

“The revenue guidance for 2016 has been made more precise at SEK 7,200-7,500 M.”

“The guidance for the operating margin has been updated and the full-year operating margin is estimated to be about 40 percent.”

## Third quarter 2016

- Revenues totaled SEK 1,862.3 M (964.0), up 93 percent compared with the third quarter of 2015.
- The gross margin was 49 percent (45)
- Operating profit amounted to SEK 766.8 M (346.2) and the operating margin to 41 percent (36)
- Earnings per share increased to SEK 1.91 (1.12).
- Cash flow from operating activities was SEK 134.5 M (298.1)

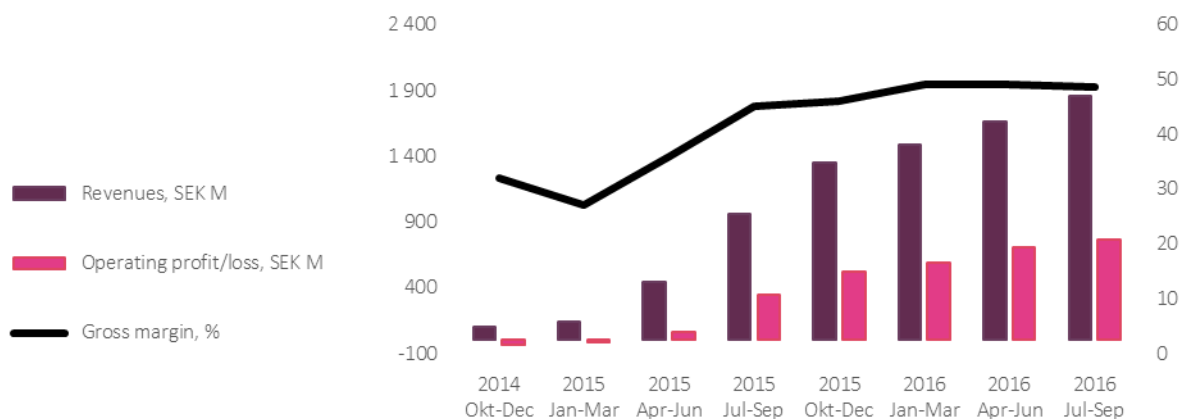
## January–September 2016

- Revenues totaled SEK 5,019.6 M (1,549.0), up 224 percent compared with the year-earlier period.
- The gross margin was 49 percent (40)
- Operating profit amounted to SEK 2,065.5 M (392.8) and the operating margin to 41 percent (25)
- Earnings per share increased to SEK 5.16 (1.27).
- Cash flow from operating activities was SEK 944.3 M (367.9)

## Outlook

- The revenue guidance for 2016 has been made more precise at SEK 7,200-7,500 M compared with the previously communicated SEK 7,200-8,300 M.
- The operating margin for 2016 is estimated to be about 40 percent, which is an update from the previously communicated estimate that it would exceed 37 percent.

REVENUES, OPERATING PROFIT/LOSS AND GROSS MARGIN, QUARTERS





“Continued substantial growth potential in the smartphone segment.”



“Firm confidence in our ability to be innovative and drive the biometrics market.”

## CEO's comments

### Continued strong profitable growth

During the third quarter of the year, revenues continued to rise to SEK 1,862.3 M, equal to growth of 93 percent compared with the corresponding quarter of 2015 and to sequential growth of 12 percent. The operating margin for the quarter was 41 percent and the high gross margin of 49 percent is evidence of our leadership in a market where the competition is gradually increasing. I am particularly gratified to note that the 121-percent rise in operating profit exceeded the increase in revenues. Cash flow amounted to SEK 134.5 M and was adversely impacted by increasing working capital and a large tax payment. For full-year 2016, we estimate that revenues will end up between SEK 7,200 M and SEK 7,500 M, which is in the lower region of the previously stated range of SEK 7,200–8,300 M. The main reason for this is that a couple of our customers have reduced their short-term production forecasts for already launched smartphones. At the same time, we are raising our guidance for the full-year operating margin to being about 40 percent.

The market continues to develop well and, above all, I note continued substantial growth potential in the smartphone segment. For this year, we, in common with independent industry analysts, expect sales of smartphones to total approximately 1.5 billion, of which slightly more than half will feature an integrated fingerprint sensor. Aided by our new low-cost sensors, we will make it possible for our OEM customers to supply even cheaper smartphones equipped with fingerprint sensors and we will thus continue to drive the market.

During the quarter, our OEM customers launched 36 mobile units equipped with an integrated sensor from Fingerprint Cards, meaning that we surpassed 100 launches for the full year. We are the largest supplier of sensors and estimate that our market share for 2016 will be in the mid-range of 50–70 percent of the addressable market, meaning the market excluding Apple. Thanks to our new products, such as the previously launched low-cost sensor and more advanced sensor solutions that will be used under glass, we are continuing to be chosen as a supplier by both existing and new customers.

I also see major potential outside the smartphone segment. PCs represent an obvious opportunity in the near future, since this will enable us to build on existing products and business relations. I see a lot of market activities around smartcards, but it will take time before it has developed into a mass market since it will require both new products and new approaches in other value chains. We are already conducting active product and business development together with relevant partners in these areas and are accelerating our investments to become the leader in these new segments. This means continued and increasing investments in primarily research and development (R&D), sales and business development.

Overall, we continue to be the market leader and to grow with strong profitability despite gradually increasing competition. We have also made considerable progress towards achieving the company's long-term financial objectives. I have firm confidence in our ability to be innovative and drive the biometrics market.

Christian Fredrikson, President and CEO

“Revenue growth for 2016 is estimated to correspond to 148–159 percent”

## Outlook

Revenues for 2016 are estimated to amount to SEK 7,200-7,500 M, corresponding to year-on-year growth of 148–159 percent. This is an update of the previously communicated guidance of SEK 7,200-8,300 M. The main reason for the estimated revenues now ending up in the lower region of the range is that a couple of the company’s OEM customers have reduced their short-term production forecasts for already launched smartphones. The guidance is based on an SEK/USD exchange rate of 8.60 in the fourth quarter.

The operating margin for 2016 is estimated to be about 40 percent, which is an update from the previously communicated estimate that it would exceed 37 percent.



## Significant events in the third quarter of 2016

- Christian Fredrikson takes office as President and CEO on August 1
- 36 mobile units equipped with Fingerprint Cards sensors were launched by 16 different OEM customers
- Fingerprint Cards completed its buyback of own shares



## Market, sales and customer projects

The company and independent industry analysts estimate that sales of mobile phones will total approximately 2 billion in the years immediately ahead, and that an increasing share of these will be smartphones. This year, the number of smartphones sold is expected to total about 1.5 billion, of which slightly more than 50 percent will be fitted with an integrated fingerprint sensor. Accordingly, the growth potential remains considerable in the smartphone segment.

