

# FINGERPRINT CARDS

## Q4 2018

FEBRUARY 15, 2019



FINGERPRINTS

# Q4 2018 Summary

Revenues	Margins & profitability	Highlights
<ul style="list-style-type: none"><li>⊗ <b>Revenues:</b> SEK 424 (615) M, a 31% decrease year-over-year</li></ul>	<ul style="list-style-type: none"><li>⊗ <b>Gross profit:</b> SEK 88 M (130) M</li><li>⊗ <b>Gross Margin:</b> 21% (21)</li><li>⊗ <b>Operating profit:</b> SEK -26 (-41) M</li><li>⊗ <b>Operating margin:</b> -6% (-7)</li><li>⊗ <b>Operating Cash Flow:</b> SEK -26 (-2) M</li></ul>	<ul style="list-style-type: none"><li>⊗ Good growth for FPC1511, our fourth-generation sensor</li><li>⊗ Achieved 10% of sales from new areas</li><li>⊗ Cost reduction program executed according to plan</li><li>⊗ Fingerprints is now debt-free after repaying the remainder of the Delta ID acquisition loan</li></ul>



# BUSINESS UPDATE

# 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 Synodata, the market leader of MCUs for door locks, and Jianfeng, a leading electronics provider for door locks



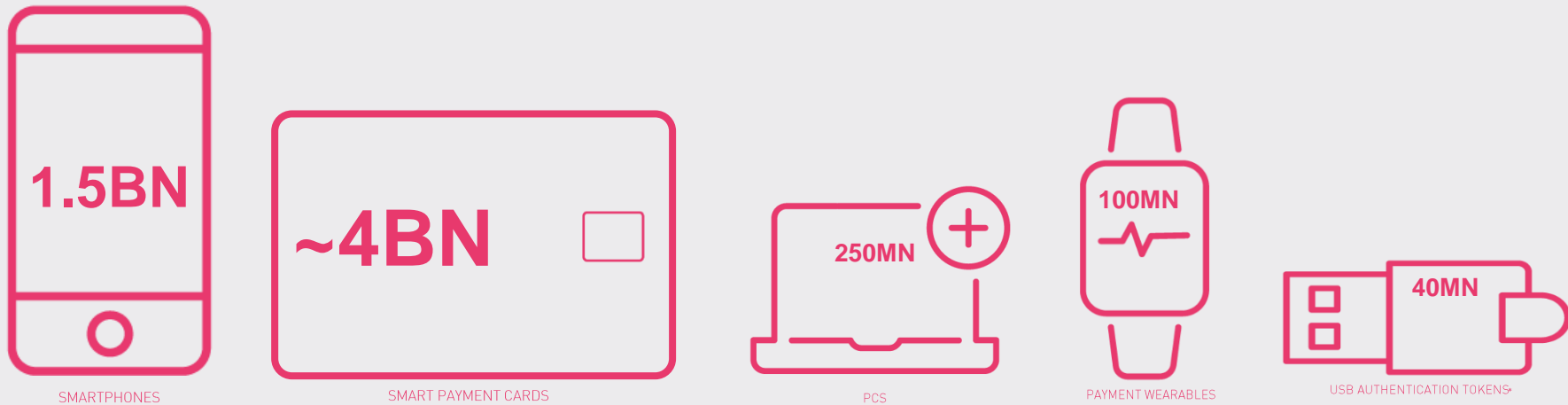
# Progress against strategic priorities

Strategic priority	Progress in Q4
<b>Defending and leveraging our strong position in the mobile market</b>	<ul style="list-style-type: none"><li>✓ Very good volume development for our 4<sup>th</sup> generation capacitive sensor</li><li>✓ Product cost out programs continue as planned</li><li>✓ Optical in-display customer demos completed in January</li></ul>
<b>Positioning the company for growth in new markets</b>	<ul style="list-style-type: none"><li>✓ Several market tests and partnerships announced in the smart card area</li><li>✓ Achieved target of 10% of revenue from new areas</li></ul>

# Payments is a prioritized area

## The market for personal payment devices

Shipment 2020



# Biometric access systems is another growth area we are focusing on

- ① The biometric access market is fragmented, smart locks being the largest opportunity
- ① Fingerprints focuses on large selected accounts in these areas:
  - ① Door locks / Padlocks
  - ① Authentication tokens
  - ① Chromebooks (Google approved reference designs)
- ① Focus on module sales
  - ① Use existing FPC1020 and FPC1021-based modules
  - ① Strong demand for recently developed round modules



