FINGERPRINT CARDS COMPANY PRESENTATION

NORDEA, MARCH 9 2017

FINGERPRINTS

Fingerprint Cards – the company in brief

- Growing and highly profitable
- Founded 1997 in Gothenburg, Sweden
- Public company listed on NASDAQ OMX
- +400 employees
  - HQ in Gothenburg, R&D in Sweden and Denmark
  - Subsidiaries in China, South Korea, Taiwan, US
- Financial highlights 2016 – 129% revenue growth
  - Revenues : 6,638 MSEK (2,900)
  - Gross Margin : 48% (43)
  - Operating margin : 39% (31)

Our core business – advanced biometric system solutions, both HW and SW
Market position – global market leader
Key focus areas – smartphones, tablets, PCs, smartcards, IoT, automotive

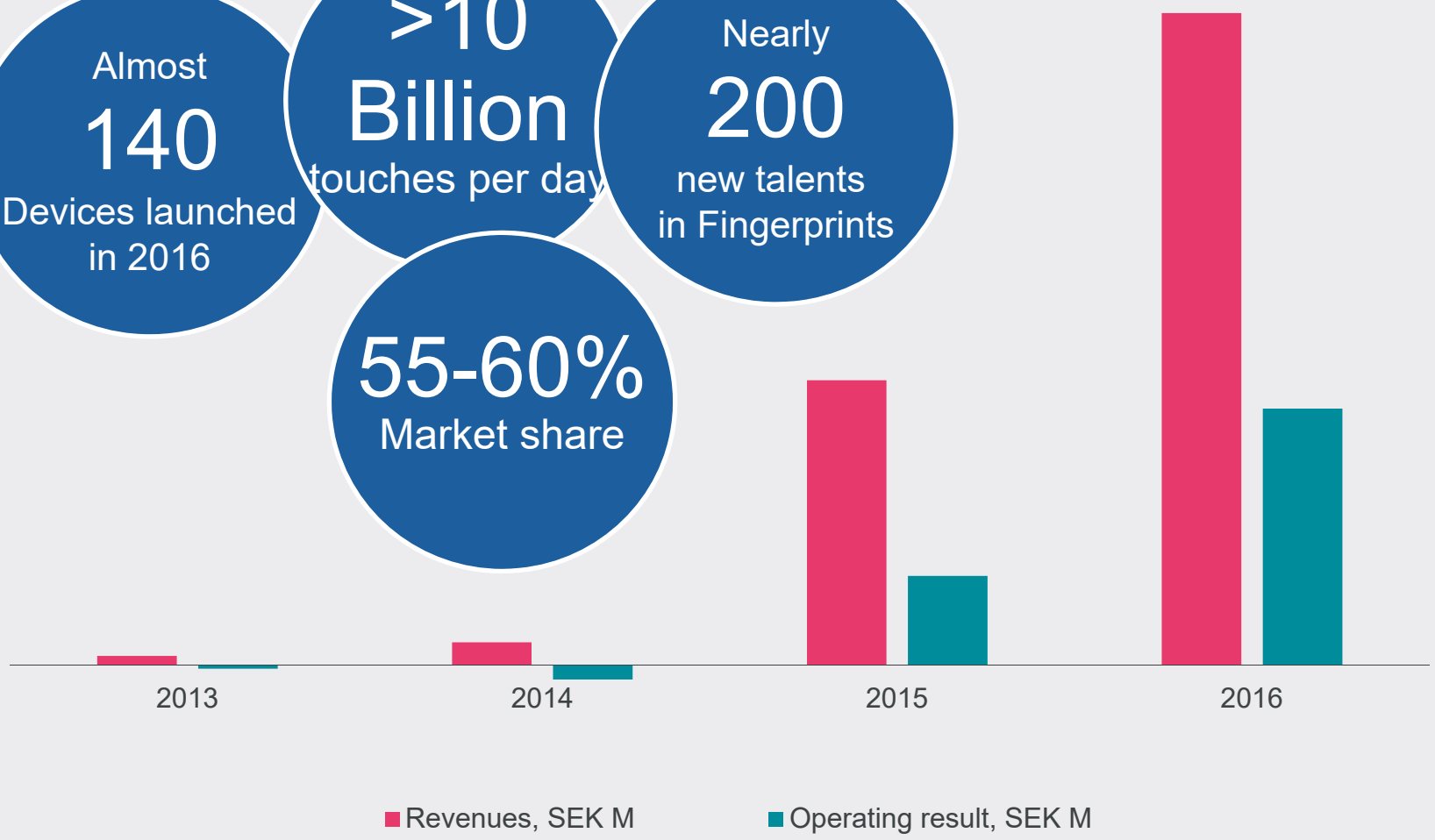
2016 at a glance

Almost
140
Devices launched
in 2016

>10
Billion
touches per day

Nearly
200
