

# FINGERPRINT CARDS

## Q4 2020

FEBRUARY 16, 2021



FINGERPRINTS

# Q4 2020 Summary

Revenues	Margins & profitability	Highlights
<ul style="list-style-type: none"><li>Revenues: SEK 369 M (381), a 3% decrease year-over-year (7% increase in constant currency terms)</li></ul>	<ul style="list-style-type: none"><li>Gross profit: SEK 87 M (88)</li><li>Gross Margin: 24% (23)</li><li>EBITDA: SEK 32 M (13)</li><li>EBITDA margin: 9 % (3)</li><li>Operating profit: SEK -327 M (-15); SEK +14 M net of write-downs.</li><li>Operating margin: -88% (-4)</li><li>Operating Cash Flow: SEK 47 M (82)</li><li>Net Profit: SEK -313 M (-19)</li><li>Net cash: SEK 354* M (534)</li></ul>	<ul style="list-style-type: none"><li>Continued healthy demand for our sensors</li><li>A more favorable product mix contributed to the improved gross margin</li><li>Our access to production capacity improved somewhat this quarter</li><li>Volume orders in PCs and payments announced</li><li>New ultrathin curved sensor launched (FPC1542)</li><li>Share repurchase</li><li>SEK 340.6 M in non-cash write-downs</li></ul>

# Write-down of goodwill related to Delta ID due to assessment of delayed cash flows

- ⊗ Our view of the potential in iris recognition is unchanged, e.g. in access, healthcare, payments and automotive applications
- ⊗ However, we assess that future cash flows may be delayed, partly due to effects related to the corona pandemic
- ⊗ Therefore, we have made a prudent decision to make a non-cash write-down of goodwill amounting to SEK 268m, related to the 2017 acquisition of Delta ID



- ⊗ SEK 72.9 M non-cash write-down related to under-display technology
- ⊗ The main reason for this write-down is the ASP decline in the under-display area. Apart from this fact, our view of the potential in under-display is unchanged



# BUSINESS UPDATE

# Continued progress against strategic priorities



## MOBILE DEVICES

### Defending and leveraging our market leading position

- ✓ Market leader in capacitive sensors for smartphones
- ✓ Profitable business
- ✓ Capacitive portfolio expanded with uniquely curved sensor (FPC1542)



## PC

### Positioned for growth

- ✓ Increased remote working accelerates demand for secure authentication for PC
- ✓ New biometric PC solution launched in August 2020
- ✓ Purchase order from a top-tier global Windows PC manufacturer in January 2021



## ACCESS

### Potential in physical and logical access solutions

- ✓ Biometrics by Fingerprints in smart door by Inotherm, Europe's largest manufacturer of aluminum doors
- ✓ Expanded product portfolio



## PAYMENTS

### Entering commercial roll-out phase

- ✓ BNP Paribas commercial roll-out of Thales/Fingerprints card during 2021
- ✓ Fingerprints in Sweden's first biometric payment card pilot by Rocker
- ✓ Volume order for T-Shape® sensor modules from a global top 3 card manufacturer

# Innovation driving growth in mature mobile market

- ⊗ Most mature and established market for consumer biometrics
- ⊗ 80% of smartphones shipped incorporates some form of sensor
- ⊗ Fingerprints is a market leader, integrated in 9 out of the top 10 Android brands
- ⊗ Design is key – foldable, full screen and 5G handsets – new sensor shapes support OEM:s in their differentiation
- ⊗ FPC1542 launched in November, a new curved side-mounted capacitive sensor
- ⊗ New sensor models contribute to favorable product mix and improved margins



# Payments: Entering commercial phase

- ① Certification of Thales' card by Visa and Mastercard is a major milestone
- ① Demand for hygienic and secure ways to pay has increased during the pandemic
- ① Biometric cards provide a more reliable solution for secure contactless payments
- ① BNP Paribas roll-out of Thales/Fingerprints card during 2021
- ① Crédit Agricole has also begun commercial launch
- ① Cooperation with M-Tech Innovations Ltd to launch contactless biometric payment cards in the Indian market
- ① Rucker, a Swedish bank, announced the first biometric payment card trial in the Nordics

This experiment involving nearly 15,000 cards is **clearly a success** and the offer will be offered to all of the French bank's customers.