# Summary

- ① Cost reduction program executed according to plan
- ① Good volume development for our fourth-generation capacitive sensor, FPC1511. Product cost out programs continue.
- ① Focus on product innovation
- ① Customer demos of our optical in-display solution completed in January 2019
- ① 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
- ① Good traction in biometric cards with several market tests and partnerships announced during the quarter
- ① Fingerprints is now debt-free with cash assets amounting to SEK 540.5 M
- ① Net cash increased during 2018 from SEK 454.9 M to SEK 540.5 M

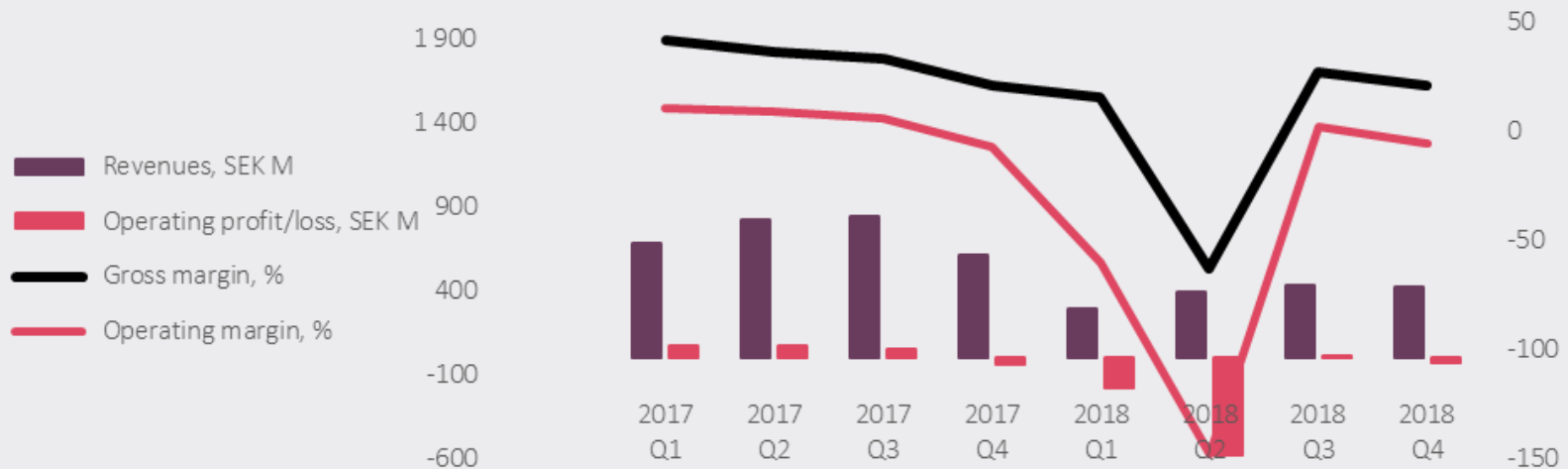


A large, faint fingerprint graphic is centered in the background of the slide. The fingerprint lines are rendered in a light teal color, matching the background, and are arranged in a circular pattern.