new talents
in Fingerprints

55-60%
Market share



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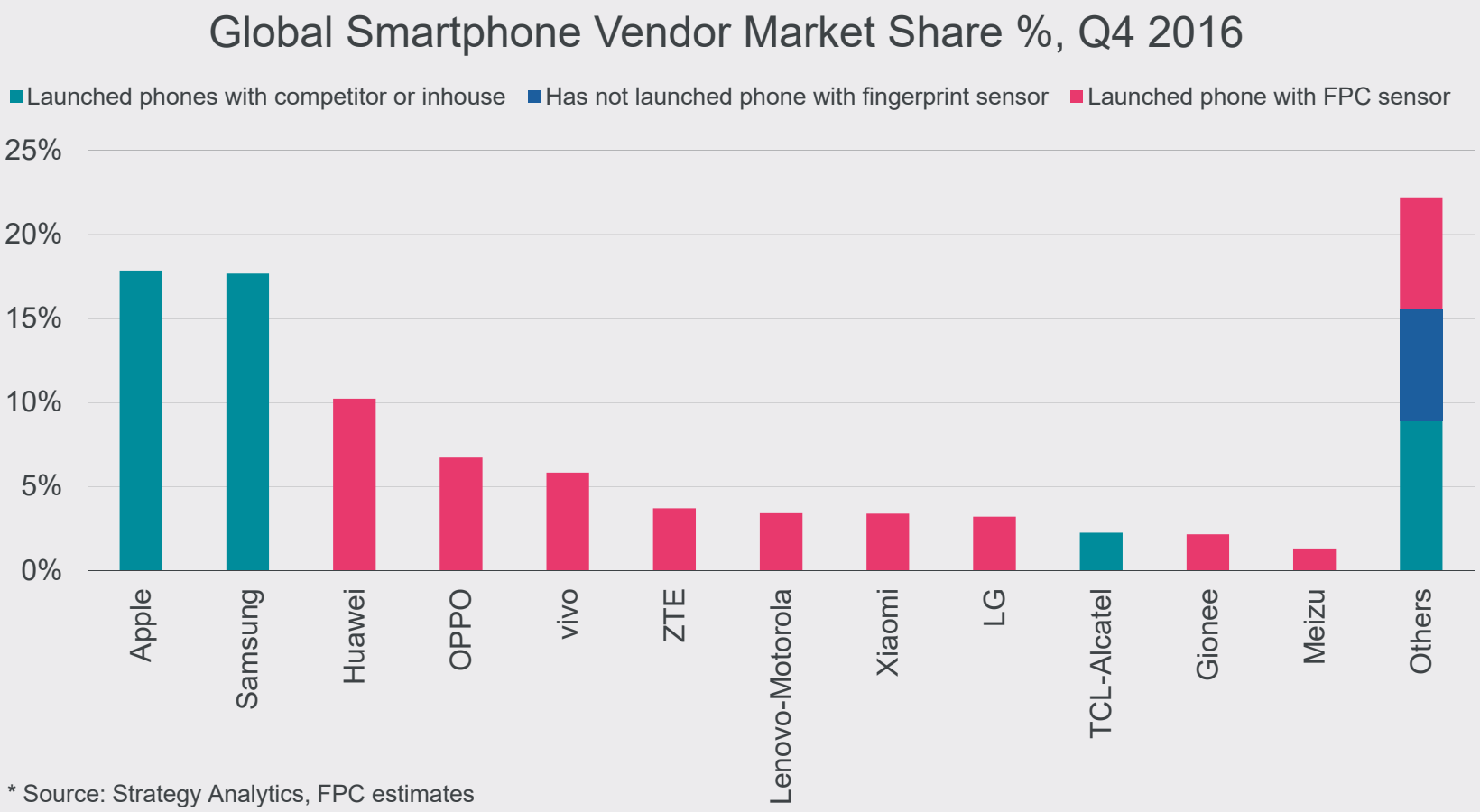
Solid Q4 2016 results

Revenues	Margins & profitability	Highlights
Revenues: MSEK 1 619 (1 352), an increase of 20% year over year	**Gross profit:** MSEK 715 (628) **Gross margin:** 44% (46%) **Operating profit:** MSEK 548 (518) **Operating margin:** 34% (38%) **EPS:** SEK 1,35 (1,28) before dilution	32 mobile devices with Fingerprints' sensors launched Huawei 9 with FPC1268 under glass Launch of Samsung PC Notebook 9 with FPC1025

Continued market leadership

Market share 2016 estimated to 55-60%



* Source: Strategy Analytics, FPC estimates

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Scalable and efficient business model for the mobile segment

