clients using the Precise Biometrics 200MC fingerprint reader for secure login. We expect lower sales as products become obsolete and existing stock runs out. At this time, new products are only developed in this business area in the case of specific client requests and orders.

## SALES AND EARNINGS

### Q2 2015

Sales for Q2 climbed to SEK 10.0 (7.0) million. The majority of Q2 sales came from the **Fingerprint Technology** business area, which accounted for SEK 6.9 (2.1) million. The increase in sales was mainly generated by the contract with Fingerprint Cards. Revenue from the **Mobile Smart Card Solutions** business area increased to SEK 2.5 (1.5) million. In the **Desktop & Physical Access Solutions** business area, revenue fell to SEK 0.6 (3.4) million. The changed sales mix is a result of the company's choice of strategy and direction initiated in August 2014.

The gross margin was 81% (67%) due to a larger share of software sales in Fingerprint Technology in comparison to the previous year, putting the operating profit at SEK 8.1 (4.7) million.

Total operating expenses for Q2 amounted to SEK 15.8 (14.6) million. Sales expenses, personnel expenses and administrative expenses decreased year-on-year to SEK 7.5 (9.4) million. The operating loss improved to SEK 7.7 (9.9) million. The operating loss on the corresponding EBITDA level was cut to SEK 4.7 (10.4) million.

Net financial items in the interim period totaled SEK -0.2 (0.2) million, mainly comprising foreign exchange effects against the USD.

The group's net loss for the period improved to SEK 7.9 (9.7) million. Earnings per share (average number of shares) for Q2 amounted to SEK -0.02 (-0.03).

### JANUARY-JUNE 2015 INTERIM PERIOD

Sales in the interim period climbed to SEK 14.6 (14.2) million. The largest share of sales came from the Fingerprint Technology business area, which accounted for SEK 10.3 (2.8) million. Revenues consisted of deliveries of the company's fingerprint technology to Fingerprint Cards and royalties from the ongoing NID project in Portugal. Sales in the Mobile Smart Card Solutions business area (Tactivo) increased during the period to SEK 3.3 (2.1) million. Sales in the Desktop & Physical Access Solutions business area fell to SEK 1.0 (9.3) million in the first half of 2014, which reflects the Company's strategy to change its sales mix.

The gross margin in the interim period was 78% (62%), propelling the operating profit to SEK 11.4 (8.8) million.

Operating expenses for the interim period amounted to SEK 28.0 (29.6) million. Sales expenses, personnel expenses and administrative expenses decreased year-on-year to SEK 13.1 (17.3) million. The operating loss improved to SEK 16.6 (20.8) million. The operating loss on the corresponding EBITDA level was cut to SEK 12.4 (20.9) million.

Net financial items for the interim period were SEK -0.2 (0.4) million.

The group's net loss for the interim period totaled SEK 16.8 (20.4) million. The change is attributable to the higher gross profit and lower operating expenses in comparison to the past year.

Earnings per share (average number of shares) for the interim period amounted to SEK -0.05 (-0.06).

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

In Q2, the group invested SEK 0.4 (0.6) million in property, plant & equipment.

The amount the group invested in property, plant & equipment over the interim period was SEK 0.5 (1.1) million.

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

Research and development costs were capitalized in the amount of SEK 0.1 (2.3) million in Q2. Amortization of capitalized research and development costs amounted to SEK 2.2 (2.1) million in Q2.

Research and development costs during the interim period were capitalized in the amount of SEK 0.7 (4.2) million. Amortization of capitalized research and development costs totaled SEK 4.3 (4.1) million in the interim period.

### **FINANCING AND CASH FLOW**

As of June 30, 2015, equity totaled SEK 75.8 (114.2) million, with equity per share at SEK 0.22 (0.33).

The net cash used in operating activities for Q2 was SEK 5.6 (7.5) million. Cash and cash equivalents amounted to SEK 47.0 (76.2) million at the end of the quarter.

### **PARENT COMPANY**

Parent company sales for the interim period came in at SEK 12.2 (12.3) million. The loss before tax for the period amounted to SEK 13.6 (19.3) million.

Cash and cash equivalents at the end of the quarter totaled SEK 43.4 (70.5) million.

In July, the Swedish Companies Registration Office approved a decrease in share capital pursuant to a resolution at the annual general meeting.

