



# Invitation to subscribe for units in Fingerprint Cards AB (publ)

## **NOTE THAT THE UNIT RIGHTS ARE EXPECTED TO HAVE A FINANCIAL VALUE**

In order for the value of the unit rights not to be lost, holders must either:

- exercise the unit rights received and subscribe for Units no later than on 24 November 2022, or
- no later than on 21 November 2022 sell the unit rights received that are not intended to be used for subscription of Units.

Note that shareholders with nominee-registered shares must subscribe for Units through their respective nominee(s).

**Distribution of this prospectus and subscription of Units are subject to restrictions in certain jurisdiction, see section “*Important information*”.**

The Swedish language version of this prospectus is valid for a maximum of twelve (12) months after the date of its approval (7 November 2022) provided it is complemented by any supplement required pursuant to Article 23 of Regulation (EU) 2017/1129. The obligation to supplement the prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply once the prospectus is no longer valid.

**SOLE GLOBAL COORDINATOR AND BOOKRUNNER**



## Important information

This prospectus has been prepared in connection with Fingerprint Cards AB's (publ) ("**Fingerprints**" or the "**Company**") new issue of A-units ("**A-Units**") consisting of a total of 1,875,000 new shares of series A ("**A-shares**") and warrants entitling to subscription of A-shares, as well as B-units ("**B-Units**" and together with A-Units, "**Units**") consisting of a total of 99,194,695 new shares of series B ("**B-shares**") and warrants entitling to subscription of B-shares with preferential rights for existing shareholders according to the terms and conditions in this prospectus (the "**Rights Issue**"). As of the date of this prospectus, the Company's A-shares are not admitted to trading on a regulated market or multilateral trading facility. The Company's B-shares are admitted to trading on Nasdaq Stockholm. A Swedish version of this prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (the "**SFSA**") in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"). The approval and registration of the prospectus does not mean that the SFSA guarantees that the factual information in the prospectus is correct or complete.

Distribution of this prospectus and participation in the Rights Issue is subject to restrictions according to law and other regulations in certain jurisdictions. No measure has been taken, nor will be taken, to provide a public offering in any jurisdictions other than Sweden, Denmark, Finland and Norway. The Rights Issue is not intended for persons residing in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the United States or any other jurisdiction where participation in the Rights Issue would require an additional prospectus, registration or measures besides those required by Swedish law or any applicable exemption. Consequently, the prospectus and other documents relating to the Rights Issue may not be distributed in or to the above-named countries or any other country or any other jurisdiction in which distribution or the Rights Issue requires such measures or otherwise would be in conflict with applicable regulations, except if any exemption is applicable. Subscription and acquisition of securities in Fingerprints in violation of the restrictions described above may be invalidated. Recipients of this prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions described may constitute a violation of applicable securities laws.

An investment in securities is associated with risk (see the section "*Risk factors*"). When investors make an investment decision, they must rely on their own assessment of Fingerprints and the Rights Issue, including present facts and risks. Before making an investment decision investors should engage their own professional advisers and carefully evaluate and consider their investment decision. Investors may only rely on the information in this prospectus and any supplement to this prospectus. No person is or has been authorised to provide any information or make any statements other than those contained in this prospectus and, if given or made, such information or statements must not be deemed as having been authorised by Fingerprints and Fingerprints is not responsible for any such information or statements. Neither the publication nor distribution of this prospectus nor any transactions made in respect of the Rights Issue shall be deemed to imply that the information in this prospectus is correct and applicable at any time other than on the date of the publication of this prospectus, or that there have been no changes in Fingerprints business since that date. In the event of any material changes to the information in this prospectus, such changes will be announced in accordance with the provisions on supplements of the Prospectus Regulation.

As a condition for subscription of Units in the Rights Issue described in this prospectus, each person subscribing for Units will be considered to have provided or, in certain cases, be asked to provide, certain representations and warranties that will be relied upon by Fingerprints and its advisors. Fingerprints reserves the right, at its sole and absolute discretion, to declare null and void any subscription for Units that Fingerprints or its advisors believe may give rise to a breach or violation of any law, rule or regulation in any jurisdiction.

The Rights Issue and this prospectus are subject to Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Rights Issue or this prospectus.

### Information to investors in the United States

No unit rights, paid subscribed units (Sw. *betalade tecknade units*), shares or warrants have been registered or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or securities laws in any state or other jurisdiction in the United States, and may not, directly or indirectly, be offered, exercised, pledged, sold, resold, allotted, delivered or in another way transferred within or to the United States.

### Information to investors within the EEA

No public offering of unit rights, paid subscribed units, shares or warrants is made within the European Economic Area ("**EEA**") in other member states than Sweden, Denmark, Finland and Norway. In other member states within the EEA where the Prospectus Regulation is applicable law, directly or by implementation into national law, such an offer can only be made in accordance with exemptions in the Prospectus Regulation or national legislation.

### Forward-looking statements

This prospectus contains certain forward-looking statements that reflect management's current view on future events as well as anticipated financial and operational performances. Forward-looking statements can be identified by the use of words as "believe", "expect", "predict", "intend", "can", "plan", "anticipate", "will", "seek", "should", "could", or "may", or in each case their negations or similar expressions. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of several factors. Factors that may result in Fingerprints' actual results, performance or efforts significantly deviating from those provided or indicated in the forward-looking statements include, *inter alia*, the factors discussed in the section "*Risk factors*".

Forward-looking statements speak only as of the date of this prospectus. Fingerprints undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or other circumstances, except for when it is required by law or other regulations. Accordingly, investors are cautioned not to place undue reliance on any of these forward-looking statements.

# Table of contents

Summary .....	4	Board of directors, senior executives and auditor .....	73
Risk factors .....	13	Corporate governance.....	77
Invitation to subscribe for Units in Fingerprint Cards AB (publ) .....	26	Shares, share capital and ownership structure .....	86
Background and reasons .....	28	Legal considerations and supplementary information.....	93
Terms and instructions .....	30	Articles of association.....	98
Terms and conditions of the warrants in brief.....	37	Appendix A – Terms and conditions for warrants regarding A-shares.....	102
Market overview .....	41	Appendix B – Terms and conditions for warrants regarding B-shares.....	117
Business description .....	45	Definitions and glossary .....	132
Selected historical financial information ....	54	Addresses .....	133
Operating and financial review .....	63		
Capitalisation, indebtedness and other financial information .....	69		

## The terms of the Rights Issue in brief

<b>Subscription price</b> per A-Unit	SEK 15.1
<b>Subscription price</b> per B-Unit	SEK 15.1
<b>Record date</b> for the right to receive unit rights	8 November 2022
<b>Subscription period</b>	10 November – 24 November 2022
<b>Trading in unit rights for B-Units</b>	10 November – 21 November 2022
<b>Trading in BTUs for B-Units</b>	10 November – 2 December 2022

## Other information

<b>ISIN-codes</b>	
A-shares	SE0008374243
B-shares	SE0008374250
Warrants regarding A-shares	SE0018768269
Warrants regarding B-shares	SE0018768277
Unit rights for B-Units	SE0019071127
BTU for B-Units	SE0019071135
<b>Short name (ticker) on Nasdaq Stockholm</b>	
B-shares	FING B
Warrants regarding B-shares	FING TO1 B
Unit rights for B-Units	FING UR B
BTU for B-Units	FING BTU B
<b>LEI code</b>	5493004YF5D7Z612Z822

# Summary

## INTRODUCTION AND WARNINGS

### Introduction and warnings

The prospectus has been prepared in connection with a new issue of A-units (“**A-Units**”) consisting of a total of 1,875,000 new shares of series A (“**A-shares**”) and a total of 375,000 warrants entitling to subscription of A-shares, as well as B-units (“**B-Units**” and together with A-Units, “**Units**”) consisting of a total of 99,194,695 new shares of series B (“**B-shares**”) and a total of 19,838,939 warrants entitling to subscription of B-shares in Fingerprint Cards AB (publ) (“**Fingerprints**” or the “**Company**”) with preferential rights for existing shareholders (the “**Rights Issue**”). The Company’s corporate identity number is 556154-2381. The Company’s registered address is Box 2421, SE-403 16 Gothenburg, its office address is Kungsgatan 20, SE-411 19 Gothenburg, and its LEI code is 5493004YF5D7Z612Z822. The ISIN-code for the A-shares is SE0008374243 and the ISIN-code for the B-shares is SE0008374250.

A Swedish version of this prospectus has been approved and registered with the Swedish Financial Supervisory Authority (the “**SFSA**”) on 7 November 2022. The SFSA’s postal address is Box 7821, SE-103 97 Stockholm, Sweden, telephone number is +46 (0)8 408 980 00 and website is [www.fi.se](http://www.fi.se).

This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on an assessment of the prospectus as a whole by the investor. Investors in securities could lose all or part of the invested capital. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have presented the summary, including translations hereof, but only if the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the securities.

## KEY INFORMATION ON THE ISSUER

### Who is the issuer of the securities?

#### *Information on the issuer*

Fingerprint Cards AB (publ), with corporate identity number 556154-2381 and LEI code 5493004YF5D7Z612Z822, is the issuer of the securities. The registered office of the board of directors is in Gothenburg municipality. The Company is a Swedish public limited liability company incorporated in Sweden in accordance with Swedish law. The Company’s operations are regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005: 551)*).

#### *Principal activities*

Fingerprints is a global biometrics company and its solutions facilitate the everyday lives of its user through secure and convenient identification and authentication.

Fingerprints solutions are found in hundreds of millions of devices and applications, and are used billions of times every day. Fingerprints offer secure and convenient identification and authentication and create value every day by facilitating the everyday lives for users around the world. Fingerprints develop biometric systems comprising sensors, algorithms, software and packaging technologies. The Company’s product development

has resulted in products with high security, user-friendliness and performance. The product range consists primarily of fingerprint sensors and the largest customer segment is manufacturers of smartphones.

### **Major shareholders**

The table below lists the shareholders who had a direct or indirect shareholding representing five per cent or more of the total number of shares and votes in Fingerprints as of 30 September 2022 (and thereafter known changes to the Company). No natural or legal person holds more than five per cent of all shares and/or votes in the Company other than as set out in the table below. Johan Carlström has, by controlling 21.31 per cent of the votes in the Company, substantial influence on questions that are subject to approval by the shareholders of the Company and may as a consequence exercise control over the Company. This is however limited by the provisions in the Swedish Companies Act and that the Company complies with the corporate governance regulations applicable to the Company, in order to ensure that control of the Company is not abused.

<b>Shareholders</b>	<b>Number of A-shares</b>	<b>Number of B-shares</b>	<b>Percentage of share capital, %</b>	<b>Percentage of votes, %</b>
Johan Carlström (through a holding company)	6,000,000	15,000,000	7.05	21.31
Legal & General	0	16,569,435	5.56	4.71
Other shareholders	0	260,430,565	87.39	73.98
<b>Total</b>	<b>6,000,000</b>	<b>292,000,000</b>	<b>100.00</b>	<b>100.00</b>

### **The board of directors and senior executives**

The Company's board of directors consists of Christian Lagerling (chairman), Dimitrij Titov, Ted Elvhage, Alexander Kotsinas and Juan Vallejo.

The Company's senior executives are Ted Hansson (acting CEO), Per Sundqvist (CFO), Pontus Jägemalm (CTO), Thomas Rex (Senior VP Special Projects), Charles Burgeat (Senior VP Corporate Strategy & Portfolio Management) and Michael Roig (President Payment & Access).

### **Auditor**

BDO Mälardalen AB and Carl-Johan Kjellman was elected as the Company's auditor at the annual general meeting 2022 until the end of the next annual general meeting. Since 7 June 2021, Johan Pharmanson is auditor in charge. Both Johan Pharmanson and Carl-Johan Kjellman are authorised public accountants and members of FAR (the professional institute for authorised public accountants in Sweden). BDO Mälardalen AB's and Carl-Johan Kjellman's address is Box 6343, SE-102 35 Stockholm, Sweden. MOORE KLN AB was the Company's auditor and Ulf Lindesson (authorised public accountant and member of FAR) was auditor in charge until the annual general meeting on 26 May 2021, when BDO Mälardalen AB and Carl-Johan Kjellman was elected as the Company's auditor. MOORE KLN AB's address is Lilla Bommen 4A, SE-411 04 Gothenburg, Sweden. The reason for the audit change was ordinary auditor succession.

## Key financial information regarding the issuer

### Summary of key financial information

#### Selected income statement items

MSEK	1 January–31 December			1 January–30 September	
	2021	2020	2019	2022	2021
Revenues	1,355.8	1,255.7	1,458.6	671.5	999.2
Operating profit/loss	-7.6	-365.8	-14.4	-103.7	-11.5
Comprehensive income for the period	69.7	-425.6	23.4	79.0	41.8
Earnings per share (before and after dilution)	0.00	-1.10	-0.04	-0.29	-0.02

#### Selected balance sheet items

MSEK	31 December			30 September	
	2021	2020	2019	2022	2021
Assets	1,799.0	1,575.1	2,237.1	1,788.3	1,406.5
Shareholders' equity	1,027.2	1,182.9	1,798.9	1,106.2	999.3

#### Selected cash flow items

MSEK	1 January–31 December			1 January–30 September	
	2021	2020	2019	2022	2021
Cash flow from operating activities	24.3	158.1	160.4	-230.2	41.1
Cash flow from investing activities	-91.0	-119.1	-115.4	-76.3	-67.3
Cash flow from financing activities	58.4	-209.2	-19.7	-9.4	-236.4

## Key risks specific to the issuer

Material risks factors specific to the issuer and its business includes:

### ***Risks related to Fingerprints' industry, market and business***

#### **Fingerprints is subject to risks related to the progression of the Covid-19 pandemic and risks related to deterioration of general economic conditions**

The Covid-19 pandemic has caused an adverse and prolonged impact on economic and social conditions in markets where Fingerprints operates and may continue to have such an impact in the future. In addition, the Group may also be affected by geopolitical conflicts.

#### **Fingerprints is dependent on a limited number of third party suppliers**

The Group is dependent on a limited number of third party suppliers which are key to the Group's product offering and overall business. If the Group's suppliers experience disruptions, there is a risk that the Group's suppliers of semiconductors will deliver too late or not at all, or that the quality of the deliveries will not meet the Group's expectations, which would hinder the Group's ability to manufacture its biometric sensors in a rate which is sufficient enough to meet the Company's delivery obligations to its customers.

### **Fingerprints is affected by fluctuations in raw material prices**

The prices of semiconductors used in Fingerprints products are to a substantial degree related to the prices of the underlying raw materials, primarily the price of silicon and, to a lesser degree, the price of gold. Price fluctuations in the price of silicon and/or gold could thus entail a higher cost per unit for the Group. The cost per silicon wafers has increased during the last few years due to, *inter alia*, the increase in the general demand for silicon wafers in the world which in turn is a result from the global digitalisation trend as well as an increased demand in China in particular. If the Group would be unable to transfer such cost increases to its customers, it could entail lower margins. This could in turn have a material adverse effect on Fingerprints results.

### **Fingerprints is dependent on its larger customers and on its ability to retain existing customers, grow sales to existing customers and attract new customers**

If Fingerprints experiences a general downturn in its customers' purchases of the Group's products or if one or more of the customers ceases to purchase the Group's products, Fingerprints' rate of growth, business, results and financial position would be materially adversely affected.

### **Fingerprints is dependent on its ability to continue to innovate and adapt to its customers' preferences and demands**

If the Group is not able to adjust its product offering to meet its customers' demands and preferences, Fingerprints customers may lose confidence in Fingerprints and thereby choose to buy products offered by the Group's competitors.

### ***Legal and regulatory risks***

#### **Fingerprints is exposed to risks related to protection of its intellectual property rights**

There is a risk that Fingerprints may not have sufficient protection for patent or other intangible assets used in the business and Fingerprints may have difficulties with defending its patents and other intellectual property rights. Fingerprints may also be exposed to third parties attempting to take advantage of Fingerprints' patents, requiring Fingerprints to take legal actions. If Fingerprints fails to protect and maintain its intellectual property rights or if Fingerprints is alleged to have infringed the intellectual property rights of others, it could have a material adverse effect on Fingerprints' business.

#### ***Risks related to the Group's financial situation***

#### **Fingerprints is exposed to the risk that sufficient funding will not be available on acceptable terms or at all and risks related to covenant breaches**

Fingerprints is exposed to liquidity risk if Fingerprints is unable to meet payment its obligations due to having insufficient cash at its disposal, which in turn arises from matters outside of Fingerprints control. In addition, Fingerprints is exposed to the risk that financing of Fingerprints' operations and refinancing of existing and future debts may become more difficult or costly in the future. There is a risk that financing will not be available to Fingerprints on acceptable terms or at all. Further, there is a risk that the Company may breach a financial covenant in the terms and conditions of its outstanding senior bond loan 2021/2024, that prescribes a certain maximum ratio between the Group's net interest bearing debt and consolidated EBITDA, which in turn may result in the premature termination of the bond loan.

## **KEY INFORMATION ON SECURITIES**

### **Main features of the securities**

Each A-Unit consists of five (5) A-shares (ISIN: SE0008374243) and one (1) warrant of series 2022:1 (ISIN: SE0018768269) entitling to subscription of one (1) A-share in Fingerprint Cards AB (publ).

Each B-Unit consists of five (5) B-shares (ISIN: SE0008374250) and one (1) warrant of series 2022:2 (ISIN: SE0018768277) entitling to subscription of one (1) B-share in Fingerprint Cards AB (publ).

Existing shares in the Company are denominated in SEK. As of the date of this prospectus the registered share capital in the Company amounts to SEK 14,082,649.193145, divided into 323,423,024 shares (of which 6,000,000 are A-shares and 317,423,024 are B-shares). The quota value was SEK 0.043543 per share. One warrant regarding A-shares and B-shares, respectively, entitles the holder to subscribe for one new A-share or B-share in the Company during the 10 trading days that falls prior to (but not including) 18 August 2023.

### ***Rights attached to the securities***

Each A-share entitles to ten (10) votes at a general meeting. Each B-share entitles to one (1) vote at a general meeting. Should the Company resolve to issue new A-shares and B-shares by way of a cash issue or set-off issue, shareholders of A-shares and shareholders of B-shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of shares previously held (primary preferential right). Shares that are not subscribed for with primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If the offered shares are not sufficient for the subscription that takes place with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of shares previously held and to the extent that this cannot be done, by drawing lots. If the Company decides to issue warrants or convertibles by way of a cash issue or set-off issue, shareholders shall have preferential rights to subscribe for warrants as if the issue applied to the shares that may be newly subscribed for on the basis of the warrants, or, respectively, preferential rights to subscribe for convertibles as if it the issue pertained to those shares for which the warrants or convertibles, respectively may be exchanged. If the Company decides to only issue A-shares or only B-shares, by way of a cash issue or set-off issue, all shareholders shall have preferential rights to subscribe for new shares in relation to the number of shares previously held, irrespective of whether their shares are A-shares or B-shares. The abovementioned shall not constitute a restriction on the possibility to resolve regarding a cash issue or a set-off issue with deviation from the shareholders' preferential rights.

Upon increase of the share capital through a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class that already exist. Thereby, existing shares of a specific class carry entitlement to new shares of the same class. The aforementioned shall not restrict the possibility of issuing shares of a new class through a bonus issue, following necessary amendments of the articles of association.

The shares in the Rights Issue carry the rights to dividend from the first record date that follows after the Rights Issue has been registered with the Swedish Companies Registration Office. All A-shares and B-shares have an equal right to dividends as well as to the Company's assets and any surplus in the event of liquidation. The shares are not subject to any transfer restrictions.

In January each year, the board of directors shall consider matters regarding conversion of A-shares to B-shares from holders who have requested conversion during the previous calendar year. The board of directors may, if deemed necessary, also consider matters of conversion at other times. The conversion shall immediately be reported to the Swedish Companies Registration Office for registration and is effected when it has been registered.

The warrants regarding A-shares and B-shares have the following rights. The warrants entitles the holder to subscribe for one new A-share (if the holder holds warrants entitling to subscription of A-shares) or B-share (if the holder holds warrants entitling to subscription of B-shares) in the Company at a subscription price corresponding to 70 per cent of the volume-weighted average price of the Company's B-share on Nasdaq Stockholm the 10 trading days that falls prior to (but not including) 18 August 2023. The average price and the



calculated subscription price shall be rounded to the nearest SEK 0.10, where SEK 0.05 shall be rounded down. A-shares and B-shares issued following subscription shall entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the subscription.

### ***Dividend policy***

The Company has no established policy in terms of the time horizon for when dividends shall be distributed to the shareholders, or how much of the Company's future results that shall be distributed to the shareholders.

The board of director's main priority is to ensure that Fingerprints has a financial position that is strong enough to support both organic growth and selective acquisitions. In addition, Fingerprints is seeking to maintain a strong balance sheet. The distribution of capital to shareholders shall be aligned with the development of earnings and cash flow while taking into account the Company's growth opportunities and financial position.

### **Where will the securities be traded?**

Trading in unit rights regarding B-Units and paid subscribed B-Units ("BTU") on Nasdaq Stockholm is expected, upon application, to commence on 10 November 2022. The new B-shares and warrants entitling to subscription of B-shares are expected to be admitted to trading on Nasdaq Stockholm, upon application, in connection with the conversion of BTU to B-shares and warrants, which is expected to occur on or about 8 December 2022. As of the date of this prospectus, the A-shares and warrants entitling to subscription of A-shares are not admitted to trading on a regulated market or a multilateral trading facility. Furthermore, A-Units and warrants entitling to subscription of A-shares will not be admitted to trading on a regulated market or a multilateral trading facility.

### **What are the key risks that are specific to the securities?**

Material risks factors specific to the securities includes:

#### ***Risks related to the shares***

##### **The price of the shares may be volatile its development can depend on a number of factors**

An investment in shares can increase or decrease in value and there is a risk that an investor loses the invested capital. During the second half of 2022, the price for the B-share has fluctuated from SEK 21.43 as it highest, to SEK 8.94 at the lowest. The development of the share price can depend on several factors, some of which are company-specific while others are related to the stock market in general.

##### **Fingerprints ability to pay dividends in the future might be limited and is dependent on several factors**

The newly issued shares entitle to a dividend only from the first record date that falls after the Rights Issue has been registered with the Swedish Companies Registration Office. The Company has not paid any dividends in the last few years and the Company does not expect any dividends or share repurchases in the foreseeable future. Fingerprints' ability to pay dividends in the future and the size of any such dividends are dependent on Fingerprints' future profit, financial position, cash flows, need for net working capital, investment costs and other factors.

#### ***Risks related to the Rights Issue***

##### **There is a risk that trading in unit rights and BTU will be restricted**

Both unit rights regarding B-Units and paid subscribed B-Units ("BTU") (Sw. *betalade tecknade B-Units*) will be subject to time-limited trading on Nasdaq Stockholm. Trading in these instruments may be limited, which

could make it difficult for individual holders to sell their unit rights and/or BTU, thus prevent the holder from being compensated for the financial dilutive effect that the Rights Issue entails.

## KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON NASDAQ STOCKHOLM

### Under which conditions and timetable can I invest in this security?

#### *The terms and conditions of the offering*

**Number of Units offered:** 375,000 A-Units and 19,838,939 B-Units.

**Subscription right:** Any person registered as a shareholder in the share register maintained by Euroclear Sweden on the record date 8 November 2022 receives one (1) unit right for each share held in relation to the number of shares of each class owned by the shareholder. Sixteen (16) unit rights entitles to subscription of one Unit. Only whole Units can be subscribed (*i.e.*, no fractions). To the extent that Units are not subscribed for by exercising unit rights, these shall be allotted to shareholders and other investors who have subscribed for Units without exercising unit rights in accordance with what is set out in the section “*Terms and instructions*”. Ultimately, provided that additional allotment is necessary in order to reach full subscription in the Rights Issue, allotment shall be made to the subscription guarantors in accordance with their respective underwriting commitment entered into by the Company with the subscription guarantors.

**Record date for the right to receive unit rights:** 8 November 2022.

**Subscription period:** 10 November – 24 November 2022.

**Subscription price A-Units:** SEK 15.1

**Subscription price B-Units:** SEK 15.1

**Payment:** Subscription for Units by exercising unit rights shall be made through cash payment. Payment for Units subscribed for without exercising unit rights shall be made in cash in accordance with the instructions on the distributed settlement note.

**Trading in unit rights for B-Units:** 10 November – 21 November 2022.

**Trading in BTU (B-Units):** 10 November – 2 December 2022.

#### **Conversion of BTU to B-shares and warrants**

**entitling to subscription of B-shares:** 8 December 2022.

**Admission to trading on Nasdaq Stockholm of B-shares:** 8 December 2022.

**Dilution:** For shareholders who decide not to subscribe its share in the Rights Issue, a dilutive effect of not more than 101,069,695 new shares arises, corresponding to approximately 24 per cent of the total number of shares in Fingerprints following the Rights Issue. If the warrants are exercised in full, a dilutive effect of not more than 121,283,634 new shares arises, corresponding to approximately 27 per cent of the total number of shares in Fingerprints after completion of the Rights Issue and full exercise of the warrants.

**Costs for the offer:** SEK 40 million.

## Why is this prospectus being produced?

### **Background, reasons and use of the net proceeds from the Rights Issue**

During the beginning of 2022, there was a significant increase of people infected by Covid-19 in China, a country that accounts for a large part of the Group's sales volume within the product segment Mobile, which resulted in extensive restrictions being imposed in the country. The restrictions introduced have, *inter alia*, led to a significantly decreased demand for smartphones in China, which in turn have resulted in Chinese smartphone manufacturers reducing their production and consequently their purchases of biometric sensors. The decreased demand for the Group's products in China, along with increased price competition from smaller competitors for products within the product segment Mobile, has had an adverse effect on the Group's revenues during 2022.

The decrease in sales and the price competition within the product segment Mobile, as well as the ongoing inventory ramp up within the product segments Payments, PC and Access has had an adverse effect on the Group's liquidity position during 2022. It is the Company's opinion that the existing working capital is not sufficient for the Company's total current working capital needs for the coming twelve-month period. The Company estimates that it has a working capital shortfall of SEK 241 million in total for the coming twelve-month period, which is expected to arise during the end of Q3 2023 as a result of the maturity of supplier invoices within the day-to-day business. The development in China and its effects on Fingerprints have also entailed that the Company as of Q3 2022 breaches the maintenance test covenant (a quarterly tested covenant that prescribes a certain maximum ratio between the Group's net interest bearing debt and consolidated EBITDA) under the terms and conditions of the Company's outstanding senior bond loan 2021/2024 (the "**Terms and Conditions**").

Upon full subscription of B-Units, the Rights Issue will provide the Company with proceeds of approximately SEK 300 million before transaction costs, which is expected to amount to SEK 40 million. Together with existing cash and cash equivalents, estimated cash flows and current financing agreements, the net proceeds upon full subscription of B-Units in the Rights Issue of approximately SEK 260 million, is expected to be sufficient to meet the Company's working capital requirements for the coming twelve-month period. Furthermore, the Company estimates that the net proceeds upon full subscription of B-Units in the Rights Issue will cure the maintenance test covenant breach, entailing that no event of default will occur under the Terms and Conditions. Furthermore, as a result of the capital contribution upon full subscription of B-Units in the Rights Issue, Fingerprints believes that the Group will have a good foundation to increase its sales within the product segments Payments, PC and Access and that the Group will obtain a solid buffer against continued negative effects from the restrictions in China, which in the Company believes will be beneficial to the Company's competitive position prior to as well as after the restrictions in China are eased. Upon full subscription of A-Units in the Rights Issue, the Company will be provided with approximately SEK 6 million additionally. A-Units are not subject to any subscription undertakings or underwriting commitments. Upon full subscription of A-Units and B-Units, the Company will be provided with approximately SEK 305 million before transaction costs, which is expected to amount to SEK 40 million (the transactions costs will remain unchanged regardless if A-Units are fully subscribed for or not).

Certain existing shareholders (including senior executives and board members) have undertaken to subscribe for B-Units corresponding to all or part of their pro rata share of B-Units in the Rights Issue, corresponding to an aggregated amount of approximately SEK 26 million (the "**Subscription Undertakings**"). In addition, certain external investors (including Carnegie) have undertaken to guarantee subscription of B-Units in the Rights Issue corresponding to the B-Unit part in the Rights Issue not covered by the Subscription Undertakings, corresponding to not more than SEK 275 million in total (the "**Underwriting Commitments**"). Hence, the

total amount for B-Units in the Rights Issue at full subscription is covered by the Subscription Undertakings and the Underwriting Commitments. However, neither the Subscription Undertakings nor the Underwriting Commitments have been secured through *e.g.*, bank guarantees, restricted funds, pledged assets or similar arrangements.

Firstly, Fingerprints will use approximately SEK 100 million, corresponding to approximately 38 per cent of the net proceeds of the Rights Issue upon full subscription of A-Units and B-Units, to finance expenditure within the day-to-day business including various customer projects, investments in research and development regarding the Group's products as well as supplier costs and, secondly, use approximately SEK 165 million, corresponding to approximately 62 per cent of the net proceeds of the Rights Issue upon full subscription of A-Units and B-Units, to finance inventory ramp up within the product segments Mobile, Payments, PC and Access. Assuming the warrants issued in the Rights Issue are exercised for subscription of A-shares and B-shares, the Company intends to use the net proceeds from the subscription to finance expenditure within the day-to-day business, including various customer projects, investments in research and development regarding the Group's products as well as supplier costs.

If the Rights Issue is not sufficiently subscribed for, the underwriting commitments not redeemed, and consequently the Rights Issue does not generate sufficient funds to, together with the Company's existing cash and cash equivalents, estimated cash flows and entered financing agreements, cure the Company's working capital shortfall, the Company will be forced to renegotiate its supplier agreements and, to the extent this is not possible, secure alternative financing through new issues or new bond or bank debt. Prior to such additional debt financing, the Company would be required to successfully renegotiate the Terms and Conditions. If the Company is unable to successfully renegotiate its supplier agreements, obtain alternative financing through new issues, or renegotiate the Terms and Conditions to enable incurring additional debt financing, it would entail the Company having to reassess its business plan and cancel investments and, in the long-term, may be forced to divest parts of its business or, ultimately, cancel payments.

#### ***Interest and conflicts of interests***

The Company's financial advisers in connection with the Rights Issue is Carnegie Investment Bank AB (publ) ("**Carnegie**"). Carnegie (as well as its affiliates) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which they have received, or may receive, compensation. Carnegie further guarantees parts of the Rights Issue.

# Risk factors

An investment in the Company's shares and the Rights Issue are associated with risks. Prior to any investment decision, it is important to carefully analyse the risk factors considered to be of importance in relation to the Company and the future performance of the shares, for example risks related to Fingerprints industry, market and business, risks related to the Rights Issue and the shares. The risk factors which as of the date of this prospectus are deemed material to the Company and the shares are described below. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative outcome. In each subsection, the risk factors currently deemed the most material are presented first, but otherwise the risk factors are not ranked in any specific order of importance. The description of the risk factors below is based on information available and estimates made on the date of this prospectus.

## **RISKS RELATING TO FINGERPRINTS' INDUSTRY, MARKET AND BUSINESS**

### **Fingerprints is subject to risks related to the progression of the Covid-19 pandemic and risks related to deterioration of general economic conditions**

The Covid-19 pandemic has caused an adverse and prolonged impact on economic and social conditions in markets where Fingerprints operates. The restrictions imposed to combat Covid-19 have undermined local and cross-border business activities and resulted in a material decrease in general economic activity. In 2020 there was, for instance, a decrease in sales of smart phones (which accounted for approximately 90 per cent of the Group's earnings during 2020) of approximately 8 per cent. Such restrictions have affected Fingerprints operating results, in particular revenues generated from Fingerprints' customers in China who have been largely prevented from operating it business under these conditions and where restrictions related to Covid-19 have been stricter and more extensive for a more prolonged period than in other markets. For example, imposed restrictions related to Covid-19 in China during 2022 has yet again led to a significant decrease in sales of smart phones in

China, which in turn has resulted in a significant decrease in sales in China for the Company. It is still uncertain when the current restrictions in China will be eased, and it cannot be precluded that the restrictions will be further enhanced. If such disruptions continues or intensifies, there is a risk that Fingerprints' sales in China decreases further which would have a material adverse effect on Fingerprints' operations, results and future prospects.

The degree to which Fingerprints' business will continue to be affected by the Covid-19 pandemic and related restrictive actions is currently uncertain and will depend on a variety of factors. There is also a risk that such a recovery will not be sustained or result in a return to the levels of economic activity prior to the pandemic.

In addition to Covid-19 and its effects, the outlook for the world economy and financial markets remains uncertain on account of a number of geopolitical and economic factors, such as the security policy situation and the sanctions imposed against Russia and Belarus due to the invasion of Ukraine and its direct and indirect long-term effects on the world economy. The Group may also be affected by other geopolitical conflicts.

The United States has, for example, introduced licensing requirements for export of certain technologies for use in the products of Huawei, a major customer of the Group incorporated in China. The licensing requirement does not permit export of 5G products for use in Huawei's products and thus restricts the Group's export of certain of the Group's products to Huawei. If the United States export restriction would become stricter and prohibit export of other products of the Group for use in Huawei products, or if there would be an increase in the occurrence of similar export or import restrictions in the United States or in other geographical markets of the Group, it could have a material adverse effect on the Group's overall sales volumes, and Fingerprints' financial position and results.

#### **Fingerprints is dependent on a limited number of third party suppliers**

The Group is dependent on a limited number of third party suppliers which are essential to the Group's product offering and overall business. The Group relies on third party suppliers for delivery of semiconductors, primarily silicon wafers which constitute the core component of the Company's biometric sensors. During the financial year 2021, Fingerprints' five largest suppliers accounted for approximately 96 per cent of the Group's total supplier expenses, with the largest supplier accounting for 60 per cent of total supplier expenses. If one or several of Fingerprints larger suppliers, for any reason, would cease with its deliveries to the Group, it would have a material adverse effect on the Group's production and operations.

If the Group's suppliers experience disruptions, there is also a risk that the Group's suppliers of semiconductors will deliver too late or not at all, or that the quality of the deliveries will not meet the Group's expectations which would hinder the Group's ability to manufacture its biometric sensors in a rate which is sufficient enough to meet the Company's delivery obligations to its

customers. The general shortage of semiconductors in the wake of the Covid-19 pandemic has further increased this risk and entails increased risks of delays in the Group's production, which could translate into delays in deliveries and payments, harming the Group's cash flow and in turn have a material adverse effect on the Group's results and financial position. The shortage of semiconductors and delays in the Group's production has had significant impact on the Group's results and cash flow for the financial years ended 31 December 2020 and 31 December 2021, as well as for the nine month period ended 30 September 2022.

The Group's ability to renew existing agreements with suppliers, or to enter into new contractual relationships upon the expiration of such agreements, on commercially attractive terms or at all, depends on a range of commercial and operational factors and events, such as, the willingness of suppliers to enter into new agreements, the demand for the products and services of such parties or general economic conditions.

In the event that the Group's current agreements with suppliers are terminated and the Group is unable to replace such third party suppliers at acceptable prices or within a reasonable time, it could have a material adverse effect on the Group's business.

#### **Fingerprints is affected by fluctuations in raw material prices**

The prices of semiconductors used in Fingerprints products, is to a substantial degree related to the prices of the underlying raw materials, primarily the price of silicon and, to a lesser degree, the price of gold. Price fluctuations in the price of silicon and/or gold could thus entail a higher cost per unit for the Group. The cost per silicon wafers has increased during the last few years due to, *inter alia*, the increase in the general demand for silicon wafers in the world which in turn is a result from the global digitalisation trend as well an

increased demand in China in particular. During 2021, the price of silicon temporarily fluctuated significantly with price increases of up to 300 per cent as a result from disruptions in the electricity supply in China, which is the largest producer and exporter of silicon. The price paid by the Company for the raw materials used in the Company's operations is also particularly affected by currency effects, primarily the exchange rate between SEK and USD (see section "*Fingerprints is exposed to currency risks*"). If the Group would be unable to transfer such cost increases to its customers, it could entail lower margins. This could in turn have a material adverse effect on Fingerprints results.

