



FINGERPRINTS

BEYOND KEYS AND PINS

Annual Report 2014

FPC in 30 seconds

Fingerprint Cards AB, FPC, is a listed high-tech company that develops, produces and markets fingerprint sensors with software that through the analysis and matching of an individual's unique fingerprint verifies the person's identity and permits secure and comfortable handling by the user. FPC's technology offers unique image quality, extreme robustness, low power consumption and complete biometric systems.

In combination with extremely low manufacturing costs, this allows for the technology to be implemented in volume products such as mobile phones, tablet devices and biometric cards, where extremely rigorous demands are placed on such characteristics. The technology has been tested thoroughly in several fields of application.

**FPC's technology
offers unique
image quality**

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FPC's business becoming ever stronger

Great market potential

Tangible driving forces

Major breakthrough for fingerprint biometrics

The ecosystem for fingerprint technology is established (read more about the ecosystem on page 12).

The fingerprint sensor is becoming established in the world's largest market, the market for mobile phones, in terms of volume and value

Increasing demand for FPC's offering and solid customer collaborations

Market expectations beginning to be realized

The increase in order bookings, which started during the fourth quarter of 2014 and continued into the first quarter of 2015, is viewed as confirmation that the company's market expectations are being realized

Strong technology

High development capability and pace

FPC is one of few players with a cutting-edge technology platform

Strong product portfolio with touch sensors for flexible integration into smartphones

Strong patent portfolio that creates significant barriers to entry

Management

A management team with broad-based experience of development, production, marketing and sales of applications to the mobile market.



CEO letter p 4



The Market.....p 8



Broad product portfolio..p 14

THE YEAR IN BRIEF

In figures

SALES

SEK **233** M (95.4)

GROSS PROFIT

SEK **71.6** M (39.2)

LOSS AFTER FINANCIAL ITEMS

SEK **145.2** M (loss: 33.0)

GROSS MARGIN

31% (41%)

ADJUSTED GROSS MARGIN*

46% (56%)

LOSS PER SHARE

SEK **2.47** (loss: 0.60)

CLOSING CASH AND CASH EQUIVALENTS

SEK **101.9** M (211.7)

ORDER BACKLOG AT YEAR-END

SEK **71** M (22.8)

Acquisitions and partnerships

- FPC acquires technology-licensing and ASIC-development company Anacatum Design
- FPC strengthens patent portfolio through patent acquisitions
- FPC appoints World Peace Industrial as its new distributor in Asia
- Trustonic and FPC collaborate to provide secure biometrics for mobile phones and tablet devices
- FPC confirms its collaboration in touch sensors for biometric cards with Zwipe
- Touchscreen manufacturer Atmel and Fingerprint Cards AB enter into a strategic partnership in biometric fingerprint and touchscreen solutions

	2010	2011	2012	2013	2014
Net sales, SEK M	60.9	68.6	10.3	95.4	233.6
Adjusted gross profit, SEK M	30.8	38.7	6.8	53.9	106.7
Adjusted Gross Margin, %	51	56	66	56	46
Gross profit, SEK M	20.4	-37	-5.7	39.2	71.6
Gross margin, %	33	-46	-55	41	31
Operating profit, SEK M	1.6	2.7	-38.7	-34	-145.2
Operating margin, %	2.6	5	-375	-36	-62
EBITDA, SEK M	8.3	8.2	-27.9	-21.4	-83.6
Profit after financial items	2	3.4	-38.1	-32.9	-145.2
Earnings per share, SEK	0.05	0.08	-0.84	-0.65	-2.52
Equity/assets ratio, %	90	91	87	87	71
Number of employees	19	22	28	80	175

Smartphone and tablet applications*

Swipe sensors:



Gionee T1
smartphone



Vivo
smartphone



Fujitsu

Touch sensors:



Huawei Ascend
Mate 7

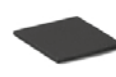


Oppo N3

Product portfolio widened with touch sensors



FPC1020



FPC1025



FPC1150

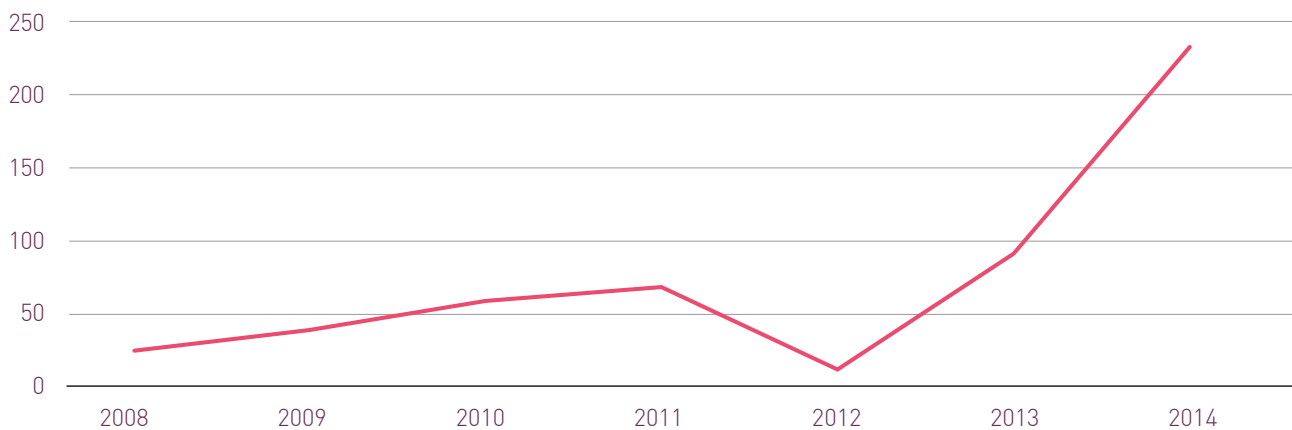


FPC1155

*FPC cannot report all of its models due to confidentiality clauses that may exist in certain supply agreements



Sales 2008-2014, SEK M



Notable events after year-end (through April 15, 2015)

- FPC secures three orders for touch sensors worth a total of SEK 275 M
- Additional touch sensor introduced: FPC1140 and FPC1145
- FPC and module manufacturer O-Film enter into cooperation concerning touch sensors
- Executive Management Group strengthened on April 1, 2015 through appointment of Henrik Sundell as Legal Counsel
- FPC updates its sales forecast for the first quarter 2015

New share issue

Private placement totaling SEK 138 M to Swedish and international institutional investors implemented during the first quarter of 2014.

THE MARKET IS HERE

Following an intensive year of development, we now see the start of a broad-based industrial roll-out, notably of touch sensors. We are ready to meet a sharp increase in demand.

The market is now gaining impetus. After Apple's introduction of fingerprint sensors in its smartphones and tablets, other smartphone players have reacted by offering products with corresponding functions and offering.

We believe that demand is driven primarily by the need for secure payments, for which copyable pin codes and passwords are replaced by simple, user-friendly verification using the fingerprint sensor.

A significant sign of the market's intentions is that we gained the confidence of Huawei in respect of our FPC1020 touch sensor, which is integrated into Huawei's Ascend Mate7 top segment, a telephone that defines a completely new level of user experience for secure user identification, and secure payments. I can't imagine a better way to create a constant impression on the market, and we are particularly happy that our technology has contributed to major commercial success for our customer.

Significant investments

Funds from new share issues in 2013 and early 2014 have been decisive in being able to make significant investments during 2014. These have been

made primarily in securing competence as part of efforts to raise the pace of development. The organization grew considerably during 2014, with the number of employees, linked to us either by employment or consulting contracts, rising from 80 till 175.

Growth was also achieved through acquisitions of companies with cutting-edge competencies. During the year, we acquired Anacatum Design, a technology licensing and ASIC-approved company. In addition to our proprietary patent applications designed to protect our touch sensor technology, we have boosted our patent portfolio with patents from third parties.

Strategic cooperation

Strategic cooperation with partners is a key path in efforts to strengthen our market presence. Of particular importance is the establishment of a number of joint ventures with module suppliers, which give us broader potential to reach smartphone suppliers with our offering.

New cooperative ventures were started during 2014 with Trustonic, a US-based software integrator, to provide biometrics for smartphones and tablets, with Atmel, a touch sensor manufacturer for fingerprint and touch-screen solutions,

and with O-film, a module manufacturer active in the Chinese market, which is of great importance to us.

Cooperation also commenced with the Norwegian company Zwipe, aimed at integrating touch sensors into biometric cards. In turn, Zwipe has announced its cooperation with MasterCard, in which our technology will be introduced commercially during the latter half of 2015. This is undoubtedly an attractive market possibility on which we intend to capitalize.

Broad-ranging touch sensor portfolio

Our product range is determined primarily by the requirements of smartphone manufacturers. Our touch sensor, for which demand is considerable, is highly suitable for secure and comfortable reading of fingerprints. We have developed a broad-based product portfolio to be able to offer several integration possibilities in a smartphone.

High pace of development

Meanwhile, we are raising the pace of development to meet demand by offering a broader systems offering. Our unique touch sensor offering encompasses silicon-based sensors with our proprie-

Thus starts the next phase in FPC's history: standing as a long-term, innovative and industrial partner that makes its vision of "Beyond keys and pins" come true.



tary package solution, a well-functioning algorithm that permits the most effective sensor, as well as software for integration into smartphone systems.

Intensive development programs ...

FPC's offering is the result of intensive development work, which remain in progress. FPC is a high-tech operation that requires a competent organization with true cutting-edge expertise in all technology areas. It is not an empty phrase when I say that without our employees' dedicated work we would never have reached the point we are at today.

... with ensured delivery capacity ...

It is not just our product performance that determines our customers' desire to turn to us. It is also the considerable

volumes we can deliver and the capacity to launch new, state-of-the-art modules that is decisive for our customers. Consequently, we have devoted considerable work and time, together with our business partners in the production chain, to having the capacity to respond to the anticipated delivery requirements. The large volume orders we have secured recently confirm that our customers also have confidence in us in this respect.

... and a broadened distribution chain

We have also strengthened our market interface with distributors. We can focus on the initially important customer contacts in a bid to create confidence and implement customer-specific development projects.

Sharp rise in revenue in 2015

We are meeting the considerable market interest by integrating touch sensors into smartphones with the help of a skilled organization, a robust product portfolio and secured delivery capacity. As a result, revenue for 2015 is expected to increase sharply compared with the preceding year and to exceed SEK 1 billion. Thus starts the next phase in FPC's history: standing as a long-term, innovative and industrial partner that makes its vision of "Beyond keys and pins" come true.

Jörgen Lantto

Acting President and CEO

BUSINESS CONCEPT, OBJECTIVES AND STRATEGIES

Vision

FPC will be the leading supplier of components and systems for fingerprint verification.

Mission

Beyond keys and PIN codes – FPC makes life easier through secure identity verification.

Business concept

FPC develops and sells leading biometric products and solutions to companies that develop systems for security and convenience.

Future prospects

FPC has not quantified a profitability target; instead, it only submits a sales estimate. Based on the market's keen interest, sales for 2015 are expected to rise sharply and exceed SEK 1,000 M.

Dividend policy

The company's cash flow in coming years will be used to finance continued expansion. This means that the Board of FPC does not intend to propose a dividend for the coming year. The Board of Directors will examine the established dividend policy annually.

Strategies

Product strategy

FPC aims to be a supplier of components and systems for fingerprint verification in the form of hardware and software. FPC focuses on sensors with market-leading system performance through a high processing rate, i.e. sensors with accompanying packaging, algorithms and software.

FPC is to develop and market components in three product categories: primarily, touch but also area and swipe sensors.

Development strategy

FPC conducts proprietary development of the main components in the fingerprint sensor – silicon solution, algorithms and recognition and communication software as well as packaging.

System customizations, such as implementation in a smartphone, take place in close collaboration with customers and other system providers.

FPC aims to actively participate in industry collaborations for developing the ecosystem for fingerprint technology.

Strategically active partnerships

FPC aims to actively participate in partnerships with other players in the ecosystem for fingerprint technology.

Patent strategy

FPC pursues an active patent strategy by continuously registering new patents and monitoring the market closely to evaluate new opportunities for capitalizing on patents and to identify and take actions to counter any infringements of the company's existing patents. The patent portfolio may also be strengthened through patents acquired from a third party.

Production strategy

FPC's production takes place in close cooperation with selected subsuppliers. All manufacturing is to be conducted in accordance with forecasts based on information received from customers and distributors.

Market and sales strategy

Fingerprint sensors will be marketed actively, primarily focusing on smartphone OEMs but also on module manufacturers whereby FPC sensors will be included in modules for smartphones and other portable applications, such as tablets, and also on vertical markets, such as those for biometric cards, lock manufacturers and time reporting systems. Sales are conducted directly and via distributors to the producer chain. FPC is to work vigorously in its sales operations. As part of the launch of sensors, the company is to actively participate in development projects alongside mobile device manufacturers and suppliers of component systems. Geographically, market development is moving ahead in Asia, notably China, but also in Taiwan, South Korea, Singapore, Japan, the U.S. and Europe.

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FPC focuses on sensors with market-leading system performance and a high processing rate, i.e. sensors with accompanying packaging, algorithms and software. FPC's capacitive sensor technology constitutes the foundation for the company's business.

The photo is of a fingerprint scanned using an FPC touch sensor.

Read more about FPC's products on page 14.

Market

SMARTPHONE MARKET IS A STRONG DRIVER

The market for fingerprint sensors is increasing in terms of both range and applications. The following account highlights the markets to which FPC assigns greatest priority.

Smartphone market – the world's largest in terms of units and value

The smartphone market is the single largest market for FPC. The number of smartphones manufactured in 2015 is expected to total about 1.2 billion units, while the forecast for tablets is in line with Deloitte's Tech Trend Report for 2015.

The volume of smartphones is considerable and, on the whole, is expected to exceed the number of PCs, TV sets, tablet devices and game consoles through 2018, according to Deloitte's Tech Trend Report. Deloitte also states that growth in smartphone sales is expected to substantially exceed

that of other devices. Consumers appear to have a considerably higher inclination to upgrade their smartphones. According to Deloitte, new functions – such as fingerprint sensors – are one of the factors underlying sales growth.

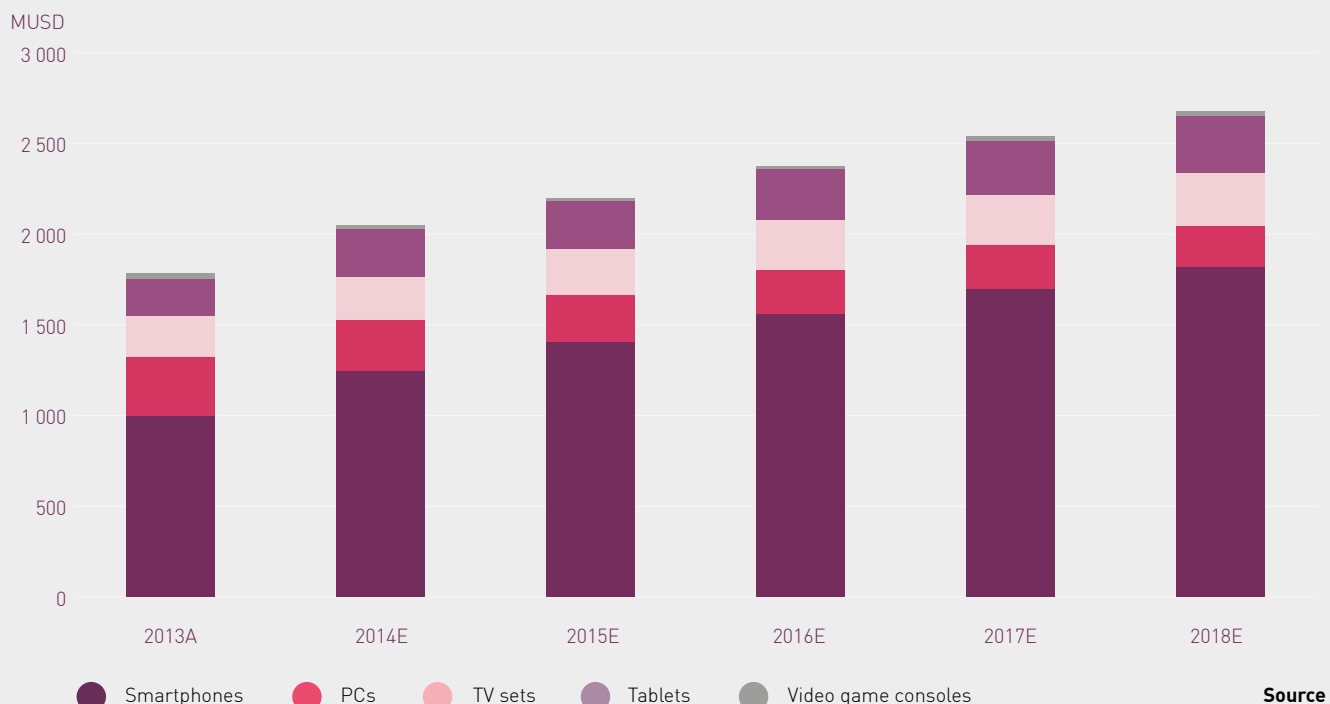
Rising application potential

A smartphone has a wide range of applications, with an Internet connection as a core feature. The number of applications is increasing unceasingly. Combined with the fact that several services are in the cloud – meaning they are not stored locally in smartphones – security and convenience aspects are increasing, in conjunction with

login and the use of the various services.

A main function is a mobile payment service, such as the Chinese service Alipay, which is being established in cooperation with leading players in the payments sector. For smartphone manufacturers, this is a strong driver for introducing fingerprint sensors.

Pin codes and/passwords currently dominate primarily in unlocking a smartphone; however, the biometric fingerprint is gaining ground. According to Huawei, typical users unlock their telephones 150 times each day. A fingerprint sensor makes this more secure and convenient.



Apple has driven the market for fingerprint sensors in smartphones and tablet devices.

Since autumn 2014, all Apple smartphones and tablets have featured fingerprint sensors. Apple's driving force is to enhance the security of the actual device, meaning preventing its opening, but also to increase security and convenience in making payments by means of the "Apple Pay Digital Wallet Service". Other players have also begun to permit Apple's fingerprint identification, such as the British banks RBS and NatWest, which allow their customers to access their accounts via the bank's app using a fingerprint.

Android – the dominant operating system – accounted for most of the manufactured smartphones, almost 80%, in 2014. In terms of range, applications for fingerprint sensors are expected to increase sharply. To date, the more broadly introduced smartphone models that have had a sensor integrated are in the high-end segment, meaning the most expensive models. Notable among these are the Huawei Mate 7, featuring FPC's touch sensor, and the Samsung S6 (which carries a sensor from a competitor). The production volume for the Samsung S6 has not been confirmed, but industry analysts believe it exceeds the initial 20 million units of the preordered volume.

In its technology trend report for 2015, Deloitte states that the demand for fingerprint sensors in smartphones is steered by two factors – login and authentication simplicity, and the fact that consumers want new functions in their smartphones.

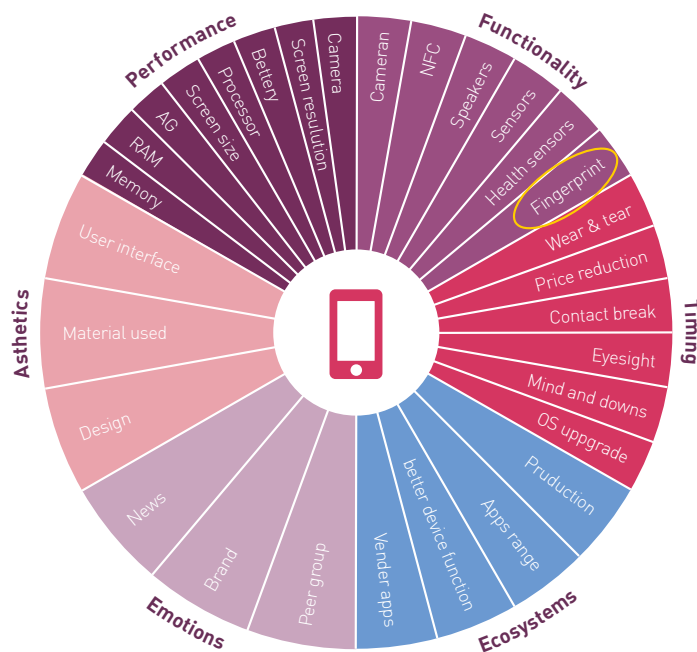
Fingerprint sensor technology largely complies with the same introduction

pattern as many other new technologies. Introduction initially occurs with the most expensive models and is subsequently followed by the mid-price segment, before gradually appearing in the low-price segment. The penetration rate, meaning how many of the models feature a sensor, also tracks the price segments, whereby the most costly have full penetration, as well as a large number in the mid-price section, but with lower penetration in the low-price segment. Meanwhile, however, the volume relationship is reversed, with the largest volumes in the low-price segment. This pattern entails that volumes are set to rise substantially in pace with penetration in the mid and low-price segments.

Goode Intelligence estimates that there will be 5.5 billion biometrics-equipped smartphones and portable devices by 2019. The organization believes that biometric features will consist primarily of fingerprint sensors. According to Goode, the driving forces for this implementation are as follows:

- Convenience
- Substitute for passwords and pin codes
- Payments via mobile devices
- Greater use of smartphones by business people
- Identification for connection to the Internet of things

A smartphone featuring a fingerprint sensor is one of the functions that could influence consumer inclination to buy a new phone.



Source

Deloitte, TMT predictions 2015



Substantial market value

The market analyst, IHS, estimates that revenue from the fingerprint sensor market for smartphones and tablets will expand from about USD 500 M in 2013 to USD 1.7 billion by 2020. Most market growth will occur in Asia, which is the location of most sub-suppliers and OEM manufacturers. IHS also believes that touch sensors are a primary component of this estimate.

Banking & finance

Bank offices – login/transactions

In the Chinese banking sector, FPC is market dominant with its area sensors, which are used by several of the major Chinese banks and provincial banks, totaling some 50 banking groups.

They are used primarily for the authentication of bank employees conducting transactions and in everyday bank work. The Chinese market is viewed as more mature compared with the smartphone market and does not have the same substantial volumes.

Biometric cards

FPC also addresses the payments market through the application of a touch sensor in payment cards. The cards are also referred to as smartcards, while being called biometric cards in the card industry. With higher technology content, a fingerprint sensor

and a NFC chip (close wireless contact) in a payment card, applications gain greater range and higher security.

An initial project is in progress with the Norwegian company Zwiipe on behalf of MasterCard. A new market is emerging thanks to the application of new, thinner touch sensors in charge cards.

According to the Nilson Institute, the number of payment cards totaled 14.4 billion globally in 2012 and is expected to rise to 20.5 billion by 2017, with Asia accounting for the greatest expansion. The Nilson Institute also states that the volume of fraud amounted to some USD 10 billion in 2012, or about 5 cents per USD 100. Card issuers consist partly of financial players that are dominated by Visa, followed by MasterCard and American Express. Another major group of players are private label issuers.

FPC markets its products via card issuers, as well as card manufacturers that supply several issuers.

FPC believes that this market is currently in the initial stage and has the potential to eventually become considerable. The introduction of payment cards featuring a touch sensor is likely to take place in the high-end bracket of card customers.

Other vertical markets

Historically, FPC has addressed several vertical markets or market niches or mar-

ket niches in which FPC's products have or can gain sales. These include various types of locks for cabinets, such as medicine cabinets in the medical care sector, and doors – especially apartment and office door locks. The principles applying to payment cards may also be used for access cards.

Another market comprises systems designed for time reporting at workplaces, which are essentially biometric time clocks.

Compared with the smartphone market, the volumes vary and are generally lower, but this is offset by substantially higher operating margins.

Competition – current login and security systems

Currently, the strongest competition is the continuing use of existing login and security systems, such as keys, passwords and pin codes. Greater access to confidential information via the Internet and low-level security in many other systems are driving the use of biometric recognition.

Various biometric methods

The fingerprint sensor is dominant among a number of biometric identification methods. Other methods are face/eye/iris recognition conducted through a camera or voice – or via microphones, movement patterns – via a touchscreen and/or gyro sensors and palm/veins – via silicon sensors.

- ◀ FPC has a strong position in the Chinese market for module and smartphone producers.



An established ecosystem ▶
for payments and
transactions combined
with secure verification
is a strong driver for the
biometrics market.

A combination of various methods is expected over time. This could entail users identifying themselves through a combination of a fingerprint and a password/pin code. Further ahead, it may also take the form of a combination of more than one biometric method, for example a fingerprint and voice, or with a combination of a number of fingers.

Other players in fingerprint sensors

Notable players with products in the market include the U.S. company, Synaptics, and the China-based Goodix. FPC believes that its products perform well in comparison. However, competition from a greater number of players is expected to sharpen in line with market growth.

” Revenue from the fingerprint sensor market for smartphones and tablets will expand from about USD 500 M in 2013 to USD 1.7 billion by 2020. ”



THE ECOSYSTEM

A prerequisite for optimally functioning fingerprint sensors (both hard and software) is that the technology is included in a functioning ecosystem through collaboration among several players.

FPC is participating actively in this system and is engaged in talks and partnerships with various players in the ecosystem. These efforts take various forms – direct development partnerships with FPC's customers, through the FIDO and Global Platform networks and in direct contact with other players in FPC's ecosystem. In addition to purely technical partnerships, we also engage in dialog to demonstrate the joint business benefits. The success of fingerprint sensors depends on all parts of the ecosystem being integrated. All players are also stakeholders who increase their business value through adaptation.

FIDO – for a universal industry standard

FPC is a member of the FIDO Alliance (Fast Identity Online), a non-profit organization with a mission to develop an open and universal industry standard that reduces the reliance on passwords to authenticate users, called the Universal Authentication Framework (UAF) protocol. Software that supports UAF is conferred the right to use the FIDO Ready™ mark, following approval by FIDO. FIDO became operational in 2012 and its Board of Directors includes a large number of the major players, such as Microsoft, Google, Paypal, MasterCard and Visa.



Global Platform – for more reliable information management

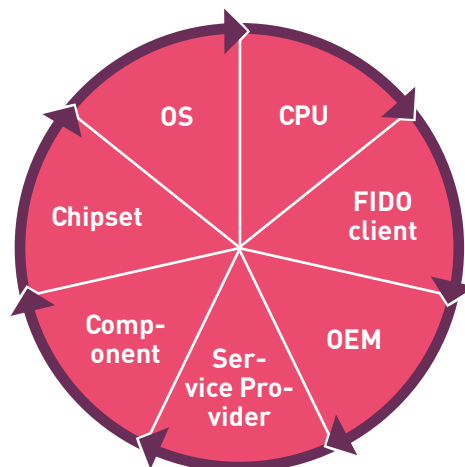
Global Platform is another non-profit and industry-driven association that defines international standards for verification devices – such as smartphones, smart cards and SIM cards, for secure transactions. FPC has been selected as editor and project manager for the fingerprint sensor's security standardization. Global Platform also has well-known board members with representatives from MasterCard, VISA, ARM and Oracle.

OS – operating systems that have to support, and be adapted to, fingerprint sensor technology FPC engages in ongoing collaborations and knowledge transfers. Windows 8.1 supports FPC's technology.

CPU – Software in processors must be adapted and support the use of a fingerprint sensor. FPC has ongoing partnerships.

The chip – Microprocessors that support, and are adapted to, the functionality required for fingerprint sensor technology. FPC engages in ongoing collaborations and knowledge transfers.

Component – component manufacturers offer products/subcomponents developed for fingerprint sensor technology. Collaborations take place with a number of component manufacturers.



FIDO client – (Fast Identity Online) Members of FIDO are defining an open industry standard for secure online transactions. FPC is a member of the FIDO network, through which key partnerships and information exchanges take place.