**"Our customers are in favor of it and we will generalize it in the first half of 2021"**

*Céline Ansquer, BNPP Digital & Marketing Transformation Director*

Aujourd'hui  
en France

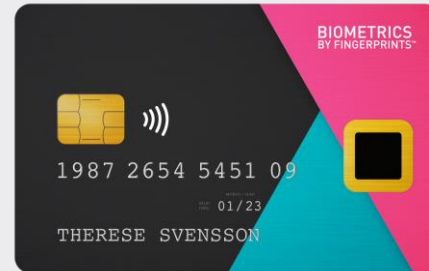
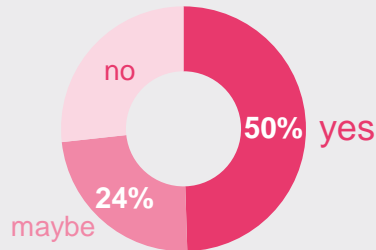


Source: Presentation by Frédéric Martinez, Thales

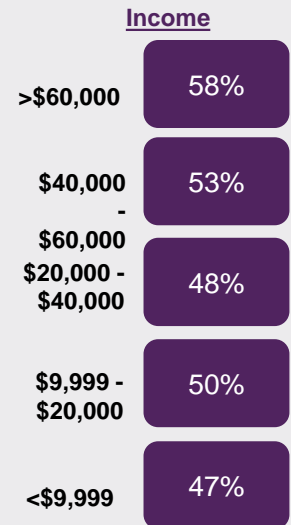
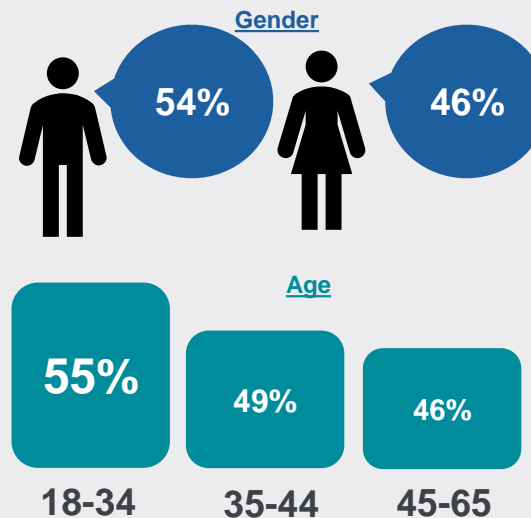
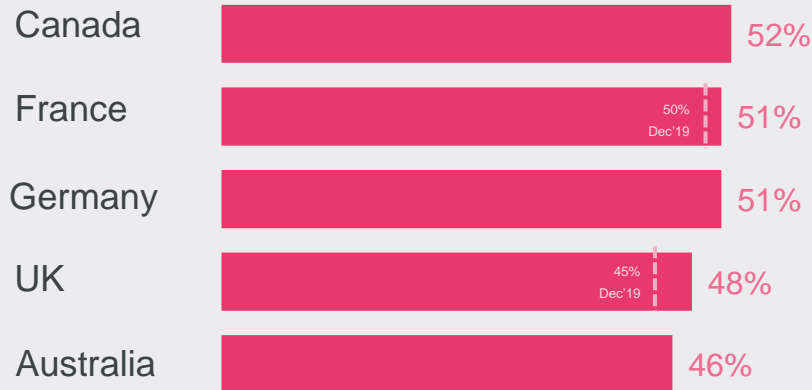


# Survey shows that consumers would prefer biometric cards

I would **prefer having a payment card with a fingerprints sensor** to identify myself rather than using a PIN code. (note the fingerprint data stays securely on the card itself and never leaves the card.)



