

FINGERPRINT CARDS

Q3 2022

OCTOBER 19, 2022



FINGERPRINTS

Q3 2022 Summary

Revenues	Margins & profitability	Highlights
<ul style="list-style-type: none">Revenues in Q3 2022: SEK 143 M (354), a 60% decrease year-over-year (71% decrease in constant currency terms)	<ul style="list-style-type: none">Gross profit: SEK 18 M (101)Gross Margin: 12% (29)EBITDA: SEK -38 M (32)EBITDA margin: -27% (9%)Operating profit: SEK -60 M (11);Operating margin: -42% (3)Operating Cash Flow: SEK -112 M (-46)Net Profit: SEK -51 M (12)Cash position*: SEK 71 M (121)	<ul style="list-style-type: none">Lockdowns in China had a significant impact on revenue and our working capital positionTo improve the company's working capital position, we have issued SEK 75m in hybrid equity and resolved on a fully guaranteed SEK 300m rights issueNew segments outside of capacitive sensors for Mobile continue to grow and are expected to account for approximately 30% of Fingerprints' revenues by year-end 2022 and 45% by year-end 2023

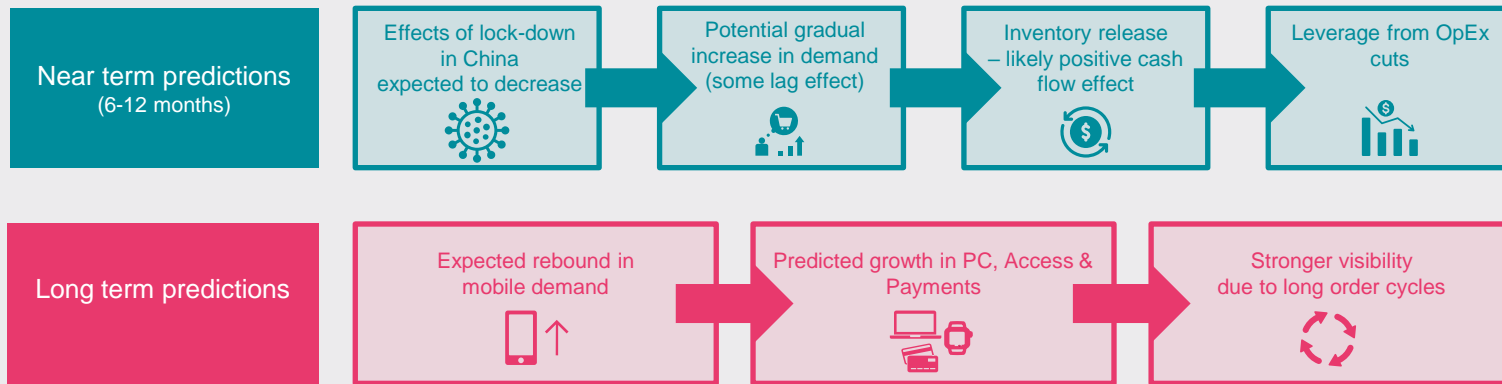


BUSINESS UPDATE

The Board has resolved on a fully guaranteed SEK 300 million rights issue

- ⊗ Fully guaranteed SEK 300m rights issue
- ⊗ Set-off issue of B-shares to repay SEK 75m in outstanding hybrid equity instruments
- ⊗ Subject to approval by the EGM on November 2, 2022
- ⊗ The purpose is to improve Fingerprints' working capital position and to cure a forecasted breach against the maintenance test covenant pursuant to the terms and conditions of the outstanding bond

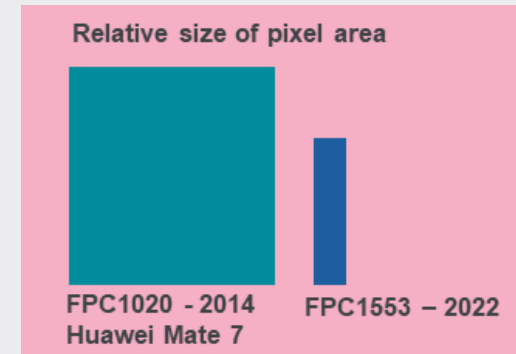
What lies ahead?