**Fingerprints is dependent on its larger customers and its ability to retain existing customers, grow sales to existing customers and attract new customers**

Fingerprints' five largest customer accounted for approximately 65 per cent of the Group's revenues during the nine month period ended on 30 September 2022. If Fingerprints experiences a general downturn in its customers' purchases of the Group's products or if one or more of the customers ceases to purchase the Group's products (*e.g.*, due to a general decrease in demand as a result of Covid-19-related restrictions or sanctions against larger customers), it could have a material adverse effect on Fingerprints' rate of growth, business, results and financial position. As an illustrative example, the loss of the Group's five largest customers in terms of sales volume during the financial year ended 31 December 2021 would have had a negative effect on the Group's consolidated profits by approximately 78 per cent.

The Group's customer agreements are generally entered for a period of two to three years and there is a risk that the difficulty and cost for a customer to switch to a competitor or to develop a proprietary product to replace the Group's products, are not onerous enough to deter the customer from ceasing to use the Group's

products after the expiry of the initial contract period. Furthermore, there is a risk that Fingerprints is not able to maintain its current commercial terms with their customers when renegotiating contracts, which could affect the Group's profit margins going forward.

In addition, the Group's exposure to a limited number of customers entails a higher credit risk. If a customer, or several customers together, representing a large share of the Group's sales should not pay the Group's receivables in time or at all, it could entail major credit losses for the Group, which may have a material adverse effect on the Group's cash flow and liquidity and consequently, on the Group's financial position as the Group would be forced to cover the credit losses by incurring corresponding external financing. If the Group would have experienced credit losses corresponding to 10 per cent of the Group's customer receivables existing as of 31 December 2021, it would have reduced the Group's results for the financial period 1 January–31 December 2021 by approximately SEK 28 million.

The Group's growth is also dependent on the Group's ability to attract new customers and expand its business, either through acquisitions or through organic expansion, within existing markets and to attract new customers in new geographic markets. It could be difficult for Fingerprints to determine the optimal prices for its products, especially when expanding its business in new geographic areas. If the Group does not offer its products at optimal prices, especially in markets where the Group faces significant competition, there is a risk that the Group may be unable to attract new customers or encourage existing customers to expand their use of Fingerprints products. If any of these risks would materialise it could have material adverse effect on the Group's growth, long-term revenue and operations.

### **Fingerprints is dependent on its ability to continue to innovate and adapt to its customers' preferences and demands**

The market for biometric authentication solutions is under constant development and is driven by end-users preferences and demands. In order for the Group to remain competitive, it is necessary for the Group to constantly improve its current product range pursuant to the customers' needs and preferences, as well as the end-customers' demands and requirements as to the usability of the Group's biometric sensors. If the Group is not able to adjust its product offering to meet its customers' demands and preferences, Fingerprints' customers may lose confidence in Fingerprints and thus choose to buy products offered by the Group's competitors instead. In addition, certain competitors may offer a broader product range than what the Group currently does, which could lead to pressure from customers to develop or offer similar products and in turn result in loss of such customers or increased development costs related to the development of a specific product.

Further, as the market continues to evolve, the Group must react on changes in market needs and improved technology. If the Group is not able to adapt its development to improved technology, the Group's technology may be considered obsolete in relation to new technologies and more advanced systems. Omission to act on such changes in time and in a cost efficient manner could impede the Group's ability to attract new customers and retain existing customers. Replacement technologies or new technology introduced by the Group may also contain construction errors or other defects, which could result in loss of customer confidence in the Group's products and, ultimately, a decrease in revenue from the Group's customers.

### **Fingerprints could fail to maintain and strengthen its brand**

Fingerprints believes that its brand is established and recognised, that the Group has a good

reputation within the industry and that the brand constitutes a competitive advantage towards new and existing customer relationships. The Groups' future success and growth is therefore dependent on its ability to maintain and strengthen its brand. If the Group fail to maintain or strengthen its brand, the Group's ability to maintain or expand its customer base could deteriorate, which would have a material adverse effect on the Group's operations.

The public opinion as well as the Group's customers' opinions on the Group could also be influenced by other factors, even though such incidents are not directly related to the Group's business or products. For example, there has been several incidents of employees, senior executives and a board member being involved in controversies regarding insider trading, which gave rise to negative publicity for the Group and, according to the Company, resulted in more expensive insurance premiums in some cases as well as deteriorated financing terms. In case of new incidents of insider trading controversies or other negative events involving employees, senior executives or board member, there is a risk that the public perception of the Group would be damaged and that customers of the Group could choose other suppliers of biometric sensors in order to avoid being connected with the Group. This would in turn have a material adverse effect on Fingerprints operations and future prospects.

### **Fingerprints is exposed to risks related to outsourcing**

The Group does not have its own production capabilities, but outsources the production of the Group's biometric sensors to third parties (the "Manufacturers") and is therefore dependent on the availability and performance of the Manufacturers. The Group currently contracts 24 different Manufacturers for the production of the Group's products.

The Company has historically, and there is a risk that the Company will, experience production



stoppages due to delayed or failed deliveries from the Company's suppliers, which would result in the Company being unable to deliver its products to the customers on time. If the Company is subject to significant downtime in the future and therefore is unable to deliver its products on time, there is a risk that the customer affected by the downtime will claim compensation from the Company. If the Group's insurance for production stoppages does not cover all or part of the compensation paid, it could in turn have a material adverse effect on the Company's margins and results.

If several Manufacturers would terminate their agreements with the Group, become insolvent or fail to fulfil their contractual obligations pursuant to the agreements between the Group and the Manufacturer, Fingerprints would need to find new Manufacturers in order to meet its obligations to the Group's customers. There is a risk that the Group would be unable to contract new Manufacturers, at all or at reasonable costs. If the Group is unable to contract new Manufacturers in time, the Group could be unable to deliver its products to the customers in accordance with existing customer agreements, which could result in customer losses and decreased revenues for the Group. Even if new Manufacturers are contracted, there is a risk that the production will not resume fast enough. If the Group would only be able to contract new Manufacturers at high prices, it could entail higher costs for the Group and decreased margins, which in turn would have a material adverse effect on the Group's results.

#### **Fingerprints is exposed to IT and cyber security risks and risks related to system failures, downtime and other interruptions**

The Group is dependent on its IT systems for, *inter alia*, coordinating allocation of resources, controlling product inventories, maintaining production levels and administering purchase of raw materials such as silicon used in the production of silicon wafers, which are used in the

Group's sensors. IT expenses represent a significant cost item for the Company, and during the financial years 2019-2021 it amounted to approximately two per cent of the Group's revenues.

Interruptions or other disruptions in IT systems that are critical to the Group's operations, could result in the Group being unable to deliver its products to its customers in time. The Company is particularly dependent on IT suppliers of software systems for application design, software development, information management, and product lifestyle management.

Furthermore, there is a risk that prolonged network failure, server downtime, cyber-attacks (including malware or ransomware attacks) or other disruptions in the Group's IT systems could occur, which could have a negative impact on the Group's operations and lead to leakage of confidential information and other trade secrets. If information on, for example, the Group's financial development is unlawfully disclosed, distributed or used in violation of relevant laws and regulations, there is a risk that the Group would be subject to both legal sanctions and impaired reputation. If the Group fails to maintain and develop the functionality and operation of business-critical IT systems, it could have a material adverse effect on the Group's operations.

#### **Fingerprints is exposed to risks relating to the Group's ability to scale up its operations**

The Group's business is based on the development, production and sale of biometric authentication solutions, and the Group's future growth and results depend on the Group's ability to scale up its production and sales volume in order to reduce the production cost per unit, increase the margins and enable lower prices to its customers. As the Company intends to use a larger part (approximately 62 per cent) of the net proceeds from the Rights Issue to expand the product segments Mobile, PC and Access, its

success with upscaling the production and sales volume in these product segments is necessary and it is an important part of the Company's future strategy. Inventory investments result in an adverse effect on the Company's cash flow, e.g., during the financial year 2021, the Company's cash flow was negatively affected by SEK -39 million due to an increase in inventories.

Assuming that the Company incorrectly assesses an appropriate inventory level, it could result in a capital tie-up for the Company that does not correspond to the increased sales volume and increased future cash flows, which could have a material adverse effect on the Company's revenues and results.

Further, the Group's ability to scale up its operations will be of greater importance as the competition from larger providers of biometric authentication solutions of similar quality to those offered by the Group increases, which will entail a larger focus on price levels. Larger competitors could utilise their scalability and cost advantage to drive down prices and take market shares. In order for the Group to protect and increase its market share and deliver on its growth strategy, the Group must be able to scale up its operations through organic growth and/or acquisitions and to integrate acquired businesses successfully and reap synergies, and as such strengthen as well as maintain its competitive position. If Fingerprints is unable to scale up its operations in an adequate way, it could have a material adverse effect on Fingerprints operations and results.

**Fingerprints is dependent on its key employees, and the loss of key employees or difficulties in attracting new qualified personnel could have negative effects on the Group's operations**

The Group's ability to attract, motivate and retain qualified personnel is crucial to the Group's future business and success. Given the high-tech nature of the Group's business, the Group is especially dependent on recruiting and retaining employees with expertise in biometrics (especially within

research and development ("R&D") and supply chain specialists) as well as sellers. In addition, the Group is dependent on certain existing members of its upper management who Fingerprints deem crucial for maintaining and improving the Group's R&D capabilities, which is key for maintaining and improving the Group's competitive edge. If any of these key employees terminate their employments with the Group or substantially change or reduce its engagement with the Group, the Group may not be able to replace them or their services within reasonable time.

As of 30 September 2022 engineers accounted for two-thirds of the Group's total workforce.

Inability to hire, develop, engage and retain a sufficient number of qualified employees would materially hinder Fingerprints business by, for example, impairing Fingerprints ability to successfully develop new products, to successfully manage challenges in the supply chains, or impair the Group's ability to identify new business opportunities and execute its strategy and strategic initiatives. In addition, as the process of hiring and training qualified personnel is often costly in terms of time and money, if the Group's recruitment and retention efforts are unsuccessful, qualified personnel may not be integrated into the Group's workforce in a sufficiently timely manner to meet the needs of the business.

For the financial year ended on 31 December 2021, Fingerprints total costs for salaries and other remuneration amounted to SEK 205.6 million, distributed over an average of 250 employees. If for some reason, the Group would be required to lower its remuneration levels, there would be a risk that key employees would choose to terminate their employments and leave Fingerprints for competitors. If key employees leave the Group for competitors due to the Group not offering competitive remuneration or otherwise, this could lead to future shortfalls in revenue or increased costs, which in turn could result in a material adverse effect on the Group's business and results.

### **Fingerprints may not be able to compete successfully**

The Group has several major international competitors in the biometric authentication solutions industry across different segments, including IDEX Biometrics, Shenzhen Goodix Technology, Egis Technology and Silead. During the last few years, the Group has recognised an increased competition and price pressure on the market, causing lower profit margins on some of the Group's product areas. Companies in the market compete among other things by product innovation, price, quality, performance and compatibility. There is a risk that the competitive landscape may not develop in the direction predicted by the Group, *e.g.*, that the Group's competitors engage in price competition by merging with other competitors or by implementing new initiatives or developing more competitive or innovative products than those of the Group. Even actors who are not competing with the Group's products at this time, or competitors who at this time only compete with the Group within certain segments, can broaden their product offerings to areas where the Group is active. If any of the abovementioned risks were to materialise, it could have a negative impact on demand for the Group's products and cause reduced future sales volume and, in the case of price pressure, decrease the Group's margins. As a result of the extensive Covid-19-related restrictions introduced in China during 2022, which led to a decreased demand for biometric sensors in China, the Company has experienced increased price competition from smaller competitors for products within the product segment Mobile.

### **Fingerprints is subject to risks related to the public perception of biometric sensors**

The Group products comprise a wide range of biometric authentication solutions which aims to verify the identity of registered individuals by means of finger print, iris identification and/or face recognition. The demand for the Group's

products is therefore subject to the public perception of biometric sensors, whereas growing concerns as to the aspect of personal integrity in relation to biometrics and biometric sensors could have a material negative effect on the demand for biometric sensors in general. The probability of such concerns emerging is higher in relation to low cost products with low biometric integrity. Even though the Group's products does not belong to the abovementioned product segment, there is a risk that the Group will fail to differentiate the Group's products from such low cost and low biometric integrity sensors and that the public will perceive all biometric authentication solutions in the same way. If the public opinion on biometric sensors would deteriorate, there is a risk that the demand for the Group's products from the Group's customers would decrease, which in turn could have a material adverse effect on Fingerprints' business and future prospects.

## **LEGAL AND REGULATORY RISKS**

### **Fingerprints is exposed to risks related to protection of its intellectual property rights**

The Group has a large share of intangible assets and Fingerprints is dependent on its intellectual property in order to be able to commercialize its investments and expand its product offering. As of the date of this prospectus, the Group's patent portfolio comprises over 500 patents.

There is a risk that Fingerprints may not have sufficient protection for its patents or other intangible assets used in the business, and Fingerprints may have difficulties with defending its patents and other intellectual property rights. Fingerprints may also be exposed to unauthorised attempts by third parties to use Fingerprints' patents, which will require Fingerprints to take legal action. The Group has, for example, been involved as plaintiff in a patent infringement law suit against one of the Group's competitors, Shenzhen Goodix Technology and it is possible that the Group will be involved in similar disputes

in the future. In addition, third parties' use or misuse of the Fingerprints brand could reflect badly on Fingerprints, for example if such third party is involved in a business that Fingerprints does not want to be associated with. If Fingerprints fails to protect and maintain its intellectual property rights or if Fingerprints is alleged to have infringed the intellectual property rights of others, it could have a material adverse effect on Fingerprints' business.

There is also a risk that the Group, unknowingly, infringes the intellectual property rights of third parties or that third parties may allege the Group for infringing on their intellectual property rights. This could in turn result in third parties asserting claims due to the infringement or the alleged infringement, which may result in the Group's products being unable to be commercialised or that such commercialisation would be delayed. Intellectual property proceedings can involve complex factual and legal issues and often have an uncertain outcome. Such legal disputes will also involve time, personnel and cost expenditure, which could have a material adverse effect on Fingerprints actual business operations.

Furthermore, certain of the Group's intellectual property rights constitutes non-registered and/or non-registerable intellectual property rights. For the protection of such intellectual property rights, the Group is dependent on keeping such trade secrets from its competitors. If such trade secrets were to be disclosed to the Group's competitors due to, e.g., a breach in the Group's IT systems, there is a risk that the Group could lose some of its competitive edge, which could result in lower sales and have a material adverse effect on Fingerprints business and future prospects.

**Fingerprints may be liable to pay administrative sanction fees or be subject to other sanctions due to improper or unlawful processing of personal data**

Fingerprints provide biometric authentication solutions and therefore processes a large amount

of personal data, mainly in relation to employees, customer representatives, supplier representatives and other third parties. If any supervisory authority would deem that Fingerprints is processing, or has previously processed, personal data improperly, or if a personal data breach occurs due to, for example security deficiencies which lead to unlawful dissemination or processing of personal data, this could result in administrative sanction fees due to violations of the General Data Protection Regulation (the "GDPR") or other legal sanctions. Since Fingerprints processes a large amount of personal data as part of its operations, any improper or unlawful processing could further result in a significant number of individuals being affected and consequently, there is a risk that potential administrative sanction fees and/or other legal sanctions or claims from supervisory authorities or other relevant parties could have a material adverse effect on Fingerprints' business. Any violations of applicable laws and regulations regarding the protection of personal data as a result of events both within and outside of Fingerprints' control may adversely affect Fingerprints' brand and reputation.

**Fingerprints operations are subject to a number of compliance-related risks**

Fingerprints global operations expose the Group to risks related to sustainability factors such as human rights, employment conditions and corruption in jurisdictions in which it operates.

There is generally an increased risk for corruption related issues occurring in China, where the Group conducts operations through a Chinese subsidiary. Breaches of anti-corruption laws could entail substantial fines and other criminal, civil or administrative sanctions, which could have a material adverse effect on Fingerprints' reputation, operation, results and financial position. Corruption-related incidents or accusations against suppliers, personnel, customers and other third parties with whom Fingerprints has a commercial

relationship with could lead to adverse publicity, which would damage Fingerprints' reputation, even if Fingerprints is not involved directly.

In addition, Fingerprints is dependent on the compliance by its employees, suppliers, customers and other third parties with its contractual obligations as well as laws, regulations, internal governance documents and policies. Breaches of, or non-compliance with, these regulations could adversely affect Fingerprints' business and reputation. There is, *inter alia*, a risk that the Group's sub-suppliers do not comply with laws and regulations and that they conduct their business in an unethical or environmentally unsustainable manner *e.g.*, regarding purchases of minerals used in the Group's semiconductors. Today, there is a heightened awareness of unethical sourcing of minerals (so called conflict minerals (Sw. *konfliktmineraler*)) and environmental issues in society in general as well as among the Group's customers and potential customers. If sub-suppliers to the Group conduct their business unethically or in breach of applicable laws or regulations, there is a risk that the public perception of the Group could be impaired and that the Group's customers therefore choose other providers of biometric sensors, which would entail decreased market shares and lower sales volumes for the Group.

Also, the political, economic and regulatory environment in which Fingerprints operates is subject to unexpected changes. Any changes in economic development or in local, regional or political bodies as a result of, *e.g.*, elections or changes in government policies, could also result in changes to applicable laws and regulations or to changes in the application of current laws and regulations. Such changes may restrict or prevent Fingerprints' ability to conduct profitable operations, or enter into new markets, or increase the non-compliance with laws and regulations, which may lead to increased costs of operations

for Fingerprints and have a material adverse effect on Fingerprints' future prospects.

### **Fingerprints is exposed to risks related to legal and administrative proceedings**

Fingerprints is involved in legal and administrative proceedings arising in the day-to-day business. Such proceedings may concern, among other things, customer agreements, supplier agreements, employment issues, intellectual property rights and other issues on rights and obligations that arise in connection with Fingerprints operations. Legal and administrative proceedings may also arise in connection with mergers and acquisitions. In addition, Fingerprints may be subject to investigations and legal proceedings brought by authorities (for example, personal data, antitrust, competition or other regulatory authorities) in the jurisdictions where Fingerprints conducts its business.

Legal and administrative proceedings and related investigations may prove costly, be time consuming and disrupt normal operations. The financial, reputational and legal outcomes of material disputes are uncertain and presents a highly significant risk to Fingerprints, since a disadvantageous outcome of such disputes or investigations would have a material adverse effect on Fingerprints' business.

### **RISKS RELATED TO THE GROUP'S FINANCIAL POSITION**

#### **Fingerprints is exposed to the risk that sufficient funding will not be available on acceptable terms or at all and risks related to covenant breaches**

Fingerprints is exposed to liquidity risk if Fingerprints is unable to meet its payment obligations due to having insufficient cash at its disposal, which may in turn arise from matters outside of Fingerprints control, such as a credit crisis or severe adverse economic conditions in the countries in which Fingerprints operates. Decreased revenues as a result of the extensive Covid-19-related restrictions introduced in China

during 2022, the increased price competition from smaller competitors within the product segment Mobile as well as the Company's ongoing inventory ramp up within certain product segments have had negative effects on the Company's liquidity position.

In addition, Fingerprints is exposed to the risk that financing of Fingerprints' operations and refinancing of existing and future debts may become more difficult or costly in the future. As of 30 September 2022, Fingerprints financing mainly consisted of the Company's senior bond loan 2021/2024 of SEK 300 million with a three-year tenor and under a framework of SEK 500 million.

There is a risk that financing will not be available to Fingerprints on acceptable terms or at all. Fingerprints may need additional financing to fund growth, make available or enhance its products, respond to competitive pressure or to make acquisitions or other investments. In case financing is not available on acceptable terms or at all, Fingerprints may not be able to expand its business at a desired rate or continue to fund its ongoing operations. Failure to obtain financing on acceptable terms or at all could have a material adverse effect on Fingerprints' business and financial position.

The terms and conditions of Fingerprints senior bond loan 2021/2024 (the "**Terms and Conditions**") also contain certain restrictive conditions with respect to sales of assets and indebtedness which may limit Fingerprints financial and operating flexibility. Furthermore, the Terms and Conditions contains certain restrictions for the Group to incur debt, which may entail challenges for the Company to secure short-term financing, unless the new financing is not subordinated the senior bond loan 2021/2024 and that a certain financial covenant, that prescribes a certain maximum ratio between the Group's net interest bearing debt and consolidated EBITDA, is met including the new financing, pro forma.

The Terms and Conditions further contains a quarterly tested financial covenant (the "**Covenant**") that prescribes a certain maximum ratio between the Group's net interest bearing debt and consolidated EBITDA. A breach of the Covenant constitutes, if not cured, an event of default entitling the bond holders to terminate the bond loan for prepayment. As of 30 September 2022, the Covenant was not met by the Company and the Rights Issue is being carried out partially to cure the breach of the Covenant. In addition, if the Covenant is not met by Fingerprints in the future and Fingerprints fails to cure the breach of the Covenant, there is also a risk that the bond loan is called for premature payment, which could have a material adverse effect on Fingerprints cash flow and financial position.

If the Group's indebtedness increases in the future, there is also a risk that Fingerprints' vulnerability increases in relation to, and reduces its flexibility to address, general economic and industry-related conditions. Moreover, it could restrict Fingerprints flexibility with respect to planning for, or reacting to, changes in Fingerprints' business, competitive landscape and the industry in which Fingerprints operates, and adversely affect Fingerprints competitiveness.

There is a risk that extensive decreases in Fingerprints creditworthiness or profitability, significant increases in interest rates and considerable decreases in the availability of credit or stricter terms required by lenders would limit Fingerprints' access to capital, including its ability to issue additional shares or debt instruments, which may have a material adverse effect on Fingerprints financial position and future prospects.

### **Fingerprints is exposed to currency risks**

Currency risk means the risk of exchange rate fluctuations affecting the Group's financial position negatively. The Group does not have any currency hedging arrangements in place. The Group is primarily exposed to USD as most of the

purchases and sales are conducted in USD. Thus, significant reductions in the value of the USD in relation to the SEK may have negative effects on the Group's financial position and cash flow. The Company's transaction exposure in sales and materials as USD exposure expressed in SEK corresponded to SEK 514.6 million in total for the financial year 2021 and SEK 692.1 million for the financial year 2020.

A change of ten per cent in the Swedish krona versus other currencies as per 31 December 2021 (with all other factors remaining unchanged), would result in a change in shareholders' equity of SEK 51 million for the financial year 2021, and SEK 69 million for the financial year 2020. Exchange rate differences affected the result for the financial year 2021 by SEK -4.8 million and for the financial year 2020 by SEK 8.1 million.

## **RISKS RELATED TO THE SHARES**

### **The share price may be volatile and the price development depends on several factors**

An investment in shares can increase or decrease in value and there is a risk that an investor loses the invested capital. During the second half of 2022, the price for the B-share has fluctuated from SEK 21.43 as it highest, to SEK 8.94 at the lowest. The share price for the B-share can thus be very volatile. The development of the share price can depend on several factors, some of which are company specific while others are related to the stock market in general. The share price may, among other things, be affected by supply and demand, variations in actual or expected results, inability to meet analysts' expectations on results, failure to achieve financial and operational targets, changes in general economic or regulatory conditions or by pandemics, such as Covid-19. The volatile share price may constitute a significant risk to individual investors that needs to sell B-shares at short notice, and who may therefore be forced to sell their B-shares at a price entailing a loss for the investor.

There is also a risk that there will not be an active and liquid market for trading in Fingerprints' shares at any given time, which could result in investors, that need to sell B-shares at short notice, not being able to sell B-shares at all, to a sufficient extent, or are compelled to divest B-shares at a price which entailing a loss for the investor.

### **Future issuances of shares or other securities could dilute the shareholding and have an adverse effect on the share price**

Fingerprints may in the future need to raise additional capital in order to finance its operations or to carry out planned investments (such as acquisitions of companies or businesses). For example, issuances of additional share related securities could reduce the market value of Fingerprints' shares by diluting the economic (an investor's shareholding of the Company's total assets and share of total dividend) and voting related rights (the voting power of an investor's shareholding) for existing shareholders, unless existing shareholders are given preferential rights in the issue or if existing shareholders for some reason are unable, prevented or unwilling to exercise its preferential rights with the consequence that the investor's shareholding decreases in value.

### **Fingerprints ability to pay dividends in the future might be limited and is dependent on several factors**

The newly issued shares entitle to a dividend only from the first record date that falls after the Rights Issue has been registered with the Swedish Companies Registration Office. The Company has not paid any dividends in the last few years. The Company does not expect any dividends or share repurchases in the foreseeable future. Should the Company's board of directors still submit a proposal of dividends to the general meeting, the board of directors shall consider a number of factors, including the requirements that the nature, scope and risks of the business place on the size of the Company's and Group's equity as well as the

Company's and Group's consolidation needs, liquidity and overall position. Fingerprints' ability to pay dividends in the future and the size of any such dividends are consequently dependent on Fingerprints' future profit, financial position, cash flows, need for net working capital, investment costs and other factors. Under Swedish law, there are provisions which prescribes that dividends may only take place if, after the dividend, there is full coverage for the Company's restricted equity. There is also a risk that Fingerprints decides to re-invest any future profits in the business, that the general meeting of Fingerprints decides not to resolve on dividends in the future or that Fingerprints will not have sufficient funds to pay dividends. The Terms and Conditions further contains certain restrictions on value transfers, providing, *inter alia*, that the Company is only allowed to carry out dividends or other value transfers to the shareholders if it, in aggregate with all restricted value transfers as stated in the Terms and Conditions, does not exceed 50 per cent of the Group's consolidated net profit for the preceding financial year and only provided that the Company meets certain financial covenants related to the ratio between the Group's net interest bearing debt and consolidated EBITDA. If the Company does not start to pay dividends within a certain period of time or to an extent expected by the market, there is a risk that the Company's shares are given a lower market value than would otherwise be the case, which would result in a corresponding decrease in the value of the investors' shareholdings.

#### **Specific risks for shareholders outside Sweden**

Fingerprints' B-shares are only listed on Nasdaq Stockholm in SEK and Fingerprints will only pay any dividends in SEK. Consequently, shareholders domiciled outside Sweden can be negatively affected by a decrease in the value of SEK in relation to the shareholders reference currency in respect of share investments and dividends. Certain jurisdictions, including but not limited to,

Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa and the US, may also have securities legislation that may result in shareholders domiciled in such jurisdiction not being able to participate in new issuances and other public offerings of securities. Accordingly, if Fingerprints in the future issues new shares with preferential rights for the Company's shareholders, shareholders in such jurisdictions might become subject to restrictions resulting in, *inter alia*, such shareholders not being able to exercise their preferential rights or their participation otherwise being obstructed or subject to restrictions. Such restrictions constitute a significant risk for shareholders in the United States and in other jurisdictions where such restrictions apply.

#### **RISKS RELATING TO THE RIGHTS ISSUE**

##### **There is a risk that trading in unit rights and BTU will be restricted**

Any shareholder, registered as a shareholder in Fingerprints on the record date, will receive unit rights in proportion to the shareholder's existing shareholding (irrespective of the class of share held). The unit rights are expected to have an economic value that the holder can only benefit from if the holder either uses them to subscribe for new Units no later than 24 November 2022 or sells them no later than 21 November 2022. After 24 November 2022, without notice, unused unit rights will be cancelled from the holder's securities account (*Sw. VP-konto*), whereby the holder fully loses the expected financial value of the unit rights. Both unit rights for B-Units and paid subscribed B-Units ("**BTU**" (*Sw. betalade tecknade B-Units*)) which, after payment has been made, are booked into security accounts belonging to those who have subscribed for new B-Units, will be subject to time-limited trading on Nasdaq Stockholm. Trading in these instruments may be limited, which could result in difficulties for individual holders to sell their unit rights and/or



BTU and thereby prevent the holder from being compensated for the financial dilution effect that the Rights Issue will have during the period in which the unit rights and BTU is expected to be traded on Nasdaq Stockholm. Investors therefore run the risk of not being able to realise the value of their unit rights and/or BTU. Such circumstances would constitute a significant risk for individual investors. Limited liquidity may also strengthen fluctuations in the market price for subscription rights and/or BTU. The price structure of these instruments could therefore be incorrect or misleading.

#### **Shareholders not participating in the Rights Issue will be affected by dilution**

If shareholders choose not to exercise or sell their unit rights in the forthcoming Rights Issue in accordance with the procedure described in this prospectus, the unit rights will expire without value and the holder will not be entitled to compensation. As a consequence, the proportional ownership and voting rights of such shareholders in Fingerprints will be reduced. Shareholders choosing not to participate in the Rights Issue will have their shareholding diluted by not more than 101,069,695 shares, corresponding to approximately 24 per cent of the total number of shares in Fingerprints after the Rights Issue and approximately 24 per cent of the total number of votes in Fingerprints after the Rights Issue (excluding shares that may be issued as a result from exercising warrants in the Rights Issue for subscription). Such shareholders will not be compensated for the dilution of Fingerprints earnings per share that the Rights Issue entails. Their relative proportion of Fingerprints' equity will also decrease. If shareholders choose to sell

the unit rights they did not exercise or if the unit rights are sold on behalf of the shareholder, there is a risk that the compensation the shareholder receives for the unit rights in the market will not be equivalent to the financial dilution of the shareholders' holding in Fingerprints after the completion of the Rights Issue.

#### **Risks associated with unsecured subscription undertakings and underwriting commitments**

Certain existing shareholders (including senior executives and board members) have undertaken to subscribe for B-Units corresponding to all or part of their pro rata share of B-Units in the Rights Issue, corresponding to an aggregated amount of approximately SEK 26 million (the "**Subscription Undertakings**"). In addition, certain existing shareholders and external guarantors (including Carnegie) have undertaken to guarantee subscription of B-Units in the Rights Issue corresponding to not more than SEK 275 million in total (the "**Underwriting Commitments**"). For the Underwriting Commitments, consideration of 7 per cent of the underwritten amount will be paid in cash, corresponding to SEK 19 million in total.

Neither the Subscription Undertakings nor the Underwriting Commitments have been secured through *e.g.*, bank guarantees, restricted funds, pledged assets or similar arrangements. Consequently, there is a risk that one or more of the parties will not meet all or part of their respective commitments. If the abovementioned commitments are not fulfilled, it would have a material adverse effect on Fingerprints ability to carry out the Rights Issue successfully.

# Invitation to subscribe for Units in Fingerprint Cards AB (publ)

On 10 October 2022 and 31 October 2022, the Company's board of directors decided to increase the Company's share capital through an issue of 375,000 A-Units consisting of 1,875,000 A-shares and 375,000 warrants in total entitling to subscription of A-shares, as well as an issue of 19,838,939 B-Units consisting of 99,194,695 B-shares and 19,838,939 warrants in total entitling to subscription of B-shares, with preferential rights for the Company's current shareholders, subject to subsequent approval of the general meeting. The board of directors' issue resolution was approved at an extraordinary general meeting held on 2 November 2022.

The Rights Issue will increase Fingerprints' share capital by not more than SEK 4,400,827.872858, from SEK 14,082,649.193145 to not more than SEK 18,483,477.066003, through the issuance of not more than 101,069,695 new shares. Following the Rights Issue, the total number of shares in Fingerprints will amount to not more than 424,492,719 shares (of which 7,875,000 are A-shares and 416,617,719 are B-shares). Provided that all warrants (*i.e.*, both warrants entitling to subscription of A-shares and warrants entitling to subscription of B-shares) issued in the Rights Issue are exercised in full, additional 20,213,939 shares will be issued (of which 375,000 are A-shares and are 19,838,939 B-shares), where after the total number of shares in Fingerprints will amount to not more than 444,706,658 shares (of which 8,250,000 are A-shares and 436,456,658 are B-shares) including the shares in the Rights Issue. Fingerprints shareholders' have preferential rights to subscribe for A-Units and B-Units in relation to the number of shares of each class they hold on the record date 8 November 2022.

Certain existing shareholders (including senior executives and board members) have undertaken to subscribe for B-Units corresponding to all or part of their pro rata share of B-Units in the Rights Issue, corresponding to an aggregated amount of approximately SEK 26 million (the "**Subscription Undertakings**"). In addition, certain external investors (including Carnegie) have undertaken to guarantee subscription of B-Units in the Rights corresponding to the B-Unit part in the Rights Issue not covered by the Subscription Undertakings, corresponding to not more than SEK 275 million in total (the "**Underwriting Commitments**"). Hence, the total amount of B-Units in the Rights Issue at full subscription is covered by the Subscription Undertakings and the Underwriting Commitments. However, neither the Subscription Undertakings nor the Underwriting Commitments have been secured through *e.g.*, bank guarantees, restricted funds, pledged assets or similar arrangements.

Those who are registered as shareholders in the share register maintained by Euroclear Sweden on the record date 8 November 2022 receives one (1) unit right for each share held in relation to the number of shares of each class owned by the shareholder. Sixteen (16) unit rights entitle to subscription of one (1) Unit. Only whole Units can be subscribed for (*i.e.*, no fractions). To the extent that Units are not subscribed for by exercising unit rights, these shall be allotted to shareholders and other investors who have subscribed for Units without exercising unit rights in accordance with what is set out in the section "*Terms and instructions*". Ultimately, provided that additional allotment is necessary in order to reach full subscription in the Rights Issue, allotment shall be made to the subscription guarantors in accordance with the Underwriting Commitments.

Subscription shall take place during the period from and including 10 November 2022 to and including 24 November 2022, or the later date determined by the board of directors and otherwise in accordance with what is set out in the section “*Terms and instructions*”. Shareholders choosing not to participate in the Rights Issue will have their shareholding diluted by up to approximately 24 per cent and their voting shares diluted by up to approximately 24 per cent (calculated including the 3,800,000 B-shares held by the Company on the date of the prospectus and the maximum number of shares that may be issued in the Rights Issue). Provided that all warrants (*i.e.*, both warrants entitling to subscription of A-shares and warrants entitling to subscription of B-shares) issued in the Rights Issue are exercised in full, additional 20,213,939 shares will be issued (of which 375,000 are A-shares and 19,838,939 are B-shares) and shareholders who choose not to participate in the Rights Issue will have their shareholding diluted by up to approximately 27 per cent, and their voting shares diluted by up to approximately 27 per cent (calculated including the 3,800,000 B-shares held by the Company on the date of the prospectus and including the maximum number of shares that may be issued in the Rights Issue and by exercising the warrants in the Rights Issue for subscription).

The subscription price in the Rights Issue has been set at SEK 15.1 per A-Unit, corresponding to SEK 3.02 per A-share and SEK 15.1 per B-Unit, corresponding to SEK 3.02 per B-share (the warrants entitling to subscription of A-shares and the warrants entitling to subscription B-shares are issued free of charge), which entails that a the Rights Issue, if fully subscribed for, will provide the Company with proceeds of approximately SEK 305 million before deduction of issue costs.

7 November 2022

**Fingerprint Cards AB (publ)**

The board of directors

## Background and reasons

Fingerprints is a global biometrics company with solutions that make everyday life easier for users throughout the world by offering secure and convenient identification and authentication. Fingerprints solutions are integrated into over a billion devices and applications and are used billions of times every day. Fingerprints deliver secure and convenient identification and authentication and create value by facilitating the everyday lives of its global user base. Fingerprints develops biometric systems comprising sensors, algorithms, software and packaging technologies. The Company's product development has resulted in products with high security, user-friendliness and performance.

