

GROWING INTEREST IN BIOMETRICS IN THE MOBILE MARKET

PRECISE BIOMETRICS AB (PUBL), CORPORATE IDENTITY NO. 556545-6596
YEAR-END REPORT 2013

- The group's net sales for the year was SEK 34.9 million (28.3) and for the fourth quarter SEK 2.9 million (8.4).
- The groups income for the year was SEK -43.7 million (-47.0) and for the fourth quarter SEK -19.0 million (-13.0).
- Earnings per share for the year amounted to SEK -0.14 (-0.23) and for the fourth quarter SEK -0.06 (-0.05).
- **Available** cash at the end of the year amounted to SEK 101.2 million (37.6).

IMPORTANT EVENTS DURING THE YEAR

- A market-leading global provider of financial information services selected, in the first quarter, Precise Biometrics as their new fingerprint algorithm vendor.
- The Company announced follow-up orders for fingerprint readers of SEK 9.9 million from a government customer in the Middle East.
- Precise Biometrics signed a framework agreement with Volkswagen, with an expected duration of several years, for further supply of Tactivo™. Volkswagen uses Tactivo as part of their security infrastructure.
- One of the mobile operators in the U.S. placed an order of 5,000 Tactivo units during the first quarter. After Precise Biometrics adjusted the sales prices of Tactivo, the company and the operator have agreed on a retroactive price reduction that negatively impacts Precise Biometrics' sales for the fourth quarter by SEK 1.8 million.
- Precise Biometrics and Fingerprint Cards (FPC) entered into an agreement where FPC will license Precise Biometrics' fingerprint algorithm Precise BioMatch™ Mobile to further enhance the performance of their world leading sensors. The first smart phone that integrates a FPC sensor with Precise BioMatch Mobile was launched on the Asian market.
- Tactivo was the first mobile smart card reader that was FIPS 201-certified (Federal Information Processing Standards) for the US Government Service Administration Approved Products List.
- During the year the company announced the launches of Tactivo for iPhone 5, iPad 4 and Tactivo mini for Android.
- Precise Biometrics' rights issue, during the second quarter, with preferential rights for Precise Biometrics' shareholders, was oversubscribed and supplied the company with SEK 48.7 million after issue costs. The company completed, during the third quarter, also a private placement that further strengthened the company's available cash by SEK 80.9 million after issue costs.
- The Board of Precise Biometrics hired Håkan Persson as interim CEO, replacing former CEO Thomas Marschall, in order to provide the company with deep sales competence and to further position the company on the growing mobile market.

FOR FURTHER INFORMATION, PLEASE CONTACT

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Precise Biometrics is a market-leading provider of solutions for fingerprint recognition to prove people's identities. With top-of-the-line expertise in fingerprint verification, Precise Biometrics offers fast, accurate and secure authentication of a person. The technology adds value to ID, enterprise and bank cards as well as access to mobile solutions (smart phones and tablets), computers and networks. Precise Biometrics serves business and government organizations throughout the world and its technology is licensed to close to 160 million users.

For more information, please visit www.precisebiometrics.com.

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INTERVIEW WITH HÅKAN PERSSON,
CEO AND PRESIDENT, PRECISE BIOMETRICS

How would you describe the fourth quarter?

There are many positive things taking place in different parts of the market. The US federal budget is now in place, which means that money has been allocated to implement mobile security solutions for government agencies, which is an important market for us. Most leading mobile phone manufacturers are also saying that fingerprint technology will be included in their products.

It was not a very satisfactory quarter in terms of profits. Sales were lower than expected. Tactivo, for example, had a very limited turnover primarily due to low sales to US government clients. On the other hand we have continued to sell fingerprint readers to a government agency customer in the Middle East, and sales of our solution for one of Scandinavia's largest gym chains have continued. Costs related to the change of CEO and price reductions to a US mobile operator have had a negative effect on profits. The price reductions mean that the Mobile business area showed a negative turnover for the quarter.

You have been in place since the beginning of November. What is your view of the company?

