# Q4 2018 Summary

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Margins &amp; profitability</th>
<th>Highlights</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong> SEK 424 (615) M, a 31% decrease year-over-year</td>
<td><strong>Gross profit:</strong> SEK 88 M (130) M</td>
<td><strong>Good growth for FPC1511, our fourth-generation sensor</strong></td>
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<td><strong>Gross Margin:</strong> 21% (21)</td>
<td><strong>Operating profit:</strong> SEK -26 (-41) M</td>
<td><strong>Achieved 10% of sales from new areas</strong></td>
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<td><strong>Operating margin:</strong> -6% (-7)</td>
<td><strong>Operating Cash Flow:</strong> SEK -26 (-2) M</td>
<td><strong>Cost reduction program executed according to plan</strong></td>
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<td><strong>Operating Cash Flow:</strong> SEK -26 (-2) M</td>
<td><strong>Fingerprints is now debt-free after repaying the remainder of the Delta ID acquisition loan</strong></td>
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Market launches and business development in Q4 2018

- 18 mobile devices launched by 6 OEM customers
- A number of partnerships and market tests in the smart card area were announced during Q4
  - Fingerprints enables Zwipe to pilot contactless payment cards with banks across Middle East
  - Fingerprints enables Intesa Sanpaolo to pilot contactless payment card in Italy
  - Fingerprints enables Société Générale to test contactless cards in France with Idemia
  - Fingerprints and FEITIAN to launch contactless biometric payment card integrating T-Shape
- MoU cooperation for biometric door locks signed with China Synodat, the market leader of MCUs for door locks, and Jianfeng, a leading electronics provider for door locks
## Progress against strategic priorities

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<th>Strategic priority</th>
<th>Progress in Q4</th>
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<tbody>
<tr>
<td>Defending and leveraging our strong position in the mobile market</td>
<td>✓ Very good volume development for our 4&lt;sup&gt;th&lt;/sup&gt; generation capacitive sensor&lt;br&gt;✓ Product cost out programs continue as planned&lt;br&gt;✓ Optical in-display customer demos completed in January</td>
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<tr>
<td>Positioning the company for growth in new markets</td>
<td>✓ Several market tests and partnerships announced in the smart card area&lt;br&gt;✓ Achieved target of 10% of revenue from new areas</td>
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Payments is a prioritized area

The market for personal payment devices

Shipment 2020

Fingerprints™ estimates on shipments based on various industry sources

*Some of these tokens can be used for cryptocurrency, as well as authentication of online payment but more logical access
Biometric access systems is another growth area we are focusing on

- The biometric access market is fragmented, smart locks being the largest opportunity
- Fingerprints focuses on large selected accounts in these areas:
  - Door locks / Padlocks
  - Authentication tokens
  - Chromebooks (Google approved reference designs)
- Focus on module sales
  - Use existing FPC1020 and FPC1021-based modules
  - Strong demand for recently developed round modules
Summary

- Cost reduction program executed according to plan
- Good volume development for our fourth-generation capacitive sensor, FPC1511. Product cost out programs continue.
- Focus on product innovation
- Customer demos of our optical in-display solution completed in January 2019
- New areas outside capacitive sensors for mobile phones accounted for approximately 10 percent of sales, both in the fourth quarter and for the full-year 2018
- Good traction in biometric cards with several market tests and partnerships announced during the quarter
- Fingerprints is now debt-free with cash assets amounting to SEK 540.5 M
- Net cash increased during 2018 from SEK 454.9 M to SEK 540.5 M
Q4 2018 FINANCIAL RESULTS
Q4 2018 Financial performance

Revenues, Operating profit/loss and Gross margin, quarters

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

Graph showing revenues, operating profit/loss, and gross margin from Q1 2017 to Q4 2018.
Operating expenses development

* Excluding restructuring costs
Working capital development

*Average working capital excluding net cash over 5 quarters/rolling 12 months sales
Q4 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!