The Group's product range consists primarily of fingerprint sensors and the largest product segment is smartphones (Mobile), which, according to the Company, accounts for approximately 80 per cent of the Group's revenues. Furthermore, Fingerprints solutions can be found in *e.g.*, payment cards (Payments), computers (PC) and door locks, access cards and other types of authentication keys (Access), product segments that, according to the Company, has a faster growth rate than the product segment Mobile. To enable further growth of the product segments Payments, PC and Access, the Group focuses on scaling the production and sales within these segments, and there is an ongoing inventory ramp up of products in these segments.

During the beginning of 2022, there was a significant increase of people infected by Covid-19 in China, a country that accounts for a large part of the Group's sales volume within the product segment Mobile, which resulted in extensive restrictions being imposed in the country. The restrictions introduced have, *inter alia*, led to a significantly decreased demand for smartphones in China, which in turn have resulted in Chinese smartphone manufacturers reducing their production and consequently their purchases of biometric sensors. The decreased demand for the Group's products in China along with increased price competition from smaller competitors for products within the product segment Mobile has had an adverse effect on the Group's revenues during 2022.

The decrease in sales and the price competition within the product segment Mobile, as well as the ongoing inventory ramp up within the product segments Payments, PC and Access has had an adverse effect on the Group's liquidity position during 2022. It is the Company's opinion that its existing working capital is not sufficient for the Company's total current working capital needs for the coming twelve-month period. The Company estimates that it has a working capital shortfall of SEK 241 million in total for the coming twelve-month period, which is expected to arise during the end of Q3 2023 as a result of the maturity of supplier invoices within the day-to-day business. The development in China and its effects on Fingerprints have also entailed that the Company as of Q3 2022 breaches the maintenance test covenant (a quarterly tested covenant that prescribes a certain maximum ratio between the Group's net interest bearing debt and consolidated EBITDA) under the terms and conditions of the Company's outstanding senior bond loan 2021/2024 (the "**Terms and Conditions**").

Upon full subscription of B-Units, the Rights Issue will provide the Company with proceeds of approximately SEK 300 million before transaction costs, which is expected to amount to approximately SEK 40 million. Together with existing cash and cash equivalents, estimated cash flows and current financing agreements, the net proceeds, upon full subscription of B-Units in the Rights Issue of approximately SEK 260 million, is considered to be sufficient to meet the Company's working capital

requirements for the coming twelve-month period. Furthermore, the Company estimates that the net proceeds upon full subscription of B-Units in the Rights Issue will cure the maintenance test covenant breach, entailing that no event of default will occur under the Terms and Conditions. Furthermore, as a result of the capital contribution upon full subscription of B-Units in the Rights Issue, Fingerprints believes that the Group will have a good foundation to increase its sales within the product segments Payments, PC and Access and that the Group will obtain a solid buffer against continued negative effects from the restrictions in China, which the Company believes will be beneficial to the Company's competitive position prior to as well as after the restrictions in China are eased. Upon full subscription of A-Units in the Rights Issue, the Company will be provided with approximately SEK 6 million additionally. A-Units are not subject to any subscription undertakings or underwriting commitments. Upon full subscription of A-Units and B-Units, the Company will be provided with approximately SEK 305 million before transaction costs, which is expected to amount to SEK 40 million (the transactions costs will remain unchanged regardless if A-Units are fully subscribed for or not).

Certain existing shareholders (including senior executives and board members) have undertaken to subscribe for B-Units corresponding to all or part of their pro rata share of B-Units in the Rights Issue, corresponding to an aggregated amount of approximately SEK 26 million (the "**Subscription Undertakings**"). In addition, certain external investors (including Carnegie) have undertaken to guarantee subscription of B-Units in the Rights Issue corresponding to the B-Unit part in the Rights Issue not covered by the Subscription Undertakings, corresponding to not more than SEK 275 million in total (the "**Underwriting Commitments**"). Hence, the total amount for B-Units in the Rights Issue at full subscription is covered by the Subscription Undertakings and the Underwriting Commitments. However, neither the Subscription Undertakings nor the Underwriting Commitments have been secured through *e.g.*, bank guarantees, restricted funds, pledged assets or similar arrangements.

*Firstly*, Fingerprints will use approximately SEK 100 million, corresponding to approximately 38 per cent of the net proceeds of the Rights Issue, to finance expenditure within the day-to-day business including various customer projects, investments in research and development regarding the Group's products as well as supplier costs and, *secondly*, use approximately SEK 165 million, corresponding to approximately 62 per cent of the net proceeds of the Rights Issue upon full subscription of A-Units and B-Units, to finance inventory ramp up within the product segments Mobile, Payments, PC and Access. Assuming the warrants issued in the Rights Issue are exercised for subscription of A-shares and B-shares, the Company intends to use the net proceeds from the subscription to finance expenditure within the day-to-day business, including various customer projects, investments in research and development regarding the Group's products.

*The board of directors of the Company is responsible for the information in the prospectus and to the best of its knowledge, the information contained in the prospectus is in accordance with the facts and the prospectus makes no omission likely to affect its import.*

7 November 2022

**Fingerprint Cards AB (publ)**

The board of directors

# Terms and instructions

## PREFERENTIAL RIGHTS AND UNIT RIGHTS

Anyone registered as a shareholder in the share register maintained by Euroclear Sweden on the record date 8 November 2022 will receive one (1) unit right for each share held in Fingerprints, for each class of share, respectively. Sixteen (16) unit rights entitles the holder to subscribe for one (1) Unit. Only whole Units can be subscribed for (*i.e.*, no fractions). Application for subscription of Units may also be made without exercising unit rights. Such applications must be made on the application form for subscription of Units without exercising unit rights, see section “*Subscription of Units without exercising unit rights*” below.

Each A-Unit consists of five (5) A-shares and one (1) warrant entitling to subscription of an A-share, and each B-Unit consists of five (5) B-shares and one (1) warrant entitling to subscription of a B-share.

The Rights Issue comprises not more than 375,000 A-Units, corresponding to not more than 1,875,000 A-shares (ISIN: SE0008374243) and not more than 375,000 warrants entitling to subscription of A-shares (ISIN: SE0018768269), and 19,838,939 B-Units, corresponding to not more than 99,194,695 B-shares (ISIN: SE0008374250) and not more than 19,838,939 warrants entitling to subscription of B-shares (ISIN: SE0018768277). Shareholders who choose not to participate in the Rights Issue will, upon full subscription in the Rights Issue by other investors, have their shareholding diluted by approximately 24 per cent and their voting shares diluted by approximately 24 per cent (calculated including the 3,800,000 B-shares held in treasury by Fingerprints on the date of the prospectus). These shareholders have the option to be financially compensated for the dilutive effect by

selling their unit rights. Upon transfer of unit rights, the preferential rights are transferred to the new holder of the unit rights.

## SUBSCRIPTION PRICE

The subscription price is SEK 15.1 per A-Unit, corresponding to SEK 3.02 per A-share and SEK 15.1 per B-Unit, corresponding to SEK 3.02 per B-share (the warrants entitling to subscription of A-shares and the warrants entitling to subscription of B-shares are issued free of charge). Fingerprints does not impose any fees or other costs on investors in connection with the Rights Issue. No brokerage will be charged.

## RECORD DATE

The record date for determining which shareholders are entitled to receive unit rights under the Rights Issue is 8 November 2022. The B-shares will be traded without the right to receive unit rights from and including 7 November 2022.

## SUBSCRIPTION PERIOD

Subscription of Units shall take place during the period from and including 10 November 2022 to and including 24 November 2022. The board of directors has the right to extend the subscription period.

## TRADING IN UNIT RIGHTS

Trading in unit rights regarding B-Units takes place on Nasdaq Stockholm during the period from and including 10 November 2022 to and including 21 November 2022 under the short name (ticker) FING UR B. The ISIN code for the unit rights for B-Units is SE0019071127. Carnegie and other securities institutions with the requisite licenses will provide brokerage services in connection with the purchase and sale of unit rights. If a shareholder does not exercise its unit rights by payment no later than 24 November

2022 or does not sell its unit rights by 21 November 2022, such shareholders' unused unit rights will expire without value and the holder will not receive any compensation.

## **ADMISSION TO TRADING OF THE NEW B-SHARES AND WARRANTS ON NASDAQ STOCKHOLM**

The Company's B-shares are admitted to trading on Nasdaq Stockholm Mid Cap and are traded under the short name "FING B". The new B-shares and warrants entitling to subscription of B-shares are expected to be admitted to trading on Nasdaq Stockholm in connection with the conversion of paid subscribed B-Units ("BTU") to B-shares and warrants entitling to subscription of B-shares, which is expected to occur on or around 8 December 2022. The new A-shares and warrants entitling to subscription of A-shares are not admitted to trading on a regulated market or a multilateral trading facility and will not be admitted to trading on any such market.

## **RIGHT TO DIVIDEND**

The new shares carry the right to dividend for the first time on the dividend record date that follows immediately after the new shares have been registered with the Swedish Companies Registration in the share register maintained by Euroclear Sweden.

## **PUBLICATION OF THE OUTCOME IN THE RIGHTS ISSUE**

Fingerprints will announce the outcome of the Rights Issue through a press release on or around 25 November 2022. The press release will be available on the Company's website, [www.fingerprints.com](http://www.fingerprints.com).

## **ISSUE STATEMENT**

### **Directly registered shareholders**

A pre-printed issue statement with attached bank giro slip is sent to directly registered shareholders

and representatives of shareholders who on the record date are registered in the share register kept by Euroclear Sweden on behalf of Fingerprints, with the exception of those residing in certain unauthorised jurisdictions, see the section "*Shareholders in certain ineligible jurisdictions*" below. The issue statement sets forth, *inter alia*, the number of unit rights received and the total number whole Units that may be subscribed for. No separate notification will be sent regarding the registration of unit rights in shareholders' securities accounts. Shareholders who are included in the separate list of pledgee and guardians kept in connection with the share register do not receive an issue statement, but are notified separately.

### **Nominee-registered shareholder**

Shareholders whose holdings are nominee-registered with a bank or other nominee will not receive an issue statement. Subscription and payment shall instead take place in accordance with instructions from the respective nominee.

### **Shareholders in certain ineligible jurisdictions**

Allocation of unit rights and Units upon exercising unit rights to persons residing in countries other than Sweden and the countries to which the prospectus will be passported (*i.e.*, Denmark, Finland and Norway) may be affected by securities legislation in such countries. For example, shareholders who have their shares directly registered in securities accounts with registered addresses in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the United States or any other jurisdiction where participation in the Rights Issue would require an additional prospectus, registrations or other regulatory approvals or measures, will not receive this prospectus. In addition, such shareholders will not receive any unit rights to their securities accounts. The unit rights that otherwise would have been delivered to such shareholders will be sold and the sale proceeds will be paid to such shareholders (with deduction

of costs). Amounts from such sales that are less than SEK 100 will not be paid out.

Although nominees with directly registered holdings (unless they have registered addresses in any ineligible jurisdiction) are expected to have unit rights for B-Units credited to their securities accounts, shareholders resident in ineligible jurisdictions who hold through such nominees will, subject to certain exceptions, not be permitted to participate in the Rights Issue. Nominees, custodians or other financial intermediaries holding shares for shareholders in Fingerprints (*i.e.*, nominee-registered shares) may not, without Fingerprints' consent, or pursuant to instructions provided by Fingerprints, Fingerprints' financial advisers in connection with the Rights Issue or representatives of either of them, send this prospectus, the pre-printed issue statement or other materials in relation to the Rights Issue to shareholders who have an address in, or are located or resident in, an ineligible jurisdiction.

### **SUBSCRIPTION FOR UNITS BY EXERCISING UNIT RIGHTS**

Subscription for Units with unit rights shall be carried out through cash payment during the period from 10 November 2022 up to and including 24 November 2022. Upon expiry of the subscription period, unexercised unit rights will be invalid and thus be worthless and be deleted from the holder's securities account, without notice from Euroclear Sweden. In order not to lose the value of the unit rights obtained, the holder must either:

- exercise the unit rights and subscribe for Units no later than 24 November 2022 or in accordance with instruction from respective nominee; or
- sell the unit rights that have not been exercised by 21 November 2022.

An application for subscription for Units on the basis of unit rights is irrevocable and subscribers may not cancel or modify a subscription of Units.

### **Directly registered shareholders resident in Sweden**

Subscription for Units with unit rights is made through a cash payment, by using either the pre-printed bank giro slip or by the applicable application form with simultaneous payment according to one of the following alternatives:

- bank giro slip is used if all unit rights according to the issue statement from Euroclear Sweden is to be used; or
- the application form for subscription with unit rights is used if unit rights have been purchased, sold or transferred from another securities account or if for any other reasons a different number of unit rights than those stated in the pre-printed issue statement are to be used for subscription. Payment for subscribed Units must be made concurrent to submitting the completed application form for subscription with unit rights. The payment shall be carried out in the same way as for other bank giro payments, for example through internet bank, account transfer or at a bank branch office. The number of the securities account (Sw. *VP-kontonummer*) that holds the unit rights must be stated together with the payment.

The application form in accordance with the above may be obtained from Carnegie during office hours by telephone + 46 (0)8 5886 8510 or downloaded from Carnegie's website, [www.carnegie.se](http://www.carnegie.se), or Fingerprints website, [www.fingerprints.com](http://www.fingerprints.com). The application form and payment must be received by Carnegie no later than 15.00 CET on 24 November 2022. Please note that payment for subscription of Units by exercising unit rights not received by Carnegie 15.00 CET on 24 November 2022, will not be



taken into account, hence payment must be made in due time prior to this date.

### **Directly registered shareholders who are not residents in Sweden**

Directly registered shareholders who are entitled to subscribe but not residing in Sweden and who are not subject to the restrictions described in section “– *Shareholders in certain ineligible jurisdictions*” above, and who cannot use the pre-printed bank giro slip, may contact Carnegie (tel. +46 (0)8 5886 8510) for information regarding subscription and payment.

### **Nominee-registered shareholders**

Shareholders whose holdings are nominee-registered and who wish to subscribe for Units with unit rights shall register for subscription in accordance with instructions from its respective nominee.

### **Paid subscribed units (BTU)**

Units subscribed for by exercising unit rights will be registered as BTU in the securities account until such time as the Rights Issue has been registered with the Swedish Companies Registration Office. Registration of all shares and warrants in the Rights Issue is expected to take place at the Swedish Companies Registration Office on or around 6 December 2022. Thereafter, BTU will, without notice from Euroclear Sweden, be converted to B-shares and warrants entitling to subscription of B-shares, which are expected to be registered on the subscriber’s account on or around 8 December 2022. Holders of nominee-registered depository accounts will receive BTU and information in accordance with the respective nominees’ routines. A-shares and warrants entitling to subscription of A-shares will also be registered on the subscriber’s account on or around 8 December 2022. No BTU will be registered for Units which are subscribed and paid for without exercising unit rights.

### **Trading with BTU**

BTU regarding Units will be admitted to trading on Nasdaq Stockholm. Trading with BTU is expected to take place on Nasdaq Stockholm from

and including 10 November 2022 up to and including 2 December 2022. Carnegie and other securities institutions are at service with brokering of purchase and sale of BTU subscribed with unit rights.

## **SUBSCRIPTION OF UNITS WITHOUT EXERCISING UNIT RIGHTS**

### **Directly registered shareholders**

Application for subscription of Units without exercising unit rights must be made on the application form for subscription without exercising unit rights. Incomplete or incorrectly completed application form may be disregarded. Please note that the registration is binding. Only one application per person may be submitted. If several application forms are submitted, only the application form last received by Carnegie will be considered.

An application form can be obtained from any of Carnegie’s offices or be downloaded on Carnegie’s website, [www.carnegie.se](http://www.carnegie.se), or at Fingerprints website, [www.fingerprints.com](http://www.fingerprints.com). The application form may either be sent to Carnegie Investment Bank AB, Transaction Support, SE-103 38 Stockholm or be handed in at one of Carnegie’s branch offices in Sweden. The application form must be received by Carnegie, Transaction Support, no later than 15.00 CET on 24 November 2022.

### **Nominee-registered shareholders**

Shareholders whose holdings are nominee-registered and who wish to subscribe for Units without exercising unit rights may register for subscription in accordance with instruction from the respective nominee.

### **Requirement for NID/LEI number**

According to Directive 2014/65/EU of the European Parliament and of the Council, investors need to have a global identification code from 3 January 2018 in order to carry out a securities transaction. These requirements mean that legal persons need to apply for registration of a LEI

code (Legal Entity Identifier) and natural persons need to find out their NID-number (National ID or National Client Identifier) to participate in the Rights Issue. Please note that it is the legal status of the shareholders that determines whether a LEI code or a NID-number is needed and that an issuing institution may be prevented from performing the transaction for the shareholder in question.

### **ALLOCATION OF UNITS UPON SUBSCRIPTION WITHOUT EXERCISING UNIT RIGHTS**

In the event that not all Units are subscribed for by exercising unit rights, the Company's board of directors shall, within the maximum amount of the Rights Issue, decide on the allotment of Units subscribed for without exercising unit rights. In such cases, allotment of new Units shall be carried out in accordance with the following:

- Firstly, allotment of Units shall be granted to those who have subscribed for Units by exercising unit rights, regardless if they were registered as shareholders' on the record date on 8 November 2022 or not, in relation to the number of unit rights exercised for subscription of Units by that individual, and, to the extent this is not possible, by drawing lots.
- Secondly, allotment of Units shall be granted to others who have subscribed for Units without exercising unit rights and, in the event of over-subscription, in relation to the number of Units such individual have applied to subscribe for, and, to the extent this is not possible, by drawing lots.
- Thirdly and as the case may be, Units shall be allotted to any underwriters who have entered into underwriting commitments with the Company, in accordance with the terms and conditions of such commitment.

As confirmation of the allotment of Units subscribed for without exercising unit rights, a settlement note will be sent to subscribers on or around 28 November 2022. Shareholders whose holdings are nominee-registered receives a confirmation of allocation in accordance with the respective nominees' routines. No notice will be sent to subscribers who have not received an allotment. Subscribed and allotted Units must be paid for in cash in accordance with the instructions on the settlement note sent to the subscriber. Registration of shares and warrants subscribed for without exercising unit rights is expected to take place at the Swedish Companies Registration Office on or around 6 December 2022. Registration of shares and warrants in securities accounts is expected to take place on or around 8 December 2022. Nominee-registered shareholders receive notification of allotment and payment in accordance with the respective nominee's procedures.

### **ADDITIONAL INFORMATION AND PROCESSING OF PERSONAL DATA**

In the event that an excessive amount has been paid by a subscriber for Units, Fingerprints will arrange for the excess amount to be repaid. No interest will be paid for the excess amount. A subscription for Units, with or without exercising unit rights, is irrevocable and the subscriber may not cancel or modify a subscription for Units. Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is paid in late, is insufficient or is paid incorrectly, notification of subscription may be submitted without consideration or subscription may be made with a lower amount. Paid payment that has not been used will in that case be repaid.

Carnegie is a so-called issuer agent for the Rights Issue, which means that Carnegie assists the Company with certain administrative services related to the Rights Issue. The fact that Carnegie is an issuer agent does not in itself mean that

Carnegie considers the subscriber to be a customer of Carnegie. The subscriber is considered for the investment only as a customer at Carnegie if the subscriber has an existing customer relationship with the bank. The consequence of Carnegie not considering the subscriber as a customer for the investment is that the rules on investor protection in the Securities Market Act (*Sw. lagen (2007:528) om värdepappersmarknaden*) will not be applied to the investment. This means, among other things, that neither so-called customer categorisation nor so-called suitability assessment will take place regarding the placement. The subscriber is thus responsible for ensuring it has sufficient experience and knowledge to understand the risks associated with the investment.

Parties who subscribe for, or apply to subscribe for, new Units will submit personal data to Carnegie. Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the Rights Issue, is processed by Carnegie, as controller of the personal data, for the administration and execution of the Rights Issue. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties. Personal data may for a defined purpose, in observance of bank secrecy rules, occasionally be disclosed to other companies within the Carnegie Group or to undertakings which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases Carnegie is also under a statutory duty to provide information, *e.g.*, to the Swedish Financial Supervisory Authority and the Swedish Tax Agency.

Similarly to the Securities Market Act, the Swedish Banking and Financing Business Act (*Sw. lagen (2004:297) om bank- och finansieringsrörelse*) contains confidentiality provisions according to which all of Carnegie's

employees are bound by a duty of confidentiality with regard to clients of Carnegie and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the Carnegie Group.

Information regarding what personal data is processed by Carnegie, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from Carnegie's data protection officer. It is also possible to contact the data protection officer to obtain further information about how Carnegie processes personal data. If the investor wishes to make a complaint regarding Carnegie's processing of personal data, the investor is entitled to turn to the Swedish Authority for Privacy Protection (*Sw. Integritetsskyddsmyndigheten*) in its capacity as supervisory authority.

Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that Carnegie has no legal obligation to preserve the personal data. The normal storage time for personal data is 11 years.

Address to Carnegie's data protection officer:  
[dpo@carnegie.se](mailto:dpo@carnegie.se).

If you have any questions regarding the Rights Issue, please contact +46 (0)8 5886 8510, your bank or your securities institution.

## THE WARRANTS IN BRIEF

See section "*Terms and conditions of the warrants in brief*".

## IMPORTANT INFORMATION REGARDING TAXATION

The tax legislation in the investor's home country and in Sweden may affect any income received from unit rights, BTU, shares or warrants in Fingerprints.

The taxation of any dividend, as well as capital gains taxation and rules concerning capital losses in connection with disposal of securities, depends on the shareholders' particular situation. Special tax rules apply to certain categories of taxpayers and certain types of investment forms. Each holder of shares, warrants and unit rights (irrespective of

series) should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign tax rules and tax treaties.

# Terms and conditions of the warrants in brief

## WARRANTS REGARDING A-SHARES

Number of warrants	375,000
ISIN	SE0018768269.
Subscription period	<p>Application for subscription of A-shares may take place during the period from and including the first trading day following establishment of the subscription price in accordance with the section “<i>Appendix A – Terms and conditions for warrants regarding A-shares</i>” to and including 8 September 2023. If a holder is prohibited from subscription of A-shares during the period set out above due to regulations under Regulation (EU) (596/2014/EU) on market abuse, the Swedish Securities Market Abuse Penal Act (Sw. <i>lagen (2016:1307) om straff för marknadsmissbruk på värdepappersmarknaden</i>), the Swedish Act with Supplementary Provisions to the European Union’s Market Abuse Regulation (Sw. <i>lagen (2016:1306) med kompletterande bestämmelser till EU:s marknadsmissbruksförordning</i>) or other insider legislation applicable in respect of the Company, the Company shall be entitled to instead permit subscription of A-shares as soon as such holder is no longer prevented from subscription, however not later than 10 calendar days after such prevention has ceased to apply.</p>
Subscription price	<p>One warrant entitles the holder to subscribe for one new A-share in the Company at a subscription price corresponding to 70 per cent of the Average Price (as defined below).</p> <p>The “<b>Average Price</b>” is equal to the volume-weighted average price of the Company’s B-share on Nasdaq Stockholm the 10 trading days that falls prior to (but not including) 18 August 2023. The Average Price and the calculated subscription price shall be rounded to the nearest SEK 0.10, where SEK 0.05 shall be rounded down.</p>
Subscription	Upon application for subscription, payment for the number of A-shares which the application for

Trading in warrants	<p>subscription covers shall be made simultaneously. Payment shall be made in cash to a bank account designated by the Company.</p> <p>There will be no trading in warrants entitling to subscription of A-shares.</p>
Right to dividend	A-shares issued following subscription shall entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the subscription.
Amendment to terms and conditions	The Company shall be entitled, to amend the terms and conditions of the warrants to the extent required by legislation, decisions of courts of law or decisions of governmental authorities or where otherwise such is necessary or expedient for practical reasons and provided that the rights of the holders are in no way prejudiced.
Applicable law and forum	These terms, and all legal issues related to the warrants, shall be determined and interpreted in accordance with Swedish law. Legal proceedings relating to the warrants shall be brought before the Stockholm District Court or such other forum as is accepted in writing by the Company.

## WARRANTS REGARDING B-SHARES

Number of warrants	19,838,939
ISIN	SE0018768277.
Subscription period	<p>Application for subscription of B-shares may take place during the period from and including the first trading day of the Company's B-share following establishment of the subscription price in accordance with the section "Appendix B – Terms and conditions for warrants regarding B-shares" to and including 8 September 2023. If a holder is prohibited from subscription of B-shares during the period set out above due to regulations under Regulation (EU) (596/2014/EU) on market abuse, the Swedish Securities Market Abuse Penal Act (Sw. <i>lagen (2016:1307) om straff för marknadsmissbruk på värdepappersmarknaden</i>), the Swedish Act with Supplementary Provisions to the European Union's Market Abuse Regulation (Sw. <i>lagen (2016:1306) med kompletterande bestämmelser till EU:s marknadsmissbruksförordning</i>) or other insider legislation applicable in respect of the Company, the</p>

	<p>Company shall be entitled to instead permit subscription of B-shares as soon as such holder is no longer prohibited from subscription, however not later than 10 calendar days after such prohibition has ceased to apply.</p>
Subscription price	<p>One warrant entitles the holder to subscribe for one new B-share in the Company at a subscription price corresponding to 70 per cent of the Average Price (as defined below).</p> <p>“<b>Average Price</b>” is equal to the volume-weighted average price of the Company’s B-share on Nasdaq Stockholm the 10 trading days that falls prior to (but not including) 18 August 2023. The Average Price and the calculated subscription price shall be rounded to the nearest SEK 0.10, where SEK 0.05 shall be rounded down.</p>
Subscription	<p>Upon application for subscription, payment for the number of B-shares which the application for subscription covers shall be made simultaneously. Payment shall be made in cash to a bank account designated by the Company.</p>
Trading in warrants	<p>The Company’s board of directors will apply for admission to trading on Nasdaq Stockholm of the warrants entitling to subscription of B-shares that are issued in connection with the Rights Issue. The warrants is expected to be admitted to trading on 8 December 2022. The short name (ticker) for the warrants will be FING TO1 B.</p>
Right to dividend	<p>B-shares issued following subscription shall entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the subscription.</p>
Amendment to terms and conditions	<p>The Company shall be entitled, to amend the terms and conditions of the warrants to the extent required by legislation, decisions of courts of law or decisions of governmental authorities or where otherwise such is necessary or expedient for practical reasons and provided that the rights of the holders are in no way prejudiced.</p>
Applicable law and forum	<p>These terms, and all legal issues related to the warrants, shall be determined and interpreted in accordance with</p>

Swedish law. Legal proceedings relating to the warrants shall be brought before the Stockholm District Court or such other forum as is accepted in writing by the Company.



# Market overview

*This section contains market and industry information related to Fingerprints' business and markets, such as information on markets, market trends and growth rates. Some of the information in this section is based on the Company's own estimates derived on information obtained from external and internal sources.*

*Information obtained from third parties has been accurately reproduced and as far as Fingerprints is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified the information and cannot guarantee its accuracy and completeness. Furthermore, Fingerprints has made a number of assumptions in the prospectus regarding its industry and competitive position within the industry. These assumptions are based on the Company's experience and its own research of market conditions. Fingerprints cannot guarantee the accuracy of these assumptions or that they accurately reflect its market position in the industry and none of the Company's internal researches or information has been verified by independent sources whose estimates or opinions about industry-related information may differ from those of the Company.*

*Given the limited amount of publicly available industry information, information on market sizes, market shares and other competition data, this section should be interpreted with caution. Any projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances may differ materially from current expectations.*

## INTRODUCTION

Fingerprints offers its product portfolio with biometric system solutions through four product segments: Mobile, PC, Access and Payments (see further section “– Fingerprints' product segments” below). Fingerprints addresses the global market for biometric system solutions and especially addresses customer on the markets for the four product segments: Mobile, PC, Access and Payments.

## MARKET FOR CAPACITIVE FINGERPRINT SENSORS AND SO-CALLED UNDER-DISPLAY SENSORS FOR SMARTPHONES

Most smartphones sold today have some form of biometric sensor.<sup>1</sup> The technique is used to unlock

devices, make payments and access applications. Capacitive fingerprint sensors are a long established technology within the mobile industry.<sup>2</sup> The latest generation of ultrathin capacitive sensors designed for side mounting continue to increase its share of the market. So-called under-display sensors, also referred to as in-display, are an alternative to capacitive sensors for integrating fingerprint sensors into a smartphone's display. Since launch a couple of years ago, under-display sensors have increased its market share. The number of new smartphones, with some kind of fingerprint sensor, amounted during 2021 to almost one billion new units globally, see the chart below. The share of smartphones with capacitive fingerprint sensors accounted for about two-thirds, while smartphones with under-display sensors

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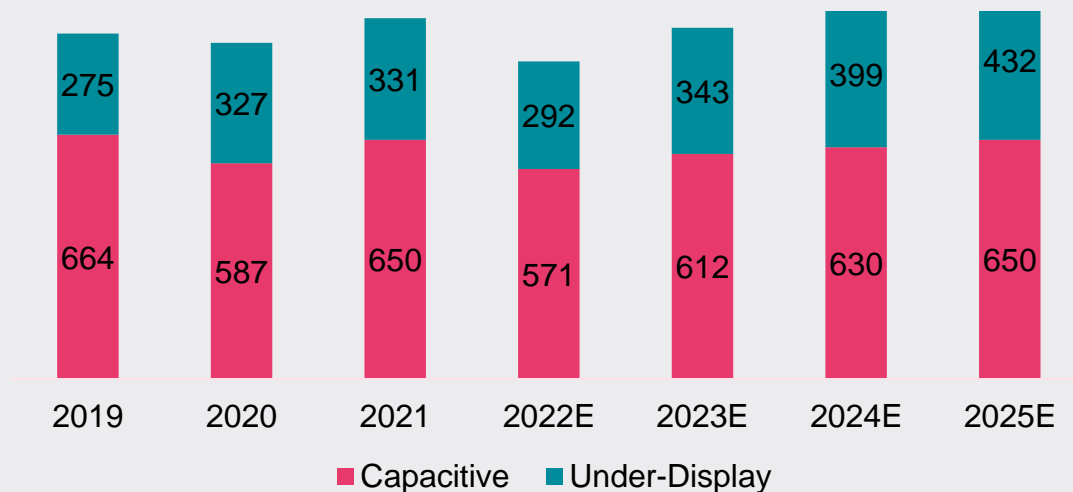
<sup>1</sup> The Company's own estimates and information from a survey conducted by Kantar TNS (a company specialising in market and opinion research), see further: [https://www.fingerprints.com/uploads/2019/12/fpc\\_infographics\\_biometrics\\_in\\_mobile.pdf](https://www.fingerprints.com/uploads/2019/12/fpc_infographics_biometrics_in_mobile.pdf) (the website is not included in the prospectus).

<sup>2</sup> Capacitive fingerprint sensors refer to the underlying technology for fingerprint recognition through a capacitive surface (i.e., a surface that is affected by interaction with certain materials and has the ability to forward information from such interaction).

accounted for about one-third. The average selling price of under-display is higher than capacitive fingerprint sensors. Consequently, from a value perspective, these two markets are comparable in size. A few major players control the main part of the market for capacitive fingerprint sensors and under-display sensors for smartphones. The company estimates that both the market for

capacitive fingerprint sensors and under-display sensors for smartphones will grow from today's levels and that the addressable market in 2025 will cover approximately 1,082 million units, see the chart below.

**Market for smartphones (million units)<sup>1)</sup>**



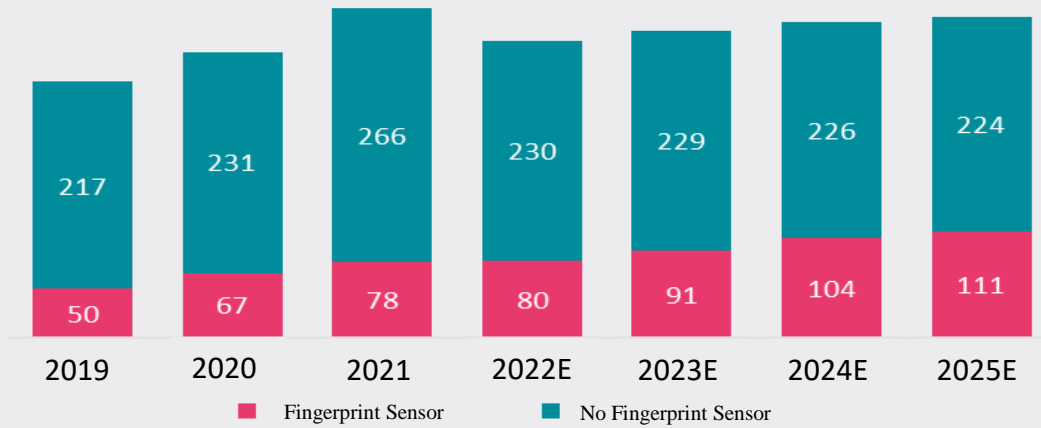
*1) Based on estimates by the Company and information from the tech consulting company OMDIA. The calculation of the number of units is based on the number of smartphones delivered globally by mobile manufacturers and revenue forecasts regarding smartphones.*

**Market for biometric PC solutions**

The number of new PCs' with biometric solutions in the form of fingerprint sensors amounted to approximately 78 million new units globally during 2021, see the chart below. The Company estimates that the market for PCs' with biometric solutions will grow from today's levels and that the addressable market in 2025 will amount to approximately 111 million units, see the chart below. In PCs' intended for private use, the biometric authentication often occurs in the

computer's CPU (processor), so-called Match on Host. In business computers, it is much more common to use so-called Match on Chip, which is a more secure method since the biometric data is stored on a separate chip. Match on Chip solutions for business computers have a higher average selling price and currently account for approximately half of the addressable market in the PC segment. The market for biometric PC solutions consists of a few players with large market shares.

**PC market (million units)<sup>1)</sup>**



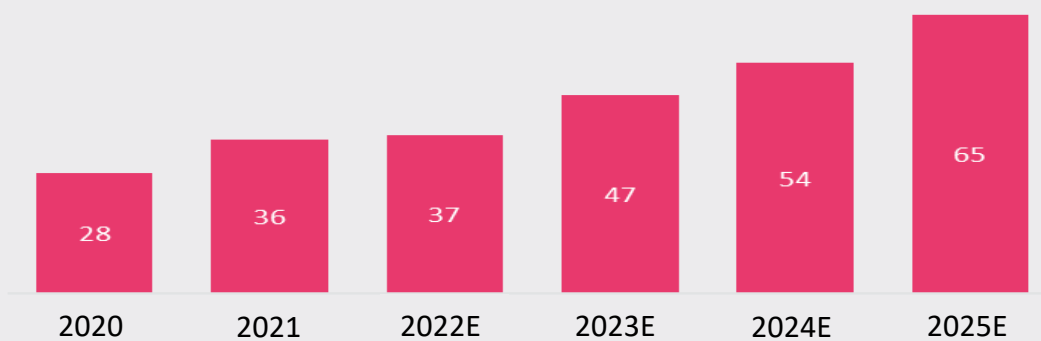
1) Based on estimates by the Company and information from the consulting company OMDIA. The calculation of the number of units is based on the number of PCs’ delivered globally by PC manufacturers and revenue forecasts regarding the PC segment.

