

FINGERPRINT CARDS

Q4 2019

FEBRUARY 13, 2020



FINGERPRINTS

Q4 2019 Summary

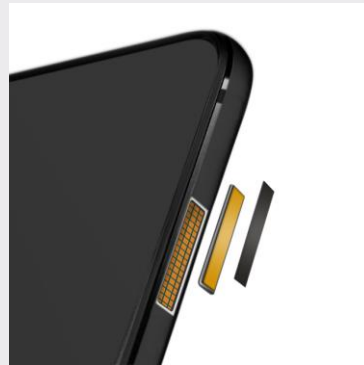
| Revenues | Margins & profitability | Highlights |
|---|--|---|
| <ul style="list-style-type: none"> ➤ Revenues: SEK 381 M (424), a 10% decrease year-over-year | <ul style="list-style-type: none"> ➤ Gross profit: SEK 88 M (88) ➤ Gross Margin: 23% (21) ➤ EBITDA: SEK 13 M (9) ➤ EBITDA margin: 3% (2) ➤ Operating profit: SEK -15 M (-26) ➤ Operating margin: -4% (-6) ➤ Operating Cash Flow: SEK 82 M (-26) ➤ Net Profit: SEK -19 M (-18) ➤ Net cash: SEK 534* M (540) | <ul style="list-style-type: none"> ➤ 8 percent sequential revenue increase ➤ Product portfolio expanded ➤ Fingerprints' technology was used in the world's first commercial launch of biometric credit cards ➤ We expect a dampening effect on our operations from the Corona virus outbreak, but the extent is still unclear |

A large, stylized fingerprint graphic in a dark purple color, centered on the page. The lines of the fingerprint are concentric and wavy, creating a circular shape.

BUSINESS UPDATE

Market launches and business development in Q4 2019

- ⊗ 12 mobile devices with our sensors launched by 7 OEM customers.
- ⊗ Other products launched with our sensors included two Chromebooks, a smart suitcase and a door lock
- ⊗ FPC1540, a thin side-mounted sensor was launched
- ⊗ Touchless 2.0 launched, combining iris- and face recognition
- ⊗ Fingerprints part of the world's first commercial launch of biometric payment cards, by Cornèrcard in Switzerland
- ⊗ Fingerprints' technology used in biometric payment card by Thales, certified by Mastercard (January 2020)



21 of 21
CONTACTLESS
BIOMETRIC
PAYMENT CARD
PILOTS
+
1 out of 1
COMMERCIAL
LAUNCHES

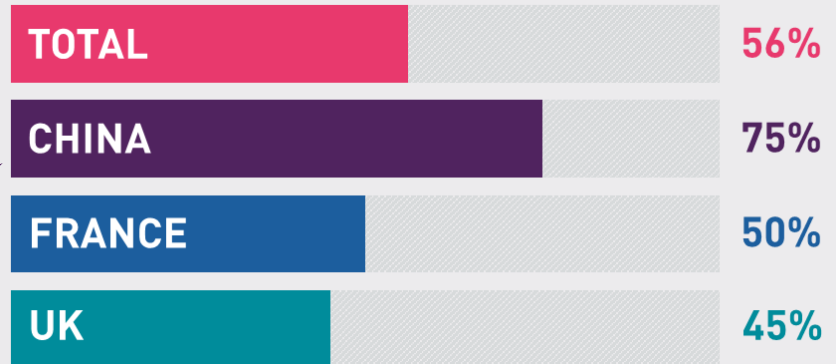


High consumer preference for biometric payment cards

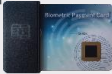


Consumers in China want biometric cards!
Despite 56% using mobile payments

PREFER HAVING A **PAYMENT CARD WITH A BIOMETRIC SENSOR** AND USING MY FINGERPRINT TO IDENTIFY MYSELF, RATHER THAN USING A PIN



Positive feedback from market trials

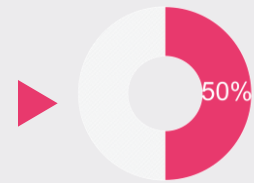
- ⌢ High customer engagement and interest
- ⌢ High user satisfaction: Easy to use, fast, secure, look & feel, “wow”
- ⌢ Willingness to pay
- ⌢ Home enrollment preferred - various ways to enroll exist, e.g. Thales sleeve)