During the third quarter, 36 mobile units equipped with the company's touch sensors were launched by 16 OEM customers, meaning that more than 100 units have been launched to date during 2016. These include such major existing customers as Huawei, Xiaomi and Oppo, as well as new customers such as BQ of Spain and a Japanese mobile phone manufacturer. The company also participated in the European launch event for Huawei Honor 8. Launches in India by Oppo, Lenovo, Xiaomi and LG are evidence of increasing activity in this important market. Launches by the American company MOTO and the launch of Google Pixel after the close of the quarter are excellent examples of the company's close cooperation with leading companies in the US.

With respect to the product mix, spray-coated sensors, such as the FPC1035, and ceramic-coated sensors, such as the FPC1245, continued to dominate among launched products. Launches during the quarter also included a couple of tablets, and a couple of new colors of the spray coated sensors, something that is facilitated by the company's powerful pixel technology.

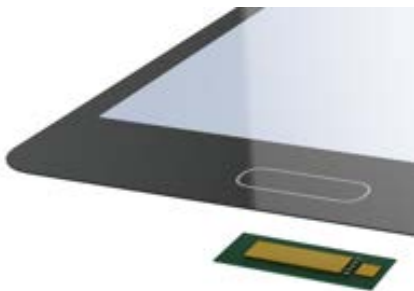
As expected, the competition is sharpening gradually, particularly in China. In terms of market share, and thus the number of units sold, the company estimates that the market share for 2016 will be in the mid-range of the previously communicated range of 50-70 percent of the addressable market, meaning the market excluding Apple.

Notable new customer projects in the quarter mainly reflected keen interest in touch sensors under glass, such as the FPC1268, and the FPC1028 low-cost sensor. The first launches of mobile units equipped with these products are expected in the fourth quarter of 2016 and the first quarter of 2017. The company now has a powerful product portfolio with solutions for all smartphone segments.

Looking at new segments, the company is conducting business development together with relevant partners. During the quarter, the activities in the PC segment have accelerated and resulted in an increasing number of customer projects. The company therefore expects more PC-related customer launches the coming quarters.

There is also a continued keen interest in the company's new sensors for smartcards, and a number of new customer projects have been initiated in Asia. Several of these are expected to result in smaller-scale commercial projects in the

“Close cooperation with leading US companies.”



“Keen interest in touch sensors under glass.”

first half of 2017, although the company's assessment is that it will take longer for a mass market to develop.

The company generally sees that new applications offer considerable growth potential and it is increasing its investments to become the leader in these new segments.

## Technological development, sourcing and production



“The company was ranked the highest among Swedish companies in a survey concerning approved patents.”

“Continues to recruit at a high rate.”

Fingerprint Cards remains the leader of technological development in a bid to broaden the customer base and develop new areas of application. An increasing number of customers and a broader product portfolio are resulting in major demands in terms of innovativeness and R&D capacity. The company is thus continuing to recruit new employees and engage new consultants at a high rate in all spheres of expertise.

During the third quarter, a large amount of development efforts was devoted to new sensors designed to function under glass. The number of projects based on this technology has risen in pace with customers showing interest in utilizing it in new advanced smartphones.

Parallel with this, the company is pursuing long-term technological development with the aim of remaining at the forefront of the biometric industry by means of additional innovations and leveraging state-of-the-art advances to increase the products' performance and reliability, improve user-friendliness and reduce costs. This applies to the development of sensors, software and algorithms. Work on protecting and further developing the company's innovations and patents has a high priority. During the quarter, the company also received recognition when it was ranked the highest among Swedish companies in a survey concerning approved patents.

The company continues to reduce its vulnerability and enhance its efficiency in the supply chain as its volumes increase. For example, the strategy aimed at ensuring that all volume products should always be manufactured by two different plants is now a reality. To be able to manage increasing demand for new products, particularly the sensors to be used under glass, processes have been approved and production capacity among partners safeguarded. To better satisfy short-term demand, the company has also increased its contingency inventories.



## Financial development Group

### Revenues

In the third quarter, consolidated revenues increased to SEK 1,862.3 M (964.0). Also compared with the second quarter of 2016, revenues rose 12%. Our customers' successes with their already launched units, combined with the continued large number of launches in the quarter featuring the company's products, are the major drivers underlying this sharp growth in revenue. Revenues for the past three quarters total SEK 5,019.6 M (1,549.0), equal to a growth rate of 224 percent.

### Gross profit

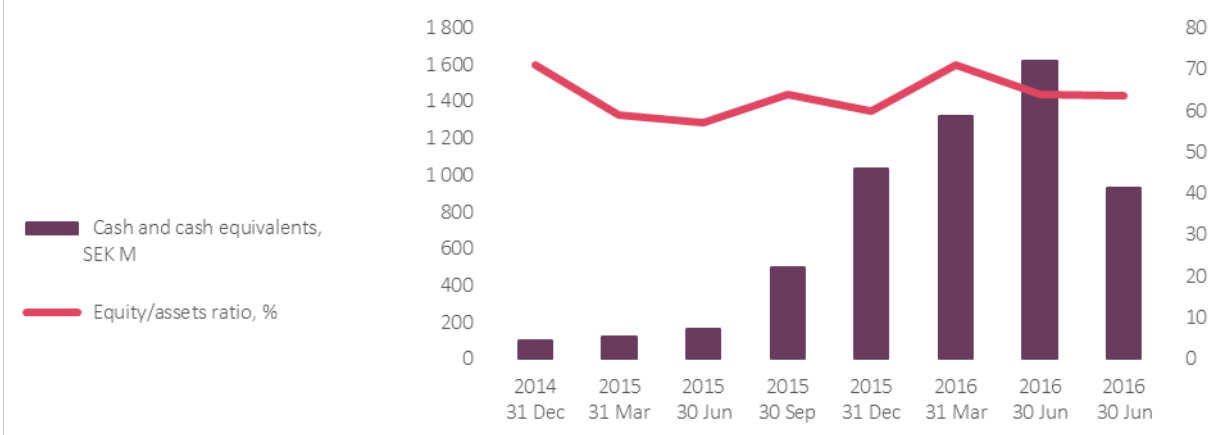
For the third quarter, gross profit rose to SEK 904.2 M (430.7), with the gross margin amounting to 49% (45). The favorable gross margin for the quarter was mainly attributable to a changed product mix compared with the year-earlier quarter. In the third quarter, we continued to note favorable demand for our competitive smaller sensors. We are also seeing that the more complex sensor solutions, such as sensors under glass, entail higher packaging and optimization costs. Consolidated gross profit for the past three quarters amounted to SEK 2,450.4 M (627.0) and the gross margin rose to 49% (40).

### Operating expenses

Operating expenses during the quarter, excluding currency-related expenses, rose to SEK 154.7 M (expense: 96.1). The increased operating expenses for the quarter were primarily due to the expansion of the business and the larger workforce compared with the corresponding quarter of 2015. Sequential growth in operating expenses during the third quarter, excluding currency-related revenues, largely matched the increased number of employees. In the quarter, 11 percent of research and development expenses was capitalized, compared with 6 percent in the third quarter of 2015 and 34 percent in the second quarter of 2016. Changed exchange rates in the third quarter resulted in currency gains of SEK 14.4 M (loss: 1.0), which had a positive impact on operating profit during the period. For the past three quarters, recognized exchange-rate effects amounted to a gain of SEK 12.1 M (gain: 3.6).

