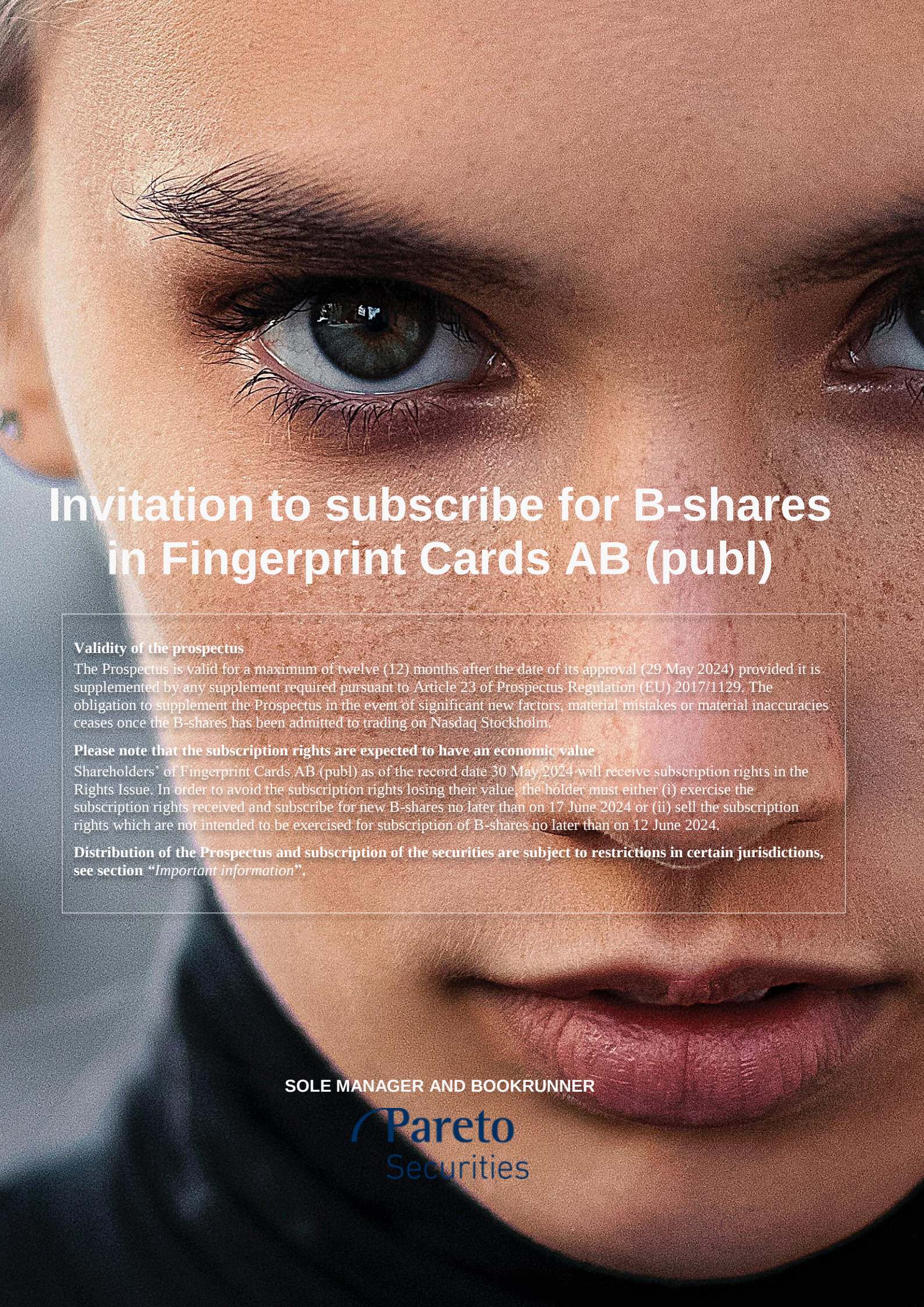




# Invitation to subscribe for B-shares in Fingerprint Cards AB (publ)

## **Validity of the prospectus**

The Prospectus is valid for a maximum of twelve (12) months after the date of its approval (29 May 2024) provided it is supplemented by any supplement required pursuant to Article 23 of Prospectus Regulation (EU) 2017/1129. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies ceases once the B-shares has been admitted to trading on Nasdaq Stockholm.

## **Please note that the subscription rights are expected to have an economic value**

Shareholders' of Fingerprint Cards AB (publ) as of the record date 30 May 2024 will receive subscription rights in the Rights Issue. In order to avoid the subscription rights losing their value, the holder must either (i) exercise the subscription rights received and subscribe for new B-shares no later than on 17 June 2024 or (ii) sell the subscription rights which are not intended to be exercised for subscription of B-shares no later than on 12 June 2024.

**Distribution of the Prospectus and subscription of the securities are subject to restrictions in certain jurisdictions, see section "Important information".**

SOLE MANAGER AND BOOKRUNNER

 **Pareto**  
Securities

## Important information

This prospectus (the “**Prospectus**”) has been prepared in connection with Fingerprint Cards AB’s (publ) (“**Fingerprints**” or the “**Company**”) new issue of shares of class B (“**B-shares**”) with preferential rights for existing shareholders resolved by the board of directors on 26 April 2024, and approved by the annual general meeting of the Company on 28 May 2024, in accordance with the terms and conditions in the Prospectus (the “**Rights Issue**”).

As of the date of this Prospectus, the Company’s shares of class A (“**A-shares**”) are not admitted to trading on a regulated market or multilateral trading facility (“**MTF**”). The Company’s B-shares are admitted to trading on Nasdaq Stockholm. A Swedish version of the 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 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**”). The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation. The SFSA’s approval should not be considered as an endorsement of the Company or the quality of the securities that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. The SFSA does not guarantee that the factual information in the Prospectus is correct or complete.

Distribution of the 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 the 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 the Prospectus and any supplement to the Prospectus. No person is or has been authorised to provide any information or make any statements other than those contained in the 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 the Prospectus nor any transactions made in respect of the Rights Issue shall be deemed to imply that the information in the Prospectus is correct and applicable at any time other than on the date of the publication of the 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 the Prospectus, such changes will be announced in accordance with the provisions on supplements of the Prospectus Regulation.

The Company assesses that it carries out protection-worthy activities under the Screening of Foreign Direct Investments Act (the “**Swedish FDI Act**”) (Sw. *lagen (2023:560) om granskning av utländska direktinvesteringar*). In accordance with the Swedish FDI Act, the Company must inform presumptive investors that the Company’s activities may fall under the regulation and that the investment may be subject to mandatory filing. If an investment is subject to mandatory filing, it must prior to its completion, be filed with the Inspectorate of Strategic Products (the “**ISP**”). An investment may be subject to mandatory filing, *inter alia*, if i) the investor, any member of its ownership structure, or any person on whose behalf the investor is acting, would, following the investment, directly or indirectly, hold voting rights equal to or exceeding any of the thresholds of 10, 20, 30, 50, 65 or 90 per cent of the voting rights in the Company, ii) the investor would, as a result of the investment, acquire the Company, and the investor, a member of the investor’s ownership structure or a person on whose behalf the investor is acting, would, directly or indirectly, hold 10 per cent or more of the total number of votes in the Company, or iii) the investor, a member of the investor’s ownership structure or a person on whose behalf the investor is acting would, in some other way, as a result of the investment have a direct or indirect influence on the management of the Company. The investor may be imposed an administrative sanction if an investment that is subject to mandatory filing is carried out before the ISP has either i) decided to take no action, or ii) authorised the investment. For more information on which investments that may be subject to mandatory filing, please refer to the Swedish FDI Act and ISP’s webpage, <https://isp.se/eng/foreign-direct-investment/>. Equivalent mandatory filing requirement may also be imposed by equivalent bodies in other jurisdictions in accordance with equivalent legislation in other applicable jurisdictions. Each investor should consult an independent legal advisor as to the possible application of the Swedish FDI Act or equivalent legislation in other applicable jurisdiction in relation to the Rights Issue for the individual investor.

As a condition to subscribe for B-shares in the Rights Issue, described in the Prospectus, each person subscribing for B-shares 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 B-shares 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 the 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 the Prospectus. In case of any discrepancies between the Swedish version of the Prospectus and this English version of the Prospectus, the Swedish version of the Prospectus shall prevail.

### Information to investors in the United States

No subscription rights, paid subscribed B-shares (Sw. *betalda tecknade B-aktier*, “**BTA**”), shares or other securities 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 any other way transferred, directly or indirectly, within or to the United States.

### Information to investors within the EEA

No public offering of shares, subscription rights, paid subscribed shares, shares or other securities 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

The 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”, “calculate”, “predict”, “anticipate”, “intend”, “assume”, “can”, “plan”, “estimate”, “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 the 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.

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## The terms of the Rights Issue in brief

|                                                    |                       |
|----------------------------------------------------|-----------------------|
| <b>Subscription price per B-share</b>              | SEK 0.09              |
| <b>Record date</b>                                 | 30 May 2024           |
| <b>Subscription period</b>                         | 3 June – 17 June 2024 |
| <b>Trading in subscription rights for B-shares</b> | 3 June – 12 June 2024 |
| <b>Trading in BTA</b>                              | 3 June – 27 June 2024 |

## Other information

|                                                |                      |
|------------------------------------------------|----------------------|
| <b>ISIN codes</b>                              |                      |
| B-shares                                       | SE0008374250         |
| Subscription rights for B-shares               | SE0022241154         |
| BTA                                            | SE0022241162         |
| <b>Short name (ticker) on Nasdaq Stockholm</b> |                      |
| B-shares                                       | FING B               |
| Subscription rights for B-shares               | FING TR B            |
| BTA                                            | FING BTA B           |
| <b>LEI code</b>                                | 5493004YF5D7Z612Z822 |

# Summary

## INTRODUCTION AND WARNINGS

The Prospectus has been prepared in connection with Fingerprint Cards AB's (publ) ("**Fingerprints**" or the "**Company**") new issue of shares of class B ("**B-shares**") with preferential rights for existing shareholders resolved by the board of directors on 26 April 2024, and approved by the annual general meeting in the Company on 28 May 2024, in accordance with the terms and conditions in the Prospectus (the "**Rights Issue**").

The Company's corporate identity number is 556154-2381. The Company's registered address is Box 2412, 403 16 Gothenburg, Sweden, its office address is Kungsgatan 20, 411 19 Gothenburg, Sweden, and its LEI code is 5493004YF5D7Z612Z822. The ISIN code for the subscription rights for B-shares is SE0022241154. The ISIN code for the paid subscribed B-shares (Sw. *betalade tecknade B-aktier*, "**BTA**") is SE0022241162. The ISIN code for the Company's B-shares is SE0008374250.

A Swedish version of the Prospectus has been approved and registered with the Swedish Financial Supervisory Authority (the "**SFSA**") on 29 May 2024. The SFSA's postal address is Box 7821, 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, Sweden. 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 over one billion devices and applications, and are used billions of times every day. Fingerprints develop biometric systems comprising sensors, microcontrollers (MCU), algorithms, software and packaging technologies. The Company's product development has resulted in products with high security, user-friendliness and performance. The use of biometrics is increasing in several application areas and Fingerprints' solutions are found in, for example, debit cards, computers and door locks.

#### *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 31 March 2024 (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 14.36 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 consequently 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.

| Shareholders                      | Number of A-shares | Number of B-shares | Percentage of share capital, % | Percentage of votes, % |
|-----------------------------------|--------------------|--------------------|--------------------------------|------------------------|
| Avanza Pension                    | 0                  | 28,944,512         | 4.72                           | 4.26                   |
| Johan Carlström (through company) | 7,875,000          | 14,000,000         | 3.78                           | 14.36                  |
| Other shareholders                | 0                  | 561,812,091        | 91.50                          | 81.38                  |
| <b>Total</b>                      | <b>7,875,000</b>   | <b>604,756,603</b> | <b>100.00</b>                  | <b>100.00</b>          |

Source: Modular Finance AB

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

The Company's board of directors consists of Christian Lagerling (chairman), Dimitrij Titov, Alexander Kotsinas, Juan Vallejo, and Adam Philpott (also President and CEO of the Group). The Company's senior executives are Adam Philpott (President and CEO of the Group), Fredrik Hedlund (CFO), Fredrik Ramberg (Chief Product Officer), Caroline Krüger (Chief Human Resources Officer), Hila Meller (Chief Revenue Officer) and Rebecca Stein (Chief Legal Officer).

### **Auditor**

BDO Mälardalen AB and Carl-Johan Kjellman was elected as the Company's auditor at the annual general meeting 2024 until the close 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, 102 35 Stockholm, Sweden.

## **Key financial information regarding the issuer**

### **Summary of key financial information**

#### **Selected income statement items**

| MSEK                                           | 1 January–31 December |        |         | 1 January–31 March |       |
|------------------------------------------------|-----------------------|--------|---------|--------------------|-------|
|                                                | 2023                  | 2022   | 2021    | 2024               | 2023  |
| Revenues                                       | 705.4                 | 861.8  | 1,355.8 | 146.4              | 117.0 |
| Operating profit/loss                          | -320.4                | -631.0 | -7.6    | -74.9              | -75.7 |
| Comprehensive income for the period            | -360.3                | -502.0 | 69.7    | -48.8              | -74.4 |
| Earnings per share (before and after dilution) | -0.74                 | -1.92  | 0.00    | -0.14              | -0.17 |

#### **Selected balance sheet items**

| MSEK                 | 31 December |         |         | 31 March |         |
|----------------------|-------------|---------|---------|----------|---------|
|                      | 2023        | 2022    | 2021    | 2024     | 2023    |
| Assets               | 1,083.6     | 1,445.5 | 1,799.0 | 1,017.1  | 1,329.4 |
| Shareholders' equity | 691.6       | 866.5   | 1,027.2 | 658.8    | 792.1   |

## Selected cash flow items

| MSEK                                | 1 January–31 December |        |       | 1 January–31 March |       |
|-------------------------------------|-----------------------|--------|-------|--------------------|-------|
|                                     | 2023                  | 2022   | 2021  | 2024               | 2023  |
| Cash flow from operating activities | -88.3                 | -334.1 | 24.3  | -60.1              | -42.3 |
| Cash flow from investing activities | -46.1                 | -104.6 | -91.0 | -5.4               | -17.4 |
| Cash flow from financing activities | -25.7                 | 328.4  | 58.4  | -1.5               | -3.0  |

## KEY RISKS SPECIFIC FOR THE ISSUER

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

#### ***Fingerprints is dependent on its ability to attract new and retain existing customers***

There is no guarantee that Fingerprints will successfully retain existing customers, or attract new customers in the future. If the sale of the Group's products decreases or if the Group loses one or more of its larger customers, it could have a material adverse effect on Fingerprints. In addition, due to the Group's decreased financial capacity there is a risk that current and future customers, out of concern for the Group's ability to deliver under the agreement, choose another supplier and that Fingerprints is not able to enter or renegotiate agreements on commercially favourable terms. The Group's growth is also dependent on Fingerprints' ability to attract new customers and it could be difficult for Fingerprints to determine the optimal prices for its products.