- ⌢ Limited number of POS terminals have old software releases, requiring upgrade that will be fixed by schemes.
- ⌢ Payment cap can be removed



of Areeba pilot participants were enthusiastic or interested in biometric

areeba

- ✓ 87%: More convenient than PIN (no need to memorize)
- ✓ 71%: Transaction time perception same as No CVM cards
- ✓ 79%: Biometrics CVM felt safer than PIN verification



of consumers are willing to pay extra for biometric card



▪ In-person enrollment is a deal breaker

- Considering most cards are currently mailed by issuers and activated by phone, the requirement of in-person enrollment creates a barrier to adoption

▪ Limitations of certain card readers

- Mechanized ATM card readers and dip readers that may not allow user to keep sensor engaged may pose problems

VISA

MailOnline

Pay with your FINGERPRINT: NatWest launches its biometric bank card to allow people to buy things over £30 without their PIN

Progress against strategic priorities

| Strategic priority | Progress in Q4 2019 |
|--|--|
| Defending and leveraging our strong position in the mobile market | <ul style="list-style-type: none">✓ Launch of FPC1540, a slim side-mounted capacitive sensor for mobile devices✓ Launched Touchless 2.0 platform, combining the convenience of face recognition with the security of iris✓ Continuing our work to capture a position in the growing market for under-display sensors |
| Positioning the company for growth in new markets | <ul style="list-style-type: none">✓ Fingerprints technology used in world's first limited commercial launch of biometric credit cards✓ Biometrics by Fingerprints in UK's first biometric credit card pilot✓ FPC BM-Lite was launched, a unique fingerprint authentication module designed for physical and logical access devices |

Summary

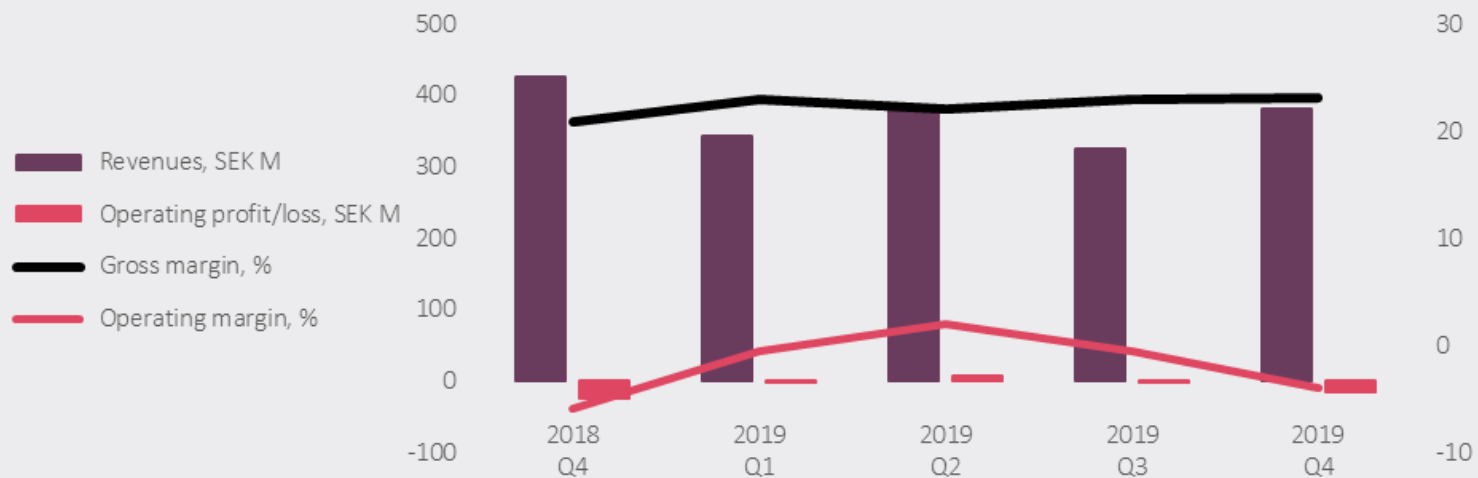
- ⑦ Good sales development, especially in capacitive sensors for smartphones
- ⑦ Focus on improving gross margin, not least by expanding product portfolio
- ⑦ Expanded product portfolio: FPC1540 and Touchless 2.0
- ⑦ Our ambition of capturing a significant share of the under-display market remains.
- ⑦ One additional biometric card market trial announced during the quarter, using Fingerprints' technology
- ⑦ Fingerprints' technology was used in the world's first commercial launch of biometric credit cards

A large, stylized fingerprint graphic in a darker teal color, centered on the page. The lines of the fingerprint are concentric and wavy, creating a circular shape.

