

## **ITEM 8 – SHAREHOLDER PROPOSAL REGARDING LONG-TERM INCENTIVE PROGRAM 2023 FOR THE BOARD OF DIRECTORS (LTIP BOARD 2023), ETC.**

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Johan Carlström with company (the “**Proposer**”), who represent approximately 5.2 per cent of the shares and 18.9 per cent of the votes in Fingerprint Cards AB (the “**Company**” or “**Fingerprint**”), proposes that the Extraordinary General Meeting (the “**General Meeting**”) pass a resolution on the implementation of a long-term incentive program 2023 for the Board of Directors of the Company (“**LTIP Board 2023**”). This proposal is divided into three items:

- (A) LTIP Board 2023.
- (B) Hedge for LTIP Board 2023 in the form of new class C shares etc.
- (C) Other matters related to LTIP Board 2023.

### **A. LTIP BOARD 2023**

#### **A.1 Introduction**

Under item 7 of the agenda for the General Meeting, the Board of Directors proposes the implementation of a long-term incentive program for the Executive management team, other managers, and key employees in order to attract and retain talent over time, increase engagement and performance and to encourage a personal long-term ownership in the Company.

The Proposer proposes that a similar program is implemented for the Board of Directors in accordance with this item 8 in order to offer the members of the Board of Directors (“**Board Members**”) a similar possibility to take part in a value growth in the Fingerprint Share (as defined below), which is expected to increase the long-term commitment to the Company’s operation and earnings development and to raise the motivation and sense of belonging with the Company. The Proposer intends to propose that the long-term incentive plan is renewed on an annual basis.

Board Members will, after three qualifying periods and assuming an investment of their own in Fingerprint Shares (as defined below), be given the opportunity to, without consideration, receive allotments of Fingerprint Shares. The number of allotted Fingerprint Shares will depend on the number of Fingerprint Shares that they hold or have acquired and on the fulfilment of a performance requirement.

Fingerprint Shares are Class B shares in the Company (“**Fingerprint Shares**”). The term of LTIP Board 2023 is approximately three years.

#### **A.2 Basic features of LTIP Board 2023**

The LTIP Board 2023 will be directed towards Board Members of the Company.

Participation in the LTIP Board 2023 assumes that the participant holds or acquires Fingerprint Shares and locks such shares into LTIP Board 2023 (“**Savings Shares**”) up to and including the date of the publication of the quarterly report for the first quarter of 2026 (“**Lock-up Period**”). Savings Shares can be newly acquired Fingerprint Shares, Fingerprint Shares already held by the participant at the time of the launch of LTIP Board 2023, or a combination thereof. For each Savings Share, the participant shall be entitled to, provided that the Savings Shares are held for the full duration of the Lock-up Period and dependent on the fulfilment of a performance requirement during the financial years 2023-2025, receive allotment of Fingerprint Shares (“**Performance Shares**”). The amount of Performance

Shares that are allotted to each participant shall vest gradually over approximately three years, conditional upon continued assignment in the Company.

The performance requirement is linked to the Company's earnings before interest, taxes, depreciation and amortization excluding items affecting comparability ("**Adjusted EBITDA**").<sup>1</sup> The participant shall not pay any consideration for the allotted Performance Shares.

Customary recalculation of the number of Performance Shares allotted per Savings Share may occur if the share capital or the number of shares in the Company changes due to bonus issue, split or reverse split, redemption of shares, certain new issues and other similar corporate events. Participants in LTIP Board 2023 will not be compensated for ordinary dividends paid in respect of the Fingerprint Shares.

### **A.3 Participation in LTIP Board 2023**

LTIP Board 2023 is directed towards the current five Board Members of the Company, with the possibility to extend the program to include a potential additional Board Member, divided into two categories of participants:

| <b>Category</b>                           | <b>Maximum number of Savings Shares per person</b> | <b>Maximum number of Performance Shares per Savings share</b>    | <b>Maximum number of Performance Shares per person</b> |
|---|--|--|--|
| A) Chairman, maximum 1 person             | 200,000  | 9x (vesting with one-third as of the end of each Vesting Period) | 1,800,000  |
| B) Other Board members, maximum 5 persons | 65,000   | 9x (vesting with one-third as of the end of each Vesting Period) | 585,000  |

To be eligible to participate in LTIP Board 2023, participants must hold or acquire Savings Shares, and allotment to participants is limited to nine (9) Performance Shares per Savings Shares held or acquired per participant, however, not exceeding the number of Savings Shares that the participant can tie up within the scope of LTIP Board 2023 according to the above. Savings Shares can be newly acquired Fingerprint Shares, Fingerprint Shares already held by the participant at the time of the launch of LTIP Board 2023, or a combination thereof.

