

Fingerprint Cards (FPC) Interim Report for the first quarter of 2015

FPC increases its revenue and initiates broader market launch of touch fingerprint sensors

CEO's comments

Revenue for the first quarter of 2015 totaled SEK 140 M, up 660% year-on-year and a rise of 33% compared with the fourth quarter of 2014. We view the rise in revenue as a sign that the market we address is now being properly established. One notable point is that the major smartphone manufacturers clearly prefer touch fingerprint sensors to swipe fingerprint sensors, which is further accelerating the market growth in value thanks to the higher prices per unit for touch fingerprint sensors compared with swipe fingerprint sensors, and favors us because of our broad and competitive touch sensor portfolio.

A positive operating cash flow was generated during the first quarter. This comes from fast growing revenues combined with pre-payments from customers regarding deliveries to be made during the second quarter 2015, as well as from reduced increase in operating expenditure. This positive development has continued further during the second quarter to date. The company does not today foresee any further need of capital injection despite the strong growth of volumes that is expected during the remainder of the year.

To date during 2015, we have continued the integration of our touch fingerprint sensors into a large number of smartphones. This applies particularly to the FPC1025, which is integrated into the backside of the phone, and has proved to be highly competitive. As previously communicated, we have received a number of major orders for touch fingerprint sensors scheduled for delivery during the second and third quarters of 2015.

Up until today HTC, Huawei, Oppo, Newman, LeTV and Yulong have launched smartphones with FPC's touch fingerprint sensor.

During the first quarter, we launched two new touch fingerprint sensors, FPC1140 and FPC1145. The latter is the first touch sensor designed for integration as a side button in phones, meaning it can be integrated into the volume button or the power button. Recently, we also launched two new touch fingerprint sensors, FPC1022 and FPC1035, which are our smallest touch fingerprint sensors to date and are planned as successors to FPC1021 and FPC1025, which have recently met with considerable success. Our algorithm development has reached a breakthrough in the capability to retain highly competitive performance in terms security, speed and reliable verification, despite a substantial reduction in the size of the sensor. These qualities make the touch fingerprint sensors launched in 2015 very strong products for the future.

All touch fingerprint sensors in our product family – with the exception of FPC1022 and FPC1035 – are now being delivered to our module partners for mass production, and projects are ongoing to integrate these into smartphones together with a number of leading smartphone OEMs in Asia. Mass production of FPC1022 and FPC1035 is scheduled for the second quarter of 2015 and orders have already been received for volume supply. Our broad portfolio, which makes us capable of supporting different ways of integrating touch fingerprint sensors into smartphones, makes us prepared to manage the OEMs different requirements and this means we have a very strong competitive position.

In cooperation with our suppliers and module partners, the company's focus at present is to ensure the capacity to deliver substantially growing volumes of touch fingerprint sensors. Our sales organization and sourcing and supply organizations are focusing intently on securing capacity for the volume delivery phase that we have now entered. Together with our suppliers, major efforts have been put into strengthening our organization and supply capability, and our assessment is that we are well prepared to meet the fast growing demand from the market.

In recent months, our development resources have devoted a great deal of time helping mobile phone manufacturers to integrate touch fingerprint sensors into smartphones for ongoing launches. This means that an increasing share of our development cost is associated with efforts with short time to revenue. We are also continuing to invest in further enhancing our sensor technology in all respects. Our wide-ranging involvement with customers gives us invaluable input from OEMs regarding what is required for future products. This makes us secure in the knowledge that we are investing in solutions that add value for our customers and strengthen our competitiveness in the years ahead.

Apart from the rapidly growing touch fingerprint sensor business for smartphones, we continue to develop our offering for smartcards. This is paving the way for new, complementary business potential together with Zwipe and other business partners.

We are with high confidence looking forward to the coming period, which is expected to be associated with successively growing volume deliveries and several product launches of smartphones that incorporate our touch fingerprint sensors.