### **ORGANIZATION AND STAFF**

The organization consists of Precise Biometrics AB, with its head office in Lund and an office in Karlstad, Sweden, and Precise Biometrics Inc. with offices in Reston, Virginia, USA. The U.S. sales organization for Tactivo was reorganized in Q2. The sales team was centralized to the head office in Lund in line with the company's global partner sales strategy, which enables the company's resources to be used more effectively. Sales consultants are hired in the U.S., Taiwan/China and South Korea to secure a local presence on key markets.

As of June 30, 2015, the Group had 22 (27) employees, 21 (25) of which are based in Sweden and 1(2) in the U.S.

Bo-Göran Jaxelius, CFO, left the company in Q2, with Tommy Nilsson taking over as the new CFO on an interim basis. The process of recruiting a replacement is ongoing.

### **RISK FACTORS**

Precise Biometrics is exposed to business risks and financial risks outside of the reach and

control of the company. There is no guarantee that the company's current capital will be sufficient until the company reaches a positive cash flow figure. Nor is there any 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 risks identified, please see the Annual Report for 2014 submitted on March 23, 2015. No new significant risks or uncertainties have arisen since the annual report was submitted.

#### **UPCOMING REPORTING DATES**

Q3 2015 Interim Report	November 10, 2015
2015 Year-End Report	February 16, 2016
Q1 2016 Interim Report	May 16, 2016
2016 Annual General Meeting	May 17, 2016

#### **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 Financial 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 2014 have been used in this interim report as well. No new or revised IFRS standards that came into force in 2015 have had any material impact on the group.

For more information on the accounting policies applied, please see the Annual Report for 2014.

This interim report has not been audited by the company's auditors.

*Lund, August 18, 2015*

#### **Board of Directors**

Torgny Hellström  
Board Chairman

Torbjörn Clementz  
Board member

Eva Maria Matell  
Board member

Anders Harrysson  
Board member

Matts Lilja  
Board member

Mats Lindoff  
Board member

Håkan Persson  
*President and CEO*

*The information in this report is of such a nature that Precise Biometrics AB (publ) has an obligation to publish it under the Securities Market Act. The information was submitted for publication on August 18, 2015, at 8:00 AM CEST.*

**Consolidated income statement**

(Amounts in SEK thousand)	Q2	Q2	Q1-Q2	Q1-Q2	Full year
	2015	2014	2015	2014	2014
Net sales	10,041	7,028	14,550	14,212	31,387
Cost of goods sold	-1,947	-2,287	-3,132	-5,369	-14,208
<b>Gross profit</b>	<b>8,094</b>	<b>4,741</b>	<b>11,418</b>	<b>8,843</b>	<b>17,179</b>
Costs of disposal	-3,379	-4,875	-6,282	-9,340	-19,907
Administrative expenses	-4,170	-4,552	-6,874	-7,919	-14,343
R&D expenses	-7,953	-5,788	-15,244	-13,018	-28,984
Other revenues and fair value changes	-299	622	415	642	1,508
	-15,801	-14,593	-27,985	-29,635	-61,726
<b>Operating profit/loss</b>	<b>-7,707</b>	<b>-9,852</b>	<b>-16,567</b>	<b>-20,792</b>	<b>-44,547</b>
Financial costs/income	-188	168	-174	378	502
<b>Profit/loss before tax</b>	<b>-7,895</b>	<b>-9,684</b>	<b>-16,741</b>	<b>-20,414</b>	<b>-44,045</b>
Tax	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-7,895</b>	<b>-9,684</b>	<b>-16,741</b>	<b>-20,414</b>	<b>-44,045</b>
<b>Profit/loss for the period attributable to:</b>					
Parent company shareholders	-7,895	-9,684	-16,741	-20,414	-44,045
<i>Basic earnings per share, SEK</i>	-0,02	-0,03	-0,05	-0,06	-0,13
<i>Diluted earnings per share, SEK</i>	-0,02	-0,03	-0,05	-0,06	-0,13

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

(Amounts in SEK thousand)	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014
<b>Profit/loss for the period</b>	<b>-7,895</b>	<b>-9,684</b>	<b>-16,741</b>	<b>-20,414</b>	<b>-44,045</b>
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified to profit or loss</b>					
Changes in accumulated translation difference	9	-75	238	-115	1,220
	9	-75	238	-115	1,220
<b>Other comprehensive income for the period net of tax</b>	<b>9</b>	<b>-75</b>	<b>238</b>	<b>-115</b>	<b>1,220</b>
<b>Total comprehensive income for the period</b>	<b>-7,886</b>	<b>-9,759</b>	<b>-16,503</b>	<b>-20,529</b>	<b>-42,825</b>
<b>Attributable to:</b>					
Parent company shareholders	-7,886	-9,759	-16,503	-20,529	-42,825
Total comprehensive income for the period	-7,886	-9,759	-16,503	-20,529	-42,825