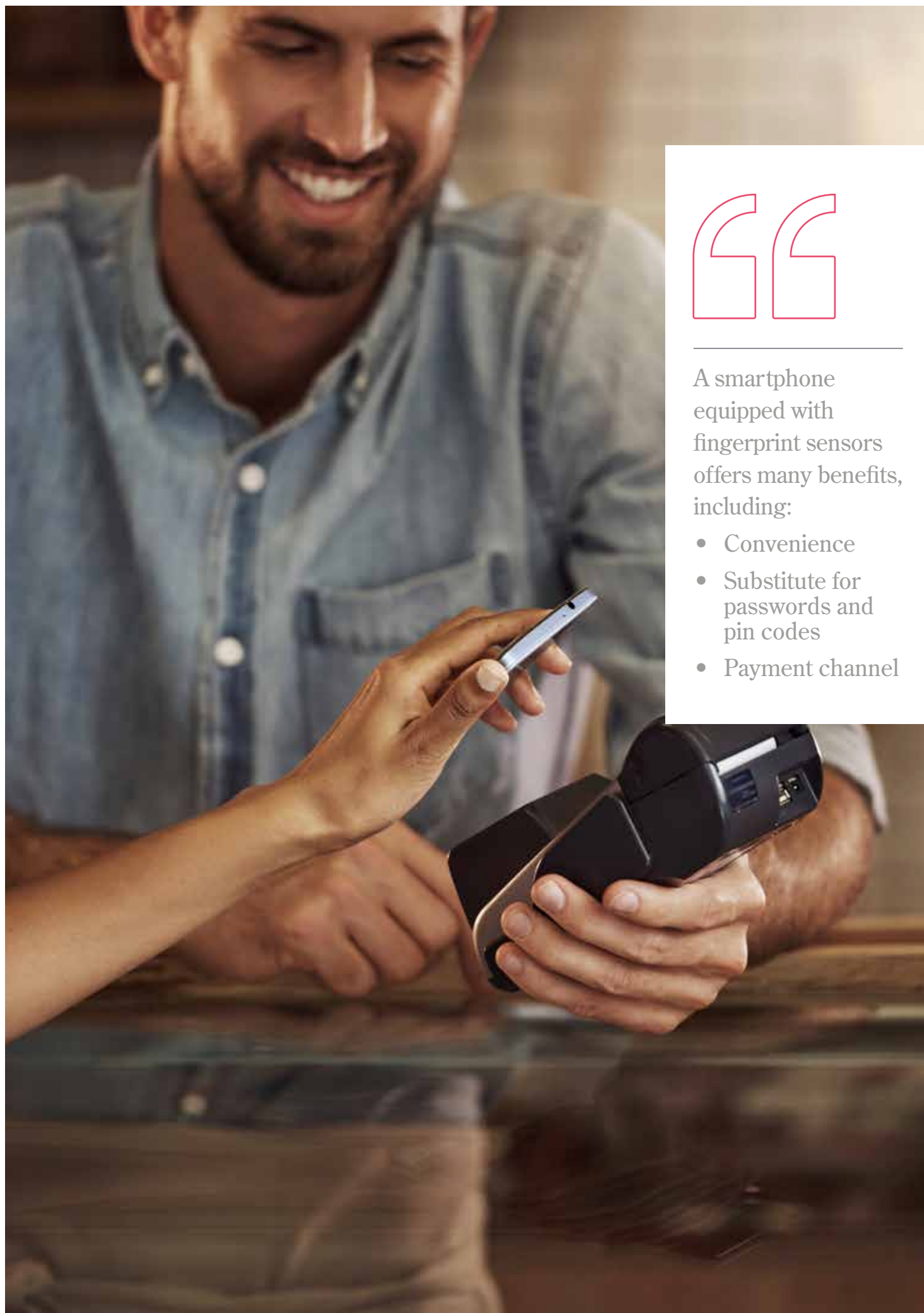
OEM – Hardware producers of smartphones and tablets in which FPC's sensors can potentially be integrated. FPC has ongoing customer-specific development projects.

Service provider – service providers promote further use of fingerprint sensor functionality. FPC engages in ongoing collaborations and knowledge transfers.

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A smartphone equipped with fingerprint sensors offers many benefits, including:

- Convenience
- Substitute for passwords and pin codes
- Payment channel



BROAD PRODUCT PORTFOLIO

FPC has a broad product portfolio with three types of sensors for fingerprint recognition: touch, swipe and area sensors. In recent years, FPC, at a fast pace of development, has invested in a broad product portfolio of touch sensors, primarily intended for the smartphone and tablet market. Their performance is also suitable to a number of other applications.

High technology in microscale

FPC's technological uniqueness derives from a combination of the design of silicon chips and the related software – algorithms for reading fingerprints.

Unique silicon

On top of the silicon chip, there is a matrix of pixels with excellent image capture capabilities. FPC's silicon chip design has a highly sophisticated and unique design. The sensor in FPC's products is capacitive, which means that it not only recognizes the surface of the finger but also reads three-dimensional images beneath. This hinders and prevents manipulation, for example by using a one-dimensional optical image of a fingerprint.

... and unique algorithms

Software in the form of an algorithm for fingerprint recognition and matching also has a uniqueness whereby FPC dedicates considerable development resources to optimization. The three-dimensional fingerprint image is sent from the silicon chip to a processor controlled by a biometric algorithm for matching and verifying the fingerprint.

Product breadth – fingerprint sensors for various applications

The touch sensor quickly reads part of a fingerprint when touched. It has been designed for smartphone and tablet applications, such as the home button or on the underside.

At present, the company offers eight different models of various sizes to facilitate application on a smartphone. A developed algorithm makes it possible to offer increasingly smaller sizes.

The area sensor quickly senses a large portion of the fingerprint (compared with the touch sensor) when touched. The sensor is mainly applied in separate reading modules that are connected to a computer. The current version is sold with the model designation FPC1011F3.

The swipe sensor senses a fingerprint when the sensor area is swiped. The fingerprint is read as image slices. The current version is sold with the model designation FPC1080A.

Sensors are delivered in various stages of refinement

Wafers, where the silicon chips are uncut. These are sold to module suppliers that provide their own packaging.

Silicon sensors with LGA – Land Grid Array, this sensor is ready for application in, for example, a mobile packaged with a grid of contacts on the underside for connection to the unit's processor, normally for sales to module producers.

Biometric module, a device consisting of a sensor connected to a proprietary processor, normally used as a separate device for ease of application in other vertical/niche markets.

The module comes with the area sensor and the proprietary FPC-AM3 processor.

Pilot kit for testing

A software development and pilot kit with FPC's components – a DevKit – is sold to facilitate customer evaluations and opportunities for proprietary production of prototypes/pilot series.



Broad application potential

FPC's touch sensors have been developed with a view to being suitable for various smartphone applications in line with the manufacturer's preferences and design.



◀ For the back

Huawei's flagship model Mate 7, among others, is equipped with FPC's FPC1020 touch sensor.

Touch sensors

FPC1020, FPC1021 and FPC1025. All of these are ready developed for mass production.



◀ ... The front...

The positioning of the touch sensor can be integrated with the home/start button. The FPC1150 and FPC1155 are ready developed for mass production and the FPC1140 and FPC1145 will be ready during the second quarter of 2015.



◀ On the side

A positioning on the side entails that the touch sensor can also function as a volume control unit or as a power switch. The FPC1145 will be ready developed for mass production in the second quarter of 2015.

Distinct sales arguments in addition to positioning potential

- Fingerprint with good image quality
- Advanced algorithm that facilitates minute touch sensors
- Very low power consumption

Biometric cards provide increased security

With charge cards or access cards equipped with FPC's touch sensor, safety is increased together with comfort. The card can be used by the person who has registered his/her fingerprints, thus eliminating the need of PIN codes.

The fingerprints are registered in the card. There is no need to exchange biometric data with any external system because authentication is performed in the actual card, which provides a signal to the reader.

Recognition is achieved via an NFC function, which enables contactless data transmission, or by being inserted in a card terminal. In both cases, a finger is used for authentication.

The ecosystem for biometric authentication on cards is largely already in place, since many stores have terminals adapted for wireless communication.

Distinct sales arguments

- Thin sensors
- Very low power consumption



A biometric card enhances security since fingerprints can be used for verification.

THE VALUE CHAIN

FPC focuses on the business-critical parts of the processing chain – development, production processes, marketing and sales.

All product development is conducted in-house. System customization/application development is conducted in-house, in collaboration with customers.

Higher degree of refinement in the fingerprint sensor

FPC has invested in being able to offer sensors with a higher degree of refinement to module manufacturers. Sensors with software – silicon sensors with LGA – have become an increasingly important competitive advantage since they shorten the time to market, meaning the module manufacturer's integration of a sensor into a module. The module manufacturers do not have to develop software; instead, they can buy readymade fingerprint scanners for fitting into the modules, which can in turn be integrated into a smartphone.

Development – the core of FPC's operations

FPC's uniqueness is based on the company's hardware and software development. The day-to-day activities track a development model that governs the methodology. Should FPC need to secure specialists, this will be implemented in close collaboration with experts who have extensive know-how in their field.

FPC's development resources were strengthened significantly during 2013-2014 and encompassed about 100 employees at the end of the first quarter of 2015. A fast pace of development and considerable capacity to conduct several development projects on a parallel basis are essential ingredients for being able to satisfy the increasing demand from the market. The scope of customer requirements has also expanded and the ability to handle several customization projects simultaneously is essential. Development is conducted in Gothenburg, Malmö, Linköping and Copenhagen.

Development activities follow an R&D policy that stipulates how these activities are to be managed and conducted, that they are to be market-driven and comply with established development plans. The policy also states precautionary measures and ensures expertise.

Development partnerships for integration in the ecosystem

FPC also has development partnerships with other players in the ecosystem for fingerprint technology. In addition to participation in FIDO and Global Platform, FPC has direct partnerships with other players.

One close partnership of strategic importance is with the Chinese company Alipay and is for integration of fingerprint technology into smartphones to facilitate secure payments. Alipay is China's largest third party payment solution for online shopping in China.

The purpose of the partnership with the UK company Trustonic, a leading supplier of trusted execution environments (TEE) for smart devices, is to increase access to FIDO Ready™ products, a secure biometric authentication product for connected mobile phones and tablet devices.

Support offices

In order to meet the extensive interest in FPC's products, close-to-market technical support is essential. FPC therefore has service offices in Shanghai in China, Taipei in Taiwan, Tokyo in Japan, Seoul in South Korea and San Jose in the US.

FPC collaborates with specialized, certified and well-established sub-suppliers in the production of sensors and processors. FPC has well-established contact with suppliers, and well-structured logistics to maintain delivery readiness for mass production.

Patents – protection of proprietary technology

FPC's patents cover several of its key competitive advantages: the sensor – the sensor architecture with its real-time programming, the low-noise pixel architecture, the matching algorithm, the swipe sensor's method for analyzing frames of the biometric identity and methodology for the sensor packaging solution.

In order to further enhance the company's technology, FPC strengthened its patent portfolio in 2014 through the acquisition of just over 20 patents, including as yet non-approved patent applications. This additional patent portfolio includes patents that extend beyond the biometric sensor in order to further enhance the protection.

Mass production

During 2014, the company started mass production of touch sensor models to ensure delivery readiness in cases where customers evaluate models and qualify them for inclusion in smartphone models for full-scale volume production. FPC provides the company's subcontractors with a forecast of orders on a 12-month rolling basis and places its orders based on this.

Since sensors in volumes of a few thousand per model are used during the qualification phase, having an inventory level that enables the simultaneous execution of multiple deliveries for qualification is a prerequisite.

Production quality is crucial

The quality of produced sensors is not only of vital importance to the confidence of customers but also to the company's profitability. Accordingly, FPC uses the company's high yield, defined as a low degree of scrapping, as a tangible sales argument in its marketing.

LIFECYCLE AND BUSINESS MODEL

FPC's business model is based on two revenue streams – components and project sales.

Sales process



Time from evaluation to mass production

The time from initial evaluation to order and mass production of a smartphone touch sensor is normally six to nine months.

FPC's Customer Projects Department is responsible for application development, in which finished products are adapted to customer specifications. Collaboration takes place with the Development Department, which also receives important feedback that contributes to new product development.

Lifecycle of a sensor

With its broad product portfolio, FPC has the ambition to create revenue-generating opportunities through a range of potential applications for a smartphone or another handheld unit. The company has touch sensors that are suitable for placement on the front or back, or even on the side. It is currently difficult to predict the commercial life of a touch sensor. A smartphone model is normally manufactured for a maximum of one year. By selling the touch sensor to several models in various price segments and generations, the lifecycle curve can be repeated.

Smartcards are estimated to have a longer lifecycle than a smartphone. Also for smartcards, the lifecycle can be repeated, thus extending the life of a sensor.

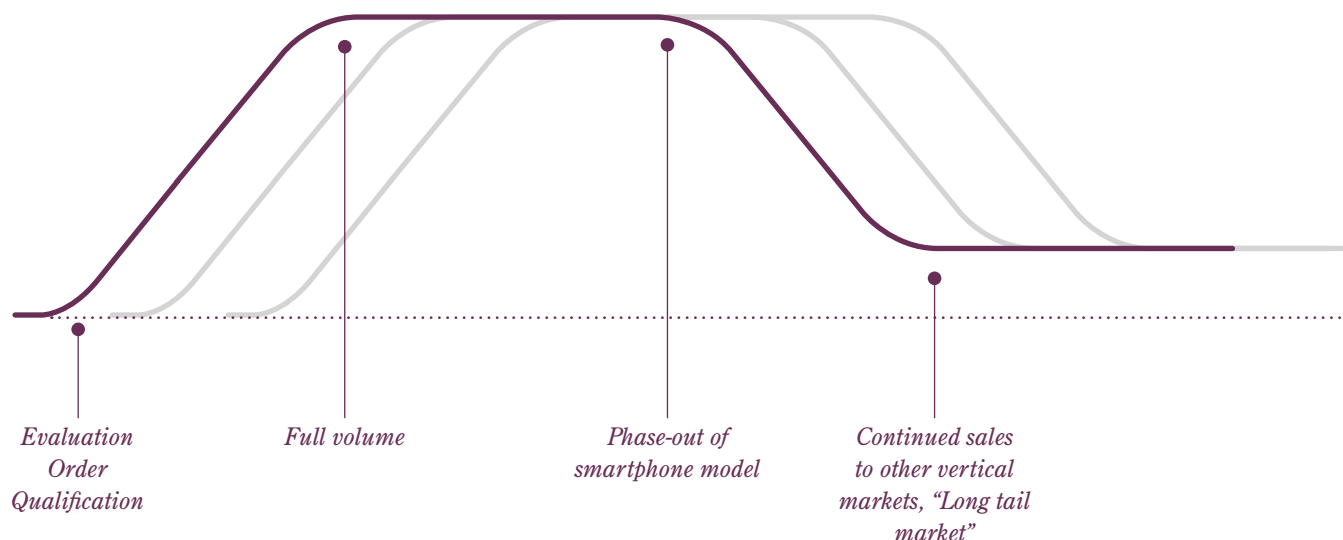
FPC also sees opportunities for sales of the same sensor for other applications for other markets, known as vertical markets. Examples here could be locks or time-reporting systems. Since such products have considerably longer lives, the company sees an opportunity for continued sales over a longer period, a process known as a long tail market. The volumes are estimated to be smaller, although the sales margin is higher.

FPC's area sensors are a good example of a lifecycle characterized by vitality, since they are continuing to be sold to Chinese banks via FPC's reseller HST.

Lifecycle of a touch sensor

Schematic, without any exact time

Repeated lifecycles for new smartphones



Customers

Mobile market

OEMs of smartphones, which are those that FPC markets most and which are targeted for in-depth cooperation in the adaptation work.

Module manufacturers, subcontractors to OEMs, which supply readymade subsystems in which FPC's sensors are included. This category is another important target group in order to reach a broader market.

Many OEMs choose to collaborate with more than one module manufacturer in order to safeguard delivery readiness and capitalize on the competition. As a result, FPC has focused on broadening its partnerships with several module manufacturers and cooperated with five different module partners at the end of the first quarter of 2015. The partnership with the US-based global touchscreen manufacturer Atmel is an example of the type of cooperation entered into with module manufacturers. An additional partnership, with the Chinese touchscreen and module manufacturer O-film, was entered into in 2014.

Vertical markets

The vertical markets are represented by a number of niche applications:

- Banking and finance sector, where FPC is well established in the Chinese bank market
- Smartcard manufacturers and issuers
- Lock manufacturers
- Stamp clock manufacturers
- And so forth

Marketing aimed at distinct target groups

Marketing is targeted at OEMs and module producers, primarily product developers/ system integrators.

Marketing is conducted through various channels. The company's website is a key channel for complete technical specifications, and for ordering test kits for evaluation and production testing. Trade fairs, a source for new contacts, are another valuable marketing channel. Distributors participate at local shows, to which FPC contributes personnel and marketing materials. FPC also participates in various trade fairs.

Increase in direct sales

FPC's sales are largely conducted on own account and combined with distributors in order to broaden sales. FPC maintains continuous contact with distributors by meeting them several times a year, and also conducts joint customer visits.

China continues to be the company's primary market in terms of both the smartphone and the bank market. In terms of FPC's efforts in the smartphone market, Korea, Japan, Taiwan, North America and India are also very important markets.

Income

FPC produces sensors against orders and then charges the customer when delivery is performed from the production unit.

“

In recent years, FPC, at a fast pace of development, has focused on a broad product portfolio of touch sensors, primarily intended for the smartphone and tablet market. Their performance is also suitable to a number of other applications.

A real close-up of FPC's touch sensor the FPC1150.

ORGANIZATION EXPANDED TO MEET GROWING DEMAND

While FPC's product characteristics and quality are of major significance, it is above all FPC's co-workers – their competencies, expertise, collaborative abilities, values, attitudes and performance – that create the conditions for success.



FPC continued to strengthen its workforce during 2014 in the form of both employment and insourcing of consultants during various periods. At the end of the year, the company had 104 (48) employees. In addition to employees, 71 consultants were engaged (32). Consultants were primarily employed in technological development and customer projects, as well as sales and marketing.

An organization undergoing strong growth and change

Significantly strengthened R&D

To stay at the leading edge of fingerprint biometrics and manage multiple development projects and product launches, FPC has significantly strengthened its R&D organization. During the year, Anacatum Design AB, a Linköping-based company specialized in technology licensing and ASIC development, was acquired.

The company currently conducts development in four locations – Gothenburg, Linköping, Malmö and Copenhagen. The number of employees active in R&D was increased during the year and amounted to 80 at the end of the year.

Strengthened service and customer project organization

In addition to proprietary product development, customized applications are becoming a rapidly growing area, as demand increases. Accordingly, FPC has continued to strengthen both its service and customer project organization, which had slightly more than 25 employees at year-end. At the same time, the Executive Management Group was strengthened with Niklas Strid appointed as Vice President Customer Projects. The customer project organization continued to recruit new employees, primarily in Asia.

Larger sales organization

FPC's success also depends on an aggressive marketing and sales organization, which has been strengthened too. Marketing and Sales employs more than 20 people.

All links strengthened

To support the expansion of the development and marketing functions, a stronger base for purchasing and production functions has been established, as has financial and accounting support. Strategy and production management was increased to ten employees, while accounting and administration was increased to six. The company has also appointed an HR function. In early 2015, legal expertise was added to the Executive Management Group through the appointment of Henrik Sundell as Legal Counsel.

FPC's organization is highly specialized

The company has specialists in biometrics, electronics, materials science, programming, production technology, marketing and sales. The educational level is high, with a high percentage of engineers. More than 30% of the employees active in development hold PhDs in engineering. In addition to technical knowledge, the company's employees have considerable experience from industries such as telecom.



Geographic spread

FPC's organization has a great international reach, with employees in Sweden, Denmark, Japan, South Korea, China, the Philippines, Taiwan and the US.

Introductory program

All new employees undergo a "training week," comprising both joint training and special training depending on the employee's function. This introduction has been greatly appreciated by employees and enables a faster phase-in to full participation in each function.

Skills development is crucial

Due to many years of R&D work, FPC and its employees have acquired specialized knowledge in the company's defined core areas – biometrics, electronics and production processes. FPC will continue to prioritize skills development through participation in, for example, international conferences and meetings as well as supplementary training programs.

Work environment and health

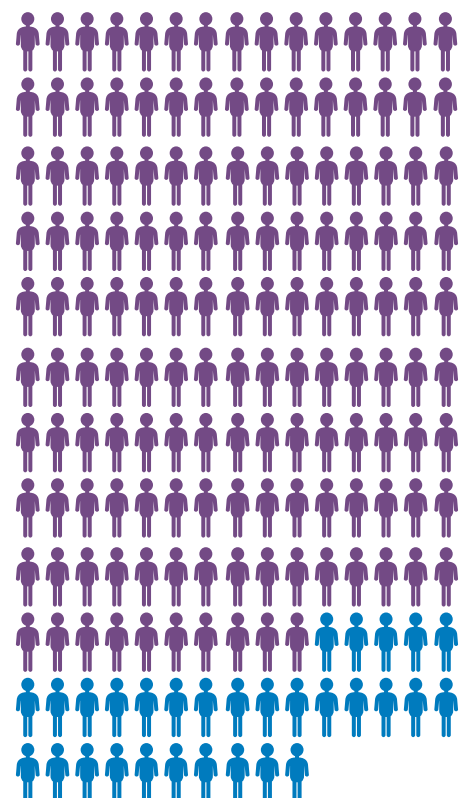
Health risks at FPC are negligible. FPC focuses on preventive health programs for its personnel and sickness absenteeism remained very low at 0.4% (0.4) throughout 2014.

Personnel data

At December 31, 2014, FPC had a workforce of 175, of whom 104 (46) were employees, while the others were consultants. Of the total number of employees, 17 (4) were women. Of the total number of consultants, 10 (5) were women. The consultants were hired on full-time or part-time contracts. This was equivalent to 71 full-time positions.

In 2014, the average age of the employees was 42 (42). The average period of employment was 1.9 years.

175 co-workers*



*Employees and consultants.

THE SHARE

FPC's shares have been listed on Nasdaq Stockholm since 2000 and on the Midcap list since 2014. FPC was initially floated on the "New Markets" list of the Stockholm Stock Exchange in 1998. The ISIN code of the share is 0000422107 (the IT, Electronic Equipment & Instruments sector). The company is traded under the ticker FING B. Share capital in FPC at December 31, 2014 amounted to SEK 11,684,227 distributed among 1,200,000 Class A shares and 57,221,135 Class B shares, each with a quotient value of SEK 0.20. Class A shares carry ten voting rights each, while Class B shares carry one vote. All shares provide equal entitlement to participation in the company and are freely transferable. Class A shares represent 17.59% of the votes and 2.09% of the capital in FPC.

New share issue

FPC implemented a private placement of 2,500,000 new Class B shares in an amount of SEK 138 M in January 2014, before deductions for issue expenses. The intention was to use the proceeds from the private placement to finance the company's development and in the company's operating activities.

Exercise of warrants was registered on December 29, 2014 in an amount of SEK 352,000 and totaled SEK 11,684,227 on December 29, 2014. As a result, the number of shares increased by 1,760,000 Class B shares and the number of shares increased to a total of 58,421,135. The total number of shares thereby corresponds to 69,221,135 voting rights. The warrants program as resolved at the Extraordinary Meeting of Shareholders on November 17, 2011.

Share price performance

During 2014, the price of FPC's Class B share declined by 38% to close at SEK 34.80 [54.25]. During the same period, the OMX Industrial Goods & Services index by 11%. The highest closing price for FPC's Class B share during the year was SEK 64.25 and the lowest was SEK 27.90. At the end of 2014, FPC's market capitalization was about SEK 2,033 M [2,938].

Trading volume

During the year, 157 million [442] Class B shares were traded at a value of SEK 6,820 M [21,002]. On average, 0.631 million [1.762] Class B shares were traded at a value of SEK 27.4 M [83.7] per trading day.

Shareholders

In terms of percentage shareholdings, Swedish legal entities accounted for 36%, Swedish private shareholders for 38% and non-Swedish owners for 26%.

Liquidity provider

FPC has an agreement with Carnegie Investment Bank through which Carnegie is to act as a liquidity provider for the company's share.

Warrants program

FPC has a number of ongoing warrants programs. Refer to the table on page 23.

Dividend policy

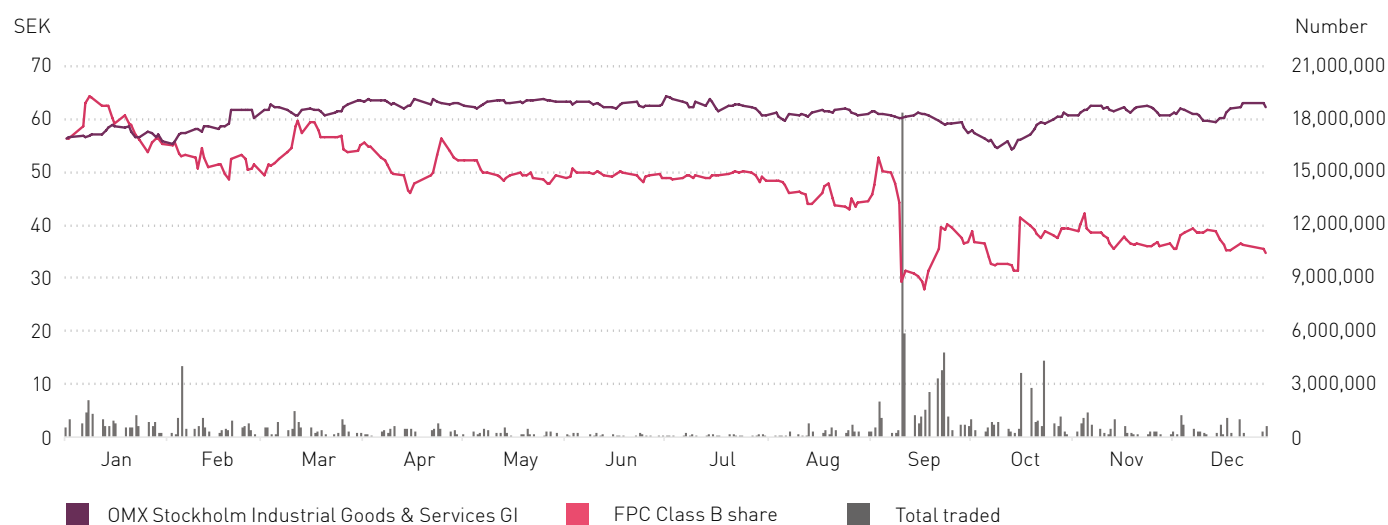
Sinec the company's cash flow in coming years will be used to finance continued expansion, no dividend will be paid. The Board of Directors will examine the established dividend policy annually.