**Market for biometric Access solutions**

The global market for biometric solutions in the area of Access (biometric access control) is fragmented and includes e.g., products such as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys.<sup>3</sup> In 2022, it is estimated that

approximately 36 million Access devices will have been equipped with a fingerprint sensor. According to the Company’s assessment, the addressable market is expected to grow significantly from today’s levels and comprise approximately 65 million units in 2025, see the chart below.

**Access market (million units)<sup>1)</sup>**



1) Based on estimates by the Company and information from the global research company ABI Research 2021. The calculation of the number of units is based on the number of Access units delivered globally by manufacturers of Access products and revenue forecasts regarding the Access segment.

<sup>3</sup> Based on the Company’s estimates and information from the global research company ABI Research, the Nilson Report publication, International Organization of Motor Vehicle Manufacturers (OICA), Statista (a company specialising in market and consumer data) and the market research company Strategy Analytics.

### Market for biometric solutions for payment devices

The global market for biometric solutions for payment devices (including debit and credit cards, wearables and USB devices) is still in its infancy but is expected to increase significantly over the next few years.<sup>4</sup> During 2021, there were several commercial launches of biometric payment cards

on a larger scale, for example by two of Europe's largest banks: BNP Paribas and Crédit Agricole, which launched biometric cards with Fingerprints' T-Shape module and biometric software platform. According to the Company's assessment, the addressable market is expected to grow significantly in the upcoming years.

### Total revenue by region

MSEK	1 January–31 December			1 January–30 September	
	2021	2020	2019	2022	2021
Sweden	0.1	3.3	0.3	0.1	0.1
Asia	1,327.2	1,226.1	1,438.0	625.4	263.1
Europe, Middle East and Africa	18.0	9.9	11.4	44.8	734.8
South and North America	10.5	16.4	8.9	1.4	1.2
<b>Total</b>	<b>1,355.8</b>	<b>1,255.7</b>	<b>1,458.6</b>	<b>671.5</b>	<b>999.2</b>

<sup>4</sup> Based on the Company's estimates and information from the global research company ABI Research (2022), the finance company UBS (2021) and the research company Juniper (2022).

# Business description

## INTRODUCTION

Fingerprints is a global biometrics company with solutions that make everyday life easier for users throughout the world by offering secure and convenient identification and authentication.

Fingerprints' solutions are integrated into over a billion devices and applications and are used billions of times every day.<sup>5</sup> Fingerprints develops biometric systems comprising sensors, algorithms, software and packaging technologies. The Company's product development has resulted in products with high security, user-friendliness and performance. The product range consists primarily of fingerprint sensors and the customers are manufacturers of smartphones. The use of biometrics is increasing in several application areas, and Fingerprints' solutions can be found in *e.g.*, payment cards, PCs and door locks.

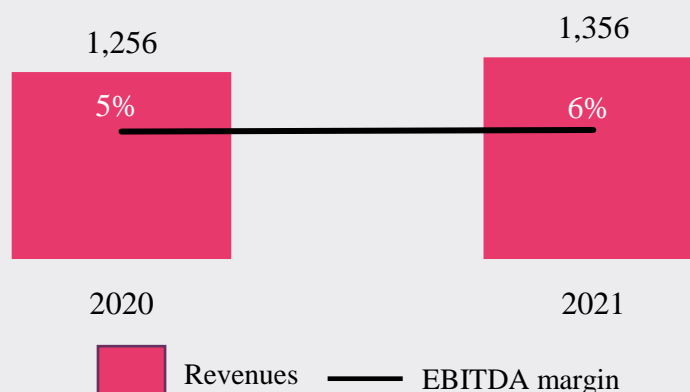
Fingerprints is listed on Nasdaq Stockholm. Its headquarters are located in Sweden, but the Group also has employees and/or offices in France, Denmark, China, India, Japan, Singapore, South Korea, Switzerland, Taiwan and the United States.

As of the date of the prospectus, the number of employees amounted to 228. The average number of employees, by geography and in total, during the years 2021, 2020 and 2019 is presented in the table below.

Place	2021	2020	2019
Sweden	92	96	89
Denmark	26	26	26
Japan	1	–	2
China	99	85	67
Switzerland	2	–	–
South Korea	5	5	5
Taiwan	20	15	11
USA	4	5	9
Other countries	1	–	–
<b>Total</b>	<b>250</b>	<b>232</b>	<b>209</b>

During the financial year ended 31 December 2021, Fingerprints' revenues amounted to SEK 1,356 million (SEK 1,256 million). During the same period, Fingerprints' EBITDA amounted to SEK 86 million (SEK 59 million).

### Revenues and EBITDA margin (MSEK)



<sup>5</sup> Based on the Company's estimates, see further: [https://www.fingerprints.com/uploads/2021/01/fingerprints\\_infographics\\_companypresentation\\_q12021-2.pdf](https://www.fingerprints.com/uploads/2021/01/fingerprints_infographics_companypresentation_q12021-2.pdf) (the website is not included in the prospectus).

## HISTORY

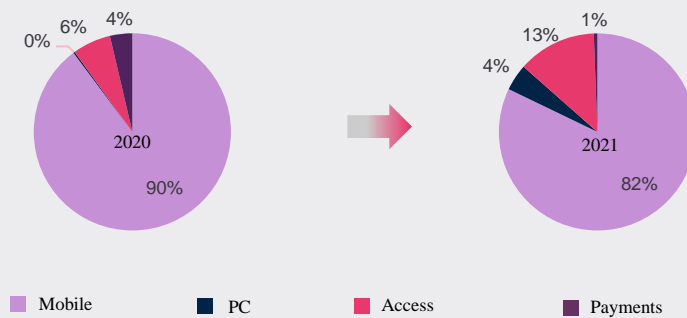
- 1997**
  - The Company changes its company name to Fingerprint Cards AB and starts its current business operations
  - The Company's first generation capacitive area sensor is presented
- 1998**
  - The Company's shares are listed on Nya Marknaden (currently Nasdaq First North Growth Market)
  - The Company presents its first fingerprint sensor in a cell phone prototype
- 1999**
  - The Company's first processor ASIC goes in production
  - The Company presents its first touch sensor as plug-in to a mobile phone
- 2000**
  - The Company's shares are listed on Nasdaq Stockholm
- 2002**
  - Licensing agreements are entered into with multiple distributors, including Hardware & Software Technology Co. Ltd for the Chinese and Taiwanese markets
- 2003**
  - The Company launched its first swipe sensor
- 2004**
  - Major cost reduction measures are implemented which results in a leaner organisation
- 2005**
  - Chinese banks place the first order of Fingerprints' fingerprint area sensor, which was used for easy and secure login and identification of personnel
- 2008**
  - Fingerprints' FPC1011F fingerprint area touch sensor is launched
- 2010**
  - The Group launches a small and energy efficient fingerprint sensor for use in cell phones
- 2014**
  - The Company releases the world's first home button touch sensor for smartphones
  - The Group acquires Fingerprint Cards Anacatum IP AB (then under the name of AnaCatum Design AB), a Swedish-based company specialising in technology licensing and ASIC development
- 2015**
  - The Company launch its second generation sensor solution, FPC1200-series, for placing the sensor under glass
  - The Company presents the world's first sensor that supports side-mounting on smartphones (FPC1145), including integration with the power button
- 2017**
  - The Group acquires Delta ID Inc., a California based developer of biometric authentication based on iris recognition
- 2019**
  - The Company signs a partnership agreement with Gemalto and secures the world's first volume order of fingerprint sensors for dual interface payment cards
- 2021**
  - The Group carries out a reorganisation which, inter alia, entails moving the Group's external invoicing function to Singapore
  - The Company issues a senior bond loan of SEK 300 million with three-year tenor and within a framework of SEK 500 million

- 2022
- Lenovo launched its first laptops containing Fingerprints' biometric PC solution
  - The Company's latest generation T-Shape sensor module (T2) fulfilled Mastercard's updated security requirements for fingerprint sensors
  - Fingerprints received its first design win for the FPC 1632 - the Company's optical under-display sensor
  - Cost adjustments are implemented to meet a temporary decline in the Chinese mobile market following Covid-19-related restrictions in the country

## FINGERPRINTS' PRODUCT SEGMENTS

Fingerprints offers through the Company's four product segments, Mobile, PC, Access and Payments, a broad product portfolio with biometric system solutions that increase both security and user-friendliness in everyday life.

### Revenues per Product Segment



### Mobile

Fingerprints is active in capacitive fingerprint sensors for smartphones, a tried-and-tested technology in the mobile industry. Capacitive sensors are the most common biometric modality by far in the mobile industry.<sup>6</sup>

#### Capacitive fingerprint sensors

Fingerprints was early with integrating a touch fingerprint sensor into an Android phone, which was done in 2014. The market then expanded rapidly and Fingerprints succeeded to increase its turnover and expand its business. Over the subsequent years, the competition intensified and the industry developed into a mature mass market.

By continuously developing the product portfolio, Fingerprints has succeeded in maintaining its market position. This strong position is based on renowned high product quality, security and biometric performance. Fingerprints has fortified its market position by continuing to introduce new products to the market. The Company launched the FPC1552 in 2021, the latest generation of ultrathin sensors with a curved shape, designed for side mounting. This product builds further upon the FPC1542 sensor, which was launched in 2020. These products meet customers' demands for solutions that function well with the most recent smartphone models, such as foldable devices and mobiles with borderless fronts. At year-end 2021,

<sup>6</sup> The Company's own estimates and information from a survey conducted by Kantar TNS (a company specialising in market and opinion research), see further: [https://www.fingerprints.com/uploads/2019/12/fpc\\_infographics\\_biometrics\\_in\\_mobile.pdf](https://www.fingerprints.com/uploads/2019/12/fpc_infographics_biometrics_in_mobile.pdf) (the website is not included in the prospectus).

Fingerprints made the first volume deliveries of the FPC1552 and the first smartphone featuring this new sensor was launched in February 2022: Redmi K50 from Xiaomi. During 2022, the third generation thin sensors, designed for side mounting was introduced: FPC1553, and on 21 September 2022, Fingerprints announced that the first three smartphone models containing this sensor had been launched. The Company will continue to focus on strengthening the leading position in capacitive sensors by ensuring that it has a comprehensive, competitive product portfolio for all relevant segments.

### ***Under-Display***

So-called under-display sensors are an alternative to capacitive sensors for integrating fingerprint sensors into a smartphone's display. On 30 June 2022, Fingerprints announced that it had received its first design win (meaning that a supplier has decided to develop and commercialize a product containing Fingerprints' technology) for the FPC 1632, the Company's optical under-display sensor, from a larger Asian manufacturer of mobile components (a so-called original equipment manufacturer, "OEM"). Fingerprints expects to start delivering during the fourth quarter of 2022, meaning that the Company is entering an entirely new market segment and opening up attractive growth opportunities. Capacitive sensors account for approximately two thirds of the volume within the market for fingerprint sensors in mobiles, while under-display sensors account for approximately one third of this market (see further section "*Market overview – Market for capacitive fingerprint sensors and so-called under-display sensors for smartphones*"). The average selling price of under-display is higher than capacitive fingerprint sensors. Consequently, from a value perspective, these two markets are comparable in size. Fingerprints' entry into the under-display segment entails a significant expansion of the Company's addressable market. Fingerprints' objective is to expand the Company's share of the under-display market, and expects the FPC1632 to

generate a positive contribution to revenues in 2023.

### ***Touchless***

Since Apple launched iPhone X featuring facial recognition in 2017, interest in touchless technologies has increased, even though fingerprint recognition still dominates the market for Android devices. Fingerprints' Touchless 2.0 platform combines the user-friendliness of facial recognition with the high security level of iris recognition. Touchless 2.0 offers a more secure and more cost-effective alternative to facial recognition, not only for smartphones but also for a range of applications in various industries.

### ***PC***

PC is an important product segment for the Company and it is a product segment that the Company believes will continue to grow, primarily because the proportion of computers that have fingerprint sensors are expected to increase significantly in the future (see further section "*Market overview – Market for biometric PC solutions*"). Four of the world's six largest PC manufacturers already use Fingerprints' biometric technology in their products.

To meet the rising demand for biometric solutions in the PC segment, Fingerprints launched a new biometric solution in 2020 that is specifically adapted to this application area. It can be used in many different types of PCs and peripherals. The product builds on the Company's experience of implementation of patented capacitive sensor technology for smartphones, and is optimized for integration into PCs.

Fingerprints capacitive sensors, combined with customized software and algorithms, deliver biometric matching with high security standard. The Company's offering in the PC segment is continuously being developed and is now offered in two different versions. In PCs intended for private use, the biometric authentication often occurs in the computer's CPU, so-called Match on



Host. In business computers, it is much more common to use so-called Match on Chip, which is even more secure since the biometric data is stored on a separate chip. Fingerprints' Match on Chip solution was during 2022 added to Microsoft's list of approved vendors for Windows Hello Enhanced Sign-in Security. This approval means that Fingerprints now effectively can address the entire PC market, both business computers and computers for private use. Match-on-Chip solutions for business PCs have a higher average selling price than Match-on-Host and currently account for approximately half of the addressable market in the PC segment. On 22 September 2022, Fingerprints announced that the first computer equipped with the Company's Match-on-Chip solution had been launched.

### **Access**

Biometric solutions for Access – biometric access control – is a fragmented but growing market that includes products such as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys.<sup>7</sup>

Fingerprints offers software and biometric sensors specifically customized for the Access segment, comprising both modules for fingerprint recognition and solutions based on iris recognition. The Company's portfolio of touch fingerprint sensors for Access includes the FPC1025, which is smaller than the other products in the series and is optimized for devices in which every millimetre counts. Further, Access has significant synergies with other product segments, not least payments. The Company has, for example, further developed its biometric software platform for payments, the FPC-BEP, so that it can now also be used in a variety of Access applications. Fingerprints' T-Shape sensor module, developed for the payment area, can also

be used favourably in access cards, which is a product area now showing growth.

Iris recognition is also suitable for certain applications within Access, such as touchless entry and exit control systems in public environments, something that has come into sharper focus since the outbreak of Covid-19. The automotive industry is another area where Fingerprints foresees considerable potential. The Company is continuing to invest in product and business development in this area, both in fingerprint sensors and iris recognition and sees a clear increase in interest from automotive companies in biometric authentication.

### **Payments**

Fingerprint sensors for payment devices, including payment and credit cards, represent a considerable potential market and is an important growth area for Fingerprints.

Fingerprints' technology – in the form of the fingerprint sensor module T-Shape – is being used in the world's first biometric payment card, delivered by Thales, which has been certified by both Mastercard and Visa. These certifications have facilitated commercial launches on a larger scale. Fingerprints continuously conduct development work aimed at further sharpening the offering in the payment area and the latest generation of the T-Shape sensor module (T2) meets Mastercard's updated security requirements for fingerprint sensors. This new product offers even better performance than its predecessor, and is more cost efficient. Fingerprints has also, together with Infineon, developed a solution enabling execution of full biometric authentication in the secure element on a payment card, with retained performance and higher security. With this solution, there is no longer any need for a

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<sup>7</sup> Based on the Company's estimates and information from the global research company ABI Research, the Nilson Report publication, International Organization of Motor Vehicle Manufacturers (OICA), Statista (a company specialising in market and consumer data) and the market research company Strategy Analytics.

separate microcontroller unit (so-called MCU). Fingerprints believes that this is an important milestone, which many in the industry have regarded as impossible to achieve, making it less expensive and easier for card manufacturers to develop and roll out biometric payment cards on a large scale.

Another example of product development is STPay-Topaz-Bio, a platform for biometric payment cards developed by STMicroelectronics in collaboration with Fingerprints and Linxens. This solution was acknowledged in early January 2022 when it received a CES 2022 Innovation Award.

## VISION AND MISSION

Fingerprints' vision is a secure and user-friendly universe, where you are the key to everything. Fingerprints' mission is to provide secure and convenient identification and authentication with a human touch.

## STRATEGY AND OBJECTIVE

Fingerprints' strategy is based on defending and building on the Company's position in the smartphone segment while diversifying the business into prioritized areas outside the mobile industry. The most important strategic priority in the mobile industry is to strengthen the Company's market position by continuing to drive innovation, broaden the supplier base and ensure a competitive cost structure. Fingerprints' strategic priorities will require large investments from Fingerprints and are, *inter alia*, dependent on Fingerprints having an appropriate organization and access to the right competencies among its employees. All these factors constitute future challenges that Fingerprints must deal with in order to achieve its objectives.

In the PC segment, Fingerprints intends to gain a prominent position by offering a comprehensive range of solutions and by continuing to increase the level of added value in its offer.

Within Payments, biometric smart cards are the application that Fingerprints believes has the greatest potential in the years ahead. Fingerprints considers the Company having a strong starting point from which to be able to secure undisputed global leadership in this area. Biometrics are expanding in an array of other areas where secure and user-friendly authentication is critical. However, it is not certain that this trend will continue and a negative drop of the use of biometrics could potentially be a future challenge for the Company. Outside of the segments Mobile, PC and Payments, however, the biometrics market is fragmented and Fingerprints has chosen to prioritize Access, where the short-term potential is deemed to be greatest.

## RESEARCH AND DEVELOPMENT

Research and development is essential for Fingerprints operations and engages almost 40 per cent of the total number of employees in the Company. The product development is integrated across four dimensions:

- **Algorithm development:** In-house algorithm competence enables partnerships with customers, and thus addresses their requirements for biometric development.
- **Software development:** focuses on Fingerprints' biometric systems solutions in smartphones or a biometric card, for example.
- **Hardware development:** primarily involves fingerprint sensors and focuses on functionality and design solutions in the creation of the sensor.
- **Packaging:** focuses on integrating the sensor with other materials, as well as complete system solutions with processes for plug-and-play functionality.

In general, the development is based on scanning and recognition of fingerprints, the iris and the face. The development of various solutions

generally occur in close cooperation with customers or partners.

## INTELLECTUAL PROPERTY

Intellectual property is essential in Fingerprints operations and especially the Group's patents. Patent applications are continuously filed in a number of countries and Fingerprints is dependent on patents in order to, inter alia, commercialize its investments, expand its product offering and protect innovation. During the product development phase, continuous evaluation from a patent protection perspective is carried out in order to immediately identify strategic patent applications. Fingerprints patent portfolio comprise over 500 patents globally with registered patents in *inter alia* the United States, Great Britain, China, Japan, Taiwan, France and Germany.

## REGULATORY COMPLIANCE

In addition to the general regulations that apply to all limited companies and listed companies, such as tax regulations, accounting principles and company law and stock market regulations, the Group is covered by numerous rules and regulation considering its global business operations. In particular rules and regulations concerning human rights, employment terms and anti-corruption. Especially in China, a country that accounts for a large part of the Group's sales volume and where the Group conducts operations through subsidiaries, there is a generally increased risk for corruption.

Breaches of anti-corruption laws could entail substantial fines and other criminal, civil or administrative sanctions and may have a material adverse effect on Fingerprints (see further section "*Risk Factors – Fingerprints operations are subject to a number of compliance-related risk*").

## TRENDS

The following is a description of recent development trends that have affected the

Company during the period from the end of the financial year 2021 up to and including the date of this prospectus, and which are considered relevant to the Company's business.

### Increased focus on security issues

In the wake of the coronavirus pandemic, the focus has ended up on security, which in turn is increasing interest in implementing biometrics in a number of areas.

While many companies successfully switched to remote working during the pandemic, this trend also resulted in greater IT security risks. The result of cyber crime is often very costly. A number of serious cyber attacks in 2021 have resulted in IT security issues attracting greater attention among both company directors and politicians. As a result, alternative authentication methods has become more interesting, since a large share of computer hackings and cyber crimes were the result of passwords being compromised.

As a result of increased focus on security issues, many companies and organizations are now implementing security solutions based on the "Zero Trust" concept. They quite simply assume breaches all the time. This approach means that devices are not casually regarded as being trustworthy, even if they are connected to a managed company network and even if they have previously been verified. The human factor has long been regarded as the weakest link in IT security, and passwords are a part of the problem. Biometrics could play an important role in the solution, either independently or as an integrated part of multi-factor authentication.

### Increased demand on fingerprint sensors as biometrics is being used within more areas

Most smartphone users are already very accustomed to biometrics and use their fingerprint or facial recognition on a daily basis as the primary method of protecting their devices and applications against unauthorized access. In pace

with the fact that PC manufacturers are now implementing the same smooth and secure authentication method that has long been used in mobile phones, Fingerprints are seeing a significant increase in the use of fingerprint sensors in this segment.

Increased interest is also being noted among many companies and organizations when it comes to 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. Biometric access cards and keys are ideally suited to the integrated approach to security that is becoming increasingly commonplace; *i.e.*, addressing physical security and systems security in a more coordinated manner than before. Biometrics will become an increasingly important aspect in making the modern workplace more secure, while saving time and giving employees greater flexibility in terms of how, when and where they work. Fingerprints revenues within areas outside Mobile has been around ten per cent the last two years. However, the Company noticed a significant increase during the first half of 2022, and the Company expects the revenues from areas outside Mobile to continue to increase rapidly during 2022 and 2023.

#### **Touchless solutions are attractive**

The pandemic has resulted in a clear upswing in contactless payments because consumers want to avoid touching surfaces in public environments as far as possible. Contactless payment caps during the pandemic have been raised sharply. At the same time as this entails smoother payments, the possibility of fraud and theft is causing considerable concern, since anyone can use a contactless card without a pin code. Due to this, several banks, including BNP Paribas and Cr dit Agricole (two of Europe's largest banks) have launched biometric payment cards with Fingerprints' technology; since the increased security offered by fingerprint authentication means that the payment caps that would otherwise

apply to contactless card payments can be completely removed. Accordingly, the banks can offer their customers a secure and easy way of paying, regardless of the amount.

## **STRENGTHS AND COMPETITIVE ADVANTAGES**

The Company's primary strengths and competitive advantages are the following:

- **Market position:** Fingerprints is today delivering capacitive sensors to nine out of the world's ten largest smartphone manufacturers. At the same time, the Company also assesses that it is well positioned to capture a larger share of new, emerging global markets for biometric solutions as, *inter alia*, four of the world's six largest PC manufacturers already integrate Fingerprints' technology into their products. Within Payments, Fingerprints has according to its own assessment, an advantageous position based on the fact that the Company's technology has been used in eight commercial launches and in 24 market tests of biometric payment cards worldwide so far.
- **Product quality:** Fingerprints' believes its position is based on product quality, security and biometric performance. Fingerprints further believes that it has great opportunities to continue introducing new products to the market.
- **Innovation capability:** Fingerprints has a history of innovative products and solutions and has as a result over 500 registered patents. Fingerprints has an organisation that can respond to the changing demands of the market and is in a position to continue developing new products.

- **Cost-effective and cash generative operations:** Fingerprints has long-term experience in acting in a competitive, changing and cost pressured market. The Company does not have its own production, which means increased flexibility at the same time as the Company has long and strong relationships with its suppliers, which ensures production security. During 2021, Fingerprints added another

semiconductor producer as supplier, and the Company continues work on diversifying the supplier base to increase flexibility in the supply chain, reduce risks and position Fingerprints for growth in the years to come.

## Selected historical financial information

This section contains selected historical financial information for the financial years 2019, 2020, 2021 and the period January–September 2022 and 2021. The financial information for the financial years 2019, 2020 and 2021 (as well as comparative figures) has been obtained from Fingerprints’ annual report for the financial year 2021, which has been prepared in accordance with the Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*) as well as IFRS and interpretative statements from the IFRS Interpretation Committee (IFRIC) as adopted by the EU. The annual reports for the financial years 2019 and 2020 have been audited by the Company’s previous independent auditor MOORE KLN AB in accordance with what is stated in the accompanying auditor’s report and the annual report for the financial year 2021 have been audited by the Company’s independent auditor BDO Mälardalen AB in accordance with what is stated in the accompanying auditor’s report. Other information in the prospectus has not been audited by Fingerprints’ auditor unless otherwise stated. The financial information for the period January–September 2022 (and comparative figures for the corresponding period 2021) has been obtained from Fingerprints’ unaudited interim report for the period January–September 2022, which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Interim information for the period January–September 2022 and comparative figures for the corresponding period 2021 has not been subject to audit but has been reviewed by the Company’s independent auditor BDO Mälardalen AB in accordance with what is stated in the accompanying auditor’s reports.

The following information should be read in conjunction with the section “*Capitalisation, indebtedness and other financial information*”, Fingerprints’ annual reports for the financial years 2019, 2020 and 2021 as well as interim report for the period January–September 2022, which are incorporated by reference in the prospectus.

### SELECTED INFORMATION FROM THE CONSOLIDATED INCOME STATEMENT

MSEK	1 January–30 September		1 January –31 December		
	2022	2021	2021	2020	2019
Revenues	671.5	999.2	1,355.8	1,255.7	1,458.6
Cost of goods sold	-521.9	-715.4	-958.9	-980.5	-1,127.5
<b>Gross profit</b>	<b>149.6</b>	<b>283.8</b>	<b>396.9</b>	<b>275.2</b>	<b>331.1</b>
Selling expenses	-108.6	-118.3	-159.8	-130.4	-147.0
Administrative expenses	-98.9	-74.4	-102.1	-84.4	-87.0
Development costs	-86.2	-100.2	-138.2	-94.5	-110.7
Other operating income	42.5	1.6	5.6	13.2	6.7
Other operating expenses	-2.1	-4.3	-10.0	-344.9	-7.5

<b>Operating profit/loss</b>	<b>-103.7</b>	<b>-11.5</b>	<b>-7.6</b>	<b>-365.8</b>	<b>-14.4</b>
Financial income	18.1	5.1	7.0	0.1	0.6
Financial expenses	-24.9	–	-0.4	-15.5	-3.6
<b>Profit/loss before tax</b>	<b>-110.5</b>	<b>-6.4</b>	<b>-1.0</b>	<b>-381.2</b>	<b>-17.4</b>
Income tax	23.9	1.2	1.1	40.4	3.8
<b>Net profit/loss for the period</b>	<b>-86.6</b>	<b>-5.2</b>	<b>0.1</b>	<b>-340.8</b>	<b>-13.6</b>
Earnings per share					
<i>before dilution (SEK)</i>	-0.29	-0.02	0.00	-1.10	-0.04
<i>after dilution (SEK)</i>	-0.29	-0.02	0.00	-1.10	-0.04
<b>Other comprehensive income</b>					
<b>Net profit/loss for the period</b>	<b>-86.6</b>	<b>-5.2</b>	<b>0.1</b>	<b>-340.8</b>	<b>-13.6</b>
Translation differences for the period on translation of foreign operations	165.6	47.0	69.6	-84.8	37.0
<b>Other comprehensive income</b>	<b>165.6</b>	<b>47.0</b>	<b>69.6</b>	<b>-84.8</b>	<b>37.0</b>
<b>Comprehensive income for the period</b>	<b>79.0</b>	<b>41.8</b>	<b>69.7</b>	<b>-425.6</b>	<b>23.4</b>
<i>Attributable to equity holders of the Parent Company</i>	<i>79.0</i>	<i>41.8</i>	<i>69.7</i>	<i>-425.6</i>	<i>23.4</i>

## SELECTED INFORMATION FROM THE CONSOLIDATED BALANCE SHEET

MSEK	30 September		31 December		
	2022	2021	2021	2020	2019
<b>Assets</b>					
Intangible assets	1,021.6	812.8	838.5	759.3	1,127.8
Property, plant and equipment	5.0	6.1	6.5	7.0	15.8
Right-of-use assets	15.2	18.7	24.2	24.8	32.9
Financial assets	81.0	50.9	53.6	46.8	18.3
<b>Total non-current assets</b>	<b>1,122.8</b>	<b>888.5</b>	<b>922.8</b>	<b>837.9</b>	<b>1,194.8</b>
<b>Current assets</b>					
Inventories	412.4	161.1	159.3	136.3	253.4
Accounts receivable	133.2	203.9	280.0	196.2	197.3
Other receivables	37.2	18.4	51.3	15.5	15.4
Prepaid expenses and deferred income	11.3	13.9	11.3	12.2	12.3
Cash and cash equivalents	71.4	120.7	374.3	377.0	563.9
<b>Total current assets</b>	<b>665.5</b>	<b>518.0</b>	<b>876.2</b>	<b>737.2</b>	<b>1,042.3</b>
<b>Total assets</b>	<b>1,788.3</b>	<b>1,406.5</b>	<b>1,799.0</b>	<b>1,575.1</b>	<b>2,237.1</b>
<b>Shareholders' equity</b>					
Share capital	13.0	13.0	13.0	13.0	13.0
Other paid-up capital	854.3	854.3	854.3	854.3	854.3
Translation reserve	248.0	59.2	82.3	12.7	97.5
Retained earnings including net profit/loss for the year	-9.1	72.8	77.6	302.9	834.1
<b>Total shareholders' equity</b>	<b>1,106.2</b>	<b>999.3</b>	<b>1,027.2</b>	<b>1,182.9</b>	<b>1,798.9</b>
<b>Non-current liabilities</b>					
Deferred tax liability	15.6	19.5	16.6	20.6	38.6
Long-term lease liabilities	5.4	7.0	11.6	9.8	11.8
Bond loan	293.2	–	292.6	–	–
<b>Total non-current liabilities</b>	<b>314.2</b>	<b>26.5</b>	<b>320.8</b>	<b>30.4</b>	<b>50.4</b>



MSEK	30 September		31 December		
	2022	2021	2021	2020	2019
<b>Current liabilities</b>					
Short-term portion of long-term liabilities	9.6	9.9	11.3	12.8	17.9
Accounts payable	190.4	195.0	221.8	200.7	235.2
Current tax liability	8.0	7.1	14.0	2.0	0.8
Other current liabilities	18.5	13.9	35.5	15.0	9.8
Accrued expenses and deferred income	141.4	154.8	168.4	131.3	124.1
<b>Total current liabilities</b>	<b>367.9</b>	<b>380.7</b>	<b>451.0</b>	<b>361.8</b>	<b>387.8</b>
<b>Total shareholder's equity and liabilities</b>	<b>1,788.3</b>	<b>1,406.5</b>	<b>1,799.0</b>	<b>1,575.1</b>	<b>2,237.1</b>

## SELECTED INFORMATION FROM THE STATEMENT OF CASH FLOWS FOR THE GROUP

MSEK	1 January–30 September		1 January –31 December		
	2022	2021	2021	2020	2019
<b>Operating activities</b>					
Profit/loss before tax	-110.5	-6.4	-1.0	-381.2	-17.4
Adjustment for non-cash items	20.5	78.6	122.3	451.8	147.9
Income tax paid	-18.7	0.1	-2.3	0.2	3.3
<b>Cash flow from operating activities before changes in working capital</b>	<b>-108.7</b>	<b>72.3</b>	<b>119.0</b>	<b>70.8</b>	<b>133.8</b>
<b>Cash flow from changes in working capital</b>					
Changes in inventories	-188.2	-30.9	-38.9	97.1	88.4
Changes in operating receivables	208.3	-5.3	-107.2	1.1	38.9
Changes in operating liabilities	-141.6	5.0	51.4	-10.9	-100.7
<b>Cash flow from operating activities</b>	<b>-230.2</b>	<b>41.1</b>	<b>24.3</b>	<b>158.1</b>	<b>160.4</b>
<b>Investing activities</b>					
Purchase and internal development of intangible assets	-75.3	-63.4	-85.6	-117.6	-94.1
Acquisition of subsidiaries	–	–	–	–	-20.7
Purchase of property, plant and equipment	-1.0	-2.8	-4.1	-1.5	0.1
Purchase of financial assets	–	-1.1	-1.3	–	-0.7
<b>Cash flow from investing activities</b>	<b>-76.3</b>	<b>-67.3</b>	<b>-91.0</b>	<b>-119.1</b>	<b>-115.4</b>
<b>Financing activities</b>					
Repurchase own shares	–	-225.4	-225.4	-190.4	0.0
Bond loan	–	–	292.6	–	–
Repayment of lease liabilities	-9.4	-11.0	-8.8	-18.8	-19.7
<b>Cash flow from financing activities</b>	<b>-9.4</b>	<b>-236.4</b>	<b>58.4</b>	<b>-209.2</b>	<b>-19.7</b>
Cash flow for the period	-315.9	-262.6	-8.3	-170.2	25.3
Cash and cash equivalents at beginning of the period	374.3	377.0	377.0	563.9	540.5

MSEK	1 January–30 September		1 January –31 December		
	2022	2021	2021	2020	2019
Effect of translation differences on cash and cash equivalents	13.0	6.3	5.6	-16.7	-1.9
<b>Cash and cash equivalents at end of period</b>	<b>71.4</b>	<b>120.7</b>	<b>374.3</b>	<b>377.0</b>	<b>563.9</b>

## ALTERNATIVE PERFORMANCE MEASURES

In this section, Fingerprints presents certain financial and operational key ratios, including certain key ratios that are not measures of financial results or financial position in accordance with IFRS (so-called alternative performance measures). The alternative performance measures are based on information obtained from Company's annual report for the financial years 2019, 2020 and 2021 and unaudited reviewed interim report for the period January–September 2022 (with comparative figures for the corresponding period 2021), as well as internal accounting and reporting systems that are subject to the Company's internal control over financial reporting. The alternative performance measures that the Company presents are not measures of financial performance in accordance with IFRS, but measures that the Company uses to follow the underlying development of its operations. Alternative performance measures should not be considered as substitutes for income statement, balance sheet or cash flow items calculated in accordance with IFRS. The alternative performance measures do not necessarily indicate whether the Company's cash flow will be sufficient or available to meet Fingerprints' liquidity needs and are not necessarily indicative of Fingerprints' historical results. Alternative performance measures are neither intended to constitute any form of indication regarding the Company's future results. Fingerprints uses IFRS key figures and alternative performance measures for several purposes in the management of the Company and presents these key figures because they are considered important and may help investors understand the Company's development from period to period and facilitates a comparison with similar companies. As not all companies calculate these and other alternative performance measures in the same way, the way in which the Company has chosen to calculate the alternative performance measures presented in this prospectus may result in the key figures not being comparable with similar measures presented by other companies. The sections “– Reconciliations of alternative performance measures” and “– Definitions of alternative performance measures” below provide information on how the Company calculates the alternative performance measures and Fingerprints' purpose for reporting them.

MSEK	1 January–30 September		1 January–31 December		
	2022	2021	2021	2020	2019
EBITDA	-41.7	58.9	85.6	59.4	128.7
EBITDA margin, %	-6.2	5.9	6.3	4.7	8.8

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measure	Definition	Reason for use
EBITDA	Earnings before interest, taxes, depreciation and amortization	The purpose is to measure operational activities, without taking into account financial decisions or taxes
EBITDA margin	Earnings before interest, taxes, depreciation and amortization as a divided by revenues	The purpose is to measure operational activities, without taking into account financial decisions or taxes

## RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

### EBITDA

MSEK	1 January–30 September		1 January–31 December		
	2022	2021	2021	2020	2019
Operating profit/loss	-103.7	-11.5	-7.6	-365.8	-14.4
Depreciation and amortization	62.0	70.4	93.2	425.2	141.3
<b>EBITDA</b>	<b>-41.7</b>	<b>58.9</b>	<b>85.6</b>	<b>59.4</b>	<b>128.7</b>

### EBITDA margin

MSEK	1 January–30 September		1 January–31 December		
	2022	2021	2021	2020	2019
EBITDA	-41.7	58.9	85.6	59.4	128.7
Revenues	671.5	999.2	1,355.8	1,255.7	1,458.6
<b>EBITDA margin (%)</b>	<b>-6.2</b>	<b>16.6</b>	<b>6.3</b>	<b>4.7</b>	<b>8.8</b>

## HISTORICAL FINANCIAL INFORMATION INCORPORATED BY REFERENCE

The following financial information regarding Fingerprints is incorporated by reference and forms part of the prospectus. The information is available on the Company's website, [www.fingerprints.com](http://www.fingerprints.com). The non-incorporated parts of the following document are either not relevant for the investor or covered elsewhere in the prospectus.