Key figures	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales, SEK M	139.9	18.4	233.6
Adjusted gross profit, SEK M*	50.5	9.1	106.7
Gross profit, SEK M	37.4	3.5	71.6
Adjusted gross margin, % *	36	50	46
Gross margin, %	27	19	31
Operating loss, SEK M	-18.8	-26.6	-144.4
EBITDA, SEK M	-6.8	-22.4	-83.6
EBITDA, %	-5	-122	-36

Loss after financial items, SEK M	-18.9	-26	-143.6
Earnings per share, SEK	-0.32	-0.46	-2.47
<small>* See page 7 for explanation</small>			
		Mar 31, 2015	Mar 31, 2014
Cash and cash equivalents, SEK M		120.9	306,5
Order backlog, SEK M		364	41

Future prospects

Revenues for the second quarter 2015 are foreseen to amount to at least SEK 340 M, which corresponds to a growth compared to the second quarter 2014 of +670%. The second quarter and onwards is expected to yield a positive operating result.

Communicated order values for 2015 hereby amount to 740 MSEK to date. In addition to revenues for Q1 2015 of 140 MSEK and a number of smaller orders not separately communicated amounting to 120 MSEK, current order value and revenues amount to more than 1,000 MSEK for 2015. Since FPC foresees sequential significantly increased revenues during the full year 2015, the revenue guidance for 2015 is increased from the previously communicated guidance that revenues for 2015 will exceed 1,000 MSEK to an updated guidance that revenues for 2015 will exceed 1,500 MSEK. The reason for this is the growing interest from the market in integrating touch fingerprint sensors and the company's strong product portfolio.

The company does not today foresee any further need of capital injection despite the strong growth of volumes that is expected during the remainder of the year.

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Fingerprint Cards AB (publ), Corp. Reg. No. 556154-2381, discloses this information pursuant to the Swedish Securities Market Act (2007:528) and the Swedish Financial Instruments Trading Act (1991:980). The information was issued for publication on May 21, 2015 at 8 a.m. CET.

Key information

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Significant events during the first quarter 2015:

- FPC introduces the touch fingerprint sensors FPC 1140 and FPC 1145
- FPC and O-Film cooperate on touch fingerprint sensors
- FPC strengthens management group with Henrik Sundell as General Counsel
- FPC to showcase fingerprint sensor FPC1145 at Mobile World Congress
- FPC receives order for touch fingerprint sensors worth SEK 75 M
- FPC receives order for touch fingerprint sensors worth SEK 90 M

Notable events after the close of the reporting period:

- FPC updates sales for the first quarter 2015
- FPC receives order for touch fingerprint sensors worth SEK 110 M
- FPC reports final revenues for the first quarter 2015
- FPC introduces its smallest touch fingerprint sensors to date
- FPC receives order for touch fingerprint sensors worth SEK 230 M
- Fingerprint Cards receives touch fingerprint sensor order of SEK 230 million and raises revenue guidance for 2015
- Yulong launches its first smartphone with touch fingerprint sensor, Coolpad Tiptop Pro, featuring FPC1025

Market and sales

Up until today HTC, Huawei, Oppo, Newman, LeTV and Yulong have launched smartphones with FPC's touch fingerprint sensor.

Revenue for the first quarter of 2015 amounted to SEK 140 M. Compared with the first quarter of 2014, revenue grew 660% and growth compared with the fourth quarter of 2014 was 33%.

As anticipated, we saw a number of phone manufacturers, mainly in China, launch phones featuring our FPC1020, FPC1025 and FPC1150 touch fingerprint sensors during the period under review. As we previously reported and in contrast to our earlier expectations, smartphone manufacturers are now opting for more rapid integration of touch fingerprint sensors in the broader product segment, driven largely by the introduction of secure payment services for which the fingerprint sensor plays a crucial role. Meanwhile, we also note that a number of manufacturers have decided to embed fingerprint sensors not just in a specific model but also in broader parts of their

portfolios, which will raise volumes. Considering the broad-based launch of touch fingerprint sensors in an increasing number of models and the higher ASP compared with swipe fingerprint sensors, this offers increasing revenue for FPC.

Thus, to a great extent, the current focus of the sales organization is on ensuring that we – together with our module partners, distributors and customers – can plan the delivery of the rising volumes of touch fingerprint sensors with the right timing.

As of March 31, 2015, the order backlog amounted to SEK 364 M (41).

Technological development, customer projects, sourcing and production

Our product portfolio, which is the broadest and the most comprehensive in the market in terms of touch fingerprint sensors for smartphone integration on the backside, the front and as a side button, was recently supplemented with FPC1022 and FPC1035, which are primarily designed for integration on the backside, and are the smallest-sized touch fingerprint sensors that FPC has launched to date. Apart from FPC1035 and FPC1022, the remaining product portfolio for touch fingerprint sensors – FPC1020, FPC1021, FPC1025, FPC1140, FPC1145, FPC1150 and FPC1155 – are all in mass production.

