

FINGERPRINTS

“Sequential revenue growth of 20%”

“Obsolescence reserve of SEK 47,5 M”

“Cash flow from operating activities of SEK 528 M”

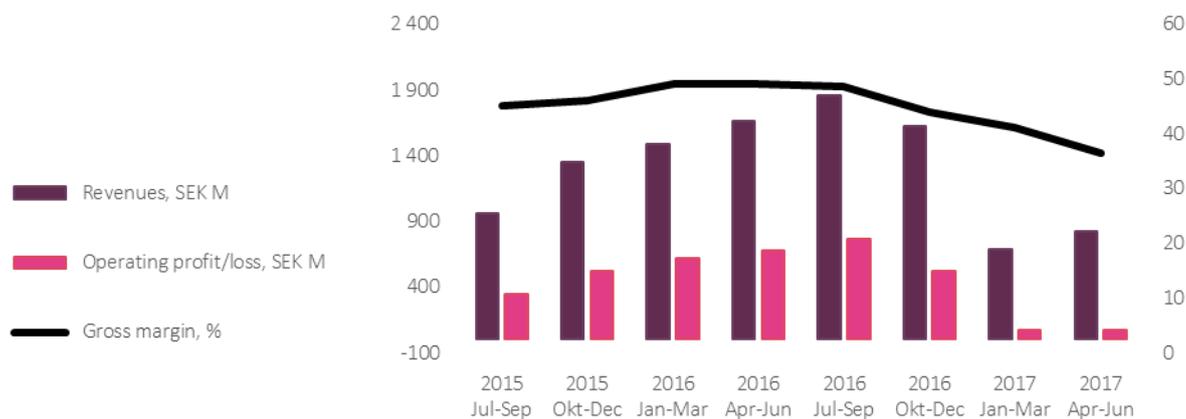
Second quarter of 2017

- Revenues amounted to SEK 823.4 M (1,666.1), down 51% compared with the second quarter of 2016
- The gross margin was 36% (49)
- Operating profit amounted to SEK 72.0 M (675.1) and the operating margin to 9% (41)
- Earnings per share before dilution amounted to SEK 0.10 (1.72)
- Cash flow from operating activities was SEK 528.0 M (530.4)

First half of 2017

- Revenues totaled SEK 1,509.3 M (3,157.3), down 52% compared with the year-earlier period.
- The gross margin was 39% (49)
- Operating profit amounted to SEK 142.8 M (1,293.7) and the operating margin declined to 9% (41)
- Earnings per share before dilution amounted to SEK 0.28 (3.16)
- Cash flow from operating activities was SEK 203.9 M (809.8)

REVENUES, OPERATING PROFIT/LOSS AND GROSS MARGIN, QUARTERS





CEO's comments

Normalized inventory levels and positive cash flow

Towards the end of the quarter, inventory levels in the value chain normalized as anticipated, which was also confirmed by most of our customers and business partners. As a result, our own inventories declined and all of our major customers ordered sensors from us. We have continued to secure important orders which will result in increasing market shares with some major customers.

The second quarter of the year was impacted by the previous inventory build-up in the value chain and lower market shares among a number of major customers. The combined result of this was significantly lower revenues than in the year-earlier period, although sequentially an increase of 20 percent was reported. Revenue during the quarter was SEK 823 M and operating profit totaled SEK 72 M, corresponding to an operating margin of 9 percent. The gross margin, excluding provisions for an obsolescence reserve, remained favorable at 42 percent. Our cash flow was in line with the year-earlier period and was SEK 528 M, as a result of us reducing our own inventories and current receivables. Despite financing a large part of the acquisition of Delta ID with internally generated funds, our cash and cash equivalents now amount to SEK 934 M.

“Inventory levels in the value chain have normalized”



During the quarter, 19 new mobile devices featuring our sensors were launched. We announced new important partnerships with both module suppliers and distributors, which enable us to reach new customers and market segments. This also very much applies to the announced partnership with Qualcomm, which means that our FPC1028 sensor is pre-integrated into selected Snapdragon mobile platforms.

“Acquisition of Delta ID provides us with differentiation opportunities”

With respect to new market segments, we have also been able to unveil projects and partnerships with Zwipe and Kona-I that show that the smartcard market is developing as we had expected. As a result, we have succeeded in securing a strong position for future growth in smartcards, although it will take a few more years before market volumes can be compared with those we see for smartphones. We have also noted successes in the PC segment, with one product launch from Huawei and one from Microsoft.

After having completed the acquisition of Delta ID, we are now the only supplier offering biometric solutions based on both fingerprint sensors and iris recognition. The acquisition is an important step in our strategy to broaden our offering and has roused great interest among a number of our major customers.

Christian Fredrikson, CEO

Events during the quarter

Market development

The surplus inventories in the value chain that had been impacting the sector and the company in recent quarters have now normalized.

As a result of the approach taken by OEM customers to work with multiple suppliers of sensors in 2016, the company has noted shrinking market shares among a number of its major customers. However, these market shares began to gradually rise again during the quarter. The same market trend also offers opportunities for the company outside the previously established customer base.



Penetration of fingerprint sensors in entry level smartphones in the addressable market has been delayed slightly which, together with the inventory issue, has had a dampening effect on market growth.

As communicated earlier, the market was characterized by a declining ASP (Average Selling Price), in part due to competition and general pressure on prices, and also to a changed product mix, whereby even entry level smartphones are increasingly being fitted with cheaper fingerprint sensors.

Segmentation of fingerprint sensors, less costly products such as the FPC1028 and a broader offering such as complementing iris recognition, have become increasingly important when the market is demanding innovation in all price segments for smartphones.

Volumes for sensors in new segments such as smartcards, automotive and IoT remain low compared with smartphones, but marketing activities in the form of partnership agreements and pilot projects demonstrate that the market is evolving.

“19 mobile devices were launched during the quarter”



Other events in the second quarter

During the quarter, 19 mobile devices equipped with the company’s sensors were launched by 12 OEM customers. Three of these customers were new. In addition, Huawei launched a PC and Microsoft launched a keyboard, both of which were equipped with fingerprint sensors from Fingerprints.