Dividend

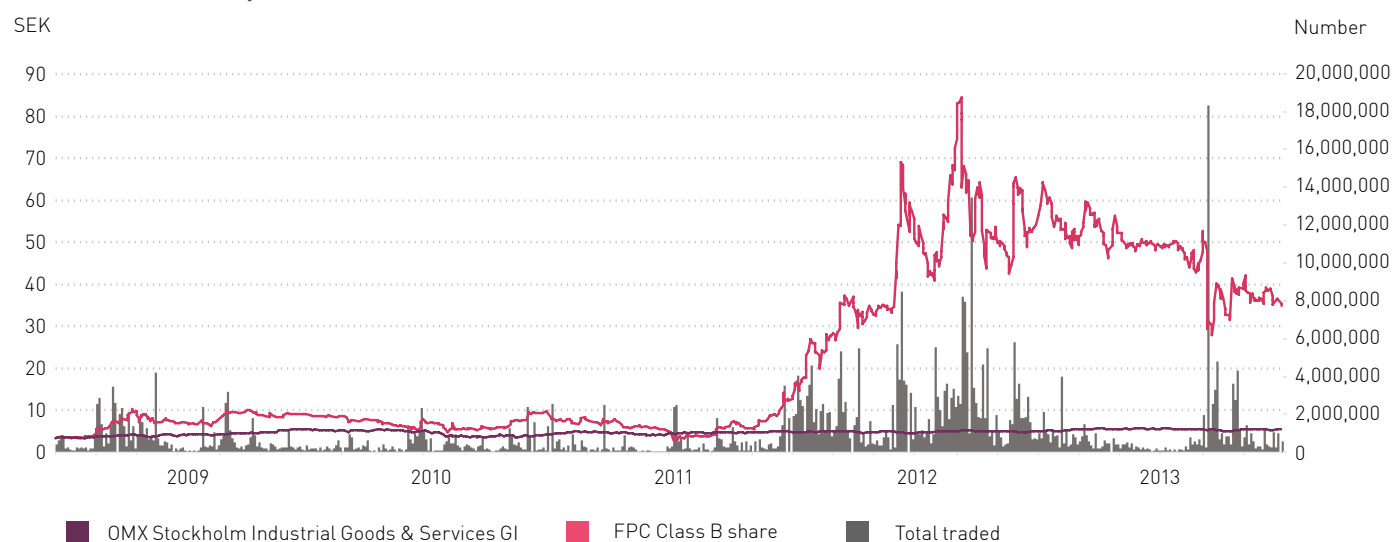
For the 2014 fiscal year, the Board proposes to the Annual General Meeting that no dividend be paid (SEK 0 in 2013).

	Class A shares	Class B shares	Votes (%)
Sunfloro AB	1,200,000		17.69
Försäkringsaktiebolaget, Avanza pension		6,580,987	9.7
Oppenheimer Glob Opportunity Fund		4,733,089	6.98
Nordnet Pensionsförsäkring AB		1,414,638	2.09
Svenska Handelsbanken Copenhagen		913,126	1.35
Handelsbanken Funds AB RE JPMEL		673,625	0.99
CBLDN-Saxo Bank A/S		667,832	0.98
Euroclear Bank S.A/N.V, W8-IMY		569,067	0.84
Skandinaviska Enskilda Banken S.A., W8IMY		180,790	0.82
Robur Försäkring		516,703	0.76
Folksam		499,680	0.74
Goldman Sachs & Co, W9		465,804	0.69
NETFONDS ASA, NQI		447,228	0.66
Sydbank A/S		414,182	0.61
Spar Nord Bank A/S		394,120	0.58
Total 25 largest shareholders	1,200,000	18,470,871	45.48
Other shareholders		38,750,264	36.83
Total	1,200,000	57,221,135	100

Price trend 2014



Price trend 2010–2014



Warrants program

Name	Adopted	No. of warrants	No. sub- scribed	No. remaining	Subscription price	Maturity	Dilution %	Dilution % No. of votes
TO4	Sep 5, 2012	4,818,000	4,818,000	4,818,000	9.72	Oct 6, 2015	7.62	6.51
TO5	Mar 4, 2013	1,300,000	1,300,000	1,300,000	52.35	Mar 5, 2016	2.18	1.84
TO6	Nov 26, 2013	500,000	500,000	500,000	90.16	Dec 27, 2016	0.85	0.72
Total:							10.65	9.07

Distribution by category of size

Holdings	No. of shareholders	No. of AK A	No. of AK B	No. of IA B	Holdings (%)	Votes (%)
1 - 500	8,112		1,435,589		2.52%	2.12%
501 - 1000	2,242		1,837,898		3.22%	2.71%
1001 - 5000	2,816		6,806,916		11.93%	10.03%
5001 - 10000	612		4,448,159		7.80%	6.56%
10001 - 15000	239		2,984,873		5.23%	4.40%
15001 - 20000	109		1,920,571		3.37%	2.83%
20001 -	339	1,200,000	37,412,129	375,000	65.93%	71.35%
Total, Dec 30, 2014	14,469	1,200,000	56,846,135	375,000	100.00%	100.00%

Share capital trend

Year	Event	Quotient value, SEK	Change in no. of shares	Total no. of shares	Increase in share capital	Total share capital
1997	Split 500:1	0.2	249,500	250,000	0	50,000
1997	Rights issue	0.2	250,000	500,000	50,000	100,000
1997	New share issue	0.2	2,000,000	2,500,000	400,000	500,000
1997	New issue, redemption of warrants	0.2	370,000	2,870,000	74,000	574,000
1998	New share issue	0.2	2,000,000	4,870,000	400,000	974,000
2000	New share issue	0.2	540,000	5,410,000	108,000	1,082,000
2000	New share issue	0.2	938,258	6,348,258	187,651	1,269,651
2005	New share issue	0.2	3,000,000	9,348,258	600,000	1,869,651
2006	New share issue	0.2	2,804,475	12,152,733	560,895	2,430,546
2009	New share issue	0.2	7,682,060	19,834,793	1,536,412	3,966,958
2009	New share issue	0.2	19,834,793	39,669,586	3,966,959	7,933,916
2011	New share issue	0.2	3,940,000	43,609,586	788,000	8,721,917
2012	New share issue	0.2	4,198,549	47,808,135	839,710	9,561,927
2013	New issue, redemption of warrants	0.2	95,485	47,903,620	19,097	9,581,024
2013	New share issue	0.2	1,400,000	49,303,620	280,000	9,861,024
2013	New share issue	0.2	1,600,000	50,903,620	320,000	10,180,724
2013	New issue, redemption of warrants	0.2	335,407	51,239,027	67,081	10,247,805
2013	New issue, redemption of warrants	0.2	263,500	51,502,527	52,700	10,300,505
2013	New issue, redemption of warrants	0.2	158,608	51,661,135	31,722	10,332,227
2013	New share issue	0.2	2,500,000	54,161,135	500,000	10,832,227
2014	New share issue	0.2	2,500,000	56,661,135	500,000	11,332,227
2014	New issue, redemption of warrants	0.2	1,760,000	58,421,135	352,000	11,684,227

Shareholder by category, Dec 31, 2014

Category	Class A shares	Class B shares	Number, IAB	Votes (%)
Financial companies		10,442,876		15.39%
Banks		14,229		0.02%
Securities companies and stockbrokers		990		0.00%
Fund companies		245,796		0.36%
Insurance companies and pension institutions		10,122,350		14.92%
Pension foundations		59,511		0.09%
Other financial companies		500		0.00%
Social security funds		241,383		0.36%
Interest organizations		5,430		0.01%
Aid and trade union organizations		5,430		0.01%
Other Swedish legal entities	1,200,000	1,778,962		20.31%
Non-categorized legal entities		1,027,950		1.52%
Shareholders residing outside Sweden		15,851,203	375,000	23.92%
Swedish private shareholders		26,112,831		38.49%
Total, Dec 30, 2014	1,200,000	55,461,135	375,000	100.00%

Composition of share capital at Dec 31, 2014

Class of share	Votes	Number of shares	No. of shares	Share of equity, %	Share of votes, %
Class A	10	1,200,000	12,000,000	2.09	17.59
Class B	1	57,221,135	57,221,135	97.91	82.41
Total		58,421,135	69,221,135	100.00	100.00

ADMINISTRATION REPORT

Group and Parent Company

The Annual Report encompasses the January 1–December 31, 2014 fiscal year. Fingerprint Cards AB (publ), (Corporate Registration Number 556154-2381) (FPC), comprises the Parent Company of a Group that includes four subsidiaries:

Fingerprint Security System Databärare AB The company's operation comprises safe-keeping of the warrants issued by the Parent Company as part of incentive programs and that are not held by FPC employees. In 2014, the subsidiary managed the warrants acquired during 2013 as part of incentive programs conducted during 2013.

Fingerprint Cards Aps in Denmark. The operations consist of technical development in close collaboration with the Sweden-based operations. The company was founded in 2013 and is the company in which all Danish personnel are employed.

Anacatum Design AB in Sweden. The operations consist of technical development in close collaboration with the the Parent Company's operations. The company was acquired during 2014.

Fingerprint Inc. in the US. The operations consist of marketing and customer support in the US market. The company became operational during 2014.

In 2014, all other business activities were conducted in the Parent Company, Fingerprint Cards AB, where all personnel are employed except for those in Denmark.

The Parent Company has its registered offices in the Municipality of Gothenburg, County of Västra Götaland, Sweden. The company has been listed on NASDAQ Nordic since 1998 and was moved from the Small Cap list to the Mid Cap list in early 2014.

General information about operations

Fingerprint Cards AB (FPC) markets, develops and produces biometric components and technologies 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 Fingerprint Cards' 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 smart cards 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.

Significant events during the year

During 2014, FPC continued its development in the mobile phone market by supplying fingerprint technology in the form of components for products available in the consumer market.

Group sales for 2014 increased 145% compared with 2013, thus resulting in the best sales figures in the company's and the Group's history.

Sales increased quarter by quarter, and for each quarter higher year-on-year sales were reported. During the fourth quarter, sales amounted to SEK 105 M, a record for a single quarter.

The factors underlying the sales increase included successes in the mobile phone market and the global market launch of the company's touch sensors in smartphones.

However, the company still continued to report a loss and was also subject to a higher share of development costs that previously. This was due to capitalization of development expenditure extending over a shorter period in a development project, since products for customers are now presented at an earlier stage than in the past. Since the economic useful life of the products has also been assessed as being shorter, capitalization is reversed as amortization over a shorter period and thus in a higher amount per period, which entails higher charges against profit.

In early 2014, a new share issue was implemented in order to finance investments in the development of more products, in markets and in the build-up of the organization. During 2014, a number of development projects pertaining to products and technologies were launched and several were concluded. Also in 2014, a number of Design Wins were awarded

by companies, primarily in Asia, and FPC products embedded in a number of products were launched in the market.

The organization continued to grow considerably during 2014.

The number of employees increased from 80 to a total of 175, including both employees and consultants during 2014. The increase compared with the start of 2013 is nearly 500%. The number of employees was 104 and the number of engaged consultants 71 at year-end.

In September 2014, Jörgen Lantto was appointed Acting President, succeeding Johan Carlström.

Significant events were communicated regularly in press releases during 2014:

First quarter, 2014:

- Gionee launches Tier 1 smartphone with embedded fingerprint technology from FPC.
- Chinese OEM manufacturer BBK Electronics releases its Vivo smartphone with fingerprint technology from FPC.
- FPC implements a private placement totaling SEK 138 M to Swedish and international institutional investors.
- FPC repeats its previous financial forecast of sales exceeding SEK 500 M and EBITDA of more than 20%.
- FPC secures a new order worth SEK 30 M for area sensors for Chinese banks.

Second quarter, 2014:

- FPC launches the FPC1150, the world's first home button-touch fingerprint sensor for Android smartphones
- Fingerprint Cards acquires Anacatum Design
- FPC wins a new DW with FPC1020 touch sensor for a flagship mobile from one of China's three largest manufacturers
- FPC receives ramp order for FPC1020 worth slightly more than SEK 18 M, for Tier 1 manufacturers' flagship mobile
- FPC launches PFC1021 - Our smallest touch sensor to date for Android and Windows mobile units
- FPC secures its first order of SEK 4 M for the FPC1020 touch sensor for initial production of Tier 1 manufacturers' flagship model.

Third quarter, 2014:

- FPC wins its first DW for the FPC1021 touch sensor for a flagship mobile from one of China's five largest smartphone OEMs.
- FPC wins its second DW for the FPC1021 touch sensor and an initial order for a flagship mobile from an Asian OEM.
- FPC appoints World Peace Industrial as its new distributor in Asia.
- Trustonic and Fingerprint Cards enter into a collaboration to provide secure biometrics for mobile phones and tablet devices.
- Huawei launches the Ascend Mate7 equipped with FPC1020, the world's first Android smartphone with embedded touch sensors.
- Information concerning suspicions of insider trading on the part of Johan Carlström.
- FPC wins its first DW with the FPC1150 from a Tier 1 smartphone OEM and a DW with the FPC1021 from a global top five smartphone OEM.
- Jörgen Lantto appointed interim CEO.

Fourth quarter, 2014:

- Fujitsu launches a new smartphone and a new Android tablet device equipped with FPC's swipe sensor technology.
- FPC strengthens its patent portfolio through patent acquisitions.
- FPC confirms its collaboration with Zwipe pertaining to FPC's touch sensors.
- FPC reduces its forecast for full-year 2014, provides initial forecast for 2015 and reports key figures for the third quarter of 2014.
- OPPO presents the N3, a smartphone equipped with FPC1021 touch sensors.
- FPC wins a DW for FPC1080 from one of the world's five largest OEM manufacturers.
- FPC introduces two new touch sensors.
- Atmel and Fingerprint Cards AB enter into strategic partnership in biometric fingerprint and touch screen solutions.
- Exercise of warrants

Development of the company's operations, earnings and financial position

The Group's net sales for 2014 increased to SEK 233.6 M (95.4).

Adjusted gross profit for the year increased to SEK 106.7 M (53.9) and the adjusted gross margin to 46% (56). Gross profit for the year increased to SEK 71.6 M (39.1) and the gross margin was 31% (41). FPC reports both an Adjusted gross margin and a Gross margin since the first value provides clear information about the material content of the item Cost of goods sold and the latter is calculated on the income-statement component Cost of goods sold, which is a component of

the Statement of income and comprehensive income, which also includes production expenses and amortization of capitalized development expenditure.

The result after financial items for the year was a loss of SEK 144.5 M (loss: 32.9). The result for 2014 includes impairment losses, capitalized development expenditure and the investment in Anacatum AB totaling SEK 29.5 M (-).

Investments, depreciation, amortization and impairment

Investments during 2014 amounted to 73.5 (35.4). Investments in tangible fixed assets during the year increased to SEK 17.0 M (3.0). Depreciation/amortization according to plan, including impairment, amounted to SEK 61.6 M (12.6) during the year. Capitalized development expenditure increased at a lower rate despite higher development expenditure. One of the reasons is that the period for the capitalization of expenditure in a project has become shorter due to earlier demand for products from projects, which interrupts capitalization, and another is that the financial service life of produces has been reduced due to amortization over a shorter period. Combined, this means that a larger portion of the accrued expenditure for development is recognized earlier and during a shorter period as an expense.

Cash flow

In 2014, cash flow from operations, including changes in working capital, was a negative SEK 174.3 M (neg: 31.1). The decline reflects expenditure for operating activities but also higher inventory levels. High storage volumes are needed for more products, more customers and to satisfy deliveries requirements. Another reason for the decline in cash flow from operations was that the sales increase generated a rise in accounts receivable. Most of the sales in the fourth quarter were invoiced at the end of the quarter.

Full-year cash flow to investments amounted to a negative SEK 90.6 M (neg: 38.3).

Full-year cash flow from financing activities amounted to SEK 155.0 M (220.5).

The implemented redemption of warrants during the fourth quarter generated proceeds during the year and funds were contributed through the new share issue implemented in the first quarter.

Combined, the net full-year change in cash and cash equivalents thus amounted to a negative SEK 109.8 M (neg: 151.1).

Shareholders' equity and financing

During the fourth quarter of 2014, 1,760,000 warrants were redeemed in the T03 program. Each warrant entitled the holder to subscribe for a new Class B share for SEK 13.64 during the period between November 18 and December 18, 2014. Redemption of warrants resulted in share capital rising by SEK 352,000 and SEK 24 M was contributed to the Parent Company.

During the first quarter of 2014, a private placement was implemented totaling 2.5 million Class B shares. The new share issues targeted institutional investors internationally. The exercise price of the new issue was SEK 55.25 per share. Share capital rose SEK 500,000. The new share issue raised a total of SEK 138 M before issue expenses.

Following completion of the above private placement and the exercise of warrants, the number of Class B shares totaled 57,221,135 and the number of Class A shares remained unchanged at 1,200,000, bringing the total number of shares to 58,421,135. Accordingly, the total number of votes is 69,221,135.

Finance policy

FPC's financial policy regulates and clarifies responsibilities and describes the general rules and guidelines relating to specific areas in financing, the granting of credit, investment and currency management in an effort to support the operations and to manage financial risk and its impact on the company's financial position, earnings and cash flow.

The principal net currency flow is from USD to SEK, whereby a key aspect of FPC's financial work has been to hedge future contracts for sales in USD and purchasing in SEK. As a result of new share issues implemented in 2013 and 2014, the company had a healthy supply of SEK and no new forward contracts were signed. Purchasing, manufacturing and sales are essentially conducted in USD. Fluctuations in other exchange rates have a minor impact on earnings.

Organization and personnel

The number of employees at December 31, 2014 was 104 (48), including 87 (44) men and 17 (4) women.

In addition to full-time employees, consultants were used during the fourth quarter primarily in technical development, customer projects and sales and marketing corresponding to the equivalent of 71 (32) full-time positions, including 61 (27) men and 10 (5) women.

Accordingly, including employees and consultants, FPC had a total of 175 (80) employees at December 31, 2014, of whom 148 (71) were men and 27 (9) women.

Research and development operations

Fingerprint increasingly pursues development operations in the technology and the products encompassed by its operations and that are offered to the market. Development activities are focused on further enhancement of fingerprint sensors and their technology, chemistry, packaging, industrialization, software, algorithms, processors and production processes. More than 50% of the Group's resources are employed in development activities and, combined with the customer support organization, these two departments account for 75% of employees. These resources consist of employed personnel, internal resources, consultants and external resources in various fields of expertise, which vary from project to project.

The development operations continued to grow sharply during 2014. Several major projects were conducted in addition to a number of smaller projects aimed at further developing the product portfolio and its parts, as well as adaptation to mobile phones, tablets and so forth.

Development expenditure is capitalized in the consolidated statement of financial position (the balance sheet for the Parent Company) as "Capitalized development expenditure" within intangible fixed assets. Capitalization occurs following assessment of the project's commercial and technical potential, the future value for the Group, the disposal of the product/solution, the ability to complete the development and the existence of a market for the product. Amortization rates are determined on the basis of the technical and commercial lifetime of the product/solution and the existing market. This varies from product to product, and project to project.

Since the economic useful life of the products has also been assessed as being shorter than in the past, capitalization is reversed as amortization over a shorter period and thus in a higher amount per period.

During 2014, the amortization rate was reduced from the former 3-4 years for products and 4-5 years for platform development to between 6 and 18 months for a number of products. Costs for research are expensed.

In 2014, expenses for technological development and patents increased to SEK 179.3 M (55.2), of which SEK 61.3 M (29.3) was capitalized in the Consolidated statement of

financial position and the remaining SEK 118.0 M (25.9) was expensed in the Consolidated statement of comprehensive income.

Correspondingly for the Parent Company in 2014, expenses for technological development increased to SEK 171.6 M (55.2), of which SEK 51.2 M (29.3) was capitalized in the Parent Company's balance sheet, and the remaining SEK 120.3 M (25.9) was expensed in the Parent Company's income statement. In 2014, the portion of expenditure related to technological development and patents as a proportion of costs included in total operating expenses and that are part of capitalized development expenditure for the Group amounted to SEK 179.3 M (55.2) of a total SEK 270.0 M (106.6), representing 66% (51).

In the Parent Company, the equivalent portion amounted to SEK 171.6 M (55.2) of a total SEK 259.2 M (106.6), representing 66% (52).

Ownership structure

During 2014, no major change representing at least one-tenth of the voting rights occurred. At the end of 2014, the Sunfloro AB consortium continued to hold all Class A shares. The change in Sunfloro AB's ownership between 2012 and 2014 was due to the private placements implemented in these years. As a result, Sunfloro AB's holding has decreased in terms of both shares and voting rights, since Sunfloro AB's holdings were not included in the new share issues.

Shareholder	Proportion of shares and capital, %		Capital, % Votes, %	
	2014	2013	2014	2013
Sunfloro AB	2.09	2.22	17.59	18.47
Class of share	Number of shares		No. of voting rights	
A	1,200,000		12,000,000	
B	57,221,135		57,221,135	
Total	58,421,135		69,221,135	
Shareholdings of at least one-tenth of the voting rights for all shares at December 31, 2014				
Sunfloro AB	17.59%			

Incentive programs

At the end of 2014, FPC had three outstanding warrants programs that, in combination, amounted to 10.65% of the total number of shares and 9.07% of the total number of votes in the company:

T04: An Extraordinary General Meeting on September 5, 2012 approved the issue of 4,818,000 warrants with a term extending to October 6, 2015. The price per warrant was SEK 0.15 at the time of issue. All of the warrants

under the program are held by FPC's employees. The exercise price for a Class B share is SEK 9.72. On full subscription with the support of all warrants in the program, 4,818,000 new Class B shares can be issued, corresponding to 8.53% of the total number of shares and 7.16% of the total number of voting rights, which will also raise the share capital by SEK 963,600. The program is designated T04.

T05: An Extraordinary General Meeting on March 4, 2013 approved an issue of 1,300,000 warrants with a term extending until March 5, 2016. The price per warrant was SEK 1.79 at the time of issue. All of the warrants under the program are held by FPC's employees. The exercise price for a Class B share is SEK 52.35. On full subscription with the support of all warrants in the program, 1,300,000 new Class B shares can be issued, corresponding to 2.18% of the total number of shares and 1.84% of the total number of voting rights, which will also raise the share capital by SEK 260,000. The program is designated T05.

T06: An Extraordinary General Meeting on November 6, 2013 resolved to issue 500,000 warrants with a term extending to December 27, 2016. The price per warrant was SEK 4.53 at the time of issue. The program was directed to FPC's personnel, and employees who work full-time for the company or the Group on a consultancy basis and where formal employment is with another company that is not a Group company. The exercise price for a Class B share is SEK 90.16. On full subscription with the support of all warrants in the program, 500,000 new Class B shares can be issued, corresponding to 0.85% of the total number of shares and 0.72% of the total voting rights, which will also raise the share capital by SEK 100,000. The program is designated T06.

In 2014, the T03 program was redeemed.

T03, with a term until December 18, 2014, was resolved at an Extraordinary General Meeting on November 17, 2011. All 1,760,000 of the program's remaining warrants have been redeemed. The price per warrant was SEK 0.41 at the time of issue. The exercise price was SEK 13.64.

Expectations regarding future performance

FPC's assessment of future development as formulated in the year-end report: Considering the keen interest from the market in integrating touch sensors and the company's strong product portfolio, it is estimated that sales for 2015 will rise sharply compared with 2014.

According to preliminary calculations, the revenues of Fingerprint Cards (FPC) during the first quarter of 2015 slightly exceeded SEK 125 M. The company's assessment that sales for 2015 will exceed SEK 1 billion stands firm.

Seasonal fluctuations

To date, sales have not shown any distinct seasonal fluctuations.

Guidelines for remuneration of Board members

The Chairman and members of the Board are remunerated in accordance with AGM resolutions. No separate remuneration is paid for committee work. Remuneration for 2014 amounted to SEK 350,000 for the Chairman of the Board and SEK 220,000 for each Board member, making a total of SEK 1,010,000 for the Chairman of the Board and three Board members; one Board member is not remunerated because he receives a salary from the company. Board members appointed during the year receive fees in relation to the remaining period until the next AGM.

Guidelines for remuneration of senior executives

A Remuneration Committee elected from among the Board's members is to prepare guidelines for salaries and other employment conditions for the President and other senior executives, and present proposals to the Board for decisions on such matters. The Board determines the salary and other remuneration paid to the President.

The basic remuneration levels are to be market-aligned. Remuneration of the President and other senior executives comprises basic salary, variable remuneration, other benefits, pension and the possibility to acquire financial instruments as part of incentive programs. The variable remuneration is capped at 40% of total salary. As of the salary review in 2014, most of the revised remuneration will be allocated to the variable share in an effort to increase the performance-based salary to a maximum of 40%.

The term "other senior executives" refers to the individuals who, in addition to the President, constitute Group management. If employment is terminated by the company, severance pay is payable in an amount corresponding to not more than six monthly salaries. During the period of notice of no longer than six months, full salary and employment benefits are payable. Decisions regarding share and share-price-based incentive programs are made by the AGM.

Pensions are to be based on defined-contribution pension schemes.

Dividend and financial objectives

FPC's cash flow during the years ahead will be used to finance continuing expansion. This means that the Board of FPC does not intend to propose a dividend for the coming year. The Board reviews the established dividend policy annually. The financial objectives encompass order bookings, revenue growth, gross margin, earnings and cash flow.

Events after the balance-sheet date January-May 2015

- FPC introduces the touch sensors FPC 1140 and FPC 1145.
- FPC and O-Film cooperate on touch sensors.
- FPC strengthens management group with Henrik Sundell as Legal Counsel
- FPC demonstrates the touch sensor FPC1145 at the Mobile World Congress
- FPC receives order worth SEK 75 M for touch sensors
- FPC receives order worth SEK 90 M for touch sensors
- FPC receives order worth SEK 110 M for touch sensors
- FPC reports final revenues for the first quarter 2015

Sensitivity analysis

FPC is affected by various factors and the following effects on pretax profit arise in the event of a one-percentage-point change in different variables (SEK M):

	2014	2013
Change in prices	+/- 2	+/-3
SEK/USD exchange rate	+/- 1	+/- 2

This analysis has been conducted in a static environment, but in reality, the situation is more complex. Any change in the SEK/USD exchange rate could also affect the retail price, as well as the fact that there are time-delaying effects in any changes.

Description of the work of the Board of Directors during the year

The Board's work follows an annual cycle that starts with the statutory Board meeting after the AGM. 2014 was characterized by a high level of activity that required Board decisions and consultation: continuous decisions regarding the market, development projects and events connected to the insider investigation of FPC's CEO. The Board convened 18 meetings during

2014. FPC employees participate in Board meetings as reporters whenever required. A more detailed description of corporate governance in 2014, including regulations, General Meetings, the Nomination Committee, the composition and work of the Board and internal governance processes and internal control, is presented in the separate Corporate Governance Report.

Supplementary information pursuant to Chapter 6, Section 2a of the Annual Accounts Act

The 2014 AGM passed resolutions to authorize the Board, during the period until the next AGM, to make decisions on the issue of up to 10,000,000 new Class B shares with permitted disapplication of the preferential rights of existing shareholders, and the issue of up to 10,000,000 new shares without disapplication of the shareholders' preferential rights.

Annual General Meeting

The Annual General Meeting (AGM) will be held at 5.30 p.m. on June 3, 2015 at the Radisson Blu Scandinavia Hotel, at Södra Hamngatan 59, Gothenburg, Sweden.

Proposed treatment of the company's accumulated profit.

The following amounts are at the disposal of the AGM (SEK):

Share premium reserve	481,553,099
Loss brought forward	-90,194,982
Net loss for the year	-146,726,077
Total	244,632,040

The Board proposes that the net loss for the year, as well as unrestricted funds and the loss brought forward, be treated as follows:

To be carried forward: SEK 244,632,040, of which SEK 481,553,089 to the share premium reserve.

For more information regarding the company's earnings and financial position, refer to the following financial statements and the accompanying notes.

Significant uncertainties and risks – Group and Parent Company

FPC is exposed to risks. Each of the risks below, as well as other risks and uncertainties named, could, if they occur, have a material negative impact on the company's operations, earnings, financial position and future outlook, or result in a decline in the value of the company's shares, which could result in investors losing all or parts of their invested capital. The risks and uncertainties described below 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 are not judged to be material could also develop into factors that could 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:

A Company risk

A1 Funding

It cannot be ruled out that further capital may be needed in the future to finance FPC's operations, development and expansion. This need could arise in an unfavorable market situation and on terms that are less favorable than the Board considers them to be today. External financing in a more difficult credit and investment climate could have a negative impact on FPC's operations, while borrowing, if at all possible, could limit the company's latitude. There is no guarantee that capital can be raised when needed, or raised on acceptable terms. By gradually achieving success in the market, and securing a satisfactory margin, a positive cash flow can be created, which will contribute to reducing the need for capital contributions.

