

LUND, NOVEMBER 15th 2016

CONTINUED GROWTH AND POSITIVE MARKET DEVELOPMENT

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

INTERIM REPORT FOR THE PERIOD JANUARY-SEPTEMBER 2016

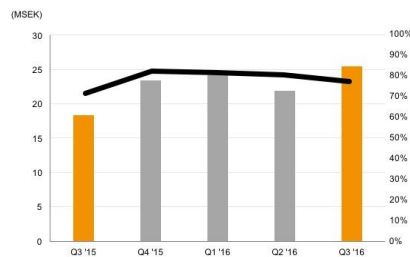
THIRD QUARTER

- Consolidated net sales increased to SEK 25.5 (18.3) million.
- EBITDA increased to SEK 6.7 Mkr (5.4) million.
- Profit after tax amounted to SEK 17.8 Mkr (3.0) million.
- Earnings per share for the period amounted to SEK 0.05 (-0.01).
- Cash flow from operations increased to SEK 8.4 (-1.9) million.

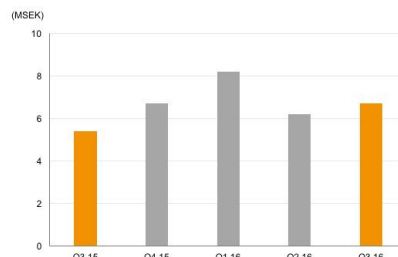
INTERIM PERIOD JAN-SEP

- Consolidated net sales increased to SEK 71.6 (32.9) million.
- EBITDA increased to SEK 21.1 Mkr (-6.2) million.
- Profit after tax amounted to SEK 28.5 Mkr (-13.8) million.
- Earnings per share for the period amounted to SEK 0.08 (-0.04).
- Cash flow from operations increased to SEK 25.9 Mkr (-13.3) million.
- Cash and cash equivalents were SEK 75.0 Mkr (45.2) million at the end of the interim period.

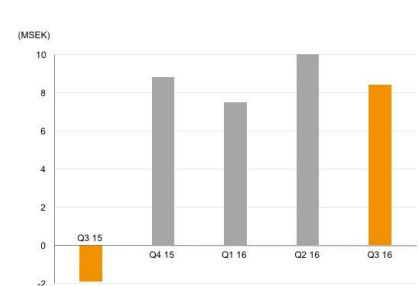
NET SALES AND GROSS MARGIN



EBITDA



CASH FLOW FROM OPERATIONS



SIGNIFICANT EVENTS IN THE THIRD QUARTER

- Licensing agreements were signed with the sensor manufacturer Betterlife and Qualcomm Technologies, Inc.

SIGNIFICANT EVENTS AFTER THE THIRD QUARTER

- Licensing agreements were signed with Image Match Design Inc, InvenSense Inc and Samsung System LSI Business, a division within Samsung Electronics Co., Ltd.
- Precise BioMatchTM Embedded was integrated in a credit card from Kona-i that was demonstrated at the trade show Money 20/20 in Las Vegas. The card is not commercialized

CONFERENCE CALL

On the occasion of today's interim report, we are pleased to invite investors and journalists to a conference call today at 10.00. More information can be found at the last page of the report.

CEO COMMENTS

The third quarter of the year was one of the company's single best quarters. Net sales increased by 16 percent compared with the previous quarter. Over the last 12-month period, net sales increased by 122 percent to SEK 95.0 million (42.7). EBITDA for the corresponding 12-month period totaled SEK 27.7 million, an increase on a full-year basis of SEK 40.2 million. I am particularly pleased with the new customer agreements we have concluded and with the fact that our broad customer base had an impact on the financial results for the quarter.

The company's strategy to create a broad customer base in order to take advantage of growth in the market is now starting to pay off. Our fingerprint software has become somewhat of a de facto standard among sensor manufacturers. During the quarter three more of our customers generated royalty revenues, and in total we received royalties from eight customers. Even if the royalties still come from initial sales volumes among our sensor partners, this is a good indication of increased competition in the market, which is positive for our future revenue growth. It is also pleasing that the partnership we entered into with Qualcomm in July has already generated initial royalty revenues.