The sharply increased interest in integrating our touch fingerprint sensors into smartphones entails that efforts to support customer launches and ensure performance are accounting for a growing share of development costs. This is not preventing us from continuously investing in new sensor solutions. The development organization did not grow at the same pace as in the previous periods, but considering the increasing market interest and a growing need for providing support to customers, we have now started to further strengthening the development organization.

During the period under review, FPC's sourcing and supply organization – together with suppliers and partners – continued the capacity expansion for our new FPC1021/FPC1025 and FPC1150/FPC1155 touch fingerprint sensors. Manufacturing capacity has been expanded by means of additional, qualified manufacturing plants, and we have also commenced the mass production of FPC1140/FPC1145.

The number of projects in Asia continued to grow during the first quarter and, thus, also our customer organization. Most of these projects pertain to the integration of our FPC1025 and FPC1155 sensors, but also the recently launched FPC1145, and, finally, our most recent addition to the touch sensor product portfolio, FPC1035. A great deal of our efforts ahead of customer launches is dedicated to providing support for secure payment solutions – notably Alipay – whereby these payment services are integrated into many smartphones using our touch fingerprint sensors. We have also continued our focus on the payment card project with Zwiipe for the next stage of development, that involving, among others, MasterCard.

Sales and earnings

For the first quarter, consolidated net sales increased to SEK 139.9 M (18.4).

Adjusted first-quarter gross profit increased to SEK 50.5 M (9.1), with the adjusted gross margin amounting to 36% (50) for the same period. For the first quarter, gross profit rose to SEK 37.4 M (3.5), with the gross margin amounting to 27% (19).

FPC recognizes both adjusted gross margin and gross margin. The first value provides clear information about cost of materials in the item Cost of goods sold and the latter is calculated on the entire income-statement item Cost of goods sold which, in addition to the cost of materials, also includes production and purchasing expenses and amortization of capitalized development expenditure.

After financial items, an operating loss of SEK 18.9 M (loss: 26.0) was reported. Order bookings at period-end totaled SEK 364 M (41).

The Parent Company's net sales for the first quarter of 2015 totaled SEK 139.6 M (18.4), with the loss after financial items for the same period amounting to SEK 19.6 M (loss: 26.3).

Organization and personnel

The number of employees at March 31, 2015 was 107 (55), including 86 (49) men and 21 (6) women.

In addition to full-time employees, consultants in primarily technical development, customer projects and sales and marketing were used corresponding to 71 (38) full-time positions, including 63 (32) men and eight (6) women.

Accordingly, including employees and consultants, FPC gave employment to 178 (93) individuals at March 31, 2015, including 149 (81) men and 29 (12) women.

Financial position

At March 31, 2015, the Group's disposable cash and cash equivalents totaled SEK 120.9 M (306.5).

The Group's working capital at the same date amounted to SEK 203.5 M (326.1).

Consolidated shareholders' equity totaled SEK 282.2 M (395.6) and the equity/assets ratio for the Group was 59% (94).

The Parent Company's disposable cash and cash equivalents at period-end totaled SEK 111.3 M (304.2).

Fixed assets, investments and depreciation/amortization

Investments in intangible fixed assets during the first quarter amounted to a cost of SEK 1.2 M (cost 11.8).

First-quarter investments in tangible fixed assets during the first quarter amounted to a cost of SEK 0.9 M (cost 2.5).

Depreciation/amortization according to plan amounted to a cost of SEK 12.0 M (cost 4.2) in the first quarter.

Cash flow

Cash flow from operations, including changes in working capital, was a positive SEK 21.2 M (neg: 22.7).

Cash flow to investments in the first quarter was a negative SEK 2.1 M (neg: 14.3).

First-quarter cash flow from financing activities amounted to a negative SEK 0.1 M (pos: 131.8).

Combined, the net full-year change in cash and cash equivalents in the first quarter thus amounted to a positive SEK 19.8 M (pos: 94.8).

Future-oriented 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 from 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

Fingerprint Cards has three outstanding warrant programs that total 10.65% of the total number of shares and 9.07% of the total number of votes in the company.

- TO4** 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 TO4.
- TO5** 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 TO5.
- TO6** 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 TO6.