The Korean smartcard supplier Kona-I and Fingerprints announced a strategic partnership agreement. Fingerprints also announced that the company is delivering sensors to two manufacturers of smartcards via Zwipe, and that Fingerprints’ sensors are being used in MeReal’s biometric smartcards.

To reach new customers and market segments, the company entered into agreements with three new module suppliers, A-Kerr (SPEED), Fingerchip and Biel Crystal. The company has also signed an agreement with a new distributor, Arrow Electronics.

Fingerprints also finalized the acquisition of Delta ID. Integration of the operation into the company’s organization began and Fingerprints could thus offer multimodal biometric solutions based on fingerprint sensors and iris recognition.



Mattias Hakeröd

Furthermore, Fingerprints exhibited at the Mobile World Congress in Shanghai and at Money20/20 in Copenhagen.

The Annual General Meeting (AGM) was held in April and, in accordance with an AGM resolution, a long-term incentive program – the LTIP 2017 – was launched effective June 30. See the “LTIP 2017” section.

Also in accordance with a resolution passed at the 2017 AGM, shares were canceled, and a bonus issue was implemented during May 2017. See “Share capital trend”.

In addition, Mattias Hakeröd was recruited as new VP HR and Pontus Jägemalm was appointed CTO.



Pontus Jägemalm

Financial development

Group

“Inventory levels in the value chain have normalized”

“Obsolescence reserve of SEK 47,5 M”

Income

In the second quarter, consolidated revenues decreased to SEK 823.4 M (1,666.1), corresponding to a year-on-year decline of 51 percent. The inventory build-up in the value chain that had adversely impacted the Group's revenues during previous quarters has now normalized.

In the first half of the year, consolidated revenues decreased to SEK 1,509.3 M (3,157.3), corresponding to a year-on-year decline of 52 percent.

Gross profit

For the second quarter, gross profit amounted to SEK 299.9 M (813.7) and the gross margin was 36 percent (49). The weaker gross margin compared with the year-earlier quarter was largely due to price pressure and a changed product mix and thus a lower underlying product margin which, however, matched the margin during the preceding quarter.

In addition, gross profit was negatively impacted by provisions for an obsolescence reserve of SEK 47.5 M as a result of the previously excessively high inventory levels. Moreover, fixed costs, such as amortization of capitalized development costs, have a larger relative impact when revenues are lower, equivalent to approximately 2 percentage points of revenues.

Gross profit for the first half of the year was SEK 582.0 M (1,546.2) and the gross margin declined to 39 percent (49).

Operating expenses

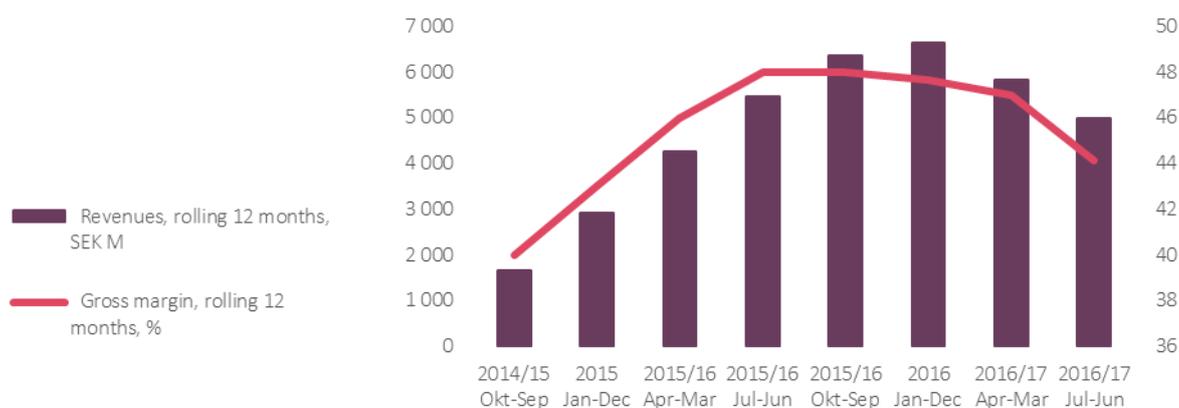
Operating expenses during the quarter amounted to SEK 227.9 (138.6), including the quarter's expenses related to currency translation of a negative SEK 15.9 M (pos: 1.7). The increase in costs in relation to the corresponding year-earlier period was due primarily to the higher number of employees, mainly in R&D. In addition, operating expenses increased somewhat due to the consolidation of Delta ID Inc. This company is consolidated as of the acquisition date of June 7, 2017 and earnings were also charged with SEK 17.7 M in transaction costs for the acquisition. In the quarter, 33 percent of development expenses were capitalized, compared with 32 percent in the corresponding quarter of 2016.

Operating expenses for the first half of the year increased to SEK 439.2 M (252.5).

Financial income and expenses

Financial income and expenses amounted to an expense of SEK 24.7 M (income: 34.7). In addition to interest income and interest expenses, this item also includes the effect of changes in exchange rates on currency accounts. In connection with the acquisition of Delta ID Inc., a loan of USD 60 M was raised. The loan was raised on June 6, 2017 and interest expenses for the period up to the end of the quarter have been charged against profit for the quarter. Profit for the quarter has been charged with an exchange-rate loss on cash and cash equivalents of SEK 26 M. This may be compared with an exchange-rate gain of SEK 35 M in the year-earlier period. Profit for the first half of the year has been charged with an exchange-rate loss on cash and cash equivalents of SEK 24 M, compared with a gain of SEK 5 M in the year-earlier period.

REVENUES AND GROSS MARGIN, ROLLING 12 MONTHS



“Bank loan of USD 60 M raised to partly finance the acquisition of Delta ID”

Profit for the report period and earnings per share

Profit for the second quarter amounted to SEK 32.8 M (554.4). Earnings per average number of shares outstanding for the period amounted to SEK 0.10 (1.72).

Cash and cash equivalents

Cash flow from operations, including changes in working capital, was SEK 528.0 M (530.4) in the second quarter. A reduction in inventories and in current receivables contributed to the positive cash flow. Current liabilities had a negative impact on cash flow of SEK 228.6 M (pos: 264.1), which is largely due to accounts payable having been reduced by a lower purchasing volume.