During the quarter 24 mobile devices were launched with Precise BioMatch Mobile. Our fingerprint software is now integrated into more than 160 mobile devices from over 40 different manufacturers. One of the most exciting launches was the Xiaomi Mi 5S, the world's first commercial smartphone with a fingerprint sensor under 400 micrometers of glass, with Qualcomm's Snapdragon Sense ID ultrasound sensor and our Precise BioMatch Mobile algorithm solution. At the same time, the Xiaomi Mi 5S Plus was launched, in which our algorithm solution has been integrated through the partnership with Fingerprint Cards. This reflects the ambition of mobile phone manufacturers to use multiple sensor suppliers and it is a first proof that our strategy to be an independent algorithm supplier, regardless of sensor technology, is sustainable.

After the end of the quarter we concluded a licensing agreement with Samsung System LSI Business, a division of Samsung Electronics, which is now moving into the market for fingerprint sensors. This partnership creates additional growth opportunities for us, and we now have 23 licensing agreements for distribution of our algorithm solutions. Our customers give us global reach in both the market for mobile devices as well as new products with fingerprint technology, the embedded market.

Today, growth in the field of fingerprint technology primarily stems from mobile devices and is expected to grow by more than 35 percent each year until 2020. The embedded market is expected to start growing as early as next year. We are actively participating in many exciting projects with companies from the whole value chain, above all in the smart card sector, where we see major opportunities for growth. In collaboration with a South Korean partner that markets biometric solutions for smart cards, our algorithm solution was certified by the national institute for the Internet and security in South Korea. This certification is one step in ongoing development efforts with our partner to enable secure payments with, for example, smart cards using fingerprint technology. This opens up opportunities for us in the South Korean market. We can see similar developments in many other countries, not least in Asia.

For nearly 20 years, Precise Biometrics has been investing in research and development in order to make sure that we can offer the market's best user experience and security for products with small sensors and limited platforms. The company's algorithm solutions are particularly suitable for products that have access to significantly smaller memory and processing resources than smartphones. Here our algorithm solutions differ from those of our competitors, whose software is often developed for products with far greater processing power and memory. This puts us in a good

position to win a significant part of the embedded market, which will further strengthen our position as the leading supplier of fingerprint software.

Sales in the Mobile Smart Card Solutions business area are at a lower level than originally expected. Sales to US Government are being affected by discussions about how digital alternatives can replace smart cards for mobile access to information. In the Swedish healthcare market, we won an order for a more wide-ranging pilot project from the City of Gothenburg.

The company's sales performance during the quarter reflects the strength of our market position and the company's strategy. We have succeeded in increasing sales in the Fingerprint Technology business area by 21 percent compared with the previous quarter, despite a significant fall in revenues from our major customer. Growth during the third quarter comes from many of our customers having started to supply sensors to mobile phone manufacturers, and a positive impact of licensing fees from several of our customers.

The long-term revenue trend is positive, but will fluctuate from one quarter to another. That is due to the fact that our royalty revenues arise when the sensor manufacturers sell their sensors to be used with our software. These sales are guided by the end-customers' demand in a single quarter. Furthermore, we receive royalty reports from our customers after the quarter-end, which makes it challenging for us to forecast future royalty revenues.

I see continued growth opportunities for the company. Interest in fingerprint technology is greater than ever. There is rapid market growth in both mobile devices and new product areas. Our algorithm solutions provide the best user experience and security in the industry. Our scalable business model allows us to grow with good cost control. These conditions leave us well positioned for profitable growth.

MARKET AND SALES

Precise Biometrics has two business areas: Fingerprint Technology and Mobile Smart Card Solutions.

Fingerprint Technology

In this business area, Precise Biometrics develops and sells fingerprint software for the convenient, secure authentication of people's identity in mobile phones, smart cards and products with small fingerprint sensors. The company's fingerprint software consists of advanced algorithms that process, analyze and match images of fingerprints and are key to the user experience of fingerprint technology.

