

# FINGERPRINT CARDS

## Q4 2022

JANUARY 26, 2023



FINGERPRINTS

# Q4 2022 Summary

Revenues	Margins & profitability	Highlights
<ul style="list-style-type: none"> <li>⊙ <b>Revenues in Q4 2022:</b> SEK 190 M (357), a 47% decrease year-over-year (57% decrease in constant currency terms)</li> </ul>	<ul style="list-style-type: none"> <li>⊙ <b>Gross profit:</b> SEK 17 M (113)</li> <li>⊙ <b>Gross Margin:</b> 9%* (32)</li> <li>⊙ <b>EBITDA:</b> SEK -74 M (27)</li> <li>⊙ <b>EBITDA margin:</b> -39% (7%)</li> <li>⊙ <b>Operating profit:</b> SEK -527* M (4)</li> <li>⊙ <b>Operating margin:</b> -277% (1)</li> <li>⊙ <b>Operating Cash Flow:</b> SEK -104 M (-17)</li> <li>⊙ <b>Net Profit:</b> SEK -499 M (5)</li> <li>⊙ <b>Cash position**:</b> SEK 274 M (374)</li> </ul>	<ul style="list-style-type: none"> <li>⊙ SEK 108m inventory decrease compared to Q3 2022</li> <li>⊙ Set-off issue and rights issue: SEK 341m after transaction expenses</li> <li>⊙ First volume order received for optical under-display solution</li> <li>⊙ MCU development project in PC area</li> <li>⊙ Joint development and commercialization agreement with Infineon for a plug-and-play turnkey solution for a biometric payment card</li> </ul>

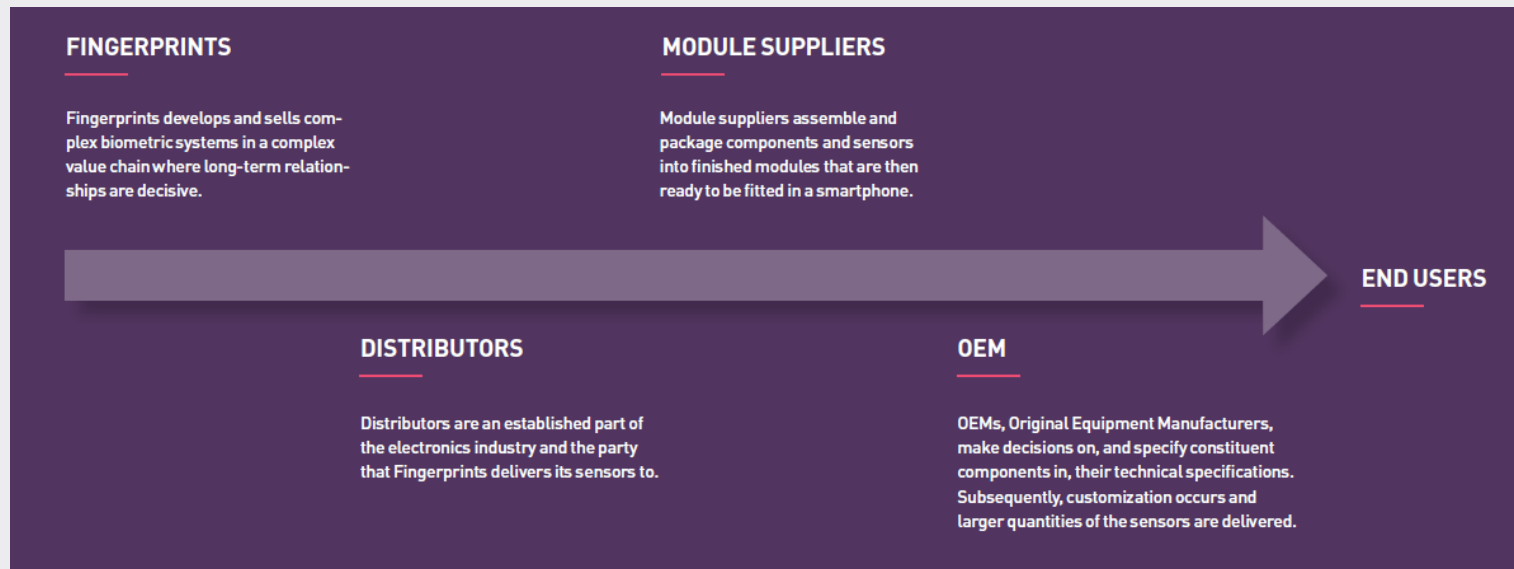
\* Gross margin in Q4 2022 impacted by SEK 22m inventory write-down. Operating profit impacted by SEK 317m write-down of goodwill and SEK 116m write-down of capitalized R&D projects