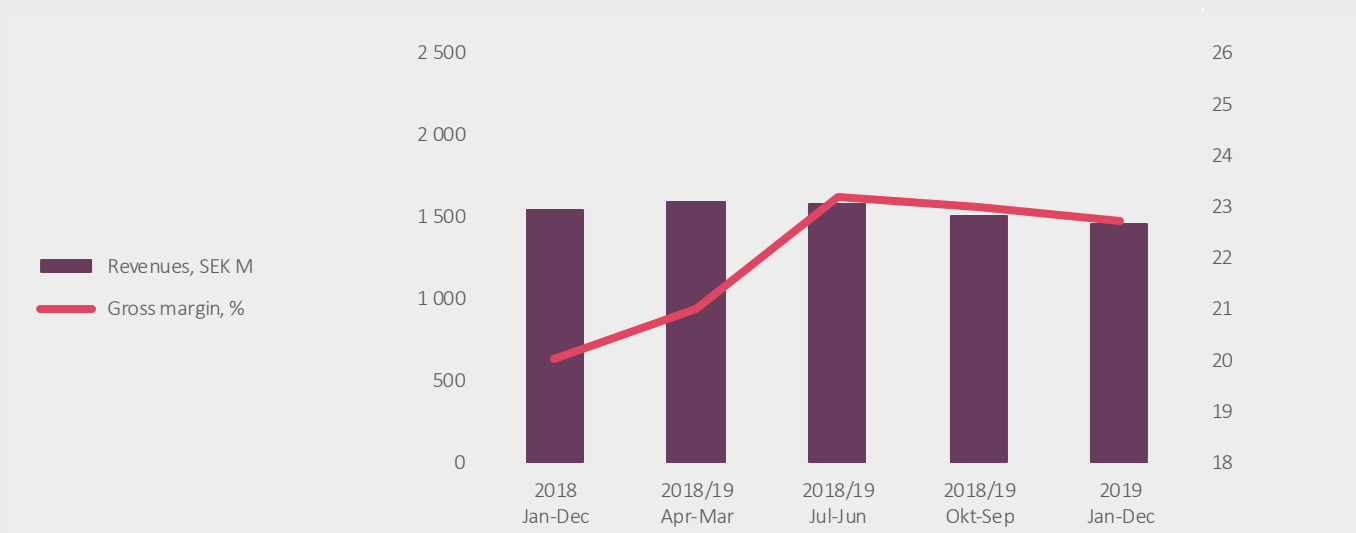
Q4 2019 FINANCIAL RESULTS

Q4 2019 Financial performance

Revenues, Operating profit/loss, Gross margin and Operating margin, quarters.