A2 Rights

The operations are heavily dependent on FPC protecting its technology through patents and intellectual property rights. The strategy is to protect the most important parts, but there is no guarantee that all patent applications will be granted. The assessment is that FPC's technology does not infringe the intellectual property rights of other companies. Despite this, no assurance can be given that the company cannot be considered to infringe another party's patent or intellectual property rights. In the event that FPC cannot protect its technology with patents or other intellectual property rights, or may be considered to infringe on those of others, the company's operations, earnings and financial position could be adversely impacted.

A3 Development

FPC's success is largely dependent on its ability to drive and adapt to technological developments. FPC conducts development projects in the areas of biometrics, and sensor technology and its applications. The projects are conducted in collaboration with

consultants and subcontractors. Since the projects may be extensive and complex, delays in schedules cannot be ruled out. Serious delays, disruptions or unforeseen events in development processes could have a negative impact on FPC's future operations.

A4 Competencies

Biometrics is still a relatively new field that shows a high growth rate and requires advanced technical knowledge from employees. FPC has a number of key individuals who are essential for the successful development of FPC's operations. The departure of such key persons from the company could result in operational disruptions and increased costs for recruitment of replacements.

B Market risks

B1 Political risk

FPC has operations in many markets with vastly differing conditions. Changes to laws and regulations regarding foreign ownership, taxes, government involvement, royalties and custom duties, for example, coupled with other political and economic risks and uncertainties, such as acts of war or terrorism, could have a negative impact on the company's earnings and financial position.

B2 Exchange rates

Due to the issuance of new shares in 2013, the company has a healthy supply of SEK and no new forward contracts will be signed.

Purchasing, manufacturing and sales are essentially conducted in USD. Otherwise, the policy is to hedge up to 90% of net exposure in USD using forward contracts to offset exchange-rate fluctuations. Hedge accounting under IAS 39 is not currently applied in the financial statements.

B3 Raw material prices

The raw-material cost of products could be impacted by price fluctuations, mainly for silicon and gold. The proportion of gold in the products is marginal and price fluctuations will only have a limited effect on the price of the end product. Silicon is the main component in the products. Historically, the price of silicon has not fluctuated to any significant degree and supply is favorable. Should supplies of silicon in the world market decrease, there is a risk of price increases. The price per unit of the company's purchases from external suppliers could thereby increase. There is

no guarantee that FPC can subsequently pass on any higher costs to its customers. The inability to pass on higher costs to the company's customers could have a negative impact on the company's operations, earnings and financial position.

B4 Economic cycle

The global economic trend affects the general investment inclination of FPC's current and potential customers. A weak economic trend in all, or parts of, the world could result in lower-than-expected growth in the biometrics market. Accordingly, there is a risk that FPC's expected sales could be adversely impacted by a weak economic trend, which could have a negative effect on the company's operations, earnings and financial position. At present, customers are predominantly based in Asia. The economic turmoil in Europe and Northern America has not impacted the operations to any major degree. However, there is no guarantee that this will not occur in the future or that the turbulence in Europe and North America will not spread to the Asian market.

B5 Tax

FPC is only a tax subject in Sweden at present. In the future, however, through possible establishments in other countries, or through operations in other countries, FPC may become a tax subject with consequent taxation and be required to pay tax in those countries.

C Operational risk

C1 Production

FPC does not conduct any proprietary production. Manufacturing, sales and delivery of FPC's technology and products depend on fulfillment of contractual requirements with respect to, for example, volume, quality and delivery time. Production and delivery problems among suppliers could have a negative impact on the company through delays or quality problems affecting deliveries to customers. Although production is planned up to six months in advance, binding orders from customers are not normally received that far in advance. Uncertainty in sales forecasts could lead to stock accumulation and have an adverse effect on liquidity. The concentration of production to a few suppliers and the associated possibility of ensuring low costs must be weighed against the risk represented by concentration.

C2 Environment

FPC does not engage in any proprietary manufacturing. Components are sourced from selected suppliers that meet requirements for functionality, quality, stability and environmental aspects. FPC's products have been tested and comply with the RoHS Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment. Should the products not meet requirements for functionality, quality, stability and environmental aspects, or not comply with the RoHS Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment, this could have a negative impact on the company's earnings and financial position.

C3 Sales

FPC is active in a relatively immature market. Assessments of an immature industry and its competitive situation in the midst of rapid development are subject to reservation for several uncertainties. The trend is dependent on the development of both FPC and its competitors, as well as market acceptance of biometrics. A not inconsequential factor is the rate of development and penetration of services for which biometric solutions will be used. This entails difficulty in predicting the future trend for the operation. FPC's performance is dependent on the continued expansion of the biometrics market. Delayed penetration into more applications and markets will affect sales and earnings. There is a risk of FPC becoming dependent on a handful of distributors for its sales. This risk is prevented by having more resellers, more customers, a broader product portfolio and customized solutions rather than standard products. An additional measure is to continuously assess conditions for the establishment of companies and to conduct sales independently. FPC is dependent on the Chinese market, with an established reseller and a strong position for FPC's technology. Losing the company's distributor in the Chinese market or any other significant distributor or reseller could have a negative impact on the company's operations, earnings and financial position.

D Credit risk**D1 Counterparty risk**

Credit risk, which is the risk that the counterparty will not fulfill its obligations, is entirely attributable to credit risk in accounts receivable. The company's customers mainly comprise companies that act as resellers or distributors of the company's products. The risk is prevented by credit assessment and limited credit.

E Share risk**E1 Share price**

Investing in shares is inherently associated with the risk that the value of investments will decline. There is no guarantee regarding the performance of shares that will be admitted to trading in connection with the new share issue. The company's share price could decline, partly due to the increased number of shares in the company, but also as a consequence of market reactions to factors entirely beyond FPC's control. FPC's share price has been volatile since the company's share was listed on NASDAQ OMX Stockholm. It is not possible to foresee the extent to which investor interest in FPC will lead to active trading in the shares, or how trading in the shares will perform in the future. If active and liquid trading does not develop, or is not lasting, this may make it difficult for shareholders to sell their shares without negatively affecting the market price, or at all. FPC's measure is to maintain a good level of communication. Existing and potential investors in FPC should note that an investment in FPC is associated with risk and that there are no guarantees that the share price will perform positively. As presented in the description in this section, the share price performance is dependent on a number of factors in addition to the company's operations, and which the company is unable to influence. Even when FPC's business develops positively, there is a risk that the company's share may perform negatively.

E2 Shareholders

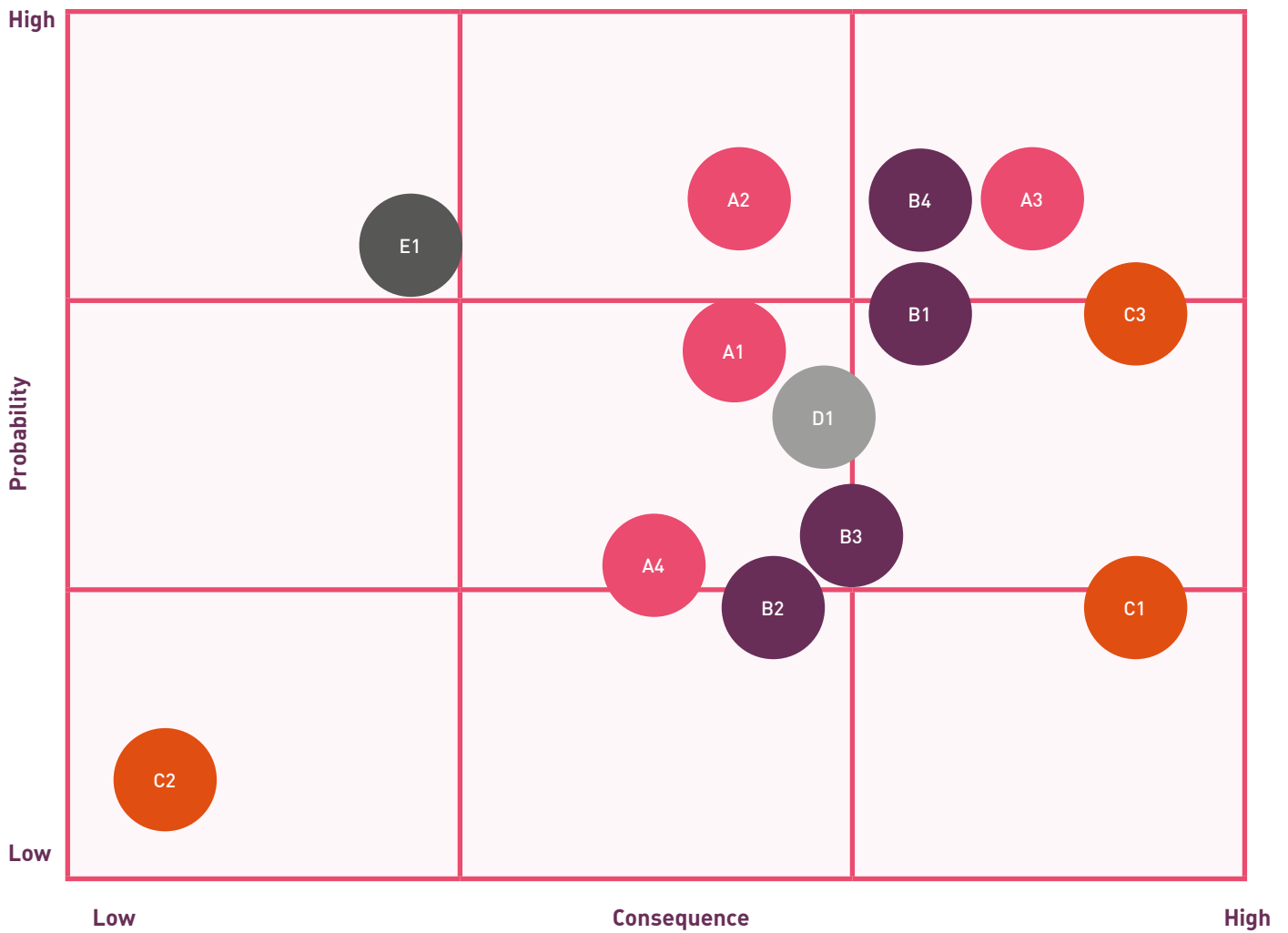
An individual shareholder owns a substantial share of voting rights of all of the company's shares outstanding. Consequently, the shareholder is able to exercise a material influence over all matters requiring shareholder approval, including the appointment and removal of Board members and any proposed mergers, consolidation or sale of all, or virtually all, of FPC's assets, and other company transactions.

E3 Dividend

FPC has not paid any dividends to date. Since FPC is expected to be in an expansive investment phase over the next few years, any distributable profits will probably be reinvested in the business. As a result, the Board of FPC deems that cash dividends will not be paid to shareholders in the next two years. As a result, the return on an investment in the company's share in the short term primarily depends on the share price.

Risks in relation to the consequences for FPC's operations should they occur, and the probability of their occurrence.

The positions in the diagram are not absolutes, but merely represent estimates.



Consolidated statement of comprehensive income

January 1 - December 31

SEK 000s	Note	2014	2013
Net sales	2, 3	233,600	95,405
Cost of goods sold	3	-161,981	-56,259
Gross profit		71,619	39,146
Selling costs		-54,431	-29,299
Administrative costs		-28,893	-17,680
Development costs	34	-140,126	-25,925
Other operating revenues	5	6,574	-
Other operating expenses	6	-	-278
Operating loss	4, 7, 8, 9, 25, 26	-145,257	-34,036
Financial income	100	2,174	1,535
Financial expenses	100	-503	-445
Loss before tax		-143,586	-32,946
Tax	11	-462	-
Net loss for the year		-144,048	-32,946
Earnings per share	12		
before dilution (SEK)		-2.47	-0.60
after dilution (SEK)		-2.47	-0.60

Other comprehensive income

	Dec 31, 2014	Dec 31, 2013
Net loss for the year	-144,048	-32,946
Items that may subsequently be reclassified as profit/loss for the year:		
Translation differences pertaining to foreign operations	90	-17
Other comprehensive income	90	-17
Comprehensive income for the year	-143,958	-32,963
Attributable to:		
Parent Company shareholders	-143,958	-32,963
	-143,958	-32,963

Consolidated statement of financial position

At December 31

SEK 000s

Note

2014

2013

Assets

Intangible fixed assets	13	69,817	54,331
Tangible fixed assets	14	18,819	5,364
Financial fixed assets	15	-	-

Total fixed assets**88,636** **59,695****Current assets**

Inventories	17	98,770	19,902
Accounts receivable	16, 18	115,793	31,062
Other receivables		15,868	7,709
Prepaid expenses and accrued income	16, 19	3,663	2,402
Cash and cash equivalents	16, 20	101,898	211,713

Total current assets**335,992** **272,788****Total assets****424,628** **332,483****Shareholders' equity****21**

Share capital		11,684	10,832
Other paid-in capital		711,100	556,646
Translation difference		74	-17
Retained earnings, including profit/loss for the year		-421,764	-277,717
Shareholders' equity attributable to Parent Company shareholders		301,094	289,744

Shareholders' equity**301,094** **289,744****Long-term liabilities**

Other long-term liabilities		183	423
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Total long-term liabilities**33** **183** **423****Restricted shareholders' equity**

Accounts payable	16	66,138	25,674
Other current liabilities	22	35,677	1,482
Prepaid expenses and accrued income	16, 23	21,536	15,160

Total current liabilities**123,351** **42,316****Total shareholders' equity and liabilities****424,628** **332,483****Assets pledged and contingent liabilities, Group**

At December 31

SEK 000s

Note

Dec 31, 2014

Dec 31, 2013

Assets pledged	32	15,000	15,000
Contingent liabilities		None	None

Statement of changes in equity

SEK 000s	Share capital	Other paid-in capital	Translation difference	Retained earnings incl. net profit for the year	Total shareholders' equity
Opening shareholders' equity, Jan 1, 2013	9,562	337,125		-244,774	101,915
Comprehensive income for the year					
Net loss for the year				-32,946	-32,946
Other comprehensive income for the year			-17		-17
New share issue	1,271	214,927			216,198
Paid-in warrant premiums		4,592			4,592
Closing shareholders' equity, Dec 31, 2013	10,832	556,646	-17	-277,716	289,744
Opening shareholders' equity, Jan 1, 2014	10,832	556,646	-17	-277,716	289,744
Comprehensive income for the year					
Net loss for the year				-144,048	-144,048
Other comprehensive income for the year			90		90
New share issue	852	154,454			155,306
Closing shareholders' equity, Dec 31, 2014	11,684	711,100	74	-421,764	301,094

Consolidated statement of cash flows

SEK 000s	Note	2014	2013
Operating activities	28		
Loss before tax		-144,048	-32,946
Adjustment for non-cash items	28	58,039	12,581
Cash flow from operating activities before changes in working capital		-86,009	-20,365
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories		-78,868	-8,462
Increase (-)/Decrease (+) in operating receivables		-87,815	-31,881
Increase (+)/Decrease (-) in operating liabilities		78,528	29,630
Cash flow from operating activities		-174,164	-31,078
Investing activities			
Acquisition of, and in-house developed, intangible fixed assets	13	-58,450	-35,800
Acquisition of subsidiaries/business	35	-15,199	-
Acquisition of tangible fixed assets	14	-17,064	-2,549
Cash flow to investing activities		-90,713	-38,347
Financing activities			
Repayment of loans		-240	-249
Warrants, new programs		-	4,592
New share issue through redemption of warrants		23,657	13,424
New share issue		131,645	202,773
Cash flow from financing activities		155,062	220,541
Cash flow during the year		-109,815	151,117
Cash and cash equivalents, January 1		211,713	60,596
Cash and cash equivalents, December 31	28	101,898	211,713

Parent Company income statement

January 1 - December 31

SEK 000s	Note	2014	2013
Net sales	2, 4	231,948	95,405
Cost of goods sold		-161,981	-56,260
Gross profit		69,967	39,145
Selling costs		-54,443	-29,310
Administrative costs		-28,038	-17,681
Development costs	34	-127,115	-26,090
Other operating revenues	5	6,609	-
Other operating expenses	6	-	-278
Operating loss	4, 7, 8, 9, 25, 26	-133,020	-34,214
Result from financial items:	10		
Result from shares in subsidiaries	36	-15,538	-
Other interest income and similar profit/loss items		2,138	1,495
Interest expenses and similar profit/loss items		-306	-349
Loss before tax		-146,726	-33,068
Tax	11	-	-
Net loss for the year		-146,726	-33,068

Consolidated statement of comprehensive income

January 1–December 31

SEK 000s	Note	2014	2013
Net loss for the year		-146,726	-33,068
Net loss for the year		-146,726	-33,068
Other comprehensive income for the year		-	-
Comprehensive income for the year		-146,726	-33,068

Parent Company balance sheet

At December 31 SEK 000s	Note	Dec 31, 2014	Dec 31, 2013
Assets			
Fixed assets			
Intangible fixed assets	13	65,142	54,331
Tangible fixed assets	14	16,352	4,607
Financial fixed assets	15	1,829	8,255
Total fixed assets		83,323	67,193
Current assets			
Inventories	17	98,770	19,902
Current receivables			
Receivables from Group companies		11,027	2,572
Accounts receivable	16, 18	115,545	31,062
Other receivables		13,488	5,387
Prepaid expenses and accrued income	16, 19	3,226	2,286
Cash and cash equivalents	16, 20	93,027	209,567
Total current assets		335,083	270,776
Total assets		418,406	337,969
Shareholders' equity	21		
Accounts receivable			
Share capital (1,200,000 Class A shares, 57,221,135 Class B shares)		11,684	10,832
Statutory reserves		41,450	41,450
Unrestricted shareholders' equity			
Share premium reserve		481,553	327,099
Loss brought forward		-90,194	-57,127
Net loss for the year		-146,726	-33,068
Total shareholders' equity		297,767	289,186
Restricted shareholders' equity			
Advance payments from customers		29,721	-
Accounts payable	16	70,026	25,325
Liabilities to Group companies		-	7,614
Other current liabilities	22	1,596	888
Prepaid expenses and accrued income	16, 23	19,296	14,956
Total liabilities and current liabilities		120,639	48,783
Total shareholders' equity and liabilities		418,406	337,969

Assets pledged and contingent liabilities for the Parent Company

At December 31

SEK 000s	Note	Dec 31, 2014	Dec 31, 2013
Assets pledged	32	15,000	15,000
Contingent liabilities		None	None

Parent company statement of changes in equity

SEK 000s	Accounts receivable		Unrestricted shareholders' equity			
	Share capital	Statutory reserve	Share premium reserve	Loss brought forward	Net loss for the year	Total shareholders' equity
Opening shareholders' equity, Jan 1, 2013	9,562	41,450	107,579	-18,989	-38,138	101,464
Comprehensive income for the year						
Net loss for the year					-33,068	-33,068
Other comprehensive income for the year						
Appropriation of profits				-38,138	38,138	
New share issue	1,271		214,927			216,198
Paid-in warrant premiums			4,592			4,592
Closing shareholders' equity, Dec 31, 2013	10,832	41,450	327,099	-57,127	-33,068	289,186
Opening shareholders' equity, Jan 1, 2014	10,832	41,450	327,099	-57,127	-33,068	289,186
Comprehensive income for the year						
Net loss for the year					-146,726	-146,726
Other comprehensive income for the year						
Appropriation of profits				-33,068	33,068	
New share issue	852		154,454			155,306
Paid-in warrant premiums						
Closing shareholders' equity, Dec 31, 2014	11,684	41,450	481,553	-90,194	-146,726	297,767

Parent Company statement of cash flows

SEK 000s	Note	2014	2013
Operating activities	28		
Loss before tax		-146,726	-33,068
Adjustment for non-cash items		62,516	12,384
Cash flow from operating activities before changes in working capital		-84,210	-20,684
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories		-78,868	-8,462
Increase (+)/Decrease (-) in operating receivables		-95,894	-32,108
Increase (+)/Decrease (-) in operating liabilities		69,598	33,171
Cash flow from operating activities		-189,374	-28,083
Investing activities			
Acquisition of, and in-house developed, intangible fixed assets	13	-51,258	-35,800
Acquisition of tangible fixed assets	14	-14,803	-2,549
Acquisition of financial fixed assets	15	-16,409	-4,687
Cash flow to investing activities		-82,470	-43,034
Financing activities			
Warrants paid-in amounts for new programs		-	4,592
New share issue through redemption of warrants		23,657	13,424
New share issue		131,645	202,773
Cash flow from financing activities		155,302	220,789
Cash flow during the year		-116,542	149,672
Cash and cash equivalents, January 1		209,567	59,895
Cash and cash equivalents, December 31	28	93,027	209,567

Notes to the financial statements

Note 1 Significant accounting policies

All amounts are in SEK 000s unless otherwise indicated.

Compliance with standards and legislation. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU.

The Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups) was also applied.

The Parent Company applies the same accounting policies as the Group, except in the cases described below under "Parent Company accounting policies." The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors and President on April 28, 2015. The consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be adopted by the Annual General Meeting (AGM) on June 3, 2015.

Measurement basis applied to the preparation of the financial statements

Assets and liabilities are recognized at cost, except for certain financial assets and liabilities measured at fair value through profit or loss. Financial assets and liabilities measured at fair value comprise derivative instruments but no such item existed at December 31, 2014. The Group does not apply hedge accounting.

Unrealized gains and losses resulting from fluctuations in the fair value of the hedging contracts are continuously recognized in profit or loss under the segment, Fingerprint Sensors.

Functional currency and presentation currency

The Parent Company's functional currency is Swedish kronor (SEK), which is also the presentation currency for the Parent Company and the Group. Accordingly, the financial statements are presented in SEK. Unless otherwise stated, all amounts have been rounded to the nearest thousand.

Judgments and estimates in the financial statements

Preparing the financial statements in accordance with IFRS requires that company management make judgments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and judgments.

These estimates and assumptions are regularly reviewed. Changes to estimates are reported in the period in which the change is made if the change affects only that specific period, or are reported in the period in which the change is made and future periods if the change affects the current and future periods.

Judgments made by company management in

the application of IFRS that have a material impact on the financial statements and estimates made that may lead to significant adjustments in the following year's financial statements are described in greater detail in Note 29.

Significant accounting policies applied

Except for those policies described in more detail, the accounting policies presented below were applied consistently to all of the periods presented in the Group's financial statements. The Group's accounting policies were also applied consistently by the Group companies once they had been consolidated.

Amended accounting policies

No changes have taken place.

New and amended IFRSs have not had any material impact on the financial statements

The amended accounting policies applied by the Group as of January 1, 2014 are described below. No other IFRS amendments with effect from 2014 have had any material effect on the Group's financial statements.

New and revised existing standards, which have been approved by the EU.

New standards that became effective in 2014

New standards that became effective in 2014

The new standards that became effective in 2014 have had no impact on Fingerprint Cards' financial statements. The most important standards and the ones that could potentially impact Fingerprint Cards' financial statements in the future are IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. IFRS 10 determines when controlling influence, and thereby consolidation, is to occur while IFRS 11 governs recognition of non-controlling interests. IFRS 12 stipulates disclosure requirements for companies holding interests that are not consolidated.

Changes in existing standards that became effective in 2014

As a result of the introduction of the above recommendations, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures have been updated.

Nor have the amendments led to any changes in Fingerprint Cards' financial statements.

New standards and interpretations that become effective in 2015

On June 13, 2014, the EU approved IFRIC 21 Levies, which specifies that state fees have to be recognized entirely as a debt when the obligation arises. This had no impact on Fingerprint Cards.

Changes in Swedish regulatory framework; the Financial Reporting Board

RFR 2, Accounting for legal entities, contains adaptations connected to implemented changes in IFRS.

The amendments implemented in 2014 have had no impact on Fingerprint Cards' financial statements.

Classification, etc.

Fixed assets and long-term liabilities essentially

comprise amounts that are expected to be recovered or paid twelve months or more after the balance-sheet date. Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within twelve months from the balance-sheet date.

Segment reporting

An operating segment is a part of the Group that conducts operations from which it can generate income and incur costs and for which separate financial information is available. Furthermore, the results of an operating segment can be reviewed by the company's chief operating decision maker to evaluate the outcomes and to allocate resources to the operating segment. Refer to Note 4 for a more detailed description of the division and presentation of the company's operating segments.

Consolidation principles

(i) Subsidiaries

Subsidiaries are recognized in accordance with the purchase method.

In accordance with this method, an acquisition of a subsidiary is considered to be a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined by performing an acquisition analysis in conjunction with the acquisition. The analysis determines the cost for the participations or the operations and the fair value of the acquired identifiable assets and the assumed liabilities and contingent liabilities on the acquisition date. The cost of the subsidiaries' shares or operations comprises the sum of the fair value of the paid assets on the acquisition date, arisen or assumed liabilities and for issued equity instruments paid in exchange for the acquired net assets. Costs directly attributable to the acquisition are expensed on a current account basis. For business combination whereby the cost exceeds the fair value of the acquired assets and assumed liabilities and contingent liabilities that are recognized separately, the difference is recognized as goodwill. If the difference is negative, it is recognized directly in net profit for the year. Subsidiaries' financial statements are included in the consolidated financial statements from the acquisition date until the date on which the controlling influence ceases.

(ii) Transactions eliminated on consolidation

Inter-company receivables and liabilities, income or expenses and unrealized gains or losses arising from inter-company transactions between the Group companies are eliminated in their entirety when the consolidated financial statements are prepared.

Foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency in the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate prevailing on the balance-sheet date.

Exchange-rate differences arising in conjunction with these translations are recognized in profit or loss. Non-monetary assets and liabilities recognized at historic costs are translated according to the exchange rate on the transaction date. Non-monetary assets and liabilities measured at fair value are translated to the functional currency at the exchange rate prevailing on the date of fair value measurement.

Currency flows for 2014 have not been hedged. Following the new share issues implemented in 2013 and 2014, the assessment was that access to Swedish kronor for the payment of costs in SEK had been secured in 2014. The net surplus from sales in USD and expenditure for purchasing materials sold in USD is exchanged as needed and used as working capital in the ongoing expansion.

Income

Income for the sale of goods is recognized in profit or loss when the material risks and benefits associated with ownership of the product have been transferred to the purchaser. Income is not recognized if it is unlikely that the economic benefits will accrue to the Group. Revenue is not recognized if substantial uncertainty exists concerning payment, associated costs or the risk of returns or if the seller retains a commitment to the ongoing management that is usually associated with ownership. Income is recognized at the fair value of the amount received, or expected to be received, less discounts provided.

Leasing

(i) Operating leases

Expenses pertaining to operating leases are recognized in profit loss for the year straight-line over the lease term. Benefits received from signing a lease agreement are recognized in profit or loss as a decrease in leasing fees straight-line over the term of the lease agreement. Variable fees are expensed in the periods in which they arise.

(ii) Financial leases

The minimum lease fees are distributed between interest expense and amortization of the outstanding liability.

The interest expense is distributed over the lease term so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognized in each period. Variable fees are expensed in the periods in which they arise.

Financial income and expenses

Financial income comprises interest income on deposited funds and gains from changes in value of financial assets measured at fair value in profit or loss. Gains/losses from the divestment of a financial instrument are recognized when the risks and benefits associated with ownership of the instrument are transferred to the purchaser and the Group no longer has control of the instrument.

Financial expenses comprise interest expense, losses on changes in value of financial assets measured at fair value in profit or loss and impairment losses on financial assets.

Taxes

Consolidated tax comprises current tax and deferred tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or by the tax

authorities based on the tax rates and the tax legislation that are adopted or have been adopted on the balance sheet date.