Software customization and integration

HW design/customization support

Shipment of sensors

OEM/ODM

Industrial Design, integration, tuning and end-user experience

Module house

Packaging and module manufacturing

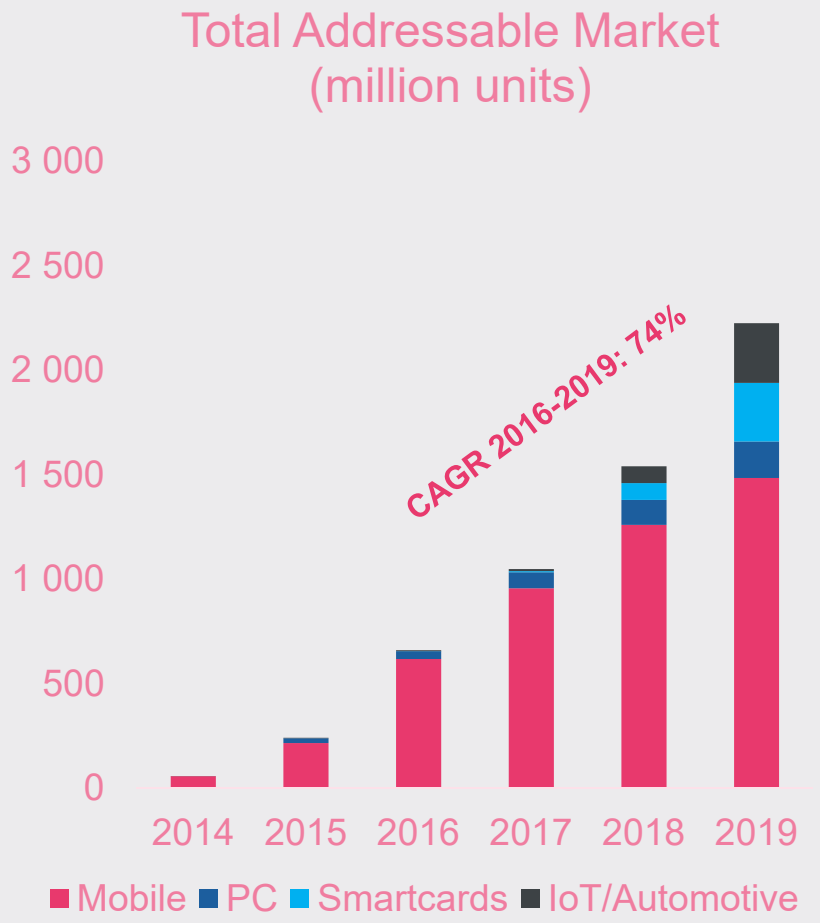
Distributor

Warehouse and Logistics

THE LONG TERM VIEW

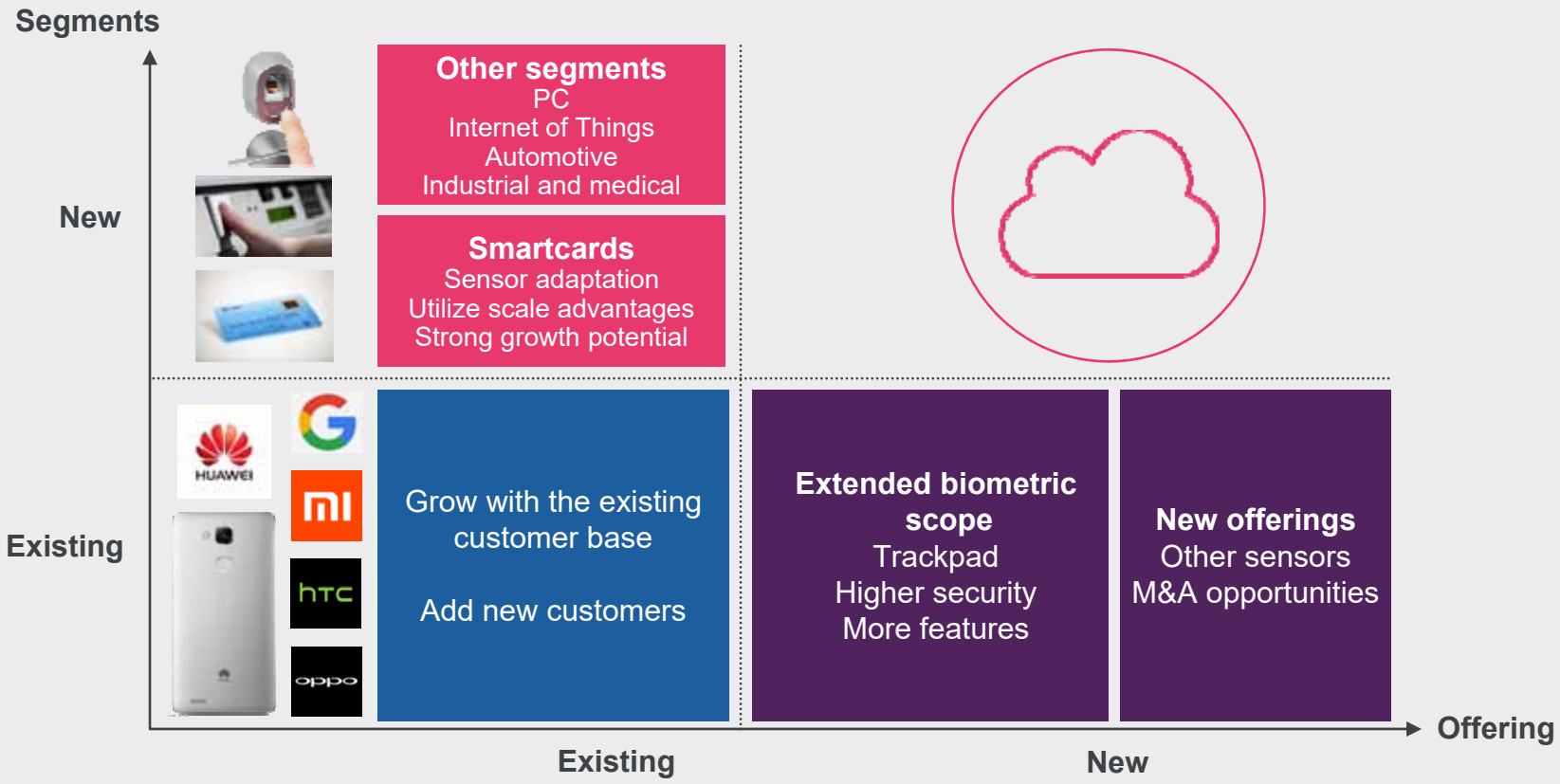
New segments expand fingerprint sensor market