### **A.4 Allotment of Performance Shares**

Allotment of Performance Shares will be made during a limited period of time following the date of the publication of the quarterly report for the first quarter of 2026. The period from the launch of the LTIP Board 2023 up to this date is divided into three vesting periods, where the first assignment vesting period commences upon launch of LTIP Board 2023 and ends the day before the Annual General Meeting 2024, the next assignment vesting period commences on the date of the Annual General Meeting 2024 and ends the day before the Annual General Meeting 2025, and the last assignment vesting period commences on the

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<sup>1</sup> Adjusted EBITDA shall correspond to EBITDA excluding various one-time, irregular, and non-recurring items, such as non-operating income (e.g. professional fees), unrealized gains or losses, non-cash expenses, one-time gains or losses, litigation expenses, goodwill impairments, asset write-downs, share-based incentive programs and one-time restructuring costs (e.g. termination costs on rent).

date of the Annual General Meeting 2025 and ends at the earlier of the day before the Annual General Meeting 2026 and the date of the publication of the quarterly report for the first quarter of 2026 (each period referred to as an “**Assignment Vesting Period**” and together as the “**Full Vesting Period**”).

The total amount of Performance Shares that are allotted to each participant shall be vested in equal parts as of the final date of each Assignment Vesting Period (i.e. approximately 33 percent of the total number of Performance Shares will be vested after each Assignment Vesting Period), conditional on continued assignment as a member of the Board of Directors in the Company. For example, a participant that is still a Board Member on the day before the Annual General Meeting 2024 will be allowed to keep the Performance Shares vested during that Assignment Vesting Period (i.e. approximately 33 per cent of the maximum allotment), a participant that is still a Board Member on the day before the Annual General Meeting 2025 will be allowed to keep the Performance Shares vested during the current and previous Assignment Vesting Periods (i.e. approximately 67 per cent of the maximum allotment), and a participant that is still a Board Member on the earlier of the day before the Annual General Meeting 2026 and the date of the publication of the quarterly report for the first quarter of 2026 will be allowed to keep all Performance Shares vested during the current and previous Assignment Vesting Periods (i.e. 100 per cent of the maximum allotment).

The Nomination Committee shall be authorised to waive and alter the vesting conditions according to circumstances deemed reasonable and in accordance with customary provisions on so-called “good leavers”.

In the event of a change of control of the Company or a direct or indirect sale, transfer or other disposal of all or substantially all of the business and assets, the Full Vesting Period shall be deemed to have completed and the participants shall be entitled to allotment of the Performance Shares as of the date when the transaction becomes unconditional.

If the participant and/or the Company is prevented from carrying out the allotment of Performance Shares due to, for example, inside information, the period for allotment shall be extended so that it runs until a date when such obstacle has ceased, and allotment can take place.

All vested Performance Shares (i.e. independent of the date of vesting) will be allotted following the Full Vesting Period. In order for the participant to be entitled to receive allotment of vested Performance Shares, it is assumed that the Adjusted EBITDA performance requirement is fulfilled and that the participant has kept all its Savings Shares for the full duration of the Lock-Up Period.

LTIP Board 2023 may comprise a maximum of 4,725,000 Performance Shares. Participants can receive allotment of a maximum of nine (9) Performance Shares per Savings Share, however, not exceeding the number of Savings Shares that the participant can tie up within the scope of LTIP Board 2023 according to the table in Section A.3 above.

The number of Performance Shares that can be allotted is linked to the fulfilment of the performance criterium regarding accumulated Adjusted EBITDA in absolute numbers during a three-year period of the financial years 2023-2025 (“**Performance Period**”). No allotment of Performance Shares shall take place unless the Company’s accumulated Adjusted EBITDA during the Performance Period exceeds a minimum level of SEK 160 million. Full allotment of Performance Shares shall take place if the Company’s accumulated Adjusted EBITDA during the Performance Period amounts to or exceeds a maximum level of SEK 229 million. The number of Performance Shares that can be allotted increases linearly between the minimum level and the maximum level of the performance requirement.

