

# FINGERPRINT CARDS

Q3 2018

OCTOBER 26, 2018



FINGERPRINTS

# Q3 2018 Summary

Revenues	Margins & profitability	Highlights
<ul style="list-style-type: none"><li>⊙ <b>Revenues:</b> SEK 431 (841) M, a 49% decrease year-over-year</li></ul>	<ul style="list-style-type: none"><li>⊙ <b>Gross profit:</b> SEK 115 M (277) M</li><li>⊙ <b>Gross Margin:</b> 27% (33)</li><li>⊙ <b>Operating profit:</b> SEK 7 (52) M</li><li>⊙ <b>Operating margin:</b> 2% (6)</li><li>⊙ <b>Operating Cash Flow:</b> SEK 202 (175) M</li></ul>	<ul style="list-style-type: none"><li>⊙ Sequential growth, strong cashflow and positive net income</li><li>⊙ Cost-reduction program proceeding as planned</li><li>⊙ First volume order received for FPC1511, our recently launched fourth-generation fingerprint sensor</li></ul>



# BUSINESS UPDATE

# Market launches and business development in Q3 2018

- ① 12 mobile devices launched by 6 OEM customers
- ① First volume orders received for our fourth-generation fingerprint sensor, FPC1511. First customer products using the sensor expected in late 2018 or early 2019.
- ① Launched first automotive version of our successful sensor FPC1021AP
- ① Fingerprints supports Zwipe in launching biometric payment cards with banks and loyalty programs in China



# Strategic priorities going forward

- ① Defending and leveraging our strong position in the challenging mobile market
  - ① Value of biometrics in smartphones is increasing with shift towards in-display and touchless
  - ① We intend to enter the growing market for in-display sensors in 2019
  - ① Fourth-generation FPC1511 sensor will be a key part of our product portfolio in 2019
  - ① Continue lowering COGS and OPEX to meet price pressure in capacitive sensors for smartphones
- ① Positioning the company for growth in new markets
  - ① Certification of contactless cards likely during the first half of 2019.
  - ① In Q3, we launched a fingerprint sensor adapted for use in the automotive sector
  - ① Good progress in Embedded, expecting to reach target of 10 percent of revenue outside of capacitive sensors for smartphones in FY 2018

# Smartcards – Fingerprints' strengths

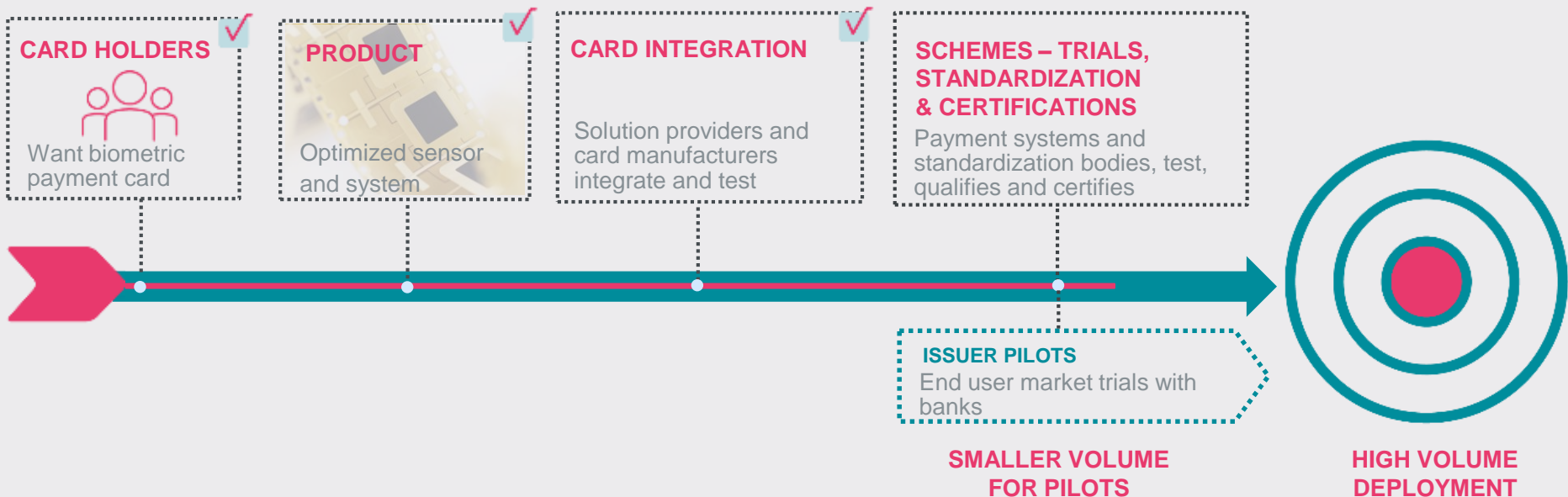
- ① Strong experience in volume production, robust hardware and stable software
- ① Offering biometric performance in a low computing power environment
- ① Ultra-low power consumption
- ① Strong collaboration with smartcard industry leaders



