

## 2012 was weak in terms of earnings, but laid the foundation for 2013 as a global breakthrough year for FPC's technology and biometrics solutions

Fingerprint Cards AB (publ), Corp. Reg. No. 556154-2381, (FPC),  
Fourth quarter 2012:

- Sales totaled SEK 1.9 M (18.6).
- According to the *new* calculation method, a gross loss of SEK 1.5 M (profit: 9.0) was reported.
- According to the *former* calculation method, gross profit of SEK 1.8 M (9.6) would have been reported.
- The loss after financial items amounted to SEK 9.8 M (profit: 5.7).
- According to the *new* calculation method, the gross margin was 77% (48%).
- According to the *former* calculation method, the gross margin would have been 94% (52%).
- The loss per share was SEK 0.22 (earnings: 0.02).
- FPC won its first Design Win award with mobile phone manufacturer in Japan.
- FPC reopened the office and strengthened the organization in Taiwan with two key people.
- FPC integrated its authentication technology in Secure Elements for mobile transactions.
- FPC opened a US office in San Francisco and hired a Regional Sales Director.
- FPC successfully implemented a private placement of 4.2 million Class B shares and SEK 36.1 M.
- FPC won its first Design Win award with mobile phone manufacturer in China.
- FPC won its second Design Win award with mobile phone manufacturer in Japan.
- FPC hired Jörgen Lantto as Executive Vice President, CTO and Director of Strategy.
- FPC won its third Design Win award with mobile phone manufacturer in Japan.

Full-year January-December 2012

- Sales totaled SEK 10.3 M (68.6).
- According to the *new* calculation method, a gross loss of SEK 5.7 M (profit: 31.6) was reported.
- According to the *former* calculation method, gross profit of SEK 6.8 M (38.7) would have been reported.
- The loss after financial items was SEK 38.1 M (profit: 3.4).
- According to the *new* calculation method, the gross margin was 55% (46%).
- According to the *former* calculation method, the gross margin would have been 66% (56%).
- The loss per share was SEK 0.89 (earnings: 0.08).
- Cash and cash equivalents at the year-end amounted to SEK 60 M (23).
- The order backlog at December 31 was SEK 19.7 M (6.1).

Notable events after the close of the reporting period:

- FPC opened an office in Tokyo, Japan, and hired a Senior Technical Manager.
- FPC opened an office in Seoul, South Korea, and hired a Senior Sales Executive.
- FPC obtained working credit of SEK 15 M from Nordea with a guarantee from EKN.
- FPC received its first mass production order of 100,000 sensors from CT intended for mobile phones in Japan.
- FPC won its first Design Win award for the FPC 1080A swipe sensor for tablets from a prominent Chinese house of design.
- FPC strengthened its Supply Chain Management and hired Magnus Hansson as Senior Sourcing Director.
- FPC's technology was chosen by the world leading supplier of financial information for its authentication solutions.
- FPC received a Design Win in China for accessories for mobile phones and tablets and secured an initial order for 800,000 FPC1080As.
- FPC hired Jonas Andersson as Director Business Development in secure mobile transactions.

- FPC convened an Extraordinary General Meeting for a new incentive program for newly recruited key employees.
- Forecast for 2013 reiterated: 30 million sold units, sales of SEK 130-190 M, EBITDA 20-35%.

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#### Key information

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### CEO's comments on the fourth quarter

On the bright side of life. This is what it being the President and CEO of FPC has felt like during the winter of 2012 and spring 2013. We have worked hard for many years to reach the position we are in today. To give a comparison and speak in Formula 1 terms, we have the "Pole position" with just one other car on the track that has no qualifications in the class and has not won a race before. We notice that the interest and tempo in the market have increased substantially in recent months and we have a rush of requests for meetings, business partnerships, alliances, procurements and projects. We are already seeing that this is leading to strong growth and sharply improved earnings in 2013, but even more important is that a highly solid and stable foundation is now being laid for very strong continued growth in 2014-2015.

In the fourth quarter and continuing into 2013, we laid the foundation for what will happen starting in 2013 by securing a broader agreement with CrucialTec and receiving six Design Win awards in Japan, China and the US. We also carried out a successful private placement of just over SEK 36 M to institutional investors in which Hong Kong-based World Wide Touch Technology participated and, later in January, placed an initial order for 800,000 swipe sensors. We also achieved great success on the recruitment front and managed to recruit reinforcements such as Jörgen Lantto as CTO and Director of Strategy, Charles Ng as the North American Sales Director, Magnus Hansson as Senior Sourcing Director for Supply Chain Management and Jonas Andersson as Director Business Development with a focus on secure mobile transactions. We relaunched our office in Taiwan and hired two key people there and opened offices in both Tokyo and Seoul and recruited country managers for these highly strategically important markets. I believe that we have built a stable foundation and I am confident that we are well prepared for the very strong market expansion that will occur gradually over 2013 and be in full bloom in 2014 and 2015.

### Sales, earnings and order backlog

The Group's net sales for the fourth quarter amounted to SEK 1.9 M (18.6) and net sales for full-year 2012 totaled SEK 10.3 M (68.6).

As of 2012, recognition of cost of goods sold was changed due to the reclassification of costs. This change primarily involves amortization according to plan of capitalized development expenditure now being classified as cost of goods sold, which resulted in the figures for gross profit/loss and gross margin being lower than the previous classification of costs. To provide transparent information, the figures for both calculation methods are reported in 2012 along with the comparative figures for the year-earlier period in 2011. According to the *new* calculation method applied as of 2012, the Company reported a gross loss of SEK 1.5 M (profit: 9.0) for the fourth quarter and a loss of SEK 5.7 M (profit: 31.6) for full-year 2012. According to the *new* calculation method applied as of 2012, the gross margin was minus 77% (+49) for the fourth quarter and minus 55% (+46) for full-year 2012. According to the *former* calculation method that was applied until 2011, gross profit would have been SEK 1.7 M (9.7) for the fourth quarter and SEK 6.8 M (38.7) for full-year 2012. According to the *former* calculation method that was applied until 2011, the gross margin would have been 94% (52) for the fourth quarter and 66% (56) for full-year 2012.