#### ***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.

#### ***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 shipments 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 exposed to risks relating to the Group's ability to scale up and develop its operations***

The Group's future growth and results depend on the Group's ability to scale up its production and sales volume in certain product groups. 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. There is a risk that Fingerprints' deteriorated financial position, if it does not improve, affects Fingerprints' ability to scale up its operation as planned or aspired.

#### ***Fingerprints is subject to risks in connection with the implementation of its transformation plan***

In response to the challenging market conditions, as well as to improve Fingerprints' liquidity and profitability, Fingerprints initiated a transformation plan in 2023. The implementation of the transformation plan is subject to implementation risks and may be affected by factors outside of Fingerprints' control. If Fingerprints fails to materialise the improvements in accordance with its ambitions, or if the measures are either insufficient or lacking, there is a risk that Fingerprints' estimated costs or net cash outflow will not improve as expected.

## Legal and regulatory risks

### ***Fingerprints is exposed to risks related to processing of personal data***

The Group is subject to extensive regulatory requirements regarding data privacy and processing of personal data in the jurisdictions that Fingerprint is operating in and may be subjected to administrative sanction fees or other legal sanctions due to violations to GDPR or other data privacy or cyber security regulation. In addition, Fingerprints may be affected by changes to laws and regulations regarding processing of personal data and the implementation of such changes.

## 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***

Fingerprints is exposed to liquidity risk if Fingerprints is unable to meet its payment obligations due to having insufficient cash at its disposal, which in turn could arise from matters outside of Fingerprints control. Fingerprints may need additional funding in order to finance growth, provide or improve its products, respond to competition or to make acquisitions and/or other investments. In case financing is not available on acceptable terms or at all, Fingerprints may not be able to continue to fund its ongoing operations or expand its business at a desired rate.

## KEY INFORMATION ON SECURITIES

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

The Prospectus relates to a rights issue in Fingerprints of not more than 3,471,579,078 B-shares (ISIN: SE0008374250) with preferential rights for existing shareholders in Fingerprints (the “**Rights Issue**”).

Existing shares in the Company are denominated in Swedish krona (SEK). As of the date of this prospectus the registered share capital in the Company amounts to SEK 26,675,515.685251, divided into 612,631,603 shares (of which 7,875,000 are A-shares and 604,756,603 are B-shares). The quota value is SEK 0.043543 per share.

### ***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 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 right 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.

In January each year, the board of directors will address questions pertaining to the conversion to B-shares for those A-shares holders having requested conversion during the immediately preceding calendar year. However, should the board of directors 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.

### ***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 result that shall be distributed to the shareholders. The board of directors 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 subscription rights for B-shares issued in the Rights Issue is expected to, upon application, commence on Nasdaq Stockholm on 3 June 2024. Trading in BTA on Nasdaq Stockholm is expected, upon application, to commence on 3 June 2024. The new B-shares are expected to be admitted to trading on Nasdaq Stockholm, upon application, in connection with the conversion of BTA to B-shares, which is expected to occur on or about 3 July 2024.

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

#### ***The price of the shares may be volatile and its 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 first quarter of 2024, the price of the B-share has fluctuated from a maximum of SEK 1.742 at its highest to SEK 0.912 at its lowest. The development of the share price is dependent 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 it is the Company's current expectation that no dividends or share repurchases will occur 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***

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

Certain existing shareholders of Fingerprints and external guarantors have undertaken to subscribe for B-shares Rights Issue corresponding to a total of up to SEK 275 million. The commitments are not secured, thus there is a risk that one or more of the parties will not meet all or part of their respective commitments. Further, there is a risk that one of the external guarantors may exceed ten (10) per cent of total number of votes in Fingerprints following the Rights Issue, hence the investment may be subject to mandatory filing under the Swedish FDI Act (defined below). If the commitments are not fulfilled in time or at all (for example due to a required FDI Decision (defined below) not

being obtained), it may have a material adverse effect on Fingerprints' ability to complete the capital raise of the guaranteed part of the Rights Issue of up to SEK 275 million.

## 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 B-shares offered:** 3,471,579,078.

**Subscription right:** Any person registered as a shareholder in the share register maintained by Euroclear Sweden on the record date 30 May 2024 receives one (1) subscription right for B-shares for each share, irrespective of class, owned by the shareholder. Three (3) subscription rights entitles to subscription of seventeen (17) B-shares. Only whole B-shares can be subscribed (*i.e.*, no fractions). To the extent that new B-shares are not subscribed for by exercising subscription rights, these shall be allotted to shareholders and other investors who have subscribed for B-shares without exercising subscription rights. Allotment of shares that would result in the investor's holding of voting rights in the Company exceeding any of the thresholds under the Foreign Direct Investment Screening Act (the "**Swedish FDI Act**") (*Sw. lag (2023:560) om granskning av utländska direktinvesteringar*), and, if applicable, equivalent legislation in other jurisdictions, with the exception for shares acquired with preferential rights *pro rata* to the number of shares previously held by the investor, requires that the Inspectorate of Strategic Products (the "**ISP**"), and equivalent body in other jurisdiction, as applicable, has i) decides to take no action, or ii) authorises the investment.

Allotment of B-shares in the Rights Issue that would entail that a party who guarantees part of the Rights Issue gains control of ten (10) per cent or more of the votes in the Company following the Rights Issue requires a prior decision from ISP in accordance with the Swedish FDI Act and, if applicable, any other equivalent body pursuant to legislation in any other jurisdiction, to approve the investment or leave the application therefore without remark ("**FDI Decision**"). Such B-shares in the Rights Issue which, if granted to a party who guarantee part of the Right Issue, would require a FDI Decision and such FDI Decision has not been obtained at the time of granting are referred to as "**FDI Shares**".

**Record date for the right to receive subscription rights:** 30 May 2024.

**Subscription period:** 3 June 2024 – 17 June 2024 (the subscription period for potential FDI Shares is however 3 June 2024 – the earlier of (i) the business day that falls three (3) business days from an obtained FDI Decision (however not earlier than the last day of the general subscription period) and (ii) 31 August 2024).

**Subscription price B-shares:** SEK 0.09.

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

**Trading in subscription rights for B-shares:** 3 June 2024 – 12 June 2024.

**Trading in BTA:** 3 June 2024 – 27 June 2024.

**Conversion of BTA to B-shares:** Around 3 July 2024 (potential FDI Shares are however expected to be registered on securities account (*Sw. VP-konto*) on or around three (3) business days after the FDI Shares have been registered with the Swedish Companies Registration Office, however not earlier than the registration of new B-shares that do not constitute FDI Shares).

**Admission to trading on Nasdaq Stockholm of B-shares:** Around 3 July 2024 (potential FDI Shares are however expected to be admitted to trading on or around three (3) business days after the FDI Shares have been registered with the Swedish Companies Registration Office, however not earlier than the admission to trading of the new B-shares that do not constitute FDI Shares).

**Dilution:** For shareholders who decide not to subscribe its share in the Rights Issue, a dilutive effect of not more than 3,471,579,078 new B-shares arises, corresponding to approximately 85.0 per cent of the total number of shares in Fingerprints following the Rights Issue, provided that all B-shares in the Rights Issue are subscribed for.

**Costs for the offer:** Approximately SEK 58 million.

## **Why is the Prospectus being produced?**

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

In order to meet Fingerprints' working capital needs and to finance the early redemption of the Company's previous bonds 2021/2024, Fingerprints issued convertible bonds of SEK 160 million in September 2023 to an entity managed by Heights Capital Management, Inc. ("**HCM**"), which may be converted to new B-shares ("**Convertible Bonds**"). In accordance with the terms and conditions for the Convertible Bonds, the Convertible Bonds shall be amortised every second month in equal instalments together with accrued but unpaid interest (the "**Instalments**") and HCM has in the period between each ordinary Instalment a right to request up to one additional Instalment, which has impeded the Company's liquidity planning. Instalments can be made either in cash or by payment with new B-shares. Furthermore, the Company had the option to issue additional convertible bonds to HCM with a total nominal amount of SEK 90 million, provided that certain conditions were met. However, all conditions for such second issue was not fulfilled, which entailed that the Company was not provided liquidity in accordance to plan and that the liquidity needs remains. As a result of the Company's increasingly strained liquidity position, the Company has paid the last two Instalments with new B-shares, resulting in dilution for existing shareholders. In order to provide greater financial flexibility for the Company and to avoid further dilution for existing shareholders, the Company has, in line with its new strategy on improved balance sheet, entered into an agreement with HCM regarding early redemption of the Convertible Bonds at a price corresponding to 100 per cent of the outstanding nominal amount, which corresponds to a redemption payment of approximately SEK 105 million together with accrued but unpaid interest. In order to provide the Company with sufficient working capital up until the completion of the Rights Issue, a consortium of external investors has provided a short-term loan of SEK 60 million pursuant to a bridge loan agreement entered into on 26 April 2024 (the "**Bridge Loan**").

In order to finance Fingerprints ongoing operations during the next twelve months to, in turn, enable the Group's continued implementation of the transformation plan (as further described below), as well as to finance the redemption of the Convertible Bonds and the repayment of the Bridge Loan, the Company is in need of additional funds. It is therefore the Company's opinion that the existing working capital is not sufficient for the Company's total current working capital needs for the upcoming twelve-month period. The Company estimates that, as of the date of the Prospectus, the Company has a total working capital shortfall of approximately SEK 150 million for the following twelve-month period, which is expected to arise in connection with the Bridge Loan falling due for payment at the latest on 31 July 2024 (if the Rights Issue has not been carried out prior to this date).

Following deduction of issue related costs, which is expected to amount to approximately SEK 58 million, the net proceeds of the Rights Issue will amount to no more than SEK 254.4 million. *Firstly*, the net proceeds will be used to fully repay the Bridge Loan together with accrued but unpaid interest (SEK 62.3 million) and to redeem the Convertible Bonds together with accrued but unpaid interest (SEK 107.0 million), and *secondly*, be used for general corporate purposes (SEK 85.2 million). Such general corporate purposes includes, *inter alia*, funding the Group's ongoing operations during the implementation of phase one (as further described below) to, in turn, facilitate the long-term transformation plan.

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

The Company's financial advisor in connection with the Rights Issue is Pareto Securities AB ("**Pareto**"). Pareto receives customary remuneration which to some extent is dependent on the outcome of the Rights Issue. Pareto has provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which Pareto have received, or may receive, compensation.

# Risk factors

*An investment in the Company's securities 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's securities and its future performance, such as risks related to Fingerprints industry, market and business, legal risks, financial risks, and risk relating to the shares and the Rights Issue. Pursuant to the Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") the risk factors described below, are limited to risks which are specific for Fingerprints and/or the shares and which are deemed material for making a well-founded investment decision. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative outcome. The risk factors that as of the date of this Prospectus are deemed the most material, are presented first in each subsection, while the risk factors thereafter are presented in no specific order. The description of the risk factors below is based on information available and estimates made on the date of the Prospectus.*

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

### **Fingerprints is dependent on its ability to attract new and retain existing customers**

Fingerprints' five largest customers accounted for approximately 92 per cent of the Group's revenues during the financial year 2023. There is no guarantee that Fingerprints will successfully retain existing customers, or attract new customers in the future. If the sale of the Group's products decreases or if the Group loses one or more of its larger customers (e.g., due to a general decrease in demand as a result of general economic conditions or sanctions against larger customers), it could have a material adverse effect on Fingerprints' rate of growth, business, results and financial position.

The Group's customer agreements generally have a duration period of two to three years. There is a risk that the Group's customers will choose to switch to a competitor of Fingerprints, or to develop a proprietary product to replace the Group's products following the expirations of their contract. In addition, due to the Group's decreased financial capacity there is a risk that the Fingerprints' current and future customers, out of concern for the Group's ability to deliver under the agreement, choose another supplier that they

consider having a more secure financial future. There is also a risk that Fingerprints, when entering into new agreements or when renegotiating already existing agreements, is not able to enter the agreements on commercially favourable terms, which could affect the Group's profit margins going forward.

The Group's exposure to a limited number of customers entails a higher credit risk. If payment for one or more of Fingerprints' accounts receivables fails in whole or in part, and the losses is not covered by the Group's credit insurance, this could result in credit losses for the Group. Such credit losses may in turn have material adverse effect on the Group's cash flow and liquidity, and in ultimately, on the Group's financial position.

The Group's growth is also dependent on Fingerprints' ability to attract new customers on existing and new product markets and geographical 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 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. For example, the price of silicon temporarily fluctuated significantly during 2021 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. There is a risk that future price fluctuations on raw material of which Fingerprints is dependent may increase the Group's expenses. 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 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. The Group relies on third party suppliers for delivery of semiconductors, primarily silicon wafers which constitute the core component in Fingerprints' biometric sensors. During the financial year 2023, Fingerprints' five largest suppliers accounted for approximately 92 per cent of the total purchase value, of which the largest supplier's share

accounted for 38 per cent. 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 Fingerprints' delivery obligations to its customers. Delays in deliveries and subsequent delays in customer payments may harm the Group's cash flow and in turn have a material adverse effect on the Group.