- [Fingerprints' audited annual report for the financial year 2019](#). The reference only refers to the statement of comprehensive income for the Group on page 52, statement of financial position for the Group on page 53, statement of changes in shareholders equity for the Group on page 54, statement of cash flows for the Group on page 55, notes on pages 60–77 and auditor's report on pages 79–81.
- [Fingerprints' audited annual report for the financial year 2020](#). The reference only refers to the statement of comprehensive income for the Group on page 59, statement of financial position for the Group on page 60, statement of changes in shareholders equity for the Group on page 61, statement of cash flows for the Group on page 62, notes on pages 67–84 and auditor's report on pages 86–88.

- [Fingerprints' audited annual report for the financial year 2021](#). The reference only refers to the statement of comprehensive income for the Group on page 61, statement of financial position for the Group on page 62, statement of changes in shareholders equity for the Group on page 63, statement of cash flows for the Group on page 64, notes on pages 69–87 and auditor's report on pages 89–92.
- [Fingerprints' reviewed interim report for the period January–September 2022](#). The reference only refers to the consolidated statement of comprehensive income for the Group on page 16, statement of financial position for the Group on page 17, statement of changes in shareholders equity for the Group on page 17, statement of cash flows for the Group on page 18 and auditor's report on page 14.

# Operating and financial review

The operating and financial review in this section is intended to facilitate the understanding and the assessment of trends and factors affecting Fingerprints operating profit and financial position. This section should be read together with the sections “*Selected historical financial information*” and “*Capitalisation, indebtedness and other financial information*”.

## KEY ITEMS IN THE INCOME STATEMENT

### *Revenues*

Fingerprints net sales are generated from the sale of the Group’s products to customers in the distribution chain. The revenues is reported when the purchaser gains control over the product and is determined by the terms of delivery. Average payment period is 30 days net.

### *Costs of goods sold*

Costs of goods sold corresponds to direct and indirect costs attributable to units sold, including material cost, production cost, supplies and outsourced labour. Costs of goods sold further comprise costs for direct labour and contracted consultants, premises and depreciation of capitalised development costs.

### *Selling expenses*

Selling expenses consists of costs relating to sales and marketing activities, including customer-specific product development. Selling expenses also comprise costs for employees and contracted consultants, working in sales and marketing.

### *Administrative expenses*

Administrative expenses comprise costs not directly attributable to sales, production, purchase as well as research and development. These expenses include CEO, the finance function, IT, premises, legal matters, and depreciation of assets not related to sales, production and development.

### *Development costs*

Development costs includes costs for development activities in order to achieve new and/or improved products or processes that are not capitalised. Development costs are primarily related to personnel but also depreciation of test equipment, external services and materials.

### *Other operating income*

Other operating income mainly includes income as a result of exchange rate profits on operating receivables and debts, profits on divestment of tangible assets, contributions received and rental income on leased premises.

### *Other operating expenses*

Other operating expenses mainly includes costs as a result of exchange rate losses on operating receivables and debts, impairments of capitalised development costs and costs of leased premises.

### *Operating profit/loss*

Operating profit/loss before financial income and costs as well as taxes.

### *Financial incomes*

Financial incomes comprise interest income for invested funds and net exchange rate profits.

### *Financial expenses*

Financial expenses comprise interest costs and financial fees, fair value of profit or loss on cash.

### ***Income tax***

Income tax includes current and deferred tax. Current tax receivables and debts for the current and preceding periods is valued to the amount expected to be paid to or from the tax authorities, based on the tax rates and tax legislation adopted as of the end of accounting period. Current tax relates to the taxable profit for the period. Deferred tax is booked on all temporary differences arising between the fiscal value and the accounting value on assets and debts, as well as on the fiscal loss carry-forwards.

### **Comparison between the periods 1 January 2021–30 September 2021 and 1 January 2022–30 September 2022**

#### ***Revenues***

The revenues decreased by SEK 327.7 million from SEK 999.2 million for the nine month period ended 30 September 2021 to SEK 671.5 million for the nine month period ended 30 September 2022. The decrease was mainly driven by extensive Covid-19-related restrictions in China during 2022, which led to a significantly decreased demand for smartphones in China.

#### ***Costs of goods sold***

The costs of goods sold decreased by SEK 193.5 million from SEK 715.4 million for the nine month period ended 30 September 2021 to SEK 521.9 million for the nine month period ended 30 September 2022. The decrease was mainly driven by the decreased sales volume.

#### ***Selling expenses***

The selling expenses decreased by SEK 9.7 million from SEK 118.3 million for the nine month period ended 30 September 2021 to SEK 108.6 million for the nine month period ended 30 September 2022. The decrease was mainly driven by a lower activity within sales as a result from extensive Covid-19-related restrictions in China during 2022, which led to a

significantly decreased demand for smartphones in China.

#### ***Administrative expenses***

The administrative expenses increased by SEK 24.8 million from SEK 74.1 million for the nine month period ended 30 September 2021 to SEK 98.9 million for the nine month period ended 30 September 2022.

#### ***Development costs***

The development costs decreased by SEK 14 million from SEK 100.2 million for the nine month period ended 30 September 2021 to SEK 86.2 million for the nine month period ended 30 September 2022. The decrease was mainly driven by a smaller share of the development costs being expensed.

#### ***Other operating income/expenses***

Other operating income/expenses increased by SEK 43.1 million from SEK -2.7 million for the nine month period ended 30 September 2021 to SEK 40.4 million for the nine month period ended 30 September 2022.

#### ***Financial income***

Financial income increased by SEK 13 million from SEK 5.1 million for the nine month period ended 30 September 2021 to SEK 18.1 million for the nine month period ended 30 September 2022.

#### ***Financial expenses***

Financial expenses increased by SEK 24.9 million from SEK 0.0 million for the nine month period ended 30 September 2021 to SEK 24.9 million for the nine month period ended 30 September 2022.

#### ***Income tax***

The costs for income tax increased by SEK 22.7 million from SEK 1.2 million for the nine month period ended 30 September 2021 to SEK 23.9 million for the nine month period ended 30 September 2022.



### ***Operating profit/loss***

As a result of the abovementioned, the operating profit/loss decreased by SEK 92.2 million from SEK -11.5 million for the nine month period ended 30 September 2021 to SEK -103.7 million for the nine month period ended 30 September 2022. The decrease was mainly driven by decreased sales volumes, increased price competition and an inventory ramp up, which has had negative effects on the Company's profitability.

### **Comparison between the periods 1 January 2020–31 December 2020 and 1 January 2021–31 December 2021**

#### ***Revenues***

The revenues increased by SEK 100.1 million from SEK 1,255.7 million for the financial year ended 31 December 2020 to SEK 1,355.8 million for the financial year ended 31 December 2021. The increase was mainly driven by continued strong demand within the mobile segment, while revenue streams began to diversify into new areas at a higher rate during the year compared to before.

#### ***Costs of goods sold***

The costs of sold goods decreased by SEK 21.6 million from SEK 980.5 million for the financial year ended 31 December 2020 to SEK 958.9 million for the financial year ended 31 December 2021. The decrease was mainly driven by lower production costs.

#### ***Selling expenses***

The selling expenses increased by SEK 29.4 million from SEK 130.4 million for the financial year ended 31 December 2020 to SEK 159.8 million for the financial year ended 31 December 2021. The increase was mainly driven by an expansion of the sales organisation.

#### ***Administrative expenses***

The administrative costs increased by SEK 17.7 million from SEK 84.4 million for the financial

year ended 31 December 2020 to SEK 102.1 million for the financial year ended 31 December 2021. The increase was mainly driven by costs related a changed legal structure within the Group and growth initiatives.

#### ***Development costs***

The development costs increased by SEK 43.7 million from SEK 94.5 million for the financial year ended 31 December 2020 to SEK 138.2 million for the financial year ended 31 December 2021. The increase was mainly driven by a larger share of the development costs being expensed.

#### ***Other operating income***

Other operating income decreased by SEK 7.6 million from SEK 13.2 million for the financial year ended 31 December 2020 to SEK 5.6 million for the financial year ended 31 December 2021. The decrease was mainly driven by exchange rate fluctuations.

#### ***Other operating expenses***

Other operating expenses decreased by SEK 334.9 million from SEK 344.9 million for the financial year ended 31 December 2020 to SEK 10.0 million for the financial year ended 31 December 2021. The decrease was attributable to non-cash impairments of SEK 340.6 million.

#### ***Financial incomes***

Financial incomes increased by SEK 6.9 million from SEK 0.1 million for the financial year 31 December 2020 to SEK 7.0 million for the financial year ended 31 December 2021.

#### ***Financial expenses***

Financial expenses decreased by SEK 15.1 million from SEK 15.5 million for the financial year ended 31 December 2020 to SEK 0.4 million for the financial year ended 31 December 2021.

#### ***Income tax***

The expenses for income tax decreased by SEK 39.3 million from SEK 40.4 million for the

financial year ended 31 December 2020 to SEK 1.1 million for the financial year ended 31 December 2021.

#### ***Operating profit/loss***

As a result of the abovementioned, the operating profit/loss increased by SEK 358.2 million from SEK -365.8 million for the financial year ended 31 December 2020 to SEK -7.6 million for the financial year ended 31 December 2021.

### **Comparison between the periods 1 January 2019–31 December 2019 and 1 January 2020–31 December 2020**

#### ***Revenues***

The revenues decreased by SEK 202.9 million from SEK 1,458.6 million for the financial year ended 31 December 2019 to SEK 1,255.7 million for the financial year ended 31 December 2020. The decrease was mainly driven by insufficient availability of production capacity from the major manufacturers of semiconductors during the year.

#### ***Costs of goods sold***

The costs of goods sold decreased by SEK 147.0 million from SEK 1,127.5 million for the financial year ended 31 December 2019 to SEK 980.5 million for the financial year ended 31 December 2020. The decrease was mainly driven by lower production costs.

#### ***Selling expenses***

The selling expenses decreased by SEK 16.6 million from SEK 147.0 million for the financial year ended 31 December 2019 to SEK 130.4 million for the financial year ended 31 December 2020. The decrease was mainly driven by reduced sales activity as a result of the global component shortage.

#### ***Administrative expenses***

The administrative expenses decreased by SEK 2.6 million from SEK 87.0 million for the financial year ended 31 December 2019 to SEK 84.4 million for the financial year ended 31 December 2020.

#### ***Development costs***

The development costs decreased by SEK 16.2 million from SEK 110.7 million for the financial year ended 31 December 2019 to SEK 94.5 million for the financial year ended 31 December 2020. The decrease was mainly driven by a larger share of the development costs being expensed.

#### ***Other operating income***

Other operating income increased by SEK 6.5 million from SEK 6.7 million for the financial year ended 31 December 2019 to SEK 13.2 million for the financial year ended 31 December 2020.

#### ***Other operating expenses***

Other operating expenses increased by SEK 337.4 million from SEK 7.5 million for the financial year ended 31 December 2019 to SEK 344.9 million for the financial year ended 31 December 2020. The increase was attributable to non-cash impairments of SEK 340.6 million.

#### ***Financial incomes***

The financial incomes decreased by SEK 0.5 million from SEK 0.6 million for the financial year ended 31 December 2019 to SEK 0.1 million for the financial year ended 31 December 2020.

#### ***Financial expenses***

The financial expenses increased by SEK 11.9 million from SEK 3.6 million for the financial year ended 31 December 2019 to SEK 15.5 million for the financial year ended 31 December 2020.

#### ***Income tax***

The cost for income tax increased by SEK 36.6 million from SEK 3.8 million for the financial year ended 31 December 2019 to SEK 40.4 million for the financial year ended 31 December 2020.

#### ***Operating profit/loss***

As a result of the abovementioned, the operating

profit/loss decreased by SEK 351.4 million from SEK -14.4 million for the financial year ended 31 December 2019 to SEK -365.8 million for the financial year ended 31 December 2020.

## **CASH FLOWS AND INVESTMENTS**

### **Cash flow from operating activities**

#### ***Comparison between the periods 1 January 2021–30 September 2021 and 1 January 2022–30 September 2022***

The cash flow from operating activities decreased by SEK 271.3 million from SEK 41.1 million during the nine month period ended 30 September 2021 to SEK -230.2 million during the nine month period ended 30 September 2022. The decrease was mainly attributable to changes in working capital through inventory ramp up.

#### ***Comparison between the periods 1 January 2020–31 December 2020 and 1 January 2021–31 December 2021***

The cash flow from operating activities decreased by SEK 133.8 million from SEK 158.1 million during the financial year ended 31 December 2020 to SEK 24.3 million during the financial year ended 31 December 2021. The cash flow from changes in working capital components was negatively affected through an increased capital tied up in receivables of SEK -107 (1) million as well as an increase in inventory of SEK -39 (97) million. Cash flow generated from the operating activities amounted to SEK 24 (158) million.

#### ***Comparison between the periods 1 January 2019–31 December 2019 and 1 January 2020–31 December 2020***

The cash flow from operating activities decreased by SEK 2.3 million from SEK 160.4 million during the financial year ended 31 December 2019 to SEK 158.1 million during the financial year ended 31 December 2020. The cash flow from changes in working capital components was affected through a decreased

capital tied up in receivables of SEK 1 million (39) as well as a decrease in inventory of SEK 97 million (88). Cash flow generated from the operating activities amounted to SEK 158 million (160).

### **Cash flow from investing activities**

#### ***Comparison between the periods 1 January 2021–30 September 2021 and 1 January 2022–30 September 2022***

The cash flow from investing activities decreased by SEK 9 million from SEK -67.3 million during the nine month period ended 30 September 2021 to SEK -76.3 million during the nine month period ended 30 September 2022. The decrease was mainly attributable to reduced capitalisation of development costs.

#### ***Comparison between the periods 1 January 2020–31 December 2020 and 1 January 2021–31 December 2021***

The cash flow from investing activities increased by SEK 28.1 million from SEK -119.1 million during the financial year ended 31 December 2020 to SEK -91.0 million during the financial year ended 31 December 2021. The increase was mainly attributable to capitalised development expenditure.

#### ***Comparison between the periods 1 January 2019–31 December 2019 and 1 January 2020–31 December 2020***

The cash flow from investing activities decreased by SEK 3.7 million from SEK -115.4 million during the financial year ended 31 December 2019 to SEK -119.1 million during the financial year ended 31 December 2020. The decrease was mainly attributable to capitalised development expenditure.

### **Cash flow from financial activities**

#### ***Comparison between the periods 1 January 2021–30 September 2021 and 1 January 2022–30 September 2022***

The cash flow from financial activities increased by SEK 227 million from SEK -236.4

million during the nine month period ended 30 September 2021 to SEK -9.4 million during the nine month period ended 30 September 2022. The increase was mainly attributable to repurchase of own shares.

***Comparison between the periods 1 January 2020–31 December 2020 and 1 January 2021–31 December 2021***

The cash flow from financial activities increased by SEK 267.6 million from SEK -209.2 million during the financial year ended 31 December 2020 to SEK 58.4 million during the financial year ended 31 December 2021. The increase was mainly attributable to an issue of a senior bond loan 2021/2024 of SEK

300 million, which generated positive cash flow of SEK 292.6 million after deductions of issue expenses.

***Comparison between the periods 1 January 2019–31 December 2019 and 1 January 2020–31 December 2020***

The cash flow from financial activities decreased by SEK 189.5 million from SEK -19.7 million during the financial year ended 31 December 2019 to SEK -209.2 million during the financial year ended 31 December 2020. The decrease was mainly attributable to buyback of own shares of SEK 190 million during 2020.

# Capitalisation, indebtedness and other financial information

The tables in this section describe the Groups capitalisation and indebtedness as of 30 September 2022. For more information on the Company's share capital and shares, see section "Share capital and ownership structure". The tables in this section should be read together the information set out in section "Selected historical financial information".

## CAPITALISATION

MSEK	30 September 2022
<b>Total current debt</b> (including current portion of non-current debt)	<b>367.9</b>
Guaranteed	–
Secured	–
Unguaranteed / unsecured	367.9
<b>Total non-current debt</b> (excluding current portion of non-current debt)	<b>298.6</b>
Guaranteed	–
Secured	293.2
Unguaranteed / unsecured	5.4
<b>Shareholders' equity</b>	<b>1,106.2</b>
Share capital	13.0
Other paid-up capital	854.3
Translation reserve	247.9
Other reserves	-9.0
<b>Total shareholder's equity and liabilities</b>	<b>1,772.7</b>

## NET INDEBTEDNESS

The Group's net indebtedness as of 30 September 2022 is presented in the table below.

	MSEK	30 September 2022
(A) Cash		71.4
(B) Cash equivalents		–
(C) Other current financial assets		–
<b>(D) Liquidity</b> (A) + (B) + (C)		<b>71.4</b>
(E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)		–
(F) Current portion of non-current financial debt		9.6
<b>(G) Current financial indebtedness</b> (E) + (F)		<b>9.6</b>
<b>(H) Net current financial indebtedness</b> (G) - (D)		<b>-61.8</b>

	MSEK	30 September 2022
(I) Non-current financial debt (excluding current portion and debt instruments)		5.4
(J) Debt instruments		293.2
(K) Non-current trade and other payables		–
<b>(L) Non-current financial indebtedness (I + J + K)</b>		<b>298.6</b>
<b>(M) Total financial indebtedness (H + L)</b>		<b>236.8</b>

As of 30 September 2022, Fingerprints is financed through shareholders' equity (62 per cent of the total financing), interest bearing debt (17 per cent of the total financing), and non-interest bearing debts (21 per cent of the total financing). Interest bearing debts comprised of bond loan (98 per cent of the total interest bearing debt) and lease liabilities regarding office premises (2 per cent of the total interest bearing debt).

As of 30 September 2022, the equity amounted to SEK 1,106.2 million. As of 30 September 2022, Fingerprints has non-current liabilities amounting to SEK 298.6 million, of which SEK 293.2 million was secured and SEK 5.4 million was unsecured debts. The non-current debts comprised of bond loan and lease liabilities, of which the bond loan has been secured by share pledges, internal loan pledges and inventory pledges.

As of 30 September 2022, Fingerprints current liabilities amounted to SEK 367.9 million without security. The current liabilities comprised of office leasing debts, supplier debts, current tax debt and other current debts (personnel costs) as well as accrued costs and deferred expenditures.

As of 30 September 2022, the liquidity amounted to SEK 71.4 million, comprised of cash and bank, as well as other cash equivalents. As of 30 September 2022, Fingerprints had net indebtedness of SEK 236.8 million.

## MATERIAL INVESTMENTS

The Group has no individual material ongoing investments or fixed commitments for individual material ongoing investments. However, the Group has an ongoing need to invest in research and development regarding its products. As of 30 September, the resolved framework for the Group's investments in research and development amounted to approximately SEK 75 million, which is intended to be financed by part of the proceeds from the Rights Issue as well as the Company's cash flow from operating activities.

## WORKING CAPITAL STATEMENT

The Company's assessment is that the existing working capital is not sufficient for the Company's total current working capital needs for the coming twelve-month period. Working capital refers to the Company's ability to access cash and cash equivalents in order to be able to meet its payment obligations as they fall due.

The Company estimates, considering estimated cash flows and current financing agreements, that it has a working capital shortfall of SEK 241 million in total for the coming twelve-month period, which is expected to arise during the end of Q3 2023 as a result of the maturity of supplier invoices within the day-to-day business.

Upon full subscription of B-Units, the Rights Issue will provide the Company with proceeds of approximately SEK 300 million before transaction costs, which is expected to amount to SEK 40 million. Together with existing cash and cash equivalents, estimated cash flows and entered financing agreements, the net proceeds upon full subscription of B-Units in the Rights Issue of approximately SEK 260 million is expected to be sufficient to meet the Company's working capital requirements for the coming twelve-month period. Certain existing shareholders (including senior executives and board members) have undertaken to subscribe for B-Units corresponding to all or part of their pro rata share of B-Units in the Rights Issue, corresponding to an aggregated amount of approximately SEK 26 million (the "**Subscription Undertakings**"). In addition, certain external investors (including Carnegie) have undertaken to guarantee subscription of B-Units in the Rights corresponding to the B-Unit part in the Rights Issue not covered by the Subscription Undertakings, corresponding to not more than SEK 275 million in total (the "**Underwriting Commitments**"). Hence, the total amount of B-Units in the Rights Issue at full subscription is covered by the Subscription Undertakings and the Underwriting Commitments. However, neither the Subscription Undertakings nor the Underwriting Commitments have been secured through *e.g.*, bank guarantees, restricted funds, pledged assets or similar arrangements. Upon full subscription of A-Units in the Rights Issue, the Company will be provided with approximately SEK 6 million additionally. A-Units are not subject to any subscription undertakings or underwriting commitments. Upon full subscription of A-Units and B-Units, the Company will be provided with approximately SEK 305 million before transaction costs, which is expected to amount to SEK 40 million (the transactions costs will remain unchanged regardless if A-Units are fully subscribed for or not).

If the Rights Issue is not sufficiently subscribed for, the Underwriting Commitments not redeemed, and consequently that the Rights Issue does not generate sufficient funds to, together with the Company's existing cash equivalents, estimated cash flows and entered financing agreements, cure the Company's working capital shortfall, the Company will be forced to renegotiate its supplier agreements and, to the extent this is not possible, secure alternative financing through new issues or new bond or bank debt. Prior to such additional debt financing, the Company would be required to successfully renegotiate the terms and conditions of its outstanding senior bond loan 2021/2024 (the "**Terms and Conditions**"). If the Company is unable to successfully renegotiate its supplier agreements, obtain alternative financing through new issues, or renegotiate the Terms and Conditions to enable incurring of additional debt financing, it would entail the Company having to reassess its business plan and cancel investments and, in the long-term, may be forced to divest parts of its business or, ultimately, cancel payments.

## THE LATEST DEVELOPMENTS

The Company believes that the continued development of the Covid-19 pandemic, especially in China which is the Company's most important market, is subject to substantial uncertainty and will continue to have a material impact on Fingerprints' prospects for at least the current financial year. Covid-19-related restrictions introduced in China during 2022 have led to a significantly decreased demand for smartphones in China, which in turn has led to a significant decrease in sales of the Company's products in China. If the restrictions continues or intensifies, there is a risk that Fingerprints' sales in China decreases further. If such restrictions would be eased, it could conversely have a positive effect on the Company's business.

In addition to the uncertainty related to Covid-19, the Group believes that the ongoing trade war between the United States and China which, among other things, has resulted in the United States introducing

licensing requirements for exports of certain technologies for use in the products of Huawei, a major customer of the Group incorporated in China, may continue to affect Fingerprints' operations for at least the current financial year. The licensing requirement does not permit export of 5G products for use in Huawei's products and thus restricts the Group's export of certain products to Huawei. If the United States export restriction would become stricter and prohibit export of other products of the Group for use in Huawei products, it would result in material adverse effects on the Group's overall sales volumes.

Except for as mentioned above, to the best of the Company's knowledge, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material impact on the Company's prospects for the current financial year.

### **SIGNIFICANT CHANGES IN THE COMPANY'S FINANCIAL POSITION OR RESULTS SINCE 30 SEPTEMBER 2022**

On 31 October 2022, the Company carried out a directed issue of 25,423,024 B-shares to the holders of the Company's hybrid equity instrument (the "**Hybrids**"), Fredrik Lundgren and Wilhelm Risberg (the "**Hybrid Investors**"), against payment by way of set-off of the Hybrid Investors' receivables under the Hybrids, which amounted to SEK 76,777,534.90 in total (including the nominal amount, accrued but unpaid interest and arrangement fees). Through the set-off issue, resolved by the board of directors on 31 October 2022 using the issue authorisation granted by the annual general meeting held on 24 May 2022, the Hybrids were converted into equity in the Company. The subscription price in the set-off issue was SEK 3.02 per B-share (corresponding to the subscription price per Unit in the Rights Issue) and the set-off issue was registered with the Swedish Companies Registration Office on 31 October 2022.

There have been no significant changes in the Group's results since 30 September 2022.



# Board of directors, senior executives and auditor

## THE BOARD OF DIRECTORS

Pursuant to the Company's articles of association, the board of directors shall consist of four to ten board members with a maximum of five deputy board members. The board of directors currently consists of five board members, without any deputies, appointed for the period until the close of the annual general meeting 2023.

The table below presents the board members, their position, and the year in which they were first elected to the board of directors.

Board member	Position	Board member of the Company since
Christian Lagerling	Chairman	2022
Dimitrij Titov	Board member	2017
Ted Elvhage	Board member	2018
Alexander Kotsinas	Board member	2017
Juan Vallejo	Board member	2018

### **Christian Lagerling**

*Chairman since 2022.*

**Born:** 1973

**Principal education:** Master of Science in Business and Economics at Stockholm University and Bachelor of Science in Economics and Finance at London School of Economics and Political Science in England.

**Current positions outside the Group:** Owner and CEO of Beluca Ventures LLC. Board member of HOOPT, GruppSol AB, GoodTrust, WEIQ and MEIQ Systems AB. Owner of GeoFrenzy Inc and GP Bullhound.

**Previous positions outside the Group (last five years):** Chairman of the board of Terranet AB, Terranet Tech AB, TerraNet International AB and Asknet Solutions. Board member of Einride AB. Owner and board member of BonVent Holdings AB. Owner and chairman of the board of Dicopay AB. Advisory board member of the Swedish-American Chamber of Commerce in San

Francisco and Silicon Valley.

**Shareholding in the Company:** None.

### **Dimitrij Titov**

*Board member since 2017.*

**Born:** 1962

**Principal education:** Master of Laws at Stockholm University.

**Current positions outside the Group:** Managing Partner and chairman of the board of Advokatfirman Titov & Partners AB and board member of Advokatfirman Titov Aktiebolag. Chairman of the board of Forsheda Gruppen AB, Real Fastigheter AB (publ), the Italian Chamber of Commerce in Sweden, Italienska Handelskammarens Service Aktiebolag, Din Studio Sverige AB, Webbess Sverige AB and Phantome de Genolier AB. Board member of Järnlotet Fastigheter AB.

**Previous positions outside the Group (last five years):** Partner at Advokatfirman Fylgia. Board member of Vrtcl Gaming Group Sweden AB and

Bostadsrättsföreningen Kumlet 16.

**Shareholding in the Company:** 20,052 B-shares.

**Ted Elvhage**

*Board member since 2018.*

**Born:** 1968

**Principal education:** Bachelor of Science in Biochemistry & Minor Business and Administration from Millersville University at Pennsylvania.

**Current positions outside the Group:** Chairman of the board and CEO at Rocad Holding AB, Essinge Villafastigheter AB, Miskan Kommanditbolag, Essinge Sjövillor AB, Essinge Hyresfastigheter AB, Rocad Fastighetsförvaltning AB, Junohällsinvest i Stockholm AB and Fastighets Rocad i Stockholm AB. Owner, board member and CEO at Xlntoptimization AB. Owner and board member of Venture Signals AB and Keiretsu Forum Nordics AB. Owner and board member of Stockholms Affärsänglar Management AB. Chairman of the board of Venture co-Invest 2021 AB, Venture co-Invest 2020 AB and Rymdkapital AB. Board member of Gradientech AB, North by East AB, Pythomspace AB, E14 Invest AB and Space Cowboys AB.

**Previous positions outside the Group (last five years):** Board member of WTS Positioning Solutions AB. CEO and board member of Stoaf III SciTech AB. Chairman of the board of TidyApp Nordic AB.

**Shareholding in the Company:** 27,270 B-shares.

**Alexander Kotsinas**

*Board member since 2017.*

**Born:** 1967

**Principal education:** Master of Science in Engineering Physics at Royal Institute of

Technology (KTH) in Stockholm and Bachelor of Science in Economics at Stockholm School of Economics.

**Current positions outside the Group:** CFO at BioGaia AB. CEO and board member of Windride AB.

**Previous positions outside the Group (last five years):** CFO at Lowell Sverige AB and interim CFO at Recipharm AB and Teracom AB. Board member of Intervacc AB, Vivesto AB, Sweden Carnica Group AB, Delta Projects AB and Internet bolaget Sverige AB.

**Shareholding in the Company:** 8,500 B-shares.

**Juan Vallejo**

*Board member since 2018.*

**Born:** 1957

**Principal education:** Master of Science in Engineering at Royal Institute of Technology (KTH) in Stockholm.

**Current positions outside the Group:** Chairman of the board of Indoor Energy Group Nordic AB and Chaval AB. Board member of Elajo Invest Aktiebolag (publ), TagMaster Aktiebolag, Mercuri International Group AB and Juan Vallejo AB.

**Previous positions outside the Group (last five years):** Board member of Q-MATIC Group AB and WWS-Engineering Europe AB. Chairman of the board of Helenius Ingenjörbyrå Aktiebolag, Häger Group AB and CleanCook Sweden AB. CEO and board member of Coromatic AB (and in other companies within the Coromatic group), CitamorocDys AB, Skandinaviska Kraft AB and Elteknik i Huskvarna AB.

**Shareholding in the Company:** 630,000 B-shares.

## SENIOR EXECUTIVES

The senior management of the Company currently consists of seven senior executives. The table below presents the senior executives, their position, and the year in which each person became a senior executive.

Name	Position	Senior executive in the Company since
Ted Hansson	Acting CEO	2021 <sup>1)</sup>
Per Sundqvist	CFO	2018
Pontus Jägemalm	CTO	2019
Thomas Rex	Senior VP Special Projects	2020
Charles Burgeat	Senior VP Corporate Strategy & Portfolio Management	2019
Michel Roig	President Payment & Access	2021

1) Acting CEO since 3 November 2022.

### **Ted Hansson**

*Acting CEO since 3 November 2022.*

**Born:** 1976

**Principal education:** Master of Science in Engineering at Blekinge Institute of Engineering.

**Current positions outside the Group:** None.

**Previous positions outside the Group (last five years):** None.

**Shareholding in the Company:** 20,000 B-shares

### **Per Sundqvist**

*CFO since 2018.*

**Born:** 1966

**Principal education:** Bachelor of Science in Business Management at University of Umeå.

**Current positions outside the Group:** None.

**Previous positions outside the Group (last five years):** Several board assignments in the Driconeq group and CEO at Driconeq Production AB.

**Shareholding in the Company:** 20,000 B-shares.

### **Pontus Jägemalm**

*CTO since 2019.*

**Born:** 1971

**Principal education:** Master of Science and Doctor of Philosophy in Engineering Physics at Chalmers University of Technology in Gothenburg.

**Current positions outside the Group:** None.

**Previous positions outside the Group (last five years):** None.

**Shareholding in the Company:** 800,125 B-shares.

### **Thomas Rex**

*Senior VP Special Projects since 2020.*

**Born:** 1963

**Principal education:** Master of Science in Electrical Engineering at Lund Institute of Technology.

**Current positions outside the Group:** Chairman of the board in Acconeer AB. Board member Milepost AB. CEO and board member of Thomas Rex Sales AB.

**Previous positions outside the Group (last five years):** None.

**Shareholding in the Company:** 1,000,000 B-shares.

### **Charles Burgeat**

*Senior VP Corporate Strategy & Portfolio Management since 2019.*

**Born:** 1973

**Principal education:** Master of Science in Engineering at University of Paris, École Nationale Supérieure des Télécommunications.

**Current positions outside the Group:** Board member of the French Chamber of Commerce in Sweden.

**Previous positions outside the Group (last five years):** None.

**Shareholding in the Company:** 5,000 B-shares.

### ADDITIONAL INFORMATION REGARDING THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

All members of the board of directors and senior executives can be reached at the Company's office address: Kungsgatan 20, SE-411 19 Gothenburg, Sweden.

There are no family ties between any of the board members and the senior executives. No board member nor any senior executive has any private or other interests that may conflict with the Company's interests. However, certain board members and senior executives hold, directly or indirectly, shares in the Company. There are no arrangements between the Company and customers, suppliers or other parties pursuant to which any board member has been elected to the board of directors or any senior executives have been appointed as senior executives.

For the past five years, none of the board members or senior executives have been convicted in fraud-related cases, involved in or representing companies that have been declared bankrupt or placed under receivership or subject to compulsory liquidation or banned by court from being a member of a company's administrative, management or supervisory bodies or to exercise leading or overall functions of an issuer. During

### Michel Roig

*President Payment & Access since 2021.*

**Born:** 1976

**Principal education:** Master of Science in Electrical Engineering at Lund Institute of Technology.

**Current positions outside the Group:** None.

**Previous positions outside the Group (last five years):** Board member of Terranet Tech AB, Terranet AB, and TerraNet International AB.

**Shareholding in the Company:** 6,000 B-shares.

the last five years, no regulatory or supervisory authority (including designated professional bodies) has officially held any board member or senior executive responsible, and/or issued sanctions against such a person, for a crime.

### INDEPENDENT AUDITOR

BDO Mälardalen AB and Carl-Johan Kjellman were re-elected as the Company's auditor at the annual general meeting 20 April 2022 until the end of the next annual general meeting. Since 7 June 2021, Johan Pharmanson is auditor in charge. Both Johan Pharmanson and Carl-Johan Kjellman are authorised public accountants and members of FAR (the professional institute for authorised public accountants in Sweden). BDO Mälardalen AB's and Carl-Johan Kjellman's address is Box 6343, SE-102 35 Stockholm, Sweden.

MOORE KLN AB was the Company's auditor and Ulf Lindesson (authorised public accountant and member of FAR, the professional institute for authorised public accountants in Sweden) was auditor in charge until the annual general meeting on 26 May 2021, when BDO Mälardalen AB and Carl-Johan Kjellman was elected as the Company's auditor. MOORE KLN AB's address is Lilla Bommen 4A, SE-411 04 Gothenburg, Sweden. The reason for the audit change was ordinary auditor succession.

# Corporate governance

## CORPORATE GOVERNANCE WITHIN FINGERPRINTS

The Company is a Swedish public limited liability company. The corporate governance is mainly based on Swedish law, primarily the Swedish Companies Act, the articles of association and internal rules, including policies and instructions. The Company apply Nasdaq Stockholm's Rule book for Issuers and the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Code sets a higher standard for good corporate governance than the minimum standards of the Swedish Companies Act and other rules. Companies are not required to comply with all rules in the Code. Alternative solutions which are deemed more suitable for the relevant company's specific circumstances can be chosen, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the "comply or explain" principle).

The Company complies with all rules in the Code, with the exemption of rule 2.4 of the Code. The corporate governance report for 2021 states that one of the Company's board members also was the chairman of the Nomination Committee for the annual general meeting on 24 May 2022. Rule 2.4 in the Code states, *inter alia*, that members of the board of directors of the Company should not be the chairman of the nomination committee. The nomination committee for the extraordinary general meeting held on 20 September 2022 had the same composition as the one for the annual general meeting on 24 May 2022.

## GENERAL MEETINGS OF SHAREHOLDERS

### General

According to the Swedish Companies Act, the general meeting is the ultimate decision-making body of the Company. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and the balance sheet, allocation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The annual general meeting must be held within six months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the articles of association, general meetings are convened by publication of the notice convening the meeting in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. The Company shall also advertise in Svenska Dagbladet that notice has been made.

### Right to attend general meetings

Those who wish to participate in a general meeting must be listed as a shareholder in a printout or other presentation of the share register six bank days prior to the meeting, and notify the Company of their participation no later than on the date set out in the notice to attend the meeting. In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares be temporarily registered in their own names in the share register four bank days prior to the general meeting in order to be entitled to participate in the general meeting. Shareholders

should inform their nominees well in advance of the record date. Shareholders may attend general meetings in person or by proxy and may be accompanied by one (1) advisor.

