



ERIK PENSER BANK

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Fingerprint Cards

New partnerships indicate gearing up of business beyond Mobile

Agreement with BenjiLock regarding biometric locks...

BenjiLock, a US-based company that designs premium biometric locks, has signed an agreement with Fingerprints to integrate the latter's biometric sensors, software, and algorithm into its physical access solutions. BenjiLock is seeking to redefine physical security with the consumer in mind. The goal is for fingerprint technology to be the industry standard for smart locks, and the agreement with BenjiLock is a move in that direction. No financial data was provided with the announcement.

...after last week's agreement with a Tier 1 car manufacturer for iris readers in cars

Fingerprints has also signed an agreement to integrate its authentication solution using iris recognition technology in the Driver Monitoring System (DMS) in cars from a Tier 1 car manufacturer. The solution uses Fingerprints's authentication software in its existing DMS, meaning no additional hardware investment is required. Interest in biometrics is accelerating in the car industry, to ensure secure in-car payments, personalise the cars' systems and applications, and validate the correct person is driving.

Bond redemption a prerequisite for ongoing growth

The early redemption of Fingerprints's bond loan and the rights issue announced in July – expected to raise a total of SEK 340–430m – is a prerequisite for the company to accelerate the growth in its target areas. Sales beyond capacitive sensors to mobile phone manufacturers are expected to rise from 30% at year-end 2022 to 45% by the end of 2023 and to expand further during 2024. We believe the company's refocus is critical as the new business is more profitable and less volatile, while both the new funding and signed agreements increase the likelihood of a successful transition.

Estimate changes			Forecast (SEK m)				Valuation and risk															
	23e	24e	25e	2022	2023e	2024e	2025e	Fair value	SEK7,0 – 8,0													
Total revenue	0,0%	0,0%	0,0%	862	992	1 655	2 313	Share price	SEK2,1													
EBIT, adj.	0,0%	0,0%	0,0%	Revenue growth	-36%	15%	67%	40%	Risk level	High												
EPS, adj.	0,0%	0,0%	0,0%	EBITDA, adj.	-116	-76	109	205	<div style="background-color: #004a99; color: white; padding: 5px; text-align: center;">12-mth share price development</div>													
<div style="background-color: #004a99; color: white; padding: 5px;">Coming events</div>				EBIT, adj.	-198	-183	-23	46														
				EPS, adj.	-0,5	-0,4	-0,1	0,0														
<div style="background-color: #004a99; color: white; padding: 5px;">Company details (SEK m)SEKm</div>				BV/share	2,8	1,7	1,4	1,0														
				Dividend per share	0,0	0,0	0,2	0,4														
Number of shares	421m			EBIT margin	Neg.	Neg.	Neg.	2,0%														
Market capitalisation	846			ROE, adj.	Neg.	Neg.	Neg.	1,6%														
Net debt	60			ROCE, adj.	Neg.	Neg.	Neg.	4,6%														
EV	906			EV/Sales	1,5x	0,9x	0,5x	0,4x														
Free float	91%			EV/EBITDA	-	-	8,3x	4,4x														
Daily trading volume, average	3 225k			EV/EBIT	-	-	-	19,8x														
Bloomberg Ticker	FINGB SS EQUITY			P/E, adj.	-	-	-	102,1x														
<div style="background-color: #004a99; color: white; padding: 5px;">Analyst</div>				P/BV	1,0x	1,2x	1,4x	2,0x	<div style="background-color: #004a99; color: white; padding: 5px;">Conflicts of interest</div> <table border="1"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Market maker</td> <td></td> <td>✓</td> </tr> <tr> <td>Certified adviser</td> <td></td> <td>✓</td> </tr> <tr> <td>Transactions, 12 mth</td> <td></td> <td>✓</td> </tr> </tbody> </table>			Yes	No	Market maker		✓	Certified adviser		✓	Transactions, 12 mth		✓
					Yes	No																
				Market maker		✓																
				Certified adviser		✓																
Transactions, 12 mth		✓																				
Dividend yield	0,0%	0,0%	9,9%	19,9%																		
FCF yield	-	3%	-	9%																		
Net debt / EBITDA	-0,1x	-0,5x	1,5x	1,4x																		

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