*“There will be a new generation of contactless payment cards, where you will be able to authenticate yourself with your fingerprint on a sensor on the card.”*



*Prefer having a payment card with a biometric sensor and using my fingerprint to identify myself, rather than using a PIN. to make it more convenient and secure)*



# Summary

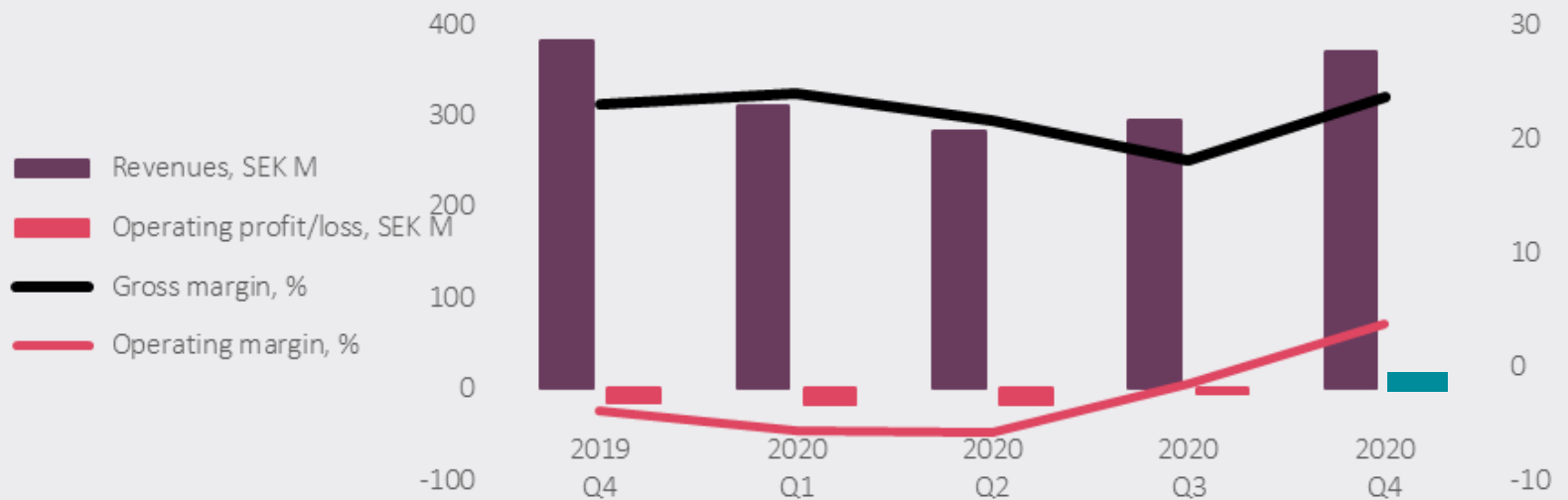
- ① SEK 340.6 M in non-cash write-downs
- ① Continued healthy demand for our sensors – market leadership in capacitive sensors for smartphone and demand for product differentiation provides foundation for a continued stable mobile business
  - ① New ultrathin curved sensor launched (FPC1542), based on the very successful FPC 1540/1541
  - ① A more favorable product mix contributed to improved gross margin
- ① Entering commercial rollout phase in payments
- ① Volume orders in PCs and payments announced
- ① Access to production capacity improved somewhat this quarter, although we foresee continued challenges relating to limitations in our supply chain
- ① We remain committed to our strategic priorities

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.