Precise Biometrics is a company with a very high degree of competence and the staff is highly motivated and full of energy. I can confirm that we have very competitive products and services that have been tested and validated in many different areas. We are well positioned in a market where all the important players are agreed that biometrics is an area that will continue to expand.

What sort of response do you get on the Company, your products and services when you are meeting customers and partners?

I get very positive reactions. One example of this is that we recently met with leading mobile phone, sensor and platform manufacturers in Asia to demonstrate the strengths in our algorithms and technology. They see the biometric solutions both from a user and security perspective.

What can you tell us about the development of another important part of your business, Tactivo?

In our view the implementation of biometrics in iPhone will also encourage the market for mobile smart card readers and fingerprint readers, as users become more familiar with the technology. The market for these readers involves, however, different business logic. The main advantage is that users are not constrained to fixed locations and can use the services where ever they are. It involves a complicated ecosystem, where we have worked hard to integrate our product with other players and systems. We have made most progress in the government agency market in the US, where the government budget for this is now in place. The health care sector in Sweden has also shown a lot of interest. We believe that several important pilot projects can be launched and hopefully can be followed by wider implementations.

What are the projections in the coming months?

We still see a positive future. The budget in the US gives us greater opportunities with Tactivo, and the growing interest in the mobile market for biometrics is opening up new business in algorithm sector. The coming months will signal how fast developments in these areas will take place. There are positive signals and an exciting potential in the market. We are working hard to position ourselves so that we become the supplier and partner of choice.

What are your priorities in the period ahead?

We are putting a lot of effort into sharpening our different offers to the market and to clarify the values they create for customers. We will also be working more actively and constructively with our sales activities and their follow-up. We will be increasing our local presence in prioritized markets, with our own representatives and together with our partners.

Since the year-end we have also introduced a new business area division on the basis of the huge potential we see in the mobile phone market. We have moved from the previous division into the two business areas IAM and Mobile, to three business areas: Mobile Smart Card Solutions (Tactivo), Desktop & Physical Access Solutions (fingerprint readers and solutions for access to premises and computers), and Fingerprint Technology (licensing of algorithms). This creates three focused business areas with clear alignments that logically reflect the prospects in the market and our business.

The financial year 2013

Sales for the interim period amounted to SEK 34.9 million (28.3). The improved sales are impacted by the order from the US-based provider of financial information services and the order from one of US mobile operators in the first quarter, along with hardware deliveries to a government customer in the Middle East. The gross margin amounted to 55 % (56%).

Operating expenses for the interim period amounted to SEK 61.8 million (58.7). Operating costs are higher compared to the same period last year due to costs associated with the CEO transition. The former CEO Thomas Marschall resigned November 8th 2013. For terms and conditions regarding termination benefits we refer to the annual report 2012.

The group's net loss for the interim period amounted to SEK -43.3 million (-47.0).

Losses per share (average number of shares) for the interim period amounted to SEK -0.14 (-0.23).

Fourth Quarter 2013

Sales for the fourth quarter were SEK 2.9 million (8.4). After adjusting the sales prices of Tactivo the company and the U.S. mobile operator, who placed an order in the first quarter, agreed on a retroactive price reduction that has negatively impacted sales for the fourth quarter of SEK 1.8 million. The gross margin amounted to 37% (50%). The decrease in margin compared to corresponding period previous year is explained by the impact from the price reduction.

Operating costs were SEK 20.2 million (15.8). Operating costs are higher compared to the same period last year due to costs associated with the CEO transition. For terms and conditions regarding termination benefits we refer to the annual report 2012.

The Group's net loss for the fourth quarter amounted to SEK -19.0 million (-13.0).

Losses per share (average number of shares) for the fourth quarter amounted to SEK -0.06 (-0.05).

FINANCING AND LIQUIDITY

As of December 31, 2013 equity amounted to SEK 134.1 million (48.2) and equity/share to SEK 0.39 (0.18).