- ⦿ The Covid-19 restrictions in China will eventually come to an end
- ⦿ We foresee a return to the historical demand for mobile phones and continued growth in the PC, Access and Payments segments
- ⦿ We have better visibility into the production cycle over the long term
- ⦿ Cost savings program to reduce 20% of operating costs will have full effect Q4 2022

First devices launched with FPC1553

- ⦿ First devices launched with FPC1553, our third-generation slim, side-mounted capacitive touch sensor
- ⦿ Even smaller than its predecessors, supporting easier integration
- ⦿ Introduction of a new foundry and second source supplier



Vivo Y77



Moto g32

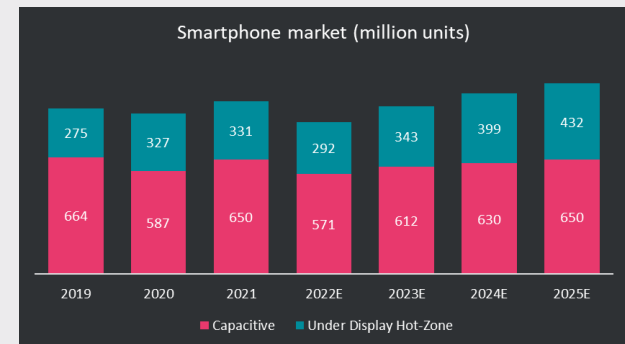


Honor X40i

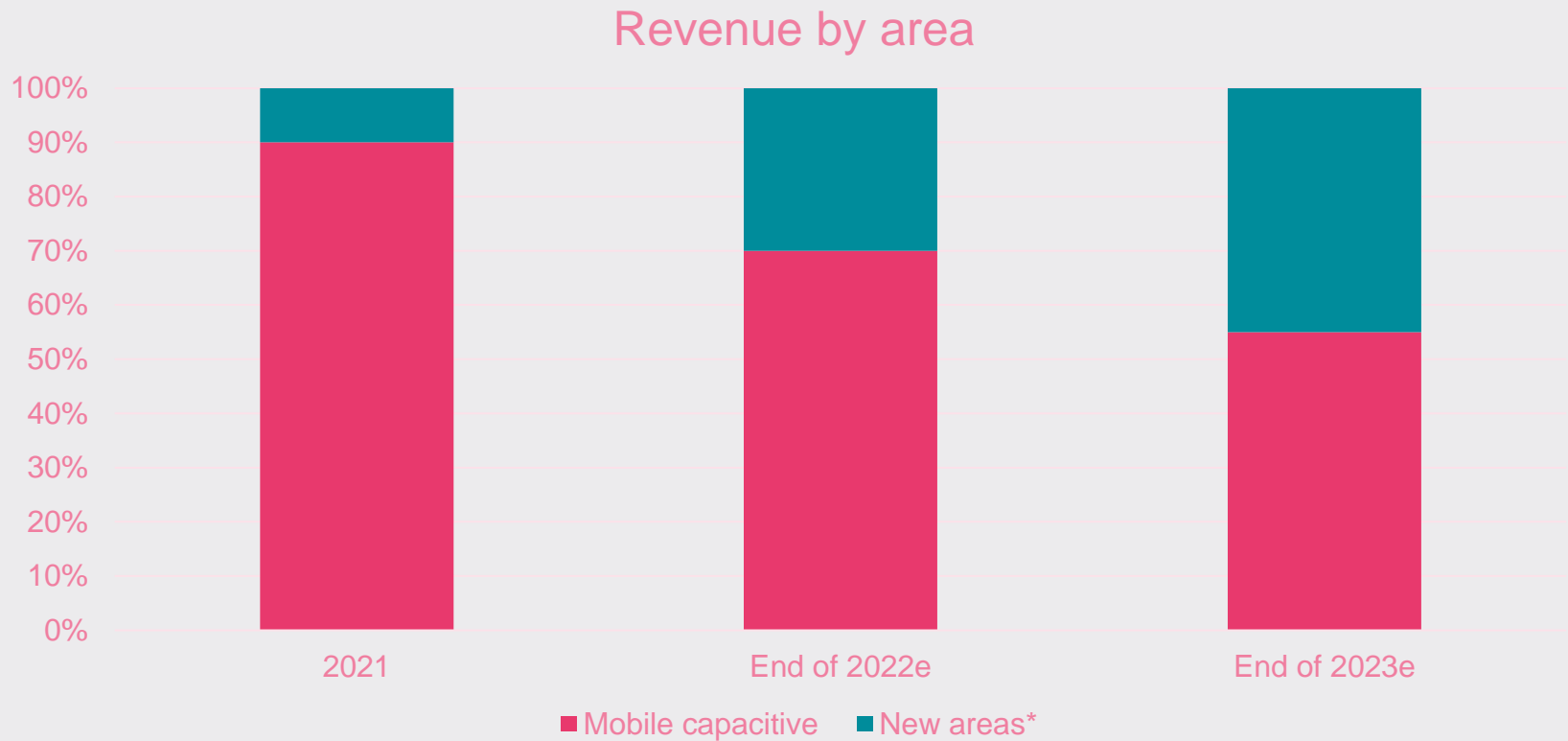


Entry into under-display market expands our addressable market

- ① First design win for FPC 1632 received last quarter from major Asian OEM, following successful qualification tests earlier this year
- ① Camera-based solution to capture fingerprint images through the OLED display
- ① Allowing users to unlock the phone, open an app, or authenticate a mobile payment by placing their finger directly on the display
- ① Expect first volume shipments in Q4 2022