\*\* Net debt was SEK 43.2 million (net cash: 58.7). Interest-bearing liabilities consist of a bond loan amounting to SEK 293.7 million and leasing liabilities for office premises amounting to SEK 12.4 million (11.6), reported according to IFRS 16.



# BUSINESS UPDATE

# Focus on destocking measures as mobile phone demand dropped in 2022

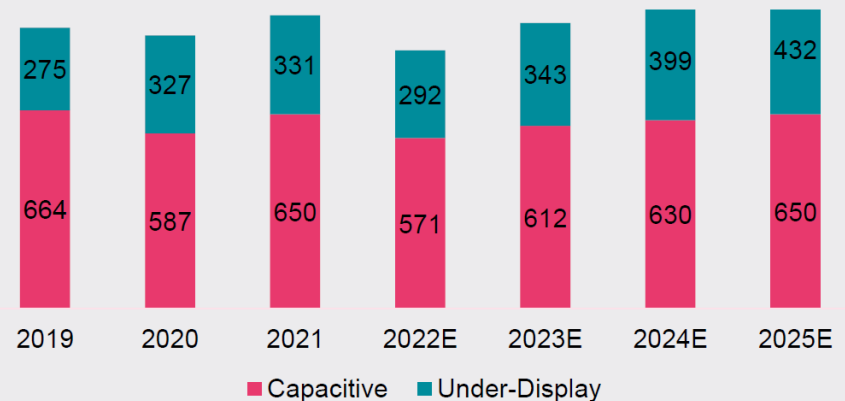


- ⦿ As discussed last quarter, smartphone demand in China fell sharply as more severe COVID-19 restrictions were introduced at the end of Q1 2022.
- ⦿ As expected and communicated, destocking measures throughout the value chain impacted negatively on Fingerprints' revenue. We could start to reduce our own inventory levels in Q4 2022.
- ⦿ Increased price pressure as fingerprint sensor suppliers continue to focus on decreasing inventory to release cash – expected to impact on our revenue and margins, at least during the first half of 2023.
- ⦿ “Zero-covid” restrictions removed. We expect a gradual return to the historical demand for mobile phones.

# First volume order for our under-display solution expands addressable market

- ① First volume order for FPC1632 received from major Asian OEM, following design win earlier in 2022
- ① Camera-based solution to capture fingerprint images through the OLED display
- ① Allowing users to unlock the phone, open an app, or authenticate a mobile payment by placing their finger directly on the display
- ① Substantial expansion of addressable market in Mobile
- ① Our goal is to capture a significant share of the under-display market, while remaining a world leader in capacitive sensors

