



FINGERPRINTS

Press release
February 1, 2017

Fingerprint Cards expands its reach in biometrics by acquiring Delta ID, a leading supplier of iris recognition technology

Fingerprint Cards (Fingerprints) acquires Delta ID, the world's leading supplier of iris recognition technology, for USD 106 million (approximately 938 MSEK). The acquisition of the Californian based company means that Fingerprints expands its business and its technology portfolio with biometric security solutions based on the human eye. The transaction is subject to regulatory approvals and expected to close during spring 2017.

Delta ID develops and deliver biometric identity and authentication solutions based on iris recognition technology. The company's ActiveIRIS™ system is the world's first and only iris recognition system for mobile phones, PCs, tablets and vehicles. The system includes a cloud based solution. The ActiveIRIS™ system is also certified for use with Aadhaar, the world's largest biometric identity system. Aadhaar is implemented by the Indian government and has about 1.2 billion users.

"The acquisition means that we now expand our business to also include security solutions based on Delta ID's world leading iris recognition technology. Delta ID complements our current product and business range perfectly, and we see both market and customer synergies. Delta ID's products are for instance certified to be used with Aadhaar in India, and Fingerprints have a strong customer base in China", says Christian Fredrikson, CEO of Fingerprints.

"Through the acquisition we will be able to provide multi-modal solutions to the market, combining iris recognition with our fingerprint sensors. Hence, the products will be both more secure and user-friendly. The acquisition is consistent with our strategy to expand and maintain our leadership position within biometry, from our leading position within fingerprint sensors for smartphones", concludes Christian Fredrikson.

Delta ID is based in Newark, Silicon Valley, California. The company was founded in 2011 and has 15 employees. Existing customers include Samsung, HP and Fujitsu. Through the acquisition Delta ID will be integrated into Fingerprints' organizational structure and employees from both companies will be co-located when possible.

"We are very excited to become part of the Fingerprints team. The potential synergies are obvious as we are both leaders in our respective fields and also very complementary. Together, we will create new exciting solutions for our customers and make biometrics authentication more secure and convenient for the users", says Dr. Salil Prabhakar, president and CEO of Delta ID.

The acquisition is expected to be accretive to EPS in 2017 and is financed through a mix of existing cash facilities and debt. Following closing the acquisition is expected to have a marginal effect on the operating margin.

The cash consideration, representing an enterprise value of USD 106 million (approximately 938 MSEK), is subject to certain deferred payments based on the management's future commitment over the coming two years. An additional earn out consideration of up to USD 14 million (approximately 124 MSEK) may become payable by Fingerprints if Delta ID exceeds its revenue forecast for 2017.

The transaction is subject to regulatory approvals and expected to close during spring 2017. Lazard have acted as financial advisors, and Hannes Snellman and Morrison Foerster have acted as legal advisors to Fingerprints in this transaction.



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A telephone conference where Fingerprints' acquisition of Delta ID is commented will be held today at 10.00 a.m. (CET). Fingerprint's CEO Christian Fredrikson will give a short presentation, which will be followed by a Q&A session featuring Fingerprints' CFO Johan Wilsby and SVP Strategy & Corporate Development, Jan Johannesson.

Dial in to the telephone conference at +44(0)2071 928000 (international participants) or +46(0)850692180 (Sweden). State conference ID 63930478 when dialing in. It is also possible to listen to the telephone conference at <https://engage.vevent.com/rt/fingerprints/index.jsp?seid=88>

For more information, please contact:

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About Fingerprint Cards AB (publ)

Fingerprint Cards AB (FPC) is a high-tech, listed company which develops, produces and markets biometric technology that, through the analysis and matching of an individual's unique fingerprint, verifies the person's identity. A secure and convenient user experience is thus made possible, beyond keys and pins. The FPC technology offers world-class advantages and includes unique image quality, extreme robustness, low power

consumption and complete biometric systems. With these advantages, in combination with low production costs, the technology may be implemented in large volume products, such as smartphones, tablets and biometric cards where these demands are extremely high. FPC's technology has been tested thoroughly in several fields of application.

This is information that Fingerprint Cards is obliged to make public pursuant to the EU Market Abuse Regulation, and where applicable, the Swedish Securities Market Act and/or the Swedish Financial Trading Act. The information was submitted for publication, through the contact persons set out above, at 08.00 a.m. (CET) on February 1, 2017.

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