- Continued strong market growth in smartphones
- The market for biometric smart cards is expected to expand rapidly in 2018
- Attractive growth opportunity in PC – low penetration rate



Source: Strategy Analytics, IHS, Fingerprint Cards estimates.
Total Addressable Market excludes Apple, includes all other OEMs and segments including swipe technology

Fingerprint Cards growth strategy



THE PERFECT MATCH

Fingerprint Cards acquires Delta ID

Delta ID is a perfect match for Fingerprints

Delta ID is a leading iris technology provider

- Focused on one thing only – iris recognition
- Leading technology and strong IP
- Proven technology – products are shipping

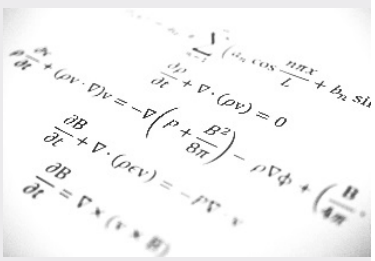
Customer and market synergies

- Focus on similar market segments such as smartphones, PC and automotive
- We both have a presence in Silicon Valley, California
- Delta ID has Samsung Mobile as customer
- Many of Fingerprints' customers have not yet chosen an iris recognition solution
- Delta ID's products are Aadhaar certified

Technical synergies

- Iris recognition and fingerprint recognition are complementary modalities
- Complementary skillsets that can be leveraged – e.g. Fingerprints in software and Delta ID in optical
- Delta ID has a proven cloud based solution
- We have similar methodology and expertise when it comes to algorithms