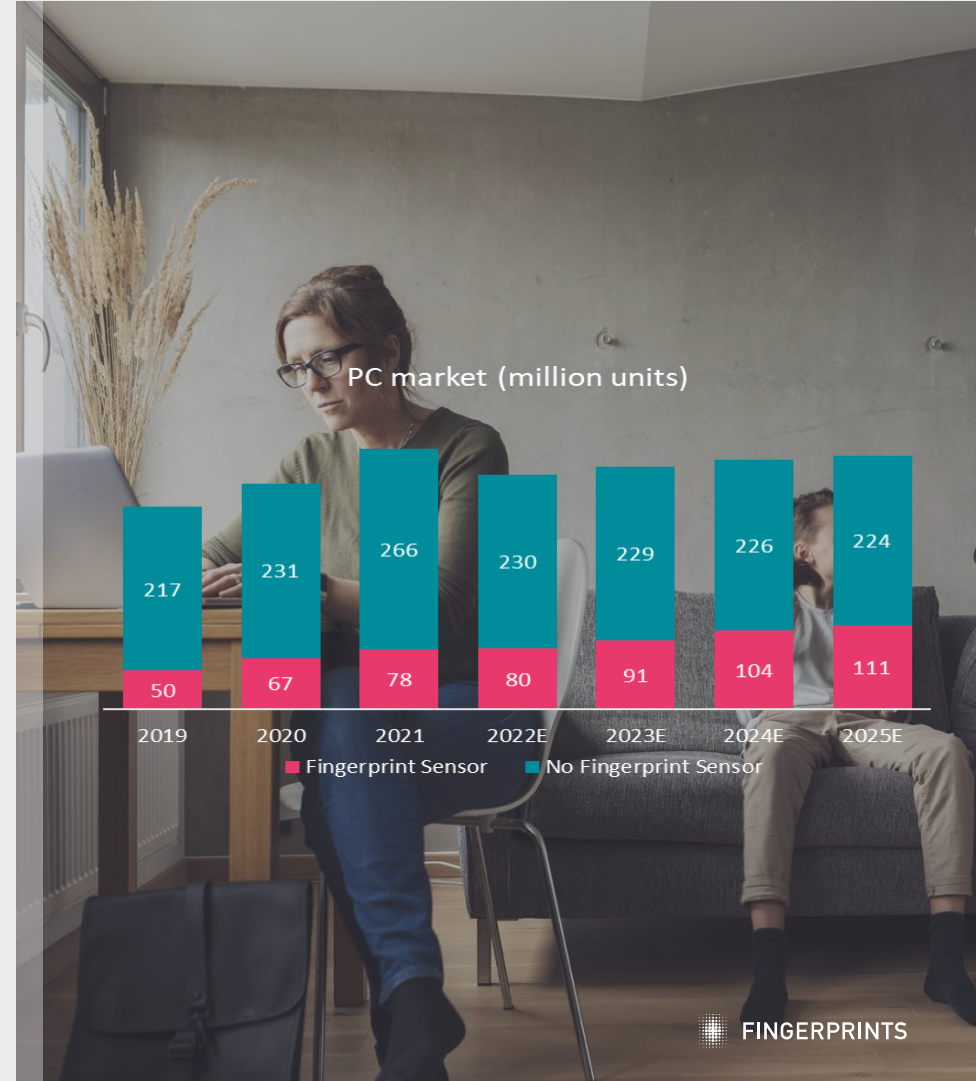


Revenue streams are diversifying to new areas



PC market

- The Dynabook Satellite C30-K laptop is the first commercial product that integrates Fingerprints' Match-on-Chip solution, which was added to Microsoft's approved vendor list (AVL) for Windows Hello Enhanced Sign-in Security earlier this year
- Four out of the world's six largest PC OEMs are already using our technology in their products
- We expect penetration of fingerprint sensors in computers to continue increasing



Source: Company estimates, OMDIA

Increased penetration of biometric solutions for Access & IoT

- ⌚ Increased requirements on security and efficiency increases the penetration of biometric solutions for Access & IoT
- ⌚ Fingerprints is the global #1 fingerprint sensor supplier for the consumer IoT segment
- ⌚ Fingerprints' technology in 100+ different access applications and devices
- ⌚ Increased interest in biometric access cards and security keys, now that the same key can be used to facilitate uniform, secure access to PCs and systems, as well as to physical spaces