Available cash as of December 31 2013 amounted to SEK 101.2 million (37.6). During the second quarter the company carried out a share issue with preferential rights for Precise Biometrics' shareholders that was oversubscribed and supplied the company with SEK 48.7 million after issue costs. The company completed, during the third quarter, also a private placement that further strengthened the company's available cash by SEK 80.9 million after issue costs. In the first quarter the company fully re-paid the credit facility that was obtained in 2012, in total SEK 25.5 million including interest. Cash flow from current operations amounted to SEK -34.2 million (-48.9).

MARKET AND SALES – SUMMARIZING 2013

The majority of the sales in 2013 have been in the business area IAM. The majority of the sales in the business area came from three customers. The largest share of the sales came from sales of fingerprint readers to a government customer in the Middle East. In addition follow-up orders were obtained from one of Scandinavia's largest gym chains that use the Precise Biometrics' solution for their members' access to the gyms. The third customer was a US-based leading global provider of financial information services. The customer selected Precise Biometrics as their new provider of fingerprint algorithms following a thorough review of the market.

Precise Biometrics has during the year seen a growing opportunity for the company's world-leading algorithms. A new software was launched during the year. The software, Precise BioMatch Mobile, is designed and optimized for integration of fingerprint recognition on smart phones and tablets. The software currently

supports Android. The product is aimed at smart phone and component manufacturers worldwide. Precise BioMatch Mobile is based on Precise Biometrics' algorithm that was top ranked in the tests MINEX II and Ongoing MINEX, carried out by the U.S. government agency NIST (the National Institute of Standards and Technology).

During the third quarter, Precise Biometrics signed an agreement with Fingerprint Cards AB (FPC) under which FPC licenses Precise BioMatch Mobile to further enhance the performance of its capacitive sensors. FPC integrates the algorithm into its existing sensor products, with a primary focus on smart phones and tablets. The algorithm will further strengthen the FPC sensors performance in terms of precision and speed. During the third quarter the first mobile phone that integrates a FPC sensor with Precise BioMatch Mobile was released in the Asian market.

During the year Precise Biometrics continued to build up the offer within the business area Mobile. The business area consists of the products for mobile security for smartphones and tablets, Tactivo. New Tactivo products have been launched during the year. Tactivo for iPhone 5 and iPad 4 have been released. A solution for Android has also been launched.

During the second quarter Tactivo, as the first smart card reader for mobile devices, was certified and approved by the U.S. Government Service Administration (GSA). This allows the US government to comply with the mandate that requires all government employees to use their PIV cards (Personal Identity Verification) for access to government information. During the year we also continued to build our network of partners both in the U.S. and world-wide.

However, sales for Tactivo have not lived up to the company's expectations for the year. Overall, around 7,000 Tactivo units have been sold, of which 5,000 were sold in the first quarter to one of U.S. largest mobile operators. In the second quarter a framework agreement for continued deliveries of Tactivo was signed with Volkswagen. Precise Biometrics works closely with Volkswagen to ensure that Tactivo fulfill their enhanced security needs. The partnership with Volkswagen is one of many ongoing projects in the corporate sector for Tactivo. During the year Precise Biometrics continued to build the network of partners both in the U.S. and world-wide. Further deliveries of Tactivo have gone to several partners around the globe for use in various pilot projects.

The business area Mobile had a negative turnover in the second half of the year. Partly because of product returns, related to an order in 2012, from the partner in Thursby as an effect of changes in the partnership and, in the fourth quarter, a retroactive price adjustment related to the devices that were sold to the U.S. mobile operator in the beginning of the year.

Starting 1 January 2014 Precise Biometrics has divided the business into three different business areas. The company moves from the previous division into the two business areas IAM and Mobile, to three business areas: Mobile Smart Card Solutions (Tactivo), Desktop & Physical Access Solutions (fingerprint readers and solutions for access to premises and computers), and Fingerprint Technology (licensing of algorithms). The new business area split will be reported starting in the first quarterly report for the fiscal year 2014.

