

# Investor Presentation



**Fingerprint Cards AB (publ)**

Fing B, Nasdaq OMX

**Johan Carlström**

President & CEO

2011-02-18



# Agenda



- Fingerprint cards overview presentation
- 2010 Financials
- The swipe sensor business case
- Conclusion

# Keys to success



## Fingerprint Cards – A new chapter has begun

- New CEO, CFO & Management Team
- New Major Shareholder (Sunfloro)
- Stronger Board of Directors and Advisory Board
- Aggressive revenue growth & improving financials

## Biometric system for fingerprint verification

- Area and swipe sensor; Best product line award (Frost&Sullivan)
- Worlds smallest swipe sensor with lowest power consumption introduced

## Market leader in Chinese banking

### Market strategy

- Expand in China
- Establish in other geographical markets (Korea, India, Brazil & Japan)
- Develop new Mobile business, Card projects, gaming devices, USB-keys.

Financials solid, now moving aggressively to capture volume market for mobile devices & other consumer electronics

# Management Team



Johan  
Carlström

Jens Reckman

Pontus Jägemalm

Lars Lundgren Jr

\* Anders Blom, VP BD  
joined the management  
team in November 2010

# Board of Directors

Geza Fulop \*

Anders Hultqvist

Christer Bergman



Tommy Trollborg

Urban Eagerstedt

\*\* Mats Svensson was elected to the board at the EGM in November 2010



\*Geza Fulop has been replaced at the AGM 2010 by Sigrun Hjelmqvist



# Advisory Board



## Jörgen Lantto

CTO at ST-Ericsson  
former CTO at Ericsson Multimedia

## Mats Lindoff

former CTO at Sony Ericsson (SEMC)  
Consultant & VC

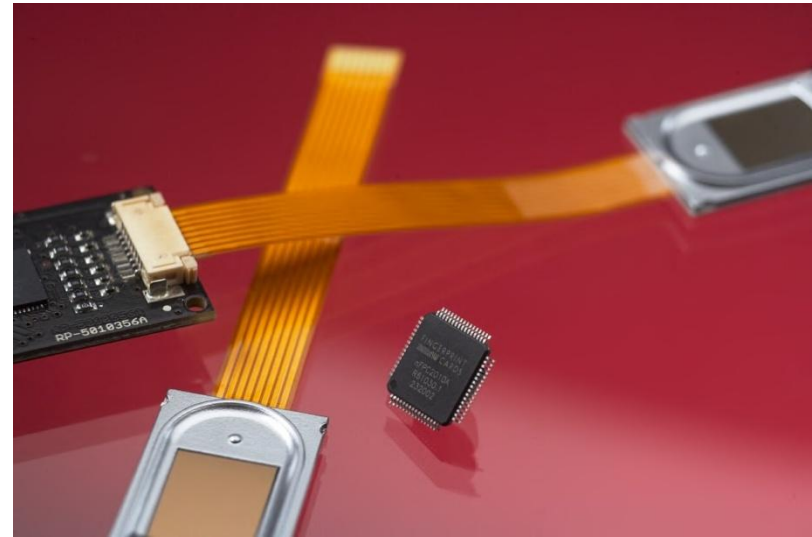
## Peter Svensson

CTO Q-Sense (Biolin)  
former CTO at FPC

# Company Mission



Be the leading provider of  
fingerprint verification  
components & systems



# Components & products



## Fingerprint sensors

FPC1011F (Area)  
FPC1080A (Swipe)

## Biometric Processors

FPC2020 ASIC

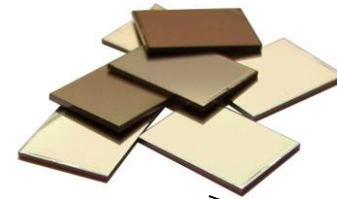
## Stand-alone Modules

FPC-AM3 (area sensor based)

## Algorithms

Distinct Area Detection (DAD)  
Verification, Identification  
and Enrolment

Finger pattern  
sensor



$$\frac{\sum_{j=1}^n P_{xy}^k(i, j) \cdot P_{xy}(i, j)}{2}$$
$$ij \in Q_{ij} : C_{ij} \cdot F$$
$$P^2 \cup P^3$$



Processor for fingerprint  
image handling



Biometric modules

- **Sensor patent, architecture**

The sensor architecture covers the method of real time programming of sensor matrix function.

- **Sensor patent, pixel element**

The design of the sensor pixel element and associated conversion principle results in an extremely sensitive sensor amplifier with low internal noise generation.

- **Algorithm patent**

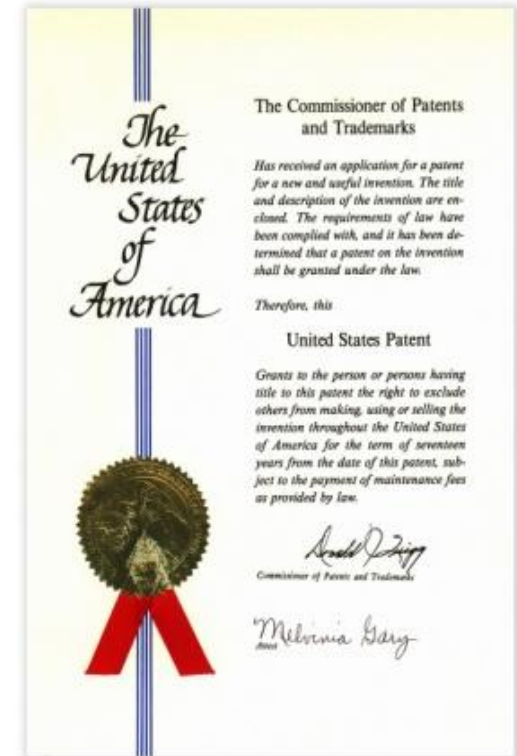
Mathematical descriptions by which millions of operations can be carried out in a split second.

