

Q1



Continued focus on Digital Identity

INTERIM REPORT FOR THE PERIOD JANUARY TO MARCH 2019

FIRST QUARTER

- Net sales totaled SEK 12.1 (18.2) million.
- The operating profit/loss totaled SEK -7.9 (-5.3) million.
- The profit/loss totaled SEK -7.8 (-2.3) million.
- Earnings per share totaled SEK -0.02 (-0.01).
- Cash flow from operating activities totaled SEK -10.2 (-8.2) million.

SIGNIFICANT EVENTS DURING THE QUARTER

- Proof of Concepts within the business area digital identity have been initiated
- The reorganization of the company, communicated during the fall, was completed
- The establishment of the new office in Shanghai continued during the quarter
- The company's algorithm was integrated into Hyundai Motors' Smart Fingerprint Access and Start-up System

FINANCIAL DATA AND KEY INDICATORS

KEY INDICATORS

Amounts in SEK thousand unless otherwise stated	2019 Q1	2018 Q1	2018 Full year	Rolling 12 months
Net sales	12,144	18,152	67,645	61,637
Net sales growth, %	-33.1%	9.2%	10.8%	-1.5%
Gross margin, %	71.2%	92.1%	85.2%	80.4%
Operating profit/loss	-7,868	-2,033	-19,958	-25,793
Operating margin, %	-64.8%	-11.2%	-29.5%	-41.8%
Cash flow from the operating activities	-10,206	-8,226	-26,055	-28,035
Cash and cash equivalents	67,474	105,297	79,543	67,474

PRESENTATION OF THE INTERIM REPORT

In connection with today's interim report, we include an invitation a telephone conference/webcast today at 10:00 AM. Please see the last page of the interim report for further information about participation.

THE CEO'S COMMENTS

During the quarter we have continued our journey according to the strategy that was presented during the fall. The new strategy supports our ambition to develop world leading biometric solutions and focuses operations on three main business areas; digital identity, smart cards and mobile devices.

As part of the revised strategy we have completed the reorganization of the company during the quarter. This included closing the office in Karlstad and centralizing operations in Sweden by relocating all research and development (R&D) to Lund to enable synergies in our ongoing operations. During the quarter we continued to establish the office in Shanghai to strengthen our presence in local key markets. From our operations in Shanghai we offer customer service, support and product development for customers in Asia.

Given the new technological developments and the market's demand for convenient, secure verification identification of identity for digital services there is a large interest in our product, Precise YOUNiQ. The product verifies the digital identity by recognizing fingerprints, face or behaviour in combination with geographical data. The product is marketed for companies and organizations in sectors such as finance, gaming, healthcare and transportations. Our efforts in the business area continues with pilot tests and Proof of Concept (PoCs). Discussions regarding additional projects outside of the Nordics are also carried out. We are expecting a commercialization of the product during 2020.

In the area of smart cards, we continue our strong partnership with NXP and other partners. Regarding contactless payment cards, several PoCs are ongoing and we are expecting modest initial volumes during the fourth quarter 2019.

The technological development within mobile devices continues and is developing towards having the fingerprint sensor over the entire display. The first product with this technology is expected to be launched during the end of 2019, at the earliest. Our collaboration with actors such as Qualcomm and partners in Asia continues.

In addition to our three main business areas, digital identity, smart cards and mobile devices we are also engaged in projects within cars and door locks. During the quarter our algorithm for fingerprint recognition was integrated into Hyundai Motors' Smart Fingerprint Access and Start-Up System via a collaboration with the sensor supplier Dreamtech.

The cost savings made possible by the reorganization reduces the yearly cost level by SEK 10 million. In accordance with previous communication we expect 2019 to be a challenging year from a financial perspective considering the volatility in the market for mobile devices.

We are operating in an industry that is expanding, in a market that is demanding biometrical solutions and we have a strong financial position with SEK 67 million in cash flow and cash equivalent, which allows for further initiatives in our business areas. We are confident that the initiatives we are conducting during 2019 will have an effect during 2020 and onwards.

Stefan K Persson, CEO

MARKET AND SALES

Precise develops and sells biometrics solutions for convenient and secure verification of people's digital identity and verification of fingerprints in mobile phones and smart cards. The company offers the following products within the key areas:

Digital identity

Precise YOUNiQ[®] - Secures digital identity in a simple, secure way

Smart cards

Precise BioMatch[®] Card – Verifies fingerprints in smart cards

Mobile devices

Precise BioMatch[®] Mobile – Verifies fingerprints in mobile phones and tablets

In addition to the areas listed above, Precise is working on selected projects in cars and door locks.