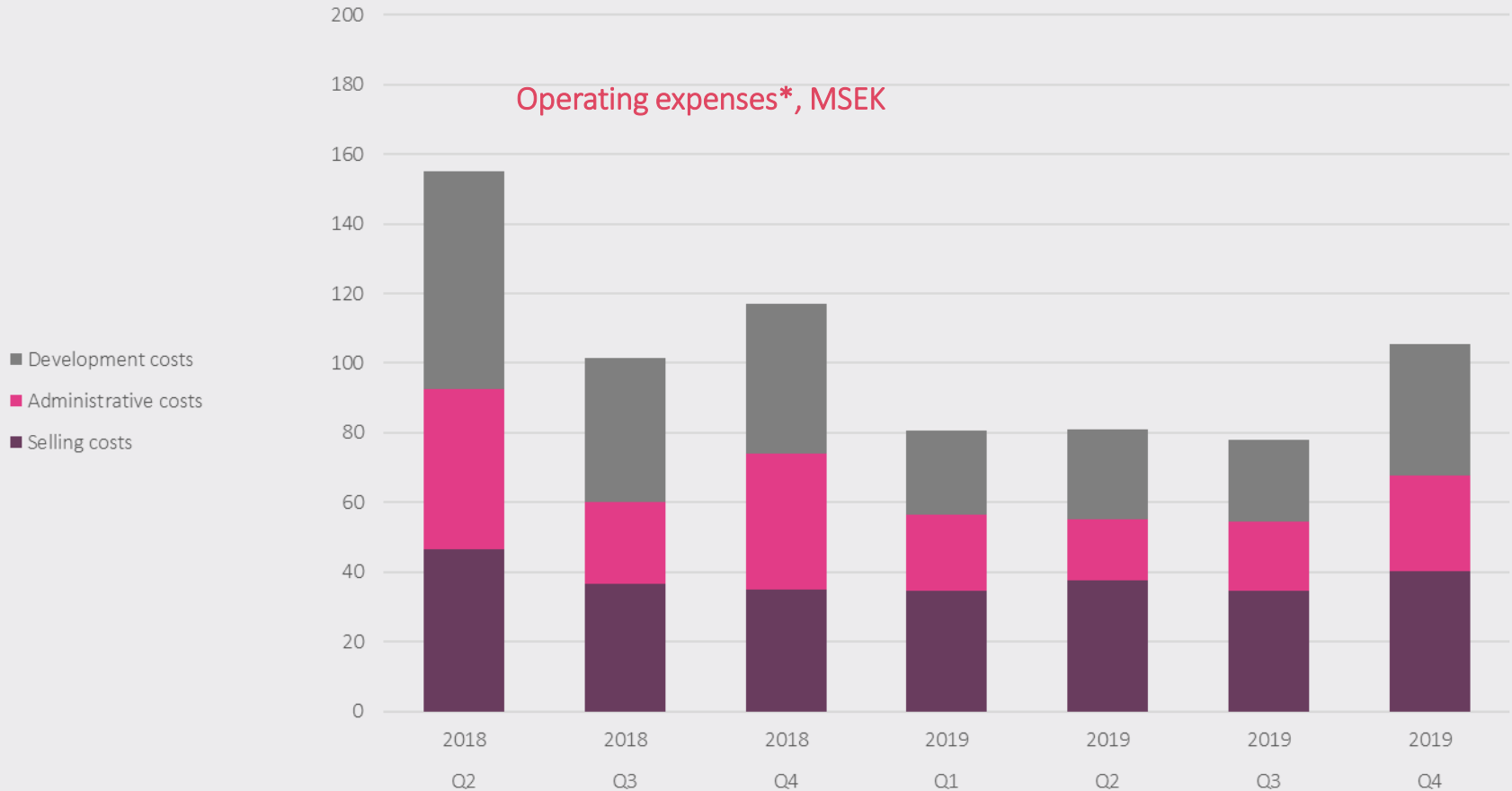


Revenue and gross margin*, rolling 12 months



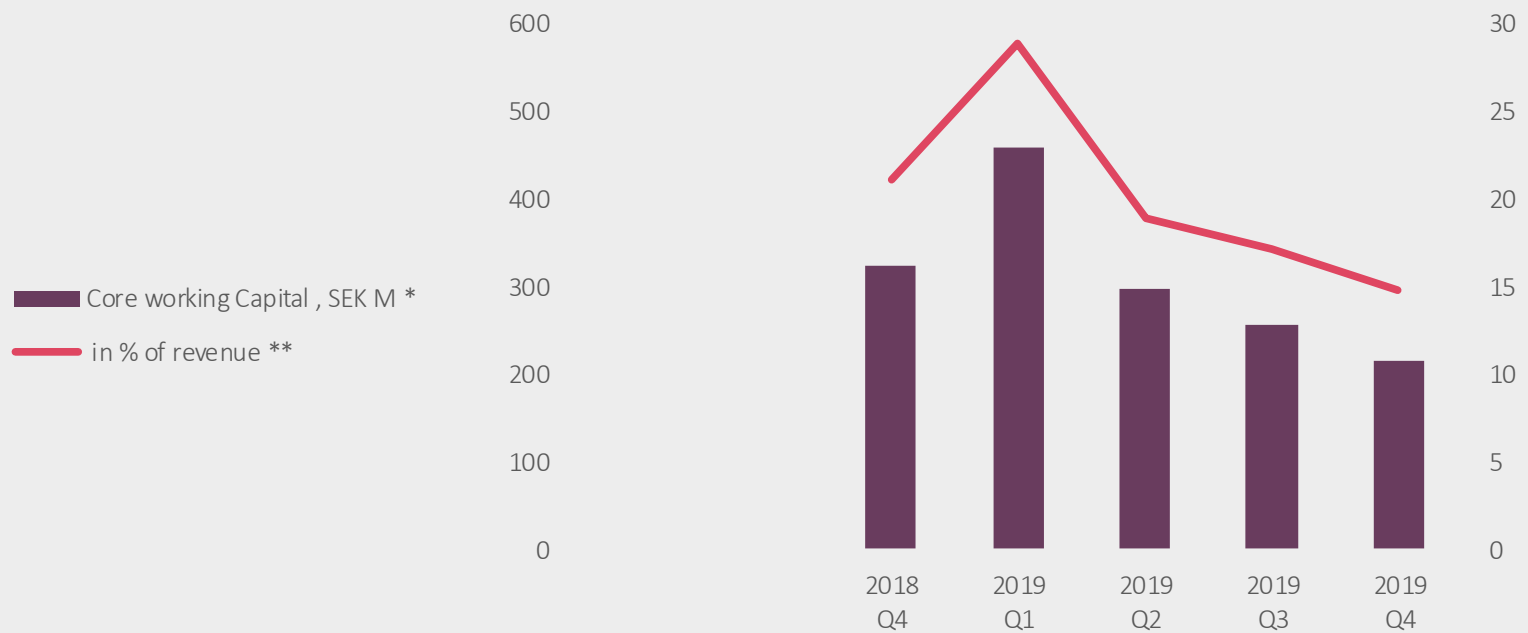
* Excluding non-recurring items in Q2 2018 (SEK 305 million inventory write-down)