PARENT COMPANY

Parent company sales for the year amounted to SEK 28.5 million (24.5). Operating loss before tax for the interim period amounted to SEK -43.7 million (-49.7).

Available cash at the end of the year amounted to SEK 97.0 million (35.2).

ORGANIZATION AND EMPLOYEES

The organization consists of Precise Biometrics AB with the head office in Lund, Sweden and an office in Karlstad, Sweden. The organization also consists of the subsidiary Precise Biometrics Inc. with an office in Virginia, USA.

The Board of Precise Biometrics hired Håkan Persson as interim CEO, replacing former CEO Thomas Marschall, in order to provide the company with deep sales competence and to further position the company on the growing mobile market.

As of December 31, 2013 the group had 29 (37) employees, 26 in Sweden and 3 in the US.

INVESTMENTS IN TANGIBLE FIXED ASSETS

During the year the group has invested SEK 2.4 million (1.2) and during the fourth quarter the group has invested SEK 0.2 million (0.8) in tangible fixed assets.

CAPITALIZATION AND DEPRECIATION OF DEVELOPMENT WORK

Development work costs of SEK 9.4 million (8.0) were capitalized during the interim period with main impact from new investments within the mobile segment. Depreciation of capitalized costs for development work amounted to SEK 4.1 million (1.7) during the year. Depreciation is impacted by write-downs of SEK 2.2 million. The company has, during the fourth quarter, made a revised assessment in relation to the depreciation of the development projects related to Tactivo. The Company has determined that the products in the product family Tactivo has a shorter life span than the company's more traditional products and thus can be written off faster. The effect in the fourth quarter is SEK 0.6 million.

NOMINATION COMMITTEE

Following a decision at the Annual General Meeting on April 23, 2013 a Nomination Committee shall be organized. The Nomination Committee shall consist of one representative from each of the three major shareholders per August 31, 2013 as well as the Chairman of the Board.

Accordingly the Nomination Committee consists of Torgils Bonde Knutsson (private holdings), Ole Søeberg (Skagen Fonder) and Christer Jönsson (private holdings).

These represent the largest shareholders in the Company as of August 31, 2013, that have accepted participation in the Nomination Committee. The Chairman of the Board, Lisa Thorsted, is also represented in the Nomination Committee, and is the convener.

RISK FACTORS

Precise Biometrics is exposed to both commercial and financial risks, which to a large extent lie outside the reach and influence of the company. There is no guarantee that the current capital will be sufficient until the Company achieves a positive cash flow. Neither is there any guarantee that new capital can be acquired if the need should arise, or that such capital can be acquired on preferential terms. For a full account of identified risks, please refer to the Annual Report for 2012, which was submitted in March 2013. No further essential risks or uncertainties have arisen after the submission of the Annual Report.

FUTURE REPORT DATES

Interim report Q1	April 29, 2014
Interim report Q2	July 16, 2014
Interim report Q3	October 21, 2014
Year-end report	February 5, 2015

ANNUAL GENERAL MEETING

The annual general meeting for Precise Biometrics AB (publ) will be held on Tuesday, April 29 2014 at 4 p.m. at Precise Biometrics headquarters in Lund, Scheelevägen 30.

The annual report for 2013 will be published by the latest two weeks before the annual general meeting

ACCOUNTING PRINCIPLES

This Interim report has been prepared in accordance with IAS 34, interim reporting and the Swedish Company Accounts Act. The report for the parent company has been prepared in accordance to the Annual Accounts Act, Chapter 9; Interim Report.

New IFRS, additions to IAS and IFRIC interpretations taking effect January 1, 2013, did not have a material effect on the financial statements.

For information on the applied accounting principles please refer to the Annual Report for 2012.

This quarterly report has not been subjected to review by the Company's auditors.

Lund, February 6, 2014

The board of directors

Lisa Thorsted, chairman

Torbjörn Clementz Eva Maria Matell Anders Harrysson Matts Lilja Torgny Hellström
Håkan Persson, President and CEO, Precise Biometrics AB (publ).

Precise Biometrics AB (publ) may be required to disclose the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 08.00 on February 7, 2014.

