STRONG GROWTH AND POSITIVE EBITDA RESULT FOR THE FINANCIAL YEAR 2015

Year-end Report 2015
Published February 16th, 2016

PRECiSE™
BIOMETRICS

INTEGRATED IN OVER 55 SMARTPHONES

Q4

▶ Precise BioMatch Mobile was integrated in over 20 smartphones

2015

▶ Precise BioMatch Mobile was integrated in over 55 smartphones from over 25 vendors

▶ 2015 Frost & Sullivan Award for Global Customer Value Leadership in fingerprint recognition for mobile devices

SIGNED EIGHT NEW LICENSE AGREEMENTS

Q4

▶ Signed license agreements with five sensor manufacturers; Cypress, Oxi Technology, Focaltech, Gingytech and J-Metrics

2015

▶ Signed license agreements with eight sensor manufacturers; Silead, JP Sensor, Elan, Cypress, Oxi Technology, Focaltech, Gingytech and J-Metrics

▶ The company has on-going license agreements with Fingerprint Cards and Synaptics
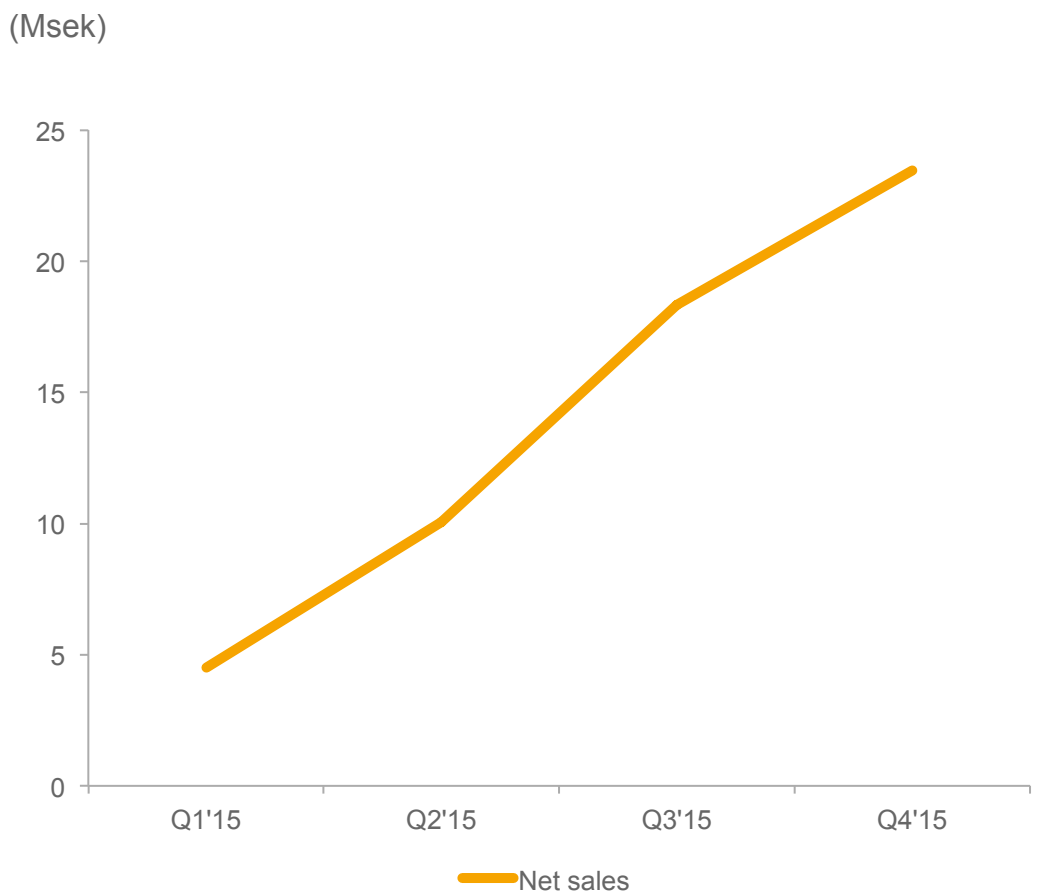
TACTIVO ORDER FROM US GOVERNMENT & UK HEALTHCARE

Q4

▶ Follow-on order from Defense Logistics Agency (DLA)

2015

▶ Several follow-on orders from DLA

▶ Continues flow of orders from US Navy

▶ Order from Imperial College Healthcare NHS Trust and Oxleas NHS Trust in Great Britain

NET SALES PER QUARTER

(Msek)

▶ Net sales increased to 23.4 Msek (9.9 Msek) in Q4

Strong sales increase in Fingerprint Technology business area.