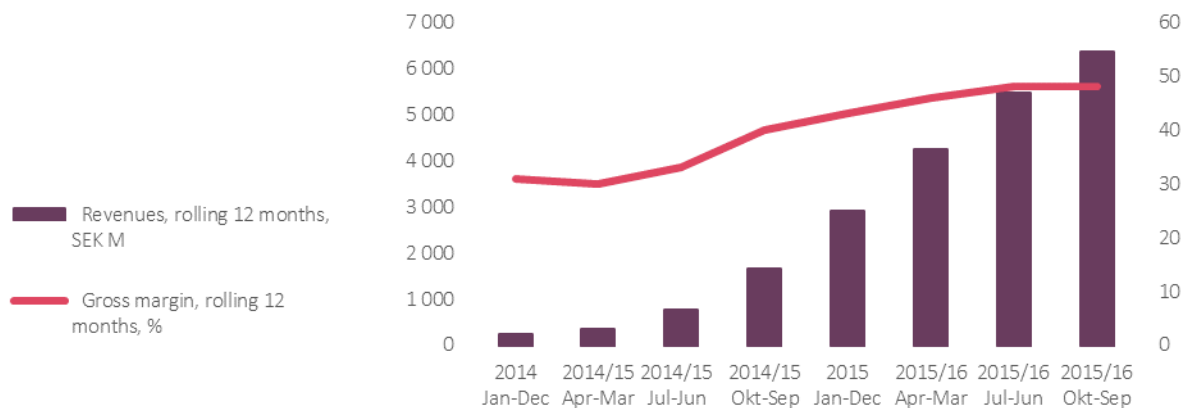
“Continued strong gross profit contributed to healthy profitability in the third quarter.”

### CASH AND EQUITY/ASSET RATIO





## REVENUES AND GROSS MARGIN, ROLLING 12 MONTHS



## Profit after tax for the report period and earnings per share

Profit after tax during the third quarter amounted to SEK 597.6 M (347.4). Earnings per share for the report period amounted to SEK 1.91 (1.12).

## Cash flow

Cash flow from operations, including changes in working capital, was SEK 134.5 M (298.1) in the third quarter. As in previous quarters, the increased revenues and the favorable gross profit made a highly positive contribution, while payments of SEK 401.4 M (0) for the company's estimated tax cost and changes in working capital in the third quarter reduced cash flow from operations. The tax payment during the quarter encompasses tax costs for the entire reporting period. Inventories rose in the quarter to SEK 373.0 M (95.0), due to continued efforts to build up capacity and to have products in stock to offer customers at short notice. Accounts receivable also rose in the third quarter compared with the second quarter, and the driving factors were higher revenues, a weaker SEK exchange rate against the USD and large outward deliveries in the last month of the quarter.

Cash flow to investments in the third quarter was a negative SEK 7.9 M (neg: 3.6). Cash flow from financing activities in the third quarter was a negative SEK 815.5 M (pos: 36.4), of which buybacks of own shares accounted for the entire negative amount of SEK 815.5 M (see also under "Buyback of own shares" below). Exchange-rate fluctuations affected the quarter's cash and cash equivalents by SEK 2.3 M (1.8). Combined, the net change in cash and cash equivalents in the third quarter was a negative SEK 688.9 M (pos: 330.9), of which buybacks of own shares accounted for a negative SEK 815.5 M and payment of tax for a negative SEK 401.4 M.

## Liquidity and shareholders' equity

At September 30, 2016, the Group's disposable cash and cash equivalents totaled SEK 931.7 M (498.7). The company concluded the buyback of its own shares in the third quarter, as shown in the table in the Statement of cash flows. SEK 1,053.2 M of the company's cash assets was used to buy back own shares in the second and third quarter of 2016. Consolidated working capital at the end of the third quarter totaled SEK 1,668.3 M (664.1), of which cash and cash equivalents accounted for SEK 931.7 M. At period-end, consolidated shareholders' equity had risen to SEK 1,772.2 M (731.5) and the equity/assets ratio for the Group was 64 percent (64).

"Payment of tax and changes in working capital had an adverse impact on cash flow."

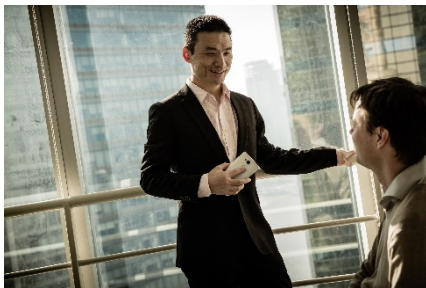
"A large part of the cash flow has been used to buy back own shares"

## Investments, fixed assets and depreciation/amortization

Investments in intangible fixed assets during the quarter amounted to an expense of SEK 6.4 M (expense: 1.6). Investments in tangible fixed assets during the third quarter of 2016 amounted to an expense of SEK 1.5 M (expense: 1.9). Depreciation/amortization according to plan, including impairment losses, amounted to an expense of SEK 15.2 M (expense 9.8) in the third quarter.

## Organization and personnel

The number of employees on September 30, 2016 was 281 (131), of whom 257 (78) were men and 24 (16) women. In addition to full-time employees, consultants primarily in technical development, customer projects and sales and marketing, were also used during the third quarter corresponding to the equivalent of 111 (92) full-time positions, including 93 (52) men and 18 (15) women. Accordingly, including employees and consultants, the company had 392 (223) employees on September 30, 2016.



To enhance the company's efforts in new segments, Thomas Rex, who is currently SVP Sales and Marketing, will instead focus on business development. Since joining the company as SVP Sales and Marketing in 2011, Thomas Rex has built the company's sales organization and been a key person in the company's success in the smartphone segment. The change means that he will leave the Executive Management Group and his current position as the company's SVP Sales and Marketing as of October 27. The person appointed as new Head of Sales is Charles Burgeat who, since being recruited by Fingerprint Cards in 2015, has been responsible for sales in Europe, the Middle East, Africa and North America. Charles Burgeat also has long-standing experience of executive sales positions from such companies as ST, Ericsson and ST-Ericsson.

To support its powerful expansion, the company is continuing to invest in infrastructure and personnel and skills development. During the quarter, the company also implemented its first annual employee satisfaction survey, with highly favorable results.

## Financial development in the Parent Company

For the third quarter of 2016, the Parent Company had revenues of SEK 1,862.3 M (964.0) and profit of SEK 763.5 M (344.8). The Parent Company's disposable cash and cash equivalents at period-end totaled SEK 912.6 M (485.4).

“The buyback of own shares was concluded during the third quarter.”

## Buyback of own shares

During the third quarter, buybacks of own shares continued and totaled SEK 815.5 M. The average price for bought back shares during the third quarter was SEK 105.43 per share. Accordingly, 10,424,000 Class B shares were bought back in the second and third quarter of 2016 for SEK 1,053.2 M and at an average share price of SEK 101.04 per share, corresponding to 3.2 percent of the total number of shares before the start of the share buybacks. The shares bought back constitute treasury holdings and have been assigned no value in assets or shareholders' equity.