### **Shareholder initiatives**

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the board of directors. The matter shall be addressed at the general meeting, provided that the request was received by the board of directors no later than one week prior to the earliest date pursuant to the Swedish Companies Act on which notice to attend the general meeting may be issued or after that date, but in due time for the matter to be included in the notice to attend the general meeting.

### **NOMINATION COMMITTEE**

Pursuant to the Code, Swedish companies whose shares are admitted to trading on a regulated market in Sweden shall have a nomination committee. The following instruction apply until further notice.

The Company shall have a nomination committee comprising four (4) members. The chairman of the board of directors is to convene a meeting of the three (3) largest shareholders of the Company in terms of voting power and ask them to each appoint one representative who, in addition to the chairman of the board of directors, will constitute members of the nomination committee. Should one of the three largest shareholders choose to waive their right to appoint a representative of the Nomination Committee, the shareholder who is next in line in terms of size is to be given an opportunity to appoint a member of the nomination committee. The nomination committee may also decide, if this is regarded as appropriate, to appoint an additional representative of a group of major shareholders as a co-opted member of the Nomination Committee. The chairman of the board of directors is to convene the first meeting of the nomination committee. The member

representing the largest shareholder in terms of voting power is to be appointed chairman of the nomination committee, unless the members agree otherwise. The term of office of those appointed to the nomination committee extends until such time a new nomination committee is appointed. The composition of the nomination committee is to be disclosed no later than six months before the annual general meeting.

The nomination committee is to be constituted based on the largest shareholders in terms of voting power registered for the holder or known in some other manner as per the last banking day in August. If one or several of the shareholders who have appointed members of the nomination committee no longer belong to the three largest shareholders in terms of voting power, their representative is to step down, whereupon the shareholder or shareholders who have been added to the three largest shareholders will be entitled to appoint a new representative. However, marginal changes that have occurred in the number of voting rights do not need to be taken into account, assuming that no special circumstances prevail.

If a member steps down from the nomination committee before its work has been completed, the nomination committee is to urge the shareholder who appointed such a member to appoint a new representative to the nomination committee without undue delay. Should this shareholder refrain from appointing a new representative, the right to appoint a new member of the nomination committee will accrue to the second largest shareholder in terms of voting power who is not represented on the nomination committee. Any changes to the composition of the nomination committee must be disclosed as soon as they occur.

The nomination committee is to draft proposals on the following issues for resolution by the annual general meeting:

- proposal concerning chairman of the meeting
- proposal concerning members of the board of directors
- proposal concerning chairman of the board of directors
- proposal concerning auditor
- proposal concerning remuneration of board members
- proposal concerning remuneration of the auditor
- if applicable, proposal concerning amendments of the guidelines for appointing the nomination committee

## THE BOARD OF DIRECTORS

### Composition and independence

Members of the board of directors are normally appointed by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association the general meeting shall appoint no less than four and no more than ten board members and no more than five deputy board members. Pursuant to the Code, the chairman of the board of directors shall be appointed at the general meeting. Not more than one board member elected by the general meeting may also be a senior executive of the Company or a senior executive in any of the Company's subsidiary. The majority of the board members elected by the general meeting are to be independent of the Company and its executive management. At least two of the board members who are independent of the Company and its executive management are also to be independent in relation to the Company's major shareholders. For an account of the board members' and their independence in relation to the Company, its executive management and its major shareholders see section "*Board of directors, senior executives and auditor – The board of directors*".

### Responsibilities and work

The board of directors is the Company's second-highest decision making body after the general meeting. The duties of the board of directors are primarily set forth in the Swedish Companies Act, the Company's articles of association and the Code. In addition, the work of the board of directors is guided by the instructions from the general meeting as well as the internal rules of procedure of the board of directors. The rules of procedure of the board of directors governs the division of work within the board of directors. The board of directors also adopts the instruction for the CEO.

The board of directors is responsible for the organisation and the management of the Company's matters, which, among other things, entails a responsibility for outlining overall, long-term strategies and objectives, budgets and business plans, establishing guidelines to ensure that the operations create value in the long term, reviewing and establishing the accounts, making decisions on issues regarding investments and sales, capital structure and dividends policy, developing and adopting material policies, ensuring that control systems exist for monitoring that policies and guidelines are followed, ensuring that there are systems for monitoring and controlling the Company's operations and risks, significant changes in the organisation and operations, appointing the CEO and, in accordance with the guidelines adopted by the general meeting, setting remuneration and other terms of employment benefits for the CEO and other senior executives. The chairman of the board of directors is responsible for ensuring that the board of directors' work is carried out efficiently and that the board of directors fulfils its obligations.

The board of directors meet according to an annual predetermined schedule. In addition to ordinary board meetings, board meetings may be convened where the chairman considers it to be

necessary or if a board member or the CEO so requests.

### **Audit committee**

The board of directors has established an audit committee. Pursuant to the Swedish Companies Act, the members of the audit committee may not be employees of the Company and at least one member must have accounting or auditing qualification. The majority of the members of the audit committee are to be independent of the Company and its executive management. At least one of the audit committee members who are independent of the Company and its executive management is also to be independent in relation to the Company's major shareholders. The audit committee currently consists of three members: Alexander Kotsinas (chairman), Christian Lagerling and Dimitrij Titov.

The audit committee's duty is to support the board of directors on ensuring high quality and efficiency within internal controls, financial reporting and external audits. This includes reviewing interim reports and annual financial statements prior to publication, and considering all critical accounting issues and judgments regarding assessments of risk. The audit committee meets the external auditor at least once per year and reviews and monitors the auditors' impartiality and independence, and identifies particularly whether the auditor is supporting the company on other services than auditing, and also provides support on proposals for the general meeting's resolution and election of auditors.

### **Remuneration committee**

The board of directors has established a remuneration committee. Pursuant to the Code, the chair of the board may be the chair of the remuneration committee, but the other members of the remuneration committee are to be independent of the Company and its executive management. The remuneration committee currently consists of three members: Juan Vallejo (chairman), Christian Lagerling and Ted Elvhage. All members of the remuneration committee meets the requirement of independence of the Code.

The remuneration committee evaluates and consults on matters regarding remuneration and employment terms, and makes proposals and guidelines for remuneration of the CEO and senior executives for approval by the annual general meeting. The remuneration committee must ensure that remuneration is commensurate with prevailing market conditions for corresponding executives in other companies, and accordingly, that the Company's offering to its employees is competitive. The CEO's remuneration is approved by the board of directors. Remuneration of other senior executives is decided by the CEO after consulting with the remuneration committee.

### **Remuneration to the board of directors**

The table below presents the total expenses for fees paid to the members of the board of directors (including committee work) in 2021.

<b>Board member</b>	<b>Position</b>	<b>Board fee (MSEK)</b>
Christian Lagerling <sup>1)</sup>	Chairman	-
Dimitrij Titov	Board member	0.345
Ted Elvhage	Board member	0.320
Alexander Kotsinas	Board member	0.410
Juan Vallejo	Board member	0.360



- 1) Elected as chairman of the board of directors at the extraordinary general meeting held on 20 September 2022. Former chairman of the board of directors Johan Carlström received a total fee (including committee work) of SEK 0.705 million in 2021.

The annual general meeting on 24 May 2022 resolved that fees for the board members, for the period until the end of the annual general meeting 2023, shall amount to SEK 2,895 million in total (including fees for committee work of SEK 0.450 million). The fee for board members amounts to SEK 0.295 million and for chairman to SEK 0.675 million. The fee for members of the audit committee amounts to SEK 0.070 million and for the chairman to SEK 0.135 million. The fee for members of the remuneration committee amounts to SEK 0.045 million and for the chairman to SEK 0.085 million.

The board members are not entitled to any benefits following termination of their assignment as board of directors.

## The CEO and other senior executives

### **Responsibilities and work of the senior executives**

The CEO is subordinated to the board of directors and is responsible for the day-to-day management and operations of the Company in accordance with

the instructions from the board of directors. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the instructions for the CEO.

The CEO is responsible for providing the board of directors with information and the necessary documentation for decision making. The CEO leads the work of the senior executives and makes decisions after consulting its members. Further, the CEO reports at meetings of the board of directors and assures that members of the board of directors regularly receive the information required to follow the Company's and the Group's financial position, results, liquidity and development.

The CEO and the other senior executives are presented in "Board of directors, senior executives and auditor – Senior executives".

### **Remuneration to senior executives**

The following table presents the remuneration paid to the CEO and the senior executives in 2021.

MSEK	Basic salary	Variable remuneration <sup>1)</sup>	Other benefits <sup>2)</sup>	Pension costs	Consultant fees	Total
CEO <sup>3)</sup>	7.5	–	2.2	2.2	–	11.9
Other senior executives (7 individuals)	10.5	0.7	2.5	2.5	–	16.2
<b>Total</b>	<b>18</b>	<b>0.7</b>	<b>4.7</b>	<b>4.7</b>	<b>–</b>	<b>28.1</b>

1) Remuneration according to bonus programme.

2) Health insurance, dental insurance, reimbursement for accommodation and other group insurances.

3) Christian Fredrikson was CEO until 3 November 2022. Acting CEO Ted Hansson was appointed on 3 November 2022 and previously held the position President Mobile, PC & Access China.

### **Current employment terms for the acting CEO and the other senior executives**

#### *Terms for the acting CEO*

The notice period under the employment agreement with the acting CEO is, subject to certain exceptions, six months for both the acting

CEO and the Company if the employment agreement is terminated by either the acting CEO or the Company. The acting CEO is, under certain conditions, entitled to a severance pay equivalent to six months' salary. The acting CEO's employment agreement also includes a

confidentiality clause applicable for five years after termination of the employment, a non-competition clause applicable for nine months after termination of the employment, an undertaking not to attempt to take over or transfer the Company's current and former customers and suppliers to a competitor with the Company applicable for 12 months after termination of the employment, and customary provisions regarding intellectual property rights.

#### *Terms for the other senior executives*

For the other senior executives the notice period is between three and six months if the employment is terminated either by the senior executive or the Company. The other senior executives' employment terms also include non-competition clauses (with the exception of one senior executive) and non-solicitation clauses (with the exception of two senior executives). In addition, no senior executive has entered into an agreement with the Company providing benefits upon termination of employment.

#### **Guidelines for remuneration to the senior executives**

Pursuant to the Swedish Companies Act, the annual general meeting of the Company shall adopt guidelines for remuneration to the senior executives. The annual general meeting 2020 resolved to adopt the below guidelines for remuneration to the CEO and the senior executives.

#### *Purpose etc.*

The purpose of these guidelines is to clarify the compensation as decided. The guidelines are forward-looking, *i.e.*, they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting. The annual general meeting has the right to agree on additional remunerations outside of these guidelines.

#### *Remuneration committee*

The remuneration committee evaluates and considers matters regarding remuneration and employment terms and prepares proposals for guidelines for compensation to the CEO and the senior executives. The board of directors shall evaluate a proposal for new guidelines at least every fourth year and submit it to the annual general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee should ensure that remuneration is commensurate with prevailing market conditions for corresponding executives in other companies, and accordingly, that the company's offering to its employees is competitive. The CEO's compensation is approved by the board of directors. Compensation to other senior executives is decided by the CEO after consulting with the remuneration committee. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

#### *Remuneration principles and the guidelines' promotion of the company's business strategy, long-term interests and sustainability*

Fingerprints aims to attract, engage, develop and retain the right people to drive our business result in line with the company's business strategy. In order to support this, the design and implementation of our remuneration structure shall be performance based; affordable; sustainable; market driven and clear. Compensation shall reflect the scope and complexity of each role, as well as the actual performance of the individual. Fingerprints does not tolerate any form of discrimination and we perform annual reviews to make sure we do not have any salary misalignments based on any discriminating factors such as gender, transgender

identity or expression, ethnicity, religion or other belief, disability, sexual orientation and age.

Variable remuneration covered by these guidelines shall aim at promoting Fingerprints business strategy and long-term interests, including its sustainability.

#### *Remuneration Principles*

Performance based: There shall be a strong link between performance (individual - and business result) and compensation. Base salary will depend on the employee's performance against objectives, development progress and living our company values.

Competitive and sustainable: Fingerprints must create value to secure our present and future capability to pay competitive compensation and we must earn the means for our compensation. It is important to have a balance between the Company's earnings and Fingerprints compensation levels.

Market driven: Fingerprints salaries shall reflect the scope and complexity of the work. It is the Company's objective to compare its base salaries with relevant market data for the applicable country. Each country forms its own market.

The remuneration principles are also applicable to the rest of the employees at Fingerprints. In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment terms for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

#### *Total remuneration*

The total remuneration to senior executives consists primarily of monthly base salary, variable remuneration, pension, and insurances. If decided

in the annual general meeting, the total remuneration may also include – irrespective of these guidelines – long term incentives.

#### *Variable remuneration*

The variable remuneration shall be linked to predetermined and measurable criteria. Variable remuneration include company measures such as revenue, operating profit and cash balance. For senior executives, 80-90 per cent of the variable remuneration is based on company measures, and 10-20 per cent is based on individual performance, with predetermined targets on an annual basis. The criteria shall be designed so as to contribute to Fingerprints' business strategy and long-term interests, including its sustainability. The satisfaction of criteria for awarding variable remuneration shall be measured over a period of one or several years. The variable cash remuneration may amount to not more than 100 per cent of the total fixed base salary during the measurement period. For financial objectives, the evaluation shall be based on financial information made public by the Company.

#### *Pension*

Pension plans are based on defined contribution models, where a premium is paid amounting to not more than 30 per cent of the senior executive's fixed annual base salary.

#### *Insurances*

Executives are provided insurance coverage in accordance with local market practice. Such benefits shall be customary and be of limited amount.

#### *Termination of employment*

Upon termination of an employment, the notice period may not exceed six months. During the notice period of maximum six months, the executive will continue to receive full base salary and other employment benefits. Upon termination by the Company, severance payment could be paid and may not exceed twelve months' base salary. When termination is made by the executive, the

notice period may not exceed six months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration, if applicable, shall amount to a maximum of 60 per cent of the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions.

*The board of directors' right to deviate from the principle of remuneration*

In certain cases the board of directors may decide to deviate from these guidelines, in part or in total, if there are special reasons to do so in an individual case and a deviation is necessary to fulfil the Company's long term interest, including in relation to sustainability, or to safeguard the Company's financial position. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

**Internal controls and risk management**

The Swedish Annual Accounts Act stipulates that the board of directors shall submit a review of the material elements of the company's systems for internal control and risk management over financial reporting yearly. The board of directors is responsible for the company's internal controls, whose overall purpose is to ensure protection of the company's assets, and thus its owners' investments. The board of directors has adopted attestation instructions, a finance policy and other policy documents comprising instructions and procedures for operations that must be monitored regularly and reported. The attestation instructions include instructions regarding company signatories as well as roles and authorisations regarding decision making and the approval of agreements, investments, expenses and other expenditure. The finance policy sets mandates for investments, management of liquidity, currency hedging and credit issuance on sales. Sales are

subject to credit insurance as far as possible, when this is viable and where credit insurance is granted only if there are good grounds to expect the borrower to fulfil its commitments.

*Control environment*

The fundamental control environment for financial reporting consists of guidelines and policy documents, including the board of directors' rules of procedure and instructions for the CEO, as well as the division of duties and authorisation regarding the organisation of operations. Primarily, it is the CEO's responsibility to establish in daily operations the control environment instructed by the board of directors. The CEO reports regularly to the board of directors according to established procedures. The Company's auditor also submits reports from the audits conducted.

*Risk assessment*

Risk assessment is an ongoing process encompassing the identification and management of risks that can impact operations and financial reporting. The primary risk consists of material misstatement in accounting. Risk management is a part of operational processes and various methods are applied to ensure that risks are managed pursuant to regulation, instructions and procedures in order to provide accurate information.

*Control activities*

Control activities are designed to manage the risks that the board of directors and company management consider material for the internal controls of financial reporting. The control activities aimed to prevent, discover and rectify misstatement and deviations are evaluated. The segregation of duties and organisation constitutes the structure for controls.

Follow-ups are conducted within each area of responsibility and across all operations. Approvals and the division of authorisation constitute the structure of control activities, as do clear rules for decisions regarding investments, sales, purchases

and contracts. Control activities also proceed from the business concept, strategies and objectives, and what is mission-critical to the operations. A high level of IT security is a prerequisite for good internal controls over financial reporting. The IT strategy emphasises security and functionality, with security being more important because without security, functionality is compromised. External financial reporting with ensuing control is conducted on a quarterly basis, and internal financial reporting on a monthly basis. The financial controls are based on business plans that are broken down to yearly budgets. Budgets are reviewed and constitute forecasts and supporting data for monitoring against results achieved. Reporting involves analyses and comments on progress in relation to established objectives. Development projects are managed through ongoing project monitoring with reporting of subprojects. Efforts made and expenditures incurred are related to plans and budgets, and expected remaining project expenditure until project completion are reported.

Operational control is supplemented by monitoring of the quality and performance of suppliers, customers and internal processes. Monitoring of liquidity and cash flow is conducted on an ongoing basis with updates of forecasts and subsequent liquidity planning. The continuous analysis of financial reports at various levels are central for ensuring that financial reporting does not contain material misstatement. Control activities and the division of various functions are embedded throughout the financial reporting process.

The Company has no dedicated internal audit function, as the board of directors has made the assessment that internal functions and processes within finance, law and quality meet the needs for review and control.

### **External audit**

The auditor shall review Fingerprints' annual report and accounting, as well as the management of the board of directors and the CEO. Since the Company is a parent company, the auditor shall also review the consolidated accounts and the Group companies' relations to each other. The audit of Fingerprints' annual report and accounting, as well as the management of the board of directors and the CEO is conducted in accordance with generally accepted auditing standards in Sweden. Following each financial year, the auditor shall submit an auditor report and a consolidated auditor report to the annual general meeting.

Fingerprints' auditor is BDO Mälardalen AB and Carl-Johan Kjellman. Johan Pharmanson is the auditor in charge. MOORE KLN AB was the Company's auditor and Ulf Lindesson was auditor in charge until the annual general meeting on 26 May 2021. For more information about Fingerprints' auditor, see section "*Board of directors, senior executives and auditor – Auditor*."

For the financial year ended on 31 December 2021 the total remuneration to the Group's auditors was SEK 2.7 million, of which SEK 1.9 million related to the Company.

# Shares, share capital and ownership structure

## SHARES AND SHARE CAPITAL

According to the Company's articles of association the share capital shall not be less than SEK 6,000,000 and not be more than SEK 24,000,000, divided into not less than 150,000,000 shares and not more than 600,000,000 shares. Shares can be issued in two classes: A-shares and B-shares. A-shares can be issued in a number of not more than 45,000,000 A-shares and B-shares can be issued in a number of not more than 555,000,000 B-shares.

As of 30 September 2022, the Company's registered share capital amounted to SEK 12,975,667, divided into 298,000,000 shares (of which 6,000,000 are A-shares and 292,000,000 are B-shares). The quota value was SEK 0.043543 per share.

The shares in the Company are issued in accordance with Swedish law, fully paid and denominated in SEK. The shares are not subject to restrictions in relation to its free transferability. The shareholders' rights can only be altered in accordance with the procedures specified in the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)).

As of the date of this prospectus, the Company's B-shares, but not A-shares, are admitted to trading on Nasdaq Stockholm.

## CHANGES IN CAPITAL STRUCTURE IN CONNECTION WITH THE RIGHTS ISSUE

### Increase in share capital and number of shares

The Rights Issue will, upon full subscription, result in the number of shares in the Company

increasing from 323,423,024 shares (of which 6,000,000 are A-shares and 317,423,024 are B-shares) to 424,492,719 shares (of which 7,875,000 are A-shares and 416,617,719 are B-shares), which corresponds to an increase of the total number of shares with approximately 31 per cent and an increase of the total number of votes with approximately 31 per cent. At the same time, the share capital will increase by SEK 4,400,827.872858, from SEK 14,082,649.193145 to SEK 18,483,477.066003. The quota value of the shares will be unchanged at SEK 0.043543 per share.

Further, upon full subscription of Units in the Rights Issue, 375,000 warrants entitling to subscription of A-shares and 19,838,939 warrants entitling to subscription of B-shares will be issued, of which one warrant entitling to subscription of A-shares entitles the holder to subscribe for one A-share, and one warrant entitling to subscription of B-shares entitles the holder to subscribe for one B-share during the period between 18 August 2023 and 8 September 2023. Assuming all shares in the Rights Issue are subscribed for and the warrants are then exercised for subscription of shares, the number of shares will increase from 424,492,719 shares (of which 7,875,000 are A-shares and 416,617,719 are B-shares) to 444,706,658 shares (of which 8,250,000 are A-shares and 436,456,658 are B-shares), which corresponds to an increase of the total number of shares with approximately 5 per cent and an increase of the total number of votes with approximately 5 per cent. At the same time, the share capital would increase by SEK 880,165.574571 to SEK 19,363,642.640574.

## Dilution

For shareholders deciding not to subscribe for its share in the Rights Issue, a dilutive effect of not more than 101,069,695 new shares arises, corresponding to approximately 24 per cent of the total number of shares in Fingerprints after the Rights Issue and 24 per cent of the total number of votes in Fingerprints after completion of the Rights Issue (calculated including the 3,800,000 B-shares held by the Company on the date of the prospectus). Further, if the warrants are exercised in full, a dilutive effect of not more than 121,283,634 new shares arises (of which 2,250,000 are A-shares and 119,033,634 are B-shares), corresponding to approximately 27 per cent of the total number of shares in Fingerprints after the completion of the Rights Issue and full exercise of the warrants and 27 per cent of the total number of votes in Fingerprints after completion of the Rights Issue and full exercise of

the warrants (calculated including the 3,800,000 B-shares held by the Company on the date of the prospectus).

## NET ASSET VALUE PER SHARE

The table below shows the net asset value (Sw. *substansvärde*) per share before and after the Rights Issue respectively, based on the Group's equity and number of shares as of 30 September 2022 and the maximum number of shares that the Company may issue in the Rights Issue (including the A-shares and B-shares that may be issued upon full exercise of all warrants in the Rights Issue). The subscription price in the Rights Issue is SEK 15.1 per Unit, corresponding to SEK 3.02 per share (the warrants entitling to subscription of A-shares and B-shares, respectively, are issued free of charge).

	Before the Rights Issue	After the Rights Issue
Total equity attributable to shareholders of the parent company, MSEK	1,106.2	1,372.2 <sup>1)</sup>
Number of shares	298,000,000	399,069,695 <sup>2)</sup>
<b>Net asset value per share, SEK</b>	<b>3.71</b>	<b>3.43</b>

1) Refers to the Company's equity as of 30 September 2022 increased with the proceeds from the Rights Issue at full subscription (SEK 265 million) after deduction of issue expenses (approximately SEK 40 million).

2) Refers to the number of shares in the Company's as of 30 September 2022 increased with the maximum number of shares in the Rights Issue (101,069,695 shares, excluding any shares subscribed for by exercising the warrants).

## HOLDING OF TREASURY SHARES

As of the date of this prospectus, the Company holds 3 800 000 B-shares in treasury. The B-shares book value is SEK 0 and their nominal value is SEK 165,463.4.

## CERTAIN RIGHTS ATTACHED TO THE SHARES

### General meeting of shareholders

The annual general meeting shall be held within six months from the end of each financial year. In addition to the annual general meeting, an

extraordinary general meeting may be convened. According to the articles of association, notice of the annual general meeting shall be given by advertising in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and by keeping the notice available on the Company's website. The company will also announce in Svenska Dagbladet that a notice has been issued.

Anyone wishing to participate in a general meeting must be recorded as a shareholder in a transcription or other presentation of the register of shareholders in effect six business days prior to the general meeting, and must notify of their

intention to participate to the Company no later than the date stated in the notice to the general meeting. In order to participate in the annual general meeting, a shareholder with shares registered with a nominee must, in addition to notifying the Company, have its shares registered in its own name so that he or she is registered to vote in the general meeting register of shareholders no later than four business days before the general meeting. Shareholders wishing to be registered to vote should inform their nominees well in advance of this date. Shareholders may attend the general meeting in person or through a proxy and may bring a maximum of two assistants.

#### **Right to vote**

Each share of series A entitles to ten (10) votes at a general meeting. Each B Share entitles to one (1) vote at a general meeting. Each shareholder has the right to vote for all shares held by the shareholder in the Company. Shares held by the Company itself cannot be represented at a general meeting.

#### **Preferential rights to new shares**

Should the Company resolve on a new share issue of A-shares and B-shares, by way of a cash issue or set-off issue, all shareholders of A-shares and B-shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of shares previously held (primary preferential right). Shares that are not subscribed for with primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If the offered shares are not sufficient for the subscription that takes place with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of shares previously held and to the extent that this cannot be done, by drawing lots. If the Company decides to issue warrants or convertibles by way of a cash issue or set-off issue, shareholders shall have preferential rights to subscribe for warrants as if the issue

applied to the shares that may be newly subscribed for on the basis of the warrants, or, respectively, preferential rights to subscribe for convertibles as if the issue pertained to those shares for which the warrants or convertibles, respectively may be exchanged. If the Company decides to only issue A-shares or only B-shares, by way of a cash issue or set-off issue, all shareholders shall have preferential rights to subscribe for new shares in relation to the number of shares previously held, irrespective of whether their shares are A-shares or B-shares. The abovementioned shall not constitute a restriction on the possibility to resolve regarding a cash issue or a set-off issue with deviation from the shareholders' preferential rights.

Upon increase of the share capital through a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class that already exist. Thereby, existing shares of a specific class carry entitlement to new shares of the same class. The aforementioned shall not restrict the possibility of issuing shares of a new class through a bonus issue, following necessary amendments of the articles of association.

#### **Right to dividend and surplus in the event of liquidation**

The shares in the Rights Issue carry the rights to dividend from the first record date that follows after the Rights Issue has been registered with the Swedish Companies Registration Office. All shares have an equal right to dividends as well as to the Company's assets and any surplus in the event of liquidation. The shares are not subject to any transfer restrictions. For more information on dividends see the section "*– Dividend and dividend policy*" below.

#### **Conversion of A-shares to B-shares**

In January each year, the board of directors shall consider matters regarding conversion of A-shares to B-shares from holders who have requested conversion during the previous calendar year. The board of directors may, if deemed necessary, also



consider matters of conversion at other times. The conversion shall immediately be reported to the Swedish Companies Registration Office for registration and is effected when it has been registered.

## CENTRAL SECURITIES DEPOSITORY

The Company's shares are registered in a central securities depository ("CSD") register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). The CSD register is operated by Euroclear Sweden (Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden). No share certificates has been issued for the existing A-shares and B-shares in the Company, and no share certificates will be issued for the new shares in the Rights Issue. The ISIN-code for the A-shares is SE0008374243 and the ISIN-code for the B-shares is SE0008374250.

## RESOLUTION ON THE RIGHTS ISSUE

On 10 October 2022, the board of directors resolved to increase the Company's share capital through an issue of A-Units, consisting of A-shares and warrants entitling to subscription of A-shares, as well as an issue of B-Units consisting of B-shares and warrants entitling to subscription of B-shares in the Rights Issue, subject to subsequent approval of the general meeting.

The board of directors established the final terms of the Rights Issue on 31 October 2022, whereby it was resolved that the price per Unit (*i.e.*, the price for A-Units and B-Units respectively) shall be SEK 15.1, and that each A-Unit shall consist of five (5) A-shares and one (1) warrant entitling to subscription of an A-share, and each B-Unit shall consist of five (5) B-shares and one (1) warrant entitling to subscription of a B-share.

The board of directors' resolution to carry out the Rights Issue was approved at an extraordinary general meeting held on 2 November 2022.

## AUTHORISATION FOR THE BOARD OF DIRECTORS TO RESOLVE ON ISSUES

On 24 May 2022, the annual general meeting resolved to authorise the board of directors to, on one or several occasions up until the next annual general meeting, with or without deviations from the shareholders preferential rights, resolve on an issue of B-shares, warrants and/or convertibles entitling to subscription of B-shares corresponding to no more than ten (10) per cent of the total number of outstanding shares in the Company as of the date of the notice to the annual general meeting (*i.e.*, 25 April 2022) (the "**Authorisation**"). The Authorisation also include the right to decide on an issue of shares, warrants and/or convertibles with provisions regarding contribution in kind, set-off or otherwise with conditions in accordance with the Swedish Companies Act. A new issue by way of cash or set-off, with deviation from the shareholders preferential rights and on the basis of the authorisation, shall be carried out on market conditions. The reason for deviation from the shareholders' preferential rights shall be to facilitate flexibility in connection with raising of capital or in connection with acquisitions of companies or operations. The Authorisation will not be used to carry out the Rights Issue.

On 31 October 2022, the board of directors resolved on a directed issue of 25,423,024 B-shares on the basis of the Authorisation to the holders of the Company's hybrid equity instrument (the "**Hybrids**"), Fredrik Lundgren and Wilhelm Risberg (the "**Hybrid Investors**"), against payment by way of set-off of the Hybrid Investors' receivables under the Hybrids, which amounted to SEK 76,777,534.90 in total (including the nominal amount, accrued but

unpaid interest and arrangement fees). For more information on the set-off issue, refer to section “Capitalisation, indebtedness and other financial information – Significant changes in the company’s financial position or results since 30 September 2022”.

## WARRANTS, CONVERTIBLES AND SHARE RELATED INCENTIVE PROGRAMS

As of the date of this prospectus, no warrants, convertibles or other acquisition rights are issued regarding shares in the Company. Further, there are no ongoing share related incentive programs within the Group.

## OWNERSHIP STRUCTURE

The table below shows the shareholders who had a direct or indirect shareholding that represents five

Shareholder	Number of A-shares	Number of B-shares	Percentage of share capital, %	Percentage of votes, %
Johan Carlström (through company)	6,000,000	15,000,000	7.05	21.31
Legal & General	0	16,569,435	5.56	4.71
Other shareholders	0	260,430,565	87.39	73.98
<b>Total</b>	<b>6,000,000</b>	<b>292,000,000</b>	<b>100.00</b>	<b>100.00</b>

per cent or more of the total number of shares and votes in Fingerprints as of 30 September 2022 (and changes known by the Company thereafter). No individuals or legal entities hold more than five per cent of all shares and/or votes in the Company other than as set out in the table below. As owner of 21.31 per cent of the shares and votes in the Company, Johan Carlström has a substantial influence on questions that are subject to approval by the shareholders of the Company and may as a consequence exercise control over the Company. This is however limited by the provisions in the Swedish Companies Act and that the Company complies with the corporate governance regulations applicable to the Company as set out in the Code, see “Corporate governance” above in order to ensure that control of the Company is not abused.

## SHARE CAPITAL DEVELOPMENT

The table below summarises the historic development of the Company’s share capital covered by the historical financial information in this prospectus (1 January 2019-30 September 2022) as well as the changes in the number of shares and the share capital that will be made in connection with the Rights Issue.

Year	Event	Change in number of shares	Total number of shares	Change in share capital (SEK)	Share capital (SEK)	Quotient value (SEK)
2021	Cancellation of treasury shares and bonus issue <sup>1)</sup>	-15,967,675	298,000,000	0	12,975,667	0.043543
2022	Share issue <sup>2)</sup>	25,423,024	323,423,024	1,106,982.193145	14,082,649.193145	0.043543
2022	Share issue <sup>3)</sup>	101,069,695	424,492,719	4,400,827.872858	18,483,477.066003	0.043543

1) Cancellation of B-shares with subsequent bonus issue. The cancellation of B-shares was carried out at quotient value. Following the cancellation, the number of A-shares amounted to 6,000,000 and the number of B-shares amounted to 292,000,000. The withdrawal of the B-shares and the bonus issue was registered with the Swedish Companies Registration Office on 7 June 2021.

2) Set-off issue of B-shares directed to the holders of the Hybrids, whereby the Hybrids are converted to equity. The subscription price for the B-shares was SEK 3.02. Following the set-off issue, the number of A-shares amounted to 6,000,000 and the number of B-shares amounted to 317,423,024. The set-off issue was registered with the Swedish Companies Registration Office on 31 October 2022.

3) Cash share issue of A-shares and B-shares in the Rights Issue. The subscription price for the A-shares is SEK 3.02 and the subscriptions price for the B-shares is SEK 3.02. Following the Rights Issue, the number of A-shares will amount to not more than 7,875,000 and the number of B-shares will amount to not more than 416,617,719. The Rights Issue have not been carried out as of the date of this prospectus, and the figures in this table are conditional on the Rights Issue being fully subscribed and registered with the Swedish Companies Registration Office.

## DIVIDENDS AND DIVIDEND POLICY

### General

The Company did not pay any dividend for the financial years 2019-2021.

The terms and conditions of the Company's outstanding senior bond loan 2021/2024 (the "**Terms and Conditions**") contains certain value transfer limitations which, *inter alia*, stipulates that the Company may only pay dividends or make other value transfers to the shareholders of, in aggregate with all value transfers made and limited by the Terms and Conditions, not more than 50 per cent of the Group's consolidated net profits of its preceding financial year, and only on the condition that the Company complies with a certain financial covenant regarding the ratio between the Group's net interest bearing debt and consolidated EBITDA.

### Dividend policy

The Company has no established policy in terms of the time horizon for when dividends shall be distributed to the shareholders, or how much of the Company's future results that shall be distributed to the shareholders.

The board of director's main priority is to ensure that Fingerprints has a financial position that is strong enough to support both organic growth and selective acquisitions. In addition, Fingerprints is seeking to maintain a strong balance sheet. The distribution of capital to shareholders shall be aligned with the development of earnings and cash

flow while taking into account the Company's growth opportunities and financial position.

### Dividends under Swedish law

Resolutions on dividends must be passed at a general meeting. Dividend may only be distributed if the Company's restricted equity is fully covered after the dividend (the so-called "amount limit" (Sw. *beloppsspärren*)) and only if the dividend appears to be justified taking into account the demands made of the amount of equity by the nature, scope and risks associated with the business, and the demands made of group equity by the nature, scope and risks associated with group operations, and also the Company's and the Group's consolidated requirements, liquidity and financial position in general (the so-called "prudence rule" (Sw. *försiktighetsregeln*)). As a main rule, the general meeting may not resolve to distribute a larger amount than what the board of directors has proposed or approved.

According to the Swedish Companies Act, owners of not less than one-tenth of all shares have the right to request dividends (to all shareholders) of the Company's profits. Upon such request, a resolution must be passed at an annual general meeting to distribute half of the remaining profit for the year according to the adopted balance sheet following deductions made for (i) losses carried forward exceeding non-restricted reserves, (ii) amounts that, by law or articles of associations, must be transferred to restricted equity, and (iii) amounts that, under articles of associations, must

be used for any purpose other than distribution to shareholders. There is however no obligation for a resolution to be passed a general meeting to distribute more than five per cent of the Company's equity. The distribution must not be contrary to the provisions of Chapter 17, Section 3 in the Swedish Companies Act (see the so-called "amount limit" and "prudence rule" above).

### **Payments of dividends**

All shareholders that are registered in the share register maintained by Euroclear Sweden on the record date adopted by the general meeting shall be entitled to receive dividends. Dividends is generally paid as a cash amount per share through Euroclear Sweden, but dividends may also be distributed in a non-cash form (so-called "dividend in kind"). If a shareholder cannot be reached through Euroclear Sweden, the shareholder's receivable against the Company for the dividend amount remains, though taking into account the legal rules on the ten-year limitation period. Upon limitation, the dividend amount shall accrue to the Company. Neither the Swedish Companies Act nor the Company's articles of association contains any restrictions on the right to dividends to shareholders outside of Sweden. For information regarding potential taxation of dividend, see section "*Terms and instructions – Important information regarding taxation*".