# Fingerprints payment card market trials to date



# Where are we now?



In May 2018, Fingerprints secured the world's first order for biometric fingerprint sensors from two major card producers



# Summary

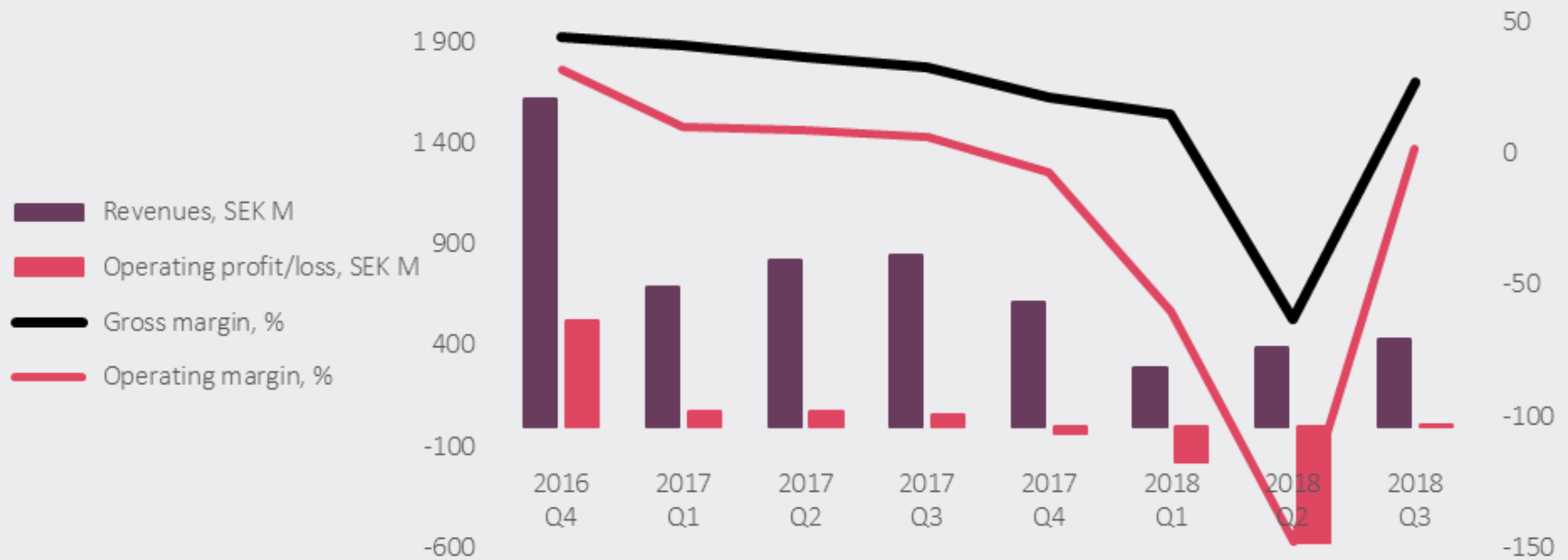
- ⊗ Positive revenue trend continued with a sequential increase of 11%
- ⊗ Cost reduction program progressing according to plan
- ⊗ Strong cashflow and net profit reported
- ⊗ While the value of the market for capacitive sensors for smartphones continues to decrease, biometry for smartphones is a growing market
- ⊗ We have a positive view of future opportunities in Mobile, and our ability to remain a leading player through product innovation and cost efficiency
  - ⊗ First volume orders already received for our cost-effective fourth-generation fingerprint sensor
  - ⊗ We intend to enter the in-display sensor market in 2019, defending our strong position in Mobile
- ⊗ Fingerprints is well-positioned to benefit from the adoption of biometry in new areas: biometric smart cards and automotive/embedded

A large, faint fingerprint graphic is centered in the background of the slide. The lines of the fingerprint are a slightly darker shade of teal than the background, creating a subtle watermark effect.