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, *e.g.*, 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 reasonable time, it could have a material adverse effect on the Group's business.

#### **Fingerprints is exposed to risks relating to the Group's ability to scale up and develop 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 certain product groups in accordance with

Fingerprints strategy to reduce the production cost per unit, increase the margins and enable lower prices to its customers. Assuming that Fingerprints incorrectly assesses an appropriate inventory level, it could result in a capital tie-up for the Group that does not correspond to the increased sales volume and increased future cash flows, which could have a material adverse effect on the Group's revenues and results.

Further, the Group's ability to scale up its operations within certain product groups in accordance with Fingerprints' strategy 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. There is a risk that Fingerprints' deteriorated financial position, if it does not improve, affects Fingerprints' ability to scale up its operation as planned or aspired. 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.

During 2023, Fingerprints started the operational initiative called New Business. The initiative was established for developing new business operations and drive revenue growth, as well as to accelerate the diversification of Fingerprints' revenue with a particular focus on four areas: new partners, complementary acquisitions (M&A), the automotive industry and monetizing intellectual property rights (for more information see section "*Business description– Operational initiative: New Business*" below). During the second half of

2023, the Company also launched "Fingerprints biometrics platform". The platform is a common, integrated set of tools and capabilities that can be combined in multiple ways to maximize the Company's addressable market and create customer value. The expansion of the platform will be made through building, partnering or buying new capabilities to unlock new markets. There is a risk that the effort regarding both New Business and Fingerprints' Biometric platform, does not reach expected success within the expected time or at all, and that the investments carried out by the Company in connection with these efforts, may not generate the growth or profitability expected by Fingerprints. If these risks would materialise, it could have a material adverse effect on Fingerprints results and operations. Furthermore, there is a risk that Fingerprints will not successfully realise the transformation plan initiated in 2023 and related actions, see further "*–Fingerprints is exposed to risks in connection with the implementation of its transformation plan*".

#### **Fingerprints is exposed to risks in connection with the implementation of its transformation plan**

Due to extensive Covid-19 related restrictions in China, a significant decrease in demand for smartphones have had a material adverse effect on the market for fingerprint sensors in the smartphone industry over the last few years. The demand for smartphones in China remained restrained during 2023, which resulted in weak sales for Fingerprints, while at the same time entailing high inventory levels for the Group and its competitors. A combination of these factors resulted in significant price pressure on the market, which in turn resulted in a significant burn rate and a strained liquidity position within the Group. In response to the challenging market conditions, which the Group has faced, and is still facing, as well as to improve Fingerprints' liquidity and profitability, Fingerprints initiated a transformation plan in October 2023 to achieve

initial stability and stronger prospects for the future for the Group.

The transformation plan includes a significant cost optimization programme in order to ensure that growth brings strong future profitability with it, organizational changes that bring fresh energy, agility and new DNA to the business, and a new strategic direction to fully capitalise on the possibilities on the biometric market. In addition, the aim with the plan is to achieve effectiveness and strategy evolution to further accelerate diversification to higher-margin lines of business and to facilitate the necessary turnaround in the Group's performance. However, there is no guarantee that the diversification will be successful or as profitable as expected.

The implementation of the transformation plan, and in particular the implementation of the new strategy and portfolio refresh, is subject to implementation risks, where both the appropriateness and the performance can be affected by several factors which are outside Fingerprints' control. The implementation is based on certain goals and assumptions, founded on current expectations and assumptions about the future, including the global economy, customer demand, competition, and operational factors. Such assumptions are subject to considerable uncertainty and can differ from actual results. The implementation of the plan may also require more time and resources than expected, and there is a risk that the transformation plan in general, and the implementation of the new strategy and portfolio refresh in particular, does not reach the expected advantages.

The Mobile operation is currently loss-making and the gross margin has been, and will continue to be negatively affected by, among other things, severe price pressure within Mobile. If Fingerprints fails with the implementation of the new strategy and portfolio refresh, Fingerprints may have to keep financing the loss-making operation for a longer period than what is currently planned. Thus, there

is a risk that the Company's costs and net cash outflow will exceed Fingerprints' estimates and have an adverse material effect on Fingerprints' operation, profit, and financial position.

If Fingerprints does not successfully realise the above, and other aspired improvements as a part of the transformation plan, or if the implementations are either insufficient or lacking, there is a risk that Fingerprints' estimated costs or net cash outflow will not improve to the extent expected by Fingerprints.

Furthermore, if the market conditions materially deviates from the expectations and assumptions on which the transformation plan is based, there is a risk that the plan is not appropriate and that the Group will not be able to implement it, which would have a material adverse effect on Fingerprints' operation, costs, profit and future prospect.

### **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. An optimal development of existing product offering for the Company is however dependent on adequate financial capacity and resources. In light of the Group's decreased financial capacity and limited resources, there is therefore a risk that the Company, if the situation continues to worsen, needs to reposition and reprioritise innovation projects and other developments. If the Group is not able to implement planned innovation projects or 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 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 is subject to risks related to the aftermath of the Covid-19 pandemic and risks related to geopolitical and macroeconomic factors**

The Group's operations have been adversely affected by, and is still affected from, the aftermath of the Covid-19 pandemic, and especially by China's previously held "zero-covid" policy, which was maintained in China throughout the greater part of 2022. As China lifted the "zero-covid" restrictions, a return to the consumption patterns that applied prior to the Covid-19 pandemic has commenced. The Group's operations have however continued to be affected by the aftermath of the Covid-19 pandemic during 2023 by, among other things, an increased price pressure as a result from sales of inventory build-up during the Covid-19 pandemic. There is a risk that the recovery from the Covid-19 pandemic will not be maintained or that it will not result in a

return to the level of economic activity that prevailed before the pandemic. For example, Fingerprints' operation within the Mobile product group have been severely affected by decreased revenues and margins since the financial year 2022.

Fingerprints' operation is also exposed to risks relating to geopolitical and macroeconomic factors, such as high inflation rates, high interest rates, the altered security situation in Europe and in the world, as well as indirect long-term effects on the world economy. The Group is also 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' results. In addition, there is also a risk that China imposes countermeasures, *e.g.*, import restrictions or other trade barriers for Western companies that could prevent or limit the Group's sales in China. Moreover, there is a risk that other countries may implement protectionist restrictions, such as restrictions on export or import of different kinds, which may affect the Group, including the Company's sales in those and in other jurisdictions. If any of the abovementioned risks would materialise, it could have material adverse effect on the Group's sales and costs, and in turn affect the Group's operation and result.

**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 operation**

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 the group executive 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, there is a risk that the Group may not be able to replace them or their services within reasonable time.

As of 31 March 2024, engineers accounted for over 60 per cent 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 2023, Fingerprints' total costs for salaries and other remuneration amounted to SEK 292.8

million, distributed over an average of 200 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 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. During 2023 the Group had contracts with 20 different Manufacturers for the production of the Group's products.

Fingerprints has historically, and there is a risk that Fingerprints in the future will, experience production stoppages due to delayed or failed deliveries from the Group's suppliers, which would result in the Group being unable to deliver its products to the customers on time. Fingerprints is, in comparison to some of the Manufacturers' largest customers, considered a minor player in the market, which may result in Manufacturers choosing to prioritise other mayor players in the event of production stoppage, which would affect Fingerprints ability to deliver products on time. If Fingerprints 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 Group. 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 Group'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. Furthermore, there is a risk that the Group will 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 only succeeds to contract new Manufacturers at a higher price, it would also entail decreased margins for the Group 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 Group, and during the financial years 2021, 2022 and 2023, it amounted to 1.8, 1.6 and 2.0 per cent, respectively, 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. Prolonged or

substantial network failure, server downtime, cyber-attacks (including malware or ransomware attacks) or other disruptions in the Group's IT systems, could have a material adverse effect on the Group's operations and lead to leakage of confidential information and other trade secrets. If such information (regarding *e.g.*, 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 may not be able to compete successfully**

The Group has several major international competitors in the biometric authentication solutions industry across different segments and product groups, including IDEX Biometrics, Shenzhen Goodix Technology, Egis Technology and Silead. During the last few years, the Group has recognised an increased competition, and especially an increased 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. The Company is for example experiencing an increased price competition from smaller competitors in regards to the products within Mobile, as a result of the strict Covid-19 restrictions that were in place 2022 in China.

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 implement new initiatives or develop 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 and product groups, 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 the demand for the Group's products and cause reduced future sales volume and, in the case of price pressure, decrease the Group's margins.

#### **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 are not considered as low cost products, there is a risk that the Group will fail to differentiate Fingerprints' 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 risk that the demand for the Group's products would decrease, which in turn could have a material adverse effect on Fingerprints' business and future prospects.

#### **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

by, for example, continuing to deliver high quality products. Continued delivery of high quality products and delivery capacity is however dependent on financing. If the Group fail to strengthen its financial capacity, there is thus also a risk that the Group fail to maintain or strengthen its brand, which in turn could result in the Group's ability to maintain or expand its customer base deteriorates, 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 Fingerprints. This could in turn have a material adverse effect on Fingerprints operations and future prospects.

### **LEGAL AND REGULATORY RISKS**

#### **Fingerprints is exposed to risks related to processing of personal data**

Fingerprints provide biometric authentication solutions and processes a large amount of personal data within its operation, mainly from employees, customer representatives, supplier representatives and other third parties. The Group is consequently subject to extensive regulatory requirements regarding data privacy and processing of personal data in the jurisdictions where Fingerprints is

operating, for example 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 processing of personal data and on the free movement of such data (“GDPR”). In 2023, the data protection and cybersecurity legislation in China changed, entailing, among other things, a new law, the Personal Information Protection Law (PIPL), as well as amendments to existing laws in the field.

There is a risk that compliance with GDPR or any other data protection or cybersecurity legislation have a negative impact Fingerprints’ operation and financial position. Failure to comply with GDPR and other regulations related to data protection and the processing of personal data, could, among other things, result in substantial sanction fees for the Group. Failure to comply with GDPR can result in a sanction fee of up to EUR 20 million or four per cent of Fingerprints’ annual revenue, depending whichever amount is the highest. An improper or unlawful processing of personal data could further result in a significant number of individuals being affected and there is a risk that the Group will be held liable to pay damages to these individuals in the event of a breach of GDPR or the data protection and cybersecurity legislation in other countries, including China.

If Fingerprints is subject to substantial sanction fees and/or other legal sanctions or claims from supervisory authorities in EU, China or other relevant parties, it could have a material adverse effect on Fingerprints’ business. Any violations of applicable laws and regulations regarding data protection and processing of personal data as a result of events, both within and outside of Fingerprints’ control, may adversely affect Fingerprints’ brand and reputation. The regulatory landscape regarding data protection is also subject to changes, and any future changes in laws and regulations (or changes to their application) regarding data protection and personal data processing may result in higher compliance costs

for the Group due to the Group being required to, among other things, make significant changes of its processing of personal data.

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

Fingerprints has a large share of intangible assets and the Group 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 700 registered 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, and Fingerprints will therefore have 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 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 operations are subject to a number of compliance-related risks**

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

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 conducts 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 sale volume for the Group.

Further, Fingerprints is affected by the United States licensing requirement for export of certain technology. The licensing requirement imposes certain conditions on the possession of certain products and prohibits export of 5G-products, used in for example Huawei's products. The United States licensing requirements for export is therefore imposing conditions on Fingerprints, its Manufacturers, and distributors, and limits the Group's sales of certain products to the United States. If the United States export restrictions were to be further tightened and thereby prohibit the export of products from the Group, or if the existence of similar export or import restrictions were to increase in the United States or in any other geographical market in which the Group is operating, it may result in material adverse effects for the Group.

In addition, 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 may also be subject to additional regulatory requirements as Fingerprints develops new products on new markets, such as the automotive market.

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

Fingerprints has from time to time been, and may be in future, involved in legal and administrative proceedings regarding Fingerprints' business. Such proceedings may concern, among other things, customer agreements, supplier agreements, employment issues, intellectual property rights or other issues on Fingerprints' rights and obligations. 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 (*e.g.*, 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 both costly and time consuming and may disrupt normal operations. The financial, reputational and legal outcomes of material disputes are uncertain and presents a highly significant risk to Fingerprints. 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**

If the Rights Issue is not completed, it is the Company's assessment that the existing working capital is not sufficient for the Company's current combined needs during the upcoming twelve-month period. Fingerprints is thus subjected to liquidity risk in the event that Fingerprints is unable to fulfil its payment obligations due to having insufficient cash at its disposal, which in turn may arise from matters outside of Fingerprints control, such as a credit crisis or severe adverse economic conditions in the countries in which Fingerprints operates (*e.g.*, China's so-called "zero-covid" policy, which affected the Company negatively, for more information see section "*Market overview*" and "*Operating and financial review*"). However, even if the Rights Issue is realised, it may be necessary for the Company to seek additional funding during the next twelve months, for example, if the Company does not meet expected sales volumes or encounters difficulties in executing its transformation plan, for further information refer to the risk factor "*-Fingerprints is exposed to risks in connection with the implementation of its transformation plan*".

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

There is also 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. As of the date of this Prospectus, the Group does not have any currency hedging arrangements in place. Most of Fingerprints' purchases and sales are conducted in USD. The Group is therefore primarily exposed to USD. Thus, significant reductions in the value of USD in relation to the value of 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 202.4 million in total for the financial year 2023 (SEK 326.6 million).

A change of ten per cent in the Swedish krona versus other currencies as per 31 December 2023 (with all other factors remaining unchanged), would result in a change in equity of SEK 35.9 million for the financial year 2023 (SEK 33 million). Exchange rate differences affected the result for the financial year 2023 by SEK 5.9 million (SEK 35.4 million).