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 parts 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:

Corporate risks:	Financing, Rights, Development, Competencies
Market risks:	Political risk, Taxation, Currency-exchange risk, Macroeconomic conditions
Operational risks:	Production, Environment, Sales
Credit risks:	Counterparty risk
Share risk:	Dividend, Owner, Share price

For further information concerning the risks facing the Group, see the 2014 Annual Report, which is available on our website www.fingerprint.com.

Future reporting dates

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.

Press release
Gothenburg, May 21, 2015



Gothenburg, May 20, 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

This interim report has not been examined by the company's auditors.

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 fingerprint sensors and swipe fingerprint 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 fingerprint 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 fingerprint 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)	Jan–Mar	Jan–Mar
	2015	2014
Net sales	139.9	18.4
Cost of goods sold	-102.5	-14.8
Gross profit	37.4	3.5
Selling costs	-19.2	-11.5
Administrative costs	-8.5	-5.8
Development costs	-41.8	-12.5
Other operating income/expenses	13.4	-0.2
Operating loss	-18.8	-26.6
Net financial items	0.0	0.6
Tax	-	-
Loss for the period	-18.9	-26.0
Other comprehensive income	-	-
Total comprehensive loss for the period	-18.9	-26.0
Loss for the period attributable to:		
Parent Company shareholders	-18.9	-26.0
Loss for the period	18.9	-26.0
Total comprehensive loss attributable to:		
Parent Company shareholders	-18.9	-26.0
Total comprehensive loss for the period	-18.9	-26.0
Earnings/loss per share for the period		
Before dilution, SEK	-0.32	-0.46
After dilution, SEK	-0.32	-0.46

Condensed consolidated statement of financial position

	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Assets			
Intangible fixed assets	60.3	62.4	69.8
Tangible fixed assets	18.4	7.4	18.8
<i>Total fixed assets</i>	<i>78.8</i>	<i>69.8</i>	<i>88.6</i>
Inventories	95.2	16.1	98.8
Accounts receivable	169.2	20.3	115.8
Other receivables	11.6	8.4	15.9
Prepaid expenses and accrued income	49.9	1.2	3.7
Cash and cash equivalents	120.9	306.5	101.9
<i>Total current assets</i>	<i>401.9</i>	<i>352.5</i>	<i>336.0</i>
Total assets	480.7	422.4	424.6
Shareholders' equity and liabilities			
Shareholders' equity	282.2	395.6	301.1
Non-current liabilities	0.1	0.4	0.2
Accounts payable	53.9	6.9	66.1
Other liabilities	113.0	1.6	35.6
Prepaid expenses and accrued income	31.5	17.8	21.5
Total shareholders' equity and liabilities	480.7	422.4	424.6
Pledged assets	15.0	15.0	15.0
Contingent liabilities	None	None	None

Condensed consolidated statement of changes in shareholders' equity

(SEK M)

	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Opening shareholders' equity	301.1	289.7	289.7
Total comprehensive loss for the period	-18.9	-26.0	-144.0
Paid-in warrant premiums	-	-	-23.6
New share issue	-	131.9	131.7
Closing shareholders' equity	282.2	395.6	301.1

Condensed consolidated cash-flow statement

(SEK M)

	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Loss before tax for the period	-18.9	-26.0	-144.0
Adjustment for non-cash items	12.0	4.2	61.7
Change in inventory	3.5	3.8	-78.9
Change in current receivables	-50.4	11.2	-94.1
Change in current liabilities	75.0	-15.9	81.0
Cash flow from operating activities	21.2	-22.7	-174.3
Cash flow from investing activities	-2.1	-14.3	-90.6
Cash flow from financing activities	-0.1	131.8	155.1
Change in cash and cash equivalents	19.0	94.8	-109.8
Cash and cash equivalents on the opening date	101.9	211.7	211.7
Closing cash and cash equivalents	120.9	306.5	101.9

Key consolidated data

(SEK M)

