

Fingerprint Cards (FPC) Year-end report 2014

FPC increases sales and is well equipped for anticipated market growth in 2015 and ahead.

CEO's comments

"I am pleased to state that in the fourth quarter, FPC achieved its highest quarterly sales to date of SEK 105 M, representing year-on-year growth of 208%. Sales in the quarter were in the lower range of the communicated forecast interval, mainly due to that a number of market launches in the quarter were postponed to the first half of 2015. Overall, this meant that sales for 2014 totaled SEK 234 M, an increase of 145% compared with full year 2013. With sequentially rising quarterly sales in 2014, FPC has established itself as a leading supplier of touch fingerprint sensors and an integral part of the smartphone market, the world's largest market in terms of volume and value. The market we helped to create is materializing in earnest now. We are well equipped to capitalize on this growth now that our customers are establishing the technology that we were first to provide as a standard for high-tier smartphones and tablets.

Our credibility in the market has improved by the reception of Huawei Ascend Mate7, a phone that defines a completely new level of user experience for secure authentication and secure payment services. I cannot think of a better way to create a permanent impression in the market, and we are particularly happy that our technology has contributed to a major commercial success for our customer.

In our endeavor to provide the market with leading fingerprint technology, we launched two new touch fingerprint sensors during the quarter, FPC1025 and FPC1155, which are now being mass produced, as well as FPC1140 and FPC1145, which were launched in early 2015. Without a doubt, we have a highly competitive product portfolio and the successes of our touch fingerprint sensors are also resulting in a shift in the product mix to now almost exclusively consist of touch fingerprint sensors.

One of our biggest challenges in recent years has been predicting how rapidly the market will adopt the technology we offer. We believe that the greatest part of this challenge is now behind us. When we now discuss the introduction of our technology with all leading OEMs, the question is not *if* they are going to introduce this technology but rather *how* the fingerprint sensor will be integrated into their products, and the services that are to be provided with the sensor.

In addition to patent applications to protect our touch fingerprint sensor technology filed by FPC, we have further strengthened our patent portfolio with the acquisition we announced in the past quarter. Our patent portfolio provides very strong protection for our technology and our successful sales to new customers show that our customers have arrived at the same conclusion.

In December, we announced a strategic partnership with Atmel, a world leader in touchscreen controllers. FPC and Atmel will offer secure high performance, biometric touch fingerprint sensor solutions and touchscreens to our respective customers. This represents a pre-certified solution for our customers and more proof that the leading players in the industry are turning firstly to FPC to provide the market's leading offering.

Correspondingly, we recently announced a strategic partnership with O-Film, our newest partner for the development of fingerprint sensor modules. O-Film occupies a strong position in its domestic market in China, which is also our largest and most important market and accounts for the largest growth in both smartphones in general and in the introduction of our technology specifically.

Although the smartphone market is the market on which we currently place the greatest emphasis, it does not mean that we have abandoned other possibilities. One example of this is our collaboration with Zwipe, which attracted major interest in the past quarter. Particular interest was shown in the cooperation that Zwipe announced with MasterCard, with which our technology is planned to be introduced commercially during the latter part of 2015.

We are confidently looking forward to 2015, the year when our technology is expected to become a standard offering in leading smartphones and tablets."

Key figures	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales, SEK M	105.0	34.1	233.6	95.4
Adjusted gross profit, SEK M*	46.4	19.2	106.7	53.9
Gross profit, SEK M	33.7	14.9	71.6	39.1
Adjusted gross margin, % *	44	56	46	56
Gross margin, %	32	44	31	41
Operating loss, SEK M	-29.9	-15.1	-144.4	-34.0
EBITDA, SEK M	-16.4	-11.3	-83.6	-21.4
EBITDA, %	-16	-12	-36	-22
Loss after financial items, SEK M	-29.2	-14.8	-143.6	-32.9
Earnings per share, SEK	-0.50	-0.27	-2.47	-0.60
			Dec 31, 2014	Dec 31, 2013
Cash and cash equivalents, SEK M			101.9	211.7
Order backlog, SEK M			71	23

* See page 17 for explanation

Future prospects

Considering the strong interest from the market in integrating touch fingerprint sensors and the company's strong product portfolio, it is estimated that sales for 2015 will rise sharply compared with 2014. Sales in the first quarter of 2015 are expected to be in line with the corresponding figures for the fourth quarter of 2014. The company's assessment that sales for 2015 will exceed SEK 1 billion remains.

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Key information

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Significant events in the fourth quarter of 2014:

- Fingerprint Cards AB: Fujitsu launches a new smartphone and a new Android tablet device equipped with FPC's swipe sensor technology.
- FPC strengthened its patent portfolio through patent acquisitions.
- FPC confirms its collaboration with Zwipe pertaining to FPC's touch fingerprint sensors.
- FPC reduces its forecast for full-year 2014, provided an initial forecast for 2015 and reported key figures for the third quarter of 2014.
- OPPO presents N3, a smartphone equipped with FPC1021 touch fingerprint sensor.
- FPC wins a DW* for FPC1080 from one of the world's five largest OEM manufacturers.
- FPC introduces two new touch fingerprint sensors.
- Atmel and Fingerprint Cards AB enter into a strategic partnership in biometric fingerprint and touchscreen solutions.
- Fingerprint Cards AB: Exercise of warrants.

Notable events after the close of the reporting period:

- FPC introduces the touch fingerprint sensors FPC1140 and FPC1145.
- FPC and O-Film cooperate on touch fingerprint sensors.
- FPC strengthens management group with Henrik Sundell as Legal Counsel.

** FPC's definition of a Design Win (DW): The decision by a manufacturer to start developing one or more commercial products that will contain FPC's technology as an integrated element of the manufacturer's product(s).*

Market and sales

Sales for the fourth quarter of 2014 amounted to SEK 105 M, the highest quarterly sales in FPC's history. Sales increased 208% compared with the fourth quarter 2013 and 59% compared with the third quarter of 2014.

Huawei's launch of Ascend Mate 7 equipped with FPC1020 which, with our help created a completely new industrial design that was very well received in the market, followed by Oppo's launch of the N3 with FPC1021, have increased FPC's credibility as a leading supplier in the market. Combined with Apple's introduction of fingerprint sensors as a standard component in all products launched during autumn 2014, this meant higher demand for touch fingerprint sensors from our customers for successive launch during 2015. During the fourth quarter, FPC further intensified its activities aimed at the mobile phone and tablet markets in Asia and North America. The company has long-standing relationships with all leading smartphone manufacturers, with the exception of Apple.

The number of new customer projects increased significantly in the fourth quarter of 2014, and in early 2015. FPC is currently involved in customer projects concerning all of the company's touch fingerprint sensors, from FPC1020 to the newest addition to the family, FPC1140/FPC1145, for launch in 2015. Mobile payment services, backed by leading players in the payment services area, are a strong driving force for OEMs to introduce fingerprint sensors, particularly in China. When these secure payment services are developed, FPC is involved as supplier of the the fingerprint sensor, which further strengthens our competitiveness.

Most of the larger smartphone manufacturers have already started requesting touch fingerprint sensors for their premium and high-tier segments, but now also in the planning of the next models in the mid and mid/low-tier segments. Our broader product portfolio will facilitate the introduction of touch fingerprint sensors in more of the customers' market segments, which entails higher revenue potential.