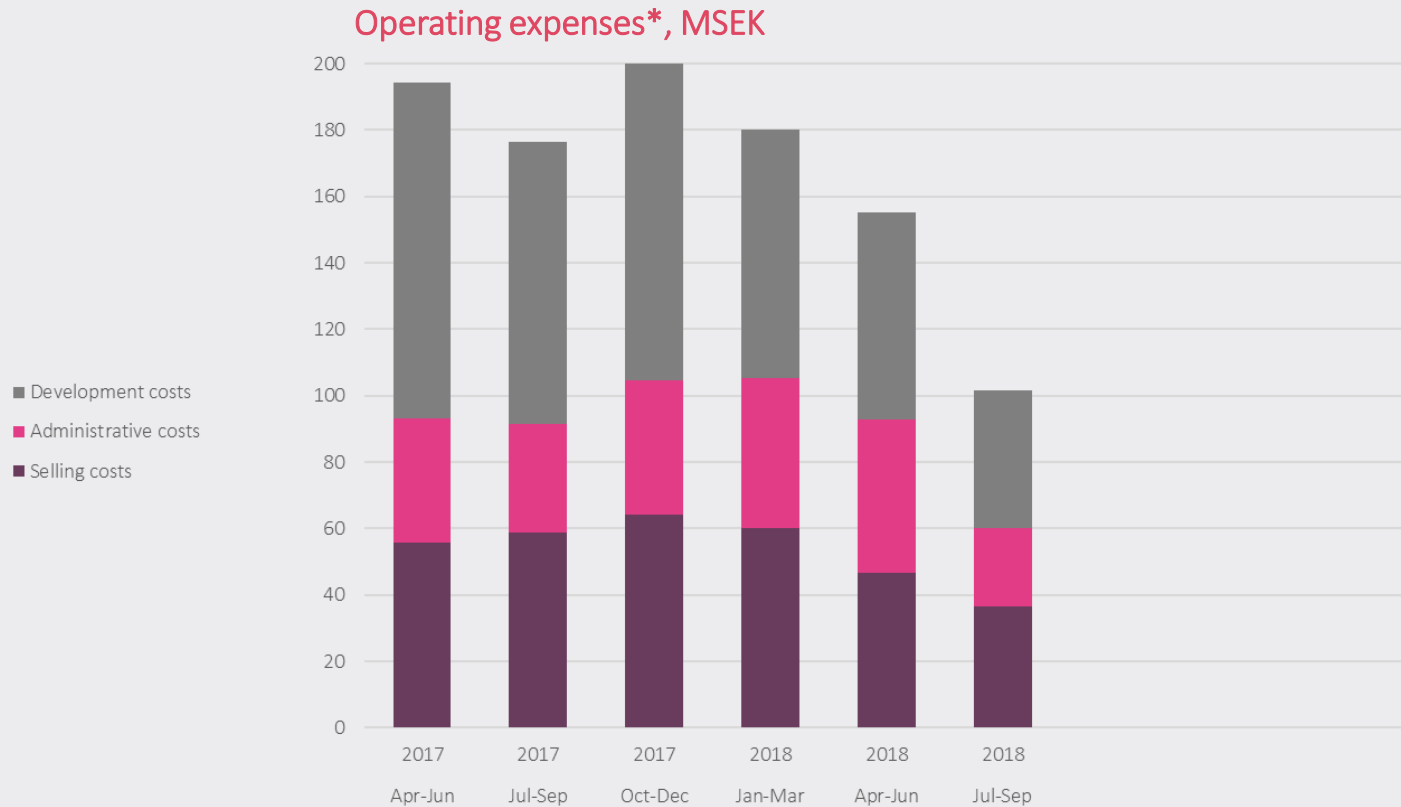
# Q3 2018 FINANCIAL RESULTS

# Q3 2018 Financial performance

Revenues, Operating profit/loss and Gross margin, quarters



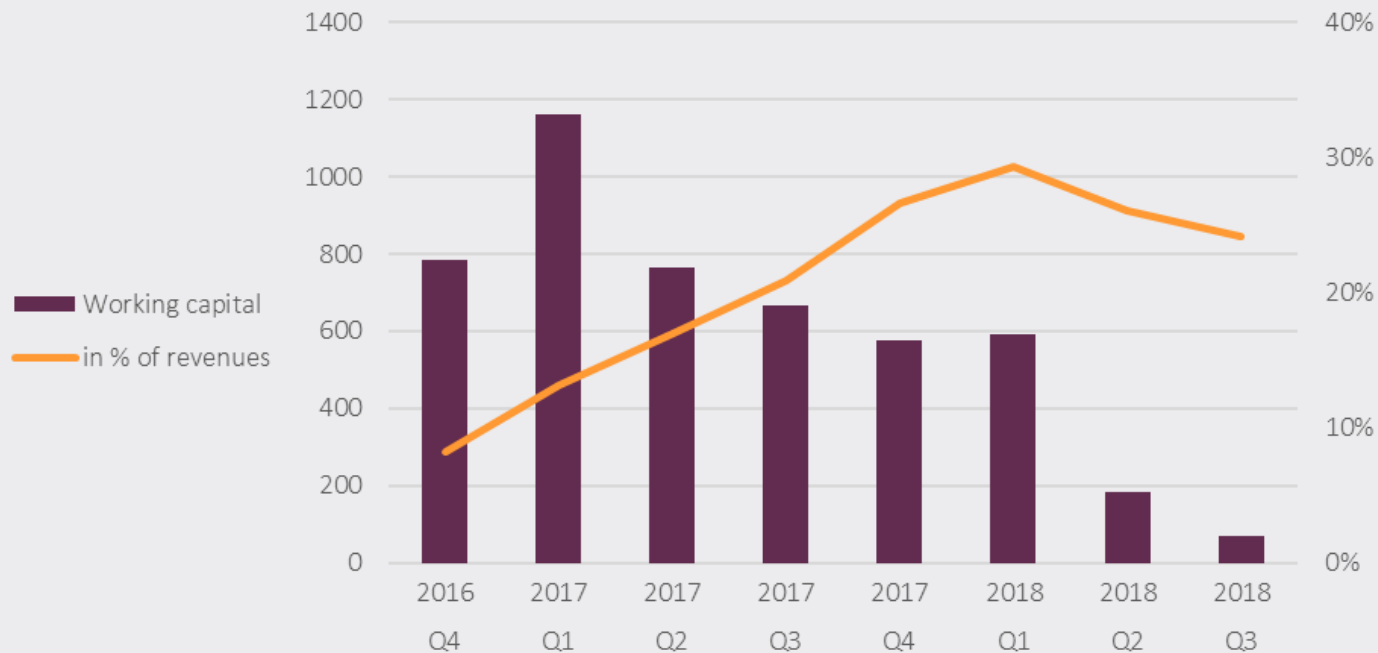
# Operating expenses development



\* Excluding restructuring costs