Considerable sales increase in business area Mobile Smart Card Solutions.

▶ Net sales increased to 56.3 Msek (31.4 Msek) for the full year

Fingerprint Technology
42.6 Msek (8.3 Msek), an increase of more than 400 %.

Mobile Smart Card Solutions
10.1 Msek (5.1 Msek), an increase of 98%.

Desktop & Physical Access Solutions
3.6 Msek (18.0 Msek), a decrease of 80%.

GROSS PROFIT & OPEX PER QUARTER

(Msek)

Legend: Net sales · GP · OPEX
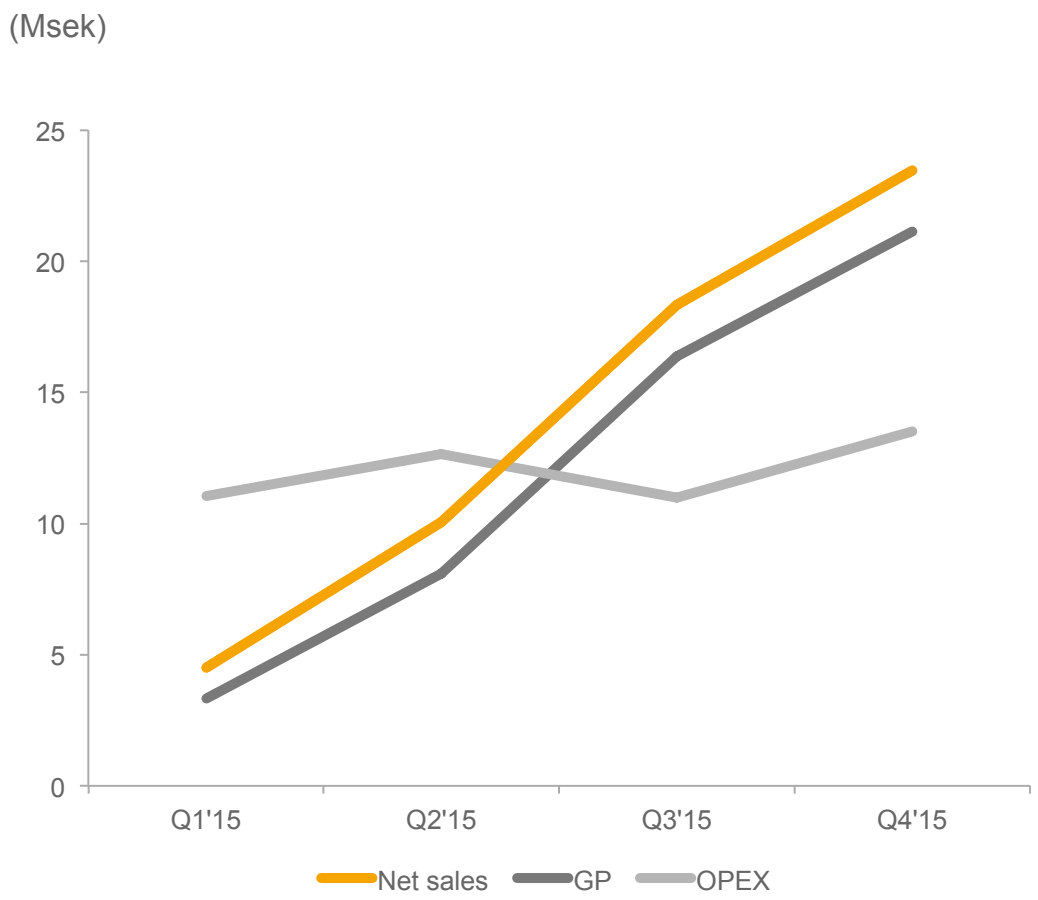
▸ Gross Profit continues to show strong improvement following substantial increases in software sales for Q4 and the full year

▸ Operating expenses excl. depr. (OPEX) amounted to 13.5 Msek (12.3 Msek) for Q4 - all time low in % of Net Sales

▸ Operating expenses excl. depr. (OPEX) decreased to 48.2 Msek (56.8 Msek) for the full year

The cost reduction program implemented in Q3 2014 reached full effect in 2015, lowering sales and administration costs by 8.0 Msek.