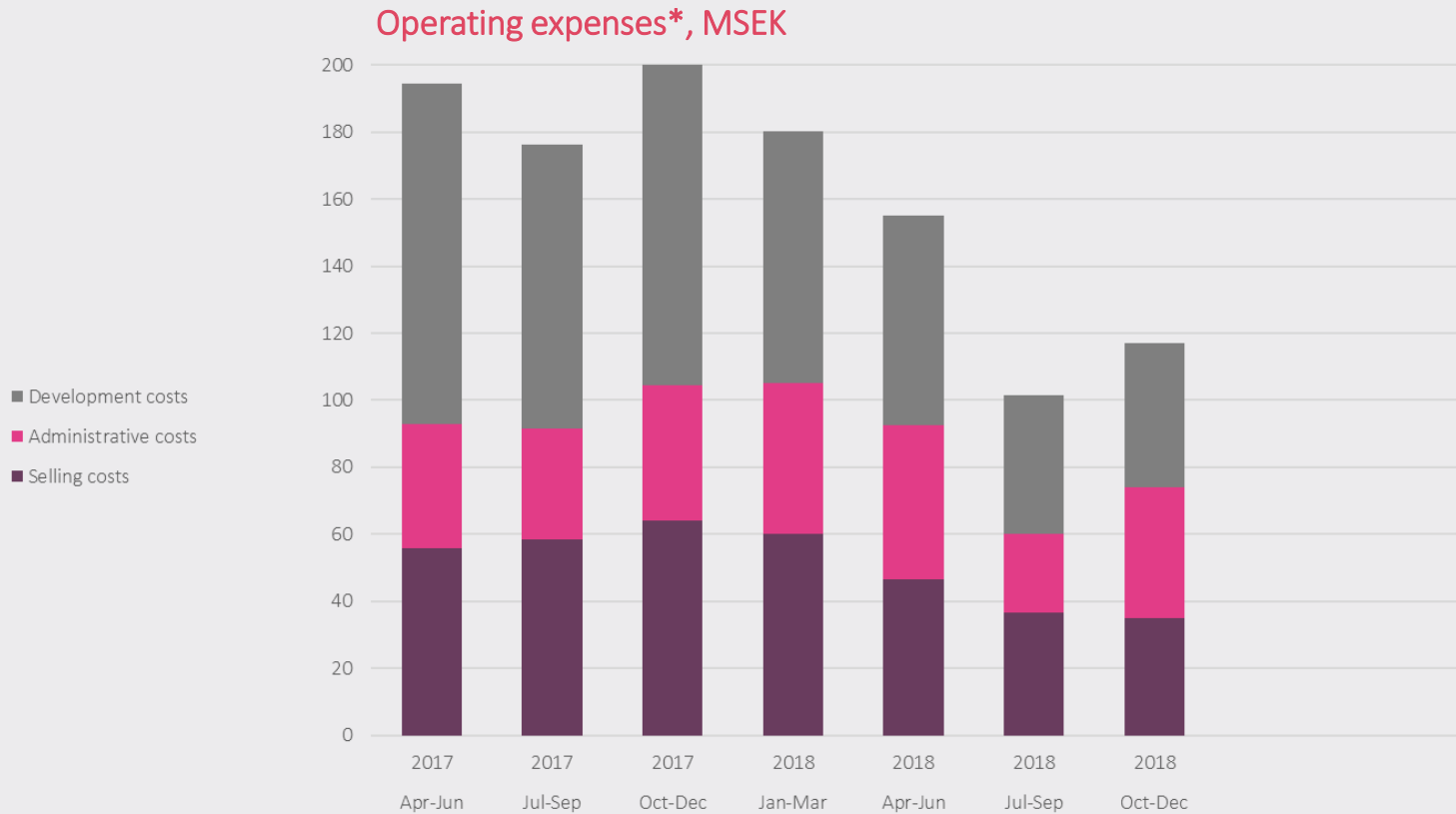
# Q4 2018 FINANCIAL RESULTS

# Q4 2018 Financial performance

Revenues, Operating profit/loss and Gross margin, quarters

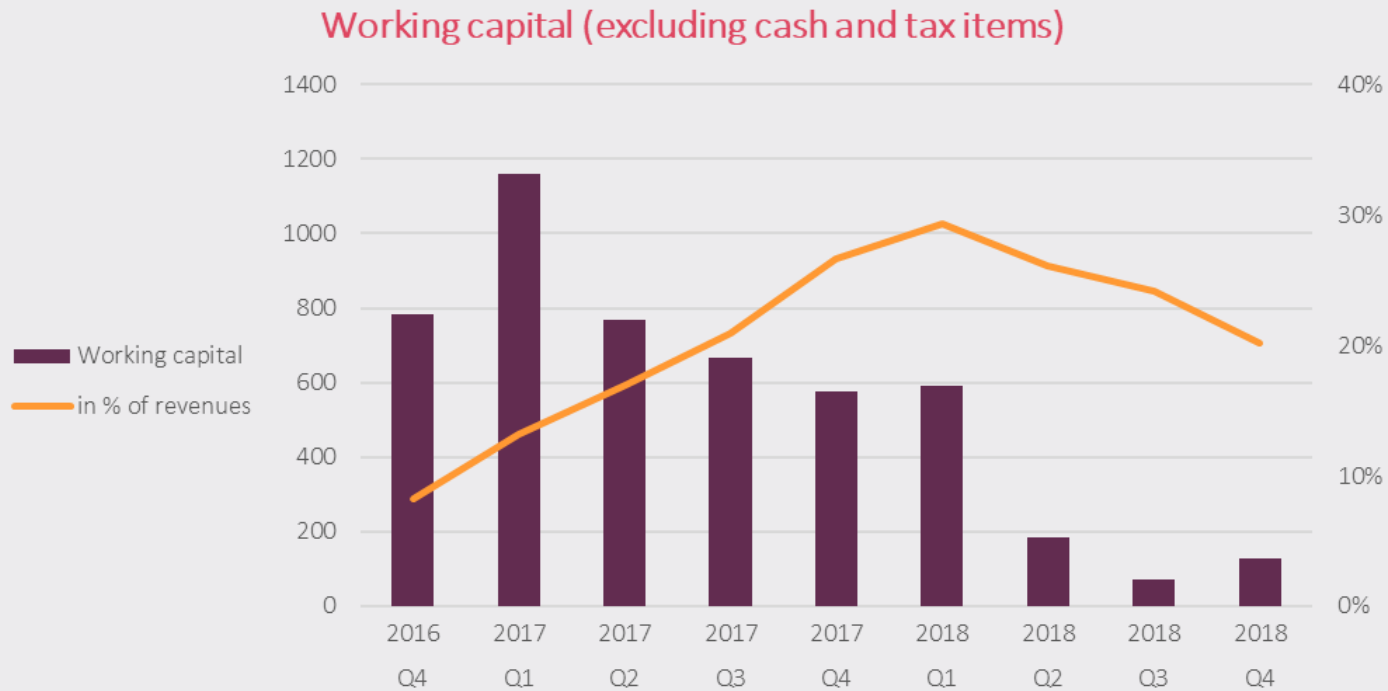