During the second quarter, cash flow from investing activities was a negative SEK 874.8 M (neg: 30.1). The largest single item comprises the acquisition of Delta ID Inc., which had a negative impact of SEK 798.0 M. Cash flow from financing activities pertains to raising a bank loan of USD 60 M, equal to SEK 508.1 M (-).

Exchange-rate fluctuations affected the quarter’s cash and cash equivalents negatively by SEK 26.0 M (pos: 34.6).

Combined, the net change in cash and cash equivalents during the second quarter was SEK 161.3 M (262.5).

Cash flow for the first half of 2017 was a negative SEK 204.0 M (pos: 581.9), which includes the portion of the acquisition of Delta ID Inc. that was financed with internally generated funds of SEK 289.8 M.

Liquidity and shareholders’ equity

At June 30, 2017, the Group’s disposable cash and cash equivalents totaled SEK 933.7 M (1,618.3). Consolidated working capital at the end of the second quarter amounted to SEK 1,575.7 M (1,878.9). At period-end, consolidated shareholders' equity had risen to SEK 2,304.9 M (1,990.1) and the equity/assets ratio for the Group amounted to 64 percent (64).

“Cash and cash equivalents of SEK 934 M”

Investments, fixed assets and depreciation/amortization

Investments in intangible fixed assets during the quarter, excluding acquisitions, amounted to SEK 70.5 M (30.0). Investments in tangible fixed assets amounted to SEK 6.2 M (6.8) during the second quarter and financial receivables to SEK 0 M (-). Depreciation/amortization according to plan during the second quarter amounted to SEK 16.9 M (10.3). Also, read the "Acquisition" section below.

Financial development in the Parent Company

The Parent Company's revenues for the second quarter of 2017 amounted to SEK 823.0 M (1,666.1) and profit after financial items for the period declined to SEK 66.1 M (707.3). Profit for the period amounted to SEK 52.5 M (552.0). The Parent Company's disposable cash and cash equivalents at period-end totaled SEK 894.5 M (1,603.1).

Organization and Personnel

The number of employees on June 30, including personnel from Delta ID, was 386 (245) and, in addition to full-time employees, consultants were also used during the second quarter, primarily in technical development and sales, corresponding to 163 (100) full-time positions. Accordingly, including employees and consultants, the company had a total of 549 (345) full-time equivalents on June 30, 2017.

LTIP 2017 (Long Term Incentive Program)

The AGM resolved in accordance with the proposal to adopt a long-term incentive program (the "LTIP 2017") for up to 25 personnel in the Fingerprint Group. Within the framework of LTIP 2017, the participants are given an opportunity to receive Class B shares, also known as "Performance Shares," free of charge on condition that certain terms and conditions are fulfilled. See the official notice of the AGM for more information, <https://corporate.fingerprints.com/nyhetsrum/pressreleaser/>

In accordance with the AGM's resolution, the LTIP 2017 program was launched on June 30, 2017. The outcome in relation to the limit for the program resolved by the AGM is shown in the table below. The deviation that exists is due to changes in personnel.

	Decision of AGM		Allotted on 30 Jun 2017	
	No of employees	Class-B Shares	No of employees	Class-B Shares
CEO	1	174 500	1	174 500
EMG	9	232 200	9	232 200
Other	15	211 500	12	169 200
	25	618 200	22	575 900

“EMG” refers to the Executive Management Group. The “Other” category includes some of the company’s other key personnel.

At maximum allotment of Performance Shares, 618,200 Class B shares will be allotted to participants of LTIP 2017, and 194,238 Class B shares will be used to cover possible social security contributions due to LTIP 2017, which represents a total dilution effect of approximately 0.25% of the share capital and 0.21% of the voting rights in the Company.

Acquisitions

On February 1, 2017, Fingerprints entered into an agreement to acquire Delta ID Inc. and on June 7, 2017, following receipt of regulatory approval, the transaction was finalized and Fingerprints became owner of all shares in Delta ID Inc.

In the preliminary acquisition analysis, intangible assets totaling SEK 331.7 M were identified. Goodwill, amounts to SEK 697.6 M and relates primarily to synergies deriving from offering Fingerprints’ present and future customers multimodal solutions that combine globally leading iris recognition with fingerprint sensors.

The acquisition has been financed through a loan of USD 60 M, corresponding to SEK 508.1 M. The remaining USD 32 M, corresponding to SEK 289.9 M, has been financed using internally generated funds.

The purchase consideration is USD 106 M (SEK 897.7 M) of which USD 92 M (SEK 798 M) has been paid in cash. The remaining amount will be paid within two years following fulfillment of certain conditions. Additionally, there is a contingent consideration based on Delta ID’s revenues in 2017 which will be paid no later than March 31, 2018. This is estimated to USD 3.4 M, or SEK 29.5 M, in the acquisition analysis. The maximum outcome for this additional consideration is USD 14 M.

Transaction costs for the acquisition total SEK 17.7 M and are recognized under Other operating income/expenses.

As of the acquisition date of June 7, 2017, Delta ID contributed SEK 0.4 M in revenues and the negative impact on operating profit was SEK 3.3 M. Had the acquisition been carried out at the beginning of the year, the contribution to revenues would have been SEK 6.2 M.





ACQUISITION ANALYSIS

SEK M	Apr-jun 2017	Apr-jun 2016	Jan-jun 2017	Jan-jun 2016	Jan-dec 2016
Fair value of acquired assets and liabilities		-		-	-
Intangible assets	331.7	-	331.7	-	-
Tangible assets	0.0	-	0.0	-	-
Total fixed assets	331.7	-	331.7	-	-
Current assets	6.1		6.1		
Total current assets	6.1		6.1		
Deferred tax liability	-85.8	-	-85.8	-	-
Total deferred tax liability	-85.8		-85.8		
Total fair value of acquired assets and liabilities, net	252.0		252.0		
Goodwill	697.6	-	697.6	-	-
Total purchase price	949.6	-	949.6	-	-
Cash and cash equivalents in acquired company	15.7	-	15.7	-	-
Adjustment working capital	2.6	-	2.6	-	-
Adjustment for unpaid purchase price (Holdbacks)	-140.3	-	-140.3	-	-
Adjustment for accrued earn-out	-29.5	-	-29.5	-	-
Cash flow from acquisitions of companies/businesses	798.0	-	798.0	-	-

Share capital trend



On the balance sheet date of December 31, 2016, 870,000 Class B shares, corresponding to share capital of SEK 34,800, from the final exercise occasion for the TO6 warrants program were under registration. These were registered on January 3, 2017.