Current tax is tax pertaining to taxable profit for the period. Deferred tax arises due to temporary differences between the taxable value and the carrying amount of an asset or liability. Current tax and deferred tax are recognized in profit or loss with the exception of transactions recognized in other comprehensive income. Tax attributable to items recognized in other comprehensive income is also recognized in other comprehensive income. Deferred tax assets are recognized in the balance sheet insofar as it is probable that they can be utilized to offset future taxable surpluses. When calculating the Group's deferred tax assets and tax liability, a tax rate of 22% is applied.

Classification of financial assets

Financial instrument recognized in the statement of financial position include, on the assets side, cash and cash equivalents, accounts receivable, financial investments and derivatives. Accounts payable are included on the liabilities side.

(i) Classification

The Group's financial instruments are classified in the following four categories. The purpose of the acquisition of financial instruments constitutes the basis for classification. Classification is made by company management in connection with the first recognition occasion. The classification determines how the financial instrument is to be measured after the first recognition occasion, in the manner show below.

1. Financial assets measured at the fair value via profit or loss

This category comprises two subgroups: financial assets and liabilities held for sale and those that on the date of acquisition were classified as being measured at fair value via profit or loss. A financial asset or liability is entered in this category if it has been acquired with the purpose of being sold in the short term or has been classified as such by company management. Derivative instruments are also classified in this category. Assets and liabilities in this category are classified as current if they are held for sale or are expected to be sold within 12 months of the balance-sheet date.

2. Loan receivables and accounts receivable

Financial assets and liabilities that are not classified as derivative instruments and that are subject to fixed payment and are not quoted on an active market. Classification as a current asset occurs if the due date arises less than 12 months after the balance-sheet date, following which non-current assets is the classification.

3. Investments held to maturity

Financial assets and liabilities that are not derivative instruments subject to fixed payment and fixed due dates that company management intends or has the capacity to hold until maturity. Following initial recognition, these assets and liabilities are measured at accrued cost in accordance with the effective interest method, adjusted for any impairment losses. The result is recognized in profit or loss when the asset is divested or impaired, and in pace with recognition of accrued interest. During 2014 and 2013, the Group had no assets in this category.

4. Financial assets held for resale

The category of financial assets with the potential to be sold includes financial assets that are not classified in any other category or financial assets that the company has chosen to classify in this category. These assets apply to non-current assets unless company management intends to divest the investment within 12 months of the balance-sheet date. Measurement occurs initially at fair value including transaction costs. Changes in value are recognized against other comprehensive income. When the asset is sold, the accumulated changes in value are reversed to profit or loss. Unrealized changes in value are recognized in other comprehensive income unless the value decline is material or has persisted for a long time. In these fall cases, impairment losses are charged against profit or loss.

During 2014 and 2013, the Group had no assets in this category.

(ii) Classification and measurement

A financial asset or financial liability is recognized in the statement of financial position when the Group becomes a contractual party in accordance with the terms of the instrument's contract. A receivable is entered when the company has performed and the counterparty has a contractual obligation to pay, even if the invoice has yet to be sent.

Accounts receivable are recognized in the statement of financial position when an invoice is sent. Liabilities are recognized when the counterparty has performed and there is a contractual obligation for the company to make a payment without an invoice having yet been received. Accounts payable are recognized when the invoice has been received. A financial asset is derecognized from the statement of financial position when the contractual rights have been realized, expire or the Group loses control of them.

The equivalent applies to a portion of a financial asset. A financial liability is derecognized from the statement of financial position when a contractual obligation has been received or otherwise extinguished. A financial asset and a financial liability are offset and recognized at net amount in the statement of financial position only when a legal right to offset the amounts exists and it is intended that the items be settled at net amount or simultaneously realize the asset and settle the liability. Acquisitions and divestments of financial assets are recognized on the trade date which is the date on which the Group undertakes to acquire or divest the asset.

A financial instrument that is not a derivative is initially recognized at cost corresponding to the fair value of the instrument plus transaction costs for all financial instruments, except for those belonging to the category of financial assets measured at fair value in profit or loss, which are measured at fair value excluding transaction costs.

Derivative instruments are recognized initially at fair value, whereby transaction costs are charged against profit or loss. Changes in the value of derivative instruments are recognized in operating profit. Cash and cash equivalents comprise cash funds and immediately available balances with banks and similar institutions, as well as current liquid investments, which are exposed to only an insignificant risk of currency fluctuations. Exchange-rate fluctuations pertaining to operating receivables and liabilities are recognized in

operating loss, while exchange-rate fluctuations pertaining to financial receivables and liabilities are recognized in net financial items.

Accounts receivable are financial assets that are not derivatives, that have determined or determinable payments and which are not listed on an active market. These assets are measured at amortized cost. Amortized cost is determined based on the effective rate that is calculated on the acquisition date. Accounts receivable are recognized at the amounts at which they are expected to be received, meaning less any doubtful receivables. Loans and other financial liabilities, such as accounts payable, are measured at amortized cost. This does not apply to derivative liabilities, which are instead measured at fair value.

Tangible fixed assets

(i) Owned assets

Tangible fixed assets are recognized in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and any expenses that are directly attributable to the asset to put it in place and in the condition to be utilized for the purpose for which it was acquired. Accounting policies for impairment are described below. The carrying amount of a tangible fixed asset is derecognized from the statement of financial position when it is disposed or divested or no more future economic benefits are expected to be derived from the use or disposal/divestment of the asset. Gains or losses arising from the divestment or disposal of an asset comprise the difference between the selling price and the asset's carrying amount, less direct selling costs. Gains and losses are recognized as other operating income/expenses.

(ii) Leased assets

Lease agreements are classified as either financial or operating leasing. Financial leasing exists when the economic risks and benefits associated with ownership have been essentially transferred to the lessee. If this is not the case, it is operating leasing. Assets hired under financial leases are recognized as fixed assets in the statement of financial position and are initially measured at the lower of the leased item's fair value and the current value of the minimum leasing fees when the contract is signed.

The obligation to pay future leasing fees is recognized as a long-term and current liability. The leased assets are depreciation over their respective useful lives while leasing payments are recognized as interest and amortization of liabilities. Assets rented under operating leasing are not usually recognized in the statement of financial position. Operating leases do not give rise to liabilities.

(iii) Additional costs

Additional costs are added to a cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be calculated reliably. Other additional costs are recognized as an expense in the period in which they arise.

An additional cost is added to cost if the expense pertains to the exchange of identified components or portions thereof. An expense is also added to cost if a new component is created. Any non-depreciated carrying amounts for exchanged components, or portions of components, are scrapped and expensed in conjunction with the exchange. Repairs are expensed continuously.

(iv) Depreciation principles

Depreciation takes place on a straight-line basis in relation to the estimated useful life of the asset. Leased assets are depreciated over their estimated useful lives or their contractual lease term, if shorter.

The estimated useful lives are as follows:

Plant and machinery	5 years
Equipment, tools, fixtures and fittings	5 years

Intangible assets

(i) Research and development

Development expenditure, aimed at achieving new or improved products or processes, is recognized as an asset in the statement of financial position, if the product or process is technically and commercially viable and the company has sufficient resources to complete the development process and subsequently use or sell the intangible asset. The carrying amount includes directly attributable expenses, such as materials and services used and consumed in connection with processing, registration of legal rights and borrowing costs in accordance with IAS 23. Other development expenditure is recognized in profit or loss as an expense when it arises. Development expenditure recognized in the statement of financial position is recognized at cost less accumulated amortization and any impairment losses.

Research expenses aimed at obtaining new scientific or technical knowledge are recognized as an expense when they arise. Since all research originates from products and market demand, no research arises.

(ii) Amortization principles

Amortization is recognized in profit or loss straight-line over the estimated useful lives of the intangible assets, unless the useful lives are indeterminable. The useful lives are reassessed at least once a year. Intangible assets with an indeterminable useful life or that are not ready for use are tested for impairment every year and as soon as there is an indication suggesting that the asset has declined in value. Intangible assets with determinable useful lives are amortized from the date on which they became available for use.

The estimated useful lives are as follows:

Products	Up to 4 year
Platform	Up to 5 year
Useful lives are reassessed annually.	

Inventories

Inventories are measured at the lowest of cost and the net selling price. The cost of the inventories is calculated by applying the first-in, first-out method (FIFO) and includes expenses arising in conjunction with the acquisition of inventory items and the transportation to their current location and condition. The cost of manufactured goods and work in progress includes a reasonable share of indirect costs based on normal capacity.

The net selling price is the estimated sales price in the operating activities, less estimated expenses for completion and bringing about a sale.

Inventories are measured at accrued cost.

Impairment

The Group's recognized assets are tested on every balance-sheet date to determine whether there are any indications of impairment. IAS 36 is

applied to the impairment of assets that are not financial assets recognized in accordance with IAS 39, assets for sale and divestment groups recognized in accordance with IFRS 5, inventories and deferred tax assets. The carrying amounts of the exempted assets stated above are determined in accordance with the respective standard.

(i) Impairment of tangible and intangible assets

If there is an indication of impairment, the asset's recoverable amount is calculated. The recoverable amount of intangible assets is also calculated annually. If it is not possible to determined significant independent cash flows to an individual asset, and its fair value less selling expenses cannot be used, the assets are grouped when tested for impairment at the lowest level from which it is possible to identify significant independent cash flows, known as a cash-generating unit. An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

(ii) Impairment of financial assets

On each reporting occasion, the company tests whether there is objective evidence that a financial asset or group of assets requires impairment. Objective evidence comprises observable circumstances that have occurred and that have a negative impact on the possibility of recovering costs and significant or protracted decreases on the fair value of an investment in a financial investment classified as an available-for-sale financial asset.

Impairment testing of accounts receivable is determined based on historical experience of customer losses from similar receivables. Accounts receivable that require impairment are recognized at the present value of future cash flows. However, receivables with short terms are not discounted. Impairment losses on available-for-sale financial assets are recognized in profit or loss in net financial items.

(iii) Reversal of impairment

Impairment losses on assets encompassed by the scope of IAS 36 can be reversed if there is an indication suggesting that impairment no longer exists and a change has been made to the assumptions that formed the basis of the calculation of the recoverable amount. A reversal only takes place to the extent that the asset's carrying amount following reversal does not exceed the carrying amount that would have been recognized, less depreciation/amortization where necessary, had the impairment loss not been recognized. Impairment losses on accounts receivable recognized at amortized cost are reversed if the previous reasons for recognizing an impairment loss no longer exist and full payment can be expected from the customer.

Loss per share

The calculation of earnings per share is based on the net profit/loss for the year in the Group attributable to the Parent Company's owners and on the weighted average number of shares outstanding during the year. In calculating earnings per share after dilution, earnings and the average number of shares are adjusted to take into account the diluting effects of potential common shares, which arise during recognized periods from warrants issued to employees. The dilution

of warrants outstanding only affects the number of shares in the calculation when the redemption price is lower than the share price.

Remuneration of employees

The Group has defined-contribution pension plans. Defined-contribution pension plans are classified as the plans whereby the company's obligation is limited to the contributions it has undertaken to pay. In such cases, the amount of the employee's pension depends on the contribution that the company pays to the plan or to an insurance company and the return on capital generated by the contributions. Consequently, the employee bears the actuarial risk and investment risk. The company's obligation regarding contributions to defined contribution plans is recognized as an expense in profit or loss in line with contributions being vested by the employee performing the services for the company over a period of time.

(i) Severance pay

An expense for severance pay when employees leave the company is recognized only if the company is demonstrably obligated, without a realistic possibility of withdrawing, by a formal detailed plan to terminate employment before the normal point in time. When severance pay is provided as an offer to encourage voluntary redundancy, an expense is recognized if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

(ii) Short-term remuneration

Short-term remuneration to employees is calculated without discounting and is recognized as an expense when the related services are received. A provision is recognized for the expected cost of the profit-sharing and bonus payments when the Group becomes subject to a legal or constructive obligation to make such payments as a result of the services performed by employees and the obligation can be measured reliably.

(iii) Share-based payments

An options program enables employees to acquire shares in the company. The expense recognized corresponds to the fair value of an estimate of the number of warrants that is expected to be earned, taking into consideration terms of services and performance that are not market conditions. This expense is adjusted in subsequent periods to eventually reflect the actual number of warrants earned. However, no adjustment is made for when warrants are forfeited due to only the non-fulfillment of market conditions and/or conditions that are not earnings conditions. Social security contributions attributable to share-based instruments issued to employees as remuneration for services purchased are expensed over the period during which the services are performed. The provision for social security contributions is based on the fair value of the warrants on the reporting date. The fair value is calculated in accordance with the same measurement model as applied when the warrants were issued.

Provisions

A provision differs from other types of liabilities since there is uncertainty surrounding the point in time that payment will be received or the amount of payment to be received to settle the provision. A provision is recognized in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are established at the amount corresponding to the best estimate of the amount required to settle the existing obligation on the balance-sheet date. Since the effect of the point in time at which payment is made is of importance, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflect the current market assessment of the time value of money and, if applicable, the risks associated with the liability.

Contingent liabilities

A contingent liability is recognized when there is a potential commitment deriving from an event that has occurred and the existence of which is confirmed by only one or more uncertain future events or when there is a commitment that is not recognized as a liability or a provision since it is not probable that an outflow of resources will be required.

Parent Company accounting policies The Parent Company's Annual Report is prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The statements regarding listed companies as

issued by the Financial Reporting Board were also applied. Under RFR 2, in its Annual Report for the legal entity, the Parent Company is to apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with respect to the relationship between accounting and taxation. The recommendation stipulates the exemptions and additions to IFRS that are to be made.

Parent Company accounting policies

The Parent Company's Annual Report is prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The statements regarding listed companies as issued by the Financial Reporting Board were also applied. Under RFR 2, in its Annual Report for the legal entity, the Parent Company is to apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with respect to the relationship between accounting and taxation. The recommendation stipulates the exemptions and additions to IFRS that are to be made.

Differences between consolidated and Parent Company accounting policies

The differences between the consolidated and Parent Company accounting policies are presented below. The accounting policies for the Parent Company described below were applied consistently to all periods presented in the Parent Company's financial statements.

(i) Amended accounting policies

No change has taken place.

(ii) Classification and presentation format

Earnings for the Group are recognized in the statement of comprehensive income and for the Parent Company in the income statement. In addition, the Parent Company uses the terms "balance sheet" and "cash-flow statement" for the statements that the Group refers to as "statement of financial position" and "statement of cash flows," respectively.

The balance sheet for the Parent Company has been presented according to the format stipulated in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in shareholders' equity and the cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

(iii) Subsidiaries

Participations in subsidiaries are recognized in the Parent Company in accordance with the cost method.

(iv) Segment reporting

The Parent Company's distribution of net sales matches the Group's segments and the distribution of revenues from external customers, as shown in Note 4.

(v) Tangible fixed assets

Tangible fixed assets in the Parent Company are recognized at cost less accumulated depreciation and any impairment in the same manner as for the Group, with the additional of any revaluations.

(vi) Leased assets

All lease agreements in the Parent Company are recognized as operating leasing.

(vii) Group contributions and shareholders' contributions for legal entities

Group contributions paid are recognized in the Parent Company as an increase in the item "Participations in Group companies" in the balance sheet. A Group contribution received is recognized in the Parent Company in the same manner as dividends; that is, as financial income.

Note 2 Distribution of income

Income per significant type of income	Group		Parent Company	
	2014	2013	2014	2013
SEK 000s				
Net sales	233,600	95,405	231,948	95,405
Sale of goods	233,600	95,405	231,948	95,405

Note 3 Cost of goods sold

Opening costs in Cost of goods sold SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Materials	-126,891	-41,521	-126,891	-41,521
Depreciation in accordance with plan associated with balances development	-23,241	-10,199	-23,241	-10,199
Purchasing and production expenses	-11,849	-4,540	-11,849	-4,540
Cost of goods sold	-161,981	-56,260	-161,981	-56,260

Note 4 Operating segments

The Group's business activities are divided into operating segments based on the parts of the operations reviewed by the company's chief operating decision-maker, which is known as a "management approach." Since Group management reviews the results of the operations and decides on the allocation of resources based on the products manufactured and sold by the Group, these comprise the Group's operating segments. Accordingly, the Group's internal reporting is structured to enable Group management to review performance and results. The Group's segments have been identified based on this internal reporting structure. All activities are reported in one operating segment. The reason is because the operation is under rapid development where the division into market segments is not sufficiently clear and there is no division for how the company's chief operating decision-maker monitors the operation:

- Fingerprint sensors
- Other

	Fingerprint sensors		Other		Total and continuing operations	
	2014	2013	2014	2013	2014	2013
Income from external customers	233,600	95,405	-	-	233,600	95,405
Depreciation/amortization	-45,162	-12,599	-	-	-45,162	-12,599
Operating profit/loss	-145,257	-34,036	-	-	-145,257	-34,036
Net financial items	1,671	1,090	-	-	1,671	1,090
Profit/loss before tax	-143,586	-32,946	-	-	-143,586	-32,946

The Group's operating segments SEK 000s	Fingerprint sensors		Other		Total and continuing operations	
	2014	2013	2014	2013	2014	2013
Assets*	424,628	332,483	-	-	424,628	332,483
Investments in fixed assets*	-78,183	-38,347	-	-	-78,183	-38,347
Liabilities	123,534	42,739	-	-	123,534	42,739
Cash flow from operating activities	-174,164	-31,077	-	-	-174,164	-31,077
Cash flow to investing activities	-90,713	-38,347	-	-	-90,713	-38,347
Cash flow from financing activities	155,062	220,541	-	-	155,062	220,541

Parent Company's operating segments SEK 000s	Fingerprint sensors		Other		Total and continuing operations	
	2014	2013	2014	2013	2014	2013
Income from external customers	231,948	95,405	-	-	231,948	95,405
Depreciation/amortization	-29,279	-12,384	-	-	-29,279	-12,384
Operating profit/loss	-133,020	-34,214	-	-	-133,020	-34,214
Net financial items	1,832	1,146	-	-	1,832	1,146
Profit/loss before tax	-146,726	-33,068	-	-	-146,726	-33,068

Parent Company's operating segments SEK 000s	Fingerprint sensors		Other		Total and continuing operations	
	2014	2013	2014	2013	2014	2013
Assets*	418,406	337,969	-	-	418,406	337,969
Investments in fixed assets*	-82,470	-43,034	-	-	-82,470	-43,034
Liabilities	120,639	48,783	-	-	120,639	48,783
Cash flow from operating activities	-189,374	-28,083	-	-	-189,374	-28,083
Cash flow to investing activities	-82,470	-43,034	-	-	-82,470	-43,034
Cash flow from financing activities	155,302	220,789	-	-	155,302	220,789

Geographical areas

Group	Income from external customers		Fixed assets*	
	2014	2013	2014	2013
Sweden	205	441	79,890	57,778
Asia	222,857	91,966	8,746	1,925
Europe, Middle East and Africa	2,689	1,270		-
South and North America	7,849	1,728		-
Total	233,600	95,405	88,636	59,695

Parent Company	Income from external customers		Fixed assets*	
	2014	2013	2014	2013
Sweden	205	441	74,408	65,268
Asia	221,205	91,966	8,746	1,925
Europe, Middle East and Africa	2,689	1,270	95	-
South and North America	7,849	1,728	74	-
Total	231,948	95,405	83,323	67,193

*Assets and investments in fixed assets are excluding financial instruments.

Income from external customers was attributed to geographical areas according to the country in which the customer is domiciled.

Information regarding major customers

In 2014, FPC generated income from a Group totaling SEK 102,294,000 (54,243,000), as well as a Group totaling SEK 95,994,000 (27,888,000). This income was recognized in the Fingerprint sensors operating segment and the geographical area of Asia.

Parent Company

The Parent Company's division into operating segments is presented above.

Note 5 Other operating expenses

Group and Parent Company

SEK 000s	2014	2013
Exchange-rate gains, operating receivables and liabilities	6,083	-
Development grants	491	-
	6,574	-

Note 6 Other operating expenses

Group and Parent Company

SEK 000s	2014	2013
Exchange-rate losses, operating receivables and liabilities	-	-278
	-	-278

Note 7 Employees, personnel costs and remuneration of senior executives

Expenses for remuneration of employees

Group	2014	2013
Salaries and remuneration, etc.	67,986	26,367
Share-based payments	-	-
Pension expenses, defined-contribution plans	10,007	4,915
Social-security contributions	17,561	8,472
	95,554	41,243

Parent Company	2014	2013
Salaries and remuneration, etc.	48,351	24,878
Share-based payments	-	-
Pension expenses, defined-contribution plans	7,904	4,915
Social-security contributions	15,978	8,472
	72,233	38,265

Share-based payments pertain to warrants programs that in every case were subscribed for at market prices. No personnel expenses as a result of these programs were incurred or recognized. Warrants contain no conditions concerning continued employment for a certain period. The company has not issued any warrant programs that have to be recognized in accordance with IFRS 2.

Average number of employees

Group	2014	2013
Sweden	68	25
Taiwan	3	1
Denmark	12	1
Group total	83	27

Parent Company	2014	2013
Sweden	53	26
Total Parent Company	53	26

The number of employees at December 31, 2014 was 104 (48), including 87 (44) men and 17 (4) women.

Gender distribution in company management

Group	Dec 31, 2014	Dec 31, 2013
	Proportion women	Proportion women
Board of Directors	0%	0%
Other senior executives	0%	0%

Parent Company	Dec 31, 2014	Dec 31, 2013
	Proportion women	Proportion women
Board of Directors	0%	0%
Other senior executives	0%	0%

If the company terminates employment, severance pay is payable in an amount corresponding to not more than six monthly salaries. The period of notice for the President is a maximum of six months.

Salaries and other remuneration specified by senior executives and other employees, and social security contributions

SEK 000s	2014			2013		
	Senior executives (8 people)	Other employees	Total	Senior executives (8 people)	Other employees	Total
Group						
Salaries and other remuneration	15,976	52,010	67,986	14,616	11,751	26,367
Of which President	3,172	-	3,172	4,455	-	3,390
Of which Sweden	15,976	36,841	52,817	14,616	8,552	23,168
Of which, other countries	-	15,169	15,169	-	3,199	3,199
Total	15,976	52,010	67,986	14,616	11,751	26,367
(of which, bonus, etc.)	1,704	102	1,806	3,517	-	3,517
Social security contributions	5,815	11,746	17,561	7,965	5,422	13,387
Of which pension expenses	3,330	6,677	10,007	2,762	2,201	4,963

SEK 000s	2014			2013		
	Senior executives (8 people)	Other employees	Total	Senior executives (8 people)	Other employees	Total
Parent Company						
Salaries and other remuneration	15,976	32,375	48,351	14,616	10,262	24,878
Of which President	3,172	-	3,172	3,390	-	3,390
Of which Sweden	15,976	32,375	48,351	14,616	8,552	23,168
Of which, other countries	-	-	-	-	1,710	1,710
Total	15,976	32,375	48,351	14,616	9,552	24,878
(of which, bonus, etc.)	1,704	102	1,806	3,517	-	3,517
Social security contributions	5,815	10,163	15,978	7,965	5,422	13,387
Of which pension expenses	3,330	4,574	7,904	2,714	2,201	4,915

Of pension expenses, SEK 573,000 (1,017,000) pertains to the President. There were no outstanding pension commitments to the President at the end of the year or the preceding year.

Salaries and other remuneration of senior executives

Group and Parent Company	2014				2013			
	Basic salary Board fee	Bonus variable remuneration	Pension expense	Total	Basic salary Board fee	Bonus variable remuneration	Pension expense	Total
Chairman of the Board								
Urban Fagerstedt, from December 2013	275	-	-	275	17	-	-	17
Mats Svensson, until November 2013	-	-	-	-	168	-	-	168
Board member								
Christer Bergman	170	-	-	170	110	-	-	110
Urban Fagerstedt, until November 2013	-	-	-	-	100	-	-	100
Alexander Kotsinas, from December 2013	170	-	-	170	10	-	-	10
Tord Wingren	170	-	-	170	60	-	-	60
Johan Carlström	-	-	-	-	-	-	-	-
Sigrun Hjelmqvist	-	-	-	-	50	-	-	50
Anders Hultqvist	-	-	-	-	50	-	-	50
President								
Johan Carlström (January 1 - September 10, 2014)	2,169	343	426	2,938	2,430	960	1,017	4,455
Jörgen Lantto (September 11 - December 31, 2014)	571	89	147	807	-	-	-	-
Other senior executives (7/7 people)	11,532	1,272	2,757	15,561	8,669	2,557	1,697	12,923
Total from the Parent Company	15,057	1,704	3,330	20,091	11,664	3,517	2,714	17,963

Variable salary pertains to bonus earned, which is paid on achievement of predetermined set performance targets.

After the redemption of the T03 incentive program in 2014, FPC has three outstanding warrant programs that total 10.18% of the total number of shares and 8.73% of the total Number of votes in the company. These are T04, T05 and T06.

T04: The Extraordinary General Meeting on September 5, 2012 approved the issue of 4,818,000 warrants with a term extending from September 6 to October 6, 2015. The price per warrant was SEK 0.15 at the time of issue. All of the warrants under the program are held by FPC's employees. The exercise price for a Class B share is SEK 9.72. On full subscription with the support of all warrants in the program, 4,818,000 new Class B shares can be issued, corresponding to 8.53% of the total number of shares and 7.16% of the total number of voting rights, which will also raise the share capital by SEK 963,600. The program is designated T04.

T05: An Extraordinary General Meeting on March 4, 2013 approved the issue of 1,300,000 warrants with a term extending from February 5 2016 to March 5, 2016. The price per warrant was SEK 1.79 at the time of issue. All of the warrants under the program are held by FPC's employees. The exercise price for a Class B share is SEK 52.35. On full subscription with the support of all warrants in the program, 1,300,000 new Class B shares can be issued, corresponding to 2.18% of the total number of shares and 1.84% of the total number of voting rights, which will also raise the share capital by SEK 260,000. The program is designated T05.

T06: An Extraordinary General Meeting on November 6, 2013 resolved to issue 500,000 warrants with a term extending from November 27 to December 27, 2016. The price per warrant was SEK 4.53 at the time of issue. The program was directed at FPC's employees, as well as individuals working full time for the company or the Group, on a consulting basis and where formal employment is with another company that is not a Group company. The exercise price for a Class B share is SEK 90.16. On full subscription with the support of all warrants in the program, 500,000 new Class B shares can be issued, corresponding to 0.85% of the total number of shares and 0.72% of the total voting rights, which will also raise the share capital by SEK 100,000. The program is designated T06.

In 2014, the T03 program was redeemed.

T03: An Extraordinary General Meeting on November 17, 2011 approved the issue of 2,000,000 warrants, of which 1,760,000 warrants were held by FPC employees and were redeemed during the redemption period November 18 to December 18, 2014. The price per warrant was SEK 0.41 at the time of issue. The exercise price was SEK 13.64.