At December 31, 2014, the order backlog was SEK 71 M (29).

Technological development, customer projects, sourcing and production

FPC's touch fingerprint sensor portfolio, FPC1020, FPC1021 and FPC1150, as well as the new solutions, FPC1025 and FPC1155, are now all being mass produced. The introduction of FPC1025 and FPC1155 strengthens our position further thanks to the improved performance of these sensor solutions and increased potential for simplified integration in customer products. We have now supplemented the portfolio with FPC1140 and FPC1145, which are FPC's smallest touch fingerprint sensors to date. These enable the integration of touch fingerprint sensors in new ways into the customer's smartphones.

The organization is now continuing to improve FPC's sensor solutions using experiences gained from the successful customer launches. Since a significant portion of development resources is being allocated to support the product launches of customers, these investments have shorter time before positive result is generated. In this way, we also help our customers to develop even stronger products with leading performance, which is evident by the positive reviews received by our customers for their first phones using touch fingerprint sensors.

During the period that has past, FPC's sourcing and supply organization, together with suppliers and partners, have continued the capacity ramp-up for our new touch fingerprint sensors, FPC1021/FPC1025 and FPC1150/FPC1155, prior to forthcoming market launches of customer products. Mass production of FPC1140/FPC1145 is being prepared for the second quarter of 2015. Considerable work has also been conducted to meet higher needs from our customers for touch fingerprint sensors for products that have already been launched.

The number of customer projects in Asia continued to expand in the fourth quarter, mainly pertaining to the integration of our new sensors, FPC1025 and FPC1155, but also to the recently launched FPC1145. For the next stage of development, we have also focused on credit card projects together with Zwipe for amongst others MasterCard. Our customer project organization has continued to recruit new employees, primarily in Asia.

Sales and earnings

The Group's net sales for the fourth quarter rose to SEK 105.0 M (34.1) and net sales for the full year totaled SEK 233.6 M (95.4). Adjusted gross profit in the fourth quarter increased to SEK 46.4 M (19.2) and the adjusted gross margin was 44% (56) for the same period. The corresponding values for the full year were SEK 106.7 M (53.9) and 46% (56), respectively. Gross profit for the fourth quarter increased to SEK 33.7 M (14.9) and the gross margin was 32% (44). The corresponding full-year amounts were SEK 71.6 M (39.1) and 31% (41), respectively.

FPC reports both an adjusted gross margin and a gross margin since the first value provides clear information about the content of the item "Cost of goods sold" and the latter is calculated on the income-statement component "Cost of goods sold" in the statement of income and comprehensive income.

The result after financial items for the fourth quarter was a loss SEK 28.5 M (profit: 14.7) and a loss of SEK 144.5 M (loss: 32.9) was reported for the full year. No impairment losses were recognized during the fourth quarter of 2014; however, full-year figures include impairment losses, capitalized development expenditure and the company's investment in Anacatum AB totaling SEK 29.5 M (-); see below. The year-end order backlog was SEK 71 M (29).

The Parent Company's net sales for the fourth quarter of 2014 amounted to SEK 105.1 M (34,1) and the result after financial items for the same period was a loss of SEK 29.9 M (loss: 14.7). The corresponding full-year amounts were net sales of SEK 232.0 M (95.4) and a loss of SEK 146.7 M (loss: 33.1), respectively.

Company acquisitions

On April 30, 2014, Anacatum Design AB in Linköping was acquired for SEK 15.3 M. The company develops and sells building blocks for integration into integrated circuits, known as IP, and develops integrated circuits on a contract basis.

Anacatum, which is one of a few remaining players in the world within its field, possesses unique patented technology for analog to digital conversion and extensive experience of the development of integrated circuits for various applications. The technology, which is used in all of FPC's most recent products, offers market advantages in terms of effective power consumption and product cost.

Through the acquisition, FPC ensures its ability to rapidly react to market demand by developing and delivering future sensor products, and updating existing products. By integrating competencies internally, FPC has significantly reduced its dependence on consultants for the development of integrated circuits for sensor products. The acquisition of Anacatum was implemented with the aim of ensuring FPC's access to expertise for its continued focus on product and technology development, and has provided FPC with increased resources to implement more silicon development products or, when necessary, parallel projects.

Acquired assets amounted to SEK 1.3 M and the company's income for 2014 up to the acquisition date totaled SEK 2.3 M. In 2014, the company posted a loss of SEK 0.5 M for the period prior to the acquisition and earnings of SEK 0 M for the period after the acquisition.

In the company's assessment, the purchase consideration does not fulfill the accounting criteria under IFRS to qualify for recognition as an intangible asset. Accordingly, the company has decided to recognize an impairment loss of SEK 15 M.

New share issues

During the fourth quarter of 2014, 1,760,000 warrants were redeemed in the TO3 program. Each warrant entitled the holder to subscribe for a new Class B share for SEK 13.64 during the period between November 18 and December 18, 2014. Redemption of warrants resulted in an increase in share capital by SEK 352,000.

During the first quarter of 2014, a private placement was implemented totaling 2.5 million Class B shares. The new share issues targeted institutional investors internationally. The exercise price of the new issue was SEK 55.25 per share. Share capital increased by SEK 500,000. The new share issue raised a total of SEK 138 M before issue expenses.

Following completion of the above private placements and exercises of warrants, the number of Class B shares totaled 57,221,135 and the number of Class A shares remained unchanged at 1,200,000, bringing the total number of shares to 58,421,135. The total number of votes was 69,221,135.

Share capital trend

Year	Event	Quotient value, SEK	Change in number of shares	Total number of shares	Increase in share capital	Total share capital
1997	Split 500:1	0.2	249,500	250,000	0	50,000
1997	Rights issue	0.2	250,000	500,000	50,000	100,000
1997	New share issue	0.2	2,000,000	2,500,000	400,000	500,000
1997	New issue, redemption of warrants	0.2	370,000	2,870,000	74,000	574,000

1998	New share issue	0.2	2,000,000	4,870,000	400,000	974,000
2000	New share issue	0.2	540,000	5,410,000	108,000	1,082,000
2000	New share issue	0.2	938,258	6,348,258	187,651	1,269,651
2005	New share issue	0.2	3,000,000	9,348,258	600,000	1,869,651
2006	New share issue	0.2	2,804,475	12,152,733	560,895	2,430,546
2009	New share issue	0.2	7,682,060	19,834,793	1,536,412	3,966,958
2009	New share issue	0.2	19,834,793	39,669,586	3,966,959	7,933,916
2011	New share issue	0.2	3,940,000	43,609,586	788,000	8,721,917
2012	New share issue	0.2	4,198,549	47,808,135	839,710	9,561,927
2013	New issue, redemption of warrants	0.2	95,485	47,903,620	19,097	9,581,024
2013	New share issue	0.2	1,400,000	49,303,620	280,000	9,861,024
2013	New share issue	0.2	1,600,000	50,903,620	320,000	10,180,724
2013	New issue, redemption of warrants	0.2	335,407	51,239,027	67,081	10,247,805
2013	New issue, redemption of warrants	0.2	263,500	51,502,527	52,700	10,300,505
2013	New issue, redemption of warrants	0.2	158,608	51,661,135	31,722	10,332,227
2013	New share issue	0.2	2,500,000	54,161,135	500,000	10,832,227
2014	New share issue	0.2	2,500,000	56,661,135	500,000	11,332,227
2014	New issue, redemption of warrants	0.2	1,760,000	58,421,135	352,000	11,684,227

Updated communications policy

FPC has carried out an annual review of the company's policy for communications with the company's stakeholders. Already during the review in 2013, it was decided to limit communication of Design Wins (DWs) and orders to apply to new customers, new markets and/or new applications. Since the company now believes that FPC has passed the phase at which this type of communication is essential and the number of DWs is significant, the company has now decided to no longer communicate DWs to the market, and instead include all DWs and orders as part of the applicable sales forecast communicated by FPC. If new DWs imply that the sales forecast must be updated, this will be communicated as an updated sales forecast. FPC will continue to communicate:

- Significant and or strategic orders that are of such value or importance that they are considered to substantially impact FPC's financial result, both short term and long term, and also communicate whether or not these are included in the prevailing sales forecast.
- Other business transactions that are deemed price-sensitive information.