### **RISKS RELATED TO THE SHARES**

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

An investment in B-shares can increase or decrease in value and there is a risk that an investor loses all, or parts of the invested capital. During the first quarter 2024, the price for the B-share has fluctuated from SEK 1.742 at its highest, to SEK 0.912 at its 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. Fingerprints' share price may also be adversely affected if the Company make payments with B-shares pursuant to the terms and conditions of its outstanding convertible bonds. 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). If the Company chooses to raise additional capital, for example by new issue of shares, it 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 (the voting power of an investor's shareholding) rights 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. In the event of further issues, the Company's existing shareholders will be subject to a dilution of their shareholding.

#### **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. As of the date of the Prospectus, the Company does not expect any dividends or share repurchases to occur 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. 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 foreign shareholders**

Fingerprints' B-shares are listed on Nasdaq Stockholm in SEK and any dividends are paid 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 United States, 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 RELATED TO THE RIGHTS ISSUE**

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

Certain existing shareholders of Fingerprints (including senior executives and board members) have undertaken to subscribe for B-shares corresponding to all or part of their *pro rata* share of B-shares in the Rights Issue, corresponding to an aggregated amount of approximately SEK 1.5 million (the "**Subscription Undertakings**").

Further, part of the Rights Issue is subject to certain subscription guarantee commitments in a

total amount of SEK 273.6 million in accordance with the below (the “**Guarantee Commitments**”). An entity managed by Heights Capital Management, Inc. (“**HCM**”) has entered into a subscription guarantee commitment consisting of a so-called top guarantee in an amount of up to SEK 50 million (the “**Primary Subscription Guarantee**”) and, subordinated to the Primary Subscription Guarantee, a so-called bottom guarantee in an amount of up to SEK 100 million. In addition, certain other external investors have, subordinated to the Primary Subscription Guarantee, entered into bottom guarantee commitments which together with HCM’s bottom guarantee amounts to up to approximately SEK 225 million. If the Rights Issue is subscribed and paid for in an amount between SEK 225 million and SEK 275 million, the Primary Subscription Guarantee covers the subscription and payment of B-shares in the Rights Issue up to SEK 275 million and if the Rights Issue is subscribed and paid for in an amount under SEK 225 million, the bottom guarantees covers the subscription of and payment for B-shares in the Rights Issue up to SEK 225 million. No Guarantee Commitments covers the subscription of and payment for B-shares in the Rights Issue in excess of SEK 275 million and if such B-shares are not subscribed for by existing shareholders or other investors, the Company will not issue such B-shares or receive subscription proceeds for them. Accordingly, the Rights Issue is covered by Subscription Undertakings and Guarantee Commitments in an aggregate amount of up to SEK 275 million.

Neither the Subscription Undertakings nor the Guarantee 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.

In addition, there is a risk that one of the external guarantors, who have undertaken to guarantee

subscription of B-shares in the Rights Issue may exceed ten (10) per cent of total number of votes in Fingerprints following the Rights Issue. It is the Company’s assessment that Fingerprints carries out so-called protection-worthy activities, hence the fulfilment of issued guarantee may be subject to mandatory filing under the Screening of Foreign Direct Investments Act (the “**Swedish FDI Act**”) (Sw. *lag (2023:560) om granskning av utländska direktinvesteringar*) and, if applicable, pursuant to legislation in any other jurisdiction, should the investor through the investment exceed the thresholds of 10, 20, 30, 50, 65 or 90 per cent of the total number of votes in the Company. Mandatory filing pursuant to the Swedish FDI Act shall be made by the relevant subscription guarantor to the Inspectorate of Strategic Products (the “**ISP**”) and mandatory filing pursuant to legislation in other jurisdiction (if applicable) shall be made to equivalent body in other jurisdiction prior to the investment being carried out. Accordingly, an investment in the Company that exceeds any of the aforementioned thresholds is subject to mandatory filing, which may entail that the investment may only be carried out if the ISP or, if applicable, other equivalent body in other jurisdiction, has prior to this decided to i) take no action or ii) authorise the investment (“**FDI Decision**”). As a result, the Guarantee Commitments are, in respect of any B-shares that would require a prior FDI Decision (“**FDI Shares**”), conditional upon that the relevant guarantor obtaining such prior FDI Decision. In the event that any Guarantee Commitment will require the subscription and payment of FDI Shares, there will be a separate and longer subscription and payment period in respect of such FDI Shares which may run until 31 August 2024 at the latest.

If the Guarantee Commitments are not fulfilled in time or fulfilled at all (for example due to a required FDI Decision not being obtained prior to 31 August 2024), it may have a material adverse effect on Fingerprints’ ability to complete the

capital raise of the guaranteed part of the Rights Issue of up to SEK 275 million. This is especially the case if one or several of the larger Guarantee Commitments are not fulfilled. Furthermore, if the Guarantee Commitments are not utilised in time, it may have a negative impact on the Company's working capital, which in turn may have a negative impact on the Company's financial position and ability to conduct operations according to plan. Furthermore, non-fulfilled Guarantee Commitments could entail that the Company will not receive sufficient proceeds from the Rights Issue in order to repay the short-term loan of SEK 60 million that was provided to the Company by a consortium of external investors and which fall due no later than on 31 July 2024 (the "**Bridge Loan**"). There is thus also a risk that the lack of financing through the fulfilment of the Guarantee Commitments may result in the Company becoming subject to corporate reconstruction, bankruptcy or other insolvency proceedings.

#### **There is a risk that trading in subscription rights and BTA will be restricted**

Any shareholder, registered as a shareholder in Fingerprints on the record date, will receive subscription rights in proportion to the shareholder's existing shareholding (irrespective of the class of share held). The subscription 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 B-shares no later than 17 June 2024 or sells them no later than 12 June 2024. After 17 June 2024, without notice, unused subscription rights will be cancelled from the holder's securities account (Sw. *VP-konto*), whereby the holder fully loses the expected financial value of the subscription rights. Both subscription rights for B-shares and paid subscribed B-shares ("**BTA**", Sw. *betalda tecknade B-aktier*) which, after payment has been made, are booked into security accounts belonging to those who have subscribed for new B-shares, 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 subscription rights and/or BTA and thus prevent the holder from being compensated for the financial dilution effect that the Rights Issue will have during the period in which the subscription rights and BTA is expected to be traded on Nasdaq Stockholm. Investors therefore run the risk of not being able to realise the value of their subscription rights and/or BTA. 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 BTA. 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 subscription rights in the forthcoming Rights Issue in accordance with the procedure described in the Prospectus, the subscription 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 risks having their shareholding diluted by not more than 3,471,579,078 new B-shares, corresponding to a dilution of approximately 85.0 per cent of the total number of shares in Fingerprints after the Rights Issue and approximately 83.6 per cent of the total number of votes in Fingerprints after the Rights Issue. These shareholders will not be compensated for the dilution of Fingerprints earnings per share that the Rights Issue may entail. The Shareholders' relative share of Fingerprints' equity will also decrease. If shareholders choose to sell the subscription rights they did not exercise or if the subscription rights are sold on behalf of the shareholder, there is a risk that the compensation the shareholder receives for the subscription rights in the market will not be equivalent to the

potential financial dilution of the shareholders' holding in Fingerprints after the completion of the Rights Issue.

**Filing obligation pursuant to the Screening of Foreign Direct Investments Act or equivalent legislation in other jurisdictions**

The Company assesses that Fingerprints is conducting so-called protection-worthy activities under the Swedish FDI Act. Pursuant to the Swedish FDI Act and, if applicable, equivalent legislation in other jurisdiction, the Company is required to inform presumptive investors that the legislation applies on the Company's operations and that an investment in Fingerprints may be subject to mandatory filing prior to the completion of the investment.

An investment in the Company may be subjected to mandatory filing if, for example, such investment results in the investor, a member of the investor's ownership structure or a person on whose behalf the investor is acting would acquire a holding equal to, or exceeding any of the thresholds of 10, 20, 30, 50, 65 or 90 per cent of the total number of votes in the Company if the investment is made other than by exercising preferential rights.

An investment in the Company that results in any of the aforementioned thresholds being exceeded

is thus an investment subject to mandatory filing, meaning that the investment may not be completed before the ISP (and, if applicable, any other equivalent body pursuant to legislation in any other jurisdiction) has decided to i) take no action or ii) authorise the investment. An investment is invalid if it has been carried out in breach with the Swedish FDI Act. In addition, for certain breaches, the ISP may decide to impose an administrative sanction charge of no less than SEK 25,000 and no more than SEK 100,000,000.

Consequently, there is a risk that one or several investors of Fingerprints will not receive approval from ISP in time, or at all, which would affect the investor's ability to utilise a potential guarantee commitment and to invest in the Company. There is also a risk that investors who carry out investments in breach of the Swedish FDI Act (for example by carrying out their investment without prior authorisation from the ISP) may be subject to substantial administrative sanction charges.

Equivalent mandatory filing requirement may also be imposed by equivalent bodies in other jurisdictions in accordance with equivalent legislation in other applicable jurisdictions.

# Invitation to subscribe for B-shares in Fingerprint Cards AB (publ)

On 26 April 2024 the Company's board of directors resolved on, subject to subsequent approval of the annual general meeting, a new issue of shares of class B ("**B-shares**") with preferential rights for existing shareholders. The board of directors' resolution was approved by the Company's annual general meeting held on 28 May 2024, in accordance with the terms and conditions in the Prospectus (the "**Rights Issue**").

Fingerprints shareholders' have preferential rights to subscribe for B-shares in relation to the number of shares, irrespective of class, they hold on the record date 30 May 2024.

Those who are registered as shareholders in the share register maintained by Euroclear Sweden on the record date 30 May 2024 receives one (1) subscription right for B-shares for each share, irrespective of class, held by the shareholder on the record date. Three (3) subscription rights entitles to subscription of seventeen (17) B-shares. Only whole B-shares can be subscribed for (*i.e.*, no fractions). To the extent that B-shares are not subscribed for by exercising subscription rights, these shall be allotted to shareholders and other investors who have subscribed for B-shares without exercising subscription rights in accordance with what is set out in the section "*Terms and instructions*".

Subscription will take place during the period from and including 3 June 2024 until and including 17 June 2024, 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*". For shareholders who refrain from subscribing their share in the Rights Issue a dilution effect of not more than 3,471,579,078 new B-shares arises, corresponding to a dilution of approximately 85.0 per cent of the total number of shares in Fingerprints after the Rights Issue, provided that the Rights Issue is fully subscribed for.

The subscription price in the Rights Issue has been set at SEK 0.09 per B-share, which entails that the Rights Issue, if fully subscribed for, will provide the Company with proceeds of approximately SEK 312.4 million before deduction of issue costs.

29 May 2024

**Fingerprint Cards AB (publ)**

The board of directors

# Background and reasons

Fingerprints is a global biometrics company with Swedish roots whose solutions 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 develops biometric systems comprising sensors, microcontroller (MCU), algorithms, software and packaging technologies, and the Company's product development has resulted in products with high security, user-friendliness and performance. The use of biometrics is increasing in several application areas, and Fingerprints' solutions can be found in *e.g.*, payment cards, computers and door locks.

A substantial part of the Company's current business is carried out in China, a market that is highly affected by geopolitical risks and instability. For example, due to extensive Covid-19 related restrictions within the country, a significant decrease in demand for smartphones in China have had a material adverse effect on the market for fingerprint sensors in the smartphone industry over the last few years. The demand for smartphones in China remained restrained during 2023, which resulted in weak sales for Fingerprints, while at the same time entailing high inventory levels for the Group and its competitors. A combination of these factors resulted in significant price pressure on the market, which in turn resulted in a significant burn rate and a strained liquidity position within the Group. Consequently, and due to continued deterioration of the operating result within Mobile, Mobile is subject to an unsustainably low gross margin, which in turn have resulted in material adverse effects on the Group's operations, cash flow and revenues. The developments on the market for fingerprint sensors in the smartphone industry, coupled with geopolitical uncertainty and challenges in China as well as the Company's future estimates with regard to fingerprints sensors in smartphones, entails that the outlook for the largely China-centric biometric sensor market for smartphones is not predicted to improve. For the Company, this also means that the path to profitability within the Mobile product group is no longer realistic. In light of the above and in particular the development within Mobile, the Company is currently implementing a transformation plan to achieve initial stability and stronger prospects for the future for the Group.

## ***A transformational journey***

As announced by Fingerprints in October 2023, the Company has set in motion a transformation plan to facilitate the necessary turnaround in the Group's performance. The transformation plan includes a significant cost optimization programme to ensure profitability, organizational effectiveness and strategy evolution to further accelerate diversification to higher-margin lines of business. The transformation plan can be decomposed into different focus areas, summarised as follows:

- *New strategy:* The Company intends to leverage already existing strengths within sensor technology, its innovation talent engine and its strong customer base, whilst diversifying into new markets to orchestrate a broad range of modalities and data with a software-centric platform, Fingerprints Biometric Platform, that serves enterprises with a more secure and easily navigated alternative to passwords and existing complex offerings within the space of the Identity Verification (IDV) and Customer Identity and Access Management (CIAM). For more information on the new platform, please refer to the section "*Business description–Fingerprints biometric platform*".
- *Portfolio refresh:* In line with the new strategy, Fingerprints aims to effectively wind down the Mobile business by refocusing capital and investments towards high-growth areas and higher-margin

existing lines of business already in-play along with new diversification areas with stronger prospects for the future.

- **Cost optimization:** A large cost optimization programme was launched in the second half of 2023 to ensure that Fingerprints growth brings strong future profitability with it. The cost optimization entails slimming down the organization, going from a large company structure to a small and agile one, and progressively winding down the Mobile product group and its implicit operations in China. The cost optimization programme is expected to yield cost savings, and has an annualized gross OPEX target of approximately SEK 180 million in the second half of 2024 and approximately SEK 150 million towards the end of 2024.
- **Talent, organization and governance:** To achieve success in the market, it is important to deploy talent efficiently, aligning personnel with strategic projects quickly as market opportunities evolve. To achieve this and to create an empowered, efficient organization in which the Company's governance model is more clearly linked to the new platform strategy, Fingerprints implemented important organizational changes at the end of 2023, by executive reduction of personnel and appointment of new members to the executive management, such as the current CFO and CRO. At the same time, Fingerprints transitioned to a standard, accountable and functional organizational model to enable timely execution of the pivot from a mobile biometrics component provider to a broader biometrics platform player.