Income statement, Group

(Figures in thousands SEK)

	Q4	Q4	Full year	Full year
	2013	2012	2013	2012
Net sales	2 887	8 395	34 944	28 281
Cost of goods sold ¹⁾	-2 011	-4 180	-15 976	-12 495
Gross profit/loss	876	4 215	18 968	15 786
Selling expenses	-7 269	-7 217	-24 777	-25 812
Administrative expenses	-4 550	-3 316	-14 706	-13 909
R&D costs ²⁾	-8 569	-5 277	-21 307	-18 239
Other operating income and changes in value	202	-37	-358	-729
	-20 186	-15 847	-61 148	-58 689
Operating result	-19 310	-11 632	-42 180	-42 903
Financial costs	285	-1 322	-1 092	-4 049
Result after financial items	-19 025	-12 954	-43 272	-46 952
Tax	-	-	-	-
Result for the period	-19 025	-12 954	-43 272	-46 952
Result attributable to:				
Owners of the parent	-19 025	-12 954	-43 272	-46 952
<i>Result per share (before dilution), SEK</i>	<i>-0,06</i>	<i>-0,05</i>	<i>-0,14</i>	<i>-0,23</i>
<i>Result per share (after dilution), SEK</i>	<i>-0,06</i>	<i>-0,05</i>	<i>-0,14</i>	<i>-0,23</i>

¹⁾ Include write-down of inventory totalling SEK-1.7 million for 2013

²⁾ Include write-down of capitalized development work totalling SEK -2.1 million

Groups statement of profit or loss and other comprehensive income

(Figures in thousands SEK)

	Q4 2013	Q4 2012	Full year 2013	Full year 2012
Profit/loss for the period	-19 025	-12 954	-43 272	-46 952
Other comprehensive income:				
Items that can be reclassified into profit or loss				
Change in accumulated exchange rate differences	21	-20	43	143
	21	-20	43	143
Comprehensive income for the period, net of tax	21	-20	43	143
Total comprehensive income for the period	-19 004	-12 974	-43 229	-46 809
Attributable to:				
Owners of the parent	-19 004	-12 974	-43 229	-46 809
Total comprehensive income for the period	-19 004	-12 974	-43 229	-46 809

Balance Sheet, Group

(Figures in thousands SEK)

	<u>12/31/2013</u>	<u>12/31/2012</u>
Assets		
Intangible fixed assets	21 574	18 358
Tangible fixed assets	3 475	1 829
Inventories	14 228	10 985
Accounts receivable - trade ¹⁾	3 997	10 803
Other current receivables	8 453	6 092
Cash and bank balances	101 197	37 584
Total assets	152 924	85 651
Equity and liabilities		
Equity	134 547	48 195
Current liabilities	18 377	37 456
Total equity and liabilities	152 924	85 651
Pledged assets	24 000	24 000
Contingent liabilities	NONE	NONE

¹⁾ Include a receivable concerning contract manufacturer totalling SEK 0.4 million (1.7)

Cash Flow Statement, Group

(Figures in thousands SEK)	Q4 2013	Q4 2012	Full year 2013	Full year 2012
Cash flow from operating activities before changes in working capital	-15 335	-22 504	-36 942	-44 620
Cash flow from changes in working capital	6 332	4 939	2 723	-4 252
Cash flow from operating activities	-9 003	-17 565	-34 219	-48 872
Cash flow from investing activities	-1 706	-4 907	-11 749	-9 143
Cash flow from financing activities	-149	56 669	109 580	66 669
Cash flow for the period	-10 858	34 197	63 612	8 654
Liquid funds at the beginning of the period	112 053	3 387	37 584	28 930
Liquid funds at the end of the period	101 197	37 584	101 197	37 584