DELTA ID



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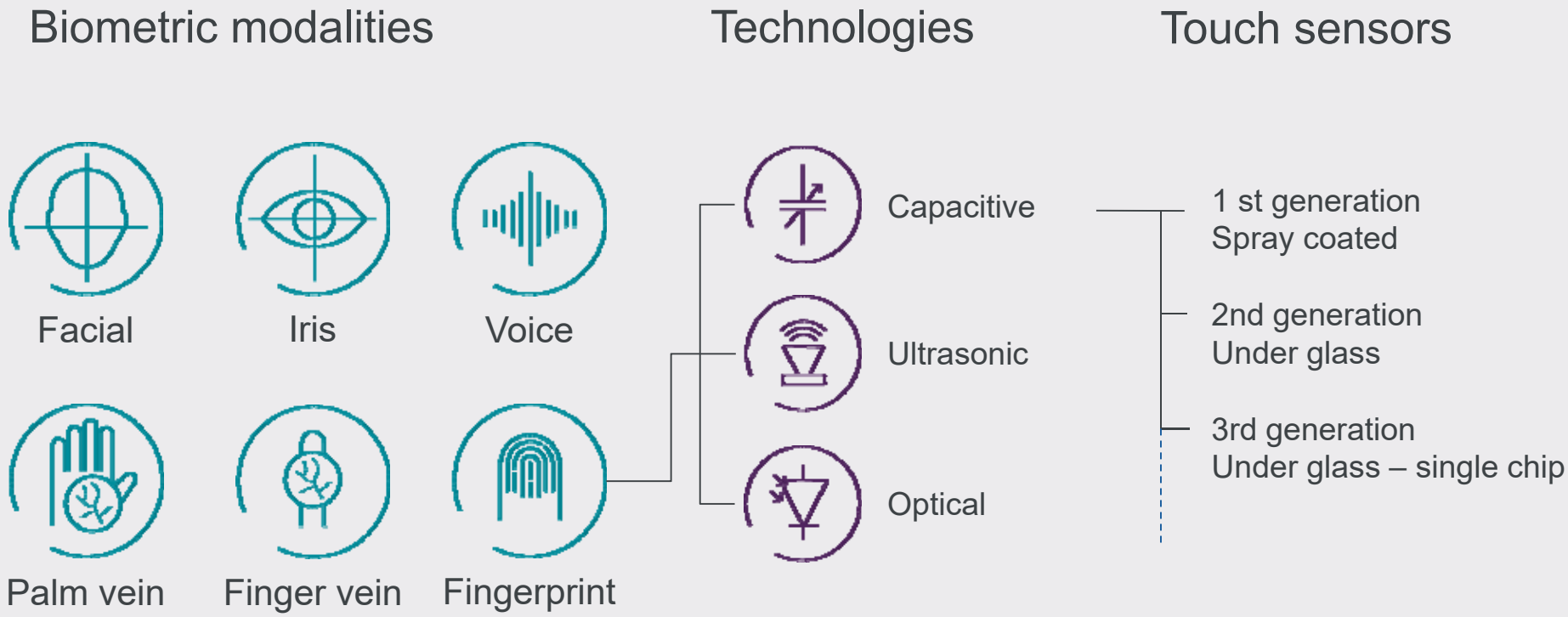
The big picture of biometrics



PRODUCTS AND TECHNOLOGY

Expanding portfolio for all segments

MOBILE

ENTRY | MID | PREMIUM

SMARTCARDS

PC & IoT/EMBEDDED

UNDER GLASS

CERAMICS

SPRAY COATING

FPC1268

FPC1235, FPC1245

FPC1035 FPC1155

FPC1028

FPC1025 FPC1145

Smartcard solutions

PC solutions

IoT solutions (FPC-BM)

Embedded solutions (FPC-BM)

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R&D Overview

- Strong growth in R&D over the last four years, from 20 to over 280 resources, while executing an accelerated development level.
- R&D sites now in Gothenburg x2, Malmö, Copenhagen, Linköping and Delft. R&D resources also in the Philippines, Korea, China, Taiwan.
- Educational level is continually very high, ~25% PhDs.
- Many members with long term experience in Fingerprints, and very low turn-over in staff.
- Much telecom experience.
- High dedication and collaborative spirit.





A broad IP portfolio

- >120 granted patents
- Increased innovation capacity and innovation speed
- Actively monitoring new patent applications and competing technology
- Capacity for running multiple technology projects in parallel
- Constant pipeline of new solutions

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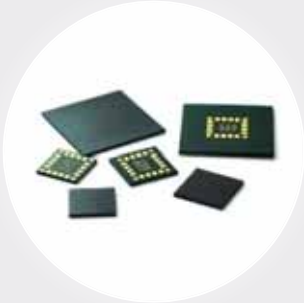
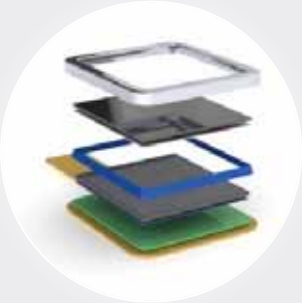
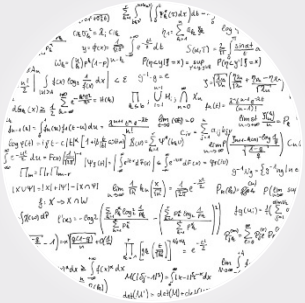
Unique System Knowledge



ASIC/SILICON
CHIP DEVELOPMENT



PACKAGING
EXPERTISE



BIOMETRIC
ALGORITHMS

SOFTWARE
DEVELOPMENT

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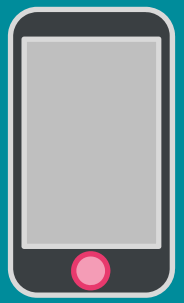
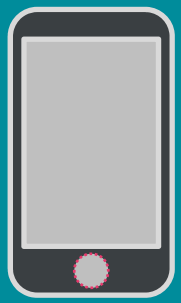
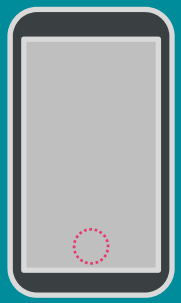
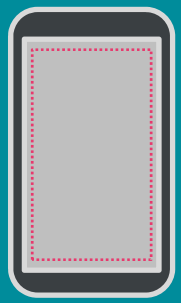
Performance enabled by our system offering