### **SHAREHOLDER AGREEMENT**

As far as the board of directors is aware, there are no shareholder agreements or other agreements between shareholders in the Company that aim at

joint influence over the Company. The board is also not aware of any agreements that could lead to a change of control of the Company.

### **INFORMATION REGARDING PUBLIC OFFERS, MANDATORY PUBLIC OFFERS AND COMPULSORY BUY-OUT**

The Swedish Act on Public Takeovers on the Stock Market (the "**Swedish Takeover Act**") (*Sw. lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), Nasdaq Stockholm's Takeover Rules and the Swedish Securities Council's rulings regarding interpretation and application of Nasdaq Stockholm's Takeover Rules and, where applicable, the Swedish Securities Council's interpretations of the Swedish Industry and Commerce Stock Exchange Committee's former rules on public offers, are applicable on public offers regarding the shares in the Company.

In accordance with the Swedish Takeover Act, a company may only, following a resolution by the general meeting, take measures to impair the conditions for making or completing an offer if the board of directors or the CEO has reasonable grounds to believe that the offer is imminent.

The shares in the Company are not subject to any mandatory public offer nor any offers due to buy-out rights or sell-out obligations. No public offer has occurred in respect of the Company's shares during the current or last financial year.

# Legal considerations and supplementary information

## INFORMATION ABOUT THIS PROSPECTUS

This prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the prospectus. A separate prospectus in Swedish (the “**Swedish Prospectus**”) has been approved and registered by the Swedish Financial Supervisory Authority (the “SFSA”) as the competent authority in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “**Prospectus Regulation**”) and this prospectus is the English translation thereof. In the event of any discrepancies between this prospectus and the Swedish Prospectus, the Swedish Prospectus shall prevail. SFSA only approves the Swedish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or of the quality of the securities that are the subject of this prospectus.

Investors should make their own assessment as to the suitability of investing in the securities. SFSA’s postal address is Box 7821, SE-103 97 Stockholm. SFSA’s telephone number is +46 (0) 8 408 980 00 and its website is [www.fi.se](http://www.fi.se).

The prospectus is valid during a period of twelve months following the approval, provided that it is complemented by supplements if required under Article 23 of the Prospectus Regulation. The obligation to set up supplements to this prospectus in the event of significant new factors, material

mistakes or material inaccuracies will not be applicable when the prospectus is no longer valid.

## GENERAL CORPORATE INFORMATION

The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) which was incorporated on 19 August 1971 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 25 November 1971. The Company’s current legal and commercial name, Fingerprint Cards AB (publ), was registered with the Swedish Companies Registration Office on 18 April 1997. The Company has its registered office in Gothenburg, County of Västra Götaland, Sweden. The Company’s activities are carried out in accordance with Swedish law and the Company’s form of association is regulated by the Swedish Companies Act. The Company’s registrations number is 556154-2381 and its LEI Code is 5493004YF5D7Z612Z822. The Company’s registered address is Box 2412, SE-403 16 Gothenburg, Sweden and its visiting address is Kungsgatan 20, SE-411 19 Gothenburg, Sweden. The Company’s telephone number is +46 (0) 10 172 00 00 and the address to the Company’s website is [www.fingerprints.com](http://www.fingerprints.com). The information on the Company’s website does not form a part of this prospectus unless such information explicitly has been incorporated by reference in the prospectus (see section “*Selected historical financial information – Historical financial information incorporated by reference*”).

The Company is the ultimate parent company of the Group, and the Group comprises of the following, directly and indirectly, wholly owned subsidiaries:

- India Acquisition Holding Inc. (USA)

- Delta ID Inc. (USA)
- Fingerprint Cards Inc. (USA)
- Fingerprint Cards Switzerland AG (Switzerland)
- Fingerprint Cards Sweden AB (Sweden)
- Fingerprint Cards Anacatum IP AB (Sweden)
- Fingerprint Cards Security System Databärare Aktiebolag (Sweden)
- Fingerprint Cards ApS (Denmark)
- Fingerprint Cards France SAS (France)
- Fingerprint Cards (Shanghai) Co. Ltd. (China)
- Fingerprint Cards (Shanghai) Investment Co. Ltd. (China)
- Fingerprint Cards Korea Ltd. (Korea)
- Fingerprint Japan K.K. (Japan)
- Fingerprint Cards Singapore Pte. Ltd. (Singapore)
- Fingerprint Cards Taiwan Ltd (Taiwan)

## SUBSCRIPTION UNDERTAKINGS AND UNDERWRITING COMMITMENTS REGARDING THE RIGHTS ISSUE

Certain existing shareholders (including senior executives and board members), have undertaken to subscribe for B-Units corresponding to all or part of their pro rata share of B-Units in the Rights Issue, corresponding to an aggregated amount of approximately SEK 26 million (the “**Subscription Undertakings**”). In addition, certain external investors (including Carnegie) have undertaken to guarantee subscription of B-Units in the Rights Issue corresponding to the B-Unit part in the Rights Issue not covered by the Subscription Undertakings, corresponding to not more than SEK 275 million in total (the “**Underwriting Commitments**”). Hence, the total amount of B-Units in the Rights Issue at full subscription is covered by the Subscription Undertakings and the Underwriting Commitments. For the Underwriting Commitments, consideration of 7 per cent of the underwritten amount will be paid in cash to the subscription guarantors, corresponding to SEK 19 million in total (no consideration is paid for the

Subscription Undertakings). The consideration to the subscription guarantors is part of the total costs for the Rights Issue, which is estimated to amount to approximately SEK 40 million (see section “– *Costs related to the Rights Issue*” for more information on the costs for the Rights Issue). The Underwriting Commitments were entered into on 29 September 2022. Allotment of Units that have been subscribed in accordance with the Underwriting Commitments will be carried out according to the principles described in section “*Terms and instructions – Allotment of Units subscribed for without exercising unit rights*”.

The Company has provided customary warranties and indemnities for Carnegie’s Underwriting Commitment, which is also subject to customary terms and conditions. In addition, Carnegie’s Underwriting Commitment is subject to customary termination provisions, whereby they are entitled to terminate the Underwriting Commitment with the Company and thus refrain from fulfilling the Underwriting Commitment if the Company breaches the terms and conditions of the Underwriting Commitment or if the conditions set for the Underwriting Commitment (including, for example, that the board of directors determines the final terms of the Rights Issue, that the extraordinary general meeting approves the board of directors’ decision to carry out the Rights Issue and that SFSA approves this prospectus) are not met. The other underwriting commitments are conditional on the extraordinary general meetings’ approval of the board of directors’ decision to carry out the Rights Issue.

The Company has also, subject to customary conditions, undertaken against Carnegie not to carry out a capital increase, issue or similar action, sell shares or certain share-related instruments, conduct a transaction with derivative or synthetic instruments or other similar measures, which could result in the transfer of economic rights associated with the Company’s shares, without a prior written consent from Carnegie during a

period of 180 days from the day of the completion of the Rights Issue (the commitment does not include the Rights Issue or the set-off issue to the Hybrid investors which was registered with the Swedish Companies Registrations Office on 31 October 2022).

Senior executives and board of directors have undertaken, through their Subscription Undertakings, not to divest or otherwise reduce their existing shareholdings until the B-Units

issued in the Rights Issue have been converted into B-shares and warrants entitling to subscription of B-shares. The commitments cease to apply if the board of directors and the extraordinary general meeting have not resolved to carry out the Rights Issue by 30 November 2022.

Neither the Subscription Undertakings nor the Underwriting Commitments have been secured through *e.g.*, bank guarantees, restricted funds, pledged assets or similar arrangements.

The table below summarises the Subscription Undertakings and Underwriting Commitments.

Name	Subscription Undertakings		Underwriting Commitments	
	(SEK)**	(%)*	(SEK)	(%)*
Buntel AB <sup>1)</sup>	-	-	60,000,000	20.0
CVI Investments, Inc. <sup>2)</sup>	-	-	50,000,000	16.7
Formue Nord Markedsneutral A/S <sup>3)</sup>	-	-	25,000,000	8.3
Maven Investment Partners Ltd – Hong Kong Branch <sup>4)</sup>	-	-	20,000,000	6.7
Crafoord Capital Partners AB <sup>5)</sup>	-	-	20,000,000	6.7
Anavio Equity Capital Markets Master Fund Limited <sup>6)</sup>	-	-	20,000,000	6.7
Carnegie Investment Bank AB (publ) <sup>7)</sup>	-	-	20,000,000	6.7
Fredrik Lundgren <sup>8)</sup>	11,996,482	4.0	20,000,000	6.7
Wilhelm Risberg <sup>9)</sup>	11,996,482	4.0	20,000,000	6.7
Arnholmen Förvaltning AB <sup>10)</sup>	-	-	10,000,000	3.3
Selandia Alpha Invest A/S <sup>11)</sup>	-	-	10,000,000	3.3
Christian Fredrikson <sup>12)</sup>	702,512	0.2	-	-
Juan Vallejo <sup>12)</sup>	594,563	0.2	-	-
Thomas Rex <sup>12)</sup>	302,000	0.1	-	-
Pontus Jägemalm <sup>12)</sup>	151,000	0.1	-	-
Ted Elvhage <sup>12)</sup>	25,730	0.0	-	-
Dimitrij Titov <sup>12)</sup>	18,920	0.0	-	-
Per Sundqvist <sup>12)</sup>	18,875	0.0	-	-
Ted Hansson <sup>12)</sup>	18,875	0.0	-	-
Alexander Kotsinas <sup>12)</sup>	8,018	0.0	-	-
Michel Roig <sup>12)</sup>	5,663	0.0	-	-

Charles Burgeat <sup>12)</sup>	4,711	0.0	-	-
Christian Lagerling <sup>12)</sup>	0	0.0	-	-
<b>Total</b>	<b>25,843,831</b>	<b>8.6</b>	<b>275,000,000</b>	<b>91.8</b>

\*) Share of the total amount of the issue of B-Units in the Rights Issue. Only B-Units are subject to Subscription Undertakings and Underwriting Commitments. Hence, A-Units are not subject to any Subscription Undertakings or Underwriting Commitments.

\*\*) All Subscription Undertakings, except Thomas Rex's and Pontus Jägemalm's Subscription Undertakings, are undertakings to subscribe for B-Units corresponding to all or part or their pro rata share in the Rights Issue.

1) Ingmar Bergmans gata 2, SE-114 34 Stockholm, Sweden.

2) C/o Maples Corporate Services Limited, P.O. BOX 309 Ugland House, Grand Cayman E9 KY1-1104, The Cayman Islands.

3) Østre Alle 102, 9000 Aalborg, Denmark.

4) 20/F Tai Tung Bldg 8 Fleming Rd Wan Chai, Hong Kong.

5) Nybrogatan 15 5tr, SE-114 39 Stockholm, Sweden.

6) Anavio Equity Capital Markets Fund GP, P.O. BOX 309 Ugland House, Grand Cayman E9 KY1-1104, The Cayman Islands.

7) Regeringsgatan 56, SE-103 38 Stockholm, Sweden.

8) Torgerdsvägen 4, SE-182 67 Djursholm, Sweden.

9) Narvavägen 21, SE-114 60 Stockholm, Sweden.

10) C/o Bäck, Sturegatan 48, SE-114 36 Stockholm, Sweden.

11) Vesterbrogade 26, 1620 København V, Denmark.

12) Kungsgatan 20, SE-411 19 Gothenburg, Sweden. The subscription undertaking has been entered in the event that Christian Lagerling acquires B-shares.

## MATERIAL AGREEMENTS

Presented below is a summary of material agreements, excluding agreements entered into in the ordinary course of business, entered into by the Group during the past two financial years, as well as other agreements entered into by the Group which contain rights or obligations of material importance for the Group.

### Bond loan, securities and guarantee commitments

On 23 December 2021, Fingerprints issued a senior bond loan 2021/2024 of SEK 300 million under a total framework of SEK 500 million (the "Bonds"). The final redemption date for the Bonds is on the 23 December 2024 and the Bonds bears a floating interest rate of STIBOR 3 months plus 9.0 per cent per annum. The terms and conditions of the Bonds contains certain obligations for the Company, including financial covenants linked to the ratio between the Group's net interest bearing debt and consolidated EBITDA. The terms and conditions of the Bonds further contains certain

restrictions for the Company and other Group companies to incur new debt, extend existing debt and provide securities, as well as restrictions regarding disposal of certain assets. The proceeds from the issue of the Bonds shall, according to the terms and conditions of the Bonds, be applied towards general corporate purposes (including acquisitions).

The Company's obligations under the Bonds is secured by pledges over shares in certain material group companies, pledges over receivables under all intragroup loans and security in the Group's inventory in Singapore. In addition, guarantee commitments by certain material Group companies have been provided in respect of the Company's fulfilment of its obligations under the Bonds.

### Hybrid instrument

On 29 September 2022, the Company issued perpetual hybrid equity instruments in an aggregate amount of SEK 75 million with an interest of 17 per cent per annum with the purpose of improving the Company balance



sheet and cure the maintenance test covenant, entailing that no event of default will occur under the terms and conditions of the Bonds. The Company converted the hybrid instruments into B-shares through a set-off issue of B-shares directed to the investors of the hybrid instruments, which was registered with the Swedish Companies Registration Office on 31 October 2022.

### **LEGAL PROCEEDINGS AND ARBITRATION PROCEEDINGS**

During the last twelve months, the Company has not been a party in any governmental, legal or arbitration proceedings (including proceedings which are pending or which, to the Company's knowledge, are likely to be initiated) which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

### **PROFIT FORECAST**

On 22 November 2021, the Company announced a forecast of the expected range of revenues and EBITDA margin for the full year 2022. In accordance with the Company's disclosure on 18 July 2022, the forecast was retracted due to changed market conditions as well as the uncertainty caused by the restrictions imposed in China as a result of the spread of the corona virus during 2022 and the negative effect this had on Chinese mobile manufacturers' demand for the Group's products. See section "*Background and reasons*" for further information on how the shutdowns in China, as a result of the Covid-19 pandemic, have affected the Group.

### **ADVISORS' INTEREST**

The Company's financial advisers in connection with the Rights Issue is Carnegie. Carnegie (as well as some of its affiliates) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which they have received, or may receive, compensation. Carnegie further guarantees parts of the Rights Issue.

### **RELATED PARTY TRANSACTIONS**

No related party transactions that individually or together are material to the Company has taken place during the financial years' 2019, 2020, and 2021 and up to and including the date of this prospectus.

### **COSTS RELATED TO THE RIGHTS ISSUE**

The Company's costs related to the Rights Issue, including payment of remuneration to Carnegie, other advisors and those who have entered into the Underwriting Commitments, as well as other expected issue costs is estimated to amount to approximately SEK 40 million.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the terms and conditions of the Company's senior bond loan 2021/2024 and the Company's articles of association as well as certificate of registration are available for inspection at the Company's office at Kungsgatan 20, SE-411 19 Gothenburg, Sweden, during regular office hours on weekdays. The documents are also available in electronic form on the Company's website ([www.fingerprints.com](http://www.fingerprints.com)).

# Articles of association

## §1 REGISTERED NAME

The company name of the Company is Fingerprint Cards AB. The Company is a public limited liability company (publ).

## § 2 REGISTERED OFFICE OF THE BOARD OF DIRECTORS

The registered office of the Board of Directors is in Gothenburg municipality, County of Västra Götaland, Sweden.

## § 3 OPERATIONS

The object of the Company's operations is to pursue the development of technology in the field of personal identification based on micro electronics, the sale of related components and license the rights pertaining to the technology developed as well as investment management and other similar business operations.

## § 4 SHARE CAPITAL

The share capital shall amount to not less than SEK 6,000,000 and not more than SEK 24,000,000. The number of shares shall not be fewer than 150,000,000 and not exceed 600,000,000.

## § 5 CLASSES OF SHARES

The Company's shares may be issued in two classes, designated Class A carrying ten (10) votes per share and Class B carrying one (1) vote per share. Class A shares may be issued in a maximum number of 45,000,000 and Class B shares in a maximum number of 555,000,000.

When requested by holders of Class A shares, the Board shall arrange the conversion of the holders' Class A shares to Class B shares. The conversion request shall be submitted in writing to the Board of Directors. The request shall state the number of shares that the holder wishes to convert.

In January each year, the Board of Directors will address questions pertaining to the conversion to Class B shares for those Class A shares for which the holders have requested conversion during the immediately preceding calendar year. However, should the Board find grounds thereto, the Board is permitted to address conversion issues even at other times. Conversions shall be reported for registration without delay and conversion shall become effective as soon as registration has been completed.

## § 6 PRE-EMPTION RIGHTS

If the Company decides to issue new Class A and Class B shares through a cash issue or an offset issue, holders of Class A and Class B shares have pre-emption rights to subscribe for new shares of the same class in relation to the number of shares already held (primary pre-emption right).

Shares that are not subscribed for by primary pre-emption rights are offered to all shareholders for subscription (subsidiary pre-emption rights). If the number of shares offered on this basis is insufficient

for subscription based on subsidiary pre-emption rights, the shares are distributed in relation to the number of shares already held and, insofar as this is not possible, by lottery.

If the Company decides to issue warrants or convertible debentures through a cash issue or an offset issue, the shareholders have pre-emption rights to subscribe for warrants as if the issue applied to the shares that may be newly subscribed on the basis of the warrants or, respectively, the pre-emption rights to subscribe for convertibles as if the issue pertained to those shares for which the warrants or convertibles, respectively may be exchanged.

If the Company decides by means of a cash or offset issue to issue shares of only Class A or Class B, all shareholders, irrespective of whether their shares are of Class A or Class B, have pre-emption rights to subscribe for new shares in proportion to the number of shares owned prior to the issue.

The above stipulations do not constitute any infringement on the possibility to make a decision regarding a cash issue or an offset issue whereby the shareholders' pre-emption rights are disapplied.

Should the share capital be increased through a bonus issue, new shares of each class will be issued in relation to the number of shares of the same series already held. In such cases, existing shares of a specific class carry entitlement to new shares of the same class. The aforementioned does not restrict the possibility of issuing shares of a new class through a bonus issue following the necessary amendment to the Articles of Association.

## **§ 7 BOARD OF DIRECTORS**

The Board of Directors is to comprise four to ten members with a maximum of five alternates.

## **§ 8 AUDITING**

One or two auditors, with or without alternate auditors, or one or two registered firms of accountants shall be appointed by the Company.

## **§ 9 NOTICE OF A GENERAL MEETING**

Notice of a General Meeting of Shareholders shall be made in the form of an announcement in Post och Inrikes Tidningar and on the Company's website. The announcement of this Notice shall be advertised in Svenska Dagbladet. To be entitled to participate in the business of the General Meeting, shareholders must notify the Company of their intention to attend the Meeting not later than on the date set forth in the notice of the Meeting. This day may not be a Saturday, Sunday, public holiday, Midsummer Eve, Christmas Eve or New Year's Eve, nor may it fall less than five business days prior to the General Meeting. Assistants may only accompany shareholders to a General Meeting if the shareholder provides notification of the number of assistants to the Company no later than the date specified in the Notice of the Meeting.

## **§ 10 GENERAL MEETING OF SHAREHOLDERS**

General Meetings may, in addition to Gothenburg, be held in Stockholm. The Annual General Meeting shall be held annually within six months of the end of the fiscal year. The following items of business shall be addressed at the Annual General Meeting:

1. Election of Chairman of the Meeting;
2. Preparation and approval of voting list;
3. Approval of the agenda;
4. Election of two minutes checkers;
5. Determination that the Meeting has been duly convened;
6. The President's presentation;
7. Presentation of the submitted Annual Report and the Auditor's Report, and where appropriate the Consolidated Financial Statements and the Auditor's Report on the Consolidated Financial Statements
8. Resolutions on:
  - a) adoption of the income statement and balance sheet and, where appropriate, the consolidated income statement and consolidated balance sheet;
  - b) appropriation of the Company's profit/loss according to the adopted Balance Sheet;
  - c) discharge from liability of the Board of Directors and the President;
9. Determination of the number of members and alternate members of the Board and, where applicable, the number of auditors and alternate auditors;
10. Determination of the remuneration of the Members of the Board;
11. Determination of remuneration of the auditors;
12. Election of Board members;
13. Wherever appropriate, election of auditors and alternate auditors;
14. Other business to be addressed by the Meeting in accordance with the Swedish Companies Act or the Articles of Association.

## **§ 11 FISCAL YEAR**

The Company's fiscal year is the calendar year.

## **§ 12 RECORD DAY PROVISION**

The Company's shares are to be registered in a Central Securities Depository Register (CSD) pursuant to the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

## **§ 13 AMENDMENT OF THE ARTICLES OF ASSOCIATION**

Resolutions regarding amendments to the paragraphs of the Articles of Association pertaining to the Company's operations and Board of Directors (Articles 3 and 7) and this paragraph are valid only if supported by shareholders carrying more than three quarters of the number of votes and shares

represented at the General Meeting. Should the Swedish Companies Act stipulate more far-reaching conditions, the provisions of this Act shall prevail.

#### **§ 14 COLLECTION OF PROXIES AND POSTAL VOTING**

The Board of Directors may collect power of attorneys in accordance with the procedure described in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (2005:551).

The Board of Directors may before a General Meeting resolve that the shareholders shall be entitled to vote by post prior to the General Meeting.

#### **§ 15 PRESENCE OF THIRD PARTIES AT GENERAL MEETINGS**

The Board of Directors may decide that a person who is not a shareholder in the Company shall, under the terms determined by the Board of Directors, have the right to be present or otherwise follow the proceedings at a General Meeting.

# **Appendix A – Terms and conditions for warrants regarding A-shares**

**Terms and conditions for warrants of series  
2022:1 (ISIN: SE0018768269) regarding  
A-shares in Fingerprint Cards AB (publ)**

## 1 Definitions

In these terms and conditions, the following terms shall have the meanings given below:

“A-shares”	mean shares of series A in the Company.
<i>banking day</i> ”	a day which is not a Sunday or other public holiday or, with respect to the payment of promissory notes, is not equated with a public holiday in Sweden.
“B-shares”	mean shares of series B in the Company.
“Companies Act”	the Swedish Companies Act (Sw. <i>aktiebolagslagen</i> (2005:551)).
“Company”	Fingerprint Cards AB (publ), 556154-2381.
“control”	means a holding of more than 90 per cent of the shares in the Company.
“Euroclear”	Euroclear Sweden AB.
“holder”	the holder of a warrants.
“market quotation”	listing of shares in the Company on a regulated marketplace or other organised market place.
“shares”	mean shares in the Company.
“subscription”	subscription of shares in the Company on exercise of warrant in accordance with Chapter 14 of the Companies Act.
“subscription price”	the price at which subscription for new shares may take place on exercise of warrant.
“warrant”	the right to subscribe for new A-share in the Company in exchange for payment in accordance with these terms and conditions.

## 2 Warrants

The total number of warrants is not higher than the number set out in the issue resolution. The warrants shall be registrable by Euroclear in securities accounts in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

If the warrants are not registered with Euroclear, the Company shall issue warrants certificates in connection with the issuance of the warrants. The Company shall upon request by a holder exchange or convert a warrants certificate. If the Company decides to register the warrants with Euroclear, and previously issued warrants certificates are held by the holder, the holder shall on demand return the warrants certificates to the Company.

## 3 Right to subscribe for A-shares

One warrant entitles the holder to subscribe for one new A-share in the Company at a

subscription price corresponding to 70 per cent of the Average Price (as defined below). The “**Average Price**” is equal to the volume-weighted average price of the Company’s B-share on Nasdaq Stockholm the 10 trading days that falls prior to (but not including) 18 August 2023. The Average Price and the calculated subscription price shall be rounded to the nearest SEK 0.10, where SEK 0.05 shall be rounded down.

The subscription price and the number of A-shares for which each warrant entitles the holder to subscribe may be recalculated in accordance with Section 8 below.

Subscription may only take place in respect of the entire number of A-shares for which the total number of warrants entitles the holder to subscribe for and which a single holder desires to exercise. On such subscription, any excess fractions of warrants which cannot be exercised shall be disregarded.

#### **4 Application for subscription**

Application for subscription of A-shares may take place during the period from and including the first trading day of the Company’s B-share following establishment of the subscription price in accordance with Section 3 above to and including 8 September 2023.

If a holder is prohibited from subscription of A-shares during the period set out in this Section 4 due to regulations under Regulation (EU) (596/2014/EU) on market abuse, the Swedish Securities Market Abuse Penal Act (Sw. *lagen (2016:1307) om straff för marknadsmissbruk på värdepappersmarknaden*), the Swedish Act with Supplementary Provisions to the European Union’s Market Abuse Regulation (Sw. *lagen (2016:1306) med kompletterande bestämmelser till EU:s marknadsmissbruksförordning*) or other insider legislation applicable in respect of the Company, the Company shall be entitled to instead permit subscription of A-shares as soon as such holder is no longer prevented from subscription, however not later than 10 calendar days after such prevention has ceased to apply.

If an application for subscription is not submitted within the time stated above, the warrant shall lapse.

Upon application for subscription, a completed application form in accordance with a predetermined form, together with warrant certificates (if applicable, *i.e.*, if the warrants are not recorded with Euroclear), shall be submitted to the Company. Applications for subscription are binding and irrevocable.

#### **5 Payment for new A-share**

On application for subscription, payment for the number of A-shares which the application for subscription covers shall be made simultaneously. Payment shall be made in cash to a bank account designated by the Company.

#### **6 Registration of new A-share**

Following payment for subscribed A-shares, subscription shall be effected through the registration of the new A-shares. Following registration with the Swedish Companies



Registration Office, the registration of the new shares will become definitive. According to Section 8 below, such registration might in certain circumstances be postponed.

## **7 Dividend on new A-share**

A-shares issued following subscription shall entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the subscription.

## **8 Recalculation of subscription price and the number of shares**

The following provisions shall govern the right that vests in holder in the event the share capital prior to the subscription is increased or reduced, convertible bonds or warrants are issued, or the Company is dissolved or ceases to exist as a consequence of a merger or division or if there is an Extraordinary Dividend (as defined below).

### *A Bonus issue*

In the event of a bonus issue – where an application for subscription is submitted at such time that the allotment of A-shares cannot be made on or before the sixth banking day prior to the general meeting which resolves to make the bonus issue – subscription shall be effected only after the general meeting has adopted a resolution approving the bonus issue. A-shares which are issued pursuant to subscription effected after the adoption of a resolution approving the bonus issue will not entitle the holder thereof to participate in the bonus issue. Definitive registration shall only take place after the record date for the bonus issue.

In conjunction with subscription, which is effected after the adoption of a resolution to make a bonus issue, a recalculated subscription price as well as a recalculated number of A-shares for which each warrant entitles the holder to subscribe shall be applied. The recalculation shall be carried out by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the number of shares in the Company prior to the bonus issue) / (the number of shares in the Company after the bonus issue)

*Recalculated number of A-shares for which each warrant entitles the holder to subscribe* = (previous number of A-shares for which each warrant entitles the holder to subscribe) x (the number of shares in the Company after the bonus issue) / (the number of shares in the Company prior to the bonus issue).

The subscription price and the number of A-shares which each warrant entitles the holder to subscribe for, recalculated as set out above, shall be determined by the Company as soon as possible after the general meeting has adopted a resolution approving the bonus issue.

### *B Reverse share split or share split*

In the event the Company effects a reverse share split or share split, the provisions of sub-section A above shall apply *mutatis mutandis*. The record date shall be deemed to be the date on which the reverse share split or share split is carried out by Euroclear at

the request of the Company.

*C New issue*

If the Company issues new shares subject to preferential rights for shareholders to subscribe for new shares in exchange for cash payment, the following shall apply with respect to the right to participate in the new issue held by the shareholders whose A-share are issued as a consequence of subscription on exercise of the warrants:

1. If the board of directors of the Company has resolved to carry out a new issue conditional on the approval of the general meeting of the shareholders or pursuant to authorisation granted by the general meeting of the shareholders, the resolution of the new issue shall state the last day on which subscription must be effected in order to entitles the holder of the A-share to participate in the new issue.
2. If the general meeting adopts a resolution to issue new shares, where an application for subscription is submitted at such time that it cannot be effected on or before the sixth banking day prior to the general meeting which shall address the question of the new issue, subscription shall only be effected following the adoption of a resolution with respect thereto by the general meeting. A-shares which issued as a consequence of such subscription will not entitle the holders to participate in the new issue. Definitive registration shall only take place after the record date for the new issue.

Where subscription is effected at such time that no right to participate in the new issue arises, a recalculated subscription price as well as a recalculated number of A-shares for which each warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during the subscription period stated in the resolution approving the issue (referred to below as the "average price of the share")) / (the average price of the share increased by the theoretical value of the subscription right calculated on the basis thereof)

*Recalculated number of A-shares* = (previous number of A-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the theoretical value of the subscription right calculated on the basis thereof) / (the average price of the share)

The average price of the share shall be deemed to be the equivalent of the average calculated mean value, for each trading day during the subscription period, of the highest and lowest quoted paid price on that day according to the stock exchange or market place list on which the B-share are quoted. In the absence of a quoted paid price, the bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

The theoretical value of the subscription right is calculated in accordance with the

following:

*Theoretical value of subscription right* = (the maximum number of new shares which may be issued pursuant to the resolution approving the issue) x ((the average price of the share) – (the issue price of the new share)) / (the number of shares prior to the adoption of the resolution approving the issue)

If this results in a negative value, the theoretical value of the subscription right shall be deemed to be zero.

The subscription price and the number of A-shares for which each warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two banking days after the expiry of the subscription period and shall apply to each subscription effected thereafter.

If the Company's B-shares, at the time of the resolution to issue the new shares, are not subject to a market quotation, a corresponding recalculation of the subscription price and the number of A-shares for which each warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the warrants shall remain unchanged.

During the period prior to the determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe.

#### *D Issue of warrants or convertibles*

In the event the Company issues warrants or convertibles in accordance with Chapters 14 and 15 of the Companies Act – in both cases subject to preferential rights for the shareholders to subscribe for such equity related instrument in exchange for cash payment – the provisions of sub-section C, first paragraph, sub-paragraphs 1 and 2 shall apply *mutatis mutandis* in respect of the right to participate in the issue of A-shares which has been issued through subscription.

Where subscription is effected at such a time that no right to participate in the new issue arises, a recalculated subscription price as well as a recalculated number of A-shares for which each warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during the relevant period stated in the resolution approving the issue (referred to below as the "average price of the share")) / (the average price of the share increased by the value of the subscription right).

*Recalculated number of A-shares* = (previous number of A-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the value of the subscription right) / (the average price of the share).

The average price of the share shall be calculated in accordance with the provisions of sub-section C above.

The value of the subscription right shall be deemed to be the equivalent of the average calculated mean value, for each trading day during the subscription period, of the highest and lowest quoted paid price on that day according to the stock exchange or market place list on which the subscription rights are quoted. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation.

Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

If the subscription rights are not subject to a market quotation, the value of the subscription right shall, to the greatest extent possible, be determined based upon the change in the market value of the Company's shares which may be deemed to have occurred as a consequence of the issue of the convertible bonds or warrants.

The subscription price and the number of A-shares for which each warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two banking days after the expiry of the subscription period and shall apply to each subscription effected thereafter.

If the Company's B-shares, at the time of the resolution to issue the notes, are not subject to a market quotation, a corresponding recalculation of the subscription price and the number of A-shares for which each warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the warrants shall remain unchanged.

During the period prior to the determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe.

#### *E Other offers to shareholders*

Where the Company, in circumstances other than those referred to in sub-sections A–D above, makes offers to the shareholders, subject to preferential rights for the shareholders in accordance with the principles set out in Chapter 13, Section 1 of the Companies Act, to acquire securities or rights of any type from the Company or resolves, in accordance with the principles mentioned above, to distribute such securities or rights to the shareholders without consideration, in conjunction with subscription which is effected at such time that the A-shares thereby received do not entitle the holder to participate in the offer, a recalculated subscription price as well as a recalculated number of A-shares for which each warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during the application period for the offer (referred to below as the “average price of the share”)) / (the average price of the share increased by the value of the right to participate in the offer (referred to below as the “value of the purchase right”).

*Recalculated number of A-shares* = (previous number of A-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the value of the purchase right) / (the average price of the share).

The average price of the share shall be calculated in accordance with the provisions of sub-section C above.

Where shareholders have received purchase rights and trading in these has taken place, the value of the right to participate in the offer shall be deemed to be equivalent to the value of the purchase rights. For this purpose, the value of the purchase right shall be deemed to be equivalent to the average calculated mean value, for each trading day during the application period, of the highest and lowest quoted paid price during the day according to the stock exchange or market place list on which the purchase rights are quoted. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

If the shareholders do not receive purchase rights or where such trading in purchase rights as referred to in the preceding paragraph otherwise does not take place, the recalculation of the subscription price shall be made as far as possible by applying the principles set out above in this sub-section E and the following shall apply. Where listing of the securities or rights offered to the shareholders takes place, the value of the right to participate in the offer shall be deemed to be equivalent to the average calculated mean value, for each trading day during the period of 25 trading days calculated from the first day of listing, of the highest and lowest transaction prices quoted for trades in such securities or rights on the securities exchange or other marketplace for financial instruments on which those securities or rights are listed, reduced where appropriate by the consideration paid for these in conjunction with the offer. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation of the value of the right to participate in the offer. In the recalculation of the subscription price and the number of A-shares for which each warrant entitles pursuant to this paragraph, the holder to subscribe, the period of 25 trading days referred to above shall be deemed to be the application period determined for the offer pursuant to the first paragraph of this sub-section E.

Where no listing of such securities or rights offered to the shareholders takes place, the value of the right to participate in the offer shall, to the greatest extent possible, be determined based on the change in the market value of the Company’s shares which may be deemed to have occurred as a consequence of the offer.

The subscription price and the number of A-shares for which each warrant entitles the holder to subscribe, recalculated in accordance with the above, shall be determined by the Company as soon as possible after it becomes possible to calculate the value of the right to participate in the offer.

If the Company's B-shares, at the time of the offer, are not subject to a market quotation, a corresponding recalculation of the subscription price and the number of A-shares for which each warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the warrants shall remain unchanged.

During the period prior to the determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe.

*F Equal treatment of holders and shareholders*

Where the Company issues new shares or makes an issue pursuant to Chapters 14 or 15 of the Companies Act, with preferential rights for shareholders to subscribe for equity related instruments in exchange for cash payment, the Company may grant all holders the same preferential rights as the shareholders. In conjunction therewith, each holder, irrespective of whether subscription for shares has been made, shall be deemed to be the owner of the number of A-shares which such holder would have received, had subscription on the basis of the warrants been effected in respect of the subscription price, and the number of A-shares for which each warrant entitles the holder to subscribe, in effect at the time of the resolution to issue the shares.

If the Company resolves to make an offer to the shareholders as described in sub-section E above, what has been stated in the preceding paragraph shall apply *mutatis mutandis*. However, the number of A-shares of which each holder shall be deemed to be the owner of, shall, in such circumstances, be determined on the basis of the subscription price, and the number of A-shares for which each warrant entitles the holder to subscribe, in effect at the time of the resolution to make the offer.

If the Company resolves to grant the holders preferential rights in accordance with the provisions set out in this sub-section F, no recalculation as set out in sub-sections C, D, or E above of the subscription price and the number of A-shares for which each warrant entitles the holder to subscribe for shall be made.

*G Extraordinary Dividend*

If the Company decides to pay a cash dividend to shareholders of an amount which, combined with other cash dividends paid during the same financial year, exceeds 15 per cent of the average price of the B-share during the period of 25 trading days immediately preceding the day on which the Company's board of directors announced its intention to propose that the general meeting approve such a dividend, a

recalculation of the subscription price, and the number of A-shares for which each warrant entitles the holder to subscribe, shall be made in respect of any subscription requested at such a time that the A-share thereby received do not carry rights to receive such dividend. The recalculation shall be based on that part of the total dividend which exceeds 15 per cent of the average price of the B-share during the above-mentioned period (referred to below as “Extraordinary Dividend”).