### BUYBACK OF OWN SHARES

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
<b>Number of treasury shares (000s)</b>					
Number of buyback shares beginning	2,689	0	0	0	0
Buyback of shares in period	7,735	0	10,424	0	0
Number of buyback shares at end of period	10,424	0	10,424	0	0
<b>Price for buyback shares</b>					
Price for buyback shares during period	815.5	0.0	1,053.2	0.0	0.0
Average price buyback shares	105.43	0.00	101.04	0.00	0.00

## Share capital trend

In February and March 2016, 1,300,000 warrants from the TO5 incentive program were exercised in return for a corresponding number of Class B shares, whereupon the company's registered share capital increased by SEK 260,000 and amounted to SEK 12,907,827 at the end of March 2016. The number of Class B shares after exercises of warrants but before the share split and buybacks described below amounted to 63,339,135, and the number of Class A shares remained unchanged at 1,200,000, bringing the total number of shares to 64,539,135, carrying 75,339,135 votes. The exercise of warrants contributed SEK 68 M before expenses.

During the second quarter, FPC implemented a five-for-one share split, meaning that every share was divided into five shares. The first day of trading after the split was May 27, 2016 and the record date for dividing the shares was May 30, 2016.

Accordingly, the number of shares at the end of the third quarter was 6,000,000 Class A shares and 316,695,675 Class B shares, making a total of 322,695,675 shares, of which 10,424,000 shares were held in treasury. The number of voting rights outstanding is 366,271,675.

### NUMBER OF SHARES

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
<b>Number of shares, (000s)</b>					
Number of shares at period end	322,696	309,870	322,696	309,870	316,195
Of which class A-shares	6,000	6,000	6,000	6,000	6,000
Of which class B-shares	316,696	303,870	316,696	303,870	310,195
Number buyback shares at period end	10,424	0	10,424	0	0
Number of shares outstanding at period end	312,272	309,870	312,272	309,870	316,195
Number of shares outstanding, diluted at period end	314,772	312,370	314,772	312,370	318,695
<b>Average number of shares outstanding (000s)</b>					
Average number of shares	322,696	308,865	321,576	308,990	315,350
Average number of buyback shares	5,792	0	1,996	0	0
Average number of shares outstanding, basic	316,904	308,865	319,580	308,990	315,350
Average number of shares outstanding, diluted	318,949	320,660	321,554	318,485	321,370

<sup>(1)</sup> Adjusted for share split per 2016-05-27.

## Related-party transactions

There were no material transactions between the company and related parties in the Group or the Parent Company during the reporting period.

## Seasonal variations



To date, sales have not demonstrated any clear seasonal fluctuations, with the penetration of fingerprint sensors in smartphones continuing to increase sequentially. The company's core market for smartphones has historically shown a seasonal pattern whereby total smartphone volumes in the first quarter are weaker than in the preceding quarter and whereby the fourth quarter accounts for a very large proportion of the annual volume. While the increasing penetration of fingerprint sensors has overshadowed these seasonal variations to date, it is possible that the company's seasonal variations will increase in the future.

## Significant uncertainties and risks – Group and Parent Company

FPC is exposed to risks. Each of the risks below, other risks and the uncertainties named could, if they occur, have a material negative impact on the company's operations, earnings, financial position or future outlook, or result in a decline in the value of the company's shares, which could lead to investors losing all or parts of their invested capital. The described risks and uncertainties are not ranked in any order of significance; nor are they claimed to be the only risks or uncertainties to which the company is exposed. Additional risks and uncertainties that the company is currently unaware of or that are currently not adjudged to be material could develop into factors that might in the future have a material negative impact on the company's operations, earnings, financial position or future outlook. The following description does not claim to be complete or exact, since risks and their degree of impact vary over time:

- Market risks:* Geopolitical instability, Supplier costs, Economic fluctuations, Currency risk, Loss of customers.
- Operational risks:* Delivery capacity of suppliers, Competency provision, Loss of key competencies, Reduced technological lead, Information leaks
- Financial risks:* Financing, Credit risk.
- Legal risks:* Product liability, Patent risk, Corruption
- Other risks:* Environment and sustainability.

For further information concerning the risks facing the Group, see the 2015 Annual Report, which is available on our website [www.fingerprints.com](http://www.fingerprints.com)

## Notable events after the close of the quarter

- Johan Carlström resigns from his employment at Fingerprint Cards.
- Google launches two new smartphones equipped with Fingerprint Cards' touch sensors.

## Financial information

### Future reporting dates

Year-end report, report on Q4 2016 October-December:	February 2, 2017
Interim Report Q1 2017 January-March:	May 4, 2017
Interim Report Q2 2017 April-June:	July 21, 2017

The company will hold a capital markets day on December 8, 2016.

The company also announces that the 2017 Annual General Meeting will be held on April 20, 2017.

### For further information, contact:

Christian Fredrikson, President and CEO, Fingerprint Cards AB (publ),  
+46(0)31-60 78 20, [investrel@fingerprints.com](mailto:investrel@fingerprints.com)

[www.fingerprints.com/corporate/](http://www.fingerprints.com/corporate/)

Welcome to Fingerprint Cards' presentation of the Interim Report for the third quarter of 2016 on October 27 at 3:00 p.m. CET. The presentation will be webcast, and participants can register via the link below.

<https://engage.vevent.com/index.jsp?eid=3483&seid=72>

*Fingerprint Cards AB (publ), Corp. Reg. No. 556154-2381, discloses this information pursuant to the Swedish Securities Market Act (2007:528) and the Swedish Financial Instruments Trading Act (1991:980).*

*This information is information that Fingerprint Cards AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 am CEST, on October 27<sup>th</sup> 2016.*

### Important information

*Issuance, publication or distribution of this press release in certain jurisdictions could be subject to restrictions. Recipients of this press release are responsible for using this press release and the information herein in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or invitation to acquire or subscribe for new securities in Fingerprint Cards in any jurisdiction.*

## Certification

The Board of Directors and the CEO certify that this interim report provides a fair and accurate review of the operations, financial position and earnings of the Parent Company and the Group and that it describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Gothenburg, October 26, 2016

Jan Wäreby  
Chairman of the Board

Katarina Bonde  
Board Member

Lars Söderfjell  
Board Member

Carl-Johan von Plomgren  
Board Member

Urban Fagerstedt  
Board Member

Peter Carlsson  
Board Member

Åsa Hedin  
Board Member

Michael Hallén  
Board Member

Tomas Mikaelsson  
Board Member

Christian Fredrikson, President and CEO

## Review report

This interim report has not been examined by the company's auditors.