Market developments

Digital identity

We are to a larger extent using digital services that requires registration and authentication of people's identity. Since the process of registration usually is complicated and the user chooses a too simple password, there is an increased demand for more convenient and more secure ways to verify our digital identity. The increasingly digital and connected world means that we are not only using our digital identity in multiple channels but also across devices which increases the need for effective and secure authentication.

By using solutions that combine several biometrical technologies to verify our digital identity we can create the optimal balance between convenience and security. With this, it is also possible to identify the user, offer continuous and passive authentication as well as unique personalization of products and services. These solutions simplify people's everyday life and enhance the user experience at the same time as meet the user's demand for convenient and secure authentication.

Smart cards

Biometrics to verify identity has become an increasingly important tool in the battle against fraud in all payment channels. Biometric solutions can be used to establish a convenient and secure authentication, whether it involves cash withdrawn from an ATM, cards or mobile payments. A commercialization of contactless payment cards in a modest scale is expected during 2019.

Payments have become a major driving force for the adoption of biometrics at the consumer level. According to Goode Intelligence, 1.2 billion people are expected to use biometrics for payments on a daily basis in 2020 and that there will be 579 million biometric payment cards in use in 2023.

Mobile devices

A continued demand for user-friendly phones with full-screen displays is driving the trend for mobile devices. The next stage in the development is sensors that cover the entire display and can read a fingerprint wherever it is placed on the screen.

According to an analysis from HIS Markit, optical and ultrasound sensors for phones in the higher price segment are expected to increase and account for more than 100 million sensors during the year. Since the average price of these sensors is much higher than for capacitive sensors, they will account for a large share of the market value for fingerprint sensors. In total the market value for capacitive sensors will decrease since prices will decrease faster than volumes will increase.

NET SALES AND OPERATING PROFIT/LOSS IN THE FIRST QUARTER

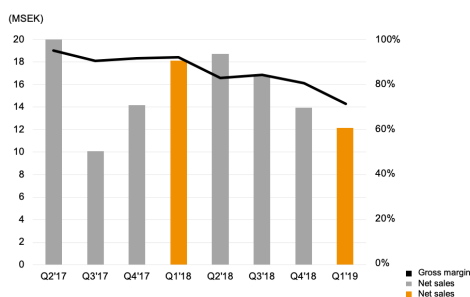
Net sales in the first quarter totaled SEK 12.1 (18.2) million divided between royalty revenues SEK 2.1 (5.5) million, revenues from licenses SEK 6.5 (9.2) million, support and maintenance SEK 2.6 (3.0) million and other SEK 1.0 (0.4) million.

The gross margin for the quarter totaled 71.2 % (92.1). The total amortization of capitalized development expenses was SEK 2.3 (0.7) million which effected the gross margin negatively with 15.1 %. Amortizations of intangible assets totaled SEK 0.2 (0.2) million.

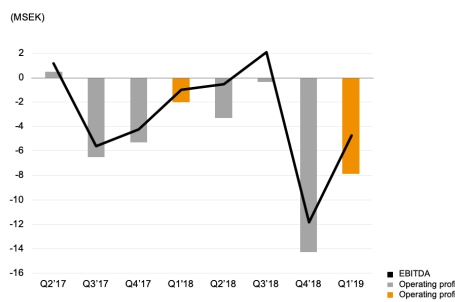
Operating expenses for the quarter decreased by SEK 2.3 million and totaled SEK 16.5 (18.8) million. This was due to decreased personnel costs in connection with the completed reorganization. The increased costs in R&D was related to lower capitalization of R&D SEK 1.7 (3.2) million and investments in the business area digital identity.

The operating profit/loss for the quarter decreased to SEK -7.9 (-2.0) million, due to a decreased gross profit of SEK -8.0 million that was partly compensated by lower operating expenses of SEK 2.2 million. The operating profit/loss totaled SEK -7.9 (-2.0) million. The profit/loss at EBITDA level totaled SEK -4.7 (-1.0) million. Earnings per share (average number of shares) for the first quarter totaled SEK -0.02 (0.01) million.