Key Figures, Group

	12/31/2013	12/31/2012
Working capital (thousands SEK)	109 498	28 008
Liquid ratio	618%	145%
Equity/assets ratio	88%	56%
Return on average equity	neg	neg
Capital employed (thousands SEK)	134 547	68 195
Return on capital employed	-	neg
Profit/loss per share (SEK)	-0,14	-0,23
EBITDA (thousands SEK)	-35 293	-40 100
Equity per share (SEK)	0,39	0,18
Number of shares	345 306 094	264 523 168
Number of employees at the end of the period	29	37
Average number of employees during the period	34	37

Definitions - Key Figures

Working capital: Current assets less current liabilities

Liquid ratio: Current assets less inventories divided by current liabilities

Equity/assets ratio: Equity as of the balance sheet date divided by total assets as of the balance sheet date

Return on equity: Profit/loss for the period divided by average equity

Capital employed: Balance sheet total minus non-interest-bearing liabilities and provisions

Return on capital employed: Profit/loss after financial items plus financial expenses divided by the average capital employed.

Profit/loss per share: Profit/loss after tax divided by the average number of shares. The options are not included in the calculation

due to calculation of potential shares would result in an improvement in loss per share which is not permitted according to IAS 33

EBITDA: Profit/loss before net financial items, depreciations, write-downs and tax

Equity per share: Equity at the end of the period divided by the number of shares at the end of the period. Quarterly earnings ratios are not disclosed

Operating costs (as described in Sales and result): Operating costs excluding costs for products sold, participations in

associated companies and goodwill write-down, but including depreciation and write-downs and after capitalization of costs for development work.

Changes in equity, Group
(Figures in thousands SEK)

	Capital stock	Other paid in capital	Reserves	Balanced profit/ year's profit	Total equity
Opening balance as at January 1, 2012	75 578	564 635	584	-593 809	46 988
Comprehensive income					
Comprehensive income for the period	-	-	-	-46 952	-46 952
Other comprehensive income					
Exchangerate differences	-	-	143	-	143
Total comprehensive income	0	0	143	0	143
Total other comprehensive income	0	0	143	-46 952	-46 809
Transactions with the shareholders					
New share issue ¹⁾	30 231	17 785	-	-	48 016
Total transactions with the shareholders	30 231	17 785	0	0	48 016
Closing balance as at December 31, 2012	105 809	582 420	727	-640 761	48 195
Opening balance as at January 1, 2013	105 809	582 420	727	-640 761	48 195
Comprehensive income					
Comprehensive income for the period	-	-	-	-43 272	-43 272
Other comprehensive income					
Exchangerate differences	-	-	43	-	43
Total comprehensive income	0	0	43	0	43
Total other comprehensive income	0	0	43	-43 272	-43 229
Transactions with the shareholders					
Reduction of the quota value of the shares ²⁾	-31 743	-	-94	31 837	0
New share issue ³⁾	16 459	32 204	-	-	48 663
Directed new share issue ⁴⁾	6 160	74 758	-	-	80 918
Total transactions with the shareholders	-9 124	106 962	-94	31 837	129 581
Closing balance as at December 31, 2013	96 685	689 382	676	-652 196	134 547

¹⁾ Preferential rights issue totalling 53,984,320 shares at a rate of SEK 1 with deductions for issue costs SEK 5,409 thousand.

²⁾ The capital stock is reduced by SEK 31,743 thousand to cover loss. The reduction entails a reduction of the quota value of the shares with SEK 0.12, from SEK 0.40 to SEK 0.28.

³⁾ Preferential rights issue totalling 58,782,926 new shares at a rate of SEK 0.93 with deductions for issue costs SEK 6,005 thousand.

⁴⁾ Directed new share issue totalling 22,000,000 new shares at a rate of SEK 3.90 with deductions for issue costs SEK 4,882 thousand.