Source: ABI Research 2021 (excluding Surveillance Cameras as well as the Government & Security Segment)

Biometric card deployments

Bank of Cyprus 

1st contactless biometric payment card in the world with

VISA

areeba

1st contactless biometric payment card in the Middle-East with

VISA

RBS  NatWest 
The Royal Bank of Scotland

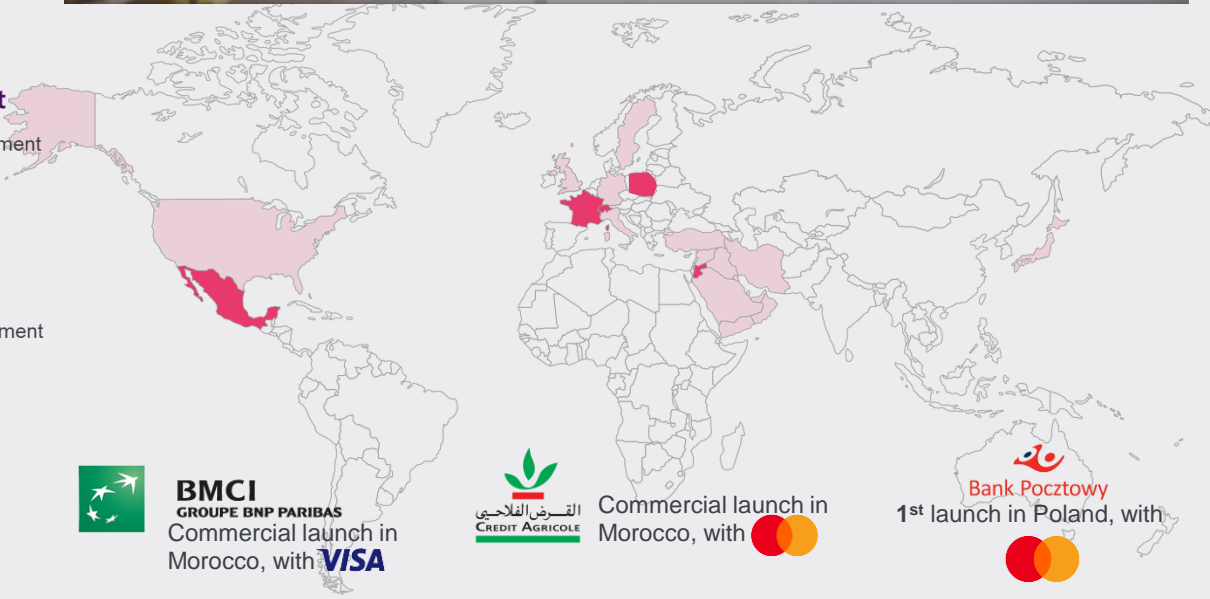
1st contactless biometric payment card in the UK with

VISA 

INTESA  SANPAOLO 

1st contactless biometric payment card with

 mastercard



BMCI
GROUPE BNP PARIBAS
Commercial launch in Morocco, with **VISA**



القرى الفلاحي
CREDIT AGRICOLE
Commercial launch in Morocco, with 


Bank Pocztowy
1st launch in Poland, with 

corner

1st commercial launch in Europe, with **VISA**



BNP PARIBAS

1st larger commercial launch in France

VISA



2nd commercial launch in France, and 1st with



BBVA

1st commercial launch in Mexico, with **VISA**

البنك الأردني الكويتي
JORDAN KUWAIT BANK 

1st commercial launch in MEA

Additional biometric card launches expected in Q4 2022

- ③ Two more European banks are preparing commercial launches with Fingerprints' technology, as well as two more banks in the Middle East
 - ③ Total number of launches with Fingerprints' technology expected to reach 12 during Q4
- ③ Very good consumer feedback from recent launches
- ③ Focus on simplifying the enrolment process, accelerating deployment
- ③ Banks in Morocco will start to issue biometric cards to their premium customers automatically, at no extra cost

Key focus areas going forward

SECURE ADDITIONAL CAPITAL AND HEALTHY CASH FLOWS



- ⦿ Execute fully guaranteed rights issue
- ⦿ Implement the cost savings program
- ⦿ Net working capital improvements on inventory

INCREASE GROSS MARGIN AND TURN TO PROFITABLY



- ⦿ Scale on the well-invested R&D portfolio and organisation to drive profitability
- ⦿ Strive to maintain a sustainable gross margin around 30%
- ⦿ Focus on sales growth to enable the substantial financial and operational leverage inherent in the business model to generate significant long-term profitability through economies of scale