The loss after financial items was SEK 9.8 M (profit: 0.7) for the fourth quarter and the loss for full-year 2012 was SEK 38.1 M (profit: 3.4). At December 31, 2012, the order backlog was SEK 19.7 M (6.1).

The Parent Company's net sales for the fourth quarter totaled SEK 1.9 M (18.6) and the loss after financial items was SEK 9.7 M (profit: 0.7). For the entire period of 2012, the Parent Company's net sales totaled SEK 10.3 M (68.6) and reported a loss after financial items of SEK 38.1 M (profit: 3.4).

## Market and sales

Sales in the fourth quarter of 2012 totaled SEK 1.9 M. Sales in the quarter of 2012 went mainly to Korea, but also to Japan, China and Brazil.

In the fourth quarter, FPC further intensified its activities in Asia and the US with regard to the mobile phone and table market and is now engaged in a dialog with all leading manufacturers worldwide. The considerable and growing interest in integrating fingerprint sensors into mobile phones that we witnessed in 2012 resulted in actual DW awards in Japan and China during the fourth quarter. The cooperation with CrucialTec is continuing as planned and the launch of the first mobile phones is still scheduled for the end of the second quarter of 2013.

After January 2013, the inventory of the FPC1011F area sensor is virtually zero at our Chinese distributors, which has led to a new order for 200,000 units for delivery between February and June 2013. We anticipate additional orders in March and April. At December 31, 2012, the order backlog was SEK 19.7 M (6.1).

## Technological Development, Customer Projects and Production

In the fourth quarter, we began broadening the product portfolio by accelerating development of several new products. We finished the design of a new silicon chip and this design was sent to our silicon supplier for prototype production at the same time as a new silicon project was initiated. The silicon design is followed by corresponding packaging, algorithms and software development. In general, we have substantially intensified development of new products and systems and we have therefore also actively worked to bring more qualified resources into the Company. This is mainly done on a consulting basis to ensure flexibility, but hiring is also done. Among others, we have recruited Magnus Hansson as Senior Sourcing Director, which fits in very well with our efforts to prepare the production apparatus and logistics chain for much higher volumes. The production of area sensors continued to work very well in the quarter and continues to generate a high yield. The company's sensor technology was integrated into a number of new mobile platforms during the quarter, both as part of Design Wins and for evaluation purposes with other potential customers. We opened another support office, located in Tokyo, in early 2013 to meet the sharply rising interest in our products and the need for technical support in Asia. This complements the Taiwan office that was opened at the start of the fourth quarter. Since being able to rapidly provide technical support on site at the customer is an important factor in a successful project, we have established a separate FPC department that focuses particularly on customer projects. Recruitment for further expansion of the support organization is currently under way both in Sweden and globally.

## New share issue

In December 2012, a private placement of 4.2 million Class B shares was carried out, corresponding to 9.9% of the number of Class B shares prior to the placement. The new share issue raised just over SEK 36.1 M before deductions for issue expenses. The new share issue was a private placement for a few institutional investors in Sweden and internationally. The Hong Kong listed company World Wide Touch Technology (WWTT, also known under the name World Fair) subscribed for 2.8 million shares, or 5.9% of the shares outstanding in the Company after the new share issue. The subscription price for the newly issued shares was SEK 8.60 per share, corresponding to the closing price on Tuesday, December 11. Following the issue, the number of shares outstanding in the Company increased by approximately 4.2 million Class B shares from 43,609,586 shares to a total of 47,808,135 shares, and the share capital increased by SEK 839,710 to SEK 9,561,627.

The proceeds from the new issue means enable FPC to capitalize on new opportunities by increasing the number of employees, consultants and development projects. The private placement was decided on by the Board of Directors of FPC with the support of authorization from the 2012 Annual General Meeting. This authorization, which permitted disapplication of the preferential rights of existing shareholders, entitled the Board to decide on the issuance of not more than 9,000,000 new shares with the aim of financing and enabling an accelerated expansion and development of the Company , its market and its products.

## Future prospects

Apple's acquisition of AuthenTec has heralded an entirely new phase in the biometrics industry. On the one hand, AuthenTec's former customers, which were permitted to make final purchases for a limited period and to receive support until September 2013, have had to look around for new suppliers. On the other hand, the market has gradually realized that Apple intends to introduce fingerprint sensors in future versions of the

iPhone and iPad, which steadily incited all of Apple's competitors to take action in the autumn and winter. This means that the future in the biometrics industry and for FPC has never before looked as bright as it does right now. We are talking with customers and negotiating projects the scope, length and size of which we could never have dreamed of just two years ago and we believe it very likely that we will secure a number, even a large number, of these projects and customers in 2013.

In terms of area sensor sales in China, our assessment of similar or somewhat larger volumes compared with 2011 stands firm. We continue to estimate that sales of sensors will amount to a minimum of 30 million units in 2013. Our financial forecast for 2013, made in November 2012, of sales ranging from SEK 130 M to SEK 190 M and an EBITDA margin of 20-35% is still valid. As previously announced, the second half-year will account for the overwhelming part of these revenues, with sales gradually rising over the quarters and increasing sharply beginning in the third quarter.

### **Organization and Personnel**

The number of employees at December 31, 2012 was 19 (19), including 1 (1) woman.

### **Financial position**

At December 31, 2012, the Group's disposable cash and cash equivalents totaled SEK 60.6 M (23.0).

At the same date, the Group's working capital had risen to SEK 68.6 M (74.1).

Consolidated shareholders' equity rose to SEK 101.9 M (106.3) and the equity/assets ratio for the Group was 88% (91).

The Parent Company's disposable cash and cash equivalents at year-end totaled SEK 60 M (22).

The Boards suggestion to the Annual general Meeting that no dividend should be paid out for the year 2012.

### **Fixed assets, investments and depreciation**

Investments in capitalized development expenditure amounted to SEK 4.9 M (2.1) for the fourth quarter and to SEK 10.4 M (9.4) for full-year 2012. Investments in machinery and equipment amounted to SEK 0.1 M (0.0) during the fourth quarter and to SEK 1.8 M (1.3) for the full-year. Depreciation/amortization amounted to SEK 2.7 M (1.3) in the fourth quarter and to SEK 10.7 M (4.9) for the full-year.

