FINGERPRINT CARDS
COMPANY PRESENTATION
FEBRUARY 2017
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

Revenues, SEK M
Operating result, SEK M
BUSINESS UPDATE
Solid Q4 2016 results

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Margins &amp; profitability</th>
<th>Highlights</th>
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<tbody>
<tr>
<td><strong>Revenues:</strong> MSEK 1 619 (1 352), an increase of 20% year over year</td>
<td><strong>Gross profit:</strong> MSEK 715 (628)</td>
<td><strong>32 mobile devices with Fingerprint sensors launched</strong></td>
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<td><strong>Gross margin:</strong> 44% (46%)</td>
<td><strong>Huawei 9 with FPC1268 under glass</strong></td>
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<td><strong>Operating profit:</strong> MSEK 548 (518)</td>
<td><strong>Launch of Samsung PC Notebook 9 with FPC1025</strong></td>
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<td><strong>Operating margin:</strong> 34% (38%)</td>
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<td><strong>EPS:</strong> SEK 1,35 (1,28) before dilution</td>
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Market launches Q4 2016

Almost 140 devices launched during the year

32 mobile devices by 14 OEMs
- Huawei, Xiaomi, Lenovo and Oppo launched 20 smartphones with our sensors during the quarter
- Korean SK Telecom new customer
- Huawei 9 with FPC1268 under glass
- Google Pixel launched in the quarter

New segments
- Samsung PC Notebook 9 launched
- PC-offer presented at CES (in Q1)
- Smartcards prototypes at Money 2020
- Ultra thin 1300-series launched
- Partnership with Oberthur Technologies
Continued market leadership

Market share 2016 estimated to 55-60%

Global Smartphone Vendor Market Share %, Q4 2016

- Apple
- Samsung
- Huawei
- OPPO
- vivo
- ZTE
- Lenovo-Motorola
- Xiaomi
- LG
- TCL-Alcatel
- Gionee
- Meizu
- Others

* Source: Strategy Analytics, FPC estimates
Unique System Knowledge

- Biometric Algorithms
- ASIC/Silicon Chip Development
- Software Development
- Packaging Expertise
The big picture of biometrics

Biometric modalities
- Facial
- Iris
- Voice
- Palm vein
- Finger vein
- Fingerprint

Technologies
- Capacitive
- Ultrasonic
- Optical

Touch sensors
- 1st generation
  Spray coated
- 2nd generation
  Under glass
- 3rd generation
  Under glass – single chip
Expanding portfolio for all segments

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<tr>
<th>ENTRY</th>
<th>MID</th>
<th>PREMIUM</th>
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<tr>
<td>UNDER GLASS</td>
<td>MOBILE</td>
<td>SMARTCARDS</td>
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<td>CERAMICS</td>
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<td>SPRAY COATING</td>
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- **ENTRY**
  - UNDER GLASS:
  - CERAMICS:
  - SPRAY COATING:
- **MID**
  - UNDER GLASS:
  - CERAMICS:
  - SPRAY COATING:
  - MOBILE:
  - SMARTCARDS:
  - IoT/EMBEDDED:
- **PREMIUM**
  - UNDER GLASS:
  - CERAMICS:
  - SPRAY COATING:
  - MOBILE:
  - SMARTCARDS:
  - IoT/EMBEDDED:

- Smartcard solutions
- PC solutions
- IoT solutions (FPC-BM)
- Embedded solutions (FPC-BM)
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
Scalable and efficient business model for the mobile segment

- Hardware design/customization support
- Shipment of sensors
- Software customization and integration
- OEM/ODM: Industrial Design, integration, tuning and end-user experience
- Module house: Packaging and module manufacturing
- Distributor: Warehouse and Logistics
- Packaging and module manufacturing
- Module house
- OEM/ODM
- Software customization and integration
- Shipment of sensors
- Hardware design/customization support
Local engagement to leverage megatrends

Platforms, standards and security
- Google
- Microsoft
- EMVCo
- Fido Alliance
- GlobalPlatform
- Other

OEM opportunities

Standards
- Alipay
- UnionPay
- Fido Alliance

OEM opportunities

Other

Aadhaar
THE LONG TERM VIEW
Megatrends that affect us

- Biometrics
- Security and convenience
- Cloudification
- Online payment/banking
- Digitalization (IoT)
Only in the beginning of the biometric era

Source: Fingerprint Cards estimates on device shipments based on various industry sources.

*Size indication of card donut only representing smartcards.
15 B units represent both smart and "non-smart" cards not including SIM, phone or Pay-TV.
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

**Segments**

- **Existing**
  - Grow with the existing customer base
  - Add new customers

- **New**
  - Other segments
    - PC
    - Internet of Things
    - Automotive
    - Industrial and medical
  - Smartcards
    - Sensor adaptation
    - Utilize scale advantages
    - Strong growth potential

**Offering**

- **Existing**
  - Extended biometric scope
    - Trackpad
    - Higher security
    - More features

- **New**
  - New offerings
    - Other sensors
    - Trackpad
    - M&A opportunities
Strategy outline

Short term (2017)
- Defend and strengthen Fingerprint Cards position further in smartphones
- Enable the roll out and kick-starting the new segments
- Continue innovation and strong IP portfolio

Mid term (2017-2018)
- Fingerprint Cards as a biometric company with several modalities
- Strong SW and system capabilities
- Investment in new vertical – Smartcards, PC and embedded (IoT, Automotive)

Long term (2018+)
- Biometrics secure authentication and convenience everywhere
- Cloud and device in symbiosis
- Security as core in biometric offering
THE PERFECT MATCH

Fingerprint Cards acquires Delta ID
An acquisition in accordance with our strategy

- Fingerprint Cards ("Fingerprints") will remain the world leading biometric company
- Fingerprint Cards will expand into new technologies and new offerings
  - Multi-modal biometric solutions with iris and fingerprint recognition will increase security and convenience
- Cloud based solutions will become increasingly important
- We consider M&A to accelerate growth

The acquisition is subject to regulatory approvals and expected to close during spring 2017
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
OUTLOOK
2017 Guidance

<table>
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<th>2017 Guidance*</th>
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<tr>
<td><strong>Revenues 2017</strong></td>
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<tr>
<td><strong>Operating margin 2017</strong></td>
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<td><strong>Average SEK/USD rate</strong></td>
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* 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
Summary

- We are in a growing market
- We are the market leader
- We are investing in innovation
- We run a scalable and efficient operation
THANK YOU!