CONTINUE TO DIVERSIFY THE REVENUE STREAMS



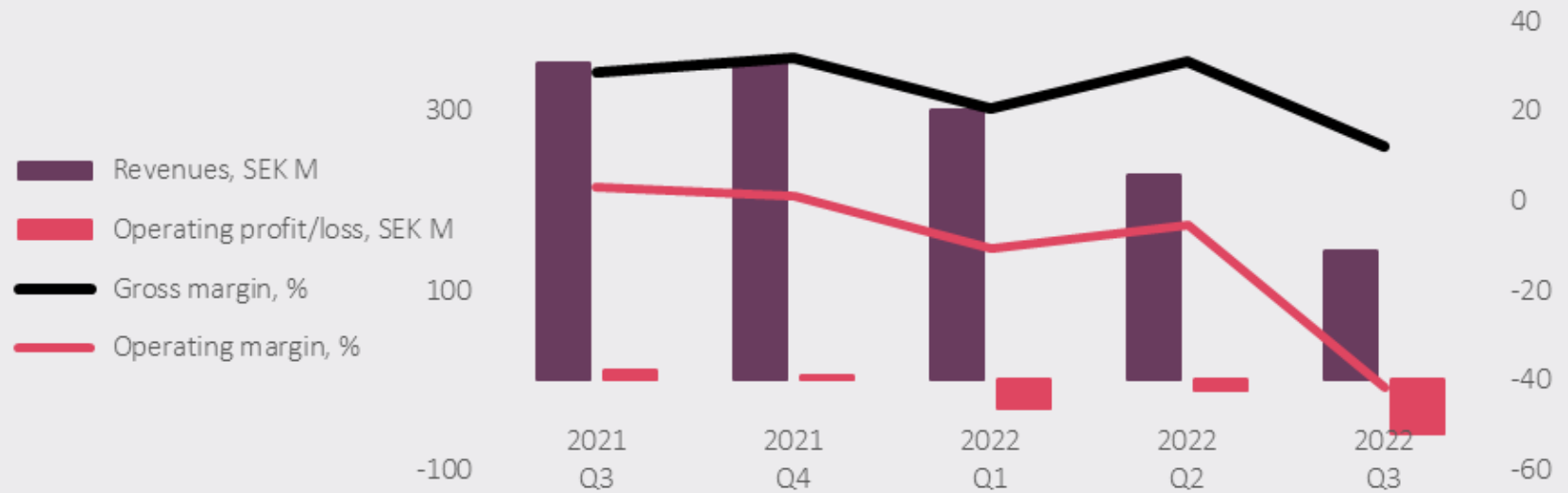
- ⦿ Continue to strengthen the core offering in Mobile capacitive, while driving cost efficiencies
- ⦿ Our entry into under-display is significantly expanding our addressable market – we expect further design wins and anticipate that under-display sensors will make a sizeable contribution to our revenue from next year
- ⦿ Continue to expand our business in PC and Access while continuing to drive the emerging Payments market
- ⦿ Continue expanding supplier base

A large, faint fingerprint graphic is centered in the background of the slide. The lines of the fingerprint are a slightly darker shade of teal than the background, creating a subtle watermark effect.