The recalculation shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during a period of 25 trading days calculated from the day on which the B-share is listed without any right to Extraordinary Dividend (referred to below as the “average price of the share”)) / (the average price of the share increased by the Extraordinary Dividend paid per share).

*Recalculated number of A-shares* = (previous number of A-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the Extraordinary Dividend paid per share) / (the average price of the share).

The average price of the share shall be deemed to be the equivalent of the average calculated mean value during the above-mentioned period of 25 trading days of the highest and lowest quoted paid price on each day according to the stock exchange or market place list on which the B-shares are quoted. In the absence of a quoted paid price, the bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

The recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe shall be determined by the Company two banking days after the expiry of the above-mentioned period of 25 trading days and shall apply to each subscription effected from the day on which the A-share is listed without any right to Extraordinary Dividend.

If the Company’s B-shares, at the time of the resolution to pay a dividend, are not subject to a market quotation and it is resolved to pay a cash dividend to shareholders of an amount which, combined with other dividends paid during the same financial year, exceeds 50 per cent of the Company’s earnings after tax in accordance with the Company’s consolidated income statement adopted in the financial year immediately preceding the year in which the resolution was adopted to pay the dividend, a recalculation of the subscription price, and the number of A-shares for which each warrant entitles the holder to subscribe, shall be made in respect of any subscription requested at such a time that the A-shares thereby received do not carry rights to receive such dividend. The recalculation shall be based on that part of the total dividend which exceeds 50 per cent of the Company’s earnings after tax and shall be made by the Company in accordance with the above-mentioned principles. During the period prior to the determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made

following determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe.

#### *H Reduction of share capital*

If the Company's share capital is reduced through a repayment to the shareholders, and such reduction is compulsory, a recalculated subscription price and a recalculated number of A-shares for which each warrant entitles the holder to subscribe shall be applied.

The recalculations shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during a period of 25 trading days calculated from the day on which the A-share is listed without right to distribution (referred to below as the "average price of the share")) / (the average price of the share increased by the amount repaid per share).

*Recalculated number of A-shares* = (previous number of A-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the amount repaid per share) / (the average price of the share).

The average price of the share is calculated in accordance with the provisions set out in sub-section C above.

In carrying out the recalculations according to the above and where the reduction is made through redemption of shares, instead of using the actual amount which is repaid for each share, an amount calculated as follows shall be applied:

*Calculated amount to be repaid for each share* = (the actual amount repaid for each redeemed share reduced by the average market price of the B-share during a period of 25 trading days immediately prior to the day on which the A-share is listed without any right to participate in the reduction (referred to below as the "average price of the share")) / (the number of shares of the Company which carry an entitlement to the redemption of one share, reduced by 1)

The average exchange price is calculated in accordance with the provisions set out in sub-section C above.

The subscription price and number of A-shares for which each warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two banking days after the expiry of the above-mentioned period of 25 trading days, and shall apply to each subscription effected thereafter.

During the period prior to the determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of A-shares for which each warrant entitles the holder to subscribe.



If the Company's share capital is reduced through redemption of shares with repayment to the shareholders, where such reduction is not compulsory, but where, in the opinion of the Company, the reduction, due to its technical structure and its financial effects, is equivalent to a compulsory reduction, the recalculation of the subscription price and the number of A-shares for which each warrant entitles the holder to subscribe shall be made, to the greatest extent possible, in accordance with the principles stated above in this sub-section H.

If the Company's B-shares, at the time of the reduction of share capital, are not subject to a market quotation, a corresponding recalculation of the subscription price shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the warrants shall remain unchanged.

*I Recalculation shall give a reasonable result*

Should the Company take actions such as those stated in sub-sections A–E, or G–H above and if, in the Company's opinion, application of the recalculation formula established for such action, taking into account the technical framework of such action or for other reasons, could not be made or would result in the holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the Company shall, make the recalculation of the subscription price, and the number of A-shares for which each warrant entitles the holder to subscribe, in such a manner as the Company determines is appropriate to ensure that the recalculation gives a reasonable result.

*J Rounding off*

On recalculation of the subscription price in accordance with the above, the subscription price shall be rounded off to the nearest SEK 0.10, for which purposes SEK 0.05 shall be rounded downwards and the number of A-shares shall be rounded off to two decimal places.

*K Mergers*

Where the general meeting adopts a resolution to approve a merger plan pursuant to Chapter 23, Section 15 of the Companies Act, pursuant to which the Company is to be merged into another company or where the board of directors adopts a resolution pursuant to Chapter 23, Section 28 of the Companies Act adopts a resolution that the Company be merged into its parent company, the holders shall receive rights in the acquiring company corresponding at least to the rights held in the Company (the transferor company), unless, pursuant to the merger plan, the holders are entitled to demand redemption of their warrants by the acquiring company.

*L Demergers*

Where the general meeting adopts a resolution to approve a demerger plan pursuant to Chapter 24, Section 17 of the Companies Act, pursuant to which a proportion of the assets and liabilities of the Company are taken over by one or more other companies, a recalculated subscription price and a recalculated number of A-shares for which each warrant entitles the holder to subscribe shall be calculated. The provisions of sub-

section G regarding Extraordinary Dividend shall then apply *mutatis mutandis*. The recalculation shall be based on the proportion of the assets and liabilities of the Company that are taken over by the transferee company or companies.

Where all assets and liabilities of the companies are taken over by one or more other companies, on paying consideration to the shareholders of the Company, the provisions of sub-section M below regarding liquidation shall apply *mutatis mutandis*. Inter alia, this means that the right to demand subscription shall terminate simultaneously with the registration in accordance with Chapter 24, Section 27 of the Companies Act and that the holder shall be notified no later than four weeks before the demerger plan shall be submitted for approval to the general meeting.

#### *M Liquidation*

If it is resolved that the Company be put into liquidation, for whatever reason, subscription may not take place thereafter. The right to demand subscription shall terminate simultaneously with the adoption of the resolution to put the Company in liquidation, irrespective of whether such resolution has become final.

Not later than four weeks prior to the adoption of a resolution by a general meeting in respect of whether or not the Company should be put into liquidation in accordance with Chapter 25 of the Companies Act, the holders shall be notified with respect to the planned liquidation in accordance with Section 11 below. The notice shall state that subscription may not take place following the adoption of the resolution in respect of liquidation.

If the Company gives notice of a planned liquidation pursuant to the above, the holders shall – notwithstanding the provisions of Section 4 in respect of the earliest date for application for subscription – be entitled to apply for subscription commencing on the day on which the notice is given, provided that subscription may be effected not later than prior to the general meeting at which the resolution regarding the liquidation of the Company shall be addressed.

Notwithstanding the provisions above pursuant to which subscription may not take place after the adoption of a resolution regarding liquidation, the right to subscribe shall be reinstated in the event the liquidation is not carried out.

#### *N Insolvent liquidation*

If the Company is put into insolvent liquidation, subscription may not take place through the exercise of warrant. Where, however, the decision to put the Company into insolvent liquidation is set aside by a higher court, subscription rights shall be reinstated.

## **9 Change of control**

Application for subscription of A-shares through exercising of allocated warrants may pursuant to these terms, in addition to what is set out in Section 4, take place in case of a change of control whereby a person (or a group of persons acting in concert) obtains control of the Company (as defined in Section 1, Definitions, above). Application for subscription may then take place from the date such control is obtained (the “Control

Date”) up until the earlier of (i) the day after the expiry of a 60 day period from the Control Date and (ii) the date the controlling shareholder (or controlling shareholders) commences a compulsory buy-out procedure pursuant to Chapter 22, Section 6 of the Companies Act.

The Company shall immediately notify holders about a change of control according to this Section 9 and the applicable subscription period following such change of control.

If not exercised during the abovementioned period, subscription may take place in accordance with the other provisions of these terms and conditions.

## **10 Nominees**

According to Chapter 3, Section 7 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act, a legal entity shall be entitled to be registered as nominee. Such a nominee shall be regarded as a holder for the purposes of the application of these terms and conditions.

## **11 Notices**

Notices relating to these warrants Terms and Conditions shall be provided to each holder who has notified his postal address to the Company.

## **12 Amendments to terms and conditions**

The Company shall be entitled, to amend the terms and conditions of the warrants to the extent required by legislation, decisions of courts of law or decisions of governmental authorities or where otherwise such is necessary or expedient for practical reasons and provided that the rights of the holders are in no way prejudiced.

## **13 Limitation of liability**

In respect of measures which it is incumbent on the Company – and if applicable Euroclear, taking into consideration the provisions of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) – neither the Company, nor Euroclear, shall be liable for loss which arises as a consequence of Swedish or foreign legislation, the actions of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lockouts, or other similar circumstances. The reservation in respect of strikes, blockade, boycotts, and lockouts shall apply notwithstanding that the Company – or Euroclear – itself is the subject of, or effects, such measures.

Nor shall Euroclear be liable for loss which arises under other circumstances, provided that Euroclear has exercised normal caution. The Company shall also enjoy a corresponding limitation of liability. In addition, under no circumstances shall the Company be liable for indirect loss.

If the Company – or Euroclear – is unable to perform its obligations as a consequence of a circumstance specified in the first paragraph, such performance may be postponed until such time as the cause for the impediment has terminated.

**14 Confidentiality**

The company may not unless authorised provide information to third parties about holders. The company has the right to access the Euroclear's CSD register of the warrants, in which it appears, *inter alia*, who is registered for the warrants.

**15 Applicable law and forum**

These terms, and all legal issues related to the warrants, shall be determined and interpreted in accordance with Swedish law. Legal proceedings relating to the warrants shall be brought before the Stockholm District Court or such other forum as is accepted in writing by the Company.

\* \* \*

# **Appendix B – Terms and conditions for warrants regarding B-shares**

**Terms and conditions for warrants of series  
2022:2 (ISIN: SE0018768277) regarding  
B-shares in Fingerprint Cards AB (publ)**

## 1 Definitions

In these terms and conditions, the following terms shall have the meanings given below:

“banking day”	a day which is not a Sunday or other public holiday or, with respect to the payment of promissory notes, is not equated with a public holiday in Sweden.
“B-shares”	mean shares of series B in the Company.
“Companies Act”	the Swedish Companies Act (Sw. <i>aktiebolagslagen</i> (2005:551)).
“Company”	Fingerprint Cards AB (publ), 556154-2381.
“control”	means a holding of more than 90 per cent of the shares in the Company.
“Euroclear”	Euroclear Sweden AB.
“holder”	the holder of a warrants.
“market quotation”	listing of shares in the Company on a regulated marketplace or other organised market place.
“shares”	mean shares in the Company.
“subscription”	subscription of shares in the Company on exercise of warrant in accordance with Chapter 14 of the Companies Act.
“subscription price”	the price at which subscription for new shares may take place on exercise of warrant.
“warrant”	the right to subscribe for new B-share in the Company in exchange for payment in accordance with these terms and conditions.

## 2 Warrants

The total number of warrants is not higher than the number set out in the issue resolution. The warrants shall be registrable by Euroclear in a securities accounts in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

If the warrants are not registered with Euroclear, the Company shall issue warrants certificates in connection with the issuance of the warrants. The Company shall upon request by a holder exchange or convert a warrants certificate. If the Company decides to register the warrants with Euroclear, and previously issued warrants certificates are held by the holder, the holder shall on demand return the warrants certificates to the Company.

## 3 Right to subscribe for B-shares

One warrant entitles the holder to subscribe for one new B-share in the Company at a

subscription price corresponding to 70 per cent of the Average Price (as defined below). The “**Average Price**” is equal to the volume-weighted average price of the Company’s B-share on Nasdaq Stockholm the 10 trading days that falls prior to (but not including) 18 August 2023. The Average Price and the calculated subscription price shall be rounded to the nearest SEK 0.10, where SEK 0.05 shall be rounded down.

The subscription price and the number of B-shares for which each warrant entitles the holder to subscribe may be recalculated in accordance with Section 8 below.

Subscription may only take place in respect of the entire number of B-shares for which the total number of warrants entitles the holder to subscribe for and which a single holder desires to exercise. On such subscription, any excess fractions of warrants which cannot be exercised shall be disregarded.

#### **4 Application for subscription**

Application for subscription of B-shares may take place during the period from and including the first trading day of the Company’s B-share following establishment of the subscription price in accordance with Section 3 above to and including 8 September 2023.

If a holder is prohibited from subscription of B-shares during the period set out in this Section 4 due to regulations under Regulation (EU) (596/2014/EU) on market abuse, the Swedish Securities Market Abuse Penal Act (Sw. *lagen (2016:1307) om straff för marknadsmissbruk på värdepappersmarknaden*), the Swedish Act with Supplementary Provisions to the European Union’s Market Abuse Regulation (Sw. *lagen (2016:1306) med kompletterande bestämmelser till EU:s marknadsmissbruksförordning*) or other insider legislation applicable in respect of the Company, the Company shall be entitled to instead permit subscription of B-shares as soon as such holder is no longer prevented from subscription, however not later than 10 calendar days after such prevention has ceased to apply.

If an application for subscription is not submitted within the time stated above, the warrant shall lapse.

Upon application for subscription, a completed application form in accordance with a predetermined form, together with warrant certificates (if applicable, *i.e.*, if the warrants are not recorded with Euroclear), shall be submitted to the Company. Applications for subscription are binding and irrevocable.

#### **5 Payment for new B-share**

On application for subscription, payment for the number of B-shares which the application for subscription covers shall be made simultaneously. Payment shall be made in cash to a bank account designated by the Company.

#### **6 Registration of new B-share**

Following payment for subscribed B-shares, subscription shall be effected through the registration of the new B-shares. Following registration with the Swedish Companies

Registration Office, the registration of the new shares will become definitive. According to Section 8 below, such registration might in certain circumstances be postponed.

## **7 Dividend on new B-share**

B-shares issued following subscription shall entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the subscription.

## **8 Recalculation of subscription price and the number of shares**

The following provisions shall govern the right that vests in holder in the event the share capital prior to the subscription is increased or reduced, convertible bonds or warrants are issued, or the Company is dissolved or ceases to exist as a consequence of a merger or division or if there is an Extraordinary Dividend (as defined below).

### *A Bonus issue*

In the event of a bonus issue – where an application for subscription is submitted at such time that the allotment of B-shares cannot be made on or before the sixth banking day prior to the general meeting which resolves to make the bonus issue – subscription shall be effected only after the general meeting has adopted a resolution approving the bonus issue. B-shares which are issued pursuant to subscription effected after the adoption of a resolution approving the bonus issue will not entitle the holder thereof to participate in the bonus issue. Definitive registration shall only take place after the record date for the bonus issue.

In conjunction with subscription, which is effected after the adoption of a resolution to make a bonus issue, a recalculated subscription price as well as a recalculated number of B-shares for which each warrant entitles the holder to subscribe shall be applied. The recalculation shall be carried out by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the number of shares in the Company prior to the bonus issue) / (the number of shares in the Company after the bonus issue)

*Recalculated number of B-shares for which each warrant entitles the holder to subscribe* = (previous number of B-shares for which each warrant entitles the holder to subscribe) x (the number of shares in the Company after the bonus issue) / (the number of shares in the Company prior to the bonus issue).

The subscription price and the number of B-shares which each warrant entitles the holder to subscribe for, recalculated as set out above, shall be determined by the Company as soon as possible after the general meeting has adopted a resolution approving the bonus issue.

### *B Reverse share split or share split*

In the event the Company effects a reverse share split or share split, the provisions of sub-section A above shall apply *mutatis mutandis*. The record date shall be deemed to be the date on which the reverse share split or share split is carried out by Euroclear at



the request of the Company.

*C New issue*

If the Company issues new shares subject to preferential rights for shareholders to subscribe for new shares in exchange for cash payment, the following shall apply with respect to the right to participate in the new issue held by the shareholders whose B-share are issued as a consequence of subscription on exercise of the warrants:

1. If the board of directors of the Company has resolved to carry out a new issue conditional on the approval of the general meeting of the shareholders or pursuant to authorisation granted by the general meeting of the shareholders, the resolution of the new issue shall state the last day on which subscription must be effected in order to entitle the holder of the B-share to participate in the new issue.
2. If the general meeting adopts a resolution to issue new shares, where an application for subscription is submitted at such time that it cannot be effected on or before the sixth banking day prior to the general meeting which shall address the question of the new issue, subscription shall only be effected following the adoption of a resolution with respect thereto by the general meeting. B-shares which issued as a consequence of such subscription will not entitle the holders to participate in the new issue. Definitive registration shall only take place after the record date for the new issue.

Where subscription is effected at such time that no right to participate in the new issue arises, a recalculated subscription price as well as a recalculated number of B-shares for which each warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during the subscription period stated in the resolution approving the issue (referred to below as the “average price of the share”)) / (the average price of the share increased by the theoretical value of the subscription right calculated on the basis thereof)

*Recalculated number of B-shares* = (previous number of B-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the theoretical value of the subscription right calculated on the basis thereof) / (the average price of the share)

The average price of the share shall be deemed to be the equivalent of the average calculated mean value, for each trading day during the subscription period, of the highest and lowest quoted paid price on that day according to the stock exchange or market place list on which the B-share are quoted. In the absence of a quoted paid price, the bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

The theoretical value of the subscription right is calculated in accordance with the

following:

*Theoretical value of subscription right* = (the maximum number of new shares which may be issued pursuant to the resolution approving the issue) x ((the average price of the share) – (the issue price of the new share)) / (the number of shares prior to the adoption of the resolution approving the issue)

If this results in a negative value, the theoretical value of the subscription right shall be deemed to be zero.

The subscription price and the number of B-shares for which each warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two banking days after the expiry of the subscription period and shall apply to each subscription effected thereafter.

If the Company's B-shares, at the time of the resolution to issue the new shares, are not subject to a market quotation, a corresponding recalculation of the subscription price and the number of B-shares for which each warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the warrants shall remain unchanged.

During the period prior to the determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe.

#### *D Issue of warrants or convertibles*

In the event the Company issues warrants or convertibles in accordance with Chapters 14 and 15 of the Companies Act – in both cases subject to preferential rights for the shareholders to subscribe for such equity related instrument in exchange for cash payment – the provisions of sub-section C, first paragraph, sub-paragraphs 1 and 2 shall apply *mutatis mutandis* in respect of the right to participate in the issue of B-shares which has been issued through subscription.

Where subscription is effected at such a time that no right to participate in the new issue arises, a recalculated subscription price as well as a recalculated number of B-shares for which each warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during the relevant period stated in the resolution approving the issue (referred to below as the "average price of the share")) / (the average price of the share increased by the value of the subscription right).

*Recalculated number of B-shares* = (previous number of B-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the value of the subscription right) / (the average price of the share).

The average price of the share shall be calculated in accordance with the provisions of sub-section C above.

The value of the subscription right shall be deemed to be the equivalent of the average calculated mean value, for each trading day during the subscription period, of the highest and lowest quoted paid price on that day according to the stock exchange or market place list on which the subscription rights are quoted. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation.

Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

If the subscription rights are not subject to a market quotation, the value of the subscription right shall, to the greatest extent possible, be determined based upon the change in the market value of the Company's shares which may be deemed to have occurred as a consequence of the issue of the convertible bonds or warrants.

The subscription price and the number of B-shares for which each warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two banking days after the expiry of the subscription period and shall apply to each subscription effected thereafter.

If the Company's B-shares, at the time of the resolution to issue the notes, are not subject to a market quotation, a corresponding recalculation of the subscription price and the number of B-shares for which each warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the warrants shall remain unchanged.

During the period prior to the determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe.

#### *E Other offers to shareholders*

Where the Company, in circumstances other than those referred to in sub-sections A–D above, makes offers to the shareholders, subject to preferential rights for the shareholders in accordance with the principles set out in Chapter 13, Section 1 of the Companies Act, to acquire securities or rights of any type from the Company or resolves, in accordance with the principles mentioned above, to distribute such securities or rights to the shareholders without consideration, in conjunction with subscription which is effected at such time that the B-shares thereby received do not entitle the holder to participate in the offer, a recalculated subscription price as well as

a recalculated number of B-shares for which each warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during the application period for the offer (referred to below as the “average price of the share”)) / (the average price of the share increased by the value of the right to participate in the offer (referred to below as the “value of the purchase right”).

*Recalculated number of B-shares* = (previous number of B-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the value of the purchase right) / (the average price of the share).

The average price of the share shall be calculated in accordance with the provisions of sub-section C above.

Where shareholders have received purchase rights and trading in these has taken place, the value of the right to participate in the offer shall be deemed to be equivalent to the value of the purchase rights. For this purpose, the value of the purchase right shall be deemed to be equivalent to the average calculated mean value, for each trading day during the application period, of the highest and lowest quoted paid price during the day according to the stock exchange or market place list on which the purchase rights are quoted. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

If the shareholders do not receive purchase rights or where such trading in purchase rights as referred to in the preceding paragraph otherwise does not take place, the recalculation of the subscription price shall be made as far as possible by applying the principles set out above in this sub-section E and the following shall apply. Where listing of the securities or rights offered to the shareholders takes place, the value of the right to participate in the offer shall be deemed to be equivalent to the average calculated mean value, for each trading day during the period of 25 trading days calculated from the first day of listing, of the highest and lowest transaction prices quoted for trades in such securities or rights on the securities exchange or other marketplace for financial instruments on which those securities or rights are listed, reduced where appropriate by the consideration paid for these in conjunction with the offer. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation of the value of the right to participate in the offer. In the recalculation of the subscription price and the number of B-shares for which each warrant entitles pursuant to this paragraph, the holder to subscribe, the period of 25 trading days referred to above shall be deemed to be the application period determined for the offer pursuant to the first paragraph of this sub-section E.

Where no listing of such securities or rights offered to the shareholders takes place, the

value of the right to participate in the offer shall, to the greatest extent possible, be determined based on the change in the market value of the Company's shares which may be deemed to have occurred as a consequence of the offer.

The subscription price and the number of B-shares for which each warrant entitles the holder to subscribe, recalculated in accordance with the above, shall be determined by the Company as soon as possible after it becomes possible to calculate the value of the right to participate in the offer.

If the Company's B-shares, at the time of the offer, are not subject to a market quotation, a corresponding recalculation of the subscription price and the number of B-shares for which each warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the warrants shall remain unchanged.

During the period prior to the determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe.

#### *F Equal treatment of holders and shareholders*

Where the Company issues new shares or makes an issue pursuant to Chapters 14 or 15 of the Companies Act, with preferential rights for shareholders to subscribe for equity related instruments in exchange for cash payment, the Company may grant all holders the same preferential rights as the shareholders. In conjunction therewith, each holder, irrespective of whether subscription for shares has been made, shall be deemed to be the owner of the number of B-shares which such holder would have received, had subscription on the basis of the warrants been effected in respect of the subscription price, and the number of B-shares for which each warrant entitles the holder to subscribe, in effect at the time of the resolution to issue the shares.

If the Company resolves to make an offer to the shareholders as described in sub-section E above, what has been stated in the preceding paragraph shall apply *mutatis mutandis*. However, the number of B-shares of which each holder shall be deemed to be the owner of, shall, in such circumstances, be determined on the basis of the subscription price, and the number of B-shares for which each warrant entitles the holder to subscribe, in effect at the time of the resolution to make the offer.

If the Company resolves to grant the holders preferential rights in accordance with the provisions set out in this sub-section F, no recalculation as set out in sub-sections C, D, or E above of the subscription price and the number of B-shares for which each warrant entitles the holder to subscribe for shall be made.

#### *G Extraordinary Dividend*

If the Company decides to pay a cash dividend to shareholders of an amount which,

combined with other cash dividends paid during the same financial year, exceeds 15 per cent of the average price of the B-share during the period of 25 trading days immediately preceding the day on which the Company's board of directors announced its intention to propose that the general meeting approve such a dividend, a recalculation of the subscription price, and the number of B-shares for which each warrant entitles the holder to subscribe, shall be made in respect of any subscription requested at such a time that the B-share thereby received do not carry rights to receive such dividend. The recalculation shall be based on that part of the total dividend which exceeds 15 per cent of the average price of the B-share during the above-mentioned period (referred to below as "Extraordinary Dividend").

The recalculation shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during a period of 25 trading days calculated from the day on which the B-share is listed without any right to Extraordinary Dividend (referred to below as the "average price of the share")) / (the average price of the share increased by the Extraordinary Dividend paid per share).

*Recalculated number of B-shares* = (previous number of B-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the Extraordinary Dividend paid per share) / (the average price of the share).

The average price of the share shall be deemed to be the equivalent of the average calculated mean value during the above-mentioned period of 25 trading days of the highest and lowest quoted paid price on each day according to the stock exchange or market place list on which the B-shares are quoted. In the absence of a quoted paid price, the bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

The recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe shall be determined by the Company two banking days after the expiry of the above-mentioned period of 25 trading days and shall apply to each subscription effected from the day on which the B-share is listed without any right to Extraordinary Dividend.

If the Company's B-shares, at the time of the resolution to pay a dividend, are not subject to a market quotation and it is resolved to pay a cash dividend to shareholders of an amount which, combined with other dividends paid during the same financial year, exceeds 50 per cent of the Company's earnings after tax in accordance with the Company's consolidated income statement adopted in the financial year immediately preceding the year in which the resolution was adopted to pay the dividend, a recalculation of the subscription price, and the number of B-shares for which each warrant entitles the holder to subscribe, shall be made in respect of any subscription requested at such a time that the B-shares thereby received do not carry rights to receive such dividend. The recalculation shall be based on that part of the total dividend which exceeds 50 per cent of the Company's earnings after tax and shall be made by

the Company in accordance with the above-mentioned principles. During the period prior to the determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe.

#### *H Reduction of share capital*

If the Company's share capital is reduced through a repayment to the shareholders, and such reduction is compulsory, a recalculated subscription price and a recalculated number of B-shares for which each warrant entitles the holder to subscribe shall be applied.

The recalculations shall be made by the Company in accordance with the following:

*Recalculated subscription price* = (previous subscription price) x (the average quoted price of the B-share during a period of 25 trading days calculated from the day on which the B-share is listed without right to distribution (referred to below as the "average price of the share")) / (the average price of the share increased by the amount repaid per share).

*Recalculated number of B-shares* = (previous number of B-shares for which each warrant entitles the holder to subscribe) x (the average price of the share increased by the amount repaid per share) / (the average price of the share).

The average price of the share is calculated in accordance with the provisions set out in sub-section C above.

In carrying out the recalculations according to the above and where the reduction is made through redemption of shares, instead of using the actual amount which is repaid for each share, an amount calculated as follows shall be applied:

*Calculated amount to be repaid for each share* = (the actual amount repaid for each redeemed share reduced by the average market price of the B-share during a period of 25 trading days immediately prior to the day on which the B-share is listed without any right to participate in the reduction (referred to below as the "average price of the share")) / (the number of shares of the Company which carry an entitlement to the redemption of one share, reduced by 1)

The average exchange price is calculated in accordance with the provisions set out in sub-section C above.

The subscription price and number of B-shares for which each warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two banking days after the expiry of the above-mentioned period of 25 trading days, and shall apply to each subscription effected thereafter.

During the period prior to the determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to

subscribe, subscription shall only be effected on a preliminary basis. Definitive registration shall be made following determination of the recalculated subscription price and the recalculated number of B-shares for which each warrant entitles the holder to subscribe.

If the Company's share capital is reduced through redemption of shares with repayment to the shareholders, where such reduction is not compulsory, but where, in the opinion of the Company, the reduction, due to its technical structure and its financial effects, is equivalent to a compulsory reduction, the recalculation of the subscription price and the number of B-shares for which each warrant entitles the holder to subscribe shall be made, to the greatest extent possible, in accordance with the principles stated above in this sub-section H.

If the Company's B-shares, at the time of the reduction of share capital, are not subject to a market quotation, a corresponding recalculation of the subscription price shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the warrants shall remain unchanged.

*I Recalculation shall give a reasonable result*

Should the Company take actions such as those stated in sub-sections A–E, or G–H above and if, in the Company's opinion, application of the recalculation formula established for such action, taking into account the technical framework of such action or for other reasons, could not be made or would result in the holders receiving, in relation to the shareholders, economic compensation that is not reasonable, the Company shall, make the recalculation of the subscription price, and the number of B-shares for which each warrant entitles the holder to subscribe, in such a manner as the Company determines is appropriate to ensure that the recalculation gives a reasonable result.

*J Rounding off*

On recalculation of the subscription price in accordance with the above, the subscription price shall be rounded off to the nearest SEK 0.10, for which purposes SEK 0.05 shall be rounded downwards and the number of B-shares shall be rounded off to two decimal places.

*K Mergers*

Where the general meeting adopts a resolution to approve a merger plan pursuant to Chapter 23, Section 15 of the Companies Act, pursuant to which the Company is to be merged into another company or where the board of directors adopts a resolution pursuant to Chapter 23, Section 28 of the Companies Act adopts a resolution that the Company be merged into its parent company, the holders shall receive rights in the acquiring company corresponding at least to the rights held in the Company (the transferor company), unless, pursuant to the merger plan, the holders are entitled to demand redemption of their warrants by the acquiring company.

*L Demergers*



Where the general meeting adopts a resolution to approve a demerger plan pursuant to Chapter 24, Section 17 of the Companies Act, pursuant to which a proportion of the assets and liabilities of the Company are taken over by one or more other companies, a recalculated subscription price and a recalculated number of B-shares for which each warrant entitles the holder to subscribe shall be calculated. The provisions of sub-section G regarding Extraordinary Dividend shall then apply *mutatis mutandis*. The recalculation shall be based on the proportion of the assets and liabilities of the Company that are taken over by the transferee company or companies.

Where all assets and liabilities of the companies are taken over by one or more other companies, on paying consideration to the shareholders of the Company, the provisions of sub-section M below regarding liquidation shall apply *mutatis mutandis*. Inter alia, this means that the right to demand subscription shall terminate simultaneously with the registration in accordance with Chapter 24, Section 27 of the Companies Act and that the holder shall be notified no later than four weeks before the demerger plan shall be submitted for approval to the general meeting.

#### *M Liquidation*

If it is resolved that the Company be put into liquidation, for whatever reason, subscription may not take place thereafter. The right to demand subscription shall terminate simultaneously with the adoption of the resolution to put the Company in liquidation, irrespective of whether such resolution has become final.

Not later than four weeks prior to the adoption of a resolution by a general meeting in respect of whether or not the Company should be put into liquidation in accordance with Chapter 25 of the Companies Act, the holders shall be notified with respect to the planned liquidation in accordance with Section 11 below. The notice shall state that subscription may not take place following the adoption of the resolution in respect of liquidation.

If the Company gives notice of a planned liquidation pursuant to the above, the holders shall – notwithstanding the provisions of Section 4 in respect of the earliest date for application for subscription – be entitled to apply for subscription commencing on the day on which the notice is given, provided that subscription may be effected not later than prior to the general meeting at which the resolution regarding the liquidation of the Company shall be addressed.

Notwithstanding the provisions above pursuant to which subscription may not take place after the adoption of a resolution regarding liquidation, the right to subscribe shall be reinstated in the event the liquidation is not carried out.

#### *N Insolvent liquidation*

If the Company is put into insolvent liquidation, subscription may not take place through the exercise of warrant. Where, however, the decision to put the Company into insolvent liquidation is set aside by a higher court, subscription rights shall be reinstated.

## **9 Change of control**

Application for subscription of B-shares through exercising of allocated warrants may pursuant to these terms, in addition to what is set out in Section 4, take place in case of a change of control whereby a person (or a group of persons acting in concert) obtains control of the Company (as defined in Section 1, Definitions, above). Application for subscription may then take place from the date such control is obtained (the “Control Date”) up until the earlier of (i) the day after the expiry of a 60 day period from the Control Date and (ii) the date the controlling shareholder (or controlling shareholders) commences a compulsory buy-out procedure pursuant to Chapter 22, Section 6 of the Companies Act.

The Company shall immediately notify holders about a change of control according to this Section 9 and the applicable subscription period following such change of control.

If not exercised during the abovementioned period, subscription may take place in accordance with the other provisions of these terms and conditions.

## **10 Nominees**

According to Chapter 3, Section 7 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act, a legal entity shall be entitled to be registered as nominee. Such a nominee shall be regarded as a holder for the purposes of the application of these terms and conditions.

## **11 Notices**

Notices relating to these warrants Terms and Conditions shall be provided to each holder who has notified his postal address to the Company.

## **12 Amendments to terms and conditions**

The Company shall be entitled, to amend the terms and conditions of the warrants to the extent required by legislation, decisions of courts of law or decisions of governmental authorities or where otherwise such is necessary or expedient for practical reasons and provided that the rights of the holders are in no way prejudiced.

## **13 Limitation of liability**

In respect of measures which it is incumbent on the Company – and if applicable Euroclear, taking into consideration the provisions of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) – neither the Company, nor Euroclear, shall be liable for loss which arises as a consequence of Swedish or foreign legislation, the actions of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lockouts, or other similar circumstances. The reservation in respect of strikes, blockade, boycotts, and lockouts shall apply notwithstanding that the Company – or Euroclear – itself is the subject of, or effects, such measures.

Nor shall Euroclear be liable for loss which arises under other circumstances, provided that Euroclear has exercised normal caution. The Company shall also enjoy a corresponding limitation of liability. In addition, under no circumstances shall the

Company be liable for indirect loss.

If the Company – or Euroclear – is unable to perform its obligations as a consequence of a circumstance specified in the first paragraph, such performance may be postponed until such time as the cause for the impediment has terminated.

#### **14 Confidentiality**

The company may not unless authorised provide information to third parties about holders. The company has the right to access the Euroclear's CSD register of the warrants, in which it appears, *inter alia*, who is registered for the warrants.

#### **15 Applicable law and forum**

These terms, and all legal issues related to the warrants, shall be determined and interpreted in accordance with Swedish law. Legal proceedings relating to the warrants shall be brought before the Stockholm District Court or such other forum as is accepted in writing by the Company.

\* \* \*

## Definitions and glossary

<b>“A-shares”</b>	Shares of series A in the Company.
<b>“A-Units”</b>	Newly issued units consisting of five (5) new A-shares and one new warrant entitling the holder to subscribe for one (1) A-share.
<b>“B-shares”</b>	Shares of series B in the Company.
<b>“B-Units”</b>	Newly issued units consisting of five (5) new B-shares and one new warrant entitling the holder to subscribe for one (1) B-share.
<b>”BTU”</b>	Paid subscribed B-Units.
<b>“Capacitive fingerprint sensors”</b>	Capacitive fingerprint sensors refer to the underlying technology for fingerprint recognition through a capacitive surface ( <i>i.e.</i> , a surface that is affected by interaction with certain materials and has the ability to forward information from such interaction).
<b>The “Company” or “Fingerprints”</b>	Fingerprint Cards AB (publ).
<b>“Euroclear Sweden”</b>	Euroclear Sweden AB.
<b>“GDPR”</b>	Regulation (EU) 2016/679 of the European parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
<b>The “Group”</b>	The group in which the Company is the parent.
<b>“MSEK”</b>	Swedish krona in millions.
<b>“Nasdaq Stockholm”</b>	Nasdaq Stockholm Aktiebolag.
<b>“Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.
<b>The “Rights Issue”</b>	The issue of Units with preferential rights for the Company’s shareholders.
<b>“SEK”</b>	Swedish krona.
<b>The ”Terms and Conditions”</b>	The terms and conditions for the Company’s outstanding senior bond loan 2021/2024.
<b>“Units”</b>	A-Units and B-Units.
<b>“USD”</b>	United States Dollar.

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