EBITDA & OPERATING PROFIT

(Msek)

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 4

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      Q4'14    Q1'15    Q2'15    Q3'15    Q4'15
-2

-4

-6

-8
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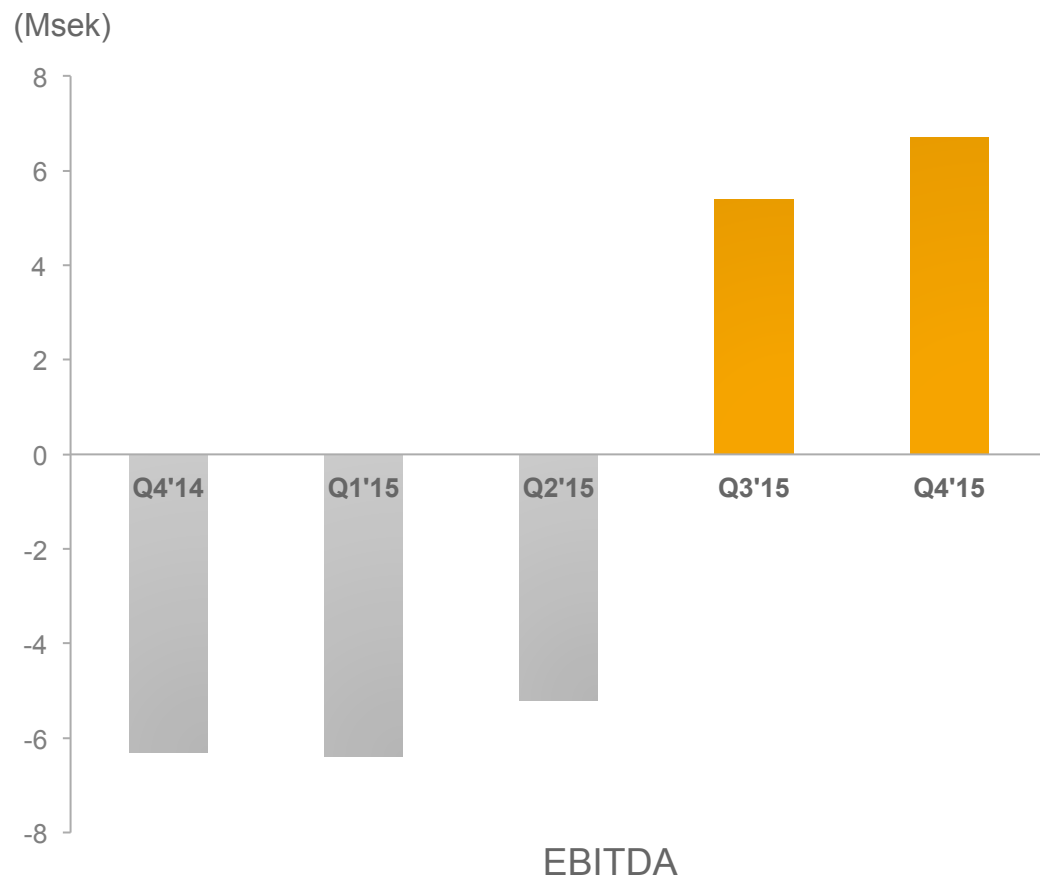
EBITDA