In accordance with a resolution passed at the 2017 AGM, shares were canceled, and a bonus issue was implemented during May 2017. The company's registered share capital has not changed but the number of shares has decreased.

The share capital was reduced by canceling a total of 10,424,000 Class B shares that the company held in treasury. Through the cancellation, the share capital was reduced by SEK 416,960 from SEK 12,975,667 to SEK 12,558,707. The share capital was increased through a bonus issue of SEK 416,960, without issuing new shares. Following the cancellation and the bonus issue, the number of shares amounts to 313,967,675, of which 6,000,000 are Class A shares and 307,967,675 are Class B shares. The total number of votes is 367,967,675. The share capital remains unchanged following the aforementioned measures and amounts to SEK 12,975,675.

NUMBER OF SHARES

	Apr-Jun 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Number of shares, (000s)					
Number of shares at period end	313,967	322,696	313,967	322,696	323,521
Of which class A-shares	6,000	6,000	6,000	6,000	6,000
Of which class B-shares	307,967	316,696	307,967	316,696	317,521
Number buyback shares at period end	-	-2,689	-	-2,689	-10,424
Number of shares outstanding at period end	313,967	320,007	313,967	320,007	313,097
Number of shares outstanding, diluted at period end	313,967	321,702	313,967	321,702	313,967
Average number of shares outstanding (000s)					
Average number of shares	313,967	322,023	313,967	321,016	321,830
Average number of buyback shares	-	0	-	0	-4,104
Average number of shares outstanding, basic	313,967	322,023	313,967	321,016	317,726
Average number of shares outstanding, diluted	313,967	324,408	313,967	324,942	321,408

Related-party transactions

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

Significant uncertainties and risks – Group and Parent Company

To anticipate risks and minimize their impact, Fingerprints has processes for continuously identifying and managing risks that could impact the operations. This includes probability and consequence assessments of operational risks, market risks, financial risks and legal and other risks.

The described risks and uncertainties are not ranked in any order of significance; nor are they claimed to be the only risks or uncertainties to which the company is exposed. Additional risks and uncertainties that the company is currently unaware of or that are currently not adjudged to be material could develop into factors that

might in the future have a material impact on the company's operations, earnings, financial position or future outlook. The following description does not claim to be complete or exact, since risks and their degree of impact vary over time:

- Market risks: Geopolitical instability, Supplier costs, Economic fluctuations, Currency risk, Loss of customers and price pressure due to increased competition.
- Operational risks: Delivery capacity of suppliers, Competency provision, Loss of key competencies, Reduced technological lead, Information leaks
- Financial risks: Funding risk, Credit risk.
- Legal risks: Product defects and product liability, Patent risk, Corruption.
- Other risks: Conflict minerals, Restrictions on planned business development, Biometrics and integrity, Scalability internally, Discrimination and lack of diversity.

For further information concerning the risks facing the Group, see the 2016 Annual Report, which is available on our website www.fingerprints.com

Seasonality

As the penetration of fingerprint sensors in the smartphone segment has increased, the company's market has increasingly displayed the same pattern and seasonal fluctuations as the other parts of the mobile phone industry, albeit subject to a certain time lag. The fourth quarter tends to account for a large share of the annual volume of mobile phones and the second quarter is usually the weakest.

Notable events after the close of the quarter

The company announced that it has signed a partnership agreement with Qualcomm, which means that the company's FPC1028 sensor is pre-integrated into selected Snapdragon mobile platforms.

Financial information

Future reporting dates

Interim report Q3 2017 Jul–Sep: October 26, 2017
Year-end report 2017 Oct–Dec: February 8, 2018

For further information, contact:

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www.fingerprints.com/corporate/

Welcome to Fingerprint Cards' presentation of the interim report on the second quarter of 2017 on July 21 at 3:00 p.m. CEST. The presentation will be webcast, and participants can register via the link below.

<https://engage.vevent.com/index.jsp?eid=3483&seid=104>

This information is information that Fingerprint Cards AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:00 a.m. CEST on July 21, 2017.

Important information

Issuance, publication or distribution of this press release in certain jurisdictions could be subject to restrictions. The recipient of this press release is responsible for using this press release and the constituent information in accordance with the rules and regulations prevailing in the particular jurisdiction. This press release does not constitute an offer, or invitation to acquire or subscribe for new securities in Fingerprint Cards AB in any jurisdiction.

Certification

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

Gothenburg, July 20, 2017

Jan Wäreby
Chairman of the Board

Alexander Kotsinas
Board Member

Urban Fagerstedt
Board Member

Carl-Johan von Plomgren
Board Member

Tomas Mikaelsson
Board Member

Ann-Sofie Nordh
Board Member

Åsa Hedin
Board Member

Michael Hallén
Board Member

Dimitrij Titov
Board Member

Christian Fredrikson
CEO

Auditors' review report

Fingerprint Cards AB (publ)

Corp. Reg. No. 556154-2381

Introduction

We have reviewed the condensed financial information for the interim period (the interim report) for Fingerprint Cards AB (publ), as per June 30, 2017 and the six-month period that ended on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, Review of Interim Reports Performed by the company's elected auditors. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain such assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, an opinion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Opinions

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared on the Group's behalf, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act and, on the Parent Company's behalf, the Swedish Annual Accounts Act.