# Working capital development

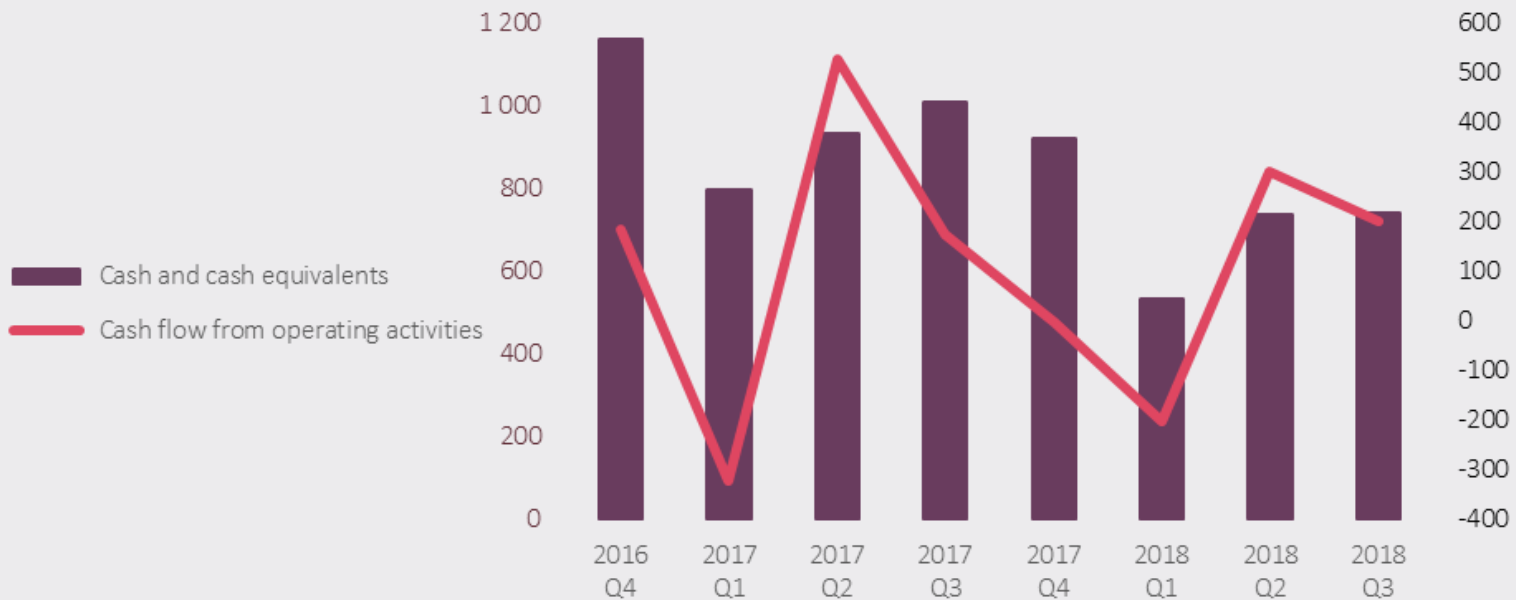
## Working capital (excluding cash and tax items)



\*Average working capital excluding net cash over 5 quarters/rolling 12 months sales

# Q3 2018 Cash flow and Net cash trend

Cash and cash equivalents and cash flow, MSEK





THANK YOU!



FINGERPRINTS