The product portfolio consists of three products:

- Precise BioMatchTM Mobile, an algorithm solution for integration into mobile phones and tablets.
- Precise BioMatchTM Embedded, an algorithm solution for integration into products with small sensors and limited platforms, such as smart cards, wearables, locks and cars.
- Precise Match-on-CardTM, an algorithm solution for integration into national ID cards.

During the quarter 24 mobile units with Precies BioMatch Mobile were launched, and further 15 units were launched after the quarter-end. The company continued to receive royalty revenues from ELAN, Silead and Synaptics. Furthermore, the company received its first royalty revenues from Betterlife, Chipone and Qualcomm. Revenues from Fingerprint Cards fell due to competition with the customer's proprietary algorithm solution. The national ID card project in Portugal continues to generate royalty revenues from Gemalto.

Precise Biometrics has concluded new licensing agreements with Betterlife, Daejin, RF Control, Qualcomm Technologies, Image Match Design, InvenSense and Samsung's System LSI Business. Betterlife and Image Match Design are two interesting new sensor manufacturers from China and Taiwan respectively. Qualcomm is one of the leading operators in the mobile industry. InvenSense is one of the world's leading manufacturers of MEMS sensor platforms and has an interesting sensor technology based on ultrasound. Daejin is a South Korean distributor and system integrator of, among other things, fingerprint technology, and our collaboration is focused primarily on the embedded market. RF Control is a South Korean manufacturer of electronics that works with fingerprint technology for embedded products. Samsung System LSI Business, a division of Samsung Electronics, is now moving into the market for fingerprint sensors, which creates additional opportunities for growth. Precise Biometrics now has licensing agreements with 23 customers, which represents a broad, effective distribution channel for the company's algorithm solutions. This is an important precondition for taking advantage of the rapid growth in the market.

Precise Biometrics continues to invest in research and development. The company has recruited additional algorithm specialists and project managers. These recruitments enable the company to meet the rapidly growing demand for high-performance algorithm solutions for increasingly small sensors and limited platforms in terms of processing power and memory, which is becoming even more important for new products with fingerprint technology, especially smart cards.

Mobile Smart Card Solutions

This business area consists of Tactivo, a product portfolio of smart card readers for smartphones and tablets. Tactivo enables convenient, secure mobility in organizations that require smart cards to log in to IT systems and thus contributes to a more efficient, enhanced working environment, increased information security and reduced operating costs.

Sales to the US government agency market accounted for the majority of revenues in this business area. The company received an order for a more wide-ranging pilot project from the City of Gothenburg, which is planning to introduce a mobile solution featuring Tactivo to more than 10,000 employees during 2017.

SALES AND EARNINGS – THIRD QUARTER

Net sales for the third quarter increased by 39 percent and amounted to 25.5 (18.3) million. A majority of the sales were generated from Business Area **Fingerprint Technology** which accounted for 23.0 (13.4) million. The business area had a positive impact of licensing fees from several of our customers.

Revenues from Business Area **Mobile Smart Card Solutions** accounted for 2.5 (4.9) million. Defense Logistics Agency's roll out plan for Tactivo in the third quarter did not meet up to earlier indicated volumes which resulted in lower growth even compared to previous quarter.

Gross Margin increased compared to the third quarter 2015 to 77 percent (71). A higher share of sales from Business Area Fingerprint Technology have contributed to an improved gross margin. A write-off of finished goods in stock by SEK 1.8 (0.0) million and a write-off of capitalized development expenses by SEK 0.5 (0.0) million had a negative impact on gross margin for the third quarter of 9.0 percentages.

Total operating expenses increased in the third quarter, explained by sales commissions and legal costs in connection with new partner contracts and amounted to SEK 15.0 (10.3) million.

Operating profit improved to SEK 4.6 (2.8) million primarily as a result of higher net sales. Profit after tax increased to SEK 17.8 (3.0) million. The main reason for the significant improvement in the third quarter is that deferred tax assets for the first time is accounted for and by SEK 13.2 (0.0) million. The result on EBITDA level improved to SEK 6.7 (5.4) million. Earnings per share (average number of shares) for the third quarter amounted to SEK 0.05 (0.01).