Stockholm, July 20, 2017

KPMG AB

Joakim Thilstedt

Authorized Public Accountant

Financial statements

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in shareholders' equity

Condensed consolidated cash-flow statement

The Group's operating segments

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

Consolidated statement of financial position for the past nine quarters

Consolidated cash-flow statement for the past nine quarters

Fair value and carrying amount of financial liabilities and assets

Condensed income statement, Parent Company

Condensed balance sheet, Parent Company

Key figures

Key consolidated data

Key consolidated figures for the past nine quarters

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue	823.4	1,666.1	1,509.3	3,157.3	6,638.3
Cost of goods sold	-523.5	-852.4	-927.3	-1,611.1	-3,473.0
Gross profit	299.9	813.7	582.0	1,546.2	3,165.3
Selling expenses	-55.8	-45.8	-114.3	-82.7	-176.6
Administrative expenses	-37.2	-34.5	-72.0	-52.1	-117.2
Development expenditure	-101.3	-60.0	-206.8	-110.4	-304.2
Other operating income/expenses ¹⁾	-33.6	1.7	-46.1	-7.3	11.2
Operating profit	72.0	675.1	142.8	1,293.7	2,578.5
Finance income/expenses ¹⁾	-24.7	34.7	-25.8	5.3	35.0
Profit before tax	47.3	709.8	117.0	1,299.0	2,613.5
Income tax	-14.5	-155.4	-30.3	-285.1	-578.8
Profit for the period	32.8	554.4	86.7	1,013.9	2,034.7
Other comprehensive income	-7.3	0.3	-7.5	0.3	0.3
Total comprehensive income for the period	25.5	554.7	79.2	1,014.2	2,035.0
Profit for the period attributable to:					
Parent Company shareholders	25.5	554.7	79.2	1,014.2	2,035.0
Profit for the period	25.5	554.7	79.2	1,014.2	2,035.0
Total comprehensive income for the period attributable to:					
Parent Company shareholders	25.5	554.7	79.2	1,014.2	2,035.0
Total comprehensive income for the period	25.5	554.7	79.2	1,014.2	2,035.0
Earnings per share for the period					
Before dilution, SEK	0.10	1.72	0.28	3.16	6.40
After dilution, SEK	0.10	1.71	0.28	3.12	6.33

¹⁾ Exchange rate effects on bank balances are reported under financial income and expenses as from 2017. Transaction costs acquisition of 17.7 MSEK reported as Other operating income/expenses.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	30-Jun 2017	30-Jun 2016	31-Dec 2016
Assets			
Intangible fixed assets	1,148.4	87.1	71.4
Tangible fixed assets	40.5	23.1	29.2
Financial fixed assets	1.4	1.0	0.0
<i>Total fixed assets</i>	<i>1,190.3</i>	<i>111.2</i>	<i>100.6</i>
Inventories	818.4	243.7	672.7
Accounts receivable	451.0	1,086.7	1,132.1
Other receivables	157.8	24.5	413.7
Prepaid expenses and accrued income	26.3	8.3	21.7
Cash and cash equivalents	933.7	1,618.3	1,162.2
<i>Total current assets</i>	<i>2,387.2</i>	<i>2,981.5</i>	<i>3,402.4</i>
Total assets	3,577.5	3,092.7	3,503.0
Shareholders' equity and liabilities			
Shareholders' equity	2,304.9	1,990.1	2,226.1
Deferred tax liabilities	207.0	-	136.3
Long-term liabilities	254.1	-	-
Accounts payable	234.9	617.7	821.6
Current tax liabilities	0.4	273.9	54.1
Other current liabilities	392.6	5.4	6.7
Accrued expenses	183.6	205.6	258.2
<i>Total current liabilities</i>	<i>811.5</i>	<i>1,102.6</i>	<i>1,140.6</i>
Total shareholders' equity and liabilities	3,577.5	3,092.7	3,503.0



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Apr-Jun 2017	Jan-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Opening shareholders' equity	2,279.4	1,673.1	2,226.1	1,146.8	1,146.8
Comprehensive income for the period	25.5	554.7	79.2	1,014.2	2,035.0
Exercise of warrants	-	-	-0.4	66.8	97.5
Buyback of own shares	-	-237.7	-	-237.7	-1,053.2
Closing shareholders' equity	2,304.9	1,990.1	2,304.9	1,990.1	2,226.1

CONDENSED CONSOLIDATED STATEMENT CASH-FLOWS

SEK M	Apr-jun 2017	Apr-jun 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Profit before tax	47.3	709.8	117.0	1,299.0	2,613.5
Adjustment for non-cash items	76.3	-24.3	89.3	12.1	14.6
Income tax paid	-156.2	-8.1	-226.3	-120.8	-498.0
Change in inventory	229.1	-49.8	-145.7	-90.7	-519.7
Change in current receivables	560.1	-361.3	1,068.8	-464.9	-913.0
Change in current liabilities	-228.6	264.1	-699.2	175.1	432.9
Cash flow from operating activities ³⁾	528.0	530.4	203.9	809.8	1,130.3
Cash flow from investing activities	-874.8	-30.1	-915.6	-56.9	-78.3
Cash flow from financing activities ⁴⁾	508.1	-237.8	507.7	-171.0	-955.7
Change in cash and cash equivalents	161.3	262.5	-204.0	581.9	96.3
Cash and cash equivalents on the opening date	798.4	1,321.2	1,162.2	1,031.3	1,031.3
Effect of exchange rate changes on cash	-26.0	34.6	-24.5	5.1	34.6
Closing cash and cash equivalents	933.7	1,618.3	933.7	1,618.3	1,162.2

THE GROUP'S OPERATING SEGMENTS

SEK M	Apr-Jun 2017	Apr-Jun 2016	Change, %	Jan-Jun 2017	Jan-Jun 2016	Changes %
Revenue						
Sensors	823.4	1,666.1	-51	1,509.3	3,157.3	-52
Other	-	-	-	-	-	-
Group	823.4	1,666.1	-51	1,509.3	3,157.3	-52

SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %	Jan-Jun 2017	Jan-Jun 2016	Changes %
Operating profit						
Sensors	72.0	675.1	-89	142.8	1,293.7	-89
Other	-	-	-	-	-	-
Group	72.0	675.1	-89	142.8	1,293.7	-89