### **Cash flow**

Cash flow from operations, including changes in working capital, was SEK 7.0 M (neg: 3.2) in the fourth quarter and SEK 15.6 M (neg: 22.2) in the full-year. Cash flow to investments was a negative SEK 3.3 M (neg: 3.1) in the fourth quarter and a negative SEK 10.8 M (neg: 11.7) for the full-year. Cash flow from financing activities amounted to SEK 30.9 M (2.0) for the fourth quarter and to SEK 32.8 M (26.1) for the full-year. Combined, the net change in cash and cash equivalents thus amounted to SEK 34.7 M (neg: 4.3) for the fourth quarter and SEK 37.6 M (neg: 7.8) for the full-year.

### **Seasonal variations**

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

### **Related-party transactions**

There were no transactions between FPC and related parties that had any material impact on the Group or Parent Company's position and earnings during the reporting period.

### **Incentive programs**

Fingerprint Cards has three warrant programs that total 14.56% of the total number of shares and 12.02% of the total number of votes in the Company.

TO2            An Extraordinary General Meeting on November 9, 2010 approved the issue of 958,000 warrants with a term extending to May 11, 2013. Of the program, 853,000 warrants are held by FPC's employees. The rest have been nullified. The exercise price is SEK 15.74. On full subscription with the support of all warrants in the program, 853,000 new Class B shares can be issued, corresponding to 1.92% of the total number of shares and 1.54% of the total voting rights, which will also raise the share capital by SEK 170,600. The program is designated TO2.

- TO3      An Extraordinary General Meeting on November 17, 2011 approved the issue of 2,000,000 warrants with a term extending to December 18, 2014. Of the program, 1,760,000 warrants are held by FPC's employees. The rest have been nullified. The exercise price is SEK 13.64. On full subscription based on the exercise of all warrants in the program, 1,760,000 new Class B shares can be issued, corresponding to 3.88% of the total number of shares and 3.13% of the total number of voting rights, which will also raise the share capital by SEK 352,000. The program is designated TO3.
- TO4      An Extraordinary General Meeting on September 5, 2012 approved the issue of 4,818,000 warrants with a term extending to October 6, 2015. All of the warrants under the program are held by FPC's employees. The exercise price is SEK 9.72. On full subscription based on the exercise of all warrants in the program, 4,818,000 new Class B shares can be issued, corresponding to 9.95% of the total number of shares and 8.13% of the total number of voting rights, which will also raise the share capital by SEK 963,600. The program is designated TO4.

At August 31, 2012, an incentive program expired without any redemption of warrants or new shares. The program, designated TO1, was approved by an Extraordinary General Meeting on March 3, 2010.

### **Significant uncertainties and risks**

FPC is exposed to risks. Each of the risks below, other risks and the uncertainties named could, if they occur, have a material negative impact on the Company's operations, earnings, financial position or 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 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 could in the future have a material negative impact on the Company's operations, earnings, financial position or future outlook. The description below does not claim to be complete or exact, since risks and their degree of importance vary over time:

#### **Company risk**

Financing	It cannot be ruled out that in the future further capital may be needed 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 negatively affect FPC's operations, while borrowing, if at all possible, could entail restrictions that would 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.
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 areas, but it is not possible to guarantee that all patent applications will be granted. FPC does not believe that its technology infringes upon any other company's intellectual property. In spite of this, no guarantees can be given that the Company cannot be considered to violate the patents or intellectual property rights of another party. In the event that FPC cannot protect its technology with patents or other intellectual property rights, or may be considered to violate those of another party, the Company's operations, earnings and financial position may be negatively impacted.
Development	FPC's success depends largely on its ability to drive and adapt to technological developments. FPC conducts development projects in the areas of biometrics, sensor technology and their applications. The projects are conducted in cooperation with consultants and subcontractors. Since the projects are extensive and complex, delays in the time schedule cannot be ruled out. Serious delays, disruptions or unforeseen events could have a negative impact on FPC's future operations.
Competence	Biometrics is still a relatively new area, showing high growth and requiring advanced technical knowledge from employees. FPC has a number of key persons important to the successful development of its operations. The departure of such key persons from the company could result in operational disruptions and increased costs for recruitment of replacements.

#### **Market risk**

Political risks	FPC has operations in many markets with vastly differing conditions. Changes to laws and regulations regarding such areas as foreign ownership, taxes, government involvement, royalties and customs, for example, coupled with other political and economic risks, such as acts of war or terrorism, could negatively affect the company's earnings and financial position.
Tax	FPC is currently only a tax subject in Sweden. In the future, however, through the possible establishment in other countries or through operations in other countries, FPC may become a tax subject thus resulting in taxation and thus becoming subject to the payment of tax.
Exchange rates	Purchasing, manufacturing and sales are largely denominated in USD. Net exposure in USD is hedged to 90% using forward contracts to offset exchange-rate fluctuations. Fluctuations in other exchange rates have a limited impact on earnings. A 1% change in the exchange rate between the SEK and USD would have an impact of +/- SEK 0.8 M on earnings if unhedged. Accordingly, it cannot be ruled out that changes in exchange rates could negatively affect the company's earnings and financial position.
Raw material prices	The raw material cost of products could be impacted by price fluctuations mainly for silicon and gold. The percentage 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 largest component in the products. Historically, the price of silicon has not fluctuated to any significant degree and supply is favorable. Should the supply of silicon decrease on the world market, 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.
Economic cycle	The global economic trend affects the general investment inclination of FPC's current and potential customers. A weak economic trend in the whole or parts of the world could entail lower-than-expected market growth for the biometrics market. Accordingly, there is a risk that FPC's expected sales could be negatively affected by a weak economic trend, which could have a negative effect on the Company's operations, earnings and financial position. Customers are currently predominantly based in Asia. The economic turbulence in Europe and Northern America has not influenced the operation 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.