In the future, FPC will continue to comply with the disclosure obligations imposed on the company through the agreement with Nasdaq as well as other applicable laws and regulations. The Board expects the new communication policy to facilitate external assessments of the company. As before, an invitation to a telephone conference will issued in conjunction with the interim report.

Organization and personnel

The number of employees at December 31, 2014 was 104 (48), including 87 (44) men and 17 (4) women.

In addition to full-time employees, consultants were used during the fourth quarter primarily in technical development, customer projects and sales and marketing corresponding to the equivalent of 71 (32) full-time positions, including 61 (27) men and 10 (5) women. Accordingly, including employees and consultants, FPC had 175 (80) employees at December 31, 2014, of whom 148 (71) were men and 27 (9) women.

Financial position

At December 31, 2014, the Group's disposable cash and cash equivalents totaled SEK 101.9 M (211.7).

The consolidated working capital at the same date amounted to SEK 213.5 M (228.2).

Consolidated shareholders' equity rose to SEK 301.9 M (287.5) and the equity/assets ratio for the Group was 71% (87) at year-end.

The Parent Company's disposable cash and cash equivalents at year-end totaled SEK 93.0 M (209.6).

The Board proposes to the Annual General Meeting that no dividend be paid for 2014.

Fixed assets, investments and depreciation/amortization

Investments in intangible fixed assets amounted to SEK 28.7 M (9.6) for the fourth quarter and to SEK 73.5 M (35.4) for the full year.

Investments in tangible fixed assets increased to SEK 10.3 M (2.3) during the fourth quarter and to SEK 17.0 M (3.0) for the full year.

Depreciation/amortization according to plan, including impairment, amounted to a cost of SEK 13.5 M (cost: 3.7) for the fourth quarter and to a cost of SEK 61.6 M (cost: 12.6) for the full year. Capitalized development expenditure is increasing at a lower rate despite higher development expenditure. One of the reasons for this is that the period for the capitalization of expenditure in a project has been shortened due to earlier demand for products from projects, which interrupts capitalization, and the other is that the financial service life of produces has been reduced due to amortization over a shorter period. Combined, this means that a larger portion of the accrued expenditure for development is recognized earlier as an expense.

Cash flow

Cash flow from operations, including changes in working capital, was a negative SEK 74.8 M (neg: 31.1) in the fourth quarter and a negative SEK 174.3 M (neg: 31.1) for the full year. The decline reflects expenditure for operating activities but also higher inventory levels. High storage volumes are needed for more products, more customers and to satisfy deliveries requirements. Another reason for the decline in cash flow from operations was that the sales increase generated a rise in accounts receivable. Most of the sales in the fourth quarter were invoiced at the end of the quarter.

Cash flow from investments amounted to a negative SEK 39.0 M (neg: 11.9) in the fourth quarter and to a negative SEK 90.6 M (neg: 38.3) for the full year.

Cash flow from financing activities amounted to SEK 23.6 M (112.4) for the fourth quarter and to SEK 155.0 M (220.5) for the full year.

The implemented redemption of warrants during the fourth quarter generated proceeds during the period and other funds were contributed through the implemented new share issue in the first quarter.

The total net change in cash and cash equivalents for the fourth quarter was a negative SEK 90.2 M (pos: 69.4) and a negative SEK 109.8 M (pos: 151.1) for the full year.

Prospective information

This report contains prospective information based on company management's current expectations. Although company management believes that the expectations stated in such prospective information is reasonable, there is no guarantee that these expectations will turn out to be correct. Accordingly, the actual future outcome may vary considerably compared with statements made in the prospective information due to changed conditions with respect to finances, the market, competition, technology, legislation, political factors, exchange rates and other factors mentioned in FPC's annual report, as well as quarterly reports under the heading Significant uncertainties and risks.

Seasonal variations

To date, sales have not shown any distinct seasonal variations.

Related-party transactions

There were no transactions between FPC and related parties that had any material impact on the Group or Parent Company's position and earnings during the reporting period.

Incentive programs

FPC has four outstanding warrant programs that total 9.90% of the total number of shares and 8.73% of the total number of votes in the company.

- T03 An Extraordinary General Meeting on November 17, 2011 approved the issue of 2,000,000 warrants, of which 1,760,000 warrants were held by FPC employees and were redeemed during the redemption period November 18 to December 18, 2014. The price per warrant was SEK 0.41 at the time of issue. The exercise price was SEK 13.64. For further information, see above, under the header **New share issues**.
- T04 An Extraordinary General Meeting on September 5, 2012 approved the issue of 4,818,000 warrants with a term extending from September 6 to October 6, 2015. The price per warrant was SEK 0.15 at the time of issue. All of the warrants under the program are held by FPC's employees. The exercise price for a Class B share is SEK 9.72. On full subscription based on the exercise of all warrants in the program, 4,818,000 new Class B shares can be issued, corresponding to 8.53% of the total number of shares and 7.16% of the total number of voting rights, which will also raise the share capital by SEK 963,600. The program is designated T04.
- T05 An Extraordinary General Meeting on March 4, 2013 approved the issue of 1,300,000 warrants with a term extending from February 5 to March 5, 2016. The price per warrant was SEK 1.79 at the time of issue. All of the warrants under the program are held by FPC's employees. The exercise price for a Class B share is SEK 52.35. On full subscription based on the exercise of all warrants in the program, 1,300,000 new Class B shares can be issued, corresponding to 2.45% of the total number of shares and 2.04% of the total number of voting rights, which will also raise the share capital by SEK 260,000. The program is designated T05.
- T06 An Extraordinary General Meeting on November 6, 2013 resolved to issue 500,000 warrants with a term extending from November 27 to December 27, 2016. The price per warrant was SEK 4.53 at the time of issue. The program was directed at FPC's employees, as well as individuals working full time for the company or the Group, on a consulting basis and where formal employment is with another company that is not a Group company. The exercise price for a Class B share is SEK 90.16. On full subscription with the support of all warrants in the program, 500,000 new Class B shares can be issued, corresponding to 0.8% of the total number of shares and 0.7% of the total voting rights, which will also raise the share capital by SEK 100,000. The program is designated T06.