SALES AND EARNINGS – FIRST NINE MONTHS

Net sales for the first nine months improved to SEK 71.6 (32.9) million which is an increase by 118 percent. For Business Area Fingerprint Technology net sales increased to SEK 62.5 (23.8) million. During the same period net sales for Business Area Mobile Smart Card Solutions ended at the same level as last year and by SEK 9.1 (9.1) million.

Gross margin for the first nine months increased to 80 percent (61). The more than doubled net sales increase from last year is generated exclusively from Business Area Fingerprint Technology which in essence explains the large positive change in gross margin compared to corresponding period 2015.

Total operating expenses increased for the first nine months this year to SEK 42.0 (33.9) million and is a result of additional efforts on R&D and sales activities. Administration costs are on the same level as for 2015.

Operating profit improved to SEK 15.3 (-13.8) million primarily as a result of higher net sales. Profit after tax increased to SEK 28.5 (-13.8) million. The result on EBITDA level improved to SEK 21.1 (-6.2) million. Earnings per share (average number of shares) for the third quarter amounted to SEK 0.08 (-0.04).

Financial net for the first nine months was SEK 0.0 (0.0) million.

For the latest 12-month period net sales has increased by 122 % to SEK 95.0 (42.7) million. The result on EBITDA level for corresponding period has increased to SEK 27.7 (-12.5) million.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the third quarter the Group has invested SEK 0.1 (0.0) million in property, plant and equipment. Depreciation of property, plant and equipment amounted for the interim period to SEK 0.3 (0.3) million.

During the first nine months the Group has invested SEK 0.3 (0.5) million in property, plant and equipment. Depreciation of property, plant and equipment amounted for the first nine months to SEK 0.9 (0.8) million.

CAPITALIZATION AND AMORTIZATION OF RESEARCH AND DEVELOPMENT

During the third quarter expenses for research and development were capitalized by SEK 0.8 (0.0) million. Depreciation of capitalized research and development expenses during the third quarter amounted to SEK 1.2 (2.3) million.

During the first nine months expenses for research and development were capitalized by SEK 3.2 (0.7) million. Depreciation of capitalized research and development expenses amounted for the first nine months to SEK 4.3 (6.6) million.

FINANCING AND CASH FLOW

Equity at the end of the quarter totaled SEK 112.1 (77.5) million and equity per share at SEK 0.33 (0.22).

Cash flow from current operations for the quarter improved and amounted to SEK 8.4 (-1.9) million. Corresponding cash flow for the first nine months further improved to 25.9 (-13.3) million. Cash and cash equivalents at the end of the quarter amounted to SEK 75.0 (45.2) million.

PARENT COMPANY

Parent company sales for the first nine months came in at SEK 67.4 (28.3) million. Profit before tax for the period amounted to SEK 18.9 (-48.4) million.

Cash and cash equivalents at the end of the quarter totaled SEK 61.3 (40.6) million.

ORGANIZATION AND STAFF

The organization consists of Precise Biometrics AB with its head office in Lund and with an office in Karlstad and Precise Biometrics Inc. with offices in Virginia, USA. To secure local presence in key markets sales consultants are hired in the US, Taiwan, China and Korea. At the end of the quarter the Group had 36 staff members, consultants included. The number of employees were 27 (21), of which 27 (19) were based in Sweden and 0 (2) in the US.

Göran Thuresson takes up the position as CFO on December 1 after the present CFO Tommy Nilsson, at his own request, will leave the company.

UPCOMING REPORTING DATES

Year-end report 2016	February 14, 2017
Q1 2017 Interim Report	May 16, 2017
2016 Annual General Meeting	May 16, 2017

RISK FACTORS

The Group's and parent company's business and financial risks are described in the Annual Report for 2015. No additional risks or uncertainties of significant importance have arisen during the year that would effect or change the Group's or parent company's business and financial risks or how they are administered.

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 Annual 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 2015 have been used in this interim report as well with the exception of changed accounting principles below. Furthermore, new standards and interpretations that came into force for the calendar year 2016 have had no material impact in the financial reporting.

For more information on applied accounting principles, please read the Annual Report for 2015.