Stay in touch & connect

E-mail: investrel@fingerprints.com
For more information, visit us at www.fingerprints.com
APPENDIX SLIDES
2016 FINANCIAL RESULTS
2016 financial performance

REVENUES, OPERATING PROFIT AND GROSS MARGIN, QUARTERS

- Revenues, SEK M
- Operating profit/loss, SEK M
- Gross margin, %

Year:
- 2015 Jan-Mar
- 2015 Apr-Jun
- 2015 Jul-Sep
- 2015 Okt-Dec
- 2016 Jan-Mar
- 2016 Apr-Jun
- 2016 Jul-Sep
- 2016 Okt-Dec
Investing for future growth

Operating expenses, MSEK, and in relation to revenues

- 2016 Oct-Dec: 12.4%
  - Selling costs
  - Administrative costs
  - Development costs

- 2015 Oct-Dec: 7.6%
  - Selling costs
  - Administrative costs
  - Development costs

- 2016 Jan-Dec: 9.0%
  - Selling costs
  - Administrative costs
  - Development costs

- 2015 Jan-Dec: 11.8%
  - Selling costs
  - Administrative costs
  - Development costs
Strong profitability in 2016

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<tbody>
<tr>
<td>Operating profit, SEK M</td>
<td>547,6</td>
<td>517,6</td>
<td>2613,1</td>
<td>910,3</td>
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<tr>
<td>Operating margin, %</td>
<td>34</td>
<td>38</td>
<td>39</td>
<td>31</td>
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<tr>
<td>EPS, SEK</td>
<td>1,35</td>
<td>1,28</td>
<td>6,50</td>
<td>2,52</td>
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Working capital development

*Average working capital excluding net cash over 5 quarters/rolling 12 months sales
Cash flow and net cash trend

CASH AND CASH EQUIVALENTS AND CASH FLOW, MSEK

- Cash and cash equivalents
- Cash flow from operating activities

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Legend: Cash and cash equivalents in dark purple, cash flow from operating activities in red.
Q4 Cash flow bridge
Volume and revenue ramp up

- Design Win
- Project start
- First order/Samples
- First Shipments
- Phone Launch

Pre-sales/Integration ➔ Launch support ➔ High volume

Quarterly Revenue (schematic)

Q1 2016 ➔ Q2 2016 ➔ Q3 2016 ➔ Q4 2016 ➔ Q1 2017 ➔ Q2 2017

Volume and revenue ramp up

Schematic illustration

39
Revenue growth from launched devices

# of mobile devices launched (accumulated)

Revenue generated by launches in 2015

Revenue generated by launches in 2016

Q4 2015: 57
Q1 2016: 83
Q2 2016: 125
Q3 2016: 161
Q4 2016: 190
Q1 2017: 190
Superior 3D image quality and biometric performance

- 19 years of experience in touch fingerprint sensors results in leading image quality
- The combination of 3D image quality and world class algorithm enables state of the art performance
Market-leading biometric performance

- Very high security
  - Against false accepts, spoofs
- Very high convenience
  - False rejects, enroll user experience
- Very low latency
- Very small sensors
  - Cost advantage

- False Acceptance Rate – security level
- False Rejection Rate – convenience level
A self-learning and irreversible algorithm

- Delivering leading performance and convenience without compromising security

- Industry’s fastest response time, from touch to identification (on average 0.2 sec)
- Adaptive learning algorithm that improves response time on every touch
- State-of-the-art security ratings (FRR $\leq$ 2% @ 1/100 000 FAR)
- Fast and seamless enrollment (from 6 touches)
- The FPC algorithm and SW runs in the application processor of the phone
- Trusted Execution Environment (TEE) is used to safeguard the user’s private information
- FPC supports all relevant platforms
Our touchdowns in history
– 18 years of technological advancements

80's
- Fingerprints Cards founded

97
- Bo Ljöfberg's first patent

98
- First fingerprint sensor for mobile

99
- Share gets listed on Nasdaq OMX Stockholm

01
- Lintex transferred to Nasdaq OMX Stockholm

02
- Texas Instruments with Fingerprint technology

03
- Motorola cooperation on biometric reference system

04
- Bank card prototype with swipe sensor technology

05
- We are awarded "Best Product Line Strategy"

06
- We launch the world's smallest sensor for mobiles

07
- We integrate authentication in secure Elements for mobile payments

08
- Huawei Mate 7 first phone with our touch sensor

09
- Our sales +114% p/y

10
- We get listed on Nasdaq OMX Large Cap list

11
- Winner of the I.P. Innovation Superstar award

12
- We are in more than 100 models of smartphones

13
- World's first touch fingerprint sensor for Android & Windows

14
- Fujitsu & Kionix launches sensors with our swipe sensors

15
- We partner up with Swype for Biometric cards

16
- Low power A810 processor launched

Volvo Safety Concept Car uses our technology
Fingerprint in CCTV-vehicles
First order of our area sensors, for Chinese Banks