Turnover and profitability by segments Q4 2013

(Figures in thousands SEK)

	IAM		MOBILE		TOTAL SEGMENTS	
	2013	2012	2013	2012	2013	2012
Net sales	4 641	5 810	-1 754	2 585	2 887	8 395
Expenses ¹⁾	<u>-10 771</u>	<u>-11 337</u>	<u>-9 312</u>	<u>-9 999</u>	<u>-20 083</u>	<u>-21 336</u>
Result ²⁾	-6 130	-5 527	-11 066	-7 414	-17 196	-12 941

Turnover and profitability by segments full year 2013

(Figures in thousands SEK)

	IAM		MOBILE		TOTAL SEGMENTS	
	2013	2012	2013	2012	2013	2012
Net sales	30 619	25 549	4 325	2 732	34 944	28 281
Expenses ¹⁾	<u>-44 278</u>	<u>-38 427</u>	<u>-34 924</u>	<u>-37 266</u>	<u>-79 202</u>	<u>-75 693</u>
Result ²⁾	-13 659	-12 878	-30 599	-34 534	-44 258	-47 412

1) The above expenses in the segments include Cost of goods sold as well as direct and share of indirect operation expenses.

2) Group Result (see Income statement) also includes capitalization and depreciation of development work, depreciation of tangible fixed assets and other operating income and changes in value. Costs have been taken into account in the period they have been incurred. This amount totals for Q4 SEK 2,113 thousand (1,313) and for full year thousand 2,079 (4,513).

Income statement, Parent company

(Figures in thousands SEK)

	Full year 2013	Full year 2012
Net sales	28 517	24 512
Cost of goods sold ¹⁾	-18 875	-23 421
Gross profit/loss	9 642	1 091
Selling expenses	-15 859	-12 628
Administrative expenses	-14 704	-13 908
R&D costs ²⁾	-21 307	-18 239
Other operating income and changes in value	-356	-2 432
	-52 226	-47 207
Operating result	-42 584	-46 116
Financial costs	-508	-3 630
Result after financial items	-43 092	-49 746
Tax	-	-
Result for the period	-43 092	-49 746

¹⁾ Include write-down of inventory totalling SEK -1.7 million for 2013

²⁾ Include write-down of capitalized development work totalling SEK -2.1 million for 2013

Balance Sheet, Parent company

(Figures in thousands SEK)	<u>12/31/2013</u> <u>12/31/2012</u>	
Assets		
Intangible fixed assets	21 574	18 358
Tangible fixed assets	3 475	1 829
Participations in group companies	1 058	1 058
Inventories	10 913	9 810
Accounts receivable - trade ¹⁾	1 777	5 954
Other current receivables ²⁾	43 702	38 715
Cash and bank balances	96 976	35 197
Total assets	179 475	110 921
Equity and liabilities		
Equity	161 999	75 511
Other provisions	100	117
Current liabilities	17 376	35 293
Total equity and liabilities	179 475	110 921
Pledged assets	24 000	24 000
Contingent liabilities	NONE	NONE

¹⁾Include a receivable concerning contract manufacturer totalling SEK 0.4 million (1.7)

²⁾Include inter-company receivables totalling SEK 35 million (33)

TELEPHONE CONFERENCE

On the occasion of today's Interim Report we have the pleasure to invite investors and journalists to the following informative meeting during the day

- **The conference starts at 10:00 (CET)**
- **To participate, please call + 46 (0)8 519 993 65**

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

The presentation will be held in English but afterwards there will be an opportunity to ask questions in Swedish.

Participating on behalf of Precise Biometrics

- **Håkan Persson, President and CEO**
- **Patrik Norberg, CFO**

A recording from the conference will be available for three days after the telephone meeting.

To listen to the conference afterwards dial +46 (0)8 505 564 73. When asked to state a reference number please dial 350250 and finish with (#).

Please visit www.precisebiometrics.com/financial-reports where a presentation can be downloaded.

FOR FURTHER INFORMATION

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Precise Biometrics is a market-leading provider of solutions for fingerprint recognition to prove people's identities. With top-of-the-line expertise in fingerprint verification, Precise Biometrics offers fast, accurate and secure authentication of a person.

The technology adds value to ID, enterprise and bank cards as well as access to mobile solutions, computers and networks.

Precise Biometrics serves business and government organizations throughout the world and its technology is licensed to close to 160 million users.

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