CHANGED ACCOUNTING PRINCIPLES FOR DEPRECIATION AND WRITEDOWN OF CAPITALIZED DEVELOPMENT EXPENDITURES

Depreciation and writedown of capitalized development expenditures have previously been treated as part of R&D costs in the Profit and Loss Statement. As from the third quarter 2016 depreciation and writedown of capitalized development expenditures regarding product development are shown in the accounts as Cost of Goods Sold. This reclassification means that R&D costs decrease and that Cost of Goods Sold increase. Comparison numbers are recalculated in accordance with the reclassification which are shown in a table on page 15.

ALTERNATIVE PERFORMANCE MEASURES

The new ESMA's (European Securities and Markets Authority) guidelines for alternative performance measures are valid from July 3, 2016. Precise Biometrics presents financial definitions and reconciliations for alternative performance measures in this interim report. Precise Biometrics presents alternative performance measures since these show valuable and complementary information to investors and management because they enable evaluation of the company's performance.

Lund November 15 2016

Torgny Hellström, Chairman of the Board

Torbjörn Clementz

Mats Lindoff

Matts Lilja

Synnöve Trygg

Anna Almlöf

Håkan Persson, CEO

This information is information that Precise Biometrics AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 CET on November 15, 2016.

THE AUDITORS REVIEW REPORT

Precise Biometrics AB (publ), corporate identity number 556545-6596

To the board of Precise Biometrics AB (publ)

INTRODUCTION

We have reviewed the condensed interim report for Precise Biometrics AB (publ) as at September 30, 2016 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, November 15, 2016

Ernst & Young AB

Johan Thuresson
Authorized Public Accountant

Consolidated income statement

(Amounts in SEK thousand)	2016	2015	2016	2015	2015	Rolling 12
	Q3	Q3	Q1-Q3	Q1-Q3	Full year	months
Net sales	25 458	18 333	71 568	32 883	56 337	95 022
Cost of goods sold	-5 895	-5 269	-14 280	-12 748	-17 059	-18 591
Gross profit/loss	19 563	13 064	57 289	20 135	39 278	76 432
Selling expenses	-6 279	-2 307	-14 077	-8 589	-12 685	-18 173
Administrative expenses	-3 198	-3 289	-10 507	-10 163	-13 587	-13 931
R&D costs	-6 016	-5 738	-18 404	-16 635	-22 631	-24 401
Other revenue/costs	524	1 046	1 011	1 460	219	-230
	-14 968	-10 288	-41 976	-33 927	-48 686	-56 735
Operating profit/loss	4 595	2 776	15 312	-13 792	-9 408	19 697
Financial income/cost	2	184	-8	10	-62	-80
Profit/loss before tax	4 597	2 960	15 304	-13 782	-9 469	19 617
Tax	13 200	-	13 200	-	-	13 200
Profit/loss for the period	17 797	2 960	28 504	-13 782	-9 469	32 817
Profit/loss for the period attributable to:						
Parent company shareholders	17 797	2 960	28 504	-13 782	-9 469	32 817
<i>Basic earnings per share, SEK</i>	<i>0,05</i>	<i>0,01</i>	<i>0,08</i>	<i>-0,04</i>	<i>-0,03</i>	<i>0,10</i>
<i>Diluted earnings per share, SEK</i>	<i>0,05</i>	<i>0,01</i>	<i>0,08</i>	<i>-0,04</i>	<i>-0,03</i>	<i>0,10</i>

Consolidated statement of profit or loss and other comprehensive income

(Amounts in SEK thousand)	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	2015 Full year	Rolling 12 months
Profit/loss for the period	17 797	2 960	28 504	-13 782	-9 469	32 817
Other comprehensive income: Items that may be reclassified to profit or loss						
Changes in accumulated translation difference	293	-922	510	-685	545	1 741
	293	-922	510	-685	545	1 741
Other comprehensive income for the period, net of tax	293	-922	510	-685	545	1 741
Total comprehensive for the period	18 089	2 038	29 014	-14 467	-8 924	34 558
Attributable to:						
Parent company shareholders	18 089	2 038	29 014	-14 467	-8 924	34 558