- FPC1268 is an example of technology enabled through our holistic system offering
  - New sensor and companion chip design
  - Novel packaging design
  - Significantly improved algorithm & SW solutions
  - Software and tuning tools for production
- Constantly driving improved performance and security

FINGERPRINTS

Under glass and in-display overview

Sensor under spray coated / ceramic / glass	Full cover glass stand-alone sensor	Dedicated area in-display sensor	Full size in-display Sensor
Cover glass with cavity	*Full cover glass thickness*	*Full cover glass in display*	*Full cover glass in display*
			
Capacitive			

The challenges

Two fundamental challenges must be solved

I

The sensing elements must be somehow integrated with the display

II

Displays are protected by a rather thick cover glass and the sensor must be able to read through it

A

No significant impact on the display image quality

B

Minimum power consumption increase

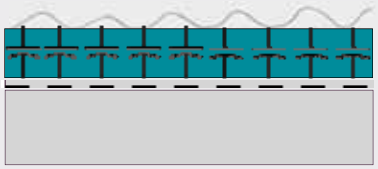
C

Ease of use with proper wake-up function

The capacitive challenge

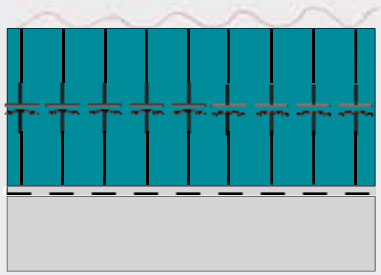
Thin cover capacitive FP sensor

- The ideal capacitive imaging holds



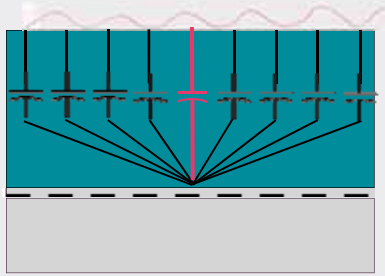
Thick cover capacitive FP sensor

- The **ideal** capacitive imaging does not hold



Thick cover capacitive FP sensor

- The **actual** capacitive imaging under thick glass



In an actual device, each pixel receives signals from neighboring areas. This effect gets exponentially stronger with thicker coating/glass.

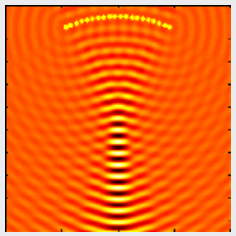
What is the root of the challenge?

Dynamic Field

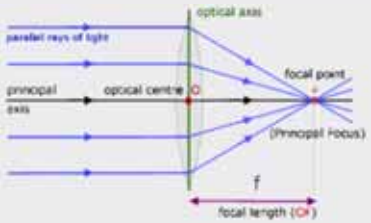
- propagating wave

Sound, Light

Sound



Light



Static Field

- No propagating wave

Electrostatics

Under glass and in-display overview

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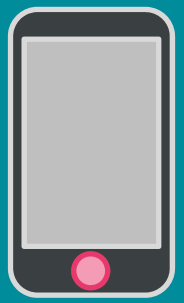
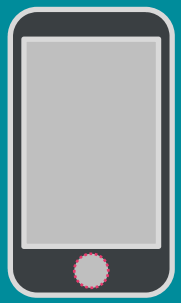
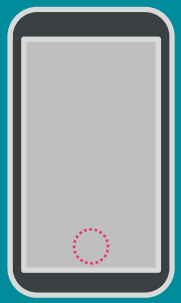
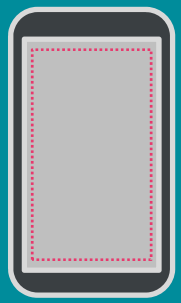
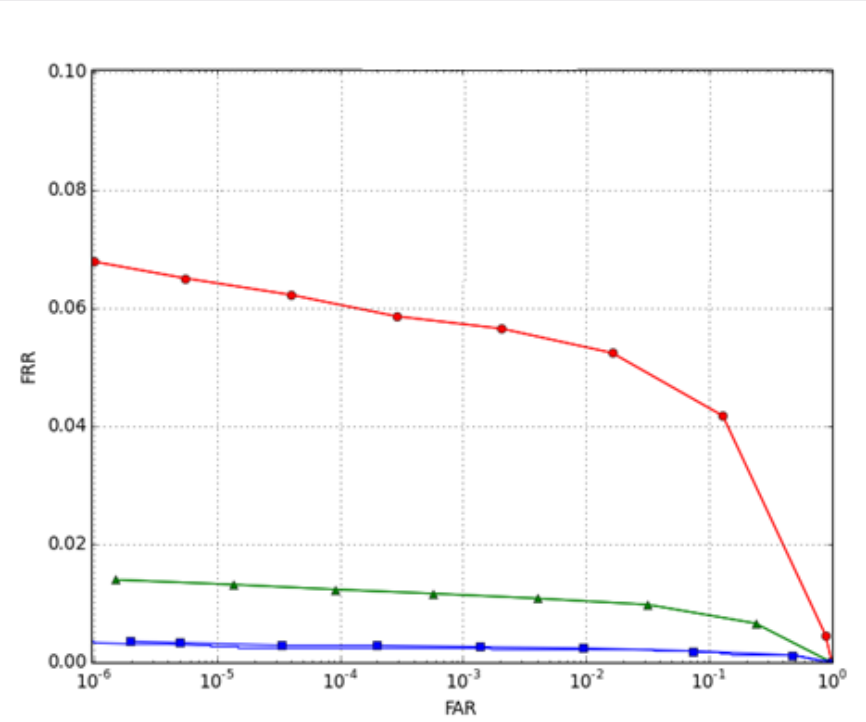
			