Further, the transformation plan can be divided into three phases where the focus in phase one, which commenced during the second half of 2023, is to achieve stability within the Group by moving Fingerprints to improved profitability and sustained cash flow. One part of this is to improve Fingerprints' balance sheet by switching focus from debt to equity by, *inter alia*, early redemption of the outstanding Convertible Bonds (as defined below). Such early redemption will result in several positive effects for the Company and its shareholders, such as reduced interest costs, enhanced financial flexibility, reduced dilution for existing shareholders and a reduced debt overhang. Another part is the portfolio refresh described above, which the Company estimates will take the remainder of 2024 to complete. As the stability phase plays out, the Company aims to gear up for the second phase, in which the Company will concentrate its efforts on strategic investments to enable profitable growth, whereas the Company, in phase three, will strive to maintain financial discipline and a strong balance sheet to sustain the transformation. While significant performance enhancements will not occur overnight, the Company has already made certain progress, and is now aiming to progress on all fronts in line with the new strategy.

#### ***Fingerprints' working capital – Then, now, and for the upcoming twelve month period***

In order to meet Fingerprints' working capital needs and to finance the early redemption of the Company's previous bonds 2021/2024, Fingerprints issued convertible bonds of SEK 160 million in September 2023 to an entity managed by Heights Capital Management Inc. ("**HCM**"), which may be converted to new B-shares ("**Convertible Bonds**"). In accordance with the terms and conditions for the Convertible Bonds, the Convertible Bonds shall be amortised every second month in equal instalments together with accrued but unpaid interest (the "**Instalments**") and HCM has in the period between each ordinary Instalment a right to request up to one additional Instalment, which has impeded the Company's liquidity planning. Instalments can be made either in cash or by payment with new B-shares. Furthermore, the Company had the option to issue additional convertible bonds to HCM with a total nominal amount of SEK 90 million, provided that certain conditions were met. However, all conditions

for such second issue was not fulfilled, which entailed that the Company was not provided liquidity in accordance to plan and that the liquidity needs remains. As a result of the Company's increasingly strained liquidity position, the Company has paid the last two Instalments with new B-shares, resulting in dilution for existing shareholders. In order to provide greater financial flexibility for the Company and to avoid further dilution for existing shareholders, the Company has, in line with its new strategy on improved balance sheet, entered into an agreement with HCM regarding early redemption of the Convertible Bonds at a price of 100 per cent of the outstanding nominal amount, corresponding to a redemption payment of approximately SEK 105 million together with accrued but unpaid interest. In order to provide the Company with sufficient working capital up until the completion of the Rights Issue, a consortium of external investors has provided a short-term loan of SEK 60 million to the Company pursuant to a bridge loan agreement entered into on 26 April 2024 (the "**Bridge Loan**").

In order to finance Fingerprints' ongoing operations during the next twelve months to, in turn, enable the Group's continued implementation of the transformation plan (as further described below), as well as to finance the redemption of the Convertible Bonds and repayment of the Bridge Loan, the Company is in need of additional funds. It is therefore the Company's opinion that the existing working capital is not sufficient for the Company's total current working capital needs for the upcoming twelve-month period. The Company estimates that, as of the date of the Prospectus, the Company has a total working capital shortfall of approximately SEK 150 million for the following twelve-month period, which is expected to arise in connection with the Bridge Loan falling due for payment at the latest 31 July 2024 (if the Rights Issue has not been carried out prior to this date).

Upon full subscription of B-shares in the Rights Issue, the Company will raise approximately SEK 312.4 million before transaction costs, which are estimated to amount to approximately SEK 58 million. Together with existing cash and cash equivalents, estimated cash flows and current financing agreements, the net proceeds, upon full subscription of B-shares in the Rights Issue of approximately SEK 254.4 million, is considered to be sufficient to meet the Company's working capital needs for the following twelve-month period, including financing the full repayment of the Bridge Loan and redemption of the Convertibles Bonds in accordance with the terms of the Bridge Loan and the agreement with HCM. Furthermore, the proceeds from the Rights Issue will strengthen the Company's financial position and general liquidity position, thereby enabling the Group to finance its operations during the period until the expected advantages of the transformation plan has been reached. A total of up to SEK 275 million of the Rights Issue is covered by subscription undertakings and guarantee commitments from existing shareholders and external investors (including HCM). Fulfilment of the subscription guarantee commitments, to the extent it would result in an guarantor acquiring a shareholding corresponding to or exceeding a threshold of ten (10) per cent or more of the total number of votes in the Company following the completion of the Rights Issue, is conditional upon that the relevant subscription guarantor(s) obtains a prior decision from the Inspectorate of Strategic Products, and, if applicable, any other equivalent body pursuant to legislation in any other jurisdiction, for further information please refer to "*Legal considerations and supplementary information–Subscription Undertakings and Guarantee Commitments regarding the Rights Issue*".

### **Use of proceeds**

Following deduction of issue related costs, which is expected to amount to approximately SEK 58 million, the net proceeds of the Rights Issue will amount to no more than SEK 254.4 million. *Firstly*, the net proceeds will be used to fully repay the Bridge Loan together with accrued but unpaid interest (SEK

62.3 million) and redeem the Convertible Bonds together with accrued but unpaid interest (SEK 107.0 million), and *secondly*, be used for general corporate purposes (SEK 85.2 million). Such general corporate purposes includes, *inter alia*, funding the Group's ongoing operations during the implementation of phase one (as described below) to, in turn, facilitate the long-term transformation plan.

*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.*

29 May 2024

**Fingerprint Cards AB (publ)**

The board of directors

# Terms and instructions

## PREFERENTIAL RIGHTS AND SUBSCRIPTION RIGHTS

Anyone registered as a shareholder in the share register maintained by Euroclear Sweden on the record date 30 May 2024 will receive one (1) subscription right for B-shares for each share, irrespective of class, in Fingerprints. Three (3) subscription rights entitles the holder to subscribe for seventeen (17) B-shares. Only whole B-shares can be subscribed for (*i.e.*, no fractions).

Application for subscription of B-shares may also be made without exercising subscription rights. Such applications must be made on the application form for subscription of B-shares without exercising subscription rights, see section “– *Subscription of B-shares without exercising subscription rights*” below.

The Rights Issue comprises not more than 3,471,579,078 B-shares (ISIN: SE0008374250). Shareholders who choose not to participate in the Rights Issue will, upon full subscription in the Rights Issue have their shareholding diluted by approximately 85.0 per cent and their voting shares diluted by approximately 83.6 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 subscription rights. Upon transfer of subscription rights, the preferential rights are transferred to the new holder of the subscription rights.

## SUBSCRIPTION PRICE

The subscription price is SEK 0.09 per B-share. 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 at Euroclear Sweden for determining which shareholders are entitled to receive subscription rights under the Rights Issue is 30 May 2024. The B-shares was traded with the right to receive subscription rights up to and including 28 May 2024. The B-shares is being traded without the right to receive subscription rights from and including 29 May 2024.

## SUBSCRIPTION PERIOD

Subscription of B-shares by exercising subscriptions rights shall take place during the period from and including 3 June 2024 up to and including 17 June 2024. During this period, application for subscription of B-shares may also be made without subscription rights. The board of directors has the right to extend the subscription period.

Subscription of potential FDI Shares (as defined below) shall take place during the period from and including 3 June 2024 up to and including the earlier of (i) the business day that falls three (3) business days from an obtained FDI Decision (as defined below) (however not earlier than the last day of the general subscription period) and (ii) 31 August 2024.

## TRADING IN SUBSCRIPTION RIGHTS

Trading in subscription rights for B-shares takes place on Nasdaq Stockholm during the period from and including 3 June 2024 up to and including 12 June 2024 under the short name (ticker) “FING TR B”. The ISIN code for the subscription rights for B-shares is SE0022241154. Securities institutions with the requisite licenses will provide brokerage services in connection with the purchase and sale of subscription rights. If a shareholder does not exercise its subscription

rights by payment no later than 17 June 2024 or sells its subscription rights no later than 12 June 2024, such shareholders' unused subscription rights will expire without value and the holder will not receive any compensation.

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

The Company's B-shares are admitted to trading on Nasdaq Stockholm Small Cap and are traded under the short name "FING B". The new B-shares issued in the Rights Issue are expected to be admitted to trading on Nasdaq Stockholm on or about 3 July 2024. Depending on the specific routines and practices of banks and custodians, trading may however start before or after this date.

Potential FDI Shares issued in the Rights Issue is expected to be admitted to trading on or around three (3) business days after the FDI Shares have been registered with the Swedish Companies Registration Office, however not earlier than the admission to trading of the new B-shares in the Rights Issue that do not constitute FDI Shares.

## **RIGHT TO DIVIDEND**

The new B-shares carry the right to dividends for the first time on the dividend record date that follows immediately after the new B-shares have been registered with the Swedish Companies Registration Office and 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 18 June 2024. 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 unauthorised jurisdictions*" below. The issue statement sets forth, *inter alia*, the number of subscription rights received and the total number whole B-shares that may be subscribed for. No separate notification will be sent regarding the registration of subscription 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 shareholders**

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

### **Shareholders in certain unauthorised jurisdictions**

Allocation of subscription rights and B-shares upon exercising subscription 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 other than those under Swedish law, will not receive the Prospectus. In addition, such shareholders will not receive any subscription rights to their securities accounts. The subscription 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 subscription rights for B-Shares 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 the 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 B-SHARES BY EXERCISING SUBSCRIPTION RIGHTS**

Subscription for B-shares with subscription rights shall be carried out through cash payment during the period from and including 3 June 2024 up to and including 17 June 2024. Upon expiry of the subscription period, unexercised subscription 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 subscription rights obtained, the holder must either:

- exercise the subscription rights and subscribe for B-shares no later than 17

June 2024 or in accordance with instruction from respective nominee; or

- sell the subscription rights that have not been exercised by 12 June 2024.

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

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

Subscription for B-shares with subscription 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 subscription rights according to the issue statement from Euroclear Sweden is to be used – no additions or amendments can be made to the bank giro slip; or
- the application form for subscription with subscription rights is used if subscription rights have been purchased, sold or transferred from another securities account or if for any other reasons a different number of subscription rights than those stated in the pre-printed issue statement are to be used for subscription. Payment for subscribed B-shares must be made concurrent to submitting the completed application form for subscription with subscription 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 subscription rights must be stated together with the payment.

The application form may be obtained from Aktieinvest during office hours on +46 (0)8 5065 1795. The application form and payment must be received by Aktieinvest no later than 17:00 CEST on 17 June 2024 and shall be delivered or handed to any of the following addresses:

Aktieinvest FK AB  
Emittentservice  
Box 7785  
103 96 Stockholm  
Sweden

Visiting address: Stureplan 8, Stockholm, Sweden  
Telephone: +46 (0)8 5065 1795  
E-mail: [emittentservice@aktieinvest.se](mailto:emittentservice@aktieinvest.se) (scanned application form)

Please note that payment for subscription of B-shares by exercising subscription rights not received by Aktieinvest no later than 17:00 CEST on 17 June 2024, 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 unauthorised jurisdictions*” above, and who cannot use the pre-printed bank giro slip, may pay in SEK through a foreign bank in accordance with the instructions below:

Account holder: Aktieinvest FK AB  
IBAN: SE6630000000015102406256  
BIC: NDEASESS  
Bank: Nordea Bank

Upon payment, the acquirer’s name, address, number of the securities account, and reference from the issue statement must be stated. The payment must be received by the recipient no later than 17 June 2024.

If subscription refers to a different number of shares than what is stated in the pre-printed issue

statement, the “*Issue statement for subscription of shares by exercising subscription rights*” shall be used, which may be ordered from Aktieinvest during office hours on +46 (0)8 5065 1795. The payment shall be made accordance with the above-mentioned instruction with the securities account number where the subscription rights are held as reference. The application form (address above) and payment must be received by Aktieinvest no later than 17:00 CEST on 17 June 2024.

#### **Nominee-registered shareholders**

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

#### **Paid subscribed shares (BTA)**

Shares subscribed for by exercising subscription rights will be registered as BTA in the securities account until such time as the Rights Issue has been registered with the Swedish Companies Registration Office. Registration of all B-shares in the Rights Issue is expected to take place at the Swedish Companies Registration Office on or around 28 June 2024. Thereafter, BTA will, without notice from Euroclear Sweden, be converted to B-shares, which are expected to be registered on the subscriber’s account on or around 3 July 2024. Holders of nominee-registered depository accounts will receive BTA and information in accordance with the respective nominees’ routines. No BTA will be registered for B-shares which are subscribed and paid for without exercising subscription rights. Following subscription and payment, Euroclear Sweden will distribute a securities account notice as a confirmation that the BTA has been booked into the acquirer’s securities account.

#### **Trading with BTA**

BTA will be admitted to trading on Nasdaq Stockholm under the short name (ticker) “FING BTA B”. Trading with BTA is expected to take place on Nasdaq Stockholm from and including 3 June 2024 up to and including 27 June 2024.

Securities institutions are at service with brokering of purchase and sale of BTA subscribed with subscription rights.

## SUBSCRIPTION OF B-SHARES WITHOUT EXERCISING SUBSCRIPTION RIGHTS

### Directly registered shareholders

Application for subscription of B-shares without exercising subscription rights must be made on the application form for subscription without exercising subscription rights.

Please note that the registration is binding and that no amendments or additions may be made to the pre-printed text on the application form. Incomplete or incorrectly filled application form may, as well as an application form that has not been duly attached with required identity and authorisation documents, be disregarded or subscription may be deemed to have been made for a lower amount. Subscription without subscription rights of an amount exceeding EUR 15,000 requires the attachment of a certified identity document and a KYC form.