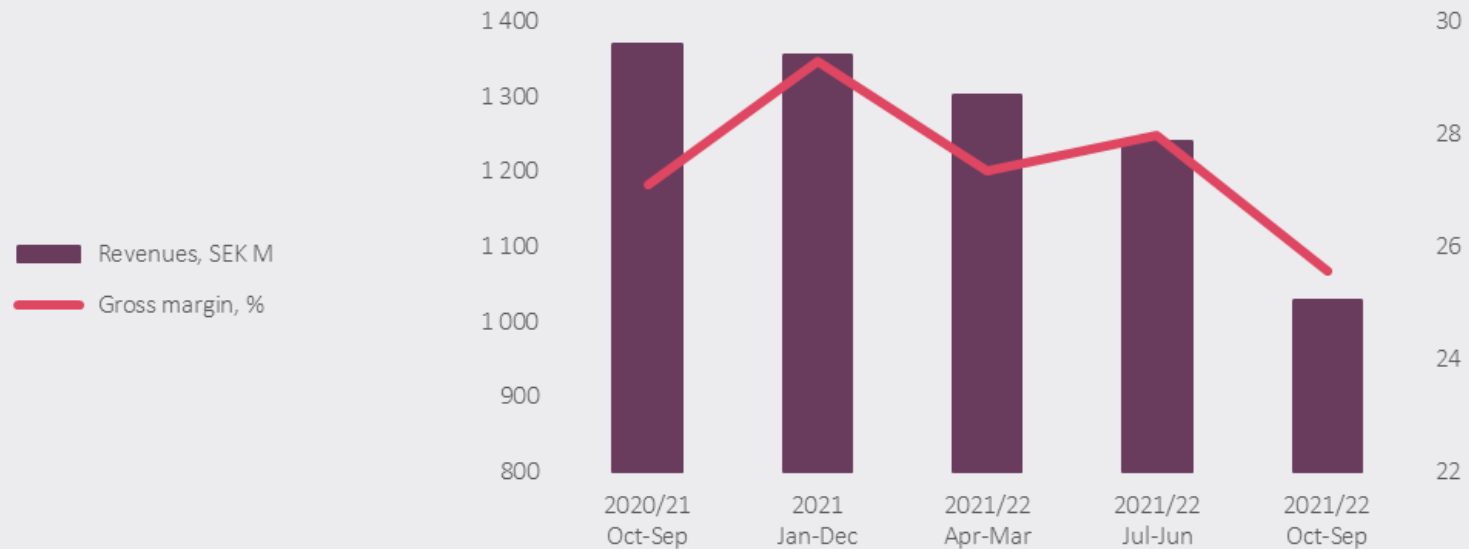
Q3 2022 FINANCIAL RESULTS

Q3 2022 financial performance

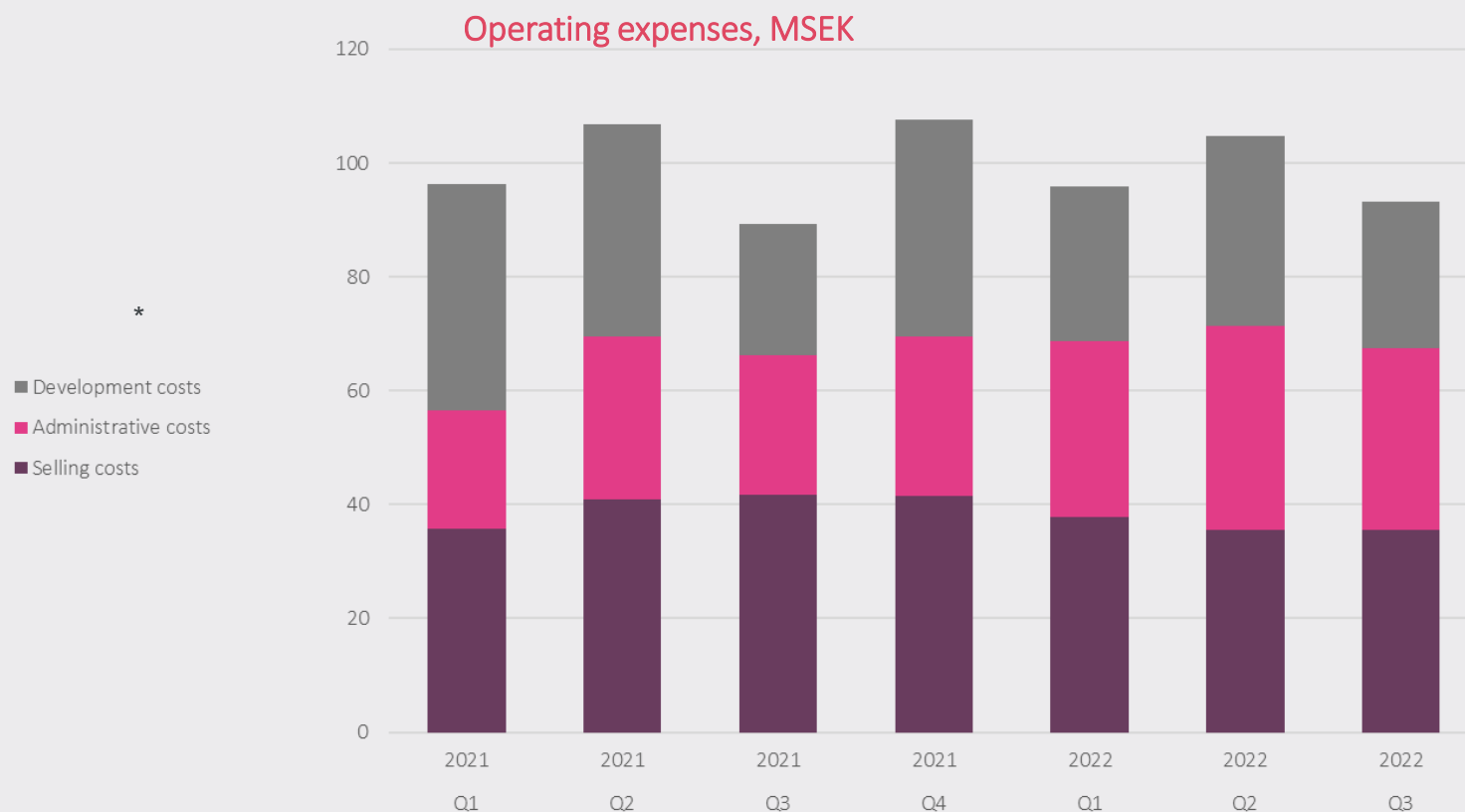
Revenues, Operating profit/loss, Gross margin and Operating margin, quarters.