Note 8 Fees and remuneration to auditors

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Audit	614	262	594	262
Tax consultation	19	165	19	165
Other fees	223	80	223	80
Total fees paid to KPMG	856	507	836	507

Note 9 Operating expenses specified by type

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Cost of materials	-126,891	-41,521	-126,891	-41,521
Personnel costs	-96,585	-33,757	-73,370	-33,757
Depreciation, amortization and impairment	-61,775	-12,599	-66,342	-12,387
Other operating expenses	-93,516	-41,564	-98,365	-41,954
Operating expenses	-378,857	-129,441	-364,968	-129,619

Note 10 Net financial items

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Interest income	2,174	1,535	2,138	1,495
Financial income	2,174	1,535	2,138	1,495
Other interest and financial expenses	-503	-445	-306	-349
Financial expenses	-503	-445	-306	-349

Note 11 Taxes

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Current tax expense				
Tax expense for the period	-462	-	-	-
Deferred tax expense				
Deferred tax expense for the period	-	-	-	-
Total recognized tax expense	-462	-	-	-

Reconciliation of effective tax

Group, SEK 000s	%	2014	%	2013
Profit/loss before tax		-144,048		-32,946
Tax according to applicable tax rate for Parent Company	-22.00%	31,690	-22.00%	7,248
Non-deductible expenses	4.52%	-6,980	-0.40%	130
Acquired loss carryforwards	-1.82%	2,625		-
Change in loss carryforwards without capitalizing deferred tax	-18.44%	-27,797	22.40%	-7,378
Recognized effective tax	- %	-462	- %	-

Parent Company, SEK 000s	%	2014	%	2013
Profit/loss before tax		-146,726		-33,068
Theoretical tax according to applicable tax rate for Parent Company	-22.00%	32,280	-22.00%	7,275
Non-deductible expenses	4.76%	-6,899	-0.40%	130
Non-taxable revenues	-1.20%	1,664		-
Change in loss carryforwards without capitalizing deferred tax	-18.44%	-27,045	22.40%	-7,405
Recognized effective tax	- %	-	- %	-

The tax effect on items recognized in shareholders' equity amounted to SEK 1,424,000 (2,634,000). The items pertain to new issue costs.

Unrecognized deferred tax assets

Deductible temporary differences and taxable loss carry-forwards for which deferred tax assets were not recognized in the statement of financial position:

SEK 000s	Group		Parent Company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Tax deficit	415,112	276,729	399,656	276,729

According to applicable tax regulations, deductible temporary differences do not expire. Deferred tax assets are not recognized. When there is less uncertainty about the profit or loss in the next year, the company will determine the amount to be capitalized as deferred tax assets.

Note 12 Earnings per share

SEK	Before dilution		After dilution	
	2014	2013	2014	2013
Earnings per share	-2.47	-0.60	-2.32	-0.60

Earnings for the year attributable to Parent Company's common shareholders before dilution

SEK 000s	2014	2013
Net loss for the year attributable to Parent Company's shareholders	-143,958	-32,963

Weighted average number of outstanding common shares before and after dilution

Number of shares	2014	2013
Total of shares, January 1.	54,161,135	47,808,135
New share issue	4,260,000	6,353,000
Total number of shares, December 31	58,421,135	54,161,135
Total number of outstanding shares for the year before dilution	57,514,859	50,893,945
Average weighted number of common shares for the year after dilution	62,061,210	55,288,178

The amounts used in the calculation are presented below. The redemption of warrants is expected to incur costs, of which the effects have no material significance.

When calculating the number of common shares after dilution, the exercise price of outstanding in relation to the share price has been taken

into account, whereby those warrants that valued below market value have impacted the calculation and thus given rise to dilution.

Weighted average number of common shares during the year is calculated as a weighted average of the number of common shares outstanding after considering changes that have occurred in the number due to new share issues. Dilution of warrants is calculated by considering the average share price for the period and thus including the number of shares from the programs for which the exercise price is below the average share price.

Outstanding programs with potential dilution effects are:

TO4: 4,818,000 warrants. The exercise price for a Class B share is SEK 9.72. 4,818,000 new Class B shares, corresponding to 7.62% of the total number of shares and 6.51% of the total number of voting rights.

TO5: 1,300,000 warrants. Exercise price of a Class B share is SEK 52.35. 1,300,000 new Class B shares, corresponding to 2.18% of the total number of shares and 1.84% of the total number of voting rights.

TO6: 500,000 warrants* Exercise price of a Class B share is SEK 90.16. 500,000 new Class B shares, corresponding to 0.85 % of the total number of shares and 0.72% of the total number of voting rights.

Note 13 Intangible fixed assets

Group SEK 000s	Capitalized development expenditure		Patents		Intangible fixed assets	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Accumulated cost						
Opening balance	82,731	53,431	6,500	-	89,231	53,432
Acquisitions	9,861	-	21,510	-	31,371	-
Scrapping	-	-	-	-	-	-
Internally developed assets and acquisitions	29,748	29,300	-	6,500	29,748	35,800
Closing balance	122,340	82,731	28,010	6,500	150,350	89,231
Accumulated amortization						
Opening balance	-32,525	-22,326	-415	-	-32,940	-22,326
Acquisitions	-4,080	-	-	-	-4,080	-
Scrapping	-	-	-	-	-	-
Amortization for the year	-24,348	-10,199	-2,735	-415	-27,083	-10,614
Closing balance	-60,953	-32,525	-3,150	-415	-64,103	-32,940
Accumulated impairment						
Opening balance	-1,960	-1,960	-	-	-1,960	-1,960
Scrapping	-	-	-	-	-	-
Impairment for the year	-14,470	-	-	-	-14,470	-
Closing balance	-16,430	-1,960	-	-	-16,430	-1,960
Closing balance						
At the beginning of the year	48,246	29,145	6,085	-	54,331	29,145
At end of year	44,957	48,246	24,860	6,085	69,817	54,331

Depreciation is included in the following rows of the statement of comprehensive income

	2014	2013	2014	2013	2014	2013
Cost of goods sold	-24,348	-10,199	-	-	-24,348	-10,199
Development costs	-	-	-2,735	-415	-2,735	-415

Depreciation is included in the following rows of the statement of comprehensive income

	2014	2013	2014	2013	2014	2013
Development costs	-14,470	-	-	-	-14,470	-

Parent Company SEK 000s	Capitalized development expenditure		Patents		Intangible fixed assets	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Accumulated cost						
Opening balance	82,731	53,431	6,500	-	89,231	53,431
Purchasing	-	-	21,510	-	21,510	-
Scrapping	-	-	-	-	-	-
Internally developed assets and acquisitions	29,748	29,300	-	6,500	29,748	35,800
Closing balance	112,478	82,731	28,010	6,500	140,488	89,231
Accumulated amortization						
Opening balance	-32,525	-22,326	-415	-	-32,940	-22,326
Scrapping	-	-	-	-	-	-
Amortization for the year	-23,241	-10,199	-2,735	-415	-25,976	-10,614
Closing balance	-55,766	-32,525	-3,150	-415	-58,916	-32,940
Accumulated impairment						
Opening balance	-1,960	-1,960	-	-	-1,960	-1,960
Scrapping	-	-	-	-	-	-
Impairment for the year	-14,470	-	-	-	-14,470	-
Closing balance	-16,430	-1,960	-	-	-16,430	-1,960
Closing balance						
At the beginning of the year	48,245	29,145	6,085	-	54,331	29,145
At end of year	40,282	48,246	24,860	6,085	65,142	54,331
Depreciation is included in the following rows of the statement of comprehensive income	2014	2013	2014	2013	2014	2013
Cost of goods sold	-23241	-10,199	-	-	-23241	-10,199
Development costs	-	-	-2735	-415	-2735	-415

Depreciation is included in the following rows of the statement of comprehensive income	2014	2013	2014	2013	2014	2013
Development costs	-14,470	-	-	-	-14,470	-

Intangible fixed assets pertain to internally generated capitalized expenditure for the development of fingerprint-sensor technology and for acquired patents. The useful life is determinable based on the expected commercial potential, earnings, and the patent's remaining validity and technical significance. The amortization period is based on estimated economic useful lives, which can vary up to four years for products and up to five years for platforms. Testing for impairment losses are performed after assessing the commercial potential of each project. During 2014, the amortization periods were reduced as a result of the increasingly shorter economic useful lives for developed products. At the same time, the period when a project's expenses are capitalized in the statement of financial position in the Group, as well as the Parent Company's balance sheet have become shorter as a result of commercial deliverables to customers coming earlier in the project. This has resulted in a smaller proportion of capitalized expenses in a project in 2014 compared with the past, and a larger proportion in the beginning and end of the product recognized directly in the statement of comprehensive income in the Group and income statement in the Parent Company. Expenses for development are thus recognized, over time, proportionally earlier.

During 2014, impairment losses pertained to capitalized expenditure in a technology project for which the profitability calculation did not reveal the anticipated economic return.

Note 14 Tangible fixed assets

SEK 000s	Group		Parent Company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
	Machinery and equipment		Machinery and equipment	
Accumulated cost				
Opening balance	9,794	7,245	8,713	6,164
Scrapping	-	-	-	-
Other acquisitions	17,062	2,549	14,803	2,549
Closing balance	26,856	9,794	23,516	8,713
Accumulated amortization				
Opening balance	-4,428	-2,442	-4,104	-2,333
Scrapping	-	-	-	-
Amortization for the year	-3,609	-1,985	-3,060	-1,771
Closing balance	-8,037	-4,428	-7,164	-4,104
Carrying amounts				
At the beginning of the year	5,364	4,802	4,607	3,829
At end of year	18,819	5,364	16,352	4,607

Depreciation is included in the following rows of the statement of comprehensive income

	2014	2013	2014	2013
Cost of goods sold	-1,454	-973	-1,454	-965
Administration	-207	-277	-207	-253
Market	-236	-142	-236	-71
Technology	-1,712	-593	-1,163	-482
Total	-3,609	-1,985	-3,060	-1,767

Note 15 Financial fixed assets

SEK 000s	Parent Company	
	Dec 31, 2014	Dec 31, 2013
Accumulated cost	Shares in subsidiaries	
Opening balance	14,255	9,568
Other investments	16,409	4,687
Closing balance	30,664	14,255
Accumulated impairment		
Opening balance	-6,000	-6,000
Impairment for the year	-22,835	-
Closing balance	-28,835	-6,000
Closing carrying amounts	1,829	8,255
Carrying amounts		
At the beginning of the year	8,255	3,568
At end of year	1,829	8,255

Acquired assets amounted to SEK 7.4 M and the company's income for 2014 up to the acquisition date totaled SEK 2.3 M. In 2014, the company posted a loss of SEK 0.5 M for the period prior to the acquisition and earnings of SEK 0 M for the period after the acquisition. In the company's assessment, the purchase consideration does not fulfill the accounting criteria under IFRS to qualify for recognition as an intangible asset. Accordingly, the company has decided to recognize an impairment loss of SEK 15 M; see Note 36.

Note 16 Financial Instruments

Market capitalization of financial instruments was conducted using the most reliable market prices available. This means that all instruments that are market listed are valued using current sight draft prices. Conversion to SEK occurs at the sight draft price on balance-sheet date. The carrying amount less impairments comprises an approximate fair value for accounts receivable and accounts payable.

Fair value hierarchy

The Group's financial assets and liabilities are measured at fair value in accordance with the following fair value hierarchy: Level 1: Listed prices on active markets for identical assets or liabilities Measurement is based on exchange rates on the balance-sheet date. Level 2: Other observed date than listed prices included in level 1, direct or indirect from the price listing. Level 3: Data for the asset or liability that is not fully based on observable market data.

Financial assets and liabilities by level in the value hierarchy

Group and Parent Company	2014				2013			
	Level				Level			
SEK 000s	1	2	3	Total	1	2	3	Total
Current financial receivables								
Financial assets at fair value via profit or loss	-	-	-	-	-	-	-	-
Cash and cash equivalents								
Financial assets at fair value via profit or loss	22,193	-	-	22,193	8,448	-	-	8,448
Total financial assets	22,193	-	-	22,193	8,448	-	-	8,448
Current financial liabilities								
Financial liabilities at fair value via profit or loss	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-	-	-

Fair value and carrying amount of financial assets and liabilities by balance sheet item and category

SEK 000s	Group				Parent Company			
	Dec 31, 2014		Dec 31, 2013		Dec 31, 2014		Dec 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Finansiella tillgångar
Financial assets								
Current financial assets								
Prepaid expenses and accrued income	-	-	-	-	-	-	-	-
Loan receivables and accounts receivable								
Accounts receivable	115,793	115,793	31,062	31,062	115,545	115,545	31,062	31,062
Cash and cash equivalents	101,898	101,898	211,713	211,713	93,027	93,027	209,567	209,567
Total financial assets	217,691	217,691	242,775	242,775	208,572	208,572	240,629	240,629
Financial liabilities								
Current financial liabilities								
Prepaid expenses and accrued income								
Accounts payable	66,138	66,138	25,674	25,674	70,026	70,026	25,325	25,325
Total financial liabilities	66,138	66,138	25,674	25,674	70,026	70,026	25,325	25,325
By category								
Financial assets at fair value via profit or loss			-	-				
Loan receivables and accounts receivable	217,691	217,691	242,775	242,775	208,572	208,572	240,629	240,629
Total financial assets	217,691	217,691	242,775	242,775	208,572	208,572	240,629	240,629
Financial liabilities at fair value via profit or loss								
Financial liabilities at amortized cost	66,138	66,138	25,674	25,674	70,026	70,026	25,325	25,325
Total financial liabilities	66,138	66,138	25,674	25,674	70,026	70,026	25,325	25,325

Note 17 Inventories

Group and Parent Company

SEK 000s	Dec 31, 2014	Dec 31, 2013
Products in process	76,247	2,906
Finished products	22,523	16,996
	98,770	19,902

Note 18 Accounts receivable

Accounts receivable are recognized in the Group and Parent Company after individual assessments of provision requirements.

SEK 000s	Group		Parent Company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Total accounts receivable	109,654	31,482	109,406	31,482
Provision for past due accounts receivable	-198	-211	-198	-211
Measurement in foreign currency	6,337	-209	6,337	-209
Carrying amount	115,793	31,061	115,545	31,061
Of which, due > 15 days	6,221	-	6,221	-
Of which, due > 30 days	-2,357	1,317	-2,357	1,317

Note 19 Prepaid expenses and accrued income

SEK 000s	Group		Parent Company	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Premises	1,642	1,345	1,471	1,345
Exchange and listing expenses	-	-	-	-
Insurance expenses	-	61	-	61
Travel expenses	-	35	-	35
Interest income	615	723	615	723
Forward agreements	-	-	-	-
Other	1,406	238	1,140	122
	3,663	2,402	3,226	2,286

Note 20 Cash and cash equivalents

Group, SEK 000s	Dec 31, 2014	Dec 31, 2013
The following subcomponents are included in cash and cash equivalents		
Cash and bank balances	101,898	211,713
Current investments equivalent to cash and cash equivalents	-	-
Total in accordance with the statement of financial position	101,898	211,713
Total in accordance with the Cash-flows statement	101,898	211,713

Parent Company, SEK 000s	Dec 31, 2014	Dec 31, 2013
The following subcomponents are included in cash and cash equivalents		
Cash and bank balances	93,027	209,567
Current investments equivalent to cash and cash equivalents	-	-
Total in accordance with the Balance sheet	93,027	209,567
Total in accordance with the Cash-flows statement	93,027	209,567

Current investments were classified as cash and cash equivalents based on the following:

- They have an insignificant risk of value fluctuations
- They can be easily converted to cash funds
- They have a term of not more than three months from the acquisition date.

Note 21 Shareholders' equity Group or Parent Company

Classes of shares	Number of shares	
	2014	2013
Number of shares issued on January 1		
Class A shares at beginning of the year	1,200,000	1,200,000
New share issue Class A shares	-	-
Total Class A shares	1,200,000	1,200,000
Class B shares at beginning of the year	52,961,135	46,608,135
New share issue Class B shares	4,260,000	6,353,000
Total Class B shares	57,221,135	52,961,135
Total shares outstanding	58,421,135	54,161,135
Quotient value	0.2	0.2

At December 31, 2014, the company's registered share capital encompassed 58,421,135 common shares [54,161,135].

Holders of common shares are entitled to receive dividends that are determined in the future and the shareholding entitles the holder to one vote per share at General Meetings.

During the first quarter of 2014, a private placement was implemented totaling 2.5 million Class B shares. The new share issues targeted institutional investors internationally. The exercise price of the new issue was SEK 55.25 per share. Share capital increased by SEK 500,000. The new share issue raised a total of SEK 138 M before issue expenses.

During the fourth quarter of 2014, 1,760,000 warrants were redeemed in the T03 program. Each warrant entitled the holder to subscribe for a new Class B share for SEK 13.64 during the period between November 18 and December 18, 2014. Redemption of warrants resulted in an increase in share capital by SEK 352,000.

Following completion of the above private placements and exercises of warrants, the number of Class B shares totaled 57,221,135 and the number of Class A shares remained unchanged at 1,200,000, bringing the total number of shares to 58,421,135. The total number of votes was 69,221,135.

Capital management

Under the Board's policy, the Group's financial objective is to achieve a healthy financial position that assists in maintaining the confidence of investors, creditors and the market and that forms a basis for continuing the development of the business activities. The debt/equity ratio is zero since FPC's financing comprises only contributed capital and operating liabilities. Neither the Group nor the Parent Company has paid any dividends to date. No changes were made to the Group's capital management during the year. Neither the Parent Company nor the subsidiary is exposed to external capital requirements.

Parent Company's shareholders' equity

The reconciliation of opening and closing balances for the Parent Company's components of shareholders' equity is presented above in a separate statement of changes in shareholders' equity after the Parent Company's balance sheet.

Description of the type and purpose of reserves under shareholders' equity:

Restricted funds

Restricted funds may not be reduced by profit distribution.

Statutory reserve

The aim of the statutory reserve is to save a portion of any net profit that is not utilized to cover losses brought forward. Amounts that were contributed to the share premium reserve before January 1, 2006 were transferred to and are included in the statutory reserve. In accordance with the transition rules of the amendments to the Annual Accounts Act, funds contributed to the share premium reserve before January 1, 2006 are to be transferred to the statutory reserve in the first annual report prepared after January 1, 2006. For the companies whose fiscal year is the calendar year, the share premium reserve was transferred to the statutory reserve in the 2005 Annual Report. The statutory reserve continues to comprise restricted shareholders' equity in the Parent Company. Share premium reserves arising after January 1, 2006 are recognized as unrestricted shareholders' equity in the Parent Company.

Unrestricted shareholders' equity

The following funds, combined with the net loss for the year, comprise unrestricted shareholders' equity, which is also available for dividends.

Share premium reserve

When shares are issued at a premium, meaning that a higher amount is to be paid for the shares than their quotient value, an amount corresponding to the amount received in addition to the quotient value of the share is transferred to the share premium reserve. Amounts added to the share premium reserve from January 1, 2006 are included in unrestricted shareholders' equity.

Retained earnings

Retained earnings comprise the preceding year's retained earnings and earnings less profits distributed during the year.

Note 22 Other current liabilities Group and Parent Company

	Group		Parent Company	
	Decem- ber 31, 2014	Decem- ber 31, 2013	Decem- ber 31, 2014	Decem- ber 31, 2013
Employee withholding taxes	2,339	1,194	1,596	888
Advance payments from customers	29,721	-	-	-
Leasing liabilities, current	288	288	-	-
Software	2,048	-	-	-
Other	1,281	-	-	-
Total	35,277	1,482	1,596	888

Note 23 Accrued expenses and deferred income Group and Parent Company

SEK 000s	Group		Parent Company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Salaries	8,667	6,188	6,950	5,884
Social-security contributions	5,851	3,592	5,529	3,692
Material and production expenses	3,484	1,185	3,484	1,185
Board fees and company expenses	1,308	235	1,308	235
Selling costs	-	2,198	-	2,198
Audit	428	250	428	250
Other costs	1,798	1,512	1,597	1,512
Total	21,536	15,160	19,296	14,956

Note 24 Financial risks and risk management Group and Parent Company

The Group is exposed to various financial risks through its business activities.

Financial risks pertain to fluctuations in the company's earnings and cash flow due to changes in exchange rates and interest rates, as well as refinancing and credit risks. The Group's finance policy for the management of financial risks was prepared by the Board and forms a framework of guidelines and regulations in the form of risk mandates and limits for the financial operations. Financial transactions and risks are managed by the Parent Company's finance function. The objective is to:

- Manage and control financial risk in business activities
- Minimize negative impact on earnings from changes in market rates for currencies and interest.
- Plan and ensure adequate liquidity for business activities.
- Optimize the utilization of capital and cash flows.

a. Leasing payments amount to:

Funding risk

The funding of working capital and development capital has thus far been performed through the issue of shares. The Group has no borrowings and the policy is to continue minimizing the borrowing requirement through the utilization of share issues to cover capital requirements. The funding risk comprises the risk that adverse variables impact the availability of funds and the cost of capital in the form of unfavorable terms. Funding risk can be bridged by developing operations and planning. The objective is for the Group to meet its funding commitments and in parallel maintain readiness to secure additional funding.

Liquidity risk

Liquidity risk is the risk that the Group encounters problems meeting its obligations associated with financial liabilities. The Group has rolling liquidity planning, which is updated every month.

The Group's forecasts cover a minimum six-month rolling liquidity planning over the medium-term. Liquidity planning is used to manage liquidity risk and costs for financing the Group.

The aim is that the Group will be able to meet its financial commitments and to well in advance have the necessary preparedness. It should be possible to offset upswings and downturns without incurring significant unforeseeable costs. Available liquidity in the Group at year-end amounted to SEK 116.9 M (211.7).

In accordance with the finance policy, there should always be sufficient cash and cash equivalents and confirmed credit lines to cover the liquidity requirements of the following period.

The company's financial liabilities, which comprise credit from suppliers, amounted to SEK 66.2 M (25.7) at year-end and have a short maturity structure of one to two months.

Market risks

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types: currency risk, interest-rate risk and other price risks. The market risks that primarily impact the Group comprise currency risks and commodity price risk, while interest-rate risk has less of an impact since the company has no deposits.

The Group's aim is to manage and control market risks within established parameters and simultaneously optimize the results of risk-taking within specific parameters. These parameters are established in a bid to ensure that market risks will have only a margin effect on the Group's earnings and financial position in the short term (6-12 months). However, protracted changes in exchange rates, interest rates and the price of electricity will impact consolidated earnings in the longer term.

Currency risk

Currency risk is the term for the risk that the fair value and cash flows of financial instruments will fluctuate when the value of foreign currencies changes. The Group is exposed to different types of currency risks. The main exposure derives from the Group's sales and purchases in foreign currencies. These currency risks comprise the risk of fluctuations in the value of financial instruments, accounts receivable and accounts payable, and the currency risk inherent in expected and contractual payment flows. Such risks are designated transaction exposure.

According to the financial policy, currency risks are hedged up to 90% if they are attributable to monetary assets and liabilities, contractual sales or other binding commitments. Up to 90% of the net exposure of highly probable forecast currency flows are hedged for up to one year in advance. Standardized forward contracts and currency options are used for these purposes.

As a result of new share issues implemented in 2013 and 2014, the company has a healthy supply of SEK and no new forward contracts have been signed in 2014. Purchasing, manufacturing, sales and non-Nordic consulting services are essentially conducted only in USD. Fluctuations in other exchange rates have a limited impact on earnings.

The actual performance of any hedges is recognized in the consolidated statement of comprehensive income/Parent Company income statement. The outcome of hedges is recognized in the statement of comprehensive income/income statement. Net profit for the year includes exchange-rate differences in the amount of SEK 6.1 M (neg: 0.3) in operating profit and no amount in net financial items.

Transaction exposure

The Group's transaction exposure pertaining to sales, material and hedges on the balance-sheet date were in the following currencies.

SEK M	Net flows	Level of hedging
2014		
USD exposure in SEK and Total	106.7	0%
2013		
USD exposure in SEK and Total	53.4	0%

Transaction exposure was not hedged using currency derivatives (forward contracts). The fair value of forward contracts used to hedge forecast flows was therefore an amount of SEK - M (-) at December 31, 2014. Hereof, SEK - M (-) was recognized in the statement of financial position as assets and SEK - as liabilities.

The fair value of the currency derivatives, when they arise, is expected to be recognized in profit or loss according to the following table:

SEK 000s	Within 1 year	1 years – 3 years	3 years – 8 years	> 8 years	Total
Earnings	-	-	-	-	-
Effect	-	-	-	-	-

No currency hedging was terminated in 2013 and 2014.

Sensitivity analysis of currency risk before hedging with effects of forward contracts

If the SEK were to have strengthened 10% against other currencies on December 31, 2014, this would have entailed a change of SEK 7.2 M (1.7) in shareholders' equity and SEK 7.2 M (1.7) in profit. The sensitivity analysis is based on all other factors (such as interest) remaining unchanged.

Commodity price risk

The raw-material cost of products could be impacted by price fluctuations, mainly for silicon and gold. The proportion of gold in the products is marginal and price fluctuations will only have a limited effect on the price of the end product. Silicon is the main component in the products. Historically, the price of silicon has not fluctuated to any significant degree and supply is favorable. Should supplies of silicon in the world market decrease, there is a risk of price increases. The price per unit of the company's purchases from

external suppliers could thereby increase. There is no guarantee that FPC can in turn pass on the higher costs to its customers. The inability to pass on higher costs to the company's customers could have a negative impact on the Company's operations, earnings and financial position.

Credit risks in accounts receivable

The risk that the Group's/company's customers are unable to fulfill their obligations, meaning that payment is not received from customers, comprises a customer credit risk. The credit risk for the Group's customers is assessed and results in decisions for each transaction. For significant accounts receivable, the risk of credit losses is limited by taking out credit insurance, bank guarantees or other collateral on customers with low credit ratings or insufficient credit history. Based on historical data, the Group has concluded that no impairment of accounts receivable that have not yet fallen due for payment was necessary on the balance-sheet date. A provision of SEK 0.2 M was posted for past due accounts receivable.

Maturity structure of past due, non-impaired accounts receivable

Group	2014		2013	
	Carrying amount, nonimpaired receivables	Collateral	Carrying amount, non-impaired receivables	Collateral
SEK 000s				
Not past due accounts receivable	87,470	-	29,745	-
Past due accounts receivable 0 – 30 days	24,542	-	-	-
Past due accounts receivable > 30 days – 90 days	143	-	1,317	-
Past due accounts receivable > 90 days	-2,500	-	212	-
Provision for accounts receivable	-198	-	-212	-
Adjustment for fair value	6,337	-	-	-
Total	115,793	-	31,062	-

Group	2014			2013		
	No. of cus- tomers	% total, no. of customers	% of value	No. of cus- tomers	% total, no. of customers	% of value
Sales per year						
< SEK 1 M	71	92	3%	11	79	4
SEK 1 – 10 M	2	3	3%	1	7	16
> SEK 10 M	4	5	94%	2	14	80
Total	77	100	100	14	100	100

Maturity structure of past due, non-impaired accounts receivable

Parent Company	2014		2013	
	Carrying amount, nonimpaired receivables	Collateral	Carrying amount, non-impaired receivables	Collateral
SEK 000s				
Not past due accounts receivable	87,222	-	29,745	-
Past due accounts receivable 0 – 30 days	24,542	-	-	-
Past due accounts receivable > 30 days – 90 days	143	-	1,317	-
Past due accounts receivable > 90 days	-2,500	-	212	-
Provision for accounts receivable	-198	-	-212	-
Adjustment for fair value	6,337	-	-	-
Total	115,545	-	31,062	-

Parent Company	2014			2013		
	No. of cus- tomers	% total, no. of customers	% of value	No. of cus- tomers	% total, no. of customers	% of value
Sales per year						
< SEK 1 M	71	92	3%	11	79	4
SEK 1 – 10 M	2	3	3%	1	7	16
> SEK 10 M	4	5	94%	2	14	80
Total	77	100	100	14	100	100

Interest-rate risk

Interest-rate risk is the risk that the value of financial instruments will vary due to changes in market interest rates. Interest-rate risk could lead to changes in fair value and in cash flows. A significant factor that could impact the interest-rate risk is the fixed-interest periods. On the assets side, current investments of liquidity are regularly reinvested. Due to the short fixed-interest periods the risks are reduced when interest-rate trends are favorable, while the risk is increased when interest-rate trends are unfavorable.

Note 25 Leasing

Operational leasing

Lease agreements where the company is the lessee	Group		Parent Company	
Non-terminable leasing payments amounted to:				
SEK 000s	2014	2013	2014	2013
Within one year	6,808	3,456	4,541	3,456
Between one and five years	12,431	6,942	7,171	6,942
	19,239	10,398	11,712	10,398

Operational leases comprise lease contracts for premises. The largest contracts will expire in 2016 and 2018, with the option of renegotiation and extension. The contract includes continuous adjustments to track the consumer-price index or the like.