#### **Operational risks**

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 normally not received that far in advance. Uncertainty in sales forecasts could lead to excessive stock accumulation and have an adverse effect on liquidity. The concentration
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	of production to a few suppliers and the associated possibility of ensuring low costs must be weighed against the risk represented by concentration.
Environment	FPC does not engage in any proprietary manufacturing. Components are sourced from selected suppliers that satisfy requirements in terms of function, quality, stability and environmental aspects. FPC's products have been tested and satisfy the RoHS directive in terms of limiting hazardous substances in electronic products. If the products were not to fulfill requirements on function, quality, stability and environment or if the Company's products were not to fulfill the RoHS directive regarding limits on hazardous substances in electronic products, this could negatively impact the Company's earnings and financial position.
Sales	FPC conducts business activities in a relatively young market, rendering it difficult to predict future trends for the operation. FPC's performance depends on the continued expansion of the biometrics market. Delayed penetration into more applications and markets will affect sales and earnings. FPC is dependent on the Chinese market, where it has an established reseller with a strong position for FPC's technology. A loss of the Company's distributor in the Chinese market or another significant distributor or reseller could have a negative impact on the Company's operations, earnings and financial position.
<b>Credit risk</b>	
Counterparty risk	Credit risk, defined as the risk that the counterparty does not fulfill its obligations, is attributable in its entirety to credit risk in accounts receivable. The Company's customers mainly comprise the companies that act as resellers or distributors of the Company's products.
<b>Share risk</b>	
Dividend	To date, no dividend has been paid by the Company. FPC is expected to be in an expansive investment phase in the upcoming years, which is why FPC's potential distributable profits will probably be reinvested in the business. As a result, the Board of FPC deems that cash dividends to the shareholders will not be paid in the next two years. Over the short term, this means that the return on an investment in the Company's share is primarily dependent on the share price.
Shareholders	An individual shareholder owns a substantial share of the voting rights for all of the Company's shares outstanding. Consequently, this shareholder has the possibility to exercise a material influence on all matters that demand approval by the shareholders, including the appointment and removal of Board members and any proposals on mergers, consolidation or sale of all or virtually all of FPC's assets, as well as other corporate transactions.
Share price	Investing in shares is by nature associated with the risk that the value of the investment can decrease. There is no guarantee concerning the price performance of the shares offered for trading in connection with the new share issue. The Company's share price may decrease due to the increased number of shares in the Company, as well as a consequence of the market's 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. Trade in the Company's shares has generally had a low level of activity. It is not possible to foresee the extent to which investor interest in FPC will lead to an active trade in the shares or how trade in the shares will trend in the future. If active and liquid trade does not develop, or is not lasting, this could entail difficulties for shareholders to sell their shares without negatively affecting the market price or difficulties in general.
Market risk	Current 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 account in this section, the price performance of the shares depends on a number of factors in addition to the Company's operations, which the Company is unable to influence. Even if FPC's business develops positively, there is therefore a risk that the price performance of the Company's share may be negative.

***Future reporting dates***

Interim report January-March	April 25, 2013
Annual Report 2012	May 9, 2013
Annual General Meeting 2013	May 30, 2013, Gothenburg Sweden.
Interim report April-June	August 22, 2013
Interim report July-September	October 24, 2013

**Certification**

The Board of Directors and the CEO certify that this Year-end 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, February 20, 2013*

Mats Svensson  
Chairman of the Board

Christer Bergman  
Member of the Board

Urban Fagerstedt  
Member of the Board

Anders Hultqvist  
Member of the Board

Sigrun Hjelmquist  
Member of the Board

Johan Carlström  
CEO



## **Auditor's report on the review of the year-end report**

To the Board of Directors of Fingerprint Cards AB (publ)

Corp. Reg. No. 556154-2381

### **AUDITORS' REVIEW REPORT**

#### **Introduction**

We have reviewed this year-end report for Fingerprint Cards AB (publ), Corp. Reg. No. 556154-2381 for the period January 1, 2012 to December 31, 2012. The Board of Directors and the President and CEO are responsible for the preparation and presentation of this report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this year-end report based on our review.

#### **Scope and focus of the review**

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Reports Performed by the Independent Auditor of the Entity, issued by FAR SRS. 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 (RS) 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, a conclusion 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.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the year-end report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act.

Gothenburg, February 20, 2012

KPMG AB

Johan Kratz  
Authorized Public Accountant

## 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.
Design win	A product that is included in another company's sales model.
Enrolment	Compilation of biometric data used to create a template. The process by which information is compiled from an individual and processed and stored as a reference image.
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.
Matching	The process of comparing an image of a fingerprint with a pre-processed template, and assessing whether or not they are similar.
Packaging	The work and components, apart from the silicon chip, required for building a sensor.
Sensor platform	The silicon technology that FPC has created for the development of future sensors.
Swipe sensor	A sensor with a width equal to a fingertip but much narrower throughout 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. The fingerprint is thus scanned in this manner.
Template	An arrangement of unique data that represents a certain fingerprint.
Verification	The comparison of compiled biometric data between an individual and a given template for the purpose of verifying a match.
Wafer	A thin circular slice of silicon containing a number of integrated circuits, such as sensor chips.
Yield	The percentage of a number of approved units divided by the number of initial units. The term is used primarily in production.

## Definitions

Average credit period	Average value of accounts receivable over the period in relation to net sales, multiplied by 360 days.
Average number of shares	The Parent Company's average weighted number of shares for the fiscal year.
Average number of shares after dilution	See "Average number of shares" plus an increase by the number of shares that could be issued as a result of current remuneration and personnel programs.
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.
Earnings per share after dilution	See "Earnings per share" plus the average number of shares that could be issued as a result of current remuneration and personnel programs.
EBITDA	Earnings Before Interest Taxes Depreciation and Amortization (and impairment).
Equity/assets ratio	Shareholders' equity divided by total assets.
Gross margin	Gross margin as a percentage of net sales. As of 2012, the recognition of the cost of goods sold has been changed due to the reclassification of costs. The change primarily entails that the depreciation according to plan of capitalized development expenditure is now classified as the cost of goods sold, which results in gross profit/loss and gross margin indicating figures that are lower than the previous classification of costs.
Inventory turnover rate	Cost of goods sold divided by average inventories.
Net margin	Profit/loss for the period as a percentage of net sales.
Operating margin	Operating profit/loss as a percentage of net sales.
Shareholders' equity per share	Shareholders' equity attributable to the Parent Company's shareholders divided by the number of shares outstanding, before dilution, at the end of the period.
Shareholders' equity per share after dilution	See "Shareholders' equity per share" plus an increase in the number of shares by the average number of shares that could be issued as a result of current remuneration and personnel programs.
Working capital	<i>Current assets less current non-interest-bearing provisions and liabilities</i>

## About Fingerprint Cards

Fingerprint Cards AB (Fingerprint Cards) develops, produces and markets biometric components that through analysis and matching of an individual's unique fingerprint verify a 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. Fingerprint Cards' technology can also be used in IT and Internet products for security and access control, etc.