▶ Positive EBITDA for the full year 2015

Q4 EBITDA increased to 6.7 Msek from -6.3 Msek in Q4 2014

Full year EBITDA ended at 0.5 Msek and positive for the first year ever

▶ Operating profit
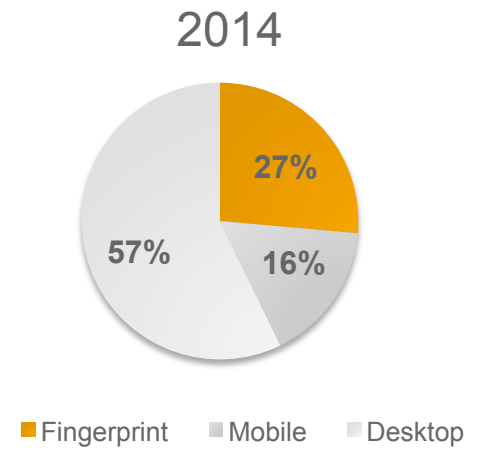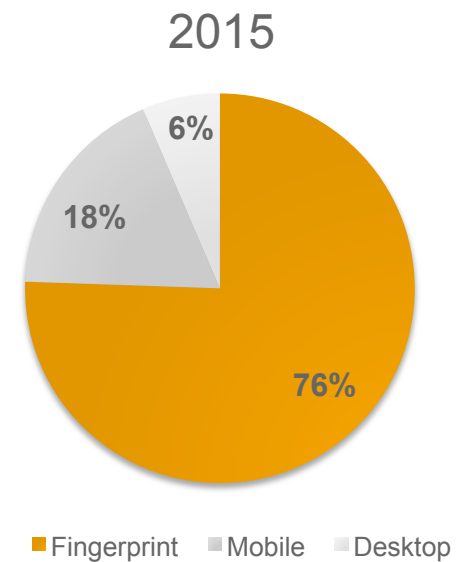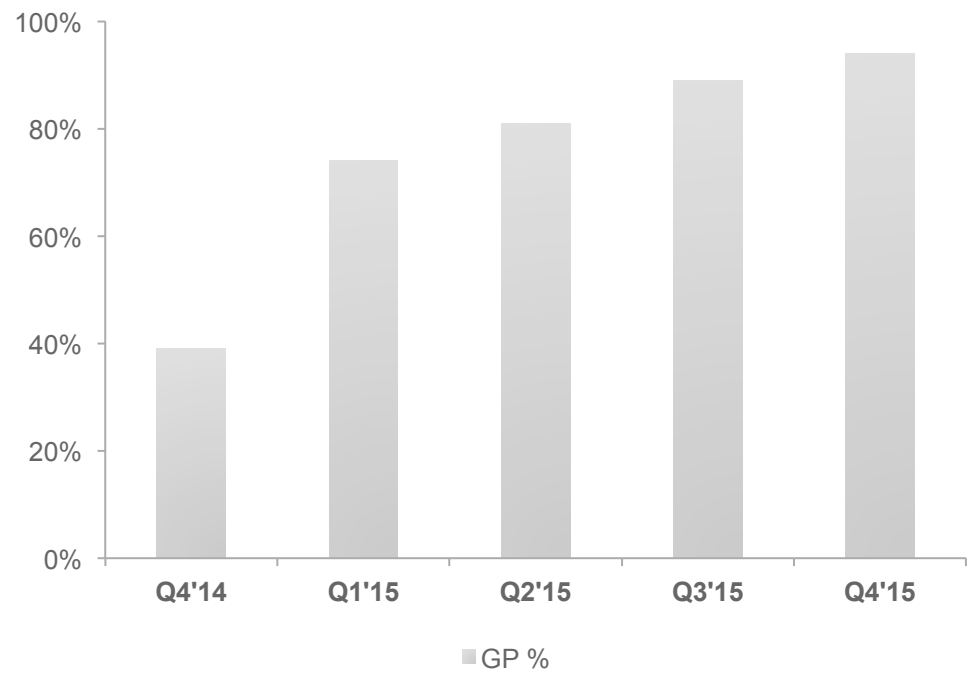
Operating profit for Q4 increased to 4.4 Msek (-9.7 Msek)

Operating loss for the full year amounted to -9.4 Msek (-44.0 Msek)

CHANGE IN SALES MIX GIVES HIGHER GROSS MARGIN

▸ Gross margin increased to 90% (39%)

Increased sales of fingerprint software has led to a dramatic increase in gross margin

The low gross margin in Q4 2014 was affected by depreciation of stock

2015

6%
18%
76%

■ Fingerprint ■ Mobile ■ Desktop

2014

27%
16%
57%

■ Fingerprint ■ Mobile ■ Desktop

Bar chart (GP %):

	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
GP %	39%	74%	81%	89%	94%

FINANCING AND CASH FLOW
(As of December 31, 2015)

- ▸ Equity amounted to 83.1 Msek (92.0)

- ▸ Equity per share amounted to 0.24 kr (0.27)

- ▸ Available cash amounted to 52.4 Msek (59.7)

- ▸ Cash flow from current operations amounted to -4.5 Msek (-33.9 Msek)

