# Q3 2018 Summary

## Revenues

- **Revenues:** SEK 431 (841) M, a 49% decrease year-over-year

## Margins & profitability

- **Gross profit:** SEK 115 M (277) M
- **Gross Margin:** 27% (33)
- **Operating profit:** SEK 7 (52) M
- **Operating margin:** 2% (6)
- **Operating Cash Flow:** SEK 202 (175) M

## Highlights

- Sequential growth, strong cashflow and positive net income
- Cost-reduction program proceeding as planned
- First volume order received for FPC1511, our recently launched fourth-generation fingerprint sensor
Market launches and business development in Q3 2018

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

- Defending and leveraging our strong position in the challenging mobile market
  - Value of biometrics in smartphones is increasing with shift towards in-display and touchless
  - We intend to enter the growing market for in-display sensors in 2019
  - Fourth-generation FPC1511 sensor will be a key part of our product portfolio in 2019
  - Continue lowering COGS and OPEX to meet price pressure in capacitive sensors for smartphones

- Positioning the company for growth in new markets
  - Certification of contactless cards likely during the first half of 2019.
  - In Q3, we launched a fingerprint sensor adapted for use in the automotive sector
  - 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

- Strong experience in volume production, robust hardware and stable software
- Offering biometric performance in a low computing power environment
- Ultra-low power consumption
- Strong collaboration with smartcard industry leaders
Fingerprints payment card market trials to date

- **MACU bank & Visa**
  - Kona I
  - USA
  - Jan 2018

- **AirPlus**
  - Kona I
  - Germany
  - Sep 2017

- **Societe Generale & Carte Bancaires**
  - IDEMIA
  - France
  - Oct 2018

- **Bank of Cyprus & Visa**
  - Gemalto + Zwipe
  - Cyprus
  - Jan 2018

- **JCB IDEMIA**
  - Japan
  - Apr 2018

- **Areeba & Visa**
  - Gemalto + Zwipe
  - Lebanon
  - April 2018

- **Societe Generale & Carte Bancaires**
  - IDEMIA
  - France
  - Oct 2018
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
Q3 2018 FINANCIAL RESULTS
Q3 2018 Financial performance

Revenues, Operating profit/loss and Gross margin, quarters

- Revenues, SEK M
- Operating profit/loss, SEK M
- Gross margin, %
- Operating margin, %
Operating expenses development

* Excluding restructuring costs
Working capital development

*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

- Cash and cash equivalents
- Cash flow from operating activities
THANK YOU!