- **Swipe sensor methodology patent**

Method to store individual's biometric identity without building up the complete image of the fingerprint.

- **Packaging patent**

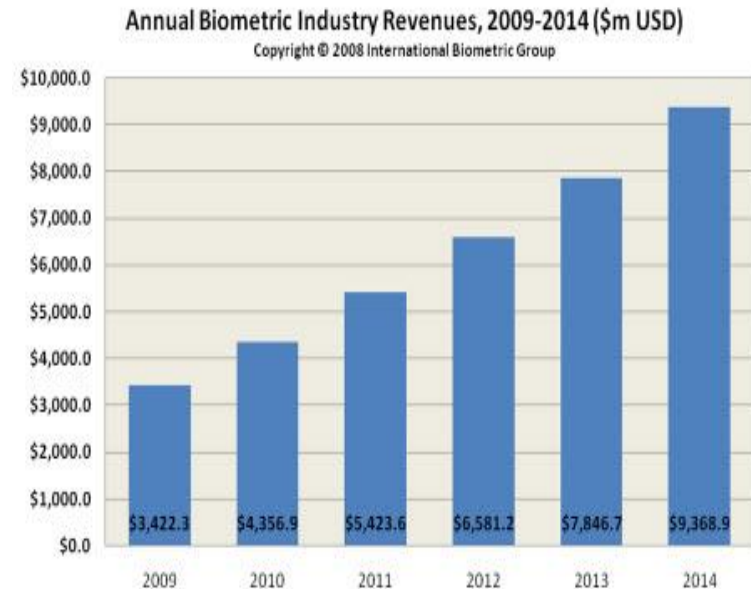
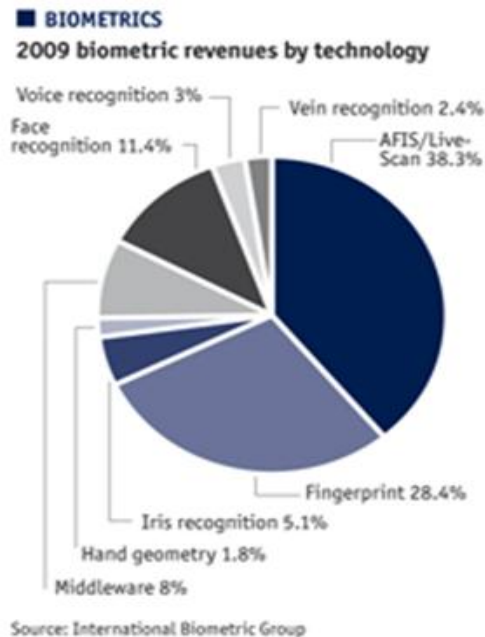
Coating for protection of sensor surface and bond wires



# Biometrics – strong growth now





Biometrics is an automated method of identifying or authenticating the identity of a person based on fingerprint, hand, iris, face, signature, voice or keystroke



# FPC sensor is used in all major Chinese banks



-  China Construction Bank
-  Bank Of China
-  Industrial And Commercial Bank of China
-  Agricultural Bank Of China
-  Postal Savings Bank of China

-  CHINA MERCHANTS BANK
-  PINGAN Bank
-  HuaXia Bank
-  SPD BANK
-  CHINA CITIC BANK
-  BANK OF COMMUNICATIONS
-  CREDIT ASSOCIATION
-  BANK OF SHANGHAI
-  BANK OF NINGXIA
-  BANK OF JILIN

-  BANK OF DALIAN
-  BANK OF CANGZHOU
-  BANK OF NANJING
-  BANK OF QUANZHOU
-  BANK OF DONGWAN
-  BANK OF NINGBO
-  BANK OF CHANSHA
-  BANK OF SHIZUISHAN
-  BAOSHANG BANK
-  LINSHANG BANK
-  HARBIN BANK
-  YANTAI BANK
-  CHINA ZHESHANG BANK
-  HANDAN COMMERCIAL BANK
-  LUZHOU CITY COMMERCIAL BANK
-  TANGSHAN CITY COMMERCIAL BANK
-  ZHUZHOU COMMERCIAL BANK
-  CENGDE COMMERCIAL BANK
-  QIQIHAR CITY COMMERCIAL BANK
-  HUSHUN CITY COMMERCIAL BANK
-  SHAOXING CITY COMMERCIAL BANK
-  CHAOYANG CITY COMMERCIAL BANK
-  ZHANJIANG CITY COMMERCIAL BANK
-  MIANYANG CITY COMMERCIAL BANK
-  COMMERCIAL OF BANK ZHENGZHOU
-  XINGTAI COMMERCIAL BANK
-  TIELING COMMERCIAL BANK
-  ZHEJIANG MINTAI COMMERCIAL BANK
-  ANYANG RURAL COOPERATIVE BANK
-  ZHEJIANG CHOUZHOU COMMERCIAL BANK
-  JILIN PROVINCE RURAL CREDIT UNION
-  TIANJIN RURAL COOPERATIVE BANK
-  HUNAN RURAL CREDIT COOPERATIVES BANK
-  JIANGSHU SHEYANG RURAL COOPERATIVE BANK
-  RURAL COOPERATIVE BANK