Significant uncertainties and risks – Group and Parent Company

FPC is exposed to risks. Each of the risks below, other risks and the uncertainties named could, if they occur, have a material negative impact on the company's operations, earnings, financial position or future outlook, or result in a decline in the value of the company's shares, which could result in investors losing all or part of their invested capital. The described risks and uncertainties are not ranked in any order of significance; nor are they claimed to be the only risks or uncertainties to which the company is exposed. Additional risks and uncertainties that the company is currently unaware of or that are currently not adjudged to be material could develop into factors that could in the future have a material negative impact on the company's operations, earnings, financial position or future outlook. The following description does not claim to be complete or exact, since risks and their degree of impact vary over time:

Company risk

- Financing** It cannot be ruled out that further capital may be needed in the future to finance FPC's operations, development and expansion. This need could arise in an unfavorable market situation and on terms that are less favorable than the Board considers them to be today. External financing in a more difficult credit and investment climate could negatively affect FPC's operations, while borrowing, if at all possible, could entail restrictions that would limit the company's latitude. There is no guarantee that capital can be raised when needed, or raised on acceptable terms. By gradually achieving success in the market, and securing a satisfactory margin, a positive cash flow can be created, which will contribute to reducing the need for capital contributions.
- Rights** The operations are dependent on FPC protecting its technology through patents and intellectual property rights. The strategy is to protect the most important areas through approved patents, patent applications and patent acquisitions, but it is not possible to guarantee that all patent applications will be granted. As far as FPC knows, FPC's technology does not infringe upon any other company's intellectual property rights and FPC has never been engaged in patent litigations with external parties. In spite of this, no guarantees can be given that the company cannot be considered to violate the patents or intellectual property rights of another party. In the event that FPC cannot protect its technology with patents or other



intellectual property rights, or may be considered to violate those of another party, FPC's operations, earnings and financial position may be negatively impacted.

- Development** FPC's success depends largely on its ability to drive and adapt to technological developments. FPC conducts development projects in the areas of biometrics, sensor technology and its applications. The projects are conducted in collaboration with consultants and subcontractors. Since the projects may be extensive and complex, delays in schedules cannot be ruled out. Serious delays, disruptions or unforeseen events in development processes could have a negative impact on FPC's future operations.
- Competence** Biometrics is still a relatively new area, showing high growth and requiring advanced technical knowledge from employees. FPC has a number of key persons important to the successful development of its operations. The departure of such key persons from the company could result in operational disruptions and increased costs for recruitment of replacements.

Market risks

- Political risks** FPC has operations in many markets with vastly differing conditions. Changes to laws and regulations regarding such areas as foreign ownership, taxes, government involvement, royalties and customs, for example, coupled with other political and economic risks and uncertainties, such as acts of war, terrorism, etc., could negatively affect the company's earnings and financial position.

- Tax** FPC is currently only a tax subject in Sweden. In the future, however, through the possible establishment in other countries or through operations in other countries, FPC may become a tax subject and thus subject to the payment of tax.

- Exchange rates** As a result of new share issues implemented in 2013 and 2014, the company has had a healthy supply of SEK and no new forward contracts have been signed in 2014. Purchasing, manufacturing, sales and non-Nordic consulting services are essentially conducted only in USD. Accordingly, it cannot be ruled out that changes in exchange rates could negatively impact the company's earnings and financial position.

- Raw material prices** The raw material cost of products could be impacted by price fluctuations mainly for silicon and gold. The percentage of gold in the products is marginal and price fluctuations will only have a limited effect on the price of the end product. Silicon is the largest component in the products. Historically, the price of silicon has not fluctuated to any significant degree and supply is favorable. Should the supply of silicon decrease on the world market, there is a risk of price increases. The price per unit of the company's purchases from external suppliers could thereby increase. There is no guarantee that FPC can in turn pass on the higher costs to its customers. The inability to pass on higher costs to the company's customers could have a negative impact on the Company's operations, earnings and financial position.

- Economic cycle** The global economic trend affects the general investment inclination of FPC's current and potential customers. A weak economic trend in the whole or parts of the world could entail lower-than-expected market growth for the biometrics market. Accordingly, there is a risk that FPC's expected sales could be negatively affected by a weak economic trend, which could have a negative effect on the company's operations, earnings and financial position. Customers are currently predominantly based in Asia. The economic turbulence in Europe and Northern America has not influenced the operation to any major degree. However, there is no guarantee that this will not occur in the future or that the turbulence in Europe and North America will not spread to the Asian market.

Operational risks

- Production** FPC does not conduct any proprietary production. Manufacturing, sales and delivery of FPC's technology and products depend on fulfillment of contractual requirements with respect to, for example, volume, quality and delivery time. Production and delivery problems among suppliers could have a negative impact on the company through delays or quality problems affecting deliveries to customers. Although production is planned up to six months in advance, binding orders from customers are not normally received that far in advance. Uncertainty in sales forecasts could lead to stock accumulation and have an adverse effect on liquidity. The concentration of production to a few suppliers and the associated possibility of ensuring low costs must be weighed against the risk represented by concentration.

- Environment** FPC does not engage in any proprietary manufacturing. Components are sourced from selected suppliers that satisfy requirements in terms of function, quality, stability and environmental aspects. FPC's products have been tested and satisfy the RoHS (Restriction of Hazardous Substances) directive in terms of limiting hazardous substances in electronic products. If the products were not to fulfill requirements on function, quality, stability and environment or if the company's products were not to fulfill the RoHS directive regarding limits on hazardous substances in electronic products, this could negatively impact the company's earnings and financial position.

- Sales** FPC is active in a relatively young market. Assessments of a rapidly developing young industry and its level of competition are subject to reservation for several uncertainties. The trend is dependent on the development of both FPC and its competitors, as well as market acceptance of biometrics. A not inconsequential factor is the rate of development and penetration of services for which biometric solutions will be used. This entails difficulty in predicting the future trend for the operation. FPC's performance is dependent on the continued expansion of the biometrics market. Delayed penetration into more applications and markets will affect sales and earnings. FPC's dependence on a handful of distributors for its sales constitutes a risk. FPC offsets this risk by using additional resellers through a broader product portfolio and by prioritizing customized solutions over standard products. An additional measure is to continuously assess the potential for establishing proprietary companies and sales. FPC is dependent on the Chinese market, where it has an established reseller with a strong position for FPC's technology. A loss of the company's distributor in the Chinese market or another significant distributor or reseller could have a negative impact on the Company's operations, earnings and financial position.

Credit risk

Counterparty risk

Credit risk, defined as the risk that the counterparty does not fulfill its obligations, is attributable in its entirety to credit risk in accounts receivable. The company's customers mainly comprise companies that act as resellers or distributors of the company's products. FPC offsets credit risk through the use of credit ratings and credit limits.