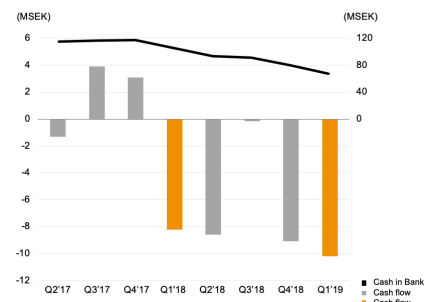
NET SALES & GROSS MARGIN



OPERATING PROFIT



OPERATING CASH FLOW



NET FINANCIAL ITEMS AND TAX

Net financial items for the total operations during the first quarter totaled SEK 0.1 (-0.3) million and the tax expense totaled SEK -0.1 (-0.1) million.

CASH FLOW AND INVESTMENTS

Cash flow from the company's total operating activities totaled SEK -10.2 (-8.2) million. During the first quarter the Group has invested SEK 0.1 (0.2) million in equipment. The costs in connection to the reorganization, accounted for in the fourth quarter in 2018, has reduced the cash flow by SEK 1.5 million.

CAPITALIZATION AND AMORTIZATION OF DEVELOPMENT WORK

During the first quarter development expenses of SEK 1.7 (3.2) million were capitalized. Depreciation of capitalized development expenses totaled SEK 2.3 (0.7) million.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the quarter totaled SEK 67.5 (105.3) million.

Total equity at the end of the quarter totaled SEK 117.6 (143.4) million and equity per share was SEK 0.33 (0.40).

PARENT COMPANY

The parent company's net sales for the first quarter totaled SEK 11.9 (18.1) million. The operating profit/loss totaled SEK -8.8 (-1.8) million and was charged with amortizations of goodwill totaling SEK 0.6 (0.6) million.

Cash and cash equivalents at the end of the quarter totaled SEK 64.7 (101.3) million and equity SEK 113.2 (141.2) million.

ORGANIZATION AND STAFF

The organization consists of the head office in Lund, Sweden and offices in Potsdam, USA and Shanghai, China. At the end of the quarter the Group had a workforce of 39 (47) people, 16 (36) of them in Sweden. Precise works in an agile way together with several partners, creating a fast-moving and scalable organization. The number of employees does not include partners.

REPORTING DATES

Q2 Interim Report 2019	August 16, 2019
Q3 Interim Report 2019	November 15, 2019
Year-end Report 2019	February 14, 2020
Q1 Interim Report 2020	May 15, 2020

RISK FACTORS

The Group's and the parent company's business risks and risk management as well as the management of financial risks are described in detail in the Annual Report for 2018. Risk associated with the acquisition is primarily if sales and earnings do not develop as planned, in which case there may be a need to write down intangible assets. The risk associated with the sale of the Mobile Smart Card Solutions business area is if expected commission revenues are not received, in which case there may be a write-down requirement. Otherwise there have been no events of significant importance during the year that would affect or change these descriptions of the Group's or the parent company's risks and how they are managed.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34, Interim Reporting. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR2 Accounting for Legal Entities. The recognition and measurement policies as well as the bases of estimates applied in the Annual Report for 2018 have been used in this interim report. No new or revised IFRS's that has come into force in 2019 has had any effect on the company's financial reports, except IFRS 16.

IFRS 16 Leases

IFRS 16 came into force on January 1, 2019 and replaced IAS 17. The right-of-use assets shall be reported in the balance sheet as assets and the lease payments should be included as interest payments. The costs should be divided in interest expense on the lease liability and depreciation of the right-of-use asset. When accounting for a leasing agreement an average interest rate of 3 % is used based on information from external actor. The largest lease liability is a rental agreement for the business operation in Lund.

The company chose the simplified transition method in accordance with IFRS 16, which means that the comparative figures (2018) will not be recalculated to correspond.

The Group applies the exceptions which entails that leasing contracts with a leasing period of maximum 12 months and leasing agreement where the value of the asset is low will be excluded from the calculation of the leasing debt. These costs are accounted for as linear in the balance sheet. Non-lease components have been included in the calculation of the leasing liabilities.

ALTERNATIVE KEY INDICATORS

Precise presents financial definitions and reconciliations of alternative key indicators in this interim report. Precise presents alternative key indicators as these provide valuable supplementary information for investors and company management, making it possible to evaluate the company's performance. The alternative key indicators reported in this report can differ in their calculation method from similar measures used by other companies.