## Consolidated balance sheet

(Amounts in SEK thousand)	Jun 30, 2015	Jun 30, 2014	Dec 31, 2014
<b>Assets</b>			
Intangible assets	13,690	21,514	17,360
Property, plant & equipment	2,639	4,120	2,784
Inventories	11,595	16,919	11,860
Trade receivables	4,349	4,396	6,759
Other current receivables	8,079	6,746	7,778
Cash and bank balances	47,061	76,210	59,659
<b>Total assets</b>	<b>87,413</b>	<b>129,905</b>	<b>106,200</b>
<b>Equity and liabilities</b>			
Equity	75,847	114,279	91,983
Current liabilities	11,567	15,626	14,217
<b>Total equity and liabilities</b>	<b>87,414</b>	<b>129,905</b>	<b>106,200</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

(Amounts in SEK thousand)	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014
Net cash provided by/used in operating activities before changes in working capital	-5,589	-7,556	-11,976	-16,117	-30,664
Cash flow from changes in working capital	2,064	685	55	-3,827	-3,264
Net cash provided by/used in operating activities	-3,525	-6,871	-11,921	-19,944	-33,928
Net cash provided by/used in investing activities	-98	-2,910	-678	-5,304	-7,871
Net cash provided by/used in financing activities	0	261	0	261	261
<b>Net cash flow for the period</b>	<b>-3,623</b>	<b>-9,520</b>	<b>-12,599</b>	<b>-24,987</b>	<b>-41,538</b>
Cash and cash equivalents at start of period	50,684	85,730	59,659	101,197	101,197
Cash and cash equivalents at end of period	47,061	76,210	47,061	76,210	59,659

## Consolidated financial ratios

	Jun 30, 2015	Jun 30, 2014	Dec 31, 2014
Working capital (SEK thousand)	59,517	88,645	71,839
Quick ratio	514%	559%	522%
Equity-asset ratio	87%	88%	87%
Return on equity	neg	neg	neg
Capital employed (SEK thousand)	75,846	114,279	91,983
Earnings per share before tax (SEK)	-0,05	-0,06	-0,13
EBITDA (SEK thousand)	-11,617	-16,074	-31,722
Equity per share (SEK)	0,22	0,33	0,27
Number of shares	345,306,094	345,306,094	345,306,094
Number of employees at end of period	22	29	22
Average number of employees during the period	22	33	27

### Definitions of financial ratios

Working capital: Current assets minus current liabilities

Quick ratio: Current assets less inventories divided by current liabilities

Equity-asset 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 of shares.

Current warrant programs are not included, given that potential ordinary shares would result in a lower loss per share upon calculation, which is not allowed under IAS 33.

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

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

Quarterly performance measures are not reported.

Operating expenses (as described under Sales and earnings): Operating expenses excluding costs of goods sold, but including depreciation, amortization and impairment losses, and after capitalization of research and development costs

## Consolidated statement of changes in equity – in summary

(Amounts in SEK thousand)

	2015	2014	2014
	Q1-Q2	Q1-Q2	Full year
<b>Equity at start of period</b>	<b>91,983</b>	<b>134,547</b>	<b>134,547</b>
Comprehensive income for the period	-16,741	-20,414	-44,045
Exchange rate differences	238	-115	1,220
Warrant programs	-	261	261
<b>Equity at end of period</b>	<b>75,480</b>	<b>114,279</b>	<b>91,983</b>

## Segment reporting

(Amounts in SEK thousand)