# 2010 Annual Accounts & Q4

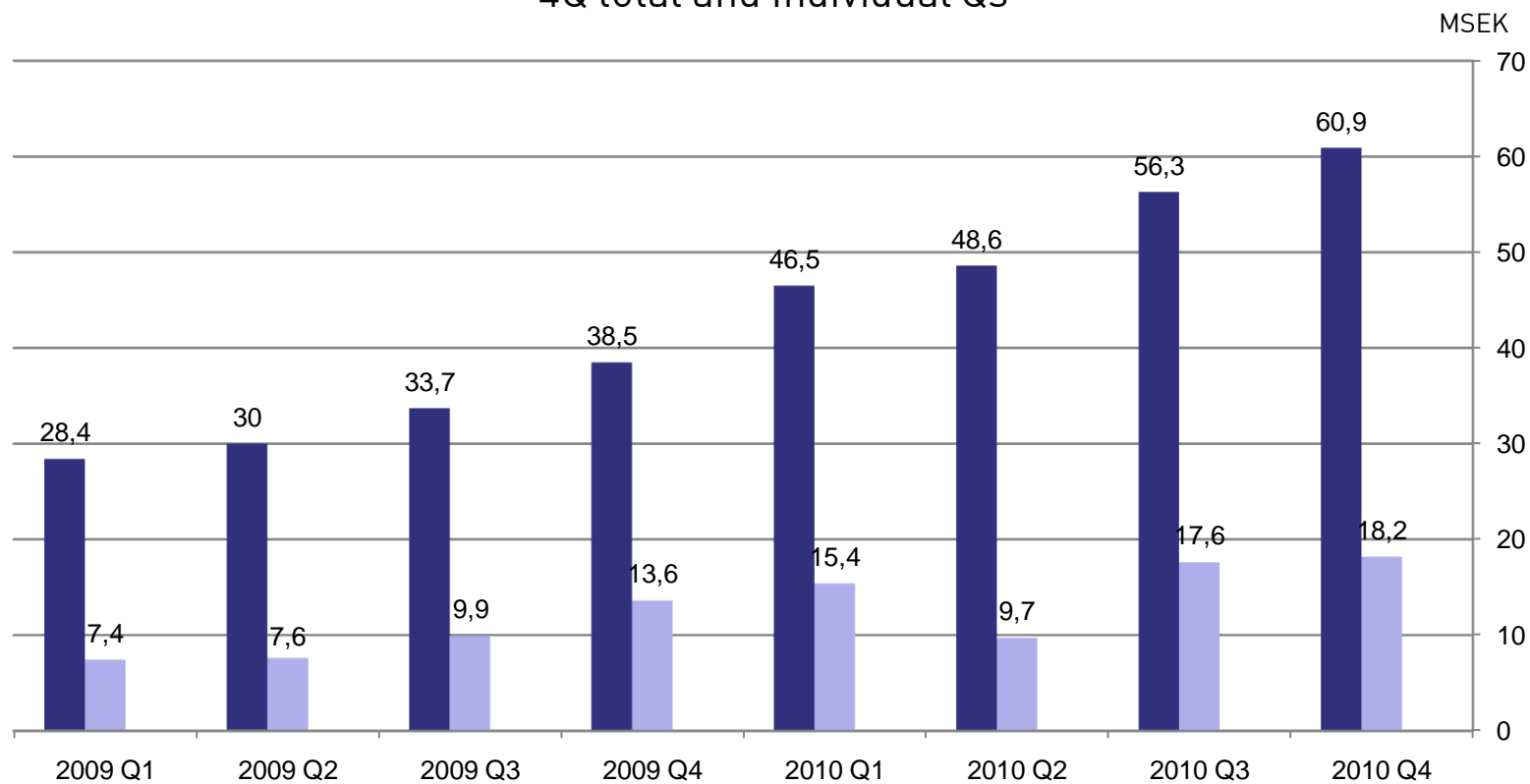


- 18.2 MSEK revenue - highest ever
- Profitable for 3 of last 4 Quarters & full 2010
- First full year profit in company history
- Gross margins stable at + 50%
- 17.3 MSEK in new orders from China
- FPC 1080A-World's smallest swipe sensor with lowest power consumption for mobiles introduced
- Edge Electronics New Distributor in US
- Marketing partnership with SMIC in China
- Mats Svensson, new member of the board
- Anders Blom VP BD & part of mgmt TEAM

# Sales Development



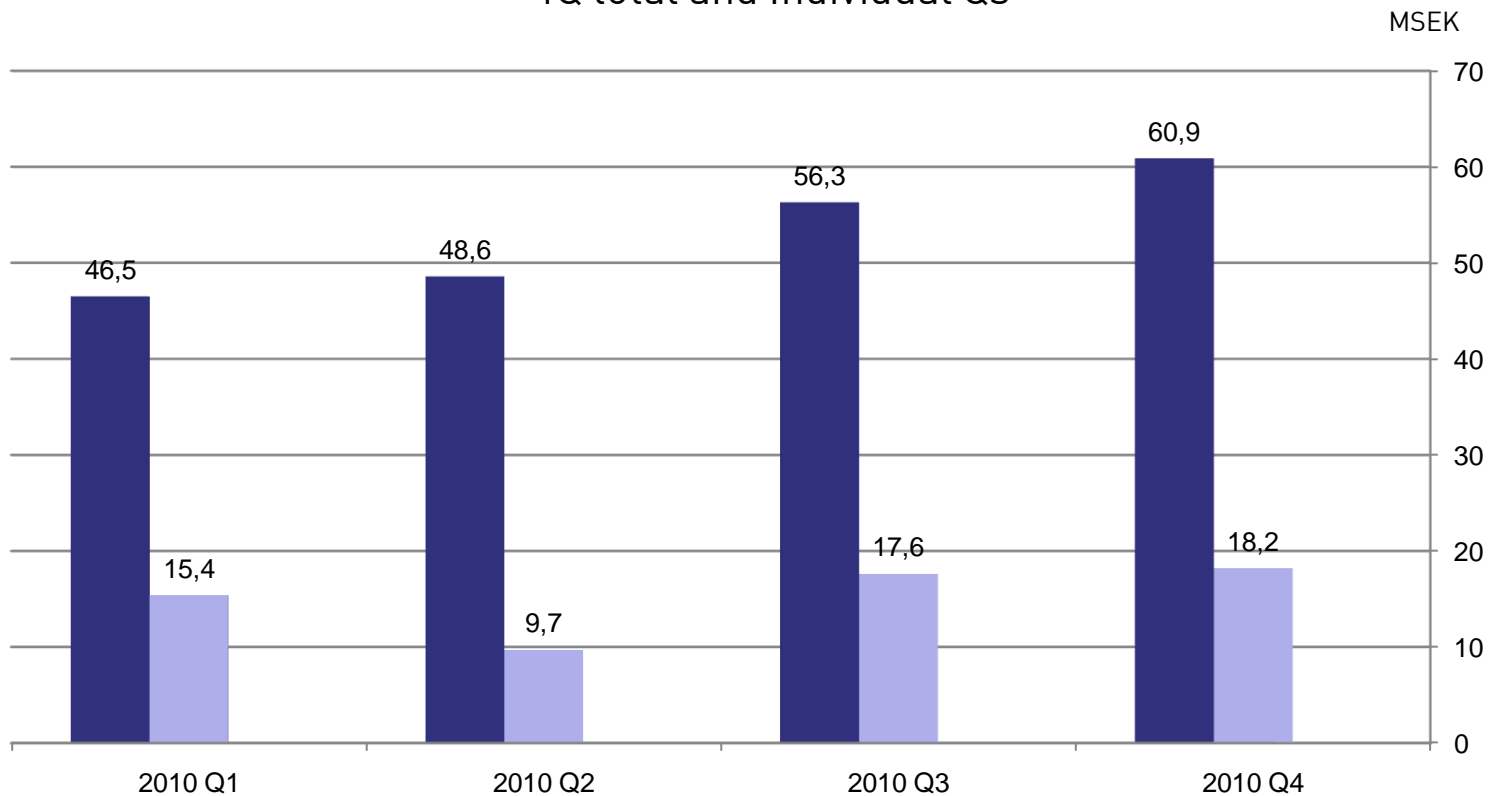
## Net Sales MSEK 2009 Q1 - 2010 Q4 4Q total and Individual Qs