OWNERSHIP STRUCTURE

Precise Biometrics AB (publ), corporate ID number 556545-6596, is the parent company in the Precise Biometrics Group. Precise Biometrics AB's shares are listed on the Small Cap list of the Nasdaq OMX Nordic. The number of shareholders at the end of the full-year period was 21,519 (23,460). 95,735,649 shares were traded during the first quarter. The closing price on March 29 was SEK 1.28, and during the first quarter the share price fluctuated between SEK 1.22 and, SEK 1.77.

AUDIT

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

The undersigned certifies that the interim report provides a true and fair view of the parent company's and the Group's operations, financial position and financial results, and describes the significant risks and uncertainty factors faced by the parent company and the companies that belong to the Group.

Lund, May 14, 2019

Torgny Hellström,

Chairman of the Board

Torbjörn Clementz,

Board member

Mats Lindoff,

Board member

Matts Lilja,

Board member

Synnöve Trygg,

Board member

Anna Almlöf,

Board member

Stefan K Persson

CEO

This information is information that Precise Biometrics AB is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 AM on May 14, 2019.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK thousand	Note	2019 Q1	2018 Q1	2018 Full year	Rolling 12 months
Net sales	1	12,144	18,152	67,645	61,637
Cost of goods sold		-3,492	-1,427	-10,000	-12,065
Gross profit		8,652	16,725	57,645	49,572
Sales expenses		-5,600	-7,885	-27,664	-25,379
Administrative expenses		-4,025	-5,177	-15,508	-14,356
R&D expenses		-7,410	-5,823	-33,519	-35,106
Other operating income/expenses		515	127	-911	-523
		-16,520	-18,758	-77,602	-75,364
Operating profit/loss		-7,868	-2,033	-19,958	-25,793
Interest and similar income items		144	0	5	149
Interest and similar cost items		-82	-277	-613	-418
		62	-277	-608	-269
Profit/loss before tax		-7,806	-2,310	-20,565	-26,061
Tax		-126	-135	-1 622	-1 613
Profit/loss for the period		-7,932	-2,445	-22,187	-27,674
Profit/loss after tax from discontinued operation		0	69	1,733	1,664
Profit/loss for the period, total operation		-7,932	-2,376	-20,454	-26,010
Profit/loss for the period attributable to parent company shareholders		-7,932	-2,376	-20,454	-26,010
Earnings per share, remaining operation SEK					
- before dilution, SEK		-0.02	-0.01	-0.06	-0.07
- after dilution, SEK		-0.02	-0.01	-0.06	-0.07
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Profit/loss for the period		-7,932	-2,376	-20,454	-26,010
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss</i>					
Changes in accumulated exchange rate differences		37	226	226	37
Other comprehensive income for the period		37	226	226	37
Total comprehensive income		-7,895	-2,149	-20,228	-25,974
Profit/loss for the period attributable to holders of participations in the parent company		-7,895	-2,149	-20,228	-25,974

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand

Assets	Note	3/31/2019	3/31/2018	3/31/2018
Assets				
Fixed assets		9,644	1,057	918
Intangible assets		47,225	47,575	47,955
Deferred tax		5,087	5,971	5,213
Total fixed assets		61,956	54,603	54,086
Current assets				
Accounts receivable	3	21,248	10,496	19,667
Other current receivable	3	3,196	4,064	3,931
Accruals and deferred income	3	818	6,742	1,560
Cash and cash equivalents	3	67,474	105,297	79,543
Total current assets		92,736	126,599	104,701
TOTAL ASSETS		154,692	181,202	158,787
EQUITY AND LIABILITIES				
EQUITY				
Equity		117,589	143,429	125,481
Total equity		117,589	143,429	125,481
Total equity attributable to parent company shareholders		117,589	143,429	125,481
Long-term liabilities				
Long-term liabilities		7,452		
Total long-term liabilities		7,452	0	0
Current liabilities				
Current liabilities	3	29,651	37,773	33,306
Total liabilities		29,651	37,773	33,306
TOTAL EQUITY AND LIABILITIES		154,692	181,202	158,787

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands

	Note	2019 Q1	2018 Q1	2018 Full year	Rolling 12 months
Equity at start of period		125,481	145,805	145,805	143,429
Profit/loss for the period		-7,932	-2,376	-20,454	-26,010
Exchange rate differences		40	59	226	207
New share issue expenses			0		0
Option program	4		-60	-96	-36
Equity at end of period		117,589	143,429	125,481	117,589