## Financial statements

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in shareholders' equity

Condensed consolidated cash-flow statement

The Group's operating segments

Consolidated statement of income and other comprehensive income for the past nine quarters

Consolidated statement of financial position for the past nine quarters

Consolidated cash-flow statement for the past nine quarters

Fair value and carrying amount of financial liabilities and assets

Condensed income statement, Parent Company

Condensed balance sheet, Parent Company

## Key figures

Key consolidated data

Key consolidated figures for the past nine quarters

Rolling 12-month key figures for the Group for the past nine quarters



FINGERPRINTS

Q3

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Revenue	1,862.3	964.0	5,019.6	1,549.0	2,900.5
Cost of goods sold	-958.1	-533.3	-2,569.2	-922.0	-1,645.2
<b>Gross profit</b>	<b>904.2</b>	<b>430.7</b>	<b>2,450.4</b>	<b>627.0</b>	<b>1,255.3</b>
Selling expenses	-43.1	-27.1	-125.8	-71.8	-107.8
Administrative expenses	-27.4	-13.3	-79.5	-37.7	-56.8
Development expenditure	-81.3	-43.1	-191.7	-128.3	-176.6
Other operating income/expenses	14.4	-1.0	12.1	3.6	-3.8
<b>Operating profit</b>	<b>766.8</b>	<b>346.2</b>	<b>2,065.5</b>	<b>392.8</b>	<b>910.3</b>
Finance costs	0.3	-0.3	0.6	-0.3	-0.3
<b>Profit before tax</b>	<b>767.1</b>	<b>345.9</b>	<b>2,066.1</b>	<b>392.5</b>	<b>910.0</b>
Income tax	-169.6	1.5	-454.7	1.5	-111.7
<b>Profit for the period</b>	<b>597.5</b>	<b>347.4</b>	<b>1,611.4</b>	<b>394.0</b>	<b>798.3</b>
Other comprehensive income	0.1	-	0.4	-	-0.2
<b>Total comprehensive income for the period</b>	<b>597.6</b>	<b>347.4</b>	<b>1,611.8</b>	<b>394.0</b>	<b>798.1</b>
<b>Profit for the period attributable to:</b>					
Parent Company shareholders	597.6	347.4	1,611.8	394.0	798.1
<b>Profit for the period</b>	<b>597.6</b>	<b>347.4</b>	<b>1,611.8</b>	<b>394.0</b>	<b>798.1</b>
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<b>Total comprehensive income for the period</b>	<b>597.6</b>	<b>347.4</b>	<b>1,611.8</b>	<b>394.0</b>	<b>798.1</b>
<b>Earnings per share for the period</b>					
Before dilution, SEK	1.91	1.12	5.16	1.27	2.52
After dilution, SEK	1.87	1.08	5.01	1.24	2.48

<sup>2)</sup> At the end of the period, FPC had one warrant program: TO6: The program is from 2013 and extends until December 27, 2016. The exercise price is SEK 18.03, (SEK 90/16 before split). The program has been taken into account when calculating the number of shares after dilution. On full subscription, the program would result in a maximum of 2 500,000 new Class B shares.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Assets</b>			
Intangible assets	80.2	47.3	49.7
Tangible assets	23.6	20.1	20.6
Financial assets	0.1	0.0	1.0
<b>Total non-current assets</b>	<b>103.9</b>	<b>67.4</b>	<b>71.3</b>
Inventories	373.0	95.0	153.0
Accounts receivable	1,341.5	448.7	617.9
Other receivables	23.7	28.3	28.6
Prepaid expenses and accrued income	9.5	5.8	8.0
Cash and cash equivalents	931.7	498.7	1,031.3
<b>Total current assets</b>	<b>2,679.4</b>	<b>1,076.5</b>	<b>1,838.8</b>
<b>Total assets</b>	<b>2,783.3</b>	<b>1,143.9</b>	<b>1,910.1</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	1,772.2	731.5	1,146.8
Non-current liabilities	0.0	0.0	0.0
Accounts payable	697.6	351.7	548.5
Current tax liability	42.8	0.0	109.6
Other current liabilities	4.9	5.0	4.0
Prepaid expenses and accrued income	265.8	55.7	101.2
<b>Total current liabilities</b>	<b>1,011.1</b>	<b>412.4</b>	<b>763.3</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,783.3</b>	<b>1,143.9</b>	<b>1,910.1</b>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Opening shareholders' equity	1,146.8	301.1	301.1
Total comprehensive income for the period	1,611.8	394.0	798.1
Exercise of warrants	66.8	36.4	47.6
Buyback own shares	-1,053.2	0.0	0.0
<b>Closing shareholders' equity</b>	<b>1,772.2</b>	<b>731.5</b>	<b>1,146.8</b>

## CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Profit before tax	767.1	345.9	2,066.1	392.5	910.0
Adjustment for non-cash items	13.1	9.7	25.2	30.1	45.6
Income tax paid	-401.4	0.0	-522.2	0.0	-2.1
Change in inventory	-129.5	8.5	-220.2	3.8	-54.2
Change in current receivables	-255.2	-213.0	-720.1	-347.5	-519.2
Change in current liabilities	140.4	147.0	315.5	289.0	530.3
<b>Cash flow from operating activities <sup>3)</sup></b>	<b>134.5</b>	<b>298.1</b>	<b>944.3</b>	<b>367.9</b>	<b>910.4</b>
Cash flow from investing activities	-7.9	-3.6	-64.8	-10.0	-26.0
Cash flow from financing activities <sup>4)</sup>	-815.5	36.4	-986.5	36.4	47.4
<b>Change in cash and cash equivalents</b>	<b>-688.9</b>	<b>330.9</b>	<b>-107.0</b>	<b>394.3</b>	<b>931.8</b>
Cash and cash equivalents on the opening date	1,618.3	166.0	1,031.3	101.9	101.9
Effect of exchange rate changes on cash	2.3	1.8	7.4	2.5	-2.4
<b>Closing cash and cash equivalents</b>	<b>931.7</b>	<b>498.7</b>	<b>931.7</b>	<b>498.7</b>	<b>1,031.3</b>

<sup>3)</sup> In previous reports, effect of exchange rate changes on cash has been incl. in change in cash and cash equivalents. From this report this has been reported separately.

<sup>4)</sup> Cash flow from financing activities are mainly from buyback of own shares and

## THE GROUP'S OPERATING SEGMENTS

SEK M	Jul-Sep 2016	Jul-Sep 2015	Change, %	Jan-Sep 2016	Jan-Sep 2015	Change, %
<b>Revenue</b>						
Sensors	1,862.3	964.0	93	5,019.6	1,549.0	224
Other	-	-	-	-	-	-
<b>Group</b>	<b>1,862.3</b>	<b>964.0</b>	<b>93</b>	<b>5,019.6</b>	<b>1,549.0</b>	<b>224</b>

SEK M	Jul-Sep 2016	Jul-Sep 2015	Change, %	Jan-Sep 2016	Jan-Sep 2015	Change, %
<b>Operating profit</b>						
Sensors	766.8	346.1	122	2,065.5	392.8	426
Other	-	-	-	-	-	-
<b>Group</b>	<b>766.8</b>	<b>346.1</b>	<b>122</b>	<b>2,065.5</b>	<b>392.8</b>	<b>426</b>

SEK M	Jul-Sep 2016	Jul-Sep 2015	Change, %	Jan-Sep 2016	Jan-Sep 2015	Change, %
<b>Profit before tax</b>						
Sensors	767.1	347.4	121	2,066.1	394.0	424
Other	-	-	-	-	-	-
<b>Group</b>	<b>767.1</b>	<b>347.4</b>	<b>121</b>	<b>2,066.1</b>	<b>394.0</b>	<b>424</b>



## CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR THE PAST NINE QUARTERS

SEK M	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014
Revenue	1,862.3	1,666.1	1,491.2	1,351.5	964.0	445.2	139.9	105.0	66.2
Cost of goods sold	-958.1	-852.4	-758.7	-723.3	-533.3	-286.2	-102.5	-71.3	-45.0
<b>Gross profit</b>	<b>904.2</b>	<b>813.7</b>	<b>732.5</b>	<b>628.2</b>	<b>430.7</b>	<b>159.0</b>	<b>37.4</b>	<b>33.7</b>	<b>21.2</b>
Selling costs	-43.1	-45.8	-36.9	-35.9	-27.1	-25.5	-19.2	-15.7	-14.5
Administrative costs	-27.4	-34.5	-17.6	-19.2	-13.3	-15.9	-8.5	-8.6	-7.6
Development costs	-81.3	-60.0	-50.3	-48.2	-43.1	-43.3	-41.9	-42.6	-45.1
Other operating income/expenses	14.4	36.3	-38.6	-7.3	-1.0	-8.8	13.4	3.2	2.0
<b>Operating profit/loss</b>	<b>766.8</b>	<b>709.7</b>	<b>589.1</b>	<b>517.6</b>	<b>346.2</b>	<b>65.5</b>	<b>-18.8</b>	<b>-30.0</b>	<b>-44.0</b>
Finance costs	0.3	0.1	0.1	0.0	-0.3	0.0	-0.1	0.7	0.5
<b>Profit/loss before tax</b>	<b>767.1</b>	<b>709.8</b>	<b>589.2</b>	<b>517.6</b>	<b>345.9</b>	<b>65.5</b>	<b>-18.9</b>	<b>-29.3</b>	<b>-43.5</b>
Income tax	-169.6	-155.4	-129.7	-113.2	1.5	-	-	-0.5	-
<b>Profit/loss for the period</b>	<b>597.5</b>	<b>554.4</b>	<b>459.5</b>	<b>404.4</b>	<b>347.4</b>	<b>65.5</b>	<b>-18.9</b>	<b>-29.8</b>	<b>-43.5</b>
Other comprehensive income	0.1	0.3	-	-	-	-	-	-	-
<b>Total comprehensive income/loss for the period</b>	<b>597.6</b>	<b>554.7</b>	<b>459.5</b>	<b>404.4</b>	<b>347.4</b>	<b>65.5</b>	<b>-18.9</b>	<b>-29.8</b>	<b>-43.5</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PAST NINE QUARTERS

	30 Sep 2016	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
<i>SEK/USD exchange rate, balance date</i>	8.62	8.48	8.15	8.35	8.39	8.23	8.62	7.81	7.24
<b>Assets</b>									
Intangible assets	80.2	87.1	65.8	49.7	47.3	54.0	60.4	69.8	54.1
Tangible assets	23.6	23.1	24.4	20.6	20.1	19.6	18.4	18.8	9.0
Financial assets	0.1	1.0	1.0	1.0	0.0	-	-	-	-
<b>Total non-current assets</b>	<b>103.9</b>	<b>111.2</b>	<b>91.2</b>	<b>71.3</b>	<b>67.4</b>	<b>73.6</b>	<b>78.8</b>	<b>88.6</b>	<b>63.1</b>
Inventories	373.0	243.7	193.9	153.0	95.0	103.5	95.2	98.8	58.0
Accounts receivable	1,341.5	1,086.7	725.2	617.9	448.7	245.5	169.2	115.8	61.3
Other receivables	23.7	24.5	23.6	28.6	28.3	18.5	11.7	15.9	13.3
Prepaid expenses and accrued income Int.	9.5	8.3	9.3	8.0	5.8	6.0	4.9	3.7	2.9
Cash and cash equivalents	931.7	1,618.3	1,321.2	1,031.3	498.7	166.0	120.9	101.8	192.1
<b>Total current assets</b>	<b>2,679.4</b>	<b>2,981.5</b>	<b>2,273.2</b>	<b>1,838.8</b>	<b>1,076.5</b>	<b>539.5</b>	<b>401.9</b>	<b>336.0</b>	<b>327.6</b>
<b>Total assets</b>	<b>2,783.3</b>	<b>3,092.7</b>	<b>2,364.4</b>	<b>1,910.1</b>	<b>1,143.9</b>	<b>613.1</b>	<b>480.7</b>	<b>424.6</b>	<b>390.7</b>
<b>Shareholders' equity and liabilities</b>									
<i>Shareholders' equity</i>	<i>1,772.2</i>	<i>1,990.1</i>	<i>1,673.1</i>	<i>1,146.8</i>	<i>731.5</i>	<i>347.6</i>	<i>282.2</i>	<i>301.1</i>	<i>307.1</i>
<i>Non-current liabilities</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>0.2</i>
Accounts payable	697.6	617.7	465.7	548.5	351.7	227.7	53.9	66.1	58.0
Current tax liability	42.8	273.9	126.6	109.6	0.0	-	-	-	-
Other liabilities	4.9	5.4	3.3	4.0	5.0	5.6	113.0	35.7	3.6
Accrued exp. and def. income Int.	265.8	205.6	95.7	101.2	55.7	32.1	31.5	21.5	21.8
<b>Current liabilities</b>	<b>1,011.1</b>	<b>1,102.6</b>	<b>691.3</b>	<b>763.3</b>	<b>412.4</b>	<b>265.4</b>	<b>198.4</b>	<b>123.3</b>	<b>83.4</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,783.3</b>	<b>3,092.7</b>	<b>2,364.4</b>	<b>1,910.1</b>	<b>1,143.9</b>	<b>613.1</b>	<b>480.7</b>	<b>424.6</b>	<b>390.7</b>



## CONSOLIDATED CASH-FLOW STATEMENT FOR THE PAST NINE QUARTERS

SEK M	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014
Profit/loss before tax	767.1	709.8	589.2	517.6	345.9	65.5	-18.9	-29.3	-43.5
Adjustments for non-cash items	13.1	-24.3	36.5	17.2	9.7	14.5	6.2	11.2	21.3
Paid income tax	-401.4	-8.1	-112.7	-4.2	0.0	-	-	-	-
Change in inventory	-129.5	-49.8	-40.9	-58.0	8.5	-8.3	3.5	-40.7	-31.6
Change in current receivables	-255.2	-361.3	-103.6	-171.7	-213.0	-84.1	-50.4	-57.7	-21.3
Change in current liabilities	140.4	264.1	-89.0	241.8	147.0	67.0	75.0	39.8	32.9
<b>Cash flow fr. operating activities <sup>3)</sup></b>	<b>134.5</b>	<b>530.4</b>	<b>279.5</b>	<b>542.7</b>	<b>298.1</b>	<b>54.6</b>	<b>15.4</b>	<b>-76.7</b>	<b>-42.2</b>
Cash flow from investing activities	-7.9	-30.1	-26.8	-15.9	-3.6	-4.3	-2.1	-39.0	-4.8
Cash flow from financing activities	-815.5	-237.8	66.8	11.1	36.4	-0.1	-0.1	23.6	-0.1
<b>Change in cash and cash equiv.</b>	<b>-688.9</b>	<b>262.5</b>	<b>319.5</b>	<b>537.9</b>	<b>330.9</b>	<b>50.2</b>	<b>13.2</b>	<b>-92.1</b>	<b>-47.1</b>
Cash and cash equiv. on the opening date	1,618.3	1,321.2	1,031.3	498.7	166.0	120.9	101.9	192.1	237.6
Effect of exchange rate changes on cash <sup>3)</sup>	2.3	34.6	-29.6	-5.1	1.8	-5.1	5.8	1.8	1.6
<b>Closing cash and cash equivalents</b>	<b>931.7</b>	<b>1,618.3</b>	<b>1,321.2</b>	<b>1,031.5</b>	<b>498.7</b>	<b>166.0</b>	<b>120.9</b>	<b>101.8</b>	<b>192.1</b>

<sup>3)</sup> In previous reports, effect of exchange rate changes on cash has been incl. in change in cash and cash equivalents. From this report this has been reported separately.