# Sales 2010



## Net Sales MSEK 2010 Q1 - Q4 4Q total and Individual Qs



# No. 8 in Deloitte growth ranking



## Deloitte.

Sweden  
Technology, Media & Telecommunications

### Sweden Technology Fast 50 Seminarium och prisutdelning 2 november på Moderna Museet



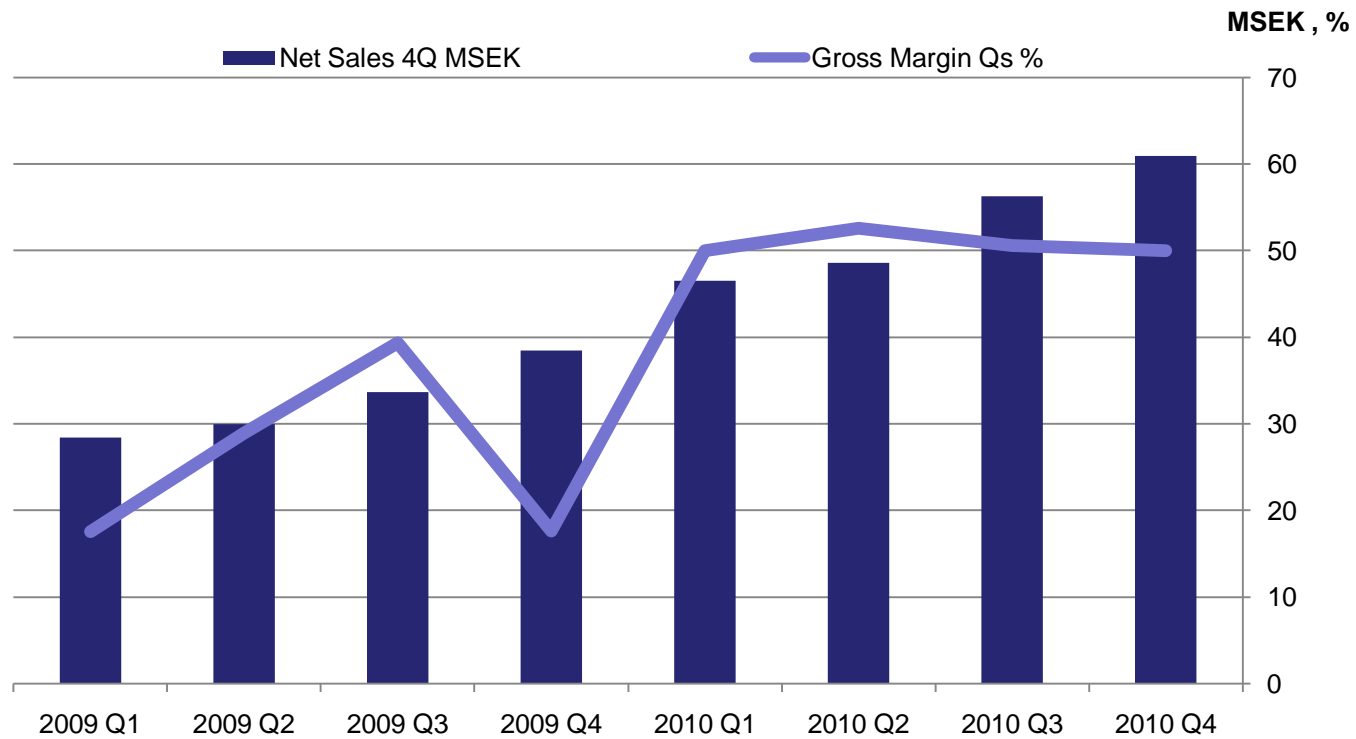
Nomineringen till Fast 50 och Rising Stars 2010 är nu färdig och **ditt företag är ett av de nominerade**. Vi hoppas därför att du kan närvara när vi utser de snabbast växande teknologiföretagen. Tillsammans med Affärsvärlden och Svenska Riskkapitalförningen bjuder vi på en högtintressant eftermiddag och kväll med fokus på de senaste trenderna inom branschen.