Consolidated balance sheet

(Amounts in SEK thousand)	2016-09-30	2015-09-30	2015-12-31
Assets	9 593	11 371	11 152
Intangible fixed assets	1 529	2 347	2 132
Property, plant & equipment	13 200	-	-
Total tangible and intangible assets	24 322	13 718	13 284
Inventories	6 504	9 125	8 503
Trade receivables	7 015	8 712	8 831
Other current receivables	18 578	12 178	15 975
Cash and bank balances	75 047	45 187	52 356
Total current assets	107 144	75 202	85 665
Total assets	131 466	88 920	98 949
Equity and liabilities			
Equity	112 074	77 517	83 059
Total equity	112 074	77 517	83 059
Current liabilities	19 392	11 404	15 890
Total current liabilities	19 392	11 404	15 890
Total equity and liabilities	131 466	88 920	98 949
Pledged assets	None	None	None
Contingent liabilities	None	None	None

Consolidated cash flow statement

(Amounts in SEK thousand)	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	2015 Full year	Rolling 12 months
Net cash provided by/used in operation activities before changes in working capital	6 656	4 117	21 044	-7 339	395	28 778
Cash flow from changes in working capital	1 755	-5 988	4 863	-5 933	-4 854	5 943
Net cash provided by/used in operating activities	8 411	-1 871	25 907	-13 272	-4 458	34 722
Net cash provided by/used in investing activities	-963	-2	-3 579	-1 200	-3 005	-5 385
Net cash provided by/used in financial activities	-	-	-	-	-	-
Net cash flow for the period	7 448	-1 873	22 328	-14 472	-7 463	29 337
Cash and cash equivalents at start of period	67 411	47 061	52 356	59 659	59 659	45 187
Exchange differences from liquid assets	189	-	363	-	160	523
Cash and cash equivalents at end of period	75 047	45 187	75 047	45 187	52 356	75 047

Consolidated statement of changes in equity – in summary

(Amounts in SEK thousand)	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	2015 Full year	Rolling 12 months
Equity at start of the period	93 986	75 480	83 059	91 983	91 983	77 517
Comprehensive income for the period	17 797	2 960	28 504	-13 781	-9 469	32 816
Exchange rate differences	291	-923	511	-685	545	1 741
Equity at the end of period	112 074	77 517	112 074	77 517	83 059	112 074

Business area information

(Amounts in SEK thousand)	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	2015 Full year	Rolling 12 months
Net sales per business area						
Mobile Smart Card Solutions ¹	2 499	4 874	9 049	9 092	13 778	13 735
Fingerprint Technology	22 959	13 459	62 519	23 791	42 559	81 287
Group	25 458	18 333	71 568	32 883	56 337	95 022
	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	2015 Full year	Rolling 12 months
Costs per business area²⁾						
Mobile Smart Card Solutions ¹	-10 192	-8 820	-25 904	-25 276	-35 748	-36 376
Fingerprint Technology	-14 237	-7 433	-33 109	-22 661	-31 421	-41 869
Undistributed ²⁾	3 566	696	2 757	1 262	1 424	2 919
Group	-20 863	-15 557	-56 256	-46 675	-65 745	-75 326
	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	2015 Full year	Rolling 12 months
Operating profit/loss per business area						
Mobile Smart Card Solutions ¹	-7 693	-3 946	-16 855	-16 184	-21 970	-22 641
Fingerprint Technology	8 722	6 026	29 410	1 130	11 138	39 418
Undistributed ²⁾	3 566	696	2 757	1 262	1 424	2 920
Group	4 595	2 776	15 312	-13 792	-9 408	19 697

¹⁾ Desktop & Physical Access Solutions is now included in Mobile Smart Card Solutions.

²⁾ Cost for the business area include costs of goods sold as well as direct and the share of indirect costs.

³⁾ Undistributed contains of capitalization of development and other revenue and fair value changes.