Market for smartphones (million units)<sup>1)</sup>

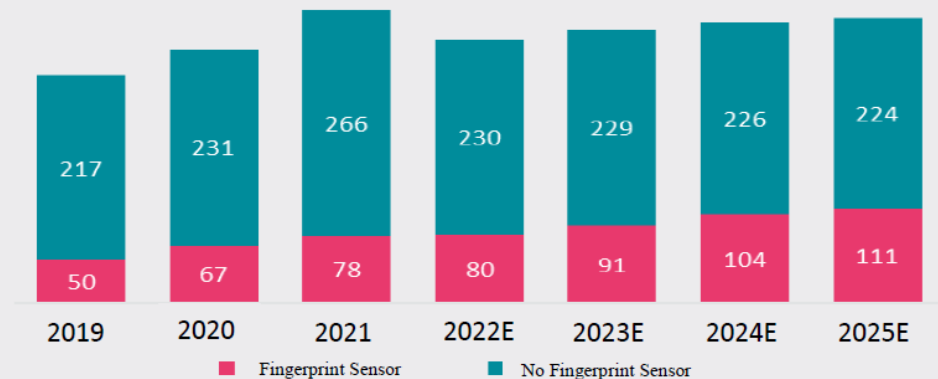


*1) Based on estimates by the Company and information from the tech consulting company OMDIA. The calculation of the number of units is based on the number of smartphones delivered globally by mobile manufacturers and revenue forecasts regarding smartphones.*

# Proprietary MCU will strengthen our position in the PC market

- ① We are developing a microcontroller unit (MCU), enabling Fingerprints to offer PC makers a complete biometric system, consisting of a fingerprint sensor and an MCU.
- ① Four out of the world's six largest PC OEMs are already using our technology in their products
- ① We expect penetration of fingerprint sensors in computers to continue increasing
- ① Our objective is to continue to increase our market share

PC market (million units)<sup>1)</sup>

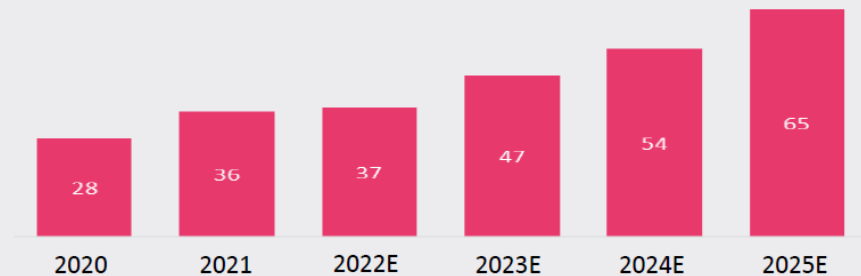


1) Based on estimates by the Company and information from the consulting company OMDIA. The calculation of the number of units is based on the number of PCs' delivered globally by PC manufacturers and revenue forecasts regarding the PC segment.

# Increased penetration of biometric solutions for Access & IoT

- ④ Access outside China grew significantly in 2022, and we are increasing focus on accelerating growth further in 2023
- ④ Increased requirements on security and efficiency increases the penetration of biometric solutions for Access & IoT
- ④ Fingerprints is the global #1 fingerprint sensor supplier for the consumer IoT segment
- ④ Increased interest in biometric access cards and security keys, now that the same key can be used to facilitate uniform, secure access to PCs and systems, as well as to physical spaces

Access market (million units)<sup>1)</sup>



*1) Based on estimates by the Company and information from the global research company ABI Research 2021. The calculation of the number of units is based on the number of Access units delivered globally by manufacturers of Access products and revenue forecasts regarding the Access segment.*

# Infineon and Fingerprints partner to develop the all-in-one solution SECORA™ Pay Bio

- ① SECORA™ Pay Bio will leverage our latest FPC1323 sensor and software, in combination with Infineon's SLC39B Secure Element
- ① Better performance, decreased bill-of-materials and more effective production
- ① In the near term, two more banks are expected to launch biometric cards with Fingerprints' technology
- ① Banks are simplifying the enrolment process, accelerating deployment
- ① Banks in Morocco will start to issue biometric cards to their premium customers automatically, at no extra cost





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.