Share risk

Dividend	To date, no dividend has been paid by the company. FPC is expected to be in an expansive investment phase in the upcoming years, which is why FPC's potential distributable profits will probably be reinvested in the business. As a result, the Board of FPC deems that cash dividends to the shareholders will not be paid in the next two years. Over the short term, this means that the return on an investment in the company's share is primarily dependent on the share price.
Shareholders	One individual shareholder owns a substantial share of the voting rights for all of the company's shares outstanding. Consequently, this shareholder has the possibility to exercise a material influence on all matters that demand approval by the shareholders, including the appointment and removal of Board members and any proposals on mergers, consolidation or sale of all or virtually all of FPC's assets, as well as other corporate transactions.
Share price	Investing in shares is by nature associated with the risk that the value of the investment can decrease. There is no guarantee concerning the price performance of the shares offered for trading in connection with the new share issue. The company's share price may decrease due to the increased number of shares in the company, as well as a consequence of the market's reactions to factors entirely beyond FPC's control. FPC's share price has been volatile since the company's share was listed on Nasdaq Stockholm. Trading in the company's shares has generally had a low level of activity. It is not possible to foresee the extent to which investor interest in FPC will lead to active trading in the shares or how trading in the shares will trend in the future. If active and liquid trading does not develop, or is not lasting, this may present difficulties for shareholders to sell their shares without negatively affecting the market price, or at all. FPC's measure is to maintain a good level of communication. Current and potential investors in FPC should note that an investment in FPC is associated with risk and that there are no guarantees that the share price will perform positively. As presented in the account in this section, the price performance of the shares depends on a number of factors in addition to the company's operations, which the company is unable to influence. Even if FPC's business develops positively, there is therefore a risk that the price performance of the company's share may be negative.

Future reporting dates

Interim report January-March	May 21, 2015
Annual General Meeting	June 3, 2015
Interim report April-June	August 20, 2015
Interim report July-September	November 5, 2015

Certification

The Board of Directors and the CEO certify that this interim report provides a fair and accurate review of the operations, financial position and earnings of the Parent Company and the Group and that it describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Gothenburg, February 26, 2015

Urban Fagerstedt
Chairman

Christer Bergman
Board member

Tord Wingren
Board member

Alexander Kotsinas
Board member

Johan Carlström
Board member

Jörgen Lantto
Acting CEO

AUDITORS' REVIEW REPORT

Introduction

We have reviewed the condensed full year financial information in this year-end report for Fingerprint Cards AB (publ), as per December 31, 2014 and the 12-month period that ended on that date. The Board of Directors and the CEO 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 an opinion on this interim report based on our review.

Scope and focus of the review

We conducted our review in accordance with the Swedish Standard on Review Engagements (ISRE) 2410, Review of Interim Reports Performed by the company's elected auditors. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain such assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, a conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Opinion

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

Gothenburg, February 25, 2015

KPMG AB

Johan Kratz

Authorized Public Accountant

About Fingerprint Cards

Fingerprint Cards AB (FPC) develops, produces and markets biometric components that through the analysis and matching of an individual's unique fingerprint verify the person's identity.

The technology consists of biometric sensors, processors, algorithms and modules that can be used separately or combined with other. The competitive advantages offered by FPC's technology include unique image quality, extreme robustness, low power consumption and complete biometric systems. With these advantages and the ability to achieve extremely low manufacturing costs, the technology can be implemented in volume products, such as smart cards and mobile phones, where extremely rigorous demands are placed on these characteristics. FPC's technology can also be used in IT and Internet products for security and access control, etc.

Vision	FPC aims to be the leading supplier of components and systems for fingerprint verification. "Beyond keys and PIN codes - FPC makes life easy through secure identification."
Business concept	FPC develops and sells leading biometric products and solutions to companies that develop security and comfort systems.
Business model	FPC works with three business models – component sales, project sales and licensing. Sales are conducted via distributors and direct selling to product developers/systems integrators and OEMs. (Original Equipment Manufacturers).
Product strategy	FPC aims to be a supplier of components and systems for fingerprint verification. As well as developing and marketing components in the product categories - area sensors, touch sensors and swipe sensors.
Patent strategy	To pursue an active patent strategy based on careful monitoring of the market in an effort to evaluate new opportunities for filing patents and identifying possible infringement of FPC's patents.
Production strategy	Produce through close cooperation with selected sub-suppliers. Production-critical elements of manufacturing are to be conducted using tools owned by FPC but operated by the sub-supplier. All manufacturing is to be conducted in accordance with forecasts based on information received from customers and distributors.
Market strategy	<p>To market products with a focus on product developers/system integrators either via distributors or directly. Sales at the producer level will occur in close cooperation with distributors. FPC will also actively pursue sales efforts. Sales of area sensors are to be broadened above and beyond the volume segment of IT applications for banks to encompass other IT segments. Geographically, the area sensor, in terms of bank applications, will be marketed primarily in India, South Korea, Japan and Brazil, and also in Europe and the US.</p> <p>Swipe sensors are to be marketed to product developers/system integrators of mobile phones and other portable applications, such as tablet devices, USB keys, smart cards, etc. As a feature of the launch of swipe sensors, the company will participate actively in development projects together with mobile-phone manufacturers. Geographically, marketing will occur in China, Korea, Taiwan, Japan, Europe and the US.</p>
Value-driving factors	The potential to use mobile phones for payment applications, with the accompanying security requirements, is a major driving force, as is the possibility of using fingerprint sensors for the next generation of charge cards. Identity theft, impersonation and stricter authentication imposed by public authorities and organizations are also driving the demand for more secure solutions. Increased requirements in terms of comfort and security in connection with authentication are creating demand for alternatives to cards, pin codes and passwords. In addition to these factors, there are also cost savings, benefits of scale and the potential to facilitate greater use in, for example, emerging countries and elsewhere.

Condensed consolidated statement of comprehensive income

(SEK M)	Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
	2014	2013	2014	2013
Net sales	105.0	34.1	233.6	95.4
Cost of goods sold	-71.3	-19.1	-161.9	-56.3
Gross profit	33.7	14.9	71.7	39.1
Selling costs	-15.7	-11.6	-54.4	-29.3
Administrative costs	-8.6	-5.1	-28.9	-17.7
Development costs	-42.7	-13.1	-140.2	-25.9
Other operating income/expenses	3.2	-0.1	6.6	-0.3
Operating loss	-29.9	-15.0	-145.2	-34.0
Net financial items	0.7	0.4	1.7	1.1
Tax	-0.5	-	-0.5	-
Loss for the period	-29.7	-14.7	-144.0	-32.9
Other comprehensive income	0.0	0.0	0.0	0.0
Total comprehensive loss for the period	-29.7	-14.7	-144.0	-32.9
Loss for the period attributable to:				
Parent Company shareholders	-29.7	-14.7	-144.0	-32.9
Loss for the period	-29.7	-14.7	-144.0	-32.9
Total comprehensive loss attributable to:				
Parent Company shareholders	-29.7	-14.7	-144.0	-32.9
Total comprehensive loss for the period	-29.7	-14.7	-144.0	-32.9
Earnings/loss per share for the period				
Before dilution, SEK	-0.49	-0.27	-2.47	-0.60
After dilution, SEK	-0.47	-0.27	-2.32	-0.60

Condensed consolidated statement of financial position

	Dec 31,	Dec 31,	Dec 31,
	2014	2013	2012
Assets			
Intangible fixed assets	69.8	54.3	29.1
Tangible fixed assets	18.8	5.4	4.8
Financial fixed assets	-	-	-
<i>Total fixed assets</i>	<i>88.6</i>	<i>59.7</i>	<i>33.9</i>
Inventories	98.8	19.9	11.7
Accounts receivable	115.8	31.1	6.2
Other receivables	15.9	7.7	1.9
Prepaid expenses and accrued income	3.7	2.4	0.9
Cash and cash equivalents	101.9	211.7	60.6
<i>Total current assets</i>	<i>336.0</i>	<i>272.8</i>	<i>81.3</i>
Total assets	424.6	332.5	115.3
Shareholders' equity and liabilities			
Shareholders' equity	301.1	289.7	101.9
Non-current liabilities	0.2	0.4	0.7
Advance from customers	29.7	-	-
Accounts payable	66.1	25.7	4.6
Other liabilities	5.9	1.5	0.6
Accrued expenses and deferred income	21.5	15.2	7.5
Total shareholders' equity and liabilities	424.6	332.5	115.3
Pledged assets	15.0	15.0	15.0
Contingent liabilities	None	None	None