	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales (SEK M)	139.9	18.4	233.6
Net sales growth (%)	660	102	145
Adjusted gross margin (%)	36	50	46
Gross margin (%)	27	19	31
Operating margin (%)	-13	-145	-62
Profit margin (%)	-13	-142	-62
EBITDA (SEK M)	-6.8	-22.4	-83.6
Return on equity (%)	-6	-6	-49
Cash flow from operating activities incl. changes in working capital (SEK M)	19.0	-22.7	-174.3
Order backlog (SEK M)	364	41	71
Equity/assets ratio (%)	59	94	71
Investments (SEK M)	-2.1	-14.3	90.6
Average number of employees	104	54	71
Shareholders' equity per share (SEK)	4.83	6.98	5.15
Shareholders' equity per share after dilution, SEK(1)	4.57	6.41	4.86
Cash flow from operating activities/share (SEK)	0.33	-0.40	-2.98
Cash flow from operating activities/share after dilution (SEK) (1)	0.31	-0.37	-2.81
Number of shares at period end (000s)	58,421	56,661	58,421
Average number of shares (000s)	58,421	55,102	57,514
Average number of shares after dilution (000s)(1)	61,719	59,788	62,061
Market price of FPC Class B share (SEK) at end of period	53.50	54.00	34.80

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-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	2015	2014	2015	2014	2015	2014
Net sales	139.9	18.4	-	-	139.9	18.4
Segment earnings	-18.9	-26.6	-	-	-18.9	-26.6
Net financial items	0.0	0.6	-	-	0.0	0.6
Loss for the period	-18.9	-26.0	-	-	-18.9	-26.0

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

(SEK M)	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
	2015	2014	2014	2014	2014	2013	2013	2013	2013
Net sales	139.9	105.0	66.1	44.0	18.4	34.1	31.6	20.6	9.1
Cost of goods sold	-102.5	-71.3	-45.0	-30.9	-14.8	-19.1	-16.1	-12.0	-9.0
Gross profit	37.4	33.7	21.2	13.2	3.5	14.9	15.5	8.6	0.1
Selling costs	-19.2	-15.7	-14.5	-12.8	-11.5	-11.6	-6.3	-5.8	-5.5
Administrative costs	-8.5	-8.6	-7.6	-6.8	-5.8	-5.1	-4.0	-4.8	-3.8
Development costs	-41.8	-42.7	-45.1	-40.0	-12.5	-13.1	-6.4	-3.8	-2.7
Other operating income/expenses	13.4	3.2	2.0	1.5	-0.2	-0.1	-0.5	0.4	-0.1
Operating loss	-18.8	-29.9	-43.9	-44.9	-26.6	-15.0	-1.7	-5.3	-12.1
Net financial items	0.0	0.7	0.5	-0.1	0.6	0.4	0.4	0.4	0.0
Tax	-	-0.5	0	-	-	-	-	-	-
Loss for the period	-18.9	-29.7	-43.3	-44.9	-26.0	-14.7	-1.3	-4.9	-12.0
Other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Total comprehensive loss for the period	-18.9	-29.7	-43.3	-44.9	-26.0	-14.7	-1.3	-4.9	-12.0

Consolidated statement of financial position for the past nine quarters

	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
	2015	2014	2014	2014	2014	2013	2013	2013	2013
Assets									
<i>SEK/USD exchange rate, balance sheet date</i>	8.63	7.81	7.23	6.74	6.50	6.50	6.43	6.71	6.53
Intangible fixed assets	60.3	69.8	54.1	72.8	62.4	54.3	47.3	35.1	30.8
Tangible fixed assets	18.4	18.8	9.0	8.3	7.4	5.4	4.2	4.4	4.4
Total fixed assets	78.8	88.6	63.1	81.1	69.8	59.7	51.5	39.5	35.2
Inventories	95.2	98.8	58.0	26.5	16.1	19.9	9.7	6.7	12.3
Accounts receivable	169.2	115.8	61.3	41.8	20.3	31.1	14.8	6.4	2.3
Other receivables	11.6	15.9	13.3	12.0	8.4	7.6	5.9	3.5	3.5
Prepaid expenses and accrued income Int.	4.9	3.7	2.9	2.5	1.2	2.4	1.9	1.4	0.8
Cash and cash equivalents	120.9	101.9	192.1	237.6	306.5	211.7	142.3	148.2	148.5
Total current assets	401.9	336.0	327.7	320.3	352.5	272.8	174.6	166.2	167.4
Total assets	480.7	424.6	390.9	401.4	422.4	332.5	226.1	205.8	202.6
Shareholders' equity and liabilities									
Shareholders' equity	282.2	301.1	307.1	350.4	395.6	289.7	189.7	191.0	189.8
Non-current liabilities	0.1	0.2	0.2	0.3	0.4	0.4	0.5	0.5	0.6
Accounts payable	53.9	66.1	58.0	25.6	6.9	25.7	25.8	5.9	5.1
Other liabilities	113.0	35.6	3.6	3.8	1.6	1.5	0.9	1.0	0.8
Accrued exp. and def. income Int.	31.5	21.5	22.0	21.3	17.8	15.2	9.3	7.3	6.3
Total shareholders' equity and liabilities	480.7	424.6	390.9	401.4	422.4	332.5	226.1	205.8	202.6