It is allowed to submit more than one application form, however, only the last dated application form will be considered.

An application form can be obtained from Aktieinvest during office hours on +46 (0)8 5065 1795 or be downloaded from Aktieinvest's website, [www.aktieinvest.se/emission/fingerprint2024](http://www.aktieinvest.se/emission/fingerprint2024), or at Fingerprints website, [www.fingerprints.com](http://www.fingerprints.com). The application form must be received by Aktieinvest, no later than 17:00 CEST on 17 June 2024 and shall be delivered or handed to any of the following addresses:

Aktieinvest FK AB  
Emittentservice  
Box 7785  
103 96 Stockholm  
Sweden

Visiting address: Stureplan 8, Stockholm, Sweden  
Telephone: +46 (0)8 5065 1795

E-mail: [emittentservice@aktieinvest.se](mailto:emittentservice@aktieinvest.se) (scanned application form)

Subscription without subscription rights may also be made electronically through BankID. Visit [www.aktieinvest.se/emission/fingerprint2024](http://www.aktieinvest.se/emission/fingerprint2024) and follow the instructions.

Allotment of B-shares in the Rights Issue that would entail that a party who guarantees part of the Rights Issue gains control of ten (10) per cent or more of the votes in the Company following the Rights Issue requires a prior decision from the Inspectorate of Strategic Products (“ISP”) in accordance with the Screening of Foreign Direct Investment Act (the “**Swedish FDI Act**”) (Sw. *lag (2023:560) om granskning av utländska direktinvesteringar*), and, if applicable, any other equivalent body pursuant to legislation in any other jurisdiction, to approve the investment or leave the application therefore without remark (“**FDI Decision**”). Such B-shares in the Rights Issue which, if granted to a party who guarantees part of the Right Issue, would require a FDI Decision and such FDI Decision has not been obtained at the time of granting are referred to as “**FDI Shares**”.

In the event that not all B-shares are subscribed for with subscription rights, the Company's board of director's shall resolve on allotment of B-shares subscribed for without subscriptions rights within the maximum amount of the Rights Issue. In such cases, allotment of new B-shares shall be carried out in accordance with the following:

- *Firstly*, allotment of B-shares shall be granted to those who have subscribed for B-shares by exercising subscription rights, regardless if the subscriber were registered as shareholder on the record date on 30 May 2024 or not and, in the event of over-subscription, *pro rata* in relation to their subscription by

exercising subscription rights, and, to the extent this is not possible, by drawing lots.

- *Secondly*, allotment of B-shares shall be granted to others who have subscribed for B-shares without exercising subscription rights, and in the event of over-subscription, *pro rata* in relation to the subscribed amount, and to the extent this is not possible, by drawing lots.
- *Thirdly*, allotment of B-shares, that does not constitute FDI Shares, shall as applicable be granted to a party who have guaranteed part of the Rights Issue with allotment before other guarantors in accordance with separate agreement with the Company (“**Primary Subscription Guarantee**”).<sup>1</sup>
- *Fourthly*, allotment of B-shares, that does not constitute FDI Shares, shall as applicable be granted to the parties who, subordinated to the Primary Subscription Guarantee, guarantees part of the Rights Issue, *pro rata* in relation to such guarantee commitments in accordance with separate agreement with the Company.
- *Ultimately*, as applicable, allotment of B-shares that constitutes FDI Shares shall be granted to the relevant party who guarantees part of the Rights Issue if and when that guarantor has obtained a positive FDI Decision.

As confirmation of the allotment of B-shares subscribed for without exercising subscription rights, a settlement note will be sent to subscribers on or around 19 June 2024. 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 B-shares must be paid for in cash in accordance with the instructions on the settlement note sent to the subscriber. Registration of B-shares subscribed for without exercising subscription rights is expected to take place at the Swedish Companies Registration Office on or around 28 June 2024. Registration of B-shares on securities accounts is expected to take place on or around 3 July 2024. Nominee-registered shareholders receive notification of allotment and payment in accordance with the respective nominee’s procedures.

#### **Nominee-registered shareholders**

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

#### **Subscription, payment and registration of FDI Shares**

Subscription of potential FDI Shares shall take place during the period from and including 3 June 2024 up to and including the earlier of (i) the business day that falls three (3) business days from an obtained FDI Decision (however not earlier than the last day of the general subscription period) and (ii) 31 August 2024. Subscribed and allotted B-shares shall be made through payment in cash in accordance with the instruction on the distributed settlement note that is sent to the subscriber.

Registration of subscribed and allotted FDI Shares is expected to take place with the Swedish Companies Registration Office as soon as possible after subscription and allotment has taken place, however not earlier than the registration with the

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<sup>1</sup> The Subscription Undertakings and Guarantee Commitments are not secured through *e.g.*, bank guarantees, restricted funds, pledge assets or similar arrangements.

Swedish Companies Registration Office of the new B-shares that do not constitute FDI-shares.

#### **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.

#### **SUBSCRIPTION THAT REQUIRES MANDATORY FILING UNDER THE SWEDISH FDI ACT OR EQUIVALENT LEGISLATION IN OTHER JURISDICTION**

Since the Company is deemed to be conducting protection-worthy activities under the Swedish FDI Act, some investments may require mandatory filing with and approval from the ISP. The investments shall be filed with and approved by ISP if it result in the investor acquiring a holding equal to or exceeding the thresholds of 10, 20, 30, 50, 65 or 90 per cent of the total number of votes in the Company. Equivalent mandatory filing requirement may also be imposed by equivalent bodies in other jurisdictions in accordance with equivalent legislation in other applicable jurisdictions. Each investor should consult an independent legal advisor as to the possible application of the Swedish FDI Act or equivalent legislation in other applicable jurisdiction in relation to the Rights Issue for the individual investor.

The mandatory filing requirement is not applicable on investors who subscribe for B-shares by

exercising preferential rights in relation to the number of shares already held by the investor on the record date 30 May 2024.

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

Aktieinvest acts as issuer agent in relation to the Rights Issue. The fact that Aktieinvest is an issuer agent does not mean that Aktieinvest considers those who have applied for subscription in the Rights Issue to be a customer of Aktieinvest. Therefore, Aktieinvest will not client categorise the subscriber nor perform an appropriateness assessment pursuant to the Security Markets Act (Sw. *lag* (2007:528) *om värdepappersmarknaden*) regarding this subscription. The subscriber is thus responsible for having sufficient experience and knowledge to understand the risks associated with the investment.

In the event that an excessive amount has been paid by an acquirer of the new B-shares, Aktieinvest will arrange for the excess amount to be repaid. No interest will be paid for the excess amount. Incomplete or incorrectly completed application forms may be disregarded. If a 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. No interest will be paid on such a payment. Amounts below SEK 100 will not be paid.

Parties who subscribe for, or apply to subscribe for, new shares will submit personal data to Aktieinvest. Personal data that is submitted to Aktieinvest, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the offer, is processed by Aktieinvest, as controller of the personal data, for the administration and execution of the Rights Issue. Processing of personal data

also takes place to enable Aktieinvest 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 Aktieinvest Group or to undertakings which co-operate with Aktieinvest, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases Aktieinvest 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 Aktieinvest employees are bound by a duty of confidentiality with regard to clients of Aktieinvest and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the Aktieinvest Group.

Information regarding what personal data is processed by Aktieinvest, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from Aktieinvest data protection officer. It is also possible to contact the data protection officer to obtain further information about how Aktieinvest processes personal data. If the investor wishes to make a complaint regarding Aktieinvest 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 Aktieinvest has no legal obligation to preserve the personal data. The normal storage time for personal data is 11 years.

Requests to Aktieinvest for correction or erasure of personal data may be sent to Aktieinvest FK AB, Box 7785, 103 96 Stockholm, Sweden.

## IRREVOCABLE SUBSCRIPTION

The Company is not entitled to cancel the Rights Issue. Subscription of new shares, with or without the support of subscription rights, is irrevocable and the acquirer may not withdraw or modify a subscription for new shares, unless otherwise provided in the Prospectus or by applicable law.

## IMPORTANT INFORMATION REGARDING TAXATION

The tax legislation in the investor's home country and in Sweden may affect any income received from subscription rights, BTA, shares, convertible bonds 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, convertible bonds, warrants and/or subscription 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.

# Market overview

*This section contains market and industry information related to Fingerprints' business and main markets, such as information on, market trends, growth rates business segments and geographical markets. 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 the information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified the information, why its accuracy and completeness cannot be guaranteed.*

*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.*

## MARKET FOR BIOMETRIC DEVICES AND SENSORS

Fingerprints is a developer and designer of biometric systems comprising sensors, algorithms, software and design/integration technologies. Thus, the Company operates in the market for biometric solutions, which in the Company's view represent an industry of the future, propelled by growing demand for secure and user-friendly authentication as the convergence of the physical and digital worlds accelerates. In an era plagued by the proliferation of sophisticated cyber threats and digital fraud, including emerging artificial intelligence (AI) and deep fake technology, the adoption of biometric authentication can be a strong defence against malicious intrusions, safeguarding both businesses and individuals and improving the user experience in how they engage with digital services. Biometric technologies offer unparalleled accuracy, security, and user experience (UX), ensuring that only authorised

individuals gain seamless access to sensitive information and critical systems.

The wider global biometrics market is valued at approximately USD 40 billion and out of this, approximately 20 per cent is accounted for by biometric devices and sensors. Around 80 per cent of the revenue in biometric devices and sensors is currently generated outside consumer electronics, more specifically, in the government and security, enterprise and industrial, healthcare, and financial sectors, as well as in the field of biometric locks.

Fingerprint recognition stands as the dominant biometric modality in terms of revenue for the Company. However, as the world moves to a blend of the digital and physical, driven by new digital platforms and computing models, the importance of cybersecurity is growing – at the same time, we are still relying on ineffective access methods such as remembering passwords. Trends like these lead to increasing relevance for

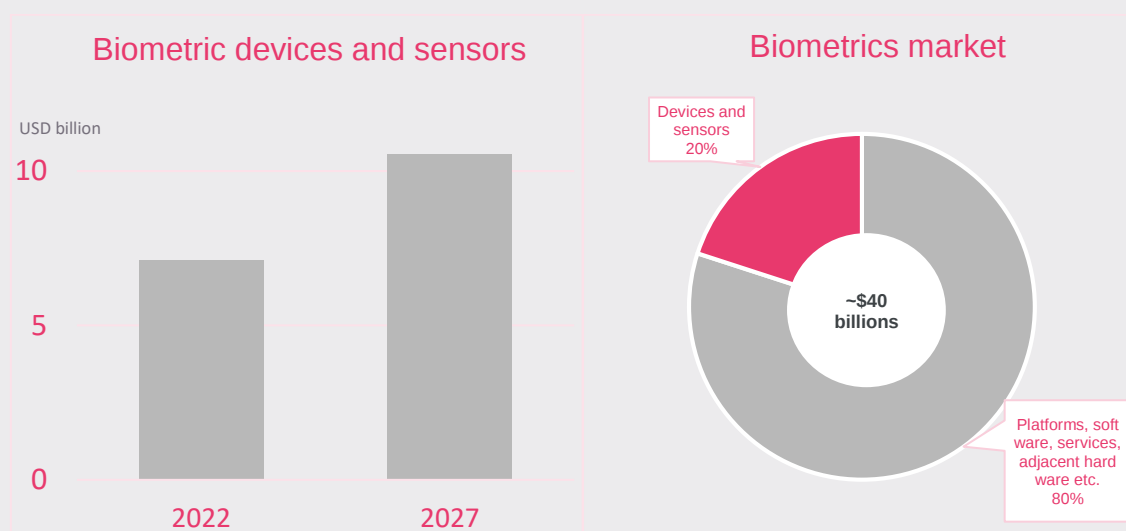
Fingerprints' business, as well as more opportunities within biometric identification.<sup>2</sup>

To navigate the evolving landscape, Fingerprints must strategically pivot its focus beyond the commoditized fingerprint sensor business, diversifying into software-related plays and securing a better position in the value chain, leveraging the Company's accumulated advantages such as its trusted brand, high-performance DNA, and best-in-class research and development and algorithms. For example, the Company foresees continued growth in both iris and facial recognition. As personal computing evolves to Augmented Reality (AR) and Virtual Reality (VR), it also means that the way people

connect digitally will change. Fingerprints foresees several opportunities to continue to secure this mean of connecting, particularly leveraging its iris capabilities. As part of the new strategy, Fingerprints is thus focusing on gaining capabilities and investing within face and iris modality (internally or through partnerships).

In accordance with the transformation plan announced in October 2023, Fingerprints is now aiming towards reallocating resources towards high-growth areas, enhancing profitability and focusing on segments with stronger prospects for the future.

### Market for biometric devices and sensors<sup>1)</sup>



1) Based on the Company's estimates and information provided by the global research firm ABI Research and Frost & Sullivan.

### MARKET PER PRODUCT GROUP

Fingerprints' product portfolio is offered through four product groups: Mobile, PC, Access, and Payments (see further section "*Fingerprints' product groups*" below). Fingerprints addresses the global market for biometric system solutions

and especially addresses customers on the markets for the four product groups.

<sup>2</sup> The above information is based on the Company's estimates and information provided by the global research firm ABI Research and Frost & Sullivan.

## Market for capacitive fingerprint sensors and so-called under-display sensors for smartphones

Most smartphones sold today have some form of biometric sensor.<sup>3</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>4</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 few years ago, under-display sensors have increased its market share. In May 2023, the Company estimated that approximately 700 different smartphone models have officially incorporated fingerprint sensors, and after reaching 600 devices in March 2022, and 500 devices in the beginning of 2021, the Company's assessment is that the number of devices and/or models with any kind of fingerprint sensor will increase as customers demand more intuitive, versatile, convenient and secure solutions.<sup>5</sup>

The average selling price of under-display is higher than capacitive fingerprint sensors, hence the two markets, from a value perspective, are deemed comparable in size. A few major players control the main part of the market for capacitive fingerprint sensors and under-display sensors for smartphones.