Vision	FPC aims to be the leading supplier of components and systems for fingerprint verification. "Beyond keys and pin codes" – FPC makes life easy to live through secure identification.
Business concept	FPC develops and sells leading biometric products and solutions to companies that develop security and comfort systems.
Business model	FPC works with three business models – component sales, project sales and licensing. Sales are conducted via distributors, primarily to product developers/systems integrators and OEMs. (Original Equipment Manufacturers).
<i>Strategies</i>	
Products	To be a supplier of components and systems for fingerprint verification, as well as developing and marketing components in two product categories – area sensors and swipe sensors.
Patents	To pursue an active patent strategy based on careful monitoring of the market in an effort to evaluate new opportunities for filing patents and identifying possible infringement of FPC's patents.
Production	Produce through close cooperation with selected sub-suppliers. Production-critical elements of manufacturing are to be conducted using tools owned by FPC but operated by the sub-supplier. All manufacturing is to be conducted in accordance with forecasts based on information received from customers and distributors.
Market	When marketing products, FPC intends to focus on product developers/system integrators either via distributors or directly. Sales at the producer level will occur in close cooperation with distributors. FPC will also actively pursue sales efforts.  Sales of area sensors are to be broadened above and beyond the volume segment of IT applications for banks to encompass other IT segments. Geographically, the area sensor, in terms of bank applications, will be marketed primarily in India, South Korea, Japan and Brazil, and also in Europe and the US.  Swipe sensors are to be marketed to product developers/system integrators of mobile phones and other portable applications, such as Internet tablets, USB keys and smart cards. As a feature of the launch of swipe sensors, the company will participate actively in development projects together with mobile phone manufacturers. Geographically, marketing will occur in China, Korea, Taiwan, Japan, Europe and the US.
Value-driving factors	<i>The potential to use mobile phones for payment applications – with the accompanying security requirements – is a major driving force, as is the possibility of using fingerprint sensors for the next generation of charge cards. Identity theft, impersonation and stricter authentication imposed by public authorities and organizations are also driving the demand for more secure solutions. Increased requirements in terms of comfort and security in connection with authentication are creating demand for alternatives to cards, pin codes and passwords. In addition to these factors, there are also cost savings, benefits of scale and the potential to facilitate greater use in, for example, emerging countries and elsewhere.</i>

## Condensed consolidated statement of comprehensive income

(SEK M)

Net sales
Cost of goods sold
<b>Gross profit/loss</b>
Sales expenses
Administrative expenses
Development expenses
Other operating income/expenses
<b>Operating profit/loss</b>
Net financial items
Tax
<b>Profit/loss for the period</b>
Other comprehensive income
<b>Total comprehensive income/loss for the period</b>
<b>Profit/loss for the period attributable to:</b>
Parent Company shareholders
<b>Profit/loss for the period</b>
<b>Total comprehensive income/loss for the period attributable to:</b>
Parent Company shareholders
<b>Total comprehensive income/loss for the period</b>
<b>Earnings/loss per share for the period</b>
Before dilution, SEK
After dilution, SEK

Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
1.9	18.6	10.3	68.6
-3.4	-9.6	-16.0	-37.0
<b>-1.5</b>	<b>9.0</b>	<b>-5.7</b>	<b>31.6</b>
-3.5	-4.1	-10.1	-13.6
-2.8	-3.2	-12.5	-11.2
-2.2	-2.3	-8.9	-2.5
0.2	-0.3	-1.5	-1.5
<b>-9.8</b>	<b>0.3</b>	<b>-38.7</b>	<b>-2.7</b>
0.1	0.4	0.6	0.6
-	-	-	-
<b>-9.6</b>	<b>0.7</b>	<b>-38.1</b>	<b>3.4</b>
-	-	-	-
<b>-9.6</b>	<b>0.7</b>	<b>-38.1</b>	<b>3.4</b>
-9.6	0.7	-38.1	3.4
<b>-9.6</b>	<b>0.7</b>	<b>-38.1</b>	<b>3.4</b>
-9.6	0.7	-38.1	3.4
<b>-9.6</b>	<b>0.7</b>	<b>-38.1</b>	<b>3.4</b>
-0.22	0.02	-0.89	0.08
-0.22	0.02	-0.89	0.08

## Condensed consolidated statement of financial position

### Assets

Intangible fixed assets
Tangible fixed assets
Financial fixed assets
<b>Total fixed assets</b>
Inventories
Advance payment to suppliers
Accounts receivable
Other receivables
Prepaid expenses and accrued income
Cash and cash equivalents
<b>Total current assets</b>
<b>Total assets</b>
<b>Shareholders' equity and liabilities</b>
Shareholders' equity
Provisions for pensions
Non-current liabilities
Accounts payable
Other liabilities
Accrued expenses and deferred income
<b>Total shareholders' equity and liabilities</b>
<b>Pledged assets</b>
<b>Contingent liabilities</b>