Revenue and gross margin, rolling 12 months

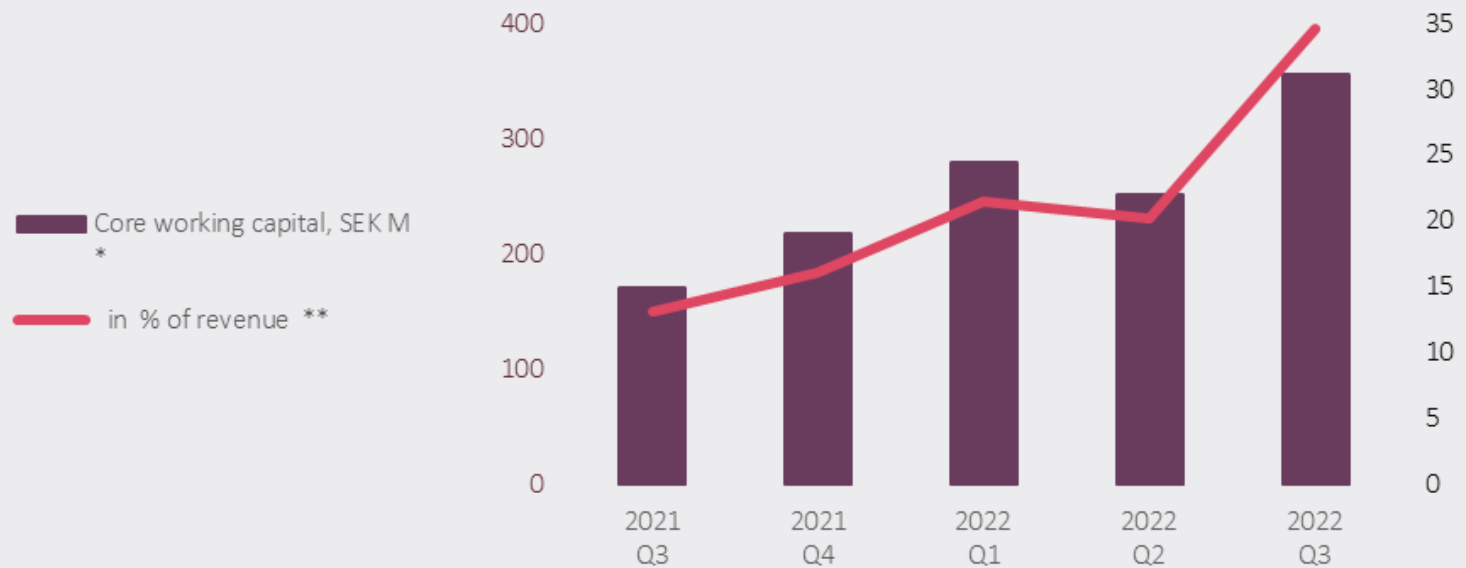


Operating expense development



* 52 percent of total development costs were capitalized in Q3 2022, compared to 53 percent in the corresponding quarter of 2021.