<sup>4)</sup> Cash flow from financing activities are mainly from buyback of own shares and

## FAIR VALUE AND CARRYING AMOUNT OF FINANCIAL LIABILITIES AND ASSETS

SEK M	September 30, 2016		September 30, 2015	
	Carrying amount	Fair amount	Carrying amount	Fair amount
<b>Financial assets</b>				
<b>Loan receivables and accounts receivable</b>				
Accounts receivable	373.0	373.0	448.7	448.7
Cash and cash equivalents	931.7	931.7	498.7	498.7
<b>Total financial assets</b>	<b>1,304.7</b>	<b>1,304.7</b>	<b>947.4</b>	<b>947.4</b>
<b>Financial liabilities</b>				
<b>Current financial liabilities:</b>				
Accounts payable	697.6	697.6	351.7	351.7
<b>Total financial liabilities</b>	<b>697.6</b>	<b>697.6</b>	<b>351.7</b>	<b>351.7</b>
<b>By category:</b>				
Loan receivables and accounts receivable	1,304.7	1,304.7	947.4	947.4
<b>Total financial assets</b>	<b>1,304.7</b>	<b>1,304.7</b>	<b>947.4</b>	<b>947.4</b>
Financial liabilities at amortized cost	697.6	697.6	351.7	351.7
<b>Total financial liabilities</b>	<b>697.6</b>	<b>697.6</b>	<b>351.7</b>	<b>351.7</b>



## CONDENSED INCOME STATEMENT, PARENT COMPANY

SEK M	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Revenues	1,862.3	964.0	5,019.6	1,548.7	2,900.2
Cost of goods sold	-958.1	-533.3	-2,569.2	-921.9	-1,645.2
<b>Gross profit</b>	<b>904.2</b>	<b>430.7</b>	<b>2,450.4</b>	<b>626.8</b>	<b>1,255.0</b>
Selling expenses	-42.4	-27.4	-125.1	-72.4	-108.6
Administrative expenses	-29.9	-13.3	-87.6	-37.8	-56.8
Development expenditure	-82.8	-44.1	-192.4	-131.4	-181.4
Other operating income/expenses	14.4	-1.1	12.2	3.5	-3.4
<b>Operating profit</b>	<b>763.5</b>	<b>344.8</b>	<b>2,057.5</b>	<b>388.7</b>	<b>904.8</b>
Finance costs	0.5	-0.2	0.5	-0.3	-0.3
<b>Profit before tax</b>	<b>764.0</b>	<b>344.6</b>	<b>2,058.0</b>	<b>388.4</b>	<b>904.5</b>
Income tax	-168.6	2.1	-453.3	2.1	-111.0
<b>Profit for the period</b>	<b>595.4</b>	<b>346.7</b>	<b>1,604.7</b>	<b>390.5</b>	<b>793.5</b>

## CONDENSED BALANCE SHEET, PARENT COMPANY

SEK M	30 Sep 2016	30 Sep 2015	31 Dec 2015
<b>Assets</b>			
Intangible assets	78.4	44.2	47.0
Tangible assets	21.3	18.0	18.6
Financial assets	5.1	1.8	3.5
<i>Total non-current assets</i>	<i>104.8</i>	<i>64.0</i>	<i>69.1</i>
Inventories	373.1	95.0	153.0
Accounts receivable	1,341.5	448.7	617.9
Current receivables	30.2	41.3	39.4
Cash and cash equivalents	912.6	485.4	1,018.0
<i>Total current assets</i>	<i>2,657.4</i>	<i>1,070.4</i>	<i>1,828.3</i>
<b>Total assets</b>	<b>2,762.2</b>	<b>1,134.4</b>	<b>1,897.4</b>
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>	<i>1,754.8</i>	<i>722.3</i>	<i>1,136.5</i>
Accounts payable	697.1	352.8	548.2
Current tax liability	42.4	0.0	109.9
Other current liabilities	267.9	59.3	102.8
<i>Total current liabilities</i>	<i>1,007.4</i>	<i>412.1</i>	<i>760.9</i>
<b>Total shareholders' equity and liabilities</b>	<b>2,762.2</b>	<b>1,134.4</b>	<b>1,897.4</b>



## KEY CONSOLIDATED DATA

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Revenue, SEK M	1,862.3	964.0	5,019.6	1,549.0	2,900.5
Revenue increase, %	93	1,358	224	1,105	1,142
Gross margin, %	49	45	49	40	43
Operating margin, %	41	36	41	25	31
Profit margin, %	32	36	32	25	28
EBITDA, SEK M	782.0	355.9	2,098.3	424.0	953.7
Return on equity, %	41	64	110	76	110
Cash flow from operating activities, SEK M	134.5	298.1	944.3	367.9	910.4
Equity/assets ratio, %	64	64	64	64	60
Investments, SEK M	-7.9	-3.6	-64.8	-10.0	26.0
Average number of employees	259	121	221	112	120
Shareholders' equity per share, SEK					
- before dilution	5.68	2.36	5.68	2.36	3.63
- after dilution	5.56	2.28	5.51	2.28	3.57
Cash flow from operating activities/share, SEK					
- before dilution	0.42	0.97	2.95	1.20	2.89
- after dilution <sup>(2)</sup>	0.42	0.93	2.94	1.16	2.83
Number of shares at period end, 000s	312,272	309,870	312,272	309,870	316,195
Share price at period end <sup>(1)</sup>	100.50	61.80	100.50	61.80	118.20

<sup>(1)</sup> Adjusted for share split per 2016-05-27.

<sup>(2)</sup> At the end of the period, FPC had one warrant program: TO6: The program is from 2013 and extends until December 27, 2016. The exercise price is SEK 18.03, (SEK 90/16 before split). The program has been taken into account when calculating the number of shares after dilution. On full subscription, the program would result in a maximum of 2 500,000 new Class B shares.