Dec 31 2012	Dec 31 2011	Dec 31 2010
29.1	28.2	22.9
4.8	4.2	3.7
-	0.9	-
<b>33.9</b>	<b>33.3</b>	<b>26.6</b>
11.4	4.4	7.9
0.4	-	-
6.2	53.0	17.2
1.9	2.3	1.0
0.8	0.8	2.7
60.6	23.0	30.8
<b>81.3</b>	<b>83.5</b>	<b>59.7</b>
<b>115.3</b>	<b>116.8</b>	<b>86.3</b>
101.9	106.3	78.0
-	1.2	-
0.7	-	-
4.6	3.3	4.1
0.6	0.3	0.3
7.5	5.7	3.9
<b>115.3</b>	<b>116.8</b>	<b>86.3</b>
<b>None</b>	<b>None</b>	<b>None</b>
<b>None</b>	<b>None</b>	<b>None</b>

## Condensed consolidated statement of changes in shareholders' equity

(SEK M)

	Jan-Dec 2012	Jan-Dec 2011
Shareholders' equity on the opening date	106.3	78.0
Total comprehensive income/loss for the period	-38,1	2,0
Premium paid for warrants	0.7	1.7
New share issue	33.1	24.0
<b>Shareholders' equity on the closing date</b>	<b>101.9</b>	<b>106.3</b>

## Condensed consolidated cash flow statement

(SEK M)

	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Profit/loss before tax for the period	-9.7	0.7	-38.1	3.4
Adjustments for non-cash items	2.7	1.3	10.7	4.9
Change in inventory	0.2	1.0	-7.1	3.6
Change in current receivables	9.4	-7.5	46.8	-35.1
Change in current liabilities	4.4	1.3	3.3	1.0
Cash flow from operating activities	7.0	-3.2	15.6	-22.2
Cash flow from investing activities	-3,3	-3.1	-10.9	-11.7
Cash flow from financing activities	30.9	2.0	32.8	26.1
<i>New Share issue</i>	33,1	-	33,1	24,0
<i>Other</i>	-2,2	2,0	-0,3	2,1
<b>Change in cash and cash equivalents</b>	<b>34.7</b>	<b>-4.3</b>	<b>37.6</b>	<b>-7.8</b>
Cash and cash equivalents on the opening date	25.9	27.4	23.0	30.8
Cash and cash equivalents on the closing date	60.6	23.0	60.6	23.0

## Key consolidated data

(SEK M)

	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Net sales (SEK M)	1.9	18.6	10.3	68.6
Net sales growth (%)	neg	3	neg	13
Gross margin (%) According to <i>new</i> calculation as of 2012*	neg	48	neg	46
Operating margin (%) According to <i>former</i> calculation through 2011	94	52	66	56
Operating margin (%)	neg	2	neg	4
Profit margin (%)	neg	4	neg	5
EBITDA (SEK M)	-7.0	2.0	-27.4	8.2
Return on equity (%)	neg	1	neg	4
Cash flow from operating activities. incl. changes in working capital (SEK M)	7.0	-3.2	15.6	-22.2
Order backlog (SEK M)	19.7	6.1	19.7	6.1
Equity/assets ratio (%)	88	91	88	91
Investments (SEK M)	-3.3	-3.1	-10.8	-11.7
Average number of employees	19	18	19	18
Shareholders' equity per share (SEK)	2.11	2.44	2.11	2.44
Shareholders' equity per share after dilution (SEK) (1)	2.11	2.44	2.11	2.44
Cash flow from operating activities/share (SEK)	0.16	-0.05	0.71	-0.51
Cash flow from operating activities/share after dilution (SEK) (1)	0.16	-0.05	0.71	-0.51
Number of shares at period end (000s)	47 808	43 609	47 808	43 609
Average number of shares (000s)	44 216	43 609	43 761	42 461
Average number of shares after dilution (000s)(1)	44 216	43 659	43 761	42 461
Market price of FPC Class B share (SEK) at period end	12.35	9.30	12.35	9.30

1) At the end of the period, FPC had three warrant programs:

TO2: The program is from 2010 and extends until May 11, 2013. The exercise price is SEK 15.74. The program has not been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 958,000 new Class B shares.

TO3: The program is from 2011 and extends until December 18, 2014. The exercise price is SEK 13.64. The program has not been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 2,000,000 new Class B shares.

TO4: The program is from 2011 and extends until October 6, 2015. The exercise price is SEK 9.72. The program has not been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 4,818,000 new Class B shares.

*Average number of shares after dilution:* The average number of shares during the period and the maximum number of shares that could arise from exercise of warrants. If the average share price is lower than the exercise price, there is no discounted share price and thus no dilution, since the discount is what constitutes dilution.

## The Group's operating segments

	Sensors		Others		Group	
	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
(SEK M)						
Net sales	10.3	68.6	-	-	10.3	68.6
Segment earnings	-38.7	2.7	-	-	-38.7	2.7
Net financial items	0.6	0.6	-	-	0.6	0.6
Profit/loss for the period	-38.1	3.4	-	-	-38.1	3.4

## Consolidated net sales and profit/loss for the past eight quarters

(SEK M)	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011
Net sales	1.9	2.6	0.6	5.2	18.6	20.2	16.9	12.8
Cost of goods sold	-3.4	-3.5	-3.6	-5.5	-10.8	-11.1	-8.4	-7.7
<b>Gross profit/loss</b>	<b>-1.5</b>	<b>-0.9</b>	<b>-3.1</b>	<b>-0.3</b>	<b>7.8</b>	<b>10.1</b>	<b>8.5</b>	<b>5.2</b>
Sales expenses	-3.5	-1.8	-2.1	-2.7	-4.1	-2.8	-3.8	-2.8
Administrative expenses	-2.8	-3.6	-3.3	-2.8	-3.2	-2.3	-3.1	-2.5
Development expenses	-2.2	-1.9	-2.4	-2.4	-0.4	-0.7	-0.4	-1.0
Other operating income/expenses	0.2	-1.6	0.8	0.9	0.3	-0.1	-1.3	-0.5
<b>Operating profit/loss</b>	<b>-9.8</b>	<b>-9.9</b>	<b>-10.0</b>	<b>-9.1</b>	<b>0.3</b>	<b>4.2</b>	<b>0.0</b>	<b>-1.8</b>
Net financial items	0.1	0.2	0.2	0.1	0.4	0.2	0.0	0.0
Tax	-	-	-	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-9.7</b>	<b>-9.7</b>	<b>-9.8</b>	<b>-9.0</b>	<b>0.7</b>	<b>4.3</b>	<b>0.1</b>	<b>-1.7</b>
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income/loss for the period</b>	<b>-9.7</b>	<b>-9.7</b>	<b>-9.8</b>	<b>-9.0</b>	<b>0.7</b>	<b>4.3</b>	<b>0.1</b>	<b>-1.7</b>