Capacitive			

Driving market leading biometric performance

- In-house algorithm and software optimized for smartphones
  - Improved security
  - Convenience for all finger types
  - Latency
  - Memory
- The FPC1028 – our smallest sensor
- Finger detect functionality and power consumption



FRR = False Rejection Rate – convenience level
FAR = False Acceptance Rate – security level

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Sensor systems dedicated to cards

- Success factors
  - Solid biometric performance embedded in the card
  - Low power consumption
  - Ultra-thin package
  - Card needs to be bendable
  - Resistant to scratches and everyday wear-and-tear
- Card applications
  - Targeted into FPC1320 and FPC1321
- High security and convenience
- The next generation system under development
  - Targeting an extremely low power consumption

Features creates differentiation

FPC OneTouch®

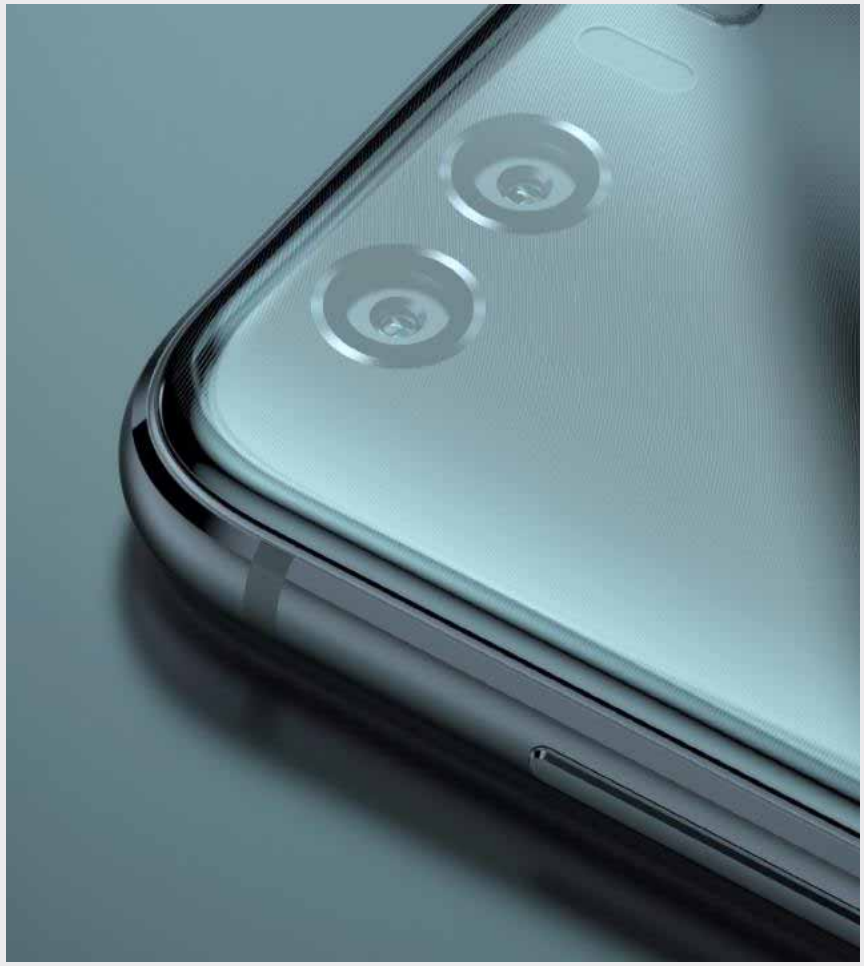
- Wake up your device with a single touch. No buttons or pins. Simply place your finger over the sensor for the fastest unlock you ever made