Eftermiddagens första tema handlar om de utmaningar som snabbväxande teknikföretag möter när de planerar att expandera hela eller delar av sin verksamhet utomlands. Därefter gör vi en djupdykning i hur man inom branschen arbetar med att bygga såväl kortsiktiga som långsiktiga strategier för tillväxt. Vi får bland annat lyssna till företagare som inspirerar och delar med sig av sina erfarenheter.

# Sales and Gross Margin



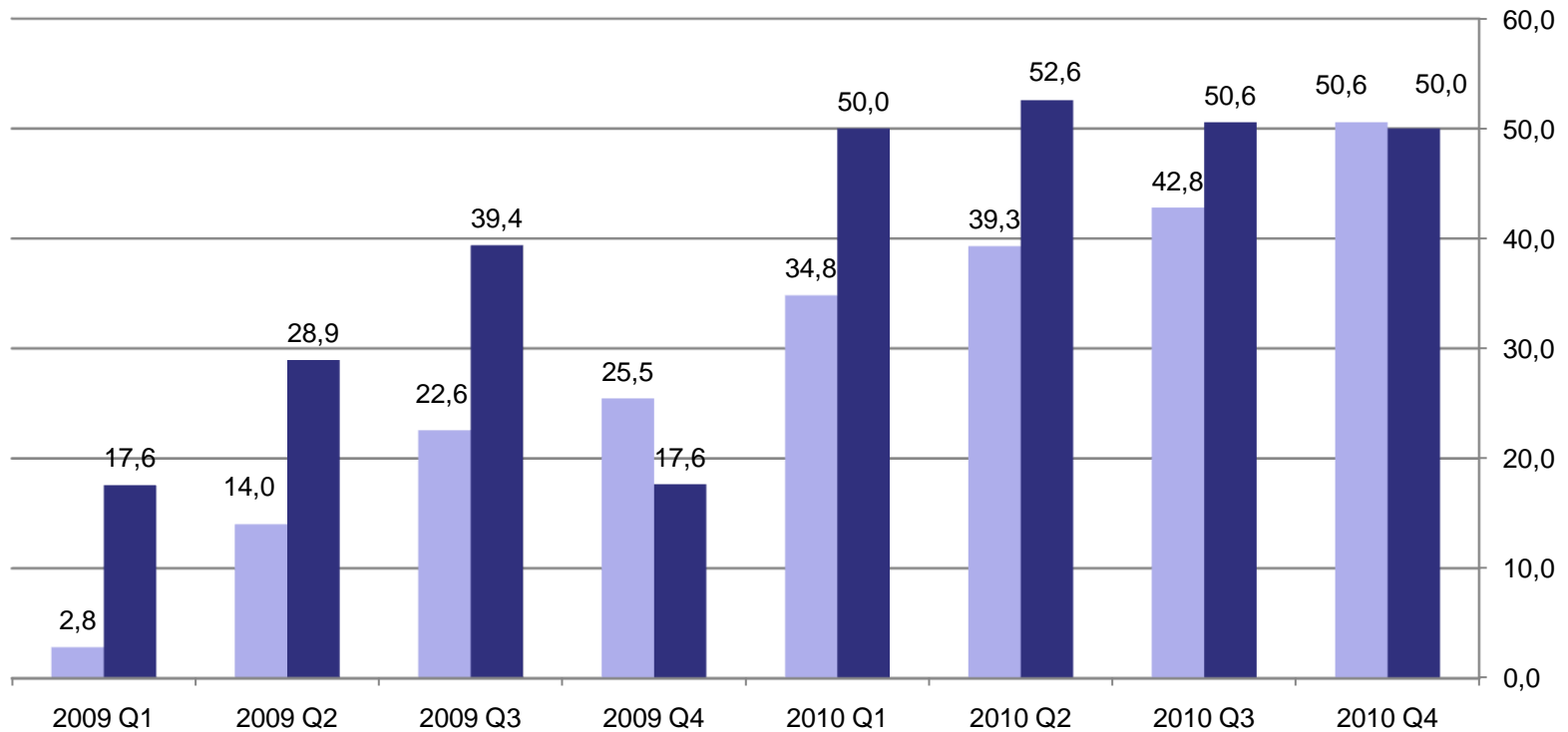
## Net Sales and Gross margin 2009 Q1- 2010 Q4