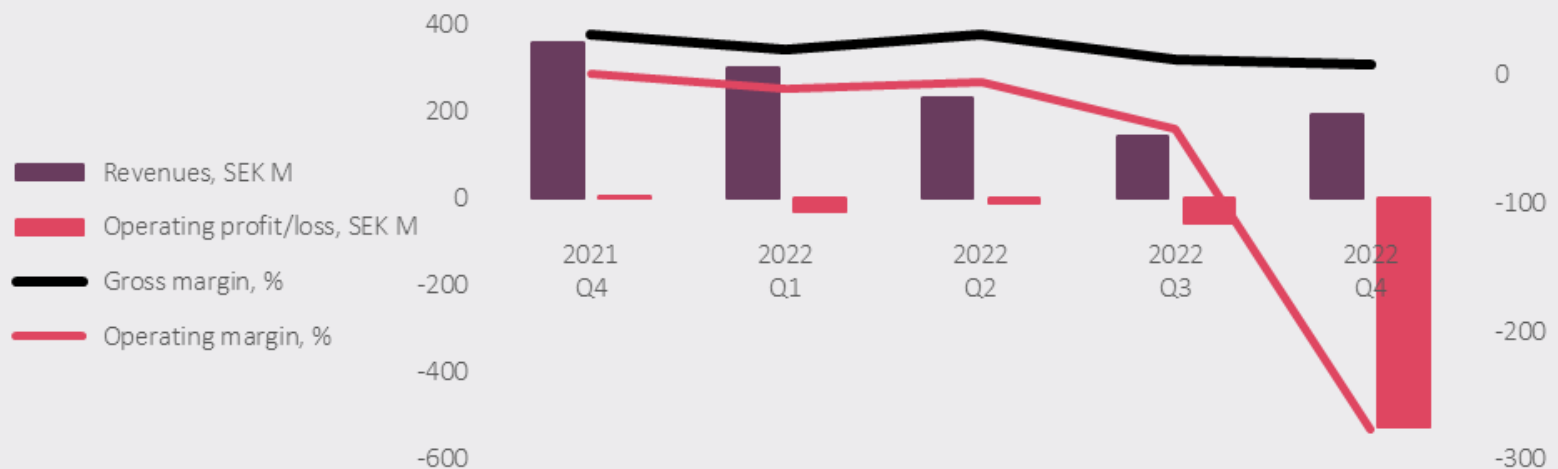
# Q4 2022 FINANCIAL RESULTS

# Extraordinary items in Q4 2022

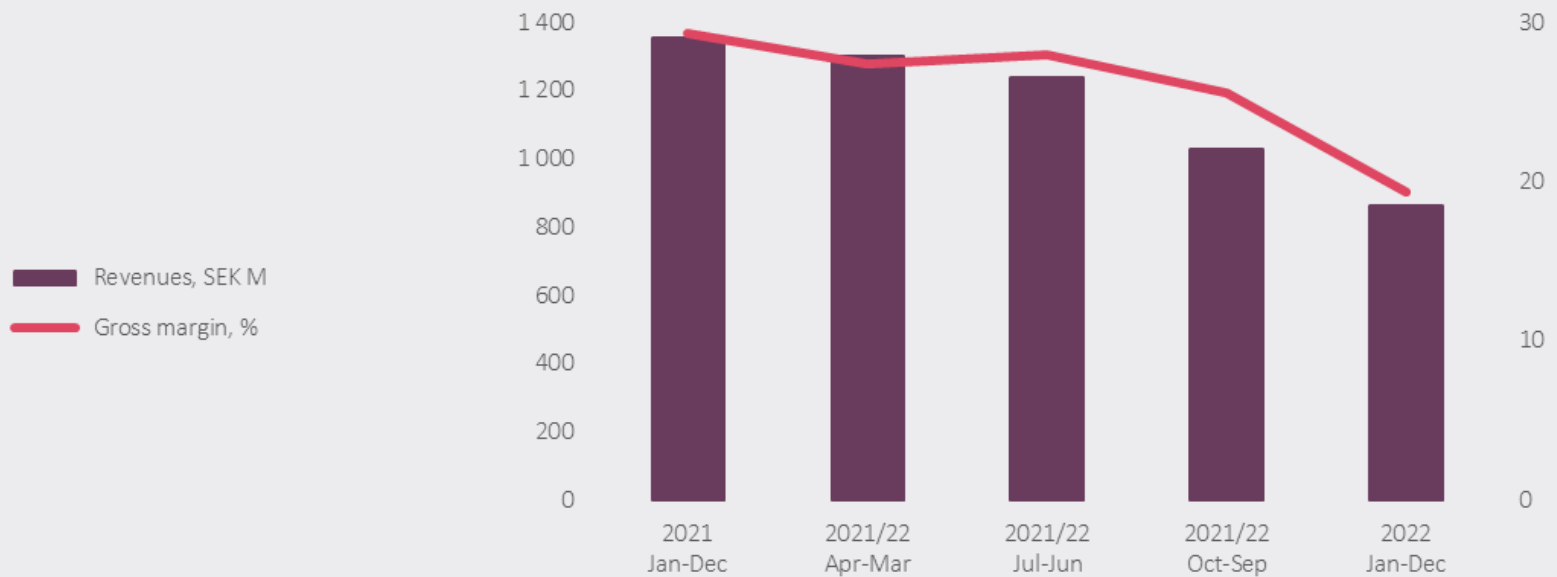
- ① SEK 22 million write-down of inventory
  - ① Revaluation of parts of our wafer inventory. Purchase prices have dropped significantly compared to last year, when there was a global component shortage.
- ① SEK 116 million write-down of capitalized R&D projects
  - ① Value adjusted due to increased discount rate. Some projects, which are no longer deemed to be profitable, have been discontinued.
  - ① Future cash flows may be delayed due to macroeconomic factors
- ① SEK 317 million write-down of goodwill related to Delta ID
  - ① Value adjusted due to increased discount rate.
  - ① Future cash flows may be delayed due to macroeconomic factors. However, the company has an unchanged positive view of the long-term potential in iris recognition.