Parent company income statement

(Amounts in SEK thousand)

	2016 Q3	2015 Q3	2016 Q1-Q3	2015 Q1-Q3	2015 Full year	Rolling 12 months
Net sales	24 389	16 061	67 365	28 302	49 755	88 818
Cost of goods sold	-3 952	-4 762	-9 166	-10 490	-14 144	-12 820
	20 436	11 299	58 199	17 812	35 612	75 998
Gross profit/loss						
	-5 681	-2 037	-13 261	-7 244	-11 082	-17 099
Selling expenses	-3 197	-3 289	-10 504	-10 161	-13 586	-13 929
Administrative expenses	-6 016	-5 738	-18 404	-16 635	-22 631	-24 400
R&D costs	1 432	1 033	2 682	3 701	3 140	2 121
Other revenues/costs	-13 462	-10 031	-39 487	-30 339	-44 160	-53 307
	6 974	1 268	18 711	-12 527	-8 548	22 689
Operating profit/loss						
	114	-36 104	229	-35 907	-35 341	795
Financial income/costs						
	7 088	-34 836	18 940	-48 434	-43 889	23 484
Profit/loss before tax						
	13 200	-	13 200	-	-	13 200
Tax						
	20 288	-34 836	32 140	-48 434	-43 889	36 684

Parent company balance Sheet

(Amounts in SEK thousand)

	2016-09-30	2015-09-30	2015-12-31
Assets			
Intangible fixed assets	9 593	11 371	11 152
Property, plant & equipment	1 529	2 347	2 132
Financial assets	32 270	1 058	10 135
Total tangible and intangible assets	43 392	14 776	23 419
Inventories	3 496	5 148	5 746
Trade receivables	5 767	6 179	4 848
Other current receivables ¹⁾	17 952	20 823	15 790
Cash and bank balances	61 303	40 571	46 860
Total current assets	88 519	72 721	73 244
Total assets	131 911	87 497	96 663
Equity and liabilities			
Equity	113 426	76 739	81 285
Total equity	113 426	76 739	81 285
Provisions	78	205	78
Total provisions	78	205	78
Current liabilities	18 407	10 552	15 300
Total liabilities	18 407	10 552	15 300
Total equity and liabilities	131 911	87 497	96 663
Pledged assets	None	None	None
Contingent liabilities	None	None	None

Change of accounting principles for depreciations and write off immaterial assets

Income statement July – September (SEK)	2016	Adjustment	2016*
Cost of goods sold and services	-4 157	- 1 738	-5 895
Gross profit	21 301	- 1 738	19 563
R&D costs	-7 754	+ 1 738	-6 016
Income statement January – September (SEK)	2016	Adjustment	2016*
Cost of goods sold and services	-9 495	- 4 785	-14 280
Gross profit	62 074	- 4 785	57 289
R&D costs	-23 189	+ 4 785	-18 404
Income statement July – September (SEK)	2015	Adjustment	2015*
Cost of goods sold and services	-2 947	- 2 322	-5 269
Gross profit	15 386	- 2 322	13 064
R&D costs	-8 060	+ 2 322	-5 738
Income statement January – September (SEK)	2015	Adjustment	2015*
Cost of goods sold and services	-6 079	- 6 669	-12 748
Gross profit	26 804	- 6 669	20 135
R&D costs	-23 304	+ 6 669	-16 635
Income statement January – December (SEK)	2015	Adjustment	2015*
Cost of goods sold and services	-8 415	- 8 644	-17 059
Gross profit	47 922	- 8 644	39 278
R&D costs	-31 275	+ 8 644	-22 631
Income statement Oct 2015 – Sept 2016 (SEK)	12 m. roll	Adjustment	12 m. roll*
Cost of goods sold and services	-11 831	- 6 760	-18 591
Gross profit	83 192	- 6 760	76 432
R&D costs	-31 161	+ 6 760	-24 401