SEK M	Jan-Mar 2017	Jan-Mar 2016	Change, %	Jan-Jun 2017	Jan-Jun 2016	Changes %
Sensors	47.3	709.8	-93	117.0	1,299.0	-91
Other	-	-	-	-	-	-
Group	47.3	709.8	-93	117.0	1,299.0	-91



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

SEK M	Apr-Jun 2017	Jan-Mar 2017	Okt-Dec 2016	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Okt-Dec 2015	Jul-Sep 2015	Apr-Jun 2015
Revenue	823.4	685.9	1,618.7	1,862.3	1,666.1	1,491.2	1,351.5	964.0	445.2
Cost of goods sold	-523.5	-403.8	-903.8	-958.1	-852.4	-758.7	-723.3	-533.3	-286.2
Gross profit	299.9	282.1	714.9	904.2	813.7	732.5	628.2	430.7	159.0
Selling costs	-55.8	-58.5	-50.8	-43.1	-45.8	-36.9	-35.9	-27.1	-25.5
Administrative costs	-37.2	-34.8	-37.7	-27.4	-34.5	-17.6	-19.2	-13.3	-15.9
Development costs	-101.3	-105.5	-112.5	-81.3	-60.0	-50.3	-48.2	-43.1	-43.3
Other operating income/expenses	-33.6	-12.5	6.1	12.1	1.7	-9.0	-2.2	-2.8	-3.7
Operating profit	72.0	70.8	520.0	764.5	675.1	618.7	522.7	344.4	70.6
Finance income/expenses ²⁾	-24.7	-1.1	27.4	2.6	34.7	-29.5	-5.1	1.5	-5.1
Profit before tax	47.3	69.7	547.4	767.1	709.8	589.2	517.6	345.9	65.5
Income tax	-14.5	-15.8	-124.1	-169.6	-155.4	-129.7	-113.2	1.5	-
Profit for the period	32.8	53.9	423.3	597.5	554.4	459.5	404.4	347.4	65.5
Other comprehensive income	-7.3	-0.2	0.0	0.1	0.3	-	-	-	-
Total comprehensive income for the period	25.5	53.7	423.3	597.6	554.7	459.5	404.4	347.4	65.5

2) Exchange rate effects on bank balances are reported under financial income and expenses as from 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PAST NINE QUARTERS

	30-Jun 2017	31-Mar 2017	31-Dec 2016	30-Sep 2016	30-Jun 2016	31-Mar 2016	31-Dec 2015	30-Sep 2015	30-Jun 2015
<i>SEK/USD exchange rate, balance date</i>	8.47	8.93	9.10	8.62	8.48	8.15	8.35	8.39	8.23
Assets									
Intangible fixed assets	1,148.4	87.7	71.4	80.2	87.1	65.8	49.7	47.3	54.0
Tangible fixed assets	40.5	37.8	29.2	23.6	23.1	24.4	20.6	20.1	19.6
Financial fixed assets	1.4	1.3	0.0	0.1	1.0	1.0	1.0	0.0	-
Total fixed assets	1,190.3	126.8	100.6	103.9	111.2	91.2	71.3	67.4	73.6
Inventories	818.4	1,047.5	672.7	373.0	243.7	193.9	153.0	95.0	103.5
Accounts receivable	451.0	641.6	1,132.1	1,341.5	1,086.7	725.2	617.9	448.7	245.5
Other receivables	157.8	388.4	413.7	23.7	24.5	23.6	28.6	28.3	18.5
Prepaid expenses and accrued income	26.3	28.8	21.7	9.5	8.3	9.3	8.0	5.8	6.0
Cash and cash equivalents	933.7	798.4	1,162.2	931.7	1,618.3	1,321.2	1,031.3	498.7	166.0
Total current assets	2,387.2	2,904.7	3,402.4	2,679.4	2,981.5	2,273.2	1,838.8	1,076.5	539.5
Total assets	3,577.5	3,031.5	3,503.0	2,783.3	3,092.7	2,364.4	1,910.1	1,143.9	613.1
Shareholders' equity and liabilities									
<i>Shareholders' equity</i>	<i>2,304.9</i>	<i>2,279.4</i>	<i>2,226.1</i>	<i>1,772.2</i>	<i>1,990.1</i>	<i>1,673.1</i>	<i>1,146.8</i>	<i>731.5</i>	<i>347.6</i>
<i>Deferred tax liabilities</i>	<i>207.0</i>	<i>135.5</i>	<i>136.3</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>
<i>Long-term liabilities</i>	<i>254.1</i>	<i>-</i>							
Accounts payable	234.9	405.5	821.6	697.6	617.7	465.7	548.5	351.7	227.7
Current tax liabilities	0.4	0.8	54.1	42.8	273.9	126.6	109.6	0.0	-
Other current liabilities	392.6	6.1	6.7	4.9	5.4	3.3	4.0	5.0	5.6
Accrued expenses	183.6	204.2	258.2	265.8	205.6	95.7	101.2	55.7	32.1
Total current liabilities	811.5	616.6	1,140.6	1,011.1	1,102.6	691.3	763.3	412.4	265.4
Total shareholders' equity and liabilities	3,577.5	3,031.5	3,503.0	2,783.3	3,092.7	2,364.4	1,910.1	1,143.9	613.1