**A.5 Implementation and administration etc.**

The Nomination Committee (excluding any members thereof who also serve on the Board of Directors, as the case may be) shall be responsible for the implementation of, and shall engage an external advisor to handle the implementation and administration of, the LTIP Board 2023 in accordance with the resolutions by the General Meeting set forth herein. The Nomination Committee shall have the right to charge the Company with reasonable costs connected to the implementation and administration of the LTIP Board 2023, including the costs for such advisor. The intention is that the LTIP Board 2023 shall be launched as soon as practicable after the General Meeting.

**A.6 Hedging measures**

In the event that the necessary majority is not obtained for the resolution on hedging measures according to item B below, the Board of Directors may ensure that the Company instead hedges itself against the financial exposure that LTIP Board 2023 is expected to entail by entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer shares in the Company to the participants in LTIP Board 2023. The relevant number of Fingerprint Shares shall correspond to the number of shares proposed to be issued and repurchased under item B below.

The Proposer considers the class C share issue settlement method to be the preferred alternative since the costs for an equity swap arrangement are significantly higher than the costs for issuing and transferring shares.

**B. HEDGE FOR LTIP BOARD 2023 IN THE FORM OF NEWLY ISSUED CLASS C SHARES ETC.**

**B.1 Introduction**

The Proposer proposes that the implementation of LTIP Board 2023 shall be made in a cost-effective and flexible manner, and that the undertakings of the Company for delivery of Performance Shares and the Company's cash-flow for the payment of social fees primarily shall be hedged by a directed issue of convertible and redeemable class C shares. These shares can be repurchased and converted into Fingerprint Shares and transferred in accordance with the following.

In order to enable the hedging measures described above, the Proposer proposes that the General Meeting resolves in accordance with what is mentioned below in this item B, which resolutions shall be resolved upon as one resolution.

It is noted that the issuance of class C shares is conditional upon the amendment of the Articles of Associations in accordance with the proposal under item 7 B.2 of the agenda for the General Meeting.

**B.2 Authorization for the Board of Directors to resolve on a directed issue of class C shares**

The Board of Directors shall be authorized to resolve on a directed issue of Class C Shares on the following terms and conditions:

- (a) The maximum number of class C shares to be issued is 4,725,000.
- (b) With derogation from the shareholders' preferential rights, the new class C Shares may only be subscribed for by a pre-consulted external party.

- (c) The amount to be paid for each new class C share (the subscription price) shall correspond to the share's quota value at the time of subscription.
- (d) The authorization may be exercised on one or several occasions until the Annual General Meeting 2023.
- (e) The purpose of the authorization is to hedge the undertakings of the Company according to LTIP Board 2023.

### **B.3 Authorization for the Board of Directors to repurchase class C shares**

The Board of Directors shall be authorized to repurchase class C shares on the following terms and conditions:

- (a) Repurchase can only take place by way of an acquisition offer directed to all holders of class C shares in the Company.
- (b) The maximum number of class C shares to be repurchased shall amount to 4,725,000.
- (c) Repurchase shall be made at a cash price per share of minimum 100 and maximum 110 per cent of the quota value applicable to the repurchased class C shares at the time of repurchase.
- (d) The Board of Directors shall have the right to resolve on other terms and conditions for the repurchase.
- (e) Repurchase may also be made of a so-called interim shares regarding such class C shares, by Euroclear Sweden AB designated as a Paid Subscribed Share (Sw. *Betald Tecknad Aktie, BTA*).
- (f) The authorization may be exercised on one or several occasions until the Annual General Meeting 2023.
- (g) The purpose of the authorization is to hedge the undertakings of the Company according to LTIP Board 2023.

### **B.4 Resolution on transfer of own Fingerprint Shares to participants in LTIP Board 2023**

The Proposer proposes that transfer of own Fingerprint Shares within the framework of LTIP Board 2023 takes place on the following terms and conditions:

- (a) A maximum number of 4,725,000 Fingerprint Shares may – with derogation from the shareholders' preferential rights – be transferred free of charge to participants in LTIP Board 2023.
- (b) The terms for these transfers, the number of shares in each transaction and the timing for the transactions shall be as stipulated in the terms and conditions of LTIP Board 2023.
- (c) Customary recalculation of the number of Performance Shares allotted per Savings Share may occur if the share capital or the number of shares in the Company changes through e.g. a bonus issue, split or reverse split, redemption of shares, certain new issues and other similar corporate events.