## Consolidated net sales and profit/loss for the past eight quarters

	Dec 31 2012	Sep 30 2012	Jun 30 2012	Mar 31 2011	Dec 31 2011	Sep 30 2011	Jun 30 2011	Mar 31 2011
<b>Assets</b>								
<i>SEK/USD exchange rate, balance sheet date</i>	<i>6.52</i>	<i>6.58</i>	<i>7.06</i>	<i>6.62</i>	<i>6.92</i>	<i>6.86</i>	<i>6.31</i>	<i>6.31</i>
Intangible fixed assets	29.1	26.6	24.8	26.4	28.2	27.1	26.0	24.6
Tangible fixed assets	4.8	5.1	5.2	4.1	4.2	4.4	4.4	4.4
Financial fixed assets	-	1.3	1.2	1.1	0.9	-	-	-
Total fixed assets	33.9	33.0	31.2	31.6	33.3	31.6	30.4	29.0
Inventory	11.4	11.7	9.5	5.4	4.3	5.3	8.0	13.1
Advance payment to suppliers	0.4	-	-	-	-	-	-	-
Accounts receivable	6.2	14.8	21.4	38.4	53.0	46.0	27.7	23.3
Other receivables	1.9	3.0	1.8	1.5	2.3	2.1	2.1	1.7
Prepaid exp. and accr. income	0.8	0.9	1.1	1.0	0.8	0.5	2.0	4.1
Cash and cash equivalents	60.6	25.9	36.1	28.5	23.0	27.4	37.5	14.9
Total current assets	81.3	56.2	69.9	74.8	83.9	81.3	77.3	57.1
<b>Total assets</b>	<b>115.3</b>	<b>89.3</b>	<b>101.1</b>	<b>106.5</b>	<b>116.8</b>	<b>112.8</b>	<b>107.7</b>	<b>86.1</b>
<b>Shareholders' equity and liabilities</b>								
Shareholders' equity	101.9	78.5	87.5	97.2	106.3	104.8	100.5	76.4
Provisions for pensions	-	1.7	1.5	1.4	1.2	-	-	-
Non-current liabilities	0.7	0.8	0.8	-	-	-	-	-
Accounts payable	4.6	2.2	3.1	2.3	3.3	2.4	2.7	4.0
Other liabilities	0.6	0.6	0.7	0.3	0.3	0.3	0.4	0.3
Accrued exp. and def. income	7.5	5.5	7.5	5.2	5.7	5.3	4.1	5.5
<b>Total shareholders' equity and liabilities</b>	<b>115.3</b>	<b>89.3</b>	<b>101.1</b>	<b>106.5</b>	<b>116.8</b>	<b>112.8</b>	<b>107.7</b>	<b>86.1</b>



### Consolidated cash flow statement for the past eight quarters

(SEK M)	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011
Profit/loss before tax for the period	-9.7	-9.8	-9.8	-9.0	0.7	4.3	0.1	-1.7
Adjustments for non-cash items	2.7	2.6	2.9	2.7	1.3	1.2	1.2	1.2
Change in inventory	0.2	-2.1	-4.1	-1.1	1.0	2.7	5.1	-5.2
Change in current receivables	9.4	5.6	16.7	15.2	-7.5	-16.8	-2.7	-8.1
Change in current liabilities	4.4	-3.0	3.4	-1.5	1.3	0.7	-2.5	1.5
Cash flow from operating activities	7.0	-6.7	9.0	6.3	-3.2	-7.8	1.2	-12.4
Cash flow from investing activities	-3.3	-4.2	-2.3	-0.8	-3.1	-2.3	-2.6	-3.6
Cash flow from financing activities	30.9	0.7	0.8	-	2.0	-	24.1	0.0
<b>Change in cash and cash equivalents</b>	<b>34.7</b>	<b>-10.2</b>	<b>7.6</b>	<b>5.5</b>	<b>-4.3</b>	<b>-10.1</b>	<b>22.6</b>	<b>-15.9</b>
Cash and cash equivalents on the opening date	25.9	36.1	35.7	23.0	27.4	37.5	14.9	30.8
Cash and cash equivalents on the closing date	60.6	25.9	36.1	28.5	23.0	27.4	37.5	14.9

### Key consolidated data for the past eight quarters

	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011
Net sales (SEK M)	1.9	2.6	0.6	5.2	18.6	20.2	16.9	12.8
Net sales growth (%)	neg	-83	-96	-59	3	15	74	-17
Gross margin (%) <i>new</i> as of 2012*	neg	-34	-500	-5	42	50	50	40
Operating margin (%) <i>former</i> through 2011*	94	83	50	53	52	59	62	53
Operating margin (%)	neg	Neg	Neg	Neg	2	21	0	Neg.
Profit margin (%)	neg	Neg	Neg	Neg	4	22	0	Neg.
EBITDA (SEK M)	-7.0	-7.0	-7.7	-6.4	2.0	5.4	1.3	-0.5
Return on equity (%)	neg	Neg	Neg	Neg	1	16	0	Neg.
Cash flow from operating activities (SEK M)	7.0	-6.7	9.0	6.3	-3.2	-7.8	1.2	-3.5
Order backlog (SEK M)	19.7	0.0	46.3	46.3	6.1	24.4	14.9	14.3
Equity/assets ratio (%)	88	88	86	91	91	93	93	89
Investments (SEK M)	-3.3	-4.2	-2.3	-0.8	-3.1	-2.3	-2.6	-3.6
Average number of employees	19	17	16	19	18	19	19	19
Shareholders' equity per share (SEK)	2.11	1.80	2.00	2.23	2.44	2.40	2.30	1.93
Shareholders' equity per share after dilution (SEK) (1)	2.11	1.80	2.00	2.23	2.44	2.40	2.30	1.93
Cash flow from operating activities per share (SEK)	0.16	0.20	0.21	0.14	-0.05	-0.19	0.03	-0.09
Cash flow from operating activities per share, after dilution (SEK)	0.16	0.20	0.21	0.14	-0.05	-0.19	0.03	-0.09
Number of shares, period end (000s)	47 808	43 609	43 609	43 609	43 609	43 609	43 609	39 670
Average number of shares (000s)	44 216	43 609	43 609	43 609	43 609	43 609	42 515	40 019
Average number of shares after dilution (000s) (1)	44 216	43 609	43 609	43 659	43 609	43 609	42 515	40 019
Market price of FPC Class B share (SEK)	12.35	6.15	5.30	7.30	9.30	6.15	6.00	7.40