FAST GROWING MARKET

▶ 750 million smartphones with fingerprint technoology 2016

▶ Goode intelligence estimates 1.4 billion mobile devices with fingerprint technology 2018

▶ Acuity research estimates 3 billion mobile devices with biometrics 2020

▶ Great potential in new product areas outside mobile devices

Annual smart biometric devices

Acuity Research

Biometric devices
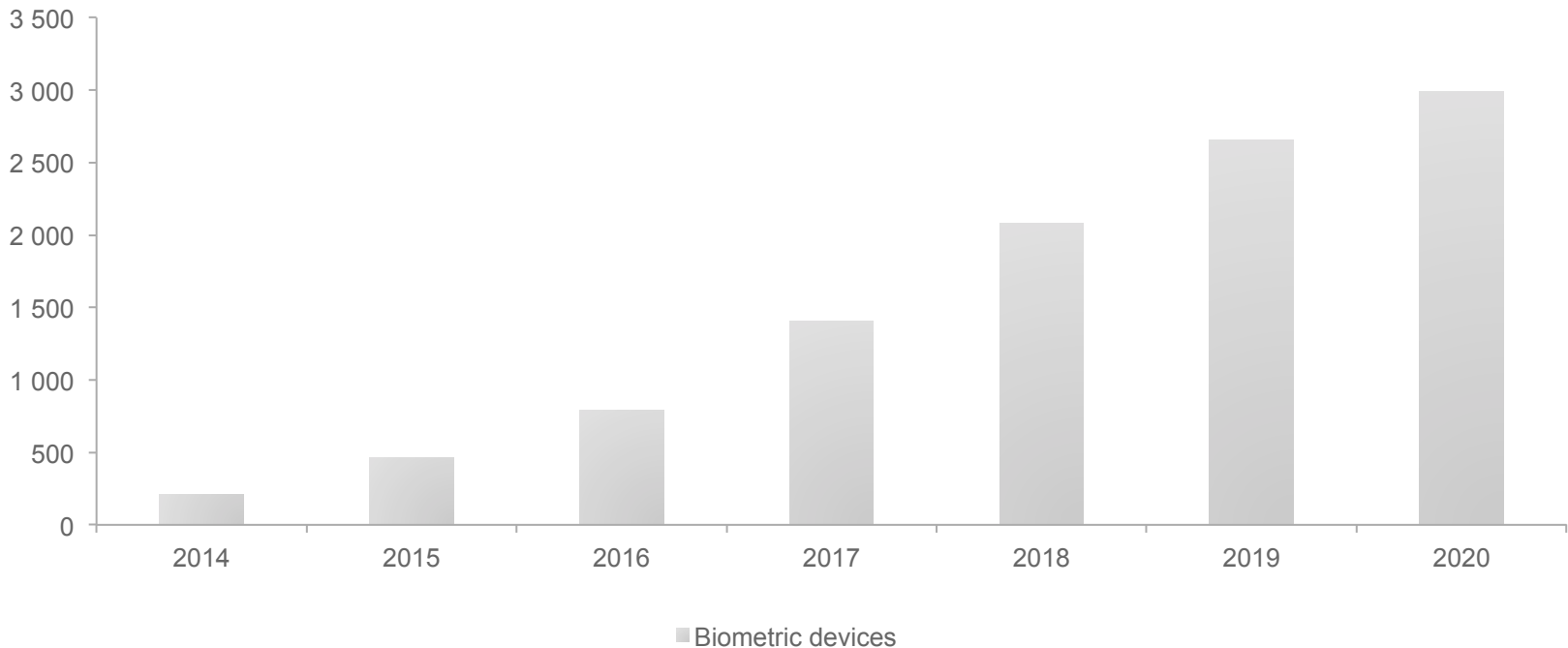
LEADING
FINGERPRINT SOFTWARE

▶ Precise Biometrics fingerprint software gives the best user experience of products with small sensors for platforms where processing power and memory is limited - independent of sensor technology, operating system or hardware platform.