## KEY CONSOLIDATED FIGURES FOR THE PAST NINE QUARTERS

SEK M	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Oct-Dec 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014
Revenue, SEK M	1,862.3	1,666.1	1,491.2	1,351.5	964.0	445.2	139.9	105.0	66.1
Revenue increase, %	93	274	966	1,187	1,358	912	660	208	52
Gross margin, %	49	49	49	46	45	36	27	32	32
Operating margin, %	41	43	40	38	36	15	-13	-28	-66
Profit margin, %	32	33	31	30	36	15	-13	-28	-65
EBITDA, SEK M	782.0	720.3	596.0	529.7	355.9	74.9	-6.8	-16.0	-21.1
Return on equity, %	41	35	33	44	64	21	-6	-10	-13
Cash flow from operating activities, SEK M	134.5	530.4	279.5	542.7	298.1	54.6	15.4	-76.7	-42.2
Equity/assets ratio, %	64	64	71	60	64	57	59	71	79
Investments, SEK M	-7.9	-30.1	-26.8	-15.9	-3.6	-4.3	-2.1	-39.0	-4.8
Average number of employees	259	224	179	140	121	110	104	99	91
Shareholders' equity per share, SEK									
- before dilution	5.68	6.22	5.18	3.63	2.36	1.19	0.97	1.03	1.08
- after dilution	5.6	6.13	5.14	3.54	2.28	1.11	0.91	0.96	1.00
Cash flow from operating activities, SEK									
- before dilution	0.42	1.65	0.87	1.72	0.96	0.19	0.05	-0.27	-0.15
- after dilution <sup>(2)</sup>	0.42	1.63	0.86	1.68	0.93	0.17	0.05	-0.24	-0.14
Number of shares at period end, 000s	312,272	320,007	322,696	316,195	309,870	292,105	292,105	292,105	283,305
Share price at period end <sup>(1)</sup>	100.50	81.30	94.40	118.20	61.80	35.70	10.70	6.96	7.30

<sup>(1)</sup> Adjusted for share split per 2016-05-27.

<sup>(2)</sup> At the end of the period, FPC had one warrant program: TO6: The program is from 2013 and extends until December 27, 2016. The exercise price is SEK 18.03 (90/16 before the share split). The program has been taken into account when calculating the number of shares after dilution. On full subscription, the program would result in a maximum of 2 500,000 new Class B shares.



## ROLLING 12-MONTH KEY FIGURES FOR THE GROUP FOR THE PAST NINE QUARTERS

	Oct-Sep 2015/16	Jul-Jun 2015/16	Apr-Mar 2015/16	Jan-Dec 2015	Okt-Sep 2014/15	Jul-Jun 2014/15	Apr-Mar 2014/15	Jan-Dec 2014	Okt-Sep 2013/14
Revenues, SEK M	6,371.1	5,472.8	4,251.8	2,900.6	1,654.1	756.3	355.1	233.6	162.7
Gross profit, SEK M	3,078.7	2,605.1	1,950.4	1,255.3	660.8	251.3	105.4	71.7	53.0
Gross margin, %	48	48	46	43	40	33	30	31	33
Operating result, SEK M	2,583.0	2,162.5	1,518.2	910.3	362.9	-27.1	-137.5	-145.2	-130.5
Operating margin, %	41	40	36	31	22	-4	-39	-62	-80
EBITDA, SEK M	2,628.0	2,201.8	1,556.4	953.7	407.7	30.6	-68.0	-83.6	-78.6

## Accounting policies

This condensed interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting, and applying the provisions of the Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act, Chapter 9, Interim reports. The application of these accounting policies complies with what is presented in the Annual Report for the fiscal year ending December 31, 2015 and must be read together with the Annual Report. In addition to the financial statements and the associated notes, disclosures according to IAS 34.16A are also presented in other parts of the interim report. No new or revised IFRS that have become effective in 2016 have had any significant impact on the Group. As of July 3, 2016, the European Securities and Markets Authority's "Guidelines – Alternative Performance Measures" are applied. In accordance with these guidelines, disclosures have been expanded in cases where financial ratios are not defined in IFRSs.

## About Fingerprint Cards

*Fingerprint Cards AB (FPC) develops, produces and markets biometric components that through the analysis and matching of an individual's unique fingerprint verify the person's identity.*

The technology consists of biometric sensors, processors, algorithms and modules that can be used separately or combined. The competitive advantages offered by FPC's technology include unique image quality, extreme robustness, low power consumption and complete biometric systems. With these advantages and the ability to achieve extremely low manufacturing costs, the technology can be implemented in volume products, such as smartcards and mobile phones, where extremely rigorous demands are placed on these characteristics. FPC's technology can also be used in IT and Internet products for security and access control, etc.

## Vision

People are identified on any device by a simple touch.

## Business concept

Fingerprint Cards, FPC, develops and sells biometric solutions to companies globally that develop products involving human interaction.

## Business model

FPC works with three business models – component sales, project sales and licensing. Sales are conducted via distributors and direct selling to product developers/systems integrators and OEMs (Original Equipment Manufacturers).

Glossary available at <http://www.fingerprints.com/corporate/en/about-fpc/glossary/>

## Definitions

Most of these key figures are Alternative Performance Measures according to ESMA's definition. How these key figures are used is described below, as is how they are calculated. The alternative performance measures are used to provide a more comprehensive description of how the operational activities are developing, such as gross margin, gross profit, operating margin, EBITDA and revenue increase, while other alternative performance measures focus on the owner perspective, such as return on equity, and cases where certain balance-sheet items or cash flow items are placed in relation to the number of shares. In addition, the equity/assets ratio is provided to describe the financial position and long-term financial sustainability.

**Number of shares outstanding at period end** Number of shares less bought back shares held in treasury.

**Return on equity** Profit for the period in relation to average equity for the period. Average equity is defined as shareholders' equity at the start of the period plus shareholders' equity at the end of the period divided by two.

**Gross margin** Gross profit as a percentage of net sales.

**Gross profit** Revenues less cost of goods sold.

**EBITDA** Earnings Before Interest Taxes Depreciation and Amortization. Operating profit before financial income/expense, taxes, depreciation/amortization and impairment losses.

**Shareholders' equity per share** Shareholders' equity attributable to the Parent Company's shareholders divided by the number of shares outstanding, before dilution, at period-end.

**Shareholders' equity per share after dilution** See "Shareholders' equity per share" plus adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs.

**Average number of shares** The Parent Company's average weighted number of shares at the end of the period.

**Average number of shares after dilution** Average number of shares plus an increase by the average number of shares that could be issued as a result of current remuneration and personnel programs.

**Revenue increase** This shows the increase in revenues compared with the corresponding year-earlier period shown as a percentage.

**Cash flow from operating activities/share** Cash flow from operating activities after changes in working capital/average number of shares before and after dilution.

**Cost of goods sold** Cost for materials, production expenses and amortization according to plan of capitalized development expenditure.

**Profit for the period** Profit after financial income/expenses and tax.

**Earnings per share after dilution** Earnings per share plus adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs. Earnings per share after dilution can never be better than earnings per share before dilution.

**Working capital** Current assets less current non-interest-bearing provisions and liabilities.

**Operating margin** Operating profit as a percentage of revenues.

**Operating profit** Operating profit before financial income/expenses and tax.

**Equity/assets ratio** Shareholders' equity divided by total assets.

**Net margin** Profit for the period as a percentage of revenues.