# Operating expenses development



\* Excluding restructuring costs

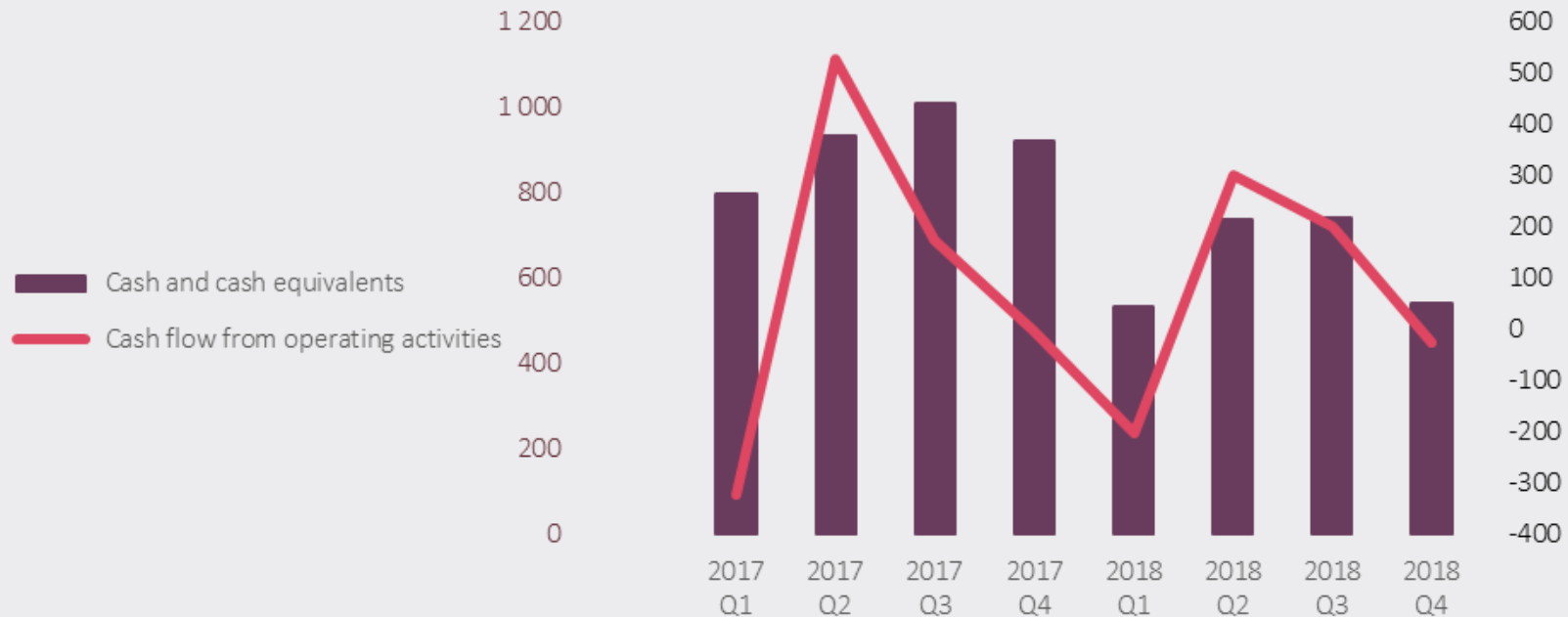
# Working capital development



\*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





THANK YOU!



FINGERPRINTS