Condensed consolidated statement of changes in shareholders' equity

(SEK M)	Jan-Dec 2014	Jan-Dec 2013
Opening shareholders' equity	289.7	101.9
Total comprehensive loss for the period	-144.0	-32.9
Paid-in warrant premiums	23.6	4.6
New share issue	131.7	216.2
Closing shareholders' equity	301.1	289.7

Condensed consolidated cash-flow statement

(SEK M)	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Loss before tax for the period	-29.7	-14.7	-144.0	-32.9
Adjustment for non-cash items	13.6	3.7	61.7	12.6
Change in inventory	-40.7	-10.1	-78.9	-8.5
Change in current receivables	-57.7	-16.3	-94.1	-31.9
Change in current liabilities	39.8	6.4	81.0	29.6
Cash flow from operating activities	-74.8	-31.1	-174.3	-31.1
Cash flow from investing activities	-39.0	-11.9	-90.6	-38.3
Cash flow from financing activities	23.6	112.4	155.1	220.5
Change in cash and cash equivalents	-90.2	69.4	-109.8	151.1
Cash and cash equivalents on the opening date	192.1	142.3	211.7	60.6
Closing cash and cash equivalents	101.9	211.7	101.9	211.7

Key consolidated data

(SEK M)	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net sales (SEK M)	105.0	34.1	233.6	95.4
Net sales growth (%)	208	1,795	145	926
Adjusted gross margin (%)	44	56	46	56
Gross margin (%)	32	44	31	41
Operating margin (%)	-28	-44	-62	-36
Profit margin (%)	-28	-43	-62	-35
EBITDA (SEK M)	-16.0	-11.9	-83.6	-21.4
Return on equity (%)	-10	-3	-49	-8
Cash flow from operating activities incl. changes in working capital (SEK M)	-74.8	-31.3	-174.3	-31.1
Order backlog (SEK M)	71	23	71	23
Equity/assets ratio (%)	71	87	71	87
Investments (SEK M)	39.0	-11.9	90.6	38
Average number of employees	99	26	71	32
Shareholders' equity per share (SEK)	5.15	5.19	5.15	5.19
Shareholders' equity per share after dilution, SEK(1)	4.86	5.20	4.86	5.20
Cash flow from operating activities/share (SEK)	-1.28	-0.08	-2.98	-0.52
Cash flow from operating activities/share after dilution (SEK) (1)	-1.21	-0.08	-2.81	-0.52
Number of shares at period end (000s)	58,421	54,161	58,421	54,161
Average number of shares (000s)	57,754	52,066	57,514	50,893
Average number of shares after dilution (000s)(1)	62,941	56,659	62,061	55,288
Market price of FPC Class B share (SEK) at end of period	34.80	54.25	34.80	54.25

1) At the end of the period, FPC had three warrant programs:

TO4: The program is from 2012 and extends until October 6, 2015. The exercise price is SEK 9.72. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 4,818,000 new Class B shares.

TO5: The program is from 2013 and extends until March 5, 2016. The exercise price is SEK 52.35. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 1,300,000 new Class B shares.

TO6: The program is from 2013 and extends until December 27, 2016. The exercise price is SEK 90.16. The program has been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 500,000 new Class B shares.

Average number of shares after dilution: The average number of shares during the period and the maximum number of shares that could arise from exercise of warrants. If the average share price is lower than the exercise price, there is no discounted share price and thus no dilution, since the discount is what constitutes dilution.

The Group's operating segments

(SEK M)	Sensors		Other		Group	
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	2014	2013	2014	2013	2014	2013
Net sales	233.6	95.4	-	-	233.6	95.4
Segment earnings	-145.2	-34.0	-	-	145.2	-34.0
Net financial items	1.6	1.1	-	-	1.6	1.1
Loss for the period	-144.0	-32.9	-	-	-144.0	-32.9

Consolidated statement of income and comprehensive income for the past nine quarters

(SEK M)	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
	2014	2014	2014	2014	2013	2013	2013	2013	2012
Net sales	105.0	66.1	44.0	18.4	34.1	31.6	20.6	9.1	1.9
Cost of goods sold	-71.3	-45.0	-30.9	-14.8	-19.1	-16.1	-12.0	-9.0	-3.4
Gross profit	33.7	21.2	13.2	3.5	14.9	15.5	8.6	0.1	-1.5
Selling costs	-15.7	-14.5	-12.8	-11.5	-11.6	-6.3	-5.8	-5.5	-3.5
Administrative costs	-8.6	-7.6	-6.8	-5.8	-5.1	-4.0	-4.8	-3.8	-2.8
Development costs	-42.7	-45.1	-40.0	-12.5	-13.1	-6.4	-3.8	-2.7	-2.2
Other operating income/expenses	3.2	2.0	1.5	-0.2	-0.1	-0.5	0.4	-0.1	0.2
Operating loss	-29.9	-43.9	-44.9	-26.6	-15.0	-1.7	-5.3	-12.1	-9.8
Net financial items	0.7	0.5	-0.1	0.6	0.4	0.4	0.4	0.0	0.1
Tax	-0.5	0	-	-	-	-	-	-	-
Loss for the period	-29.7	-43.3	-44.9	-26.0	-14.7	-1.3	-4.9	-12.0	-9.7
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	-	-	-	-
Total comprehensive loss for the period	-29.7	-43.3	-44.9	-26.0	-14.7	-1.3	-4.9	-12.0	-9.7

Consolidated statement of financial position for the past nine quarters

	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	2014	2014	2014	2014	2013	2013	2013	2013	2012
Assets									
<i>SEK/USD exchange rate, balance sheet date</i>	7.81	7.23	6.74	6.50	6.50	6.43	6.71	6.53	6.52
Intangible fixed assets	69.8	54.1	72.8	62.4	54.3	47.3	35.1	30.8	29.1
Tangible fixed assets	18.8	9.0	8.3	7.4	5.4	4.2	4.4	4.4	4.8
Total fixed assets	88.6	63.1	81.1	69.8	59.7	51.5	39.5	35.2	33.9
Inventories	98.8	58.0	26.5	16.1	19.9	9.7	6.7	12.3	11.4
Accounts receivable	115.8	61.3	41.8	20.3	31.1	14.8	6.4	2.3	6.2
Other receivables	15.9	13.3	12.0	8.4	7.6	5.9	3.5	3.5	2.3
Prepaid expenses and accrued income Int.	3.7	2.9	2.5	1.2	2.4	1.9	1.4	0.8	0.8
Cash and cash equivalents	101.9	192.1	237.6	306.5	211.7	142.3	148.2	148.5	60.6
Total current assets	336.0	327.7	320.3	352.5	272.8	174.6	166.2	167.4	81.3
Total assets	424.6	390.9	401.4	422.4	332.5	226.1	205.8	202.6	115.3
Shareholders' equity and liabilities									
Shareholders' equity	301.1	307.1	350.4	395.6	289.7	189.7	191.0	189.8	101.9
Non-current liabilities	0.2	0.2	0.3	0.4	0.4	0.5	0.5	0.6	0.7
Advance from customers	29.7	-	-	-	-	-	-	-	-
Accounts payable	66.1	58.0	25.6	6.9	25.7	25.8	5.9	5.1	4.6
Other liabilities	5.9	3.6	3.8	1.6	1.5	0.9	1.0	0.8	0.6
Accrued exp. and def. income Int.	21.5	22.0	21.3	17.8	15.2	9.3	7.3	6.3	7.5
Total shareholders' equity and liabilities	424.6	390.9	401.4	422.4	332.5	226.1	205.8	202.6	115.3