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK thousand	Note	2019 Q1	2018 Q1 Q1	2018 Full year	Rolling 12 months
Cash flow from operating activities		-5,150	325	-9,339	-14,814
Cash flow from changes in working capital		-5,056	-8,551	-16,716	-13,221
Cash flow from operating activities		-10,206	-8,226	-26,055	-28,035
Cash flow from investment activities		-1,900	-3,446	-11,386	-9,840
Cash flow from financing activities			-60	-96	-36
Cash flow for the period		-12,106	-11,732	-37,537	-37,823
Cash flow and cash equivalents at start of period		79,543	116,955	116,955	105,297
Translation difference in cash and cash equivalents		37	75	125	
Cash and cash equivalents at the end of the period		67,474	105,297	79,543	67,474

Adjustments for items that is not included in cash flow: depreciations, write-downs and stock depreciations.
No interest-bearing liabilities from 2019 or 2018 and therefore there is no need to specify the changes year on year.

1) The balance sheet item cash and cash equivalents contain only bank balances at the beginning of the period and at the end of the period.

CONSOLIDATED KEY INDICATORS

Amounts in SEK thousand unless otherwise stated	2019 Q1	2018 Q1	2018 Full year	Rolling 12 months
Net sales	12,144	18,152	67,645	61,637
Net sales growth, %	-33.1%	9.2%	10.8%	-1.5%
Gross margin, %	71.2%	92.1%	85.2%	80.4%
Operating profit/loss	-7,868	-2,033	-19,958	-25,793
Operating profit/loss, total operation	-7,868	-1,964	-18,225	-24,129
Working capital, total operation	63,085	88,826	71,395	45,654
Capital employed, total operation	117,589	143,429	125,481	99,641
Liquidity ratio, total operations, %	313%	335%	314%	313%
Equity/assets ratio, total operations %	76.0%	79.2%	79.0%	76.0%
Return on equity, total operations %	neg	neg	neg	neg
Earnings per share before dilution, SEK	-0.02	-0.01	-0.06	-0.07
Earnings per share before dilution, total operation, SEK	-0.02	-0.01	-0.06	-0.07
Earnings per share after dilution, SEK	-0.02	-0.01	-0.06	-0.07
Earnings per share after dilution, total operations, SEK	-0.02	-0.01	-0.06	-0.07
Equity per share, total operation, SEK	0.33	0.40	0.35	0.27
No. of shares (thousands)	360,231	360,231	360,231	360,231
Weighted average number of shares, adjusted for dilution effect (thousands)	360,231	360,231	360,231	360,231
Number of employees at end of period	27	35	27	27
Average number of employees during the period	28	35	32	32

QUARTERLY SUMMARY

Amounts in thousands unless otherwise stated	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Net sales	12,144	13,948	16,817	18,728	18,152
Net sales growth, %	-33.1%	-17.1%	-10.2%	3.2%	28.0%
Operating profit/loss	-7,868	-14,261	-367	-3,296	-2,033
EBITDA	-4,709	-10,825	2,336	-80	-888
Cash flow from total operating activities	-10,206	-9,067	-153	-8,609	-8,226
Capital employed, total operation	125,041	125,481	139,387	139,842	143,429

RECONCILIATION OF ALTERNATIVE KEY INDICATORS

Amounts in thousands in otherwise stated	2019 Q1	2018 Q1	2018 Full year	Rolling 12 months
Gross profit	8,652	16,725	57,645	49,572
Net sales	12,144	18,152	67,645	61,637
Gross margin, %	71.2%	93.3%	85.2%	80.4%
Operating profit/loss	-7,868	-2,033	-19,958	-25,793
Net sales	12,144	18,152	67,645	61,637
Operating margin, %	-64.8%	-11.2%	-29.5%	-41.8%
EBITDA	-4,709	-888	-11,189	-15,010
Depreciation & amortization	-3,159	-1,076	-7,837	-9,920
Write-downs	0	0	-932	-932
Operating profit/loss total operation	-7,868	-1,964	-19,958	-25,793
Marketing and sales expenses	-5,600	-7,885	-27,664	-25,379
Administrative expenses	-4,025	-5,177	-15,508	-14,356
R&D expenses	-7,410	-5,823	-33,519	-35,106
Other operating income/expenses	515	127	-911	-523
Total operating expenses	-16,520	-18,758	-77,602	-75,364
Balance sheet total, total operation	154,692	181,202	158,787	154,692
Non interest-bearing liabilities, total operations	29,651	37,773	33,306	29,651
Capital employed, total operations	125,041	143,429	125,481	125,041
Closing equity, total operations	125,041	143,429	125,481	125,041
Average equity, total operation	132,438	151,306	132,434	132,438
Current assets minus inventories	92,736	126,599	104,701	92,736
Current liabilities	29,651	37,773	33,306	29,651
Liquidity ratio, total operations	313%	335%	314%	313%
Equity	125,041	143,429	125,481	83,059
Total assets	154,692	181,202	158,787	154,692
Equity/assets ratio, total operations	80.8%	79.2%	79.0%	53.7%
Profit/loss after tax	-7,932	-2,376	-20,454	-26,010
Average equity, total operations	132,438	151,306	132,434	132,438
Return on equity, total operations	Neg	Neg	Neg	Neg