*After reclassification

Consolidated financial ratios

	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	Rolling 12 months
Working capital (SEK thousand)	25 458	21 880	24 230	23 454	18 333	95 022
Quick ratio	16,4%	-9,7%	3,3%	28,0%	82,6%	122,0%
Equity-asset ratio	4 595	4 455	6 263	4 384	2 776	19 697
Return on equity	6 654	6 236	8 162	6 667	5 400	27 719
Capital employed (SEK thousand)	87 751	81 766	76 627	69 775	63 799	78 980
Earnings per share (SEK)	519%	563%	558%	486%	579%	532%
EBITDA (SEK thousand)	85%	86%	86%	84%	87%	86%
Equity per share (SEK)	34,7%	20,9%	6,9%	Neg	Neg	34,7%
Number of shares (SEK thousand)	112 074	93 986	89 066	83 059	77 517	94 546
Number of employees at end of the period	0,05	0,01	0,02	0,02	0,01	0,03
Average number of employees during the period	0,32	0,27	0,26	0,24	0,22	0,27
Working capital (SEK thousand)	345 306	345 306	345 306	345 306	345 306	345 306
Quick ratio	27	26	24	22	21	25
Equity-asset ratio	27	26	24	22	21	25

Consolidated quarterly financials

	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	Rolling 12 months
Net sales (SEK thousand)	25 458	21 880	24 230	23 454	18 333	95 022
Net sales (changes in %)	16,4%	-9,7%	3,3%	28,0%	82,6%	122,0%
EBITDA (SEK thousand)	4 595	4 455	6 263	4 384	2 776	19 697
EBITDA (changes in %)	6 654	6 236	8 162	6 667	5 400	27 719
Cash flow (SEK thousand)	8 411	10 035	7 462	8 814	-1 871	34 722
Cash flow (changes in %)	112 074	93 986	89 066	83 059	77 517	112 074

Definitions of financial ratios

Net sales (SEK thousand): Absolute numbers

Net sales (changes in %): Comparison with previous quarter

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

EBITDA (changes in %): Comparison with previous quarter

Cash flow (SEK thousand): Net cash provided by/used in operating activities after changes in working capital

Cash flow (changes in %): Comparison with previous quarter

Working capital: Current assets minus current liabilities

Quick ratio: Current assets less inventories divided by current liabilities

Equity-assets 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 shares

**Reconciliation,
altern. Consolidated
financial ratios**

	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	Rolling 12 months
EBITDA (SEK thousand)	6 654	6 236	8 162	6 667	5 400	27 719
Depreciations	-1 530	-1 781	-1 899	-2 283	-2 624	-7 493
Write off	-529	-	-	-	-	-529
Operating profit	4 595	4 455	6 263	4 384	2 776	19 697
Return on equity						
Capital employed (SEK thousand)	112 074	93 986	89 066	83 059	77 517	94 546
Non interest bearing	19 392	15 911	15 082	15 890	11 403	16 569
Total assets	131 466	109 897	104 148	98 949	88 920	111 115
Return on equity Capital employed (SEK thousands)	0	0	0	Neg	Neg	0
Profit/loss for the period	17 797	4 448	6 259	4 313	2 960	32 817
Average equity	94 546	85 907	81 372	79 947	82 178	94 546
Equity per share (SEK)	0	0	0	0	0	0
Working capital (SEK)	112 074	93 986	89 066	83 059	77 517	94 546
Number of shares (thousands)	345 306	345 306	345 306	345 306	345 306	345 306
Operating costs (SEK thousands)	-14 968	-14 905	-15 149	-14 759	-10 288	-56 735
Selling Expenses	-6 279	-4 123	-3 674	-4 096	-2 307	-18 173
Administrative expenses	-3 198	-3 054	-4 255	-3 424	-3 289	-13 931
R&D costs	-6 016	-8 496	-6 939	-5 996	-5 738	-24 401
Other revenue/costs	524	768	-281	-1 243	1 046	-230

PRESENTATION OF THE INTERIM REPORT

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

The conference call starts at 10:00 AM (CEST)

Click on the link to follow the presentation on the web <https://wonderland.videosync.fi/2016-11-15-precise-biometrics-q3-report>

To follow the presentation over phone, dial:

- Sweden +46 8 5664 2695
- UK +44 20 3008 9806
- US ++1 85 5753 2235

When connecting to the conference call, please state your name. The conference call will be in English. Participants will also be given the opportunity to ask questions in Swedish.

Participating on behalf of Precise Biometrics:

Håkan Persson, CEO

Tommy Nilsson, CFO

The conference will be made available at <http://precisebiometrics.com/investor/financial-reports/>