Leasing fees paid during the year pertaining to operational leasing:

	Group		Parent Company	
SEK 000s	2014	2013	2014	2013
Minimum leasing fees	6,308	2,305	4,844	2,305
Variable fees	-	-	-	-
Total leasing costs	6,308	2,305	4,844	2,305

Financial leasing

Lease agreements where the company is the lessee

Non-terminable leasing payments amounted to:

	Group		Parent Company	
SEK 000s	2014	2013	2014	2013
Within one year	183	288	183	288
Between one and five years	-	432	-	432
	183	721	183	721

Leasing fees paid during the year pertaining to financial leasing:

SEK 000s	2014	2013	2014	2013
Minimum leasing fees	622	350	622	350
Variable fees	-	-	-	-
Total leasing costs	622	350	622	350

Carrying amount of assets under financial leases

	Group	
SEK 000s	2014	2013
Cost:		
Equipment	1,081	1,081
Accumulated amortization:		
Equipment	-540	-324
Carrying amount according to the balance sheet:		
Equipment	541	756

Financial leases comprise lease contracts for equipment. The largest contract expires on June 30, 2015. The contract includes continuous adjustments to track the interest rates. Assets with lease agreements pertain to equipment. The residual value amounts to 3% and the opportunity to acquire the assets at the end of the contract period.

Note 26 Related parties

Related parties

The Parent Company is a related party to its subsidiaries, refer to Note 27.

	Group Parent Company			
SEK 000s	2014	2013	2014	2013
Sale of goods/services to related parties	-	-	-	-
Purchase of goods/services from related parties	489	494	36,911	2,570
Other (e.g. interest, dividends)	-	-	-	-
Receivables from related parties at December 31	-	-	11,206	2,572
Liabilities to related parties	-	-	-	7,614

Transactions with related parties are priced at market-based terms.

Transactions with key individuals in senior positions are limited to individual, less clearly defined consultancy assignments for which specific expertise is required. The following remuneration was received by key individuals in senior positions:

SEK 000s	2014	2013
Short-term remuneration of employees	20,090	17,963
Remuneration after termination of employment	-	-
Other long-term remuneration	-	-
Share-based payments	-	-
Severance pay	-	-

Note 27 Group companies

Parent Company's holdings in subsidiaries	Registered offices of subsidiary, country	Participating interest	
		2014	2013
Fingerprint Security System Databärare AB	Sweden	100%	100%
Anacatum Design AB	Sweden	100%	-
Fingerprint Cards ApS	Denmark	100%	100%
Fingerprint Cards Inc	USA	100%	-
SEK 000s		2014	2013
Accumulated cost			
At the beginning of the year		14,255	9,568
Investments		16,409	4,687
Closing balance December 31		30,664	14,255
Accumulated impairment			
At the beginning of the year		-6,000	-6,000
Impairment for the year		-22,835	-
Closing balance December 31		-28,835	-6,000
Carrying amount, December 31		1,829	8,255

Specification of Parent Company's direct holdings of participations in subsidiaries

Subsidiaries / Corp. Reg. No. / Registered offices	Number of participations	Participation as a %	Dec 31, 2014	Dec 31, 2013
Fingerprint Security System Databärare AB 556239-5938, Gothenburg	1,000	100	660	8,160
Anacatum Design AB	24,466,668	100	1,000	-
Fingerprint Cards ApS	800	100	95	95
Fingerprint Cards Inc	100	100	74	-
Carrying amount, December 31			1,829	8,255

Note 28 Statement of cash flows

Current investments were classified as cash and cash equivalents based on the following:

They have an insignificant risk of value fluctuations

They can be easily converted to cash funds

They have a term of not more than three months from the acquisition date

	Group		Parent Company	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
SEK 000s				
The following subcomponents are included in cash and cash equivalents: Cash and bank balances	101,898	211,713	93,027	209,567
Total in accordance with the statement of financial position	101,898	211,713	93,027	209,567
Total in accordance with the Cash-flows statement	101,898	211,713	93,027	209,567

Interest paid and dividends received

	Group		Parent Company	
	2,014	2013	2014	2013
SEK 000s				
Interest received	2,174	1,535	2,138	1,495
Interest paid	-503	-445	-306	-349

Adjustments for non-cash items

SEK 000s	Group		Parent Company	
	2014	2013	2014	2013
Depreciation, amortization and impairment	61,775	12,615	66,342	12,384
Exchange-rate difference	-3,736	-16	-3,826	-
	58,039	12,599	62,516	12,384

Company management has discussed with the Audit Committee the development, choice and disclosures regarding the Group's most important accounting policies and estimates and the application of these policies and estimates.

Note 29 Important estimates and assessments

Company management has discussed with the Audit Committee the development, choice and disclosures regarding the Group's most important accounting policies and estimates and the application of these policies and estimates.

In 2014, development expenditure was capitalized. The capitalization is based on the anticipated commercial potential of the products to which the expenses pertain. The estimates focused on determining the future duration in which the products would be able to generate earnings and, by their very nature, these estimates depend on trends in the market, the performance of competitors and technological developments. The Group has SEK 370 M in accumulated tax loss carryforwards. These increased due to the tax losses in 2014 and through the acquisition of Anacatum AB. Tax loss carryforwards were not recognized as assets in the statement of financial position or balance sheet respectively. The trend will thus be tracked and an assessment performed when this asset is recognized in the consolidated statement of financial position and statement of comprehensive income.

Note 30 Information regarding the Parent Company

Fingerprint Cards AB is a limited liability company registered in Sweden, with its registered office in Gothenburg, Västra Götaland, Sweden. The Parent Company's shares are registered on the NASDAQ Nordic Exchange Stockholm. The address of the head office is Box 2412, SE-403 16 Gothenburg, Sweden and the visiting address is Kungssportsplatsen 2, Gothenburg, Sweden. The 2014 consolidated financial statements comprise the Parent Company and its subsidiaries, jointly designated "the Group."

Note 31 Events after the balance-sheet date January - April 2015:

- FPC introduces the touch sensors FPC 1140 and FPC 1145.
- FPC and O-Film cooperate on touch sensors.
- FPC strengthens management group with Henrik Sundell as Legal Counsel.
- Fingerprint Cards (FPC) Year-end report 2014
- FPC demonstrates the touch sensor FPC1145 at the Mobile World Congress.
- FPC receives order for touch sensors for SEK 75 M.
- FPC receives order for touch sensors for SEK 90 M.
- FPC receives order for touch sensors for SEK 110 M.
- FPC updates sales for the first quarter 2015
- FPC reports final revenues for the first quarter 2015

Note 32 Assets pledged

Group and Parent Company	Dec 31, 2014	Dec 31, 2013
SEK 000s	-	-
Assets pledged for utilized operating credit, bank balances	15,000	15,000

Note 33 Other long-term liabilities

Group	Dec 31, 2014	Dec 31, 2013
Accumulated liabilities		
Opening balance	423	672
New liabilities	-	-
Amortization for the year	-240	-249
Closing balance	183	423
Carrying amounts		
At the beginning of the year	423	672
At end of year	183	423
Due more than one year after the balance-sheet date	183	423
Due more than five years after the balance-sheet date	-	-
	183	423

Other long-term liabilities refer to the long-term parts of financing obtained through financial leasing, refer to Note 25.

Note 34 Development expenditure

In 2014, expenses for technological development increased to SEK 179.3 M (55.2), of which SEK 61.3 M (29.3) was capitalized in the consolidated statement of financial position and in the Parent Company's balance sheet, and the remaining SEK 118.0 M (25.9) was expensed in the consolidated statement of comprehensive income and in the Parent Company's income statement, respectively. Capitalized development expenditure and expenses related to technological development as a proportion of total operating expenses in 2014 amounted to SEK 179.3 M of a total SEK 270.0 M, representing 66% (51). For the Parent Company, expenses for technological development in 2014 increased to SEK 171.6 M (55.2), of which SEK 51.2 M (29.3) was capitalized in the Parent Company's balance sheet, and the remaining SEK 120.3 M (25.9) was expensed in the Parent Company's income statement. Expenses related to technological development as a proportion of total operating expenses for the Parent Company amounted to SEK 171.6 M (55.2) of a total SEK 259.2 M (106.6), representing 66% (52).

Note 35 Acquisition of subsidiaries/business

Group, SEK 000s	Carrying amount Apr 30, 2014	Fair value and IFRS adjustment	Fair value, recognized in the Group
Intangible fixed assets	5,939	-	5,939
Tangible fixed assets	192	-	192
Operating receivables	1,178	-	1,178
Cash and cash equivalents	131	-	131
Total assets	7,440	-	7,440
Current operating liabilities	8,849	-	8,849
Total liabilities	8,849	-	8,849
Net identifiable assets	-1,409	-	-1,409
Group goodwill		0	0
Purchase consideration paid	15,330	-	15,330
Less cash and cash equivalents in the acquired operations	-131	-	-131
Impact on cash and cash equivalents	15,199	-	15,199

Disclosures regarding business combinations 2014

Company: Anacatum Design AB
Date of acquisition: Apr 30, 2014
Percentage share acquired: 100%

Note 36 Impairment losses on shares in the subsidiary

Parent company	2014	2013
Dividends subsidiaries	7,500	-
Impairment subsidiaries	-7,500	-
Impairment subsidiaries	-15,538	-
Total	-15,338	-

During 2014, the subsidiary Fingerprint Security System Databärare AB provided a dividend of SEK 7.5 M to the Parent Company Fingerprint Cards AB. At the same time, the carrying amount of shares in the Parent Company were impaired by a corresponding amount. On April 30, 2014, 100% of the shares in Anacatum Design AB were acquired for SEK 15.3 M. In the company's assessment, the purchase consideration does not fulfill the accounting criteria under IFRS to qualify for recognition as an intangible asset. Accordingly, the company has decided to recognize an impairment loss of SEK 15 M. See also Note 15.

Assurance by the Board

The Board of Directors and President hereby give their assurance that the Annual Report has been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in the Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting

standards. The Annual Report and the consolidated financial statements provide a true and fair view of the Parent Company's and the Group's financial position and earnings. The Administration Report for the Parent Company and the Group provides a fair review of the performance of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainties faced by the Parent Company and

the companies included in the Group. As stated above, the Annual Report and Consolidated Accounts were approved for issue by the Board on April 28, 2015. The consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be adopted by the Annual General Meeting on June 3, 2015.

Gothenburg, April 28, 2015

Urban Fagerstedt
Chairman

Christer Bergman
Board member

Tord Wingren
Board member

Alexander Kotsinas
Board member

Jörgen Lantto
Interim Chief Executive Officer

Johan Carlström
Board member

Our auditors' report was submitted on May
5, 2015
KPMG

Johan Kratz
Authorized Public Accountant

Audit report

To the annual meeting of the shareholders of Fingerprint Cards AB (publ), Corporate Registration Number 556154-2381.

Report on the annual accounts and consolidated financial statements

We have audited the annual accounts and the consolidated financial statements of Fingerprint Cards AB (publ) for the 2014 fiscal year. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 25-55.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated financial statements

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for the internal control deemed necessary by the Board of Directors and the President for the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether such misstatement is due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated financial statements are free from material misstatement. An audit involves performing various procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The auditor chooses such procedures based on such assessments as the risk of material misstatement in the annual accounts and consolidated financial statements, whether such misstatement is due to fraud or error. In making these risk assessments, the auditor considers internal control measures relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate taking the circumstances into account, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements. We believe that the audit evidence we have collected is sufficient and forms a reasonable basis for our opinion.

Opinions

It is our opinion that the annual report was prepared in accordance with the Swedish Annual Accounts Act and provides in all significant regards, a true and fair view of the Parent Company's financial position as of December 31, 2014, and of its financial profit or loss and cash flow for the year in accordance with the Swedish Annual Accounts Act. The consolidated financial statements were prepared in accordance with the Annual Accounts Act and provides in all significant regards, a true and fair view of the Group's financial

position as of December 31, 2014, and of its financial profit or loss and cash flow for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report and corporate governance report are consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated financial statements, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Fingerprint Cards AB for the 2014 fiscal year.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal concerning the appropriation of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal complies with the Companies Act. As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We have also examined whether Board members or the CEO have in any other manner acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have collected is sufficient and forms a reasonable basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the fiscal year.

Gothenburg, May 5, 2015
KPMG AB

Johan Kratz
Authorized Public Accountant

Ten-year summary

Statement of income	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net sales, SEK M	233.6	95.4	10.3	68.6	60.9	38.5	27.5	20.7	11.1	2.7	2.9
Adjusted gross profit	106.7	53.9	6.8	38.7	30.8	9.8	-1	-12.5	0.2	0	0.6
Adjusted gross margin	46	56	66	56	51	25	-4	-60	2	0	21
Gross profit, SEK M	71.6	39.2	-5.7	-37	20.4	6.0	-1	-12.5	0.2	0	0.6
Gross margin, %	31	41	-55	-46	33	16	-17	-60	2	0	21
Operating profit/loss, SEK M	-145.2	-34	-38.7	2.7	1.6	-24.7	-24.1	-35.4	-20	-18.1	-23.5
Operating margin, %	-62	-36	-375	5	2.6	-64	-88	-171	-180	-670	-810
Profit/loss for the period, SEK M	-144.0	-32.9	-38.1	3.4	2	-24.6	-23.3	-34.2	-19.7	-17.5	-21.6
Profit margin, %	-62	-35	-375	5	3.3	-64	-85	-165	-177	-648	-745
Depreciation and amortization, SEK M	-32.1	-12.6	-10.8	-4.9	-6.4	-4.1	-3.5	-2.8	-2.8	-2.8	-1.2
Impairment, SEK M	-29.5	-	-	-	-	-5.9	-	-	-	-	-
EBITDA, SEK M	-83.6	-21.4	-27.9	8.2	8.3	-14.7	-20.8	-32.7	-17.1	-15.2	-22.3

Financial position – Balance sheet

Intangible fixed assets, SEK M	69.8	54.3	29.1	28.2	22.9	12.3	20.8	16.4	13.7	14	16.6
Tangible fixed assets, SEK M	18.8	5.4	4.8	4.2	3.7	0.3	0.3	0.3	0.3	0.4	0.7
Financial fixed assets, SEK M	-	-	-	0.9	-	-	-	-	-	-	-
Inventories, SEK M	98.8	19.9	11.4	4.3	7.9	9.1	15.4	18	16.6	5.6	5.8
Accounts receivable, SEK M	115.8	31.1	6.2	53	17.2	9.7	8.4	4	1.1	0.1	1.6
Other receivables + Prepaid expenses, SEK M	19.5	10.1	3.1	3.2	3.8	2.3	1.4	1.6	5.6	1	0.7
Cash and cash equivalents + Current investments, SEK M	101.9	211.7	60.6	23	30.8	50.1	22.7	33.8	71.1	40	31
Shareholders' equity, SEK M	301.1	289.7	101.9	106.3	78	74.3	58.1	67.2	100.9	58.7	53.7
Provisions, SEK M	-	-	-	1.2	-	-	-	-	-	-	-
Non-current liabilities, SEK M	0.2	0.4	0.7	-	-	-	-	-	-	-	-
Current liabilities, SEK M	123.3	42.3	12.7	9.3	8.3	9.5	10.9	6.9	7.5	2.4	2.7
Working capital, SEK M	212.7	230.5	68.6	74.2	51.4	61.7	37	50.5	86.9	44.3	36.4
Balance-sheet total, SEK M	424.6	332.5	115.3	116.8	86.3	83.8	69	74.1	108.4	61.1	56.4
Inventory turnover rate, days	132	94	181	74	103	154	211	188	367	760	814
Average credit period, days	113	99	1035	184	80	85	81	44	19	113	149
Return on capital employed, %	-48	-12	-44	3	2.6	-33	-40	-51	-20	-30	-40
Return on shareholders' equity, %	-48	-12	-44	3	2.6	-132	-160	-204	-78	-119	-161
Return on total capital, %	-34	-10	-38	3	2.3	-117	-135	-185	-73	-115	-153
Equity/asset ratio, %	71	87	87	91	90	89	84	91	93	96	95

Cash flow	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Cash flow from operating activities, SEK M	-174.2	-28.8	14.5	-22.2	-0.6	-11.3	-17.1	-31.9	-28.5	-13.6	-25
Cash flow from investing activities, SEK M	-90.6	-38.3	-11.4	-11.7	-20.4	-1.5	-7.8	-5.5	-2.3	0	-4.4
Cash flow from financing activities, SEK M	155	220.5	34.5	24.9	1.8	40.3	13.7	0	62	22.5	0
Cash flow for the period, SEK M	-109.8	151.1	37.6	-7.8	-19.3	27.5	-11.2	-37.4	31.2	8.9	-29.4

Shares

Earnings per share, Kr	-2.47	-0.60	-0.84	0.08	0.05	-1.08	-1.22	-1.79	-1.33	-1.63	-2.17
Earnings per share after full dilution, SEK	-2.47	-0.60	-0.84	0.08	0.05	-1.08	-1.22	-1.79	-1.33	-1.63	-2.17
Cash and cash equivalents + investment at the end of the period/ share, SEK	1.77	4.16	0.83	0.54	0.78	1.26	1.86	2.78	6.39	4.28	4.88
Equity per share, Kr	5.15	5.31	2.34	2.44	1.97	3.26	3.04	3.52	6.79	5.46	5.38
Equity per share, after full conversion, SEK	4.85	5.20	2.34	2.5	1.97	3.26	3.04	3.52	6.79	5.46	5.38
Cash flow from operations per average number of shares, SEK	-3.03	-0.57	0.71	-0.52	-0.02	-0.5	-0.9	-1.67	-1.92	-1.26	-2.51
Shares at end of period	58,421,135	54,161,135	47,808,135	43,609,586	39,669,586	39,669,586	12,152,733	12,152,733	11,122,434	9,348,258	6,348,258
Average shares during the period	57,514,859	50,893,945	45,768,293	43,388,534	42,143,756	17,856,621	20,283,844	20,283,844	15,791,741	11,430,268	10,595,730
Shares after dilution, average	62,061,210	55,288,178	46,072,427	43,388,534	42,143,756	17,856,621	20,283,844	20,283,844	15,791,741	11,430,268	10,595,730
Dividend per share, SEK	0	0	0	0	0	0	0	0	0	0	0
Share price at period end, SEK	34.8	54.25	12.35	9.3	8.95	3.3	2.58	13.2	16.2	12	13.3
Market capitalization at period end, SEK M	2,033	2,938	559	406	355	131	56	160	180	112	84
Employees at period end	104	48	19	19	19	13	13	12	11	11	12
Order backlog at period-end, SEK M	71	23	20	6	11	37	31	25	*	*	*

Definitions

Gross margin

Gross profit as a percentage of Net sales.

Gross profit

Net sales less cost of goods sold.

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

Shareholders' equity attributable to the Parent Company's shareholders divided by the number of shares outstanding after dilution at period-end.

Added value per share

Operating profit plus payroll costs and overheads divided by the average number of employees.

Average number of shares

The Parent Company's average weighted number of shares for the fiscal year.

Average number of shares after dilution

The average weighted number of shares outstanding, plus the average number of shares that could be issued as a result of current remuneration and personnel programs.

Average credit period

Average value of accounts receivable over the period in relation to net sales, multiplied by 360 days.

Adjusted gross profit

Income less cost of goods sold excluding production expenses and amortization according to plan of capitalized development expenditure, meaning that only the cost of materials with subcontracted work and freight costs are included in the costs component.

Adjusted gross margin*

Adjusted gross profit as a percentage of net sales.

Cost of goods sold

Cost of materials, production expenses and amortization according to plan of capitalized development expenditure.

Net margin

Profit for the period as a percentage of net sales.

Order backlog

The difference between order bookings for the fiscal year and worked-up sales, plus order backlog at the beginning of the fiscal year.

Earnings per share after dilution

Earnings for the fiscal year attributable to the Parent Company's shareholders divided by the weighted average of the number of shares outstanding, plus the average number of shares that could be issued as a result of current remuneration and personnel programs. Order backlog at the beginning of the fiscal year.

Earnings per share

Earnings for the period attributable to the Parent Company's shareholders divided by the Parent Company's average number of shares for the fiscal year.

Working capital

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

Operating margin

Operating profit as a percentage of net sales.

Equity/assets ratio

Shareholders' equity divided by total assets.

Inventory turnover rate

Costs of average inventories divided by goods sold.

Corporate governance report

The governance of Fingerprint Cards AB (publ.) (FPC) is distributed among the various corporate bodies according to the laws, rules and processes to which they are subject. Corporate governance defines the decision-making systems and structure through which shareholders directly or indirectly control the company. FPC is a Swedish public limited-liability company listed on NASDAQ Stockholm Midcap list. A Swedish public limited liability company with listed securities is obliged to comply with the rules that affect the company's governance, of which the most important are:

- The Swedish Companies Act
- The Annual Accounts Act
- Nasdaq, Stockholm: Regulations for Emittenter. The regulations contain clear guidelines for the company's communication with and information to the market.
- The Swedish Code of Corporate Governance: The Code is part of the business community's self-regulation aimed at improving corporate governance in Swedish listed companies. It supplements the Swedish Companies Act and other public regulations by stipulating a higher norm than the minimum requirements of the law for what can be generally regarded as good corporate governance. Good corporate governance entails that companies are driven by the interests of shareholders as guiding stars. This

promotes confidence in companies from the public and the Swedish and international equity markets, which in turn will generate better conditions for capital procurement for the Swedish business community. By this, good corporate governance contributes to the efficiency of the business community and to more rapid growth and increased dynamics in the Swedish economy. A Swedish limited liability company with listed securities is also subject to legislation and regulations pertaining to securities, their trading, market and price-sensitive information:

- The Financial Instruments Trading Act
- The Swedish Act concerning Reporting Obligations for Certain Holdings of Financial Instruments
- The Market Abuse Penalties Act.
- The Swedish Financial Supervisory Authority's regulations.

Major shareholdings

For information on shareholders whose holdings directly or indirectly exceed one tenth of the voting rights for all of the shares in the company; refer to page 27 of the Administration Report.

Shareholders' influence and Shareholders' Meetings

FPC is a CSD-registered company, which means that the company's share register is maintained by Euroclear Sweden AB.

At December 31, 2015, FPC had 13,743 shareholders. Ultimately, it is FPC's shareholders who determine corporate governance.

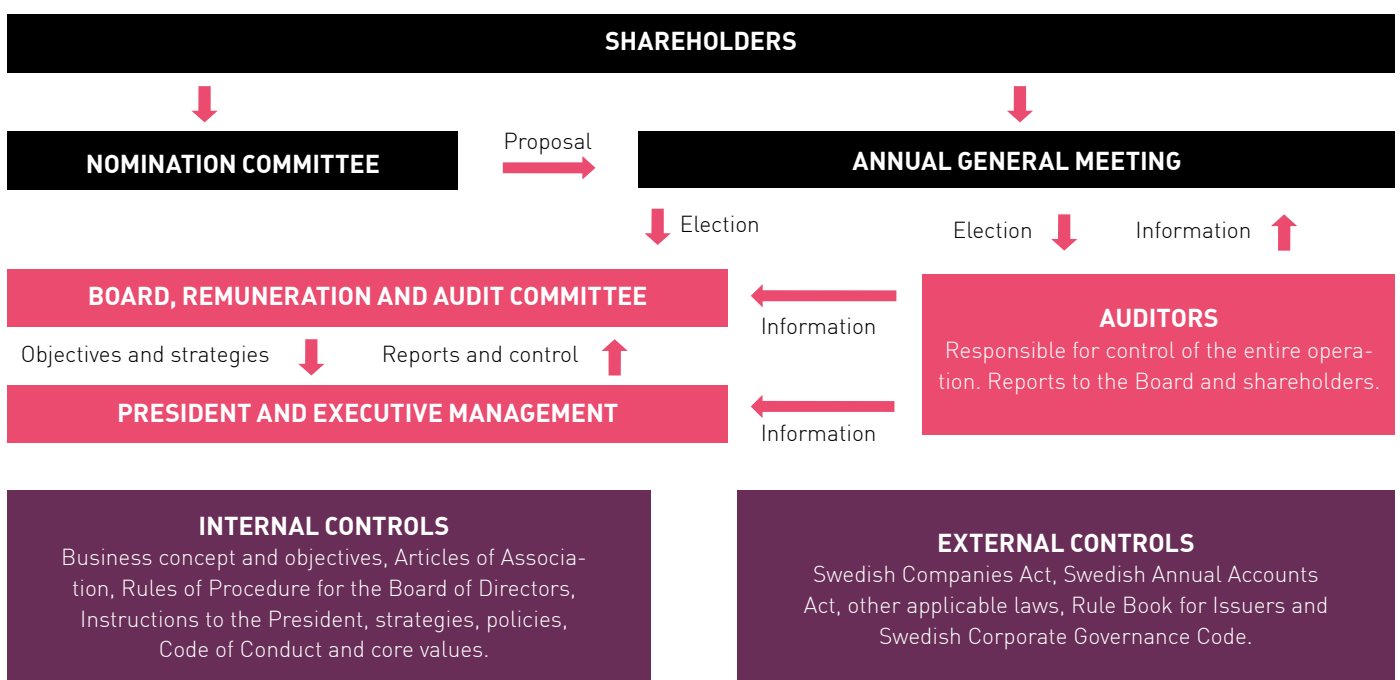
Shareholders exercise their voting right at General Meetings, the highest decision-making body.

The Annual General Meeting (AGM) makes decisions in the company's most fundamental control document, the Articles of Association.

The AGM approves the income statement and balance sheet for the preceding fiscal year, discharges the Board from liability, elects a new Board, elects auditors, resolves on remuneration of the Chairman of the Board, Board members and auditors and resolves on guidelines for the remuneration of senior executives and changes in the number of shares and their structure.

Notification of the AGM is dispatched no earlier than six and no later than four weeks prior to the Meeting. The notice is to include information regarding the manner of and the final date for notification of attendance, the right to participate and vote at the Meeting, a numbered agenda showing the matters to be addressed, information on the appropriation of earnings, and the main content of other proposals.

Shareholders or their representatives may vote for the full number of shares



owned or represented. One Class A share carries 10 votes and one Class B share carries one vote at the Meeting. Notifying intention to attend the AGM is primarily through e-mail, in accordance with the instructions in the official notification. For participation as a representative, the shareholder must issue a power of attorney to the representative. If the shares are registered with a nominee, they must be re-registered in the shareholder's name in the share register no later than the record date of the Meeting. The record date is stated in the notification of the meeting. Official notification of an Extraordinary General Meeting (EGM), at which the matter of the company's Articles of Association is to be dealt with, must be issued no earlier than six weeks and no later than four weeks prior to the Meeting. Notification of any other EGMs must be issued no earlier than six and no later than three weeks ahead of the Meeting.

Proposals concerning matters to be dealt with by the Meeting must be addressed to the Board and be submitted well in advance of the issuance of the notification of the Meeting. Prior to the AGM on June 3, 2015, a request from shareholders to have a matter addressed by the Meeting must be received no later than April 15, 2015 to be included in the notice convening the Meeting.

Most resolutions at the General Meeting are passed by a simple majority. In certain cases, the Swedish Companies Act states that resolutions must be passed by a qualified majority, for example, resolutions regarding amendments of the Articles of Association, which require the support of at least two-thirds of shareholders in terms both of the votes cast and the shares represented at the Meeting.

2014 AGM

The AGM for the 2013 fiscal year was held in Gothenburg on June 4, 2014. Notification of the Meeting was published on May 7, 2014. Shareholders attending the Meeting represented 26.39% of the number of votes and 12.36% of the number of shares.