# Q4 2020 FINANCIAL RESULTS

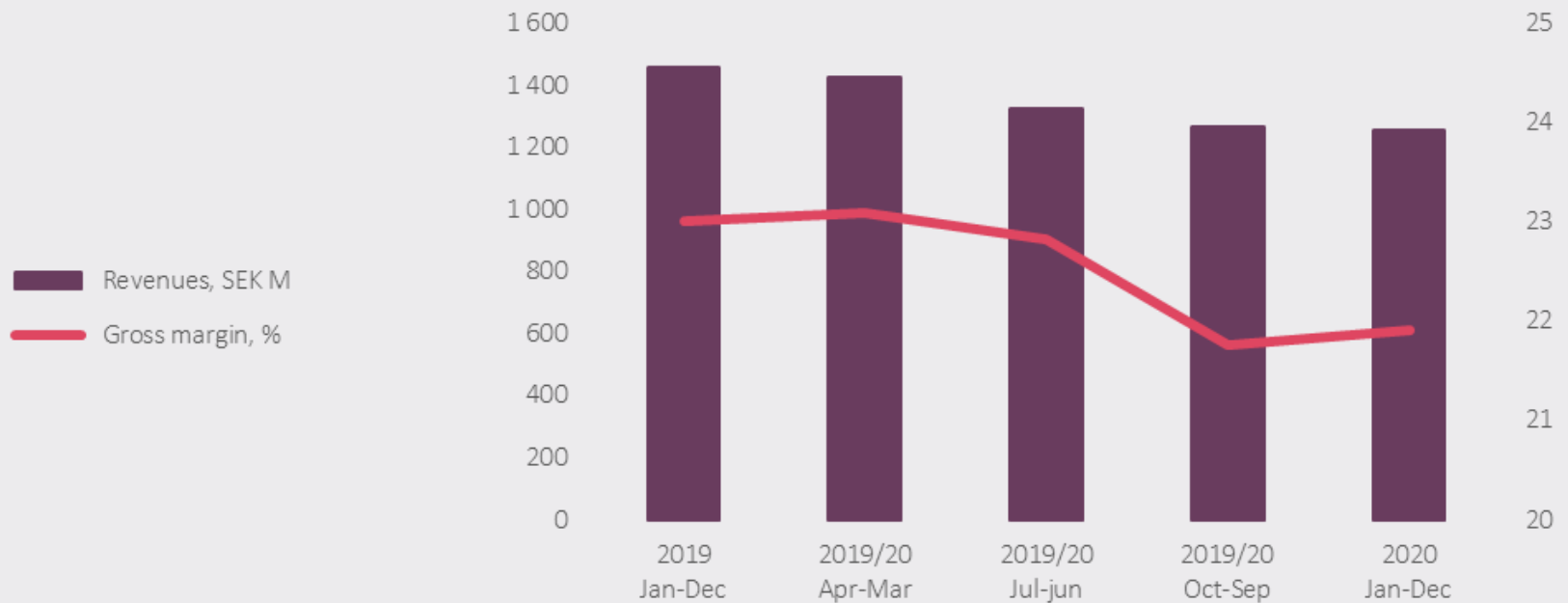
# Q4 2020 financial performance\*

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

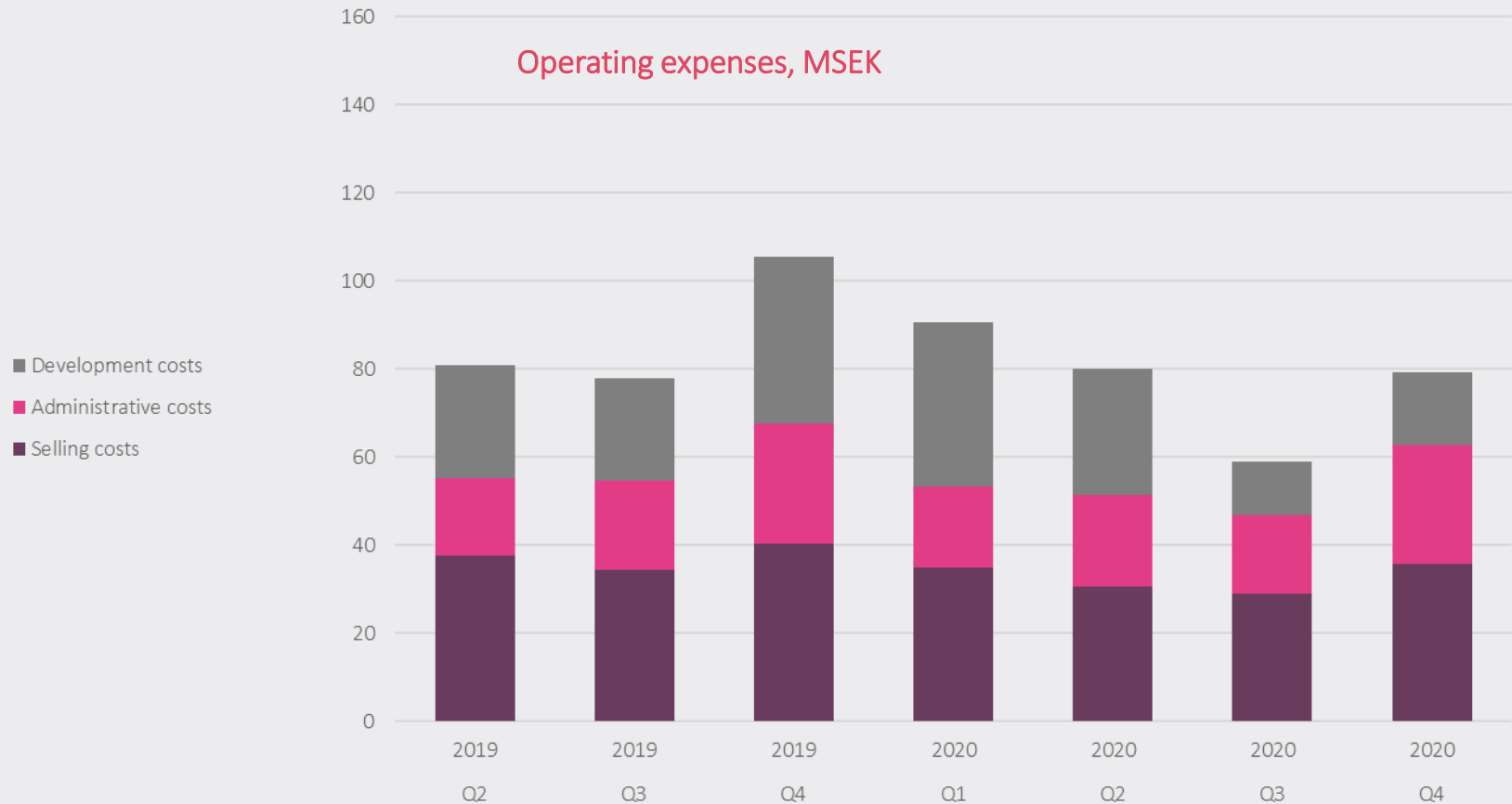