# Gross margin



Gross Margin %  
2009Q1 - 2010 Q4  
4Q average and Individual Qs %



# Why improved margins?

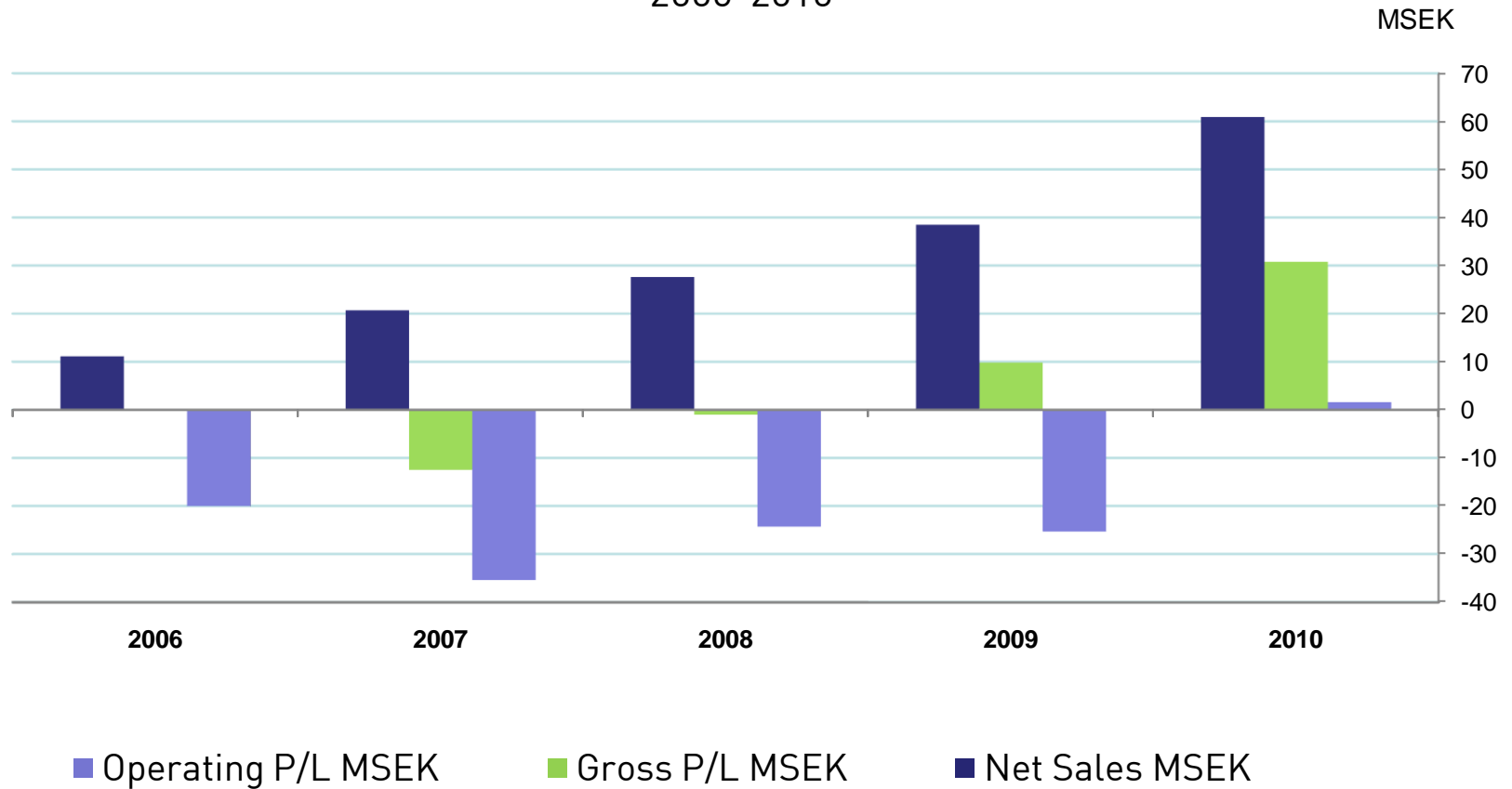


- Lowered cost for silicon manufacturing
- New and improved surface coating
- Matured process in assembly through continuous improvements
- More effective logistics and shorter cycle times
- Local support at manufacturing site
- Larger volumes = improved purchasing power