Consolidated cash flow statement for the past nine quarters

(SEK M)	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013
Loss before tax for the period	-18.9	-29.7	-43.3	-44.9	-26.0	-14.7	-1.3	-4.4	-12.0
Adjustments for non-cash items	12.0	13.6	22.7	21.2	4.2	3.7	3.0	3.0	2.9
Change in inventory	3.5	-40.7	-31.6	-10.4	3.8	-10.1	-3.0	5.5	-0.8
Change in current receivables	-50.4	-57.7	-21.3	-26.3	11.2	-16.3	-11.4	-4.6	2.7
Change in current liabilities	75.0	39.8	32.9	24.3	-15.9	6.4	21.8	2.1	-0.5
Cash flow from operating activities	21.2	-74.8	-40.6	-36.2	-22.7	-31.1	9.1	1.5	-7.8
Cash flow from investing activities	-2.1	-39.0	-4.8	-32.5	-14.3	-11.9	-15.0	-7.3	-4.2
Cash flow from financing activities	-0.1	23.6	-0.1	-0.3	131.8	112.4	-0.1	6.0	99.8
Change in cash and cash equivalents	19.0	-90.2	-45.5	-69.0	94.8	69.4	-6.0	-0.3	87.9
Cash and cash equivalents on the opening date	101.9	192.1	237.6	306.5	211.7	142.3	148.2	148.5	60.6
Closing cash and cash equivalents	120.9	101.9	192.1	237.6	306.5	211.7	142.3	148.2	148.5

Key consolidated figures for the past nine quarters

(SEK M)	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013
Net sales (SEK M)	139.9	105.0	66.1	44.1	18.4	34.1	31.6	20.6	9.1
Net sales growth (%)	660	208	52	114	102	1,795	554	3,433	75
Adjusted gross margin (%)	36	44	46	47	50	56	57	53	39
Gross margin (%)	27	32	32	30	39	44	49	42	1
Operating margin (%)	-13	-28	-66	-102	-145	-44	-5	-26	-132
Profit margin (%)	-13	-28	-65	-102	-142	-43	-4	-10	-100
EBITDA (SEK M)	-6.8	-16.0	-21.1	-24.1	-22.4	-11.3	1.3	-2.3	-9.2
Return on equity (%)	-6	-10	-13	-12	-6	-3	1	-3	-9
Cash flow from operating activities (SEK M)	19.0	-74.8	-40.6	-36	-22.7	-31.1	11.5	1.0	-7.8
Order backlog (SEK M)	364	71	50	63	41	22	38	27	42
Equity/assets ratio (%)	59	71	79	87	94	87	84	93	94
Investments (SEK M)	-2.1	39.0	-4.8	-33	-14.3	-11.9	-15.0	-7.3	-4.2
Average number of employees	104	99.	91	70	55	26	24	21	20
Shareholders' equity per share (SEK)	4.83	5.15	5.42	6.18	6.98	5.19	3.67	3.70	3.70
Shareholders' equity per share after dilution (SEK) (1)	4.57	4.86	5.02	5.69	6.41	5.20	3.46	3.40	3.47
Cash flow from operating activities per share (SEK)	0.33	-1.28	-0.72	-0.64	-0.40	-0.08	0.22	0.02	-0.15
Cash flow from operating activities per share, after dilution (SEK)	0.32	-1.21	-0.66	-0.59	-0.37	-0.08	0.21	0.02	-0.14
Number of shares at period end (000s)	58,421	58,421	56,661	56,661	56,661	54,161	51,661	51,661	51,239
Average number of shares (000s)	58,421	57,754	56,661	56,661	55,102	52,066	51,661	51,467	51,233
Average number of shares after dilution (000s) (1)	61,719	62,941	61,139	61,624	59,788	56,659	56,587	56,195	51,855
Market price of FPC Class B share (SEK)	53.50	34.80	36.50	49.50	54.00	54.25	52.50	57.25	34.60

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.