\* Underlying operating profit, excluding SEK 340.6 M in non-cash write-downs in Q4 2020

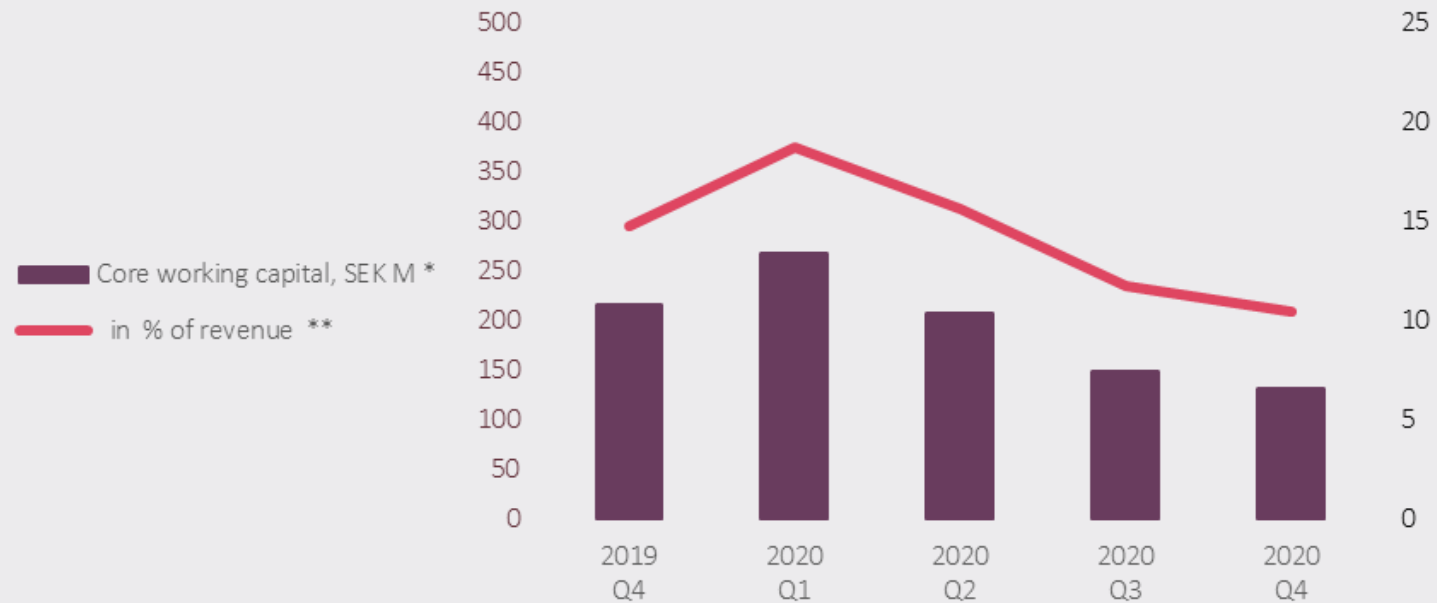
# Revenue and gross margin, rolling 12 months