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousands	Note	2019 Q1	2018 Q1	2018 Full year	Rolling 12 months
Net sales		11,852	18,052	66,940	60,740
Cost of goods sold		-4,086	-1,577	-12,372	-14,881
Gross profit		7,766	16,475	54,568	45,859
Marketing and sales expenses		-5,376	-7,761	-27,593	-25,208
Administrative expenses		-4,137	-5,259	-15,592	-14,470
R&D expenses		-7,607	-5,896	-32,850	-34,561
Other operating income/expenses		515	647	659	527
		-16,605	-18,269	-75,376	-73,712
Operating profit/loss		-8,839	-1,794	-20,808	-27,853
Financial income/expenses		166	-277	-6	437
		166	-277	-6	437
Profit/loss before tax		-8,673	-2,072	-20,814	-27,415
Tax		0	0	-420	-420
Profit/loss for the period		-8,673	-2,072	-21,234	-27,835

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand

ASSETS	Note	3/31/2019	3/31/2018	12/31/2018
Fixed assets				
Fixed assets		596	750	647
Intangible assets		42,990	45,789	44,332
Financial assets		7,538	7,958	8,949
Total fixed assets		51,124	54,497	53,928
Current assets				
Accounts receivable		20,656	10,449	19,276
Other current receivables		4,655	7,672	3,931
Prepaid costs and accrued income		703	6,411	1,488
Cash and cash equivalents		64,703	101,308	78,016
Total current assets		90,717	125,840	102,712
TOTAL ASSETS		141,841	180,337	156,640
EQUITY AND LIABILITIES				
EQUITY				
Equity		113,240	141,236	121,913
Total equity		113,240	141,236	121,913
Long-term liabilities				
Long-term liabilities		0	0	
Total long-term liabilities		0	0	0
Current liabilities				
Current liabilities		28,601	39,101	34,727
Total current liabilities		28,601	39,101	34,727
Total equity and liabilities		141,841	180,337	156,640

NOTE 1 - REVENUE ALLOCATION

	2019 Q1	2018 Q1	Full year 2018	Rolling 12 months
Revenue type				
Royalties	2,060	5,514	18,020	14,566
Licenses	6,502	9,210	36,952	34,244
Support & Maintenance	2,617	3,025	9,544	9,136
Other	965	403	3,129	3,691
Total	12,144	18,152	67,645	61,637
Country/Region				
Europe	2,441	4,320	11,883	10,004
- of which Sweden	1,210	1,423	6,115	5,902
Asia	5,900	8,372	40,820	38,348
- of which China	2,342	4,193	13,202	11,351
- of which Taiwan	2,620	2,784	9,993	9,829
US	3,803	5,460	14,942	13,285
Total	12,144	18,152	67,645	61,637
Timing of revenue allocation				
Services transferred over time	9,119	12,235	46,496	43,380
Performance commitment that is fulfilled at a certain time	3,025	5,917	21,149	18,257
Total	12,144	18,152	67,645	61,637

NOTE 2 - Financial effects of the change to IFRS 16

As of January 1, 2019, the new accounting standard IFRS 16 'Leases' is applied, which means that assets and liabilities from leasing contracts will be accounted for in the balance sheet. Below the effects from the transition to IFRS 16, the new leases standard in the balance sheet and income statement is presented.