Consolidated cash flow statement for the past nine quarters

(SEK M)	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012
Loss before tax for the period	-29.7	-43.3	-44.9	-26.0	-14.7	-1.3	-4.4	-12.0	-9.7
Adjustments for non-cash items	13.6	22.7	21.2	4.2	3.7	3.0	3.0	2.9	2.7
Change in inventory	-40.7	-31.6	-10.4	3.8	-10.1	-3.0	5.5	-0.8	0.2
Change in current receivables	-57.7	-21.3	-26.3	11.2	-16.3	-11.4	-4.6	2.7	9.4
Change in current liabilities	39.8	32.9	24.3	-15.9	6.4	21.8	2.1	-0.5	4.4
Cash flow from operating activities	-74.8	-40.6	-36.2	-22.7	-31.1	9.1	1.5	-7.8	7.0
Cash flow from investing activities	-39.0	-4.8	-32.5	-14.3	-11.9	-15.0	-7.3	-4.2	-3.3
Cash flow from financing activities	23.6	-0.1	-0.3	131.8	112.4	-0.1	6.0	99.8	30.9
Change in cash and cash equivalents	-90.2	-45.5	-69.0	94.8	69.4	-6.0	-0.3	87.9	34.7
Cash and cash equivalents on the opening date	192.1	237.6	306.5	211.7	142.3	148.2	148.5	60.6	25.9
Closing cash and cash equivalents	101.9	192.1	237.6	306.5	211.7	142.3	148.2	148.5	60.6

Key consolidated figures for the past nine quarters

(SEK M)	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012
Net sales (SEK M)	105.0	66.1	44.1	18.4	34.1	31.6	20.6	9.1	1.9
Net sales growth (%)	208	52	114	102	1,795	554	3,433	75	-90
Adjusted gross margin (%)	44	46	47	50	56	57	53	39	66
Gross margin (%)	32	32	30	39	44	49	42	1	-77
Operating margin (%)	-28	-66	-102	-145	-44	-5	-26	-132	-512
Profit margin (%)	-28	-65	-102	-142	-43	-4	-10	-100	-505
EBITDA (SEK M)	-16.0	-21.1	-24.1	-22.4	-11.3	1.3	-2.3	-9.2	-7.0
Return on equity (%)	-10	-13	-12	-6	-3	1	-3	-9	-11
Cash flow from operating activities (SEK M)	-74.8	-40.6	-36	-22.7	-31.1	11.5	1.0	-7.8	7.0
Order backlog (SEK M)	71	50	63	41	22	38	27	42	19
Equity/assets ratio (%)	71	79	87	94	87	84	93	94	88
Investments (SEK M)	39.0	-4.8	-33	-14.3	-11.9	-15.0	-7.3	-4.2	-3.3
Average number of employees	99	91	70	55	26	24	21	20	19
Shareholders' equity per share (SEK)	5.15	5.42	6.18	6.98	5.19	3.67	3.70	3.70	2.11
Shareholders' equity per share after dilution (SEK) (1)	4.86	5.02	5.69	6.41	5.20	3.46	3.40	3.47	2.11
Cash flow from operating activities per share (SEK)	-1.28	-0.72	-0.64	-0.40	-0.08	0.22	0.02	-0.15	0.16
Cash flow from operating activities per share, after dilution (SEK)	-1.21	-0.66	-0.59	-0.37	-0.08	0.21	0.02	-0.14	0.16
Number of shares at period end (000s)	58,421	56,661	56,661	56,661	54,161	51,661	51,661	51,239	47,808
Average number of shares (000s)	57,754	56,661	56,661	55,102	52,066	51,661	51,467	51,233	44,216
Average number of shares after dilution (000s) (1)	62,941	61,139	61,624	59,788	56,659	56,587	56,195	51,855	44,216
Market price of FPC Class B share (SEK)	34.80	36.50	49.50	54.00	54.25	52.50	57.25	34.60	12.35

1) At the end of the year, FPC had three warrant programs:

TO4: The program is from 2012 and extends until October 6, 2015. The exercise price is SEK 9.72. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 4,818,000 new Class B shares.

TO5: The program is from 2013 and extends until March 5, 2016. The exercise price is SEK 52.35. The program was considered in calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 1,300,000 new Class B shares.

TO6: The program is from 2013 and extends until December 27, 2016. The exercise price is SEK 90.16. The program has been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 500,000 new Class B shares.

Average number of shares after dilution: The average number of shares during the period and the maximum number of shares that could arise from exercise of warrants. If the average share price is lower than the exercise price, there is no discounted share price and thus no dilution, since the discount is what constitutes dilution.

Rolling 12-month key figures for the Group for the past nine quarters

	Jan-Dec 2014	Oct-Sep 2013/14	Jul-Jun 2013/14	Apr-Mar 2013/14	Jan-Dec 2013	Oct-Sep 2012/13	Jul-Jun 2012/13	Apr-Mar 2012/13	Jan-Dec 2012
Sales, rolling 12 months (SEK M)	233.6	162.7	128.2	104.6	95.4	63.2	34.2	14.2	10.3
Gross profit/loss, rolling 12 months (SEK M)	71.7	53.0	47.1	42.6	39.1	22.8	6.3	-5.3	-5.7
Gross margin, rolling 12 months (%)	31	33	37	41	41	36	19	Neg.	Neg.
Operating loss, rolling 12 months (SEK M)	-145.2	-130.5	-88.2	-48.6	-34.0	-28.7	-36.9	-36.7	-38.7
Operating margin, rolling 12 mths (%)	-62	-80	-69	-46	-36	-45	-109	-257	-378
EBITDA, rolling 12 months (SEK M)	-83.6	-78.6	-56.1	-35.2	-21.4	-20.6	-36.3	-30.7	-28.0

Disclosures on the consolidated fair value of financial instruments

SEK M	Dec 31, 2014				Dec 31, 2013			
	Level				Level			
	1	2	3	Total	1	2	3	Total
Current financial receivables								
Financial assets at fair value via profit or loss	-	-	-	-	-	-	-	-
Cash and cash equivalents								
Financial assets at fair value via profit or loss	22.2	-	-	22.2	8.5	-	-	8.5
Total financial assets	22.2			22.2	8.5			8.5
Current financial liabilities								
Financial liabilities at amortized cost	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-	-	-

Fair value and carrying amount of financial liabilities and assets

SEK M	Dec 31, 2014		Dec 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Current financial assets				
Financial assets at fair value via profit or loss	-	-	-	-
Loan receivables and accounts receivable				
Accounts receivable	115.8	115.8	31.1	31.1
Cash and cash equivalents	101.9	101.9	211.7	211.7
Total financial assets	217.7	217.7	242.8	242.8
Financial liabilities				
Current financial liabilities:				
Accounts payable	66.1	66.1	25.7	25.7
Total financial liabilities	66.1	66.1	25.7	25.7
By category				
Financial assets at fair value via profit or loss	-	-	-	-
Loan receivables and accounts receivable	217.7	217.7	242.8	242.8
Total financial assets	217.7	217.7	242.8	242.8
Financial liabilities at amortized cost	66.1	66.1	25.7	25.7
Total financial liabilities	66.1	66.1	25.7	25.7

Qualitative fair value data for financial instruments

Financial instruments exist solely in category 1; there have been no transfers between categories. The company does not apply a portfolio approach.

