

Corporate Profile

SCM Microsystems, Inc. **Opening the Digital World™** (Nasdaq: SCMM, Prime Standard: SMY)

SCM Microsystems is a leading supplier of solutions that open the Digital World by enabling people to conveniently access digital content and services. The company develops, markets and sells the industry's broadest range of contact and contactless smart card readers and terminal technology for secure PC, payment systems, network and physical access and digital media readers for transfer of digital content to OEM customers in the government, financial, enterprise, consumer electronics, health care and photographic equipment markets worldwide.

Global headquarters are in Ismaning, Germany. SCM Microsystems is publicly traded on the Nasdaq under the symbol "SCMM" and on the Prime Standard of the Frankfurt exchange under the symbol "SMY".

SCM IN THE PERSONAL ID / AUTHENTICATION MARKET

SCM Microsystems is one of the world's leading suppliers of contact and contactless smart card readers and terminals, software and silicon for the PC platform.

- ◆ We are a major supplier of readers used to identify and authenticate military personnel as part of the U.S. Department of Defense Common Access Card program.
- ◆ We have supplied corporations and financial institutions around the world with smart card readers and terminals to enable secure network logon, home banking and on-line financial transactions.
- ◆ We address the emerging markets for smart card terminals that ensure highly secure physical access and contactless readers for e-passport, Citizen ID and health card programs.
- ◆ We endorse the worldwide contactless payment markets.
- ◆ We have also developed a series of biometric smart card readers with leading manufacturers of fingerprint sensors to address the growing need for two-factor authentication for security applications.
- ◆ In addition, our Smart Card Solutions Group addresses the fast-growing retail market for PC and network security solutions for the small office/home office environment.

SCM's Unique Position

SCM has significant IP in smart card reader technology and develops our portfolio of reader products in compliance with all relevant standards for the industry, including:

- ◆ Common Criteria – ensures compliance with stringent industry standards for secure data exchange based on defined assurance levels.
- ◆ Europay MasterCard Visa (EMV) – ensures compliance with protocols that support secure data exchange in financial applications.
- ◆ PC/SC (Microsoft® Windows® Hardware Quality Labs Certified) – ensures that SCM's readers can interface with any computer platform.
- ◆ We are the only company offering flash-based readers, allowing secure firmware upgrades in the field to protect the investment against obsolescence.

Unlike other reader suppliers that also develop cards or applications that work only with their own readers, SCM is focused on providing standards-based reader technology that is compatible with *ALL* cards, applications and platforms.

We are therefore uniquely positioned to partner with other leading industry players. Together, we and our partners are able to provide best-of-breed solutions to address smart card security programs across the government, enterprise and financial markets.

Recent Developments

SCM has received several milestones and provided the hardware infrastructure for several key smart card deployments:

- ◆ Deployment of reader technology for Germany's eHealth Program – the world's largest IT project.
- ◆ Contactless readers from SCM Microsystems are among the top performers at e-Passport interoperability tests. The readers are able to read electronic documents quickly and reliably, while complying with the strictest data security requirements.
- ◆ Several smart card readers and terminals have received qualification for use in the U.S. Homeland Security Program which enables SCM to supply government agencies and contractors, including the Department of Defense, the Department of Interior, and all other federal agencies with its readers for secure logical access to networks and PCs.

The U.S. government's CAC (Common Access Card) initiative is the world's largest smart card security program to date, using public-key based digital signatures to enable the confidential exchange of certified identities in a digital environment. It is expected to be the model for several other planned and potential Public Key Infrastructure (PKI) programs based on smart cards, including those by these government agencies:

- ◆ NASA
- ◆ Border Control
- ◆ Transportation Security Authority
- ◆ Department of the Interior

SCM IN THE DIGITAL MEDIA MARKET

To address the growing demand for tools to quickly download or transfer digital pictures for printing, SCM offers both preconfigured media bays and customized digital media reader solutions for photo kiosks that provide an interface to digital flash media cards.

SCM's digital media readers and chip sets allow printer manufacturers, photo kiosk makers and others to build flash media interface capabilities into their products.

SCM's flash media interface products support all major memory card formats, including CompactFlash I and II, IBM MicroDrive, MultiMediaCard, Secure Digital, SmartMedia, Sony Memory Stick and xD-Picture Card.

SCM's Unique Position

- ◆ Significant IP in flash media reader technology, with patents covering a range of protocols related to various media formats, form factors and interface types.
- ◆ SCM supplies over 75% of the professional photo kiosk market.
- ◆ We have relationships with top-tier kiosk OEMS including Kodak, Fuji, Noritsu and IBM.

SCM FAST FACTS

Year founded:	1990
Number of Employees:	155 at December 31, 2006

Key Management:

- ◆ Felix Marx, CEO
- ◆ Stephan Rohaly, CFO
- ◆ Dr. Manfred Mueller, Executive Vice President Strategic Sales & Business Development
- ◆ Sour Chhor, Executive Vice President Strategy, Marketing & Engineering

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