CONSOLIDATED CASH-FLOW STATEMENT FOR THE PAST NINE QUARTERS

SEK M	Apr-Jun 2017	Jan-Mar 2017	Okt-Dec 2016	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Okt-Dec 2015	Jul-Sep 2015	Apr-Jun 2015
Profit before tax	47.3	69.7	547.4	767.1	709.8	589.2	517.6	345.9	65.5
Adjustment for non-cash items	76.3	13.0	-10.6	13.1	-24.3	36.5	17.0	9.7	14.5
Income tax paid	-156.2	-70.1	24.2	-401.4	-8.1	-112.7	-4.2	0.0	-
Change in inventory	229.1	-374.8	-299.5	-129.5	-49.8	-40.9	-58.0	8.5	-8.3
Change in current receivables	560.1	508.7	-192.9	-255.2	-361.3	-103.6	-171.7	-213.0	-84.1
Change in current liabilities	-228.6	-470.6	117.4	140.4	264.1	-89.0	241.8	147.0	67.0
Cash flow fr. operating activities ²⁾	528.0	-324.1	186.0	134.5	530.4	279.5	542.5	298.1	54.6
Cash flow from investing activities	-874.8	-40.8	-13.5	-7.9	-30.1	-26.8	-15.9	-3.6	-4.3
Cash flow from financing activities	508.1	-0.4	30.4	-815.5	-237.8	66.8	11.1	36.4	-0.1
Change in cash and cash equiv.	161.3	-365.3	202.9	-688.9	262.5	319.5	537.7	330.9	50.2
Cash and cash equiv. on the opening date	798.4	1,162.2	931.7	1,618.3	1,321.2	1,031.3	498.7	166.0	120.9
Effect of exchange rate changes on cash ²⁾	-26.0	1.5	27.6	2.3	34.6	-29.6	-5.1	1.8	-5.1
Closing cash and cash equivalents	933.7	798.4	1,162.2	931.7	1,618.3	1,321.2	1,031.3	498.7	166.0

2) Change rate effects on bank balances are reported under financial income and expenses as from 2017.

FAIR VALUE AND CARRYING AMOUNT OF FINANCIAL LIABILITIES AND ASSETS

SEK M	6/30/2017		6/30/2016	
	Carrying amount	Fair amount	Carrying amount	Fair amount
Financial assets				
Loan receivables and accounts receivable				
Accounts receivable	451.0	451.0	1,086.7	1,086.7
Cash and cash equivalents	933.7	933.7	1,618.3	1,618.3
Total financial assets	1,384.7	1,384.7	2,705.0	2,705.0
Financial liabilities				
Current financial liabilities:				
Accounts payable	234.9	234.9	617.7	617.7
Total financial liabilities	738.1	738.1	617.7	617.7
By category:				
Loan receivables and accounts receivable	1,384.7	1,384.7	2,705.0	2,705.0
Total financial assets	1,384.7	1,384.7	2,705.0	2,705.0
Financial liabilities at amortized cost	738.1	738.1	617.7	617.7
Total financial liabilities	738.1	738.1	617.7	617.7



CONDENSED INCOME STATEMENT, PARENT COMPANY

SEK M	Apr-Jun 2017	Apr-Jun 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Revenues	823.0	1,666.1	1,508.9	3,157.3	6,638.3
Cost of goods sold	-521.2	-852.4	-925.0	-1,611.1	-3,473.0
Gross profit	301.8	813.7	583.9	1,546.2	3,165.3
Selling expenses	-55.6	-46.0	-114.1	-82.7	-176.6
Administrative expenses	-40.3	-40.2	-79.6	-57.7	-129.0
Development expenditure	-100.3	-59.8	-205.8	-109.6	-304.2
Other operating revenues/expenses	-15.9	39.6	-28.4	-2.2	11.3
Operating profit	89.7	707.3	156.0	1,294.0	2,566.8
Finance revenues/expenses	-23.6	0.0	-24.7	0.0	35.2
Profit after financial items	66.1	707.3	131.3	1,294.0	2,602.0
Appropriations	0.0	0.0	0.0	0.0	-650.0
Profit before tax	66.1	707.3	131.3	1,294.0	1,952.0
Tax	-13.6	-155.3	-28.1	-284.7	-433.7
Profit for the period	52.5	552.0	103.2	1,009.3	1,518.3

CONDENSED BALANCE SHEET, PARENT COMPANY

SEK M	30-Jun 2017	30-Jun 2016	31-Dec 2016
Assets			
Intangible fixed assets	143.5	85.1	69.8
Tangible fixed assets	35.9	20.8	25.9
Financial fixed assets	826.5	6.0	11.8
<i>Total fixed assets</i>	<i>1,005.9</i>	<i>111.9</i>	<i>107.5</i>
Inventories	818.4	243.7	672.7
Accounts receivable	445.1	1,086.7	1,132.1
Current receivables	184.2	157.6	434.4
Cash and cash equivalents	894.5	1,603.1	1,142.3
<i>Total current assets</i>	<i>2,342.2</i>	<i>3,091.1</i>	<i>3,381.5</i>
Total assets	3,348.1	3,203.0	3,489.0
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>	<i>1,801.8</i>	<i>1,975.1</i>	<i>1,699.0</i>
<i>Tax allocation fund</i>	<i>650.0</i>	<i>-</i>	<i>650.0</i>
<i>Long-term liabilities</i>	<i>259.5</i>	<i>-</i>	<i>-</i>
Accounts payable	234.9	617.3	820.7
Tax liabilities	0.0	182.6	53.9
Other current liabilities	401.9	428.0	265.4
<i>Total current liabilities</i>	<i>636.8</i>	<i>1,227.9</i>	<i>1,140.0</i>
Total shareholders' equity and liabilities	3,348.1	3,203.0	3,489.0



KEY CONSOLIDATED DATA

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenue, SEK M	823.4	1,666.1	1,509.3	3,157.3	6,638.3
Revenue change, %	-51	274	-52	440	129
Gross margin, %	36	49	39	49	48
Operating margin, %	9	41	9	41	39
Profit margin, %	4	33	6	32	31
EBITDA, SEK M	88.9	685.8	174.3	1,311.2	2,627.1
Return on equity, %	1	35	3	65	121
Cash flow from operating activities, SEK M	528.0	530.4	203.9	809.8	1,130.3
Equity/assets ratio, %	64	64	64	64	64
Investments, SEK M	-874.8	-30.1	-915.6	-56.9	-78.3
Average number of employees	374	224	358	204	237
Shareholders' equity per share, SEK					
- before dilution	7.34	6.22	7.34	6.22	7.11
- after dilution	7.34	6.13	7.34	6.12	7.09
Cash flow from operating activities/share, SEK					
- before dilution	1.68	1.65	0.65	2.52	3.56
- after dilution	1.68	1.63	0.65	2.49	3.52
Number of shares at period end, 000s ⁽¹⁾	313,967	320,007	313,967	320,007	313,097
Average number of shares, 000s					
- before dilution	313,967	322,023	313,967	321,016	317,726
- after dilution	313,967	324,408	313,967	324,942	321,408
Share price at period end	30.77	81.30	30.77	81.30	62.85