▶ Precise Biometric algorithm solutions are central to the user experience of fingerprint technology

▶ …. and a key element in our partner's software solution
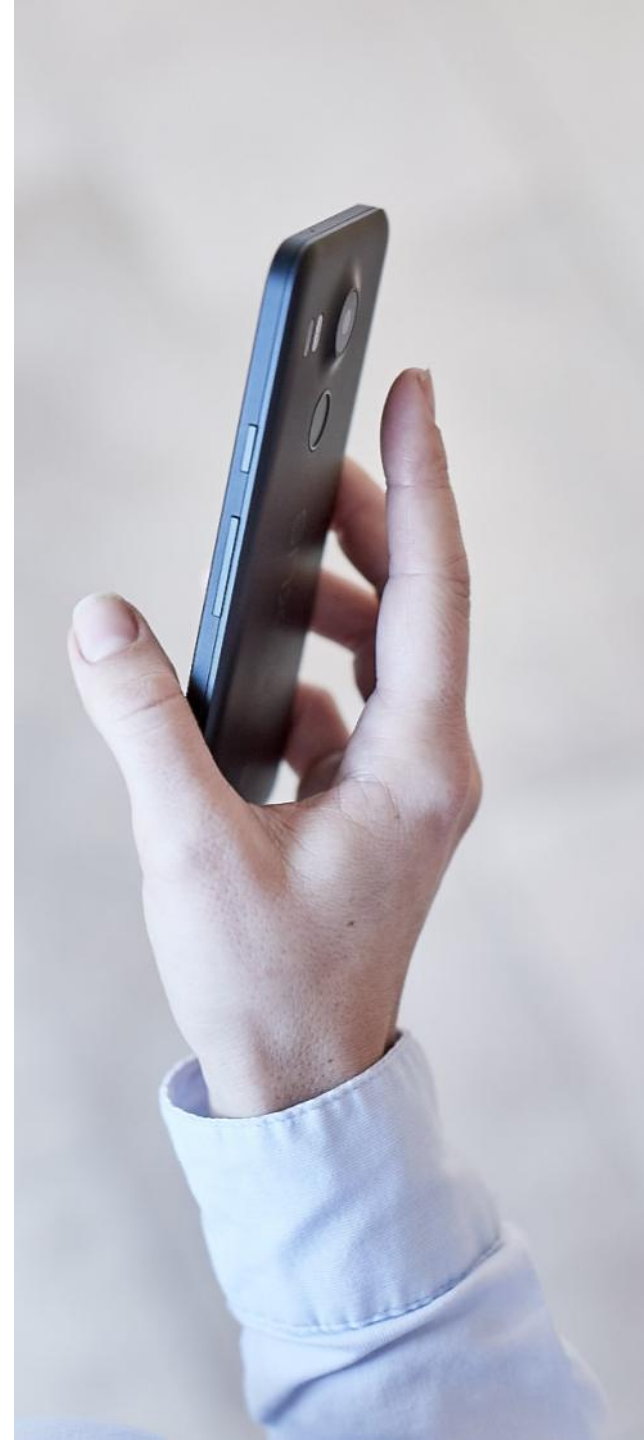
PLATFORM FOR GROWTH

▶ Our customers well covers the greater part of the addressable mobile device market

▶ Our customers are positioned for growth in new product areas

▶ Our customers work with several different sensor technologies

▶ We are well positioned for growth in the market for mobile devices as well as new product areas, through close collaboration with our customers

TACTIVO ENABLES MOBILIY IN ORGANIZATIONS USING SMART CARDS

▶ Smart card reader for smartphones and tablets (iOS & Android)

▶ Increased information security through secure & convenient login

 using two-factor authentication

▶ Increases organizational efficiency and working environment, while reducing cost

TACTIVO CUSTOMERS

▶ DLA
▶ US Navy
▶ Department of Defense
▶ National Health Service (UK)
▶ Municipalities and county councils
 in Sweden

INCREASED DEMAND OF TACTIVO

10 000 000
US government smart card users

1 000 000
UK healthcare smart card users

500 000
Swedish healthcare smart card users

Increased sales, development driven by security awareness and access to mobile applications

Several important and innovative hospitals are using Tactivo

Increasing number of healthcare systems that is integrated with Tactivo

2016 TARGETS

▶ Increase sales and market share of fingerprint software for mobile devices

▶ Establish a leading position in new product areas that requires a small fingerprint sensor

▶ Ensure that our software gives the best user experience of products with small sensors for limited platforms, independent of sensor technology, OS or platform

▶ Closer cooperation with existing customers and enter new license agreements with more sensor manufacturers

▶ Continued growth in the business area Mobile Smart Card Solutions

▶ Explore opportunities for Tactivo in new markets, primarily public sector