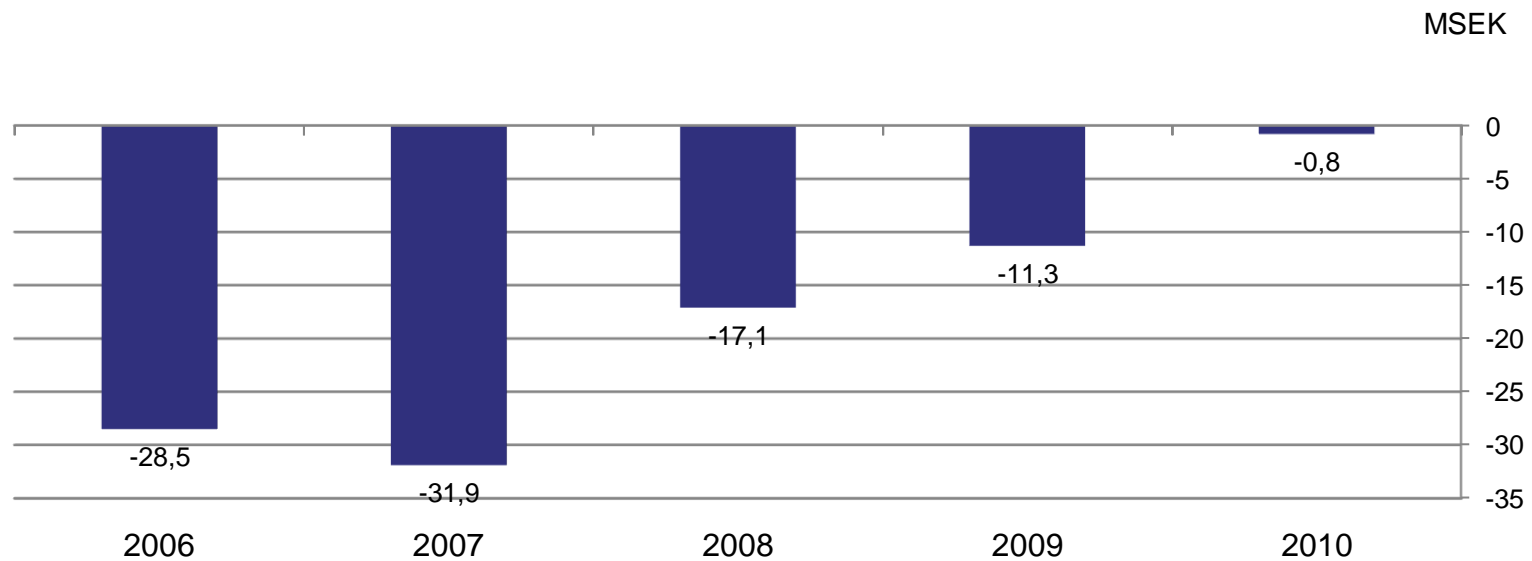
# 5 years



## Net sales, Gross P/L, Operating P/L , MSEK 2006-2010



## Cash flow from operations 2006-2010

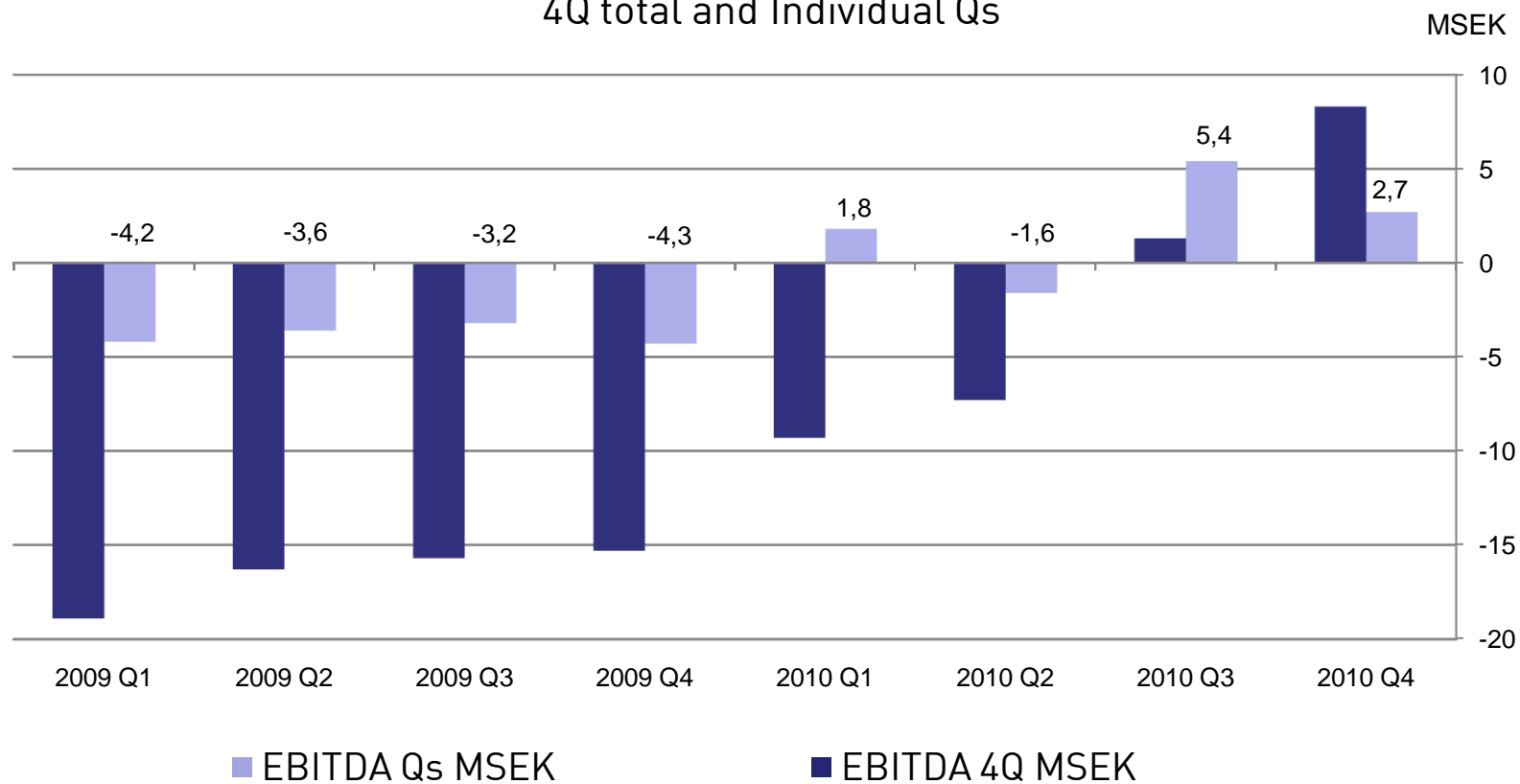


■ Cashflow from operations MSEK

# EBITDA



## EBITDA MSEK 2009 Q1 - 2010 Q4 4Q total and Individual Qs



# Next target- phones & tablets



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# Why sensors in mobiles ?

- Secure payments
- Mobile banking
- Convenience (10 fingers=10 apps)
- PIN replacement
- Navigation in menus
- Free Navigation



# Business case for swipe sensor



- Approx. 1.5 Billion mobiles sold in 2013 (8% growth)
- Biometric sensor use cases: secure payments, mobile banking  
PIN replacement, navigation & convenience
- At least 30% of all phones will have sensor in 2015.
- FPC target 15% market share
- Current market price is USD 2,5
- Other mass market applications are:
  - Card apps.
  - Tablets
  - Cameras
  - U-keys
  - Gaming devices

# NFC- Driver for sensors in phones



- **ZTE** has applied for a patent covering the integration of fingerprint-based biometric readers into NFC devices. Such technology would enable end-users to authenticate themselves using their fingerprint to make mobile payments using their NFC-enabled mobile phones. **January 19, 2011**
- **Samsung** to build **NFC** support into Bada operating system. Samsung is to include support for near field communication in version 2.0 of its Bada operating system, the handset manufacturer has told delegates attending a developer day in Seoul. Five million phones running Bada have been produced to date and Samsung expects to ship ten million Bada devices by the end of the first half of 2011. Bada 2.0 is expected to be made available during 2011. -**January 4, 2011**
- **LG outlines NFC payment plans** .Mobile payments look set to get significantly easier over the next few years, with several big names putting their weight behind Near Field Communications technology - including, most recently, LG Electronics. The hardware giant has announced its intentions to equip its mobiles with NFC hardware, which allows them to send and receive data with a simple wireless swipe and is generally considered to be the future of on-the-go payment technology, by 2012. -**February 7, 2011**
- **RIM could add NFC to BlackBerrys 'in the near term'**  
Discussing NFC at the Web 2.0 Summit, RIM's co-CEO Jim Balsillie said "we'd be fools not to have it in the near term... and we're not fools." **November 19, 2010**