FPC has three warrant programs:

TO2: The program is from 2010 and extends until May 11, 2013. The exercise price is SEK 15.74. The program has not been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 958,000 new Class B shares.

TO3: The program is from 2011 and extends until December 18, 2014. The exercise price is SEK 13.64. The program has not been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 2,000,000 new Class B shares.

TO4: The program is from 2011 and extends until October 6, 2015. The exercise price is SEK 9.72. The program has not been taken into account when calculating the number of shares after conversion. On full subscription, the program would result in a maximum of 4,818,000 new Class B shares.

*Average number of shares after dilution:* The average number of shares during the period and the maximum number of shares that could arise from exercise of warrants. If the average share price is lower than the exercise price, there is no discounted share price and thus no dilution, since the discount is what constitutes dilution.

## Rolling 12-month key figures for the Group for the past eight quarters

	Jan-Dec 2012	Oct-Sep 2011/12	Jul-Jun 2011/12	Apr-Mar 2011/12	Jan-Dec 2011	Oct-Sep 2010/11	Jul-Jun 2010/11	Apr-Mar 2010/11
Sales, rolling 12 months (SEK M)	10.3	27.0	61.5	61.0	68.6	68.2	65.6	58.3
Gross profit, rolling 12 months (SEK M) (1)	-5.7	3.6	24.0	26.1	31.6	31.2	26.6	20.7
Gross margin, rolling 12 months (%) (1)	Neg	13	39	43	46	44	41	36
Operating profit/loss, rolling 12 mth (SEK M)	-38.7	-28.6	-9.2	-4.6	2.7	2.5	2.9	-0.1
Operating margin, rolling 12 months (%)	Neg	-106	-15	-8	4	5	4	0
EBITDA, rolling 12 months (SEK M)	-28.0	-18.9	-6.7	1.7	8.2	8.9	8.9	6.0

(1) According to new calculation method as of 2012

## Condensed income statement, Parent Company

(SEK M)

Net sales

Cost of goods sold

**Gross profit/loss**

Sales expenses

Administrative expenses

Development expenses

Other operating income/expenses

**Operating profit/loss**

Net financial items

Tax

**Profit/loss for the period**

	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Net sales	1.9	18.6	10.3	68.6
Cost of goods sold	-3.4	-9.6	-16.0	-37.0
<b>Gross profit/loss</b>	<b>-1.5</b>	<b>9.0</b>	<b>-5.7</b>	<b>31.6</b>
Sales expenses	-3.5	-4.1	-10.1	-13.6
Administrative expenses	-2.8	-3.2	-12.5	-11.2
Development expenses	-2.2	-2.3	-8.9	-2.5
Other operating income/expenses	0.2	-0.3	-1.5	-1.5
<b>Operating profit/loss</b>	<b>-9.8</b>	<b>0.3</b>	<b>-38.7</b>	<b>-2.7</b>
Net financial items	0.1	0.4	0.6	-
Tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>-9.7</b>	<b>0.7</b>	<b>-38.1</b>	<b>3.4</b>

## Condensed balance sheet, Parent Company

(SEK M)

### Assets

Intangible fixed assets

Tangible fixed assets

Financial fixed assets

**Total fixed assets**

Inventory

Accounts receivable

Current receivables

Prepaid expenses accrued income

Cash and bank

**Total current assets**

**Total assets**

### Shareholders' equity and liabilities

Restricted shareholders' equity

Unrestricted shareholders' equity

**Total shareholders' equity**

Pension provisions

Current liabilities

**Total shareholders' equity and liabilities**

**Pledged assets**

**Contingent liabilities**

### Accounting policies

This condensed interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting, and applying the provisions in 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 those presented in the Annual Report for the fiscal year ending December 31, 2011 and must be read together with the Year-end report, except for the classification of depreciation of capitalized development expenditure which from 2012 is classified as cost of goods sold. No new or revised IFRS that became effective in 2012 had any significant impact on the Group.

	Dec 31 2012	Dec 31 2011	Dec 31 2010
Intangible fixed assets	29.2	28.2	22.3
Tangible fixed assets	3.7	4.2	3.7
Financial fixed assets	3.6	3.7	2.0
<b>Total fixed assets</b>	<b>36.5</b>	<b>36.2</b>	<b>28.7</b>
Inventory	11.8	4.3	7.9
Accounts receivable	6.2	53.0	17.2
Current receivables	1.8	2.2	1.0
Prepaid expenses accrued income	0.8	0.5	2.7
Cash and bank	59.9	22.3	28.9
<b>Total current assets</b>	<b>80.5</b>	<b>82.7</b>	<b>57.7</b>
<b>Total assets</b>	<b>117.1</b>	<b>118.8</b>	<b>86.4</b>
Restricted shareholders' equity	51.0	51.0	49.4
Unrestricted shareholders' equity	50.5	54.8	28.2
<b>Total shareholders' equity</b>	<b>101.5</b>	<b>105.8</b>	<b>77.6</b>
Pension provisions	-	1.2	-
Current liabilities	15.6	11.8	8.8
<b>Total shareholders' equity and liabilities</b>	<b>117.1</b>	<b>118.8</b>	<b>86.4</b>
<b>Pledged assets</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>	<b>None</b>	<b>None</b>	<b>None</b>