As of the date of this Prospectus, the greater part of the Company's business is carried out in China. Due to extensive Covid-19 related restrictions in the country, a significant decrease in demand for smartphones have had a material adverse effect on the market for fingerprint sensors in the smartphone industry over the last few years. According to the International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker, China delivered 271.3 million smartphones in 2023, which was a 5 per cent decrease compared to 2022 and was the lowest volume in a decade.<sup>6</sup> Deliveries also decreased at a global level. The demand for smartphones in China remained restrained during 2023, which resulted in weak sales for Fingerprints, while at the same time the Group and its competitors' inventory levels were high. A combination of these factors resulted in significant price pressure on the market, which in turn resulted in significantly bad cash burn within the Group. The developments on the market for fingerprint sensors in the smartphone industry, coupled with geopolitical uncertainty and challenges as well as the Company's future estimates with regard to fingerprints sensors in smartphones, entails that the outlook for the largely China-centric biometric

<sup>3</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>4</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).

<sup>5</sup> Based on Company's own estimates and information provided by the tech-consulting company OMIDA. The calculations on the number of devices is based on the number of delivered smartphones globally from smartphone manufacturers as well as on revenue projections regarding smartphones.

<sup>6</sup> Information retrieved from International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker, for further information please refer to:

<https://www.idc.com/getdoc.jsp?containerId=prAP51817224#:~:text=According%20to%20preliminary%20data%20from%20the%20International%20Data,was%20a%20decline%20of%205.0%25%20compared%20to%202022> (the website is not included in the Prospectus).

sensor market for smartphones is not predicted to improve. For the Company, this also means that the path to profitability within the Mobile product group is no longer realistic. In light of the above and in particular the development within Mobile, the Company is currently implementing transformation plan to achieve initial stability and stronger prospects for the future for the Group, for more information please refer to the section “Business description– Future prospects – A transformational journey”.

### Market for biometric PC solutions

Biometric solutions for PC has rapidly emerged as an important product area for Fingerprints and recorded a 63 per cent increase in revenue in 2023 compared to 2022, despite lower global PC shipments. The Company assesses that the demand for PC’s with biometric solutions will grow from today’s levels due to new requirements on the market and from costumers. In some computers, biometric authentication occurs in the computer’s CPU (processor), so-called Match-on-Host. However, in the last couple of years it has become 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 have a higher average selling price and currently account for the greater part of the addressable market in the PC segment. Fingerprints expects a continued market growth for Match-on-Chip as new requirements from Microsoft came into effect in 2023, which means that Match-on-Chip technology is required in order to deliver biometric solutions within the framework of Windows Hello Enhanced Sign-in Security.

### Market for biometric Access solutions

The global market for biometric solutions within 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>7</sup> With exception for the Access operation in Asia, which was affected negatively during 2023 due to weak developments in the construction sector in China, the Access segment has during 2023, whilst project driven, shown a consistent growth trend. It is the Company’s assessment that the long term increase of demand within the Access area outside of Asia is positive, and that the global addressable market is expected to continue to grow from today’s levels. As a result, the Company also expects a surge in revenue within the Access product group. This can be illustrated by the order for fingerprint sensor modules, valued at over USD 1 million that the Company received in 2023 from a global Access customer outside Asia. The order is the largest thus far received from a customer outside Asia in the Access/”Internet of Things” (IoT) area.



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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.

### 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) has only in a few years risen in popularity and the market growth can be explained by the accelerating technological advancements as well as the global acceptance of contactless technology. Several commercial launches have occurred, most of which with Fingerprints' technology, including by two of Europe's largest banks: BNP Paribas and Crédit Agricole.

Even though the activity among biometric payment cards was low during 2023, the launches continued and by the date of the Prospectus, Fingerprints' technology have been used in a total of eleven commercial launches and in 24 market tests of biometric payment cards globally. According to the Company's assessment, the feedback from consumers who have been using the Company's biometric cards for some time is very good. As innovation continues to lower the market barriers and consumers clarify their

preferences, banks' interest in biometric payment cards continues to grow. To further improve the customer experience, banks are now focusing on improving the initial registration process so that customers do not need to visit a bank branch to register for use of the card. Another element that is likely to accelerate the growth of biometric cards is that card issuers start upgrading to biometric cards automatically. This has already been seen in *e.g.*, Morocco where banks have started to issue biometric cards to their premium customers automatically and free of charge. Previously, customers had to actively ask for access to a biometric card. Further, certain banks have also started to offer biometric cards to debit card customers and not exclusively to the premium customers.

The Company, however, estimates that it will take time to see a widespread use of biometric payment cards in the market, and will primarily focus on selected marketing and sales activities in the payment area during 2024.

### Total revenue by geographic areas and product group

For the financial year 2021, revenue was presented by the geographic areas below. No breakdown by product group was presented for the financial year 2021.

|                                    | 1 January–31 December |
|------------------------------------|-----------------------|
| MSEK                               | 2021                  |
| Sweden                             | 0.1                   |
| Asia                               | 1,327.2               |
| Europe, the Middle East and Africa | 18.0                  |
| South and North America            | 10.5                  |
| <b>Total</b>                       | <b>1,355.8</b>        |

As of the audited annual report for 2023, the Company presents revenue by the geographic areas below. Numbers for comparison for 2022 is included in Fingerprints' audited annual report for the financial year 2023.

### **Geographic area**

| <b>MSEK</b>   | <b>1 January–31 March</b> |              | <b>1 January–31 December</b> |              |
|---------------|---------------------------|--------------|------------------------------|--------------|
|               | <b>2024</b>               | <b>2023</b>  | <b>2023</b>                  | <b>2022</b>  |
| Sweden        | 0.0                       | 0.0          | 13.5                         | 3.1          |
| France        | 2.7                       | 2.9          | 8.0                          | 10.8         |
| Hong Kong     | 23.7                      | 21.7         | 89.7                         | 26.2         |
| China         | 88.9                      | 56.3         | 426.2                        | 569.0        |
| United States | 19.3                      | 17.9         | 97.9                         | 62.1         |
| Other         | 11.8                      | 18.3         | 70.1                         | 190.6        |
| <b>Total</b>  | <b>146.4</b>              | <b>117.0</b> | <b>705.4</b>                 | <b>861.8</b> |

The Company also presents revenue per product group in accordance with the table below. Numbers for comparison for 2022 is included in Fingerprints' audited annual report for the financial year 2023.

### **Product group**

| <b>MSEK</b>  | <b>1 January–31 March</b> |              | <b>1 January–31 December</b> |              |
|--------------|---------------------------|--------------|------------------------------|--------------|
|              | <b>2024</b>               | <b>2023</b>  | <b>2023</b>                  | <b>2022</b>  |
| Mobile       | 106.9                     | 78.5         | 519.1                        | 646.8        |
| Payment      | 1.8                       | 4.0          | 11.7                         | 15.2         |
| PC           | 28.5                      | 15.9         | 96.9                         | 59.6         |
| Access       | 9.2                       | 18.6         | 77.7                         | 140.2        |
| <b>Total</b> | <b>146.4</b>              | <b>117.0</b> | <b>705.4</b>                 | <b>861.8</b> |

# Business description

## INTRODUCTION

Fingerprints is a global biometrics company with Swedish roots whose 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>8</sup> Fingerprints develops and sells biometric systems comprising sensors, microcontrollers (MCU), algorithms, software and packaging technologies to companies who offers products and services with digital human interaction.

The Company's product development has resulted in products with high security, user-friendliness and performance. Fingerprints' product range consists mainly of fingerprint sensors and their largest customer segment mainly consists of companies that manufactures smartphones. The use of biometrics is increasing in several application areas, and Fingerprints' solutions can also be found in, *e.g.*, payment cards, PC's and door locks.

Fingerprints is listed on Nasdaq Stockholm. Its headquarter is located in Sweden, however, the Group also has, as per the date of the Prospectus, employees and/or offices in Denmark, France, India, Japan, China, Switzerland, Singapore, South Korea, Taiwan and the United States.

## 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 more efficient 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

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<sup>8</sup> Based on the Company's estimates, see further:  
[https://www.fingerprints.com/uploads/2022/10/fingerprints\\_infographics\\_aboutus\\_2210\\_a4\\_dipdf.pdf](https://www.fingerprints.com/uploads/2022/10/fingerprints_infographics_aboutus_2210_a4_dipdf.pdf) (the website is not included in the Prospectus).

- 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) 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 card
- 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 carries out cost adjustments that are implemented to meet a temporary decline in the Chinese mobile market due to extensive Covid-19 related restrictions in the country
- During the fourth quarter of 2022, Fingerprints completed a set-off issue and a rights issue, which provided the Company with approximately SEK 341 million following transaction costs. The issues strengthened the Company's solvency and liquidity and enabled Fingerprints to continue to finance customer projects and several important product development initiatives
- Infineon and Fingerprints began to collaborate to develop a plug-and-play solution for biometric payment cards: SECORA Pay Bio
- 2023 • Fingerprints establishes new operational initiative – New Business. The initiative is charged with developing new business and driving revenue growth with particular focus on the areas New partners, M&A, Automotive and Monetizing IPR. For more information, see section “–Operational initiative: New Business” below
- During the third quarter 2023, Fingerprints carried out an issue of convertible bonds and a Rights Issue, which together raised approximately SEK 340 million to the Company following deduction of issue related costs. The issues strengthened the Company's solidity and liquidity and enabled Fingerprints to finance an early redemption of the bond 2021/2024, which entailed increased financial flexibility with a reduced number of limiting obligations and stronger financial position
- In October 2023, Fingerprints set in motion a transformation plan to facilitate the necessary turnaround in performance. The transformation plan includes a significant cost optimization program to ensure profitability, organizational effectiveness and strategy evolution to

further accelerate diversification to higher-margin lines of business. For more information, see section “*Business description–Future prospects – A transformational journey*” below

- 2024 • The Company entered into an agreement with HCM regarding an early redemption of the Company’s outstanding Convertible Bonds. In order to provide the Company with sufficient working capital up until the completion of the Rights Issue, the Company also entered into a agreement with a consortium of external investors which provided a short-term loan of SEK 60 million

## FINGERPRINTS’ PRODUCT GROUPS

Fingerprints offers security solutions through secure and comfortable authentication. The Company has a broad product portfolio and through the Company’s four product groups, Mobile, PC, Access and Payments, the Company offers biometric system solutions that increase both security and user-friendliness in the everyday life.

### Mobile

Fingerprints is active in capacitive fingerprint sensors for smartphones, a tried-and-tested technology in the mobile industry. In 2022, the Company also entered the market for so-called under-display sensors. The capacitive sensor are the most common biometric modality in the mobile industry, however, under-display sensors have increased its share in the market.<sup>9</sup>

Due to extensive Covid-19 related restrictions within the country, a significant decrease in demand for smartphones in China have had a material adverse effect on the market for fingerprint sensors in the smartphone industry over the last few years. The demand for smartphones in China remained restrained during 2023, which resulted in weak sales for Fingerprints, while at the same time entailing high inventory levels for the Group and its competitors. A combination of these factors resulted in

significant price pressure on the market, which in turn resulted in a significant burn rate and a strained liquidity position within the Group. Consequently, and due to continued deterioration of the operating result within Mobile, Mobile is subject to an unsustainably low gross margin.

The developments on the market for fingerprint sensors in the smartphone industry, coupled with geopolitical uncertainty and challenges in China as well as the Company’s future estimates with regard to fingerprints sensors in smartphones, entails that the outlook for the largely China-centric biometric sensor market for smartphones is not predicted to improve. For the Company, this also means that the path to profitability within the Mobile product group is no longer realistic. In light of the above, the Company is currently implementing a transformation plan to achieve initial stability and stronger prospects for the future for the Group. The transformation plan includes a significant cost optimization programme to ensure profitability, organizational effectiveness and strategy evolution to further accelerate diversification to higher-margin lines of business. For more information, see section “*Business description–Future prospects – A transformational journey*”.

### Capacitive fingerprint sensors

Fingerprints was early with integrating a touch fingerprint sensor into an Android phone, which

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<sup>9</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).

was done in 2014. The market then expanded rapidly and Fingerprints succeeded to increase its turnover and expand its business. Over the last few 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 that meet customers' demands for solutions that function well with the most recent smartphone models, such as foldable devices and mobiles with borderless fronts. For example, 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.

### ***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**"). In December 2022, Fingerprints received the first volume order under this project, meaning that the Company entered a new organizational unit. 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*").

### ***Touchless***

According to the Company's assessment, interest in touchless technologies has increased since Apple launched the iPhone X with facial recognition in 2017, even though fingerprint recognition still is most common in 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 and therefore 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.<sup>10</sup>

### ***PC***

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

To meet the demand for biometric solutions within PC, Fingerprints have continued to further develop their biometric solution which 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

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<sup>10</sup> Based on the Company's estimates, see further:  
[https://www.fingerprints.com/uploads/2020/03/fpc\\_produkblad\\_touchless02\\_a4\\_digital\\_200310.pdf](https://www.fingerprints.com/uploads/2020/03/fpc_produkblad_touchless02_a4_digital_200310.pdf)

biometric matching with high security standard. The Company's offering in PC is continuously being developed and is offered in two different versions. In some computers, biometric authentication occurs in the computer's CPU (processor), so-called Match-on-Host. However, in the last couple of years it has become 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. 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 effectively can address the entire PC market, both business computers and computers for private use. Further, Fingerprints expects the Match-on-Chip market to increase its market share due to new requirements from Microsoft, which came into effect in 2023 and entails that Match-on-Chip is a requirement for suppliers of biometric solutions for Windows Hello Enhanced Sign-in Security.

In October 2023, the Company's newly developed, complete biometric system for PC launched. The development project has been endorsed from start by the Company's key PC costumers, and total system ownership by Fingerprints allows for better overall system performance. The feedback from the costumers have been positive, especially in regards to the increased speed that the Company's biometric systems offers. The launch of the new system means that Fingerprints currently not only sells biometric sensors to its PC costumers, but a complete system solution which also integrates Fingerprints' own microcontrollers (MCU).