## **B.5 Authorization for the Board of Directors to transfer own Fingerprint Shares to cover costs for LTIP Board 2023**

The Proposer proposes that the General Meeting resolves to authorize the Board of Directors to resolve on the transfer of own Fingerprint Shares on the following terms and conditions:

- (a) Transfer of Fingerprint Shares may be made over Nasdaq Stockholm (the exchange) at a price per Fingerprint Share that is within the price range registered at any given time.
- (b) Transfers may be undertaken of up to all Fingerprint Shares held by the Company at the time of the Board of Directors' resolution.
- (c) The authorization may be used on one or several occasions up until the next Annual General Meeting.
- (d) Transfers may only be made in order to hedge the cash-flow related to the Company's payments of social security contributions in relation to LTIP Board 2023.

The Proposer intends that this authorization will be proposed to be repeated as a new annual decision by each Annual General Meeting during the term of LTIP Board 2023.

## **B.6 Reasons for the deviation from the shareholders' preferential rights etc.**

The reason for deviation from the shareholders' preferential rights is to implement the proposed LTIP Board 2023 as set out herein. In order to minimize costs for LTIP Board 2023, the subscription price shall equal the class C share's quota value.

Should the necessary majority not be obtained for the proposal in this item B, the Company may enter into a share swap agreement in accordance with item A.6 above.

## **C. OTHER MATTERS IN RELATION TO LTIP BOARD 2023**

### **C.1 Majority requirements etc.**

A valid resolution under item A above requires a majority of more than half of the votes cast at the General Meeting.

A valid resolution under item B above requires that shareholders representing not less than nine-tenths (90%) of the votes cast as well as the shares represented at the General Meeting approve the resolution.

### **C.2 Estimated costs, expenses and financial effects of the LTIP Board 2023**

The costs for the LTIP Board 2023, which are charged in the profit and loss account, are calculated according to the accounting standard IFRS 2 and distributed over the Vesting Period. The calculations below have been made based on the quoted closing price of the Fingerprint Share as of 23 January 2023, i.e. SEK 3.342 per share, and the following assumptions: (i) all participants remain in their assignments during the Full Vesting Period and hold the Saving Shares during the Lock-up Period, (ii) the fulfilment of the performance condition of 50 per cent, and (iii) a total maximum of 4,725,000 Performance Shares eligible for allotment, and (iv) the program comprising a maximum of 6 participants and that each participant makes a maximum investment.

In aggregate, the costs for the LTIP Board 2023 according to IFRS 2 are estimated to approximately SEK 7.9 million excluding social security costs (SEK 15.8 million if the fulfilment of the performance condition is 100 per cent). The costs for social security charges are calculated to approximately SEK 5.6 million, based on the above assumptions, and also

assuming an annual share price increase of 20 per cent during the LTIP Board 2023 and an average social security tax rate of 20 per cent (SEK 7.6 million if the fulfilment of the performance condition is 100 percent and assuming an annual share price increase of 40 per cent). The expected annual cost, including social security charges, is SEK 4.3 million.

The LTIP Board 2023 is expected to have only marginal effects on the Company's key figures.

If the resolutions under item B above are passed, the LTIP Board 2023 may comprise a maximum of 4,725,000 new shares in Fingerprint, representing a dilution of approximately 1.1 per cent of all outstanding shares in Fingerprint (excluding treasury shares).

Should the majority requirement for item B above not be reached, the Company may instead hedge itself by entering into a share swap agreement with a third party, which will not give rise to any increases in the number of shares in the Company, and accordingly, no dilutive effect for existing shareholders will occur.

### **C.3 Preparation of the item**

The LTIP Board 2023 has been prepared by the Proposer in consultation with external advisers and other shareholders and has been structured based on the principles of the incentive program for the Executive management team, other managers, and key employees proposed by the Board of Directors under item 7 of the agenda for the General Meeting.

### **C.4 Other share-related incentive programs**

The Company has no outstanding incentive programs at present. However, the Board of Directors has proposed a similar incentive program for the Executive management team, other managers, and key employees under item 7 of the agenda for the General Meeting.

### **C.5 Adjustment authorisation**

The Board of Directors, or a person appointed by the Board of Directors, shall be authorized to make minor adjustments to the above resolutions that may be necessary in connection with the registration with the Swedish Companies Registration Office and Euroclear Sweden AB, respectively.