KEY CONSOLIDATED FIGURES FOR THE PAST NINE QUARTERS

SEK M	Apr-Jun 2017	Jan-Mar 2017	Okt-Dec 2016	Jul-Sep 2016	Apr-Jun 2016	Jan-Mar 2016	Okt-Dec 2015	Jul-Sep 2015	Apr-Jun 2015
Revenue, SEK M	823.4	685.9	1,618.7	1,862.3	1,666.1	1,491.2	1,351.5	964.0	445.2
Revenue increase, %	-51	-54	20	93	274	966	1,187	1,358	912
Gross margin, %	36	41	44	49	49	49	46	45	36
Operating margin, %	9	10	32	41	41	41	38	36	15
Profit margin, %	4	8	26	32	33	31	30	36	15
EBITDA, SEK M	88.9	85.4	535.8	779.7	685.8	625.6	534.8	354.1	80.0
Return on equity, %	1	2	25	41	35	33	44	64	21
Cash flow from operating activities, SEK M	528.0	-324.1	186.0	134.5	530.4	279.5	542.5	298.1	54.6
Equity/assets ratio, %	64	75	64	64	64	71	60	64	57
Investments, SEK M	-874.8	-40.8	-13.5	-7.9	-30.1	-26.8	-15.9	-3.6	-4.3
Average number of employees	374	339	293	259	224	179	140	121	110
Shareholders' equity per share, SEK									
- before dilution	7.34	7.26	7.11	5.68	6.22	5.18	3.63	2.36	1.19
- after dilution	7.34	7.26	7.09	5.60	6.13	5.14	3.54	2.28	1.11
Cash flow from operating activities, SEK									
- before dilution	1.68	-1.03	0.60	0.42	1.65	0.87	1.72	0.96	0.19
- after dilution	1.68	-1.03	0.59	0.42	1.63	0.86	1.68	0.93	0.17
Number of shares at period end, 000s	313,967	313,967	313,097	312,272	320,007	322,696	316,195	309,870	292,105
Share price at period end	30.77	36.14	62.85	100.50	81.30	94.40	118.20	61.80	35.70



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

	Jul-Jun 2016/17	Apr-Mar 2016/17	Jan-Dec 2016	Okt-Sep 2015/16	Jul-Juni 2015/16	Apr-Mar 2015/16	Jan-Dec 2015	Okt-Sep 2014/15	Jul-Jun 2014/15
Revenues, SEK M	4,990.3	5,833.0	6,638.3	6,371.1	5,472.8	4,251.8	2,900.6	1,654.1	756.3
Gross profit, SEK M	2,201.1	2,714.9	3,165.3	3,078.6	2,605.1	1,950.4	1,255.3	627.1	251.3
Gross margin, %	44	47	48	48	48	46	43	40	33
Operating result, SEK M	1,427.5	2,030.6	2,578.5	2,581.0	2,160.9	1,556.4	913.1	390.4	-27.1
Operating margin, %	29	35	39	41	39	37	31	22	-4
EBITDA, SEK M	1,490.0	2,086.9	2,627.1	2,625.8	2,200.2	1,594.6	963.8	429.0	30.6

ACCOUNTING POLICIES

This condensed interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting, and applying the provisions of the Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act, Chapter 9, Interim reports. The application of these accounting policies complies with what is presented in the Annual Report for the fiscal year ending December 31, 2016 and must be read together with the Annual Report. In addition to the financial statements and the associated notes, disclosures according to IAS 34.16A are also presented in other parts of the interim report. No new or revised IFRSs that have become effective in 2017 have had any significant impact on the Group. The European Securities and Markets Authority's "Guidelines – Alternative Performance Measures" are applied for measures that are not defined by the IFRS.

About Fingerprint Cards

Fingerprint Cards AB, Fingerprints, with its Swedish roots, is the leading global biometrics company, whose mission is to spearhead the development of biometric interaction that facilitates the convenience and integrity of the individual. Its value is proven daily by users in millions of devices, through billions of touches, who are their own key – quite simply, with a human touch.

Fingerprints develops biometric systems comprising sensors, algorithms, software and packaging technologies. The success is based on product development at the cutting edge of technology, which results in world-leading products in terms of security, convenience and performance. The current product range consists largely of fingerprint sensors and customers are primarily manufacturers of smartphones and tablets, where the company is market leading. As the use of biometric solutions increases, Fingerprints is working to broaden its offering by using different biometric techniques, or modalities, and to identify other market segments where the solutions can be used, such as smart cards, PCs, automotive and online devices (IoT).

The Fingerprints share is listed on Nasdaq Stockholm (FING B). The company has shown strong growth and sales totaled SEK 6,638 M in 2016, with an operating margin of 39 percent. Most of the more than 500 employees work in Sweden, but the company has offices worldwide, from Shanghai to Silicon Valley.

Vision

A secure and seamless universe, where you are the key to everything.

Mission

To provide safe and convenient identification and authentication with a human touch.

Business concept

Fingerprints develops and sells biometric solutions to companies globally that develop products and services interfacing with people.

Glossary available on the company's website:

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

Definitions

Most of these key figures are Alternative Performance Measures according to ESMA's definition. How these key figures are used is described below, as is how they are calculated. The alternative performance measures are used to provide a more comprehensive description of how the operational activities are developing, such as gross margin, gross profit, operating margin, EBITDA and revenue increase, while other alternative performance measures focus on the owner perspective, such as return on equity, and cases where certain balance-sheet items or cash flow



items are placed in relation to the number of shares. In addition, the equity/assets ratio is provided to describe the financial position and long-term financial sustainability.

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

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

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

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

Earnings per share Profit/loss for the period/average number of shares outstanding at period end.

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

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

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

Gross margin Gross profit as a percentage of net sales.

Gross profit Revenues less cost of goods sold.

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

Operating margin Operating profit as a percentage of revenues.

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

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

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

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

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

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



Shareholders' equity per share after dilution Shareholders' equity per share adjusted for the number of shares and the paid exercise price resulting from ongoing remuneration and personnel programs.

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