Resolutions passed by the Meeting included:

- Approval of the income statement and balance sheet for fiscal year 2013.
- Approval of the appropriation of profit where profit was brought forward to the next financial year.
- Discharge of liability for the Board and President for 2013.
- Resolution that the number of Board members should be five.
- Determination of Board fees, SEK 350,000 to the Chairman of the Board and SEK 220,000 per year to Board members.
- Determination of the remuneration of the auditors.
- Election of Board members and Chairman of the Board, where no changes were resolved.
- Election of auditors, where no changes were resolved.
- Resolution concerning the Nomination Committee.
- Determination of guidelines for senior executives.
- Authorization of the Board during the period up until the next AGM to make decisions regarding the issue of up to 10,000,000 Class B shares. Preferential rights for shareholders may be disappplied on issuance.
- Authorization of the Board during the period up until the next AGM to make decisions regarding the issuance of up to 10,000,000 Class B shares. Issuance is to be conducted subject to preferential rights for shareholders.

Nomination Committee and nomination process

The AGM resolves on the appointment of the Nomination Committee. At the 2014 AGM, the Nomination Committee's proposals regarding Board members were presented, and the following members were subsequently elected as Board members: Christer Bergman, Urban Fagerstedt, Tord Wingren, Alexander Kotsinas and Johan Carlström. Urban Fagerstedt was elected Chairman of the Board.

Members of the Nomination Committee were determined at the AGM. The period in office of the Nomination Committee extends until such time as a new Nomination Committee is appointed. The Nomination Committee is to appoint from its own numbers a chairman who must not be the Chairman of the Board. Should a member of the Nomination Committee step down from the Committee before the 2015 AGM, the members of the Nomination Committee are entitled to jointly appoint another representative of the major shareholders to replace the outgoing member.

FPC's Nomination Committee consists of:

- Dimitrij Titov (Nomination Committee's Chairman, independent in relation to the company).
- Tommy Trollborg (Independent in relation to the company)
- Lars Söderfjell (Representing the shareholder Sunfloro AB, which holds 17.59% of the votes)

The tasks of the Nomination Committee ahead of AGM 2014 are to issue:

- A proposal regarding the Chairman of the Meeting
- A proposal regarding the Board of Directors
- A proposal regarding the Chairman of the Board

Name	Function	Elected	Stepped down	Committee work	Independent* vis-à-vis		Chairman	Fees 2014/2015	Fees 2013/2014
					Company	Major share-holders			
Christer Bergman	Member	Aug 8, 2008	-	Remuneration Committee, Audit Committee	Yes	No	15	220,000	120,000
Urban Fagerstedt	Chairman	June 4, 2009	-	Remuneration Committee, Audit Committee	No	Yes	18	350,000	200,000
Tord Wingren	Member	June 18, 2013	-	Remuneration Committee, Audit Committee	Yes	No	14	220,000	120,000
Alexander Kotsinas	Member	Nov 26, 2013	-	Remuneration Committee, Audit Committee	Yes	No	18	220,000	120,000
Johan Carlström	Member	Nov 26, 2013	-	Remuneration Committee, Audit Committee	No	Yes	14	-	-

- A proposal regarding auditors
- A proposal regarding remuneration of Board members
- A proposal regarding remuneration of auditors
- Proposal regarding the composition of the Nomination Committee prior to the 2015 AGM.
- Shareholders may submit proposals to the Nomination Committee, by sending them to:

investrel@fingerprints.com

Board of Directors

The Board comprises five members. FPC's Board has ultimate responsibility for controlling and leading operations between AGMs. Board members are elected annually by the AGM for the period up until the end of the next AGM. Changes in the composition of the Board between the AGMs may be made through a resolution of an Extraordinary General Meeting, or by a member choosing to resign prematurely from his/her assignment. Board members have broad and extensive experience from business and industry and all members are or have held corporate presidents functions. A number of them have other assignments as board members for relevant companies as viewed from management, market, technology or international perspectives.

The Swedish Corporate Governance Code (the Code) includes provisions to the effect that a majority of the Board members elected at the AGM are to be independent in relation to the company and executive management, and that at least two of the independent members are also to be independent vis-à-vis shareholders who control 10% or more of the shares or votes in the company.

An assessment by the Nomination Committee concluded that all five members are independent in relation to the company and executive management. Three of the members are independent in relation to major shareholders. In line with the Code, the Chairman of the Board is also elected at the AGM.

There are no rules determining the maximum period during which a Board member may remain in office. The Articles of Association state that the Board must consist of four to seven members and the Board currently comprises five members.

During 2014, no changes were made to the Board and its members.

The Board is responsible for FPC's organization and manages FPC's business on behalf of the shareholders. The Board continuously assesses FPC's financial situation and ensures that FPC is organized

so that bookkeeping, management of funds and the company's financial situation in general are controlled in a satisfactory manner. The Board appoints the President and makes decisions concerning matters involving the strategic direction of operations and the company's overall organization.

The Board sets corporate policy and instructions for ongoing operations. These are headed by the President. The President provides the Board with a regular flow of information about events that are of significance for the Group's development, financial results, position, liquidity or other important matters about which the Board should be kept informed. The President may be elected to the Board; however, in line with the Swedish Companies Act, the said person may not be elected as Chairman of the Board in a public limited liability company.

The Board members at the end of 2014 are presented separately on page 65 of the Annual Report.

Rules of Procedure for the Board of Directors

Pursuant to the Swedish Companies Act, the Board has established working procedures and an instruction for the President. These state how work is to be allocated between the Board as a whole, its committees and between the Board Chairman and President. This is a complement to the Swedish Companies Act and the Articles of Association. The Board evaluates and adopts work procedures annually at the first Board meeting after the AGM. This meeting is called statutory Board meeting. In addition to the Board's working procedures and instructions, policies are in place stating the purpose, framework and responsibility for individual business areas and functions. As stated in the work procedures for the Board of Directors and other provisions, the Chairman of the Board is responsible for ensuring that the work of the Board is conducted efficiently and that the Board fulfills its obligations.

These include organizing and supervising the work of the Board and creating optimal conditions for its work. In addition, the Chairman of the Board ensures that Board members are continuously updated and that they increasingly familiarize themselves with the company's operations, and that new members receive a suitable introduction. The Chairman is to be available as an adviser and discussion partner for the President but also evaluates the latter's work as well as presenting the resulting assessment to the Board. The Chairman is responsible for the evaluation of the Board's performance and informs the Nomination Committee of the results of the evaluation.

Board meetings

During 2014, the Board held 19 meetings. The year was characterized by a continued high level of activities that required decisions by and consultation with the Board; insider investigation pertaining to the President Johan Carlström, election of acting President, the AGM, new share issue, redemption of warrants and continuous decisions concerning extensive development projects, a business operation that developed positively with successes in the market and business volumes that rose 145% compared with 2013.

FPC's employees participate in Board meetings when required as presenters of information.

The annual work cycle of the Board commences with the statutory meeting after the AGM. At this meeting, the Board's working procedures and the instruction for the President are adopted. Recurring items on the agenda for subsequent meetings during the year include the Group's executive management debriefings as regards business conditions, operations, organization, financial results, position and cash and cash equivalents. The budget and business plan for the next year are dealt with by the Board in the autumn and before Christmas.

In conjunction with the end of the quarter, meetings are held to make decisions regarding the publication of quarterly, six-month and year-end reports. Ahead of the AGM, meetings are held to make decisions regarding the notification, annual report, corporate governance documents and other matters for the AGM. In addition, the Board is required to hold meetings regarding Extraordinary General Meetings, new share issues and other decision-making activities.

Remuneration Committee

The Remuneration Committee evaluates and prepares matters regarding remuneration and employment terms for executive management, and draws up guidelines for the remuneration of the President and senior executives for approval by the AGM. The Remuneration Committee ensures that remuneration matches the prevailing market terms for comparable positions in other companies and that the company's pay offering is thus competitive. The Board sets the President's remuneration.

Remuneration of other senior executives is decided by the President following consultation with the Remuneration Committee. At FPC, the entire Board handles the Remuneration Committee's tasks.

Audit Committee

The task of the Audit Committee is to support the work of the Board by ensuring high-quality internal control, financial reporting and external auditing. Among other responsibilities, this involves examining interim and year-end reports ahead of publication and dealing with all critical accounting issues and assessments. The Board meets the external auditor on at least one occasion. At FPC, the entire Board handles the Audit Committee's tasks.

Audit

At the 2010 AGM, KPMG, with Johan Kratz as the auditor-in-charge, was elected as FPC's auditor.

Johan Kratz has been an authorized public accountant since 1995. Johan Kratz is also an auditor for other companies including Akzo Nobel Pulp & Performance Chemicals AB, IAC Group Sweden AB, Nobel Biocare AB and Sector Alarm AB.

The auditor examines the administration, financial statements, internal procedures and control systems, interim financial statements and interim reports, six-month accounts and six-monthly reports, year-end financial statements and Annual Report, and issues a statement regarding the Board's reports in conjunction with decisions made on matters such as new share issues and warrant programs. Each year, the Board meets with the auditor to receive the auditor's report as to whether the company's organization is appropriately configured to ensure that accounting, management of funds and conditions in general are controlled satisfactorily. The company's auditor reported to the Board on one occasion, and to the President on one occasion in the 2014 fiscal year. During 2014, the auditor attended the AGM on June 4.

President

Johan Carlström resigned as FPC's President on September 11, 2014.

Jörgen Lantto was appointed the new Acting President to manage operating activities. The allocation of responsibility between the Board and the President is defined in written instructions for the President as adopted by the Board. The President reports to the Board and regularly presents a report on how operations are progressing in terms of the goals and strategies established and decisions made by the Board.

Internal control

FPC is a rapidly growing organization. The President has, to a certain extent, delegated

responsibility for internal control to department managers. Responsibility entails that there are appropriate instructions and procedures for operations that are to be regularly monitored and reported. Responsibility is limited by defined amounts and proximity to the managers' own positions. Responsibility for internal controls, compliance with rules and operational risks are thus an integral part of executive responsibility and places demand on leadership.

The financial policy includes frameworks for investments, cash management, currency hedging and the granting of credit in connection with sales. Credit is granted only if there is good reason to assume that the credit recipients will meet their obligations. Otherwise, sales are conducted against advance payment. FPC seeks to ensure the continuance of its historically low customer bad-debt losses, thereby contributing to profitability and a solid financial position.

Guidelines for remuneration of Board members

The Chairman and members of the Board are remunerated in accordance with AGM resolutions. No separate remuneration is paid for committee work. Remuneration for 2014/15 amounted to SEK 350,000 to the Chairman of the Board and SEK 220,000 to Board members, totaling SEK 1,010,000. Board members appointed during the year receive fees in relation to the remaining period until the next AGM.

Board members who receive salary from FPC do not receive board fees.

Guidelines for remuneration of senior executives

The Remuneration Committee, which is appointed from among Board members, prepares guidelines in respect of pay and other employment terms for the President and senior executives and presents the Board with proposals in respect of these issues. The Board determines the salary and other remuneration paid to the President. Remuneration of the President and other senior executives comprises basic salary, variable remuneration, other benefits, pension and financial instruments. Variable remuneration is capped at 40% of total salary. The term "other senior executives" refers to the individuals who, in addition to the President, constitute Group management. As of the salary review in 2012, most of the revised remuneration will be allocated to the variable share in an effort to increase the performance-based

salary to a maximum of 40%. The period of notice is a maximum of six months for either party. If the company terminates employment, severance pay is payable in an amount corresponding to not more than six monthly salaries. During the period of notice of no longer than six months, full salary and employment benefits are paid. Decisions regarding share and share-price-based incentive programs are made by the General Meeting. All pension provisions are to be of the defined-contribution category.

External information is provided via the website (www.fingerprints.com) and through press releases.

Inquiries regarding information, investment and the Nomination Committee may be made to investrel@fingerprints.com.

Internal control

Pursuant to the Swedish Code of Corporate Governance, the Board is to ensure that the company maintains adequate internal controls and keep itself continuously informed of and evaluate how the company's system for internal control functions. Furthermore, the Board submits a report on the organization of the internal control of the financial reporting and, if internal control is not in place, evaluates the need of such a function and motivates its opinion.

Control environment

The fundamental platform in the control environment for financial reporting consists of the guidelines and controlling documents including the Board's working procedures and instruction to the President as described earlier in the corporate governance report, as well as the allocation of responsibility and authority that is adapted to the business organization. It is primarily the President's responsibility as part of daily operations to maintain the control environment as designated by the Board. The President reports regularly to the Board in line with set procedures. In addition to the above, reports are submitted by the auditor.

Risk

Risk assessment is performed on a continuous basis and comprises the identification and management of any risks that could impact business activities and financial reporting. The primary risk within the framework of financial reporting is the risk of material errors in the financial reporting. Risk management comprises part of the business activities' processes and various

methods are utilized to ensure that risks are managed in compliance with regulations, instructions and procedures with the aim of providing correct information.

Control activities

Control activities are designed to manage the risks that the Board and Group management assess as essential for the internal control of the financial reports.

Control activities aimed at preventing, identifying and correcting errors and deviations are evaluated. Assignment of responsibility and organization comprise the structure for the control. Follow-up is performed in each respective area of responsibility as it is for the entire operations. Allocation of attestation rights and authority is part of the structure for control activities as are clear rules for decisions regarding investment, sales, procurement and contracts. Control activities are also based on the business concept, strategies and goals, and on issues that are critical for operations. A high degree of IT security is a prerequisite for favorable internal control of the financial reporting. The IT strategy focuses on security and functionality where security is the most important since no security usually results in weakened functionality.

External financial reporting with accompanying controls is performed on a quarterly basis and internal financial reporting is performed monthly. Financial control is performed based on a business plan which is broken down to the annual budget. The budget is revised during the year and is utilized to

produce forecasts and forms the basis for the follow up of actual results. In reporting, analysis and comments are reported on trends vis-à-vis the set goals. Control of development projects is performed through ongoing project monitoring and reporting of subprojects. Performance and costs expended are related to plans and budgets and the anticipated remaining project expenses for project completion are reported.

The operative control is supplemented by monitoring quality and performance from suppliers, customers and internal processes.

Liquidity and cash flow are followed up on an ongoing basis with the updating of forecasts and the resultant liquidity planning. The continuous analysis of the financial reporting on various levels is central to ensuring that the financial reporting does not contain material errors. Control activities and distribution among various functions are integral features throughout the financial reporting process.

Information and communication

FPC's policies and guidelines are of particular importance for correct accounting, reporting and information. FPC collaborates with news agencies, advisors concerning investment relations and communication consultants regarding external communication and information. The information is intended to increase awareness of FPC and increase confidence in FPC, its management and employees, while promoting business activities. FPC's policies and guidelines

are of particular importance for correct accounting, reporting and information. FPC collaborates with news agencies and communication consultants regarding external communication. The aim is to ensure that disclosure requirements are complied with in a correct and complete manner.

Follow-up

Compliance with the Board's working procedures, instructions, policies and procedures are followed up by the Board and Group management. The financial situation and business outlook are dealt with at Board meetings. The Board reviews financial reports and decides on publication prior to the publication of financial reports. The Board evaluates its work annually.

Interim, six-month and annual financial statements, with accompanying financial reports, are reviewed by the auditor. Monthly reports are submitted to the Board in the form of a President's report, which includes sections for business functions. The Executive Management Group meets frequently and regularly reviews business developments, financial trends, the company's position and influential events. The Board meets with the auditor during the year to review the audit of internal control and other assignments. Against this background, the Board has made the assessment that a separate internal audit function is not required.

Board of Directors

Gothenburg, April 28, 2015

Auditors' report on the Corporate Governance Report

To the AGM of Fingerprint Cards AB (publ)
556154-2381

The Board of Directors is responsible for the 2014 Corporate Governance Report, which is included in the printed version of this document on pages 61-64, and its preparation in accordance with the Annual Accounts Act.

Based on the Corporate Governance Report which we have read and our knowledge of the company and the Group, we believe that there is sufficient basis for our opinion.

This means that our statutory review of the Corporate Governance Report has a different focus and is substantially smaller in scope than an audit conducted in accordance with the International Standards on Auditing and other generally accepted auditing standards in Sweden. In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the other parts of the annual accounts and consolidated financial statements.

Gothenburg, May 5, 2015

KPMG AB
Johan Kratz

Authorized Public Accountant

Letter from the Chairman of the Board

SUSTAINABLE BUSINESS

The Board's main mission is to ensure FPC's ability to handle significant organic growth and delivery capacity. We can now see the change from a small organization to an industrial player that can live up to market demands and expectations.

Industrial player

In our strategy work to prepare the company for operating on an industrial scale, investment decisions have been made in resources and development to cope with the requirements of the value chain, ensure portfolio expansion and strengthen the market organization, as well as purchasing and production organization.

We are carefully monitoring quality assurance of the internal processes and governance of the organization to ensure that the company is able to respond to the requirements placed on an efficient industrial player. Organic growth can be supplemented by additional possible acquisitions, primarily of competencies, a possibility that the Board evaluates on a regular basis. During 2014, a decision was made to acquire the technology licensing and ASIC-development company, Anacatum Design, to strengthen the company's expertise.

A decision was also made to strengthen patent protection through the acquisition of patents from third parties. In a short-term perspective, this conscious resource expansion has resulted in negative results

but we firmly believe that the patents' future market potential is considerable. The higher order volume we have noted to date in 2015 can be viewed as evidence of the realistic nature of our expectations.

Board work

2014 was an intensive year in terms of Board work, with many Board meetings due to the intense development phase but also to unforeseen events.

Despite the unfortunate situation, our principal owners have great confidence in our business and its potential.

The Board's focus for the future is how to continue to ensure delivery capacity that matches the increasing demand in the market. We are also evaluating, with great interest, how FPC's offering can be broadened to more vertical markets. In this connection, the cooperation with Zwipe is a very interesting market application with potential.

The Board is also responsible for ensuring more transparent disclosure of information to the capital market, which is why the control of information publication has been addressed. It is not only expectations

concerning the company's performance that have to be realized, but also a well-founded valuation. The sales increase last year was strong. While it is difficult to predict when growth will occur in a market for a new product, we on the Board maintain that this year will be even stronger than 2014. The demand is tangible and FPC stands well equipped.



Urban Fagerstedt,
Chairman of the Board

Board of Directors



Urban Fagerstedt

Chairman of the Board, Board member since 2009.

Born: 1959.

Employment: Vice President R&D, Huawei Technologies Sweden AB.

Education: MSc Electronics Engineering, Lund Institute of Engineering.

Other assignments: Owner and Chairman of the Board of Fagerstedt Dynamics AB, Fagerstedt Finance AB and Fagerstedt Dynamics UK Ltd. Board member and partner in Cuptronic Technology AB.

Previous assignments in the past five years:

Shareholding in FPC: 1,200,000 Class A shares through Sunfloro AB*
Dependent as major shareholder.



Tord Wingren

Board member since 2013.

Born: 1961.

Employment: Vice President and Site Manager, Huawei, Lund, Sweden.

Education: MSc Electronics Engineering, Lund Institute of Engineering, Executive program at Columbia University – Columbia Business School.

Other assignments: Board member of Watersprint AB, Quixter AB and Mobile Heights, Chairman of the Board of Acconeer AB, Winplantan AB, BrainLit AB and Instant Advice AB

Previous assignments in the past five years: Co-founder, CEO and Senior Advisor at Nanoradio AB; Managing Director of Samsung Telecom Europe; CEO/initiator of Ericsson Mobile Platforms; Chairman of the Advisory Board of TAT AB (acquired by Blackberry); Chairman of the Board of Kisel Microelectronics AB (acquired by Imagination Techn.); Board member of Dialog Semiconductors (1998-2003); Board member of Mobill AB.

85,000 Class B shares*.

Independent in relation to major shareholders and executive management.



Christer Bergman

Board member since 2008.

Born: 1955.

Employment: President of Novexus LLC.

Education: Master of Science in Civil Engineering, Lund Institute of Technology, Sweden; Master of Science in Civil Engineering, University of California, Berkeley, USA; Officer Degree in The Royal Swedish Navy.

Other assignments: Board member of WCC Group BV, Authasas BV, Eyeverify LLC and Quixter AB.

Previous assignments in the past five years: Vice President Biometric Solutions Fujitsu Frontech North America.

Shareholding in FPC: 78,500 Class B shares*.
Independent in relation to major shareholders and executive management.



Alexander Kotsinas

Board member since 2013.

Born: 1967.

Employment: Partner in the private equity company Nexttobe AB.

Education: Master of Science in Engineering, Royal Institute of Technology, Stockholm. Bachelor's degree in Business Administration, Stockholm School of Economics.

Other assignments: Nordia Innovation AB (Chairman), Linum AB, Delta Projects AB, Allgotech AB (Chairman), Fiberdata AB (Deputy Board Member).

Previous assignments: CFO Q-Med AB, CFO Life Europe AB, CFO Hi3G Access AB, Investor, Ericsson.

Holding in FPC: -

Independent in relation to major shareholders and executive management.



Johan Carlström

Board member since 2013. President May 2009 to 2014.

Born: 1963.

Education: Graduate in economics from Uppsala University and Stockholm University.

Previous assignments: Sales Manager at Ulticom, Mercury Interactive and Ericsson. Telecom analyst.

Shareholding in FPC: 1,200,000 Class A shares via Sunfloro AB, 16,600 Class B shares and 2,308,000 warrants*.
Dependent in relation to major shareholders and executive management.

*Shareholdings at March 31, 2015

Executive Management Group



Jörgen Lantto
Acting President since September 2014.
Before that, Executive VP CTO since 2013.
Born: 1963.
Education: Technical college engineer.
Previous assignments: CTO ST-Ericsson 2009-2012; 22 years at Ericsson, President of Alice Systems and co-founder of Northstream.
Shareholding in FPC: 7,300 Class B shares, 1,300,000 warrants*



Thomas Rex
Executive VP Sales and Marketing since 2011.
Born: 1963.
Education: MSc Electronics Engineering, Lund Institute of Engineering.
Previous assignments: Vice President Sales Asia/Oceania, Ericsson Mobile Platforms; Vice President Sales, Nanoradio.
Shareholding in FPC: 369,002 Class B shares, 700,000 warrants*



Jens Reckman
CFO since 2010.
Born: 1963.
Education: Graduate in Business Administration, Law, etc., University of Gothenburg.
Previous assignments: CFO, Financial Manager, Controller, Auditor and consultant in listed and unlisted groups in various industries, as well as the audit firms of KPMG och Price Waterhouse.
Shareholding in FPC: 27,520 Class B shares, 400,000 warrants*



Jonas Spänell
VP Sourcing and Supply since 2013.
Born: 1963.
Education: Military training at the former Officers' College, War College and the Swedish Armed Forces Staff. Business Administration at Örebro University.
Previous assignments: Director of Electronics Sourcing and VP Strategic Sourcing at Sony Mobile.
Shareholding in FPC: 30,000 warrants*



Niklas Strid
VP Customer Projects since 2014.
Born: 1972.
Education: MSc Electronics Engineering, Lund Institute of Engineering.
Previous assignments: Customer Program Manager for Asian OEMs at ST Ericsson and Ericsson Modem.
Shareholding in FPC: 10,000 warrants*



Jan Johannesson
VP Strategic Planning & Portfolio Management since 2013.
Born: 1969.
Education: MSc Electronics Engineering, Lund Institute of Engineering, MSCEE. Consumer Marketing Strategy, Kellogg School of Management at Northwestern University.
Previous assignments: VP, Head of Strategic Planning ST-Ericsson, Director Portfolio Management Ericsson Mobile Platforms. Senior Advisor Northstream.
Shareholding in FPC: 60,000 warrants*



Pontus Jägemalm
Senior VP Research & Development since 2009.
Born: 1971.
Education: Master of engineering and Degree of Doctor of Engineering Physics, Chalmers University of Technology.
Previous assignments: Technical development and executive positions in electronics and the display industry.
Shareholding in FPC: 33,025 Class B shares, 565,000 warrants*



Henrik Sundell
Chief Legal Adviser, take up position in April 2015.
Born: 1964.
Education: Graduate in Law, Stockholm University.
Previous assignments: Activities in legal firm in Stockholm. Assignment as company lawyer and chief legal advisor for various companies including AGA, Ericsson and DeLaval.
Shareholding in FPC: -

*Shareholdings at March 31, 2015

Shareholder information

FPC's website for investors

At www.fingerprints.com, there is up-to-date company, share and insider information, reports and a press-release archive, and opportunities to subscribe for reports and press release.

The Annual Report is available via FPC's website.

For the sake of the environment and expenses, FPC has chosen not to distribute a physical copy of the Annual Report to shareholders. Annual reports, interim reports and press releases are available at the company's website for investors.

Future reporting dates

Interim Report January – March
May 21, 2015

Interim report January – June
August 20, 2015

Interim report July-September
November 5, 2015

Year-end report February 5, 2016

2015 AGM

The 2015 AGM will be held on June 3, 2015 at the Radisson Blu Scandinavia Hotel, at Södra Hamngatan 59, Gothenburg, Sweden.

Registration

Shareholders wishing to attend the AGM (AGM) must be entered in the share register maintained by Euroclear Sweden AB by Wednesday, May 28, 2015, and notify the

Company of their intention to attend the Meeting not later than May 28, 2015, at 4.00 p.m. at the following address:

Fingerprint Cards AB, Box 2412, SE-403 16 Gothenburg, or by e-mail: investrel@fingerprints.com.

Contact information

Fingerprint Cards AB (publ)
Box 2412, SE-403 16 Gothenburg,
Street address:
Street address:
Kungssportsplatsen 2, Gothenburg

Telephone: +46 31-60 78 20
Fax: +46 31 13 73 85
E-mail: investrel@fingerprints.com
Website: www.fingerprints.com

Glossary

Algorithm

A systematic procedure for how to conduct a calculation or solve a problem in a given number of steps. In FPC's specific case, the method refers to the comparison of two fingerprints with each other.

Area sensor

A sensor with the size of a fingertip that can scan an entire fingerprint simultaneously. The fingertip is simply drawn against the sensor surface; refer to swipe sensor.

ASIC (Application Specific Integrated Circuit)

An integrated circuit in the form of a silicon chip that is designed to conduct specific functions - in our case, the measurement of a fingerprint.

Authentication

Control process for a particular entity; in conjunction with logging on, for example. The word is synonymous with verification.

Biometric system

A pattern recognition system that identifies or verifies a person by studying a physiological character of the person, in our case a fingerprint pattern.

Chip

A piece of silicon in which the integrated circuit is embedded, such as a sensor chip. Normally, a silicon wafer is cut into a number of chips, with each chip being essentially identical.

DPI

Dots per inch - resolution per spacial unit, in this case inches. The higher the value, the better the resolution and degree of detail.

Identification

Comparison of compiled biometric data with all stored templates for the purpose of identifying one of these templates (and thus an individual) from a multitude.

Swipe sensor

A sensor with a width equal to a fingertip but much narrower than the length of the finger. The fingertip is drawn across the sensor surface and part of the fingertip is scanned step-wise; compare with area sensors. This is how the fingerprint is scanned.

Matching

The process of comparing an image of a fingerprint with a pre-processed template, and assessing whether or not they are similar

OEM

Original Equipment Manufacturers - companies that manufacture the end product that is sold in the open market

Packaging

The work and components, apart from the silicon chip, required for building a sensor.

Yield

The percentage of a number of approved units divided by the number of initial units. The term is primarily used in production.

Sensor platform

The silicon technology that FPC has created for the development of future sensors, meaning the basic technology.

Template

An arrangement of unique data that represents a certain fingerprint.

Verification

The comparison of compiled biometric data with a given template for the purpose of verifying the matching of the two. This enables the authentication of an individual to be made with a high degree of certainty.

Wafer

A thin circular slice of silicon containing a number of integrated circuits, such as sensor chips.





Beyond keys and pins



FINGERPRINTS