Condensed income statement, Parent Company

(SEK M)

Net sales
Cost of goods sold
Gross profit
Selling costs
Administrative costs
Development costs
Other operating income/expenses
Operating loss
Earnings shares in subsidiaries
Net financial items
Tax
Loss for the period

Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
105.1	34.1	231.9	95.4
-71.3	-19.1	-161.9	-56.3
33.8	14.9	70.0	39.1
-15.7	-11.6	-54.4	-29.3
-7.7	-5.1	-28.0	-17.7
-43.8	-13.3	-127.1	-26.1
3.3	-0.1	6.6	-0.3
-30.1	-15.0	-133.0	-34.2
-	-	-15.5	-
0.2	0.4	1.8	1.1
-	-	-	-
-29.9	-14.7	-146.7	-33.1

Condensed balance sheet, Parent Company

(SEK M)

Assets
Intangible fixed assets
Tangible fixed assets
Financial fixed assets
Total fixed assets
Inventories
Accounts receivable
Current receivables
Prepaid expenses accrued income
Cash and bank deposits
Total current assets
Total assets
Shareholders' equity and liabilities
Restricted equity
Unrestricted shareholders' equity
Total shareholders' equity
Current liabilities
Total shareholders' equity and liabilities
Pledged assets
Contingent liabilities

Dec 31 2014	Dec 31 2013	Dec 31 2012
65.1	54.3	29.1
16.4	4.6	3.8
1.8	8.3	3.6
83.3	67.2	36.5
98.8	19.9	11.7
115.5	31.1	6.2
24.8	7.8	1.8
3.2	2.3	0.8
93.0	209.6	59.9
335.3	270.8	80.7
418.7	338.0	117.1
53.1	52.3	51.0
244.6	236.9	50.4
297.8	289.2	101.4
120.9	48.8	15.6
418.7	338.0	117.1
15.0	15.0	15.0
None	None	None

Accounting policies

This condensed interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting, and applying the provisions in the Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act, Chapter 9, Interim reports. The application of these accounting policies complies with those presented in the Annual Report for the fiscal year ending December 31, 2013 and must be read together with Annual Report. No new or revised IFRS that have become effective in 2014 have had any significant impact on the Group.

Glossary

Algorithm	A systematic procedure for how to conduct a calculation or solve a problem in a given number of steps. In FPC's specific case, the method refers to the comparison of two fingerprints with each other.
Area sensor	A sensor with the size of a fingertip that can scan an entire fingerprint simultaneously. The fingertip is simply drawn against the sensor surface; refer to swipe sensor.
ASIC	<i>Application Specific Integrated Circuit</i> . An integrated circuit in the form of a silicon chip that is designed to conduct specific functions – in our case the measurement of a fingerprint.
Authentication	Control process for a particular identity; in conjunction with logging on, for example. The word is synonymous with verification.
Biometric system	A pattern recognition system that identifies or verifies a person by studying a physiological character of the person, in our case a fingerprint pattern.
Chip	A piece of silicon in which the integrated circuit is embedded, such as a sensor chip. A silicon wafer normally, a silicon wafer is cut into a number of chips, with each chip being essentially identical.
Dpi	Dots per inch. Resolution per spacial unit, in this case, inches. The higher the value, the better the resolution and degree of detail.
Design Win	The decision by a manufacturer, for example, a mobile phone manufacturer, to start developing one or more commercial products that will contain FPC's technology as an integrated element of the manufacturer's product(s).
Enrolment	Compilation of biometric data used to create a template. The process by which biometric data is compiled from an individual and processed and stored as a reference image.
Identification	Comparison of compiled biometric data with all stored templates for the purpose of identifying one of these templates (and thus an individual) from a multitude.
Swipe sensor	A sensor with a width equal to a fingertip but much narrower than the length of the finger. The fingertip is drawn across the sensor surface and part of the fingertip is scanned step-wise; compare with area sensors. The fingerprint is scanned in this manner.
Matching	The process of comparing an image of a fingerprint with a pre-processed template, and assessing whether or not they are similar.
Packaging	The work and components, apart from the silicon chip, required for building a sensor.
Yield	The percentage of a number of approved units divided by the number of initial units. The term is used primarily in production.
Sensor platform	The silicon technology that FPC has created for the development of future sensors.
Template	An arrangement of unique data that represents a certain fingerprint.
Verification	The comparison of compiled biometric data between an individual and a given template for the purpose of verifying a match.
Wafer chips.	A thin circular slice of silicon containing a number of integrated circuits, such as sensor chips.
Yield	The percentage of a number of approved units divided by the number of initial units. The term is used primarily in production.

Definitions

Earnings per share	Earnings for the period attributable to the Parent Company's shareholders divided by the Parent Company's average number of shares for the fiscal year.
Earnings per share after dilution	See "Earnings per share" plus adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs. Earnings per share after dilution can never be better than earnings per share before dilution.
Shareholders' equity per share	Shareholders' equity attributable to the Parent Company's shareholders divided by the number of shares outstanding, before dilution, at period-end.
Shareholders' equity per share after dilution	See "Shareholders' equity per share" plus adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs.
Average number of shares	The Parent Company's average weighted number of shares for the fiscal year.
Average number of shares after dilution	See "Average number of shares" plus an increase by the average number of shares that could be issued as a result of current remuneration and personnel programs.
Equity/assets ratio	Shareholders' equity divided by total assets.
Inventory turnover rate	Cost of goods sold divided by average inventories.
Average credit period	Average value of accounts receivable over the period in relation to net sales, multiplied by 360 days.
Working capital	Current assets less current non-interest-bearing provisions and liabilities.
Gross profit	Income less cost of goods sold.
Adjusted Gross profit	Income less cost of goods sold excluding production expenses and amortization according to plan of capitalized development expenditure, meaning that only the cost of materials with subcontracted work and freight costs are included in the costs component.
Cost of goods sold	Cost for materials, production expenses and amortization according to plan of capitalized development expenditure.
Gross margin	Gross margin as a percentage of net sales.
Adjusted gross margin	Adjusted gross margin as a percentage of net sales.
Operating margin	Operating profit/loss as a percentage of net sales.



Net margin
EBITDA

Profit/loss for the period as a percentage of net sales.
Earnings Before Interest Taxes Depreciation and Amortization.
Operating profit before interest rates, taxes, depreciation/amortization and impairment losses.