

LUND DECEMBER 13, 2016

## Precise Biometrics to acquire the business of NexID Biometrics - adding liveness detection to its industry leading fingerprint software solutions

Precise Biometrics, a leader in fingerprint software, has entered into an agreement to acquire the assets of NexID Biometrics, a specialist in spoof mitigation and liveness detection solutions for the biometric authentication industry, for 32 million SEK in cash. The acquisition will enable Precise Biometrics to rapidly expand its offering of fingerprint recognition software with liveness detection, significantly increasing security and addressing customer demand for fraud mitigation. The acquisition will create further conditions for growth in the fast developing market for fingerprint technology. Precise Biometrics intends to finance the acquisition through a private placement of shares to be implemented as soon as possible.

### **Precise Biometrics strengthens position as leader in fingerprint software**

NexID Biometrics develops and licenses liveness detection software that enables more secure fingerprint authentication by mitigating spoof-related risks, such as fake fingers, significantly lowering the risk for fraud. The acquisition will give Precise Biometrics access to liveness detection software that stems from over 10 years of research by world leading scientists on biometric spoof mitigation and liveness detection, exclusive rights to a portfolio of a combined 11 proprietary and university-licensed patents awarded or under review and a close working relationship with Clarkson University, one of the leading institutions in biometric research.

The acquisition will enable Precise Biometrics to expand its offering of fingerprint recognition software for mobile and embedded devices with industry leading liveness detection, significantly increasing the security for customers and end-users, while maintaining convenience and ease-of-use. The acquisition will provide competitive advantages, strengthen the company's position as the leader in fingerprint software and create further conditions for growth in the booming market for fingerprint technology.

*"We have been monitoring NexID Biometrics for some time as they have a powerful software solution for liveness detection. By integrating NexID Biometrics software with our fingerprint matching technology we will add anti-spoof functionality to our offering, providing enhanced security that meets customer demand, addressing future security requirements and emerging standards for biometric authentication", said Håkan Persson, CEO of Precise Biometrics. "In addition to its industry leading technology, NexID Biometrics will bring valuable competence to our organization and will become vital in our efforts to continue to innovate fingerprint software."*

*"The combination of organizational resources and technologies will make for a strong contribution to the biometric authentication industry, including greater convenience and security for consumers making mobile payments with their smartphones", said Dr. Stephanie Schuckers, NexID Biometrics CEO and Clarkson University faculty member.*

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**E-commerce and fraud increase the need for secure fingerprint authentication**

Convenience has been the main growth driver for fingerprint authentication, which has developed from being a niche product in 2013 to becoming standard on most mobile devices. Market analysts predict that the number of mobile devices with fingerprint technology will double and reach more than 1.5 billion devices in 2020. The growth in mobile payments and e-commerce has led to increased fraud, which is expected to continue to grow, prompting payment providers to mitigate fraud through improved security measures. This will lead to security becoming a key decision factor when sourcing fingerprint authentication solutions. By integrating fingerprint liveness detection to identify fake fingers, Precise Biometrics adds increased security to its fingerprint authentication solutions, addressing the demand for convenient and secure fingerprint solutions.

**Integration of industry leading capabilities will create substantial synergies**

NexID Biometrics is headquartered in Potsdam, New York State, USA and has extensive experience from processing and analyzing fingerprint images, and will become a vital part of Precise Biometrics research and development. Precise Biometrics will continue NexID Biometrics's close working relationship with Clarkson University, one of five universities in the US Center for Identification Technology Research (CITeR), with a research program that focuses on biometric vulnerabilities and intelligence. NexID Biometrics CEO Stephanie Schuckers is the current director of CITeR, and will take on a role as advisor to Precise Biometrics on matters such as strategic direction and product development.

The liveness detection software will be further optimized for mobile devices and will, following completion of the acquisition, be integrated in Precise BioMatch Mobile during the first half of 2017. In addition to NexID Biometrics liveness detection software, Precise Biometrics will get access to expertise in spoof creation and human subject research. NexID Biometrics will also bring valuable sales experience of biometric solutions and will become Precise Biometrics's base for US operations, enabling the company to better serve regional customers. Precise Biometrics expects to invest in and grow its US operations.

NexID Biometrics estimated turnover for 2016 is 2.7 million SEK, showing minor profits. The company will be integrated in Precise Biometrics business area Fingerprint Technology, including three full-time employees.

**Terms and financing of the acquisition**

The acquisition, which in addition to customary closing conditions is only conditional upon regulatory consent pursuant to the Bayh-Dole Act, is expected to close during the first quarter 2017.

For the purpose of financing the acquisition of NexID Biometrics and maintaining Precise Biometrics's current financial position, the board of directors intends to resolve, based on the authorization by the 2016 annual general meeting, on a private placement of shares in order to raise gross proceeds of approximately 50 million SEK. The private placement is intended to be carried out as soon as possible and Pareto Securities AB has been appointed as financial advisor in connection with the contemplated private placement.

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*This information is information that Precise Biometrics AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 8.00 CET on December 13, 2016.*

**FOR FURTHER INFORMATION, PLEASE CONTACT**

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**ABOUT PRECISE BIOMETRICS**

Precise Biometrics is a market leading supplier of solutions for convenient and secure authentication of people's identity. We develop and sell fingerprint software and mobile smart card readers that provide the market's best user experience and security. Our solutions are used hundreds of millions of times every day by people all over the world and are marketed together with strong business partners. For more information, please visit;

<http://precisebiometrics.com>

**ABOUT NEXID BIOMETRICS**

With founders among the world's leading authorities on anti-spoofing and biometric liveness detection, NexID Biometrics is a leading software and technology supplier to the biometric-authentication industry. NexID develops and licenses liveness-detection software that enables fingerprint-scanning technologies to authenticate scanned images more accurately, and with greater confidence, by mitigating spoof-related risks. The company also provides testing and analysis of fingerprint-scanning devices to identify existing vulnerabilities to known spoofing strategies. For more information please visit <https://nexidbiometrics.com>