Balance sheet in summary, the Group Amounts in SEK thousand	2019	2019	2018
	Q1	Q1	Full year
	excl IFRS 16	IFRS 16	incl IFRS 16
Net sales	12,144		12,144
Cost for goods sold	-3,492		-3,492
Gross profit	8,652		8,652
Marketing and sales expenses	-5,609	9	-5,600
Administrative expenses	-4,028	3	-4,025
R&D expenses	-7,433	23	-7,410
Other operating income/expenses	515		515
Operating profit/loss	-7,903	35	-7,868
Interest bearing and similar items	144		144
Interest and similar cost items	-2	-80	-82
Operating profit/loss	-7,761	-45	-7,806
Tax	-126		-126
Profit/loss for the period	-7,887	-45	-7,932
Profit/loss for the period, attributable to holders of participations in the parent company	-7,887	-45	-7,932

Balance sheet in summary, the Group	12/31/2018	Effect	1/1/2019	3/31/2019	Effect	3/31/2019
Amounts in SEK thousands	UB	IFRS 16	IB	excl IFRS 16	IFRS 16	incl IFRS 16
ASSETS						
Assets						
Fixed assets	918	9,180	10,098	900	8,744	9,644
Intangible assets	47,955		47,955	47,225		47,225
Deferred tax	5,213		5,213	5,087		5,087
Total fixed assets	54,086	9,180	63,266	53,212	8,744	61,956
Current assets						
Accounts receivable	19,667		19,667	21,248		21,248
Accruals and deferred income	1,560		1,560	818		818
Cash and cash equivalents	79,543		79,543	67,474		67,474
Total current assets	104,701	0	104,701	92,736	0	92,736
Total equity and liabilities	158,787	9,180	167,967	145,948	8,744	154,692
Equity and liabilities						
EQUITY						
Equity	125,481	2	125,483	117,632	-43	117,589
Total equity	125,481	2	125,483	117,632	-43	117,589
Total equity attributable to parent company shareholders	125,481	0	125,481	117,589	0	117,589
Long-term liabilities						
Long-term liabilities	0	7,768	7,768	0	7,452	7,452
Total long-term liabilities	0	7,768	7,768	0	7,452	7,452
Current liabilities						
Current liabilities	33,306	1,410	34,715	28,316	1,335	29,651
Total current liabilities	33,306	1,410	34,715	28,316	1,335	29,651
Total equity and liabilities	158,787	9,180	167,967	145,948	8,744	154,692

NOTE 3. FINANCIAL INSTRUMENTS

	3/31/2019		3/31/2018	
	Fair value	Book value	Fair value	Book value
Financial assets				
<i>Financial assets valued at the accrued cost of acquisition</i>				
Accrued income	0	0	4,547	4,547
Accounts receivable	21,248	21,248	10,496	10,496
Other receivable	3,196	3,196	4,064	4,064
Cash and cash equivalents	67,474	67,474	105,297	105,297
Total	91,917	91,917	124,404	124,404
Financial liabilities				
<i>Financial liabilities at fair value via the income statement</i>				
Derivates	56	56	943	943
<i>Financial liabilities valued at the accrued cost of acquisition</i>				
Accounts payable	4,180	4,180	1,918	1,918
Other liabilities	1,445	1,445	2,405	2,405
Other accrued expenses	15,679	15,679	10,056	10,056
Total	21,360	21,360	15,322	15,322

Derivatives consist of forward currency contracts and are used for hedging purposes and are valued according to level 2. The fair value with respect to other financial assets and liabilities corresponds in all material respects with the carrying amount in the balance sheet.

NOTE 4. OPTION PROGRAM

The 2017 shareholders' general meeting made a decision to offer an incentive plan for the company's employees to the effect that a maximum of five million (5,000,000) stock options can be issued, with each stock option providing entitlement to subscribe to one (1) share in the company. Subscription to the stock options was to take place no later than December 31, 2017, with the Board having the right to extend the subscription period. Subscription through the exercising of stock options may take place during the period June 1, 2020 until June 30, 2020. The subscription price for the options has been set at SEK 0.06 and the subscription price for the shares at SEK 5.40. At the end of the full-year period, 1,630,000 options have been subscribed, corresponding to 33% of total stock options; this was after the options subscribed by employees, including the former CEO, had been bought back. Assuming that all stock options are exercised to subscribe to new shares, the number of shares in the company will increase by 1,630,000 shares.

