You are the key to everything

Fingerprint Cards AB
Q3 2023 Earnings Call, October 19, 2023
Summary

Q3 results  Cost optimization  Strategic direction  Organization & Governance
YoY Revenue Growth

Revenue by Product Group

Q3 2022

- Mobile
- Access RoW
- Access Asia
- PC
- Payment

Q3 2023

- Mobile
- Access RoW
- Access Asia
- PC
- Payment

SEK 143.2m

SEK 184.8m
Positive order development continues

Order development, week 1 – week 40, 2023

16% increase since the end of Q2
Expecting acceptable inventory level by the end of 2023

Inventory development

- Q2 2023: SEK 203m
- Q3 2023: SEK 156m (-23%)

FINGERPRINTS
Gross margin stabilizes but remains a challenge

Gross margin, rolling 12 months

- Jan-Dec 2021
- Apr 21-Mar 22
- Jul 21-Jun 22
- Okt 21-Sep 22
- Jan-Dec 2022
- Apr 22-Mar 23
- Jul 22-Jun 23
- Oct 22-Sep 23
Transformation Plan: Cost optimization program

- Plan initiated targeting cost savings of ~204M annually. Full effect from H2 2024.
- OPEX run rate reduced by ~50% to ~180M annually.
- Restructuring costs estimated at 62M, half recorded in Q4 2023, remainder in 2024.
- Focus is to arrest losses, while continuing to diversify revenue to new, higher-margin areas, including and beyond PC, Access and Payments.
- Remain fully committed to supporting our existing customers including Mobile.
- Profitability focus on projects, where our premium capabilities are valued.
A NEW STRATEGIC DIRECTION
We’re operating in a large and growing market

Source: ABI Research, Frost & Sullivan, company estimates
Fingerprints Extensible Platform Strategy

Device layer
- Fingerprint Sensors
- Modules
- Cameras
- Health Sensors
- HW Systems
- Human Sensors
- Terminals

Modality layer
- Finger
- Iris
- Face
- Voice
- Vital signs
- Vein
- Palm
- Move

Analytics engine
- Algorithm
- Signal processing
- Sensor fusion
- AI / ML
- Anti-spoof
- Liveness

Data layer
- Local
- Encryption
- Cloud
- FIDO
- SaaS
- Blockchain
- Cloud
- Data Lake

Applications in the various segments
- Value
  - Identity
  - Liveness
  - Personalization
  - Presence
  - Interaction
  - Behavior
  - Vital signs / sports data

Build
Buy
Partner
Q3 2023 FINANCIAL RESULTS
Refinancing completed during September 2023

Annual interest expense

- SEK ~40m
- SEK ~10m
- 75%

- Bond loan repaid following convertible bond issue and rights issue
- Interest expense will decrease by approximately SEK 30 million on an annual basis
- We no longer have any restrictive financial commitments
- Our ability to execute on our growth and diversification plans has significantly improved
Q3 2023 financial performance

* Operating profit in Q4 2022 was impacted by three non-cash items: a SEK 22 M inventory write-down, a SEK 116 M write-down of capitalized R&D projects and a SEK 317 M goodwill write-down related to the acquisition of Delta ID that was finalized in 2017.
Revenue and gross margin, rolling 12 months
Operating expense development (including capitalized R&D expenses)
Core working capital development

* Accounts receivable + Inventory – Accounts payable
** Rolling 12-month revenue
Cash flow and net cash trend

- In November and December 2022, set-off issue and rights issue: SEK 341 million after transaction expenses
- In September 2023 refinancing the company
Q&A
Links to additional information

- Financial reports and presentations: https://www.fingerprints.com/investors/reports-presentations/
- Blog: https://www.fingerprints.com/blog/
- Download center (eBooks, whitepapers, product information, etc.): https://www.fingerprints.com/downloads-resources/