# Operating expense development



# Core working capital development



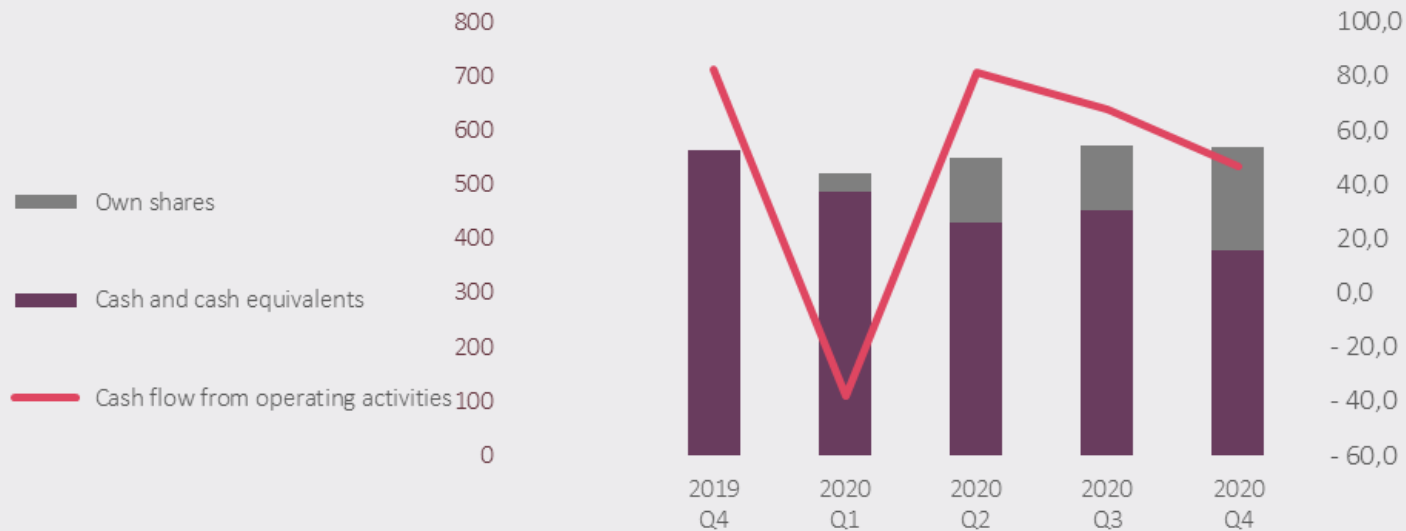
\* Accounts receivable + Inventory – Accounts payable

\*\* Rolling 12-month revenue

# Cash flow and net cash trend

- During the first half of 2020, shares were bought back for SEK 118,7 M
- During second half of 2020, shares were bought back for 71,7 M

Cash and cash equivalents and cash flow, MSEK







# Links to additional information

- ① Financial reports and presentations: <https://www.fingerprints.com/investors/reports-presentations/>
- ① Press releases: <https://www.fingerprints.com/newsroom/press-releases/>
- ① News items: <https://www.fingerprints.com/newsroom/news-stories/>
- ① Blog: <https://www.fingerprints.com/blog/>
- ① Download center (eBooks, whitepapers, product information, etc.): <https://www.fingerprints.com/downloads-resources/>

THANK YOU!



FINGERPRINTS