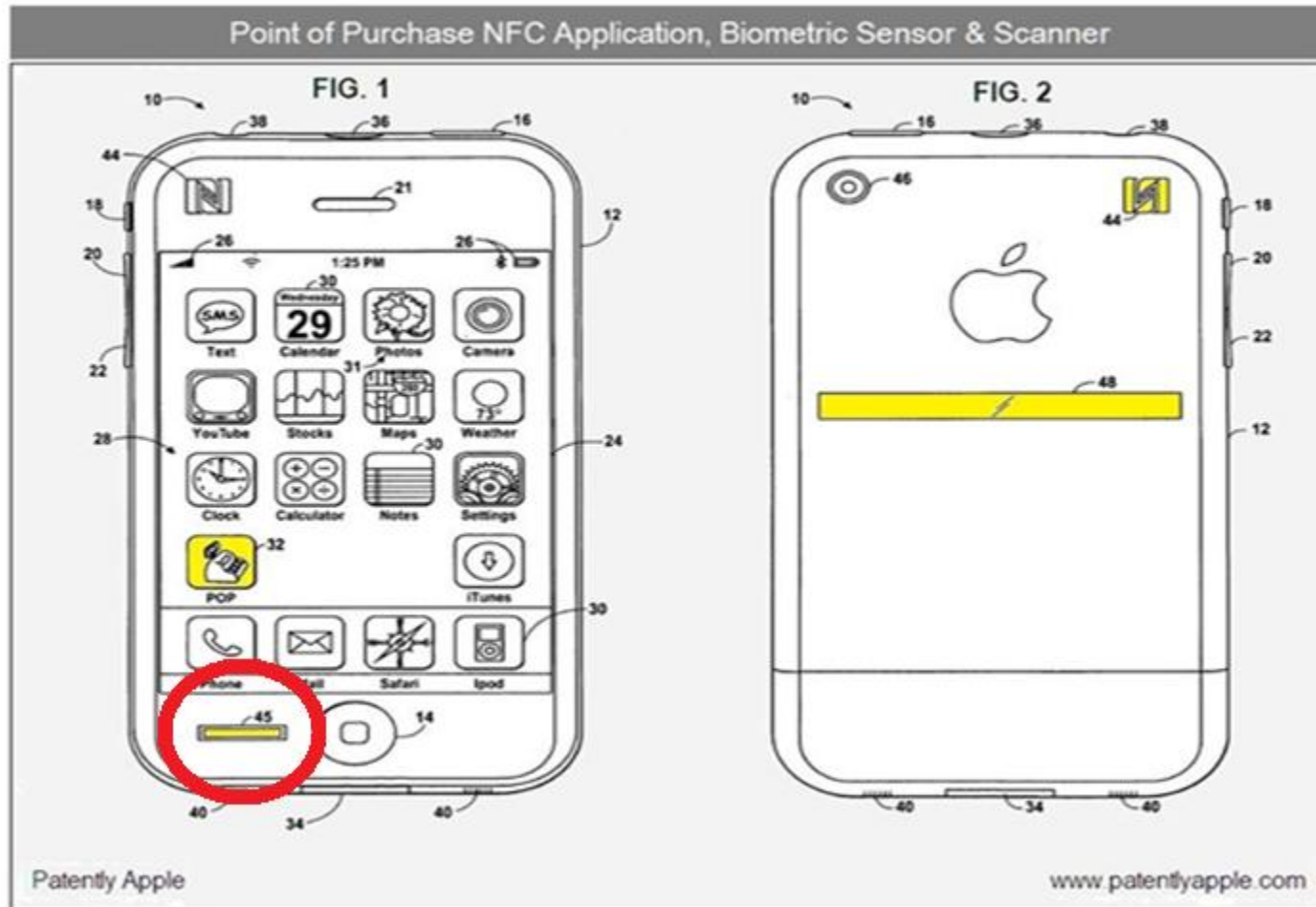
# What Google thinks



Eric Schmidt Google CEO states:

- "2011-All about mobile, especially mobile payments"
- "NFC will support Location information and will allow to TAP and PAY easy mobile payment"
- "Android 2.3 Will support NFC for mobile payments"
- "I don't think people understood how much more powerful mobiles are going to be than the desktops"

# What Apple is doing: [www.patentlyapple.com](http://www.patentlyapple.com)



- **The Biometric Sensor:** Information also may be acquired through a biometric sensor (Patent Point # 45 of FIG.1), as for example:  
**The biometric sensor may be located within the iPhone's enclosure and may be used to verify or identify a user.**
- The biometric sensor may be used in conjunction with a smartcard to verify the identity of a consumer.
- The biometric sensor may be used to identify a customer and obtain payment information for that customer by accessing a database of stored customer information.
- The biometric sensor **may include a fingerprint reader** or other feature recognition device and may operate in conjunction with a feature-processing program stored on the iPhone (see "Biometric Fingerprint Scanner" below for details).
- <http://www.patentlyapple.com/patently-apple/2010/04/apple-gearing-up-for-the-coming-nfc--iphone-revolution.html>

# Conclusions



- FPC has completed turn around and is now profitable on an annual basis
- The strong demand in Chinese financial segment remains
- New targets are verticals such as Insurance, Stock trading, Auto & Public sector
- Emerging markets include Korea, India, Brazil ,and Japan
- Our new swipe sensor has received strong interest from the mobile market and several NDA's and evaluation agreements are signed
- Design wins for mobile market expected in H2 2011
- NFC enables payments by mobiles. Fingerprint sensors will secure these payments. NFC and fingerprint sensors go hand in hand

# Investor presentation



For more information, please  
visit our web page at:

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or send an e-mail to:

[investrel@fingerprints.com](mailto:investrel@fingerprints.com)