Net sales per segment	2015	2014	2015	2014	2014
	Q2	Q2	Q1-Q2	Q1-Q2	Full year
Mobile Smart Card Solutions	2,529	1,496	3,252	2,109	5,147
Fingerprint Technology	6,884	2,132	10,332	2,798	8,289
Desktop & Physical Access Solutions	628	3,400	966	9,305	17,951
<b>Group</b>	<b>10,041</b>	<b>7,028</b>	<b>14,550</b>	<b>14,212</b>	<b>31,387</b>
<b>Costs per segment<sup>1)</sup></b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>Q2</b>	<b>Q2</b>	<b>Q1-Q2</b>	<b>Q1-Q2</b>	<b>Full year</b>
Mobile Smart Card Solutions	-5,641	-9,868	-9,795	-19,177	-38,959
Fingerprint Technology	-8,317	-4,476	-14,807	-8,726	-17,728
Desktop & Physical Access Solutions	-1,128	-3,088	-2,733	-7,184	-14,371
Undistributed <sup>2)</sup>	-4,902	552	-3,782	83	-4,876
<b>Group</b>	<b>-19,988</b>	<b>-16,880</b>	<b>-31,117</b>	<b>-35,004</b>	<b>-75,934</b>
<b>Operating profit/loss per segment</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>Q2</b>	<b>Q2</b>	<b>Q1-Q2</b>	<b>Q1</b>	<b>Full year</b>
Mobile Smart Card Solutions	-3,112	-8,372	-6,543	-17,068	-33,812
Fingerprint Technology	-1,433	-2,344	-4,475	-5,928	-9,439
Desktop & Physical Access Solutions	-500	312	-1,767	2,121	3,580
Undistributed <sup>2)</sup>	-4,902	552	-3,782	83	-4,876
<b>Group</b>	<b>-9,947</b>	<b>-9,852</b>	<b>-16,567</b>	<b>-20,792</b>	<b>-44,547</b>

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

<sup>2)</sup> Undistributed consists of capitalization of research and development costs, depreciation of property, plant & equipment, amortization of intangible assets, and other revenue and fair value changes. These costs have been recognized as incurred in the above report.

**Parent company income statement**

(Amounts in SEK thousand)	Q1-Q2 2015	Q1-Q2 2014	Full year 2014
Net sales	12,241	12,331	26,394
Cost of goods sold	-1,381	-5,675	-13,933
<b>Gross profit/loss</b>	<b>10,860</b>	<b>6,656</b>	<b>12,461</b>
Costs of disposal	-5,207	-7,250	-15,373
Administrative expenses	-6,872	-7,918	-14,342
R&D expenses	-15,244	-13,018	-28,984
Other revenues and fair value changes	2,668	1,522	8,291
	-24,655	-26,664	-50,408
<b>Operating profit/loss</b>	<b>-13,795</b>	<b>-20,008</b>	<b>-37,947</b>
Financial costs/income	196	669	1,122
<b>Profit/loss before tax</b>	<b>-13,598</b>	<b>-19,339</b>	<b>-36,825</b>
Tax	-	-	-
<b>Profit/loss for the year</b>	<b>-13,598</b>	<b>-19,339</b>	<b>-36,825</b>

**Parent company balance sheet**

(Amounts in SEK thousand)	<u>Jun 30, 2015</u>	<u>Jun 30, 2014</u>	<u>Dec 31, 2014</u>
<b>Assets</b>			
Intangible assets	13,690	21,514	17,360
Property, plant & equipment	2,639	4,120	2,784
Investments in group companies	1,058	1,058	1,058
Inventories	6,836	11,553	7,437
Trade receivables	3,398	3,381	4,435
Other current receivables <sup>1)</sup>	49,671	44,533	47,179
Cash and bank balances	43,460	70,497	56,979
<b>Total assets</b>	<b>120,752</b>	<b>156,656</b>	<b>137,232</b>
<b>Equity and liabilities</b>			
Equity	111,576	142,660	125,175
Provisions	205	153	212
Current liabilities	8,970	13,843	11,845
<b>Total equity and liabilities</b>	<b>120,752</b>	<b>156,656</b>	<b>137,232</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>

<sup>1)</sup>This item includes an intra-group receivable in the amount of SEK 42 (38) million.

## CONFERENCE CALL

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

- The conference call starts at 10:00 AM (CET)
- To participate in the call, please call +46 (0)8-566 427 01

An operator will note your name and connect you to the conference call. She/he will also provide you with information about what to do if you have any questions.

The conference call will be in English. Participants will be given the opportunity to ask questions in Swedish.

Participating on behalf of Precise Biometrics:

- Håkan Persson, President and CEO
- Tommy Nilsson, CFO

A recording of the conference call will be available for three days after the call. To listen to the conference call after it is over, please call +46 (0)8-505 564 44. When you are asked to enter a reference number, enter 365393 and then press the pound key (#).

You are also welcome to go to <http://precisebiometrics.com/investor/> where you will find a presentation to download.

### ABOUT PRECISE BIOMETRICS

Precise Biometrics is a market-leading supplier of solutions that safeguard people's identities with smart cards and fingerprint technology. The company's products can be used for ID, company and bank cards, and for access to mobile solutions, computers and networks. Precise Biometrics delivers solutions to companies and government agencies throughout the world. The company's products are licensed to almost 160 million users. More information is available at; <http://precisebiometrics.com/>