

Amendment to previous statement by the licensee

The Fingerprint Cards third-quarter report estimates a potential (intrinsic possibility) for corporate royalties from the four-year agreement with Loqware Technologies at some MSEK 300. This estimate was based on a forecast provided at the time by the licensee, of sales of 35-40,000 units in 2001 in the USA with a ten-fold increase in volume the following year. In a letter to Fingerprint, received by the Company on December 7, Loqware considerably lowered its sales forecast, but the information Fingerprint has now received is unclear in several respects. This state of affairs and the fact that wholly incorrect details received prominent press attention, mean that Company needs time to clarify the situation with the licensee. Before this happens, no new estimate of the royalty potential of the Loqware deal can be provided. The company's other signed licence agreements are not affected.

Neither in the third-quarter report nor on any previous occasion have Fingerprint Cards issued any sales forecast for its royalty revenues and consequently, there is no such forecast to be amended.

All Fingerprint licence agreements are non-exclusive licences that entitle the licensee to use Fingerprint technology in its products and also to make simultaneous use of the Company's system patent (the Löfberg patent). This patent covers the general solution for a finger verification system where storage and matching of finger patterns take place locally in a unit and without the aid of a PC processor (what is termed an "embedded system"). The system solution in the Löfberg patent thus provides superior security. The implication of the licence design is that the Löfberg patent may not be utilised together with components from a different supplier of the finger verification technology. The patent is in force until Spring 2002 in the major European countries and Japan and to Spring 2003 in the USA.

The delivery of the components for the Fingerprint system takes place either from chip manufacturers directly to the licensee or via the Fingerprint chip designer, Nordic VLSI ASA, who have production arrangements with chip manufacturers throughout the world. The licensees themselves order the components from the chip manufacturers, and hence not from Fingerprint, and enter into an agreement on delivery times. The royalty is paid to Fingerprint and depends on the number of units of its product containing Fingerprint technology that the licensee has manufactured. The supplier of the components to the licensee also reports to Fingerprint the number of components that have been delivered.

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