Operating expense development



* Excluding restructuring costs

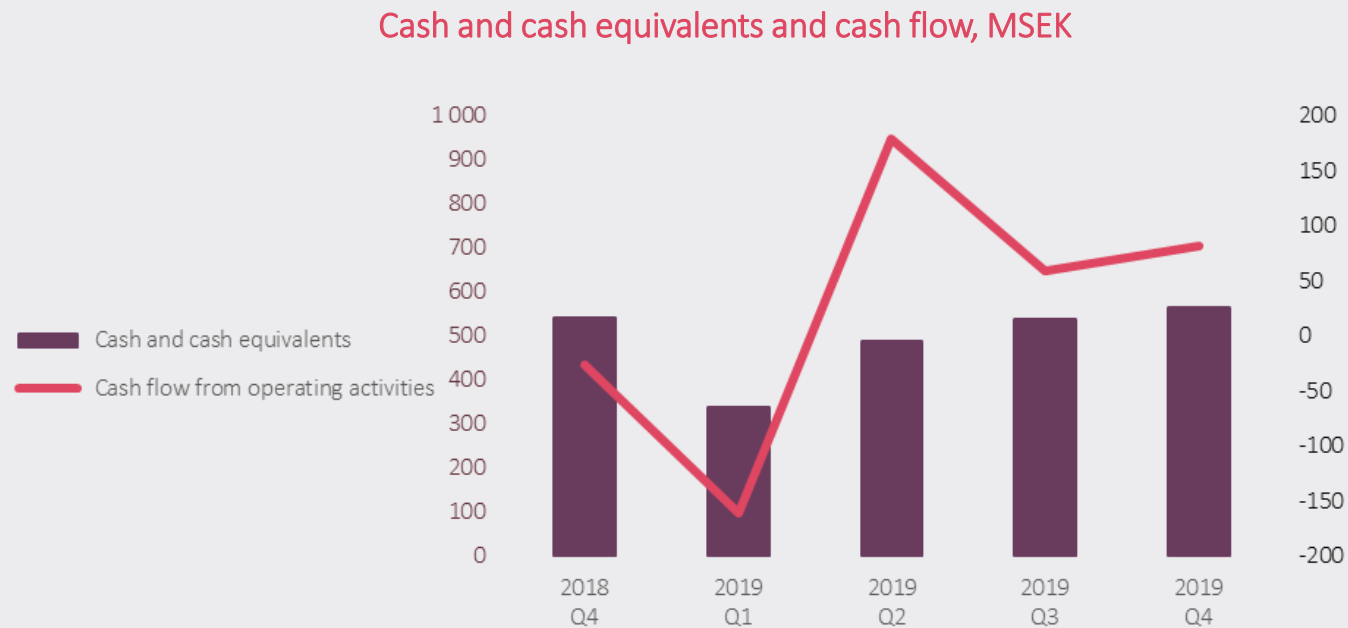
Core working capital development



* Accounts receivable + Inventory – Accounts payable

** Rolling 12-month revenue

Cash flow and net cash trend





Links to additional information

- ④ Financial reports and presentations: <https://www.fingerprints.com/investors/reports-presentations/>
- ④ Press releases: <https://www.fingerprints.com/newsroom/press-releases/>
- ④ News items: <https://www.fingerprints.com/newsroom/news-stories/>
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THANK YOU!



FINGERPRINTS