Dilution effects are only considered in the event that the earnings per share become worse. Dilution effects have not been considered, as the average price during the full-year period is below the price in the current option program.

FINANCIAL GLOSSARY

NET SALES GROWTH

Percentage change compared with the corresponding period in the previous year. A key figure on how the company's sales are growing.

GROSS MARGIN

Gross profit/loss divided by net sales. Shows how large share of sales that remains to cover salaries, operating costs, interests and profits.

OPERATING PROFIT/LOSS

Profit/loss before financial net and tax. A key figure on how the company's profit before interests and taxes, i.e. the difference between revenue and operating costs. Divestment operations are not included in total operations.

OPERATING PROFIT/LOSS, TOTAL OPERATION

Operating profit/loss plus profit/loss after tax from discontinued operation. A key figure on the company's profits before interest and taxes, i.e. the difference between revenues and operating costs. Divested operations are part of the total operation.

OPERATING EXPENSES

Operating expenses excluding cost of goods sold. Operating expenses are costs that is not connected directly to a specific good or group of goods. Normal operating expenses are for example, salaries and other personnel costs and rentals costs.

EBITDA

Profit/loss before financial net and depreciation. This key figure shows the Group's profit/loss before depreciation/amortization of capitalized assets. The figure enables comparisons with other companies independent of the operation based on acquisitions or via organic growth.

OPERATING MARGIN

Operating profit/loss divided by net sales. Specifies how large share of each crown that remains to cover interest, tax and provide a potential profit.

CASH FLOW, TOTAL OPERATION

Cash flow from operating activities after changes in working capital. The operating cash flow indicates if a company is generating enough positive cash flow to maintain and develop its operations, or if extern financing is necessary.

WORKING CAPITAL, TOTAL OPERATION

Current assets minus current liabilities. This key figure t shows the capital a company needs to finance the operating activities.

CAPITAL EMPLOYMENT, TOTAL OPERATION

Total assets less non-interest-bearing liabilities and provisions. The key figure shows how much capital that is used in the operations and with that the one component to measure return from the operations.

EQUITY, TOTAL OPERATION

Equity at the end of the period. Equity is the difference between assets and liabilities, which corresponds to the company's equity capital contributed by owners and the Group's accumulated results.

AVERAGE EQUITY, TOTAL OPERATION

Calculated as equity for the last four quarters divided by four.

LIQUIDITY RATIO, TOTAL OPERATION

Current assets excluding inventories divided by current liabilities. This key figure shows the Group's ability to pay in the short term.

EQUITY/ASSETS RATIO, TOTAL OPERATION

Equity divided by total assets on the balance sheet date. This key figure shows what proportion of assets is funded by equity. This measure can be of interest when assessing the Group's ability to pay in the long term.

RETURN ON EQUITY, TOTAL OPERATION

Profit/loss after tax divided by average equity. This key figure shows the operation's return on shareholders' capital invested and is thus a measure of how profitable the Group is. Investors can compare this measure with the current bank interest rate or return from alternative investments. The measure can also be used to compare profitability between companies in the same industry.

EARNINGS PER SHARE, REMAINING OPERATION, BEFORE DILUTION

Profit/loss for the period from remaining operation divided by average number of shares.

EARNINGS PER SHARE, REMAINING OPERATION, AFTER DILUTION

Profit/loss for the period from remaining operation divided by weighted average number of shares.

EARNING PER SHARE, TOTAL OPERATION, BEFORE DILUTION

Profit/loss for the period from total operation divided by average number of shares.

EARNINGS PER SHARE, TOTAL OPERATION, AFTER DILUTION

Profit/loss for the period from total operation divided by weighted average number of shares.

EQUITY PER SHARE, TOTAL OPERATION

Equity on the balance sheet date divided by the number of shares on the balance sheet date.

INVITATION TO PRESENTATION OF THE INTERIM REPORT

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

The conference call starts at 10:00 AM (CET).

To take part, click on the link below to listen to and follow the presentation online, or call +46 8 5664 2696 to follow it over the phone.

<https://tv.streamfabriken.com/precise-biometrics-q1-2019>

You will be asked to state your name when you connect to the conference call and there will be an opportunity to ask questions in Swedish. The conference call will be held in English.

Participating on behalf of Precise:

Stefan K Persson, CEO

Ulrik Nilsson, CFO

The conference call will be made available at

<https://precisebiometrics.com/investor/financial-information/reports>