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

	Apr-Mar 2014/15	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
Sales, rolling 12 months (SEK M)	355.1	233.6	162.7	128.2	104.6	95.4	63.2	34.2	14.2
Gross profit/loss, rolling 12 months (SEK M)	105.5	71.7	53.0	47.1	42.6	39.1	22.8	6.3	-5.3
Gross margin, rolling 12 months (%)	30	31	33	37	41	41	36	19	Neg.
Operating loss, rolling 12 months (SEK M)	-137.5	-145.2	-130.5	-88.2	-48.6	-34.0	-28.7	-36.9	-36.7
Operating margin, rolling 12 months (%)	-39	-62	-80	-69	-46	-36	-45	-109	-257
EBITDA, rolling 12 months (SEK M)	-68.0	-83.6	-78.6	-56.1	-35.2	-21.4	-20.6	-36.3	-30.7

Disclosures on the consolidated fair value of financial instruments

SEK M	March 31, 2015				March 31, 2014			
	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	100.4	-	-	100.4	21.7	-	-	21.7
Total financial assets	100.4			100.4	21.7			21.7
Current financial liabilities								
Financial liabilities at fair value via profit or loss	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-	-	-

Fair value and carrying amount of financial liabilities and assets

SEK M	March 31, 2015		March 31, 2014	
	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	169.2	169.2	20.3	20.3
Cash and cash equivalents	111.3	111.3	352.5	352.5
Total financial assets	280.5	280.5	372.5	372.8
Financial liabilities				
Current financial liabilities:				
Accounts payable	56.0	56.0	6.9	6.9
Total financial liabilities	56.0	56.0	6.9	6.9
By category				
Financial assets at fair value via profit or loss	-	-	-	-
Loan receivables and accounts receivable	280.5	280.5	372.8	372.8
Total financial assets	280.5	280.5	372.8	372.8
Financial liabilities at amortized cost	56.0	56.0	6.9	6.9
Total financial liabilities	56.0	56.0	6.9	6.9

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)

	Jan-Mar 2015	Jan-Mar 2014	Jan-Dec 2014
Net sales	139.6	18.4	231.9
Cost of goods sold	-102.5	-14.8	-161.9
Gross profit	37.1	3.5	70.0
Selling costs	-18.9	-11.5	-54.4
Administrative costs	-8.5	-5.8	-28.0
Development costs	-42.5	-12.8	-127.1
Other operating income/expenses	13.4	-0.2	6.6
Operating loss	-19.4	-26.9	-133.0
Earnings shares in subsidiaries	-	-	-15.5
Net financial items	0.0	0.6	1.8
Tax	-	-	-
Loss for the period	-19.4	-26.3	-146.7

Condensed balance sheet, Parent Company

(SEK M)

	Mar 31 2015	Mar 31 2014	Dec 31 2014
Assets			
Intangible fixed assets	56.1	62.4	65.1
Tangible fixed assets	16.0	6.3	16.4
Financial fixed assets	1.8	8.2	1.8
Total fixed assets	74.0	76.9	83.3
Inventories	95.2	16.9	98.8
Accounts receivable	169.2	20.3	115.5
Current receivables	22.3	9.6	24.8
Prepaid expenses accrued income	2.4	1.2	3.2
Cash and bank deposits	111.3	304.2	93.0
Total current assets	400.4	351.4	335.3
Total assets	474.4	428.4	418.7
Shareholders' equity and liabilities			
Restricted equity	53.1	52.8	53.1
Unrestricted shareholders' equity	225.1	368.3	244.6
Total shareholders' equity	278.2	394.7	297.8
Restricted shareholders' equity	196.3	33.6	120.9
Total shareholders' equity and liabilities	474.4	428.4	418.7
Pledged assets	15.0	15.0	15.0
Contingent liabilities	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.
ASP	Average Sales Price
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. 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 and touch fingerprint 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 primarily used in production.
Sensor platform	The silicon technology that FPC has created for the development of future sensors.
Touch sensor	A sensor with the size of a fingertip that can scan an entire fingerprint simultaneously. Touch fingerprint sensors are synonymous with area sensors but their surface is smaller and they are adapted for integration into smartphones. The fingertip is simply laid against the sensor surface; refer to swipe sensor.
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	A thin circular slice of silicon containing a number of integrated circuits, such as sensor chips.

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
Operating margin
Net margin
EBITDA

Adjusted gross margin as a percentage of net sales.
Operating profit/loss as a percentage of net sales.
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.