# Q4 2022 financial performance

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



# Revenue and gross margin, rolling 12 months

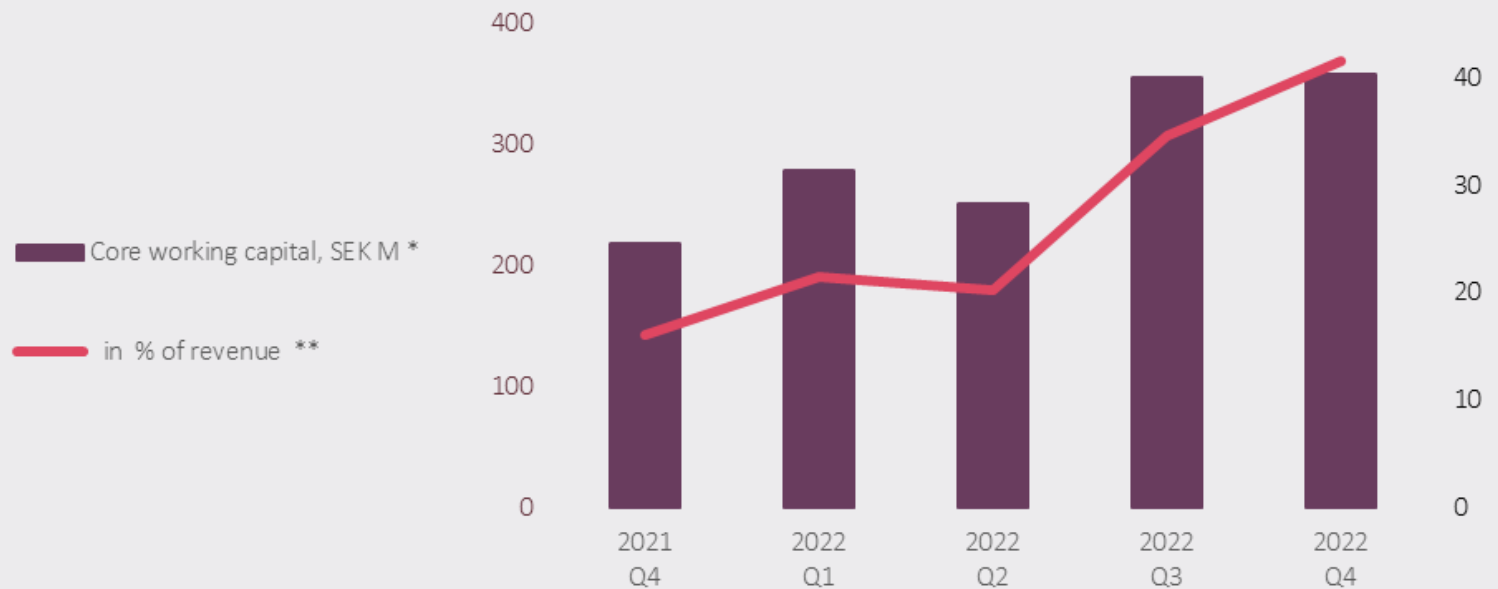


# Operating expense development



# Core working capital development

- Inventory decrease by SEK 108m since the end of Q3 2022, counterbalanced by SEK 116m decrease in accounts payable

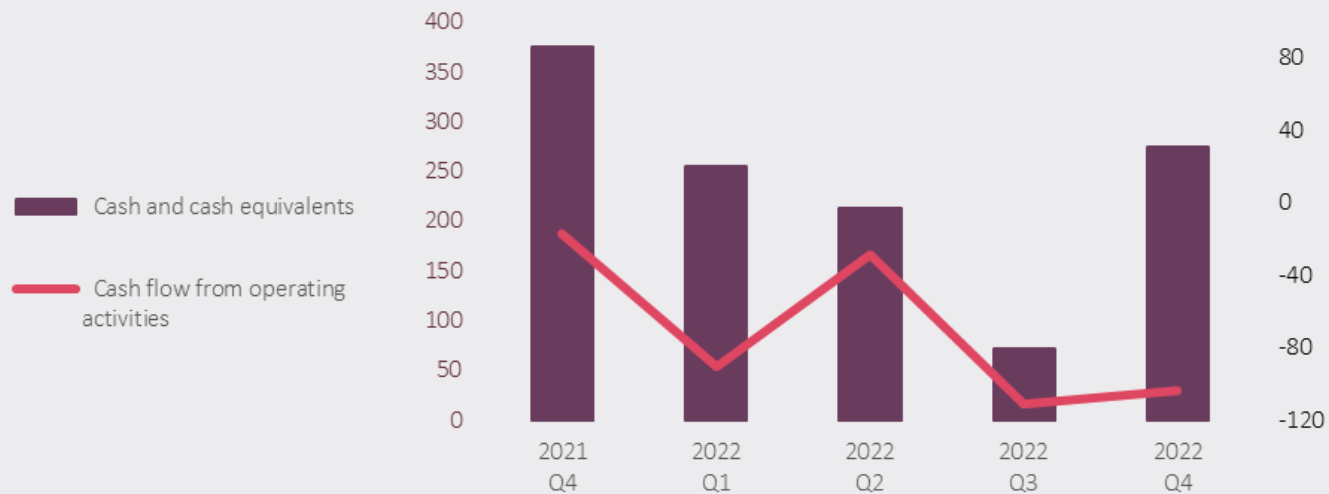


\* Accounts receivable + Inventory – Accounts payable

\*\* Rolling 12-month revenue

# Cash flow and net cash trend

Cash and cash equivalents and cash flow, MSEK



- In December 2021, Fingerprints issued SEK 300 million in senior secured bonds
- In November and December 2022, set-off issue and rights issue: SEK 341 million after transaction expenses



# LTIP PROPOSAL



# LTIP 2023, a performance share-based plan - proposal to the EGM on Feb 24

- ⊙ Incentive program for execs, managers and key employees
- ⊙ Investment in Fingerprint savings shares
- ⊙ Outcome linked to Accumulated Adjusted EBITDA during the Performance Period 2023-2025 + share price performance
- ⊙ Target fulfillment determined in February 2026
- ⊙ Provided continued employment and dependent on the fulfilment of the performance requirement
- ⊙ LTIP 2023 is equivalent to 4.3% of the outstanding number of shares

**==> Strong alignment of investor and all stakeholder  
long term goals**



# 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!



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