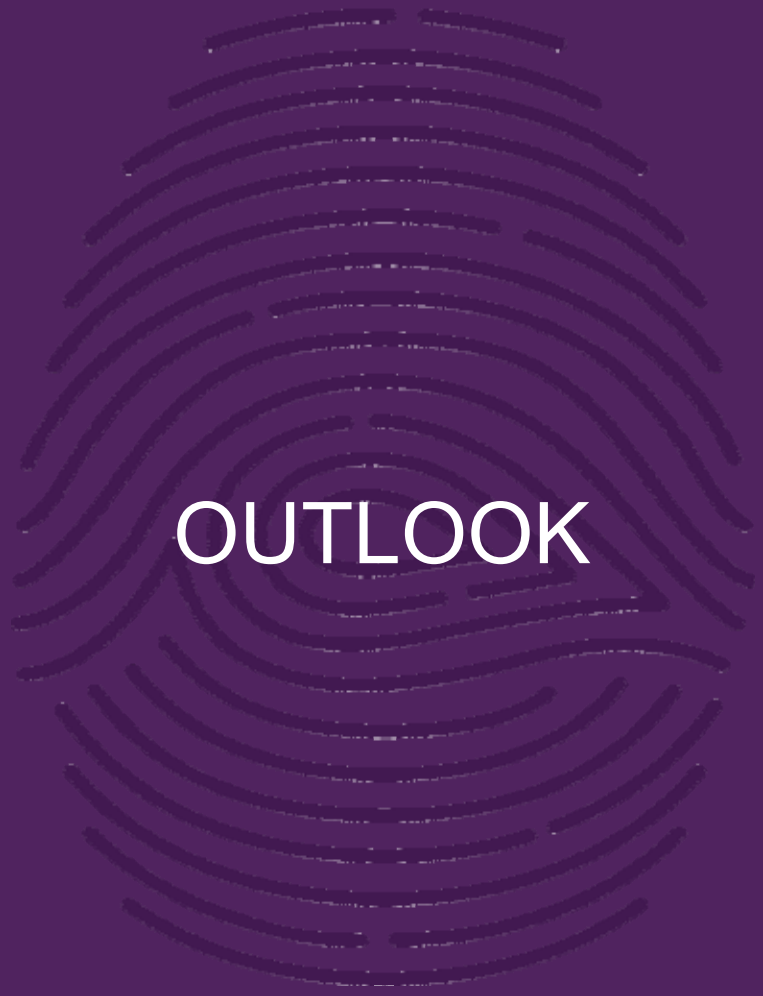
FPC SafeTouch®

- State of the art anti-spoofing solution with liveness detection with FPC algorithm which includes advanced Pattern Feature Extraction (PFE)

FPC MoveTouch®

- Navigate a rotating camera, scroll through webpages/documents, click to answer a call, or adjust the volume with the fingerprint sensor





OUTLOOK

2017 Guidance

2017 Guidance*	
Revenues 2017	SEK 7,500-9,500 million
Operating margin 2017	Operating margin estimated to at least 35%
Average SEK/USD rate	8.85 (applied to Q1-Q4)

* Guidance as of 8 Dec, 2017.

Long term financial targets – updated*

Moving three-year financial targets, now covering 2017-2019, with 2016 as the base. These targets are not to be considered as guidance, it's our long-term expectations for the company.

- **Growth:** Fingerprints Cards' objective is that its revenues will show an average annual growth rate of approximately 20% from 2017-2019
- **Profitability:** Fingerprints Cards' objective is to achieve an operating margin of between 30-35% in average during the period from 2017-2019
- **Capital structure:** Fingerprints Cards' objective is to have a strong balance sheet, normally with net cash assets. Surplus capital is to be returned to the shareholders through the buyback of own shares and/or dividends.

*Updated 8 Dec 2016

Maintaining leadership

- Market leadership
  - Almost 140 mobile devices launched in 2016 – nearly 200 in total
  - 55-60% market share in 2016
- Technology leadership
  - Increased investments in R&D
  - Continued focus on innovation and long term technical development
  - Partnerships with relevant industry leaders in prioritized segments
  - Complementary biometrics company acquired

Fingerprint mest innovativa svenska företaget

Av ADAM HILLERBRAND RUNE
Publicerad: 02 september 2016, 12:09

Antalet sökta patent per omsatt krona är högst i biometriföretaget Fingerprint Cards, visar en ny undersökning. Golvtillverkaren Välinge och transportutrustningsbolaget Thule kniper andra- respektive tredjeplatsen.

FINGERPRINTS


Q&A

THANK YOU!

Stay in touch & connect

E-mail: investrel@fingerprints.com
For more information, visit us at www.fingerprints.com

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