Core working capital development

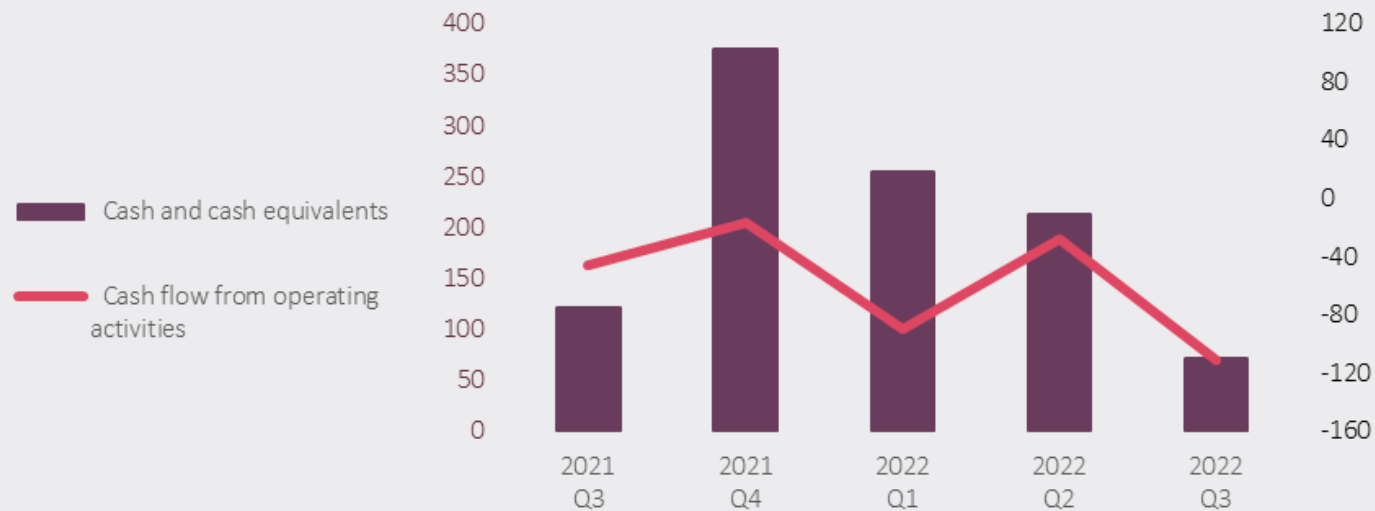


* Accounts receivable + Inventory – Accounts payable

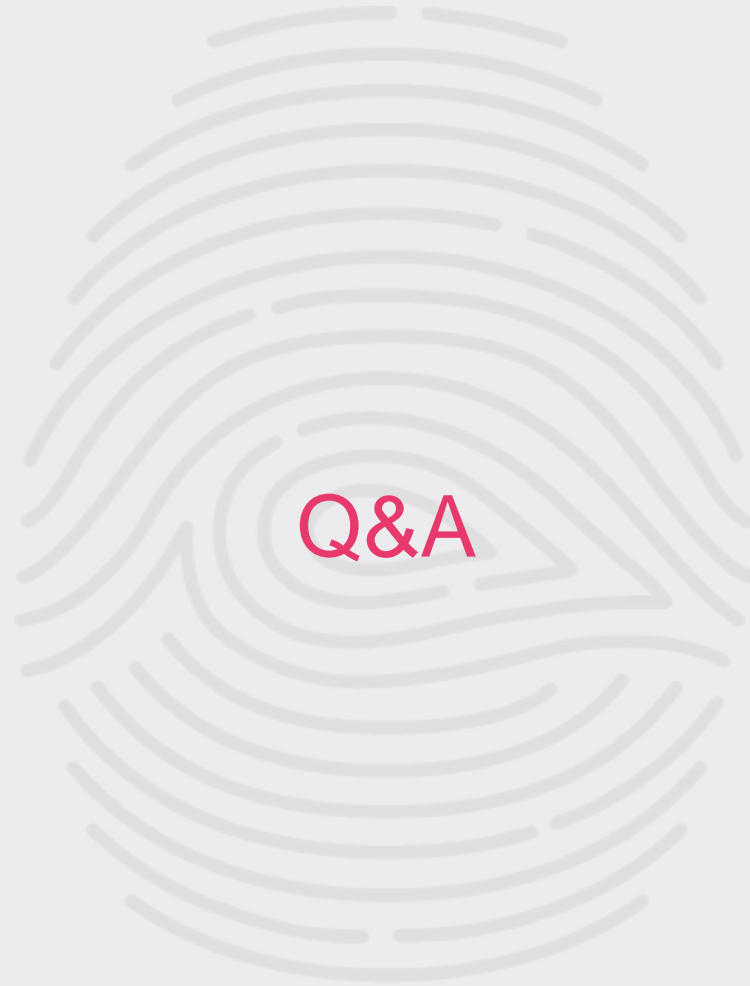
** Rolling 12-month revenue

Cash flow and net cash trend

Cash and cash equivalents and cash flow, MSEK



- During 2021, shares were bought back for SEK 225.4 million
- In December 2021, FPC issued SEK 300 million in senior secured bonds



Links to additional information

- ① Financial reports and presentations: <https://www.fingerprints.com/investors/reports-presentations/>
- ① Press releases: <https://www.fingerprints.com/newsroom/press-releases/>
- ① News items: <https://www.fingerprints.com/newsroom/news-stories/>
- ① Blog: <https://www.fingerprints.com/blog/>
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THANK YOU!



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