### **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>11</sup>

Fingerprints offers software and biometric sensors specifically customized for the Access products, comprising both modules for fingerprint recognition and solutions based on iris recognition. The Company's portfolio of touch fingerprint sensors for Access includes the FPC1523, launched in December 2022. The FPC1523 has a rounded shape and is slightly smaller to facilitate integration with a variety of devices. Further, Access has significant synergies with other product groups, especially 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. The Company's T-Shape sensor module, developed for the payment area, can also be used in access cards.

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. Companies and organisations are also showing an increased interest in access cards and security keys with fingerprint sensors, as the same card or key can be used to enable uniform, secure access to computers and systems, as well as to physical spaces. In addition, hybrid working requires smarter approaches to security, access control and authentication to protect companies, their data and employees. As a result, the Company believes that FIDO tokens is a growth area within Access, which enables password-only logins to be replaced with passwordless, two-factor and multi-factor authentication, while retaining strong security offered by public key cryptography.

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<sup>11</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.

Moreover, 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. For further information, please refer to the section “*Operational initiative: New Business–Automotive*”.

### **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. In November 2022, Fingerprints and Infineon signed a development and commercialisation agreement for a plug-and-play solution for biometric payment cards. The aim of the collaboration is to enable the production of biometric payment cards to be as simple and easy as manufacturing a standard payment card. The collaboration with Infineon deepened during 2023 by becoming a so-called Premium Partner. As a Premium Partner Fingerprints and Infineon will pool their experience and portfolios to further drive growth and innovation within the industry.

In 2023, Fingerprints passed one million shipments of fingerprint sensor modules to the

biometric payment card industry, and continued to make progress under its strategic collaborations with central actors within payment card manufacturing. Fingerprints have, for example, been deeply involved in the development of the new generation of Thales Gemalto’s biometric payment cards, which are now ready for global volume and mass deployment. The new Thales solution, which features Fingerprints’ T-Shape sensors (T2) and biometric payment software platform, offers users advanced transaction speed, improved power efficiency and enhanced security.

### **OPERATIONAL INITIATIVE: NEW BUSINESS**

In July 2023, the operational initiative New Business was established, which is charged with developing new business and driving revenue growth. Fingerprints’ initiative to establish New Business underscores its commitment to diversifying revenue streams and exploring emerging opportunities in adjacent markets, enhancing long-term growth prospects.

In summary, the initiative has been established to develop new businesses and drive revenue growth as well as to accelerate the diversification of Fingerprints’ revenues with a particular focus on the areas: New partners, M&A, Automotive and Monetizing IPR.

#### **New partners**

Fingerprints has a long history of partnering with industry-leading organizations in order to develop product offerings and strengthen the Company’s position in its core biometric solutions business. Through the operational initiative New Business, Fingerprints will explore opportunities to expand into adjacent markets by entering collaborative agreements with technology companies that can benefit from Fingerprints’ technical expertise and sales channels in their go-to-market strategy. Currently there are ongoing discussions with several high-potential partners, e.g., in the area of health sensors.

## M&A

In the event that Fingerprints sees potential for realizing major synergies with a partner company, it may evaluate carrying out targeted, smaller acquisitions to complement the current portfolio.

## Automotive

Forthcoming legal requirements for Driver Monitoring Systems (DMS), using infrared cameras to monitor the driver's attention, creates a strong incentive to integrate iris recognition technology in vehicles. The same camera used for the driver monitoring system can be used to illuminate the eye with infrared light to take a picture of the iris and use Fingerprint's authentication software, this without any additional hardware being added. Fingerprints sees an increasing interest from automotive companies in the benefits of biometrics, *e.g.*, in authenticating in-car payment system transactions and enabling other advanced features, such as driver personalization and preventing the vehicle from starting unless the driver has been successfully authenticated. During 2023, the Company entered into an agreement with a Tier 1 automotive supplier, with the objective of further develop Fingerprints iris recognition technology so that it can be seamlessly integrated into Driver Monitoring Systems (DMS) to handle authentication.



AUTOMOTIVE  
(CARS + E-BIKES/SCOOTERS)

## Monetizing IPR

Fingerprints has over 700 registered patents in its portfolio, extending from algorithms and biometric image processing through to sensors and hardware packaging technology. The Company sees an increased potential with regard to

monetizing these patent rights to increase the revenues, and are working with leading patent law firms for this purpose and on 6 May 2024, Fingerprints signed a patent license agreement with a major global company as the licensee.

## FINGERPRINTS BIOMETRIC PLATFORM

As part of Fingerprints new strategy and in connection with the publication of the interim report for the period January–September 2023, the Company announced its launch of “Fingerprints Biometric Platform”. The new strategy entails expanding modalities, enriching identity decisions with data and orchestrating for improved security and ease of consumption through a software platform that serves enterprises with a more secure and easily navigated alternative to passwords and existing complex offerings within the space of the Identity Verification (IDV) and Customer Identity and Access Management (CIAM).

The Fingerprints Biometric Platform is a common, integrated set of tools and capabilities that can be combine in multiple ways to maximize the Company's addressable market and customer value creation. The Fingerprints Biometric Platform has four layers: *devices* that capture and transmit a signal; *software modalities* such as fingerprints, iris, face or gait that extract key indicators from the signal; *software analytics engines* such as algorithms and AI that match the signal to a given outcome like identity or behaviour, and the software *data layer* where the information is managed and securely stored. Expansion across the Fingerprints Biometric Platform will be delivered through building, partnering or buying new capabilities to unlock new markets.

## 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

For Fingerprints, the most important strategic prioritisation has been to continue to drive innovation, broaden the pool of suppliers and ensure a competitive cost structure. However, due to extensive Covid-19 related restrictions in China, a significant decrease in demand for smartphones have had a material adverse effect on the market for fingerprint sensors in the smartphone industry over the last few years. The demand for smartphones in China remained restrained during 2023, which resulted in weak sales for Fingerprints, while at the same time entailing high inventory levels for the Group and its competitors. A combination of these factors resulted in significant price pressure on the market, which in turn resulted in a significant burn rate and a strained liquidity position within the Group.

Consequently, and due to continued deterioration of the operating result within Mobile, Mobile is subject to an unsustainably low gross margin, which in turn have resulted in material adverse effects on the Group's operations, cash flow and revenues. The developments on the market for fingerprint sensors in the smartphone industry, coupled with geopolitical uncertainty and challenges in China as well as the Company's future estimates with regard to fingerprints sensors in smartphones, entails that the outlook for the largely China-centric biometric sensor market for smartphones is not predicted to improve. For the Company, this also means that the path to profitability within the Mobile product group is no longer realistic.

The Company has therefore set in motion a transformation plan to facilitate the necessary turnaround in the Group's performance. The transformation plan includes a significant cost optimization program in order to ensure that

growth brings strong future profitability with it, organizational changes that bring fresh energy, agility and new DNA to the business, and a new strategic direction to fully capitalise on the possibilities on the biometric market. The strategy development aims to selectively broaden the Company's solutions to address a larger part of the value within the industry, and the Company's goal with the transformation plan in general is to accelerate the diversification towards application areas with higher margins, and thus decrease losses and increase the gross margins. For further information, please refer to section "*Business description–Future prospects – A transformational journey*"

Within PC, Fingerprints intends to gain a prominent position by offering a comprehensive range of solutions and by continuing to increase the processing level. The latest development within Fingerprints' biometric PC system illustrates this, as well as Fingerprints' diversification efforts, by no longer only selling biometric sensors to its PC customers, but a complete system solution which also integrates Fingerprints' in-house microcontroller unit (MCU).

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 and the Company's primary focus within the payment segment will, during 2024, be on selective marketing and selling activities.

Biometrics are expanding in an array of other areas where secure and user-friendly authentication is important. However, outside Mobile, PC and Payments, the biometrics market is fragmented and Fingerprints has chosen to prioritize Access where the short-term potential is deemed the greatest.

## RESEARCH AND DEVELOPMENT

Research and development is essential for Fingerprints operations and as of 31 March 2024, engineers accounted for approximately 60 per cent of the Group's total workforce. 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 system solution in for example smartphones or biometric cards, 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. With a history of pioneering biometric solutions and a robust portfolio of patents, Fingerprints is poised to capitalize on the increasing demand for secure and convenient authentication across various industries.

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. The patent portfolio that ranges from algorithms, biometric image processing to sensors and hardware packaging technologies, comprises over 700 patents globally with registrations 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 risks*").

## STRENGTHS AND COMPETITIVE ADVANTAGES

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

- **Market position:** The Company assesses that it is well positioned to capture a larger share of new, emerging global markets for biometric solutions. In addition, Fingerprints believe that it is well-positioned to gain capabilities within face and iris modality (internally or through partnerships). Within Payments, Fingerprints has, according to its own assessment, an advantageous position as

the Company's technology has been used in eleven 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:** The Company is active in a market with strong tailwinds driven by advancements in technology, heightened security concerns, and rising demand for contactless solutions. Fingerprints has a history of innovative products and solutions and has as a result over 700 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.

## LATEST DEVELOPMENT AND FUTURE CHALLENGES

The Group's operations and revenues have been negatively affected by the Covid-19 pandemic during the financial year 2022, and in particular China's so-called "zero-covid" policy that was maintained in the country for most of 2022. After China discharged the "zero-covid" restrictions, a return to the consumption patterns that applied prior to the Covid-19 pandemic has commenced. The Group's operations in the market have however continued to be affected by the aftermath of the Covid-19 pandemic and the significant decrease in demand for smartphones in China have had a material adverse effect on the market for fingerprint sensors in the smartphone industry over the last few years. The demand for smartphones in China remained restrained during 2023, which resulted in weak sales for Fingerprints, while at the same time entailing high inventory levels for the Group and its competitors.

A combination of these factors resulted in significant price pressure on the market, which in turn resulted in a significant burn rate and a strained liquidity position within the Group.

Consequently, and due to continued deterioration of the operating result within Mobile, Mobile is subject to an unsustainably low gross margin, which in turn have resulted in material adverse effects on the Group's operations, cash flow and revenues entailing a negative development of the adjusted EBITDA margin from -13 per cent to -34 per cent between the financial years 2022 to 2023.

The developments on the market for fingerprint sensors in the smartphone industry, coupled with geopolitical uncertainty and challenges in China as well as the Company's future estimates with regard to fingerprint sensors in smartphones, entails that the outlook for the largely China-centric biometric sensor market for smartphones is not predicted to improve. For the Company, this also means that the path to profitability within the Mobile product group is no longer realistic. In light of the above and in particular the development within Mobile, the Company is currently implementing a transformation plan to achieve initial stability and stronger prospects for the future for the Group.

## FUTURE PROSPECTS – A TRANSFORMATIONAL JOURNEY

As announced by Fingerprints in October 2023, the Company has set in motion a transformation plan to facilitate the necessary turnaround in the Group's performance. The transformation plan includes a significant cost optimization programme in order to ensure that growth brings strong future profitability with it, organizational changes that bring fresh energy, agility and new DNA to the business, and a new strategic direction to fully capitalise on the possibilities on the biometric market. The strategy development aims to selectively broaden the Company's solutions to address a larger part of the value within the

industry, and the Company's goal with the transformation plan in general is to further accelerate the diversification towards application areas with higher margins. The transformation plan can be decomposed into different focus areas, described as follows.

### New strategy

The global market for biometric solutions deems to be growing and the Company sees several possibilities for innovation by capitalising on its cutting-edge expertise and technological assets within new areas. The new strategy entails that the Company intends to leverage already existing strengths within sensor technology, its innovation talent engine and its strong customer base, whilst diversifying into new markets to orchestrate a broad range of modalities and data with a software-centric platform, Fingerprints Biometric Platform.

The platform serves enterprises with a more secure and easily navigated alternative to passwords and existing complex offerings within the space of the Identity Verification (IDV) and Customer Identity and Access Management (CIAM). The platform is a common, expandable platform that can be used to tackle more of the customers' challenges and opportunities. For more information on the new platform, please refer to the section "*Business description–Fingerprints biometric platform*".

### Portfolio refresh

In line with the new strategy, Fingerprints aims to effectively wind down the Mobile business by refocusing capital and investments towards high-growth areas and higher-margin existing lines of business already in-play along with new diversification areas with stronger prospects for the future.

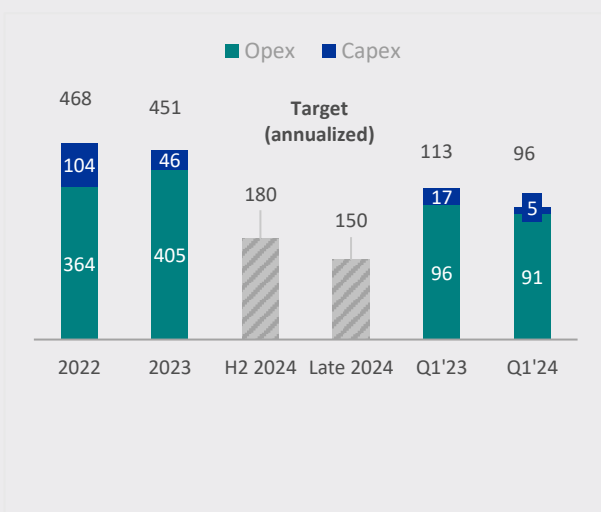
As profitability is the overriding consideration in Fingerprints' evaluation of new projects, Fingerprints do expect its revenue in Mobile to decrease as it continue to focus on other areas of our business. Despite refocusing investment

beyond Mobile, Fingerprints retains valuable multi-year expertise and technological investments, ensuring that accumulated knowledge and resources continue to drive innovation across the retained product areas.

### Cost optimization

A large cost optimization programme was launched in the second half of 2023 to ensure that Fingerprints growth brings strong future profitability with it. The cost optimization entails slimming down the organization, going from a large company structure to a small and agile one, and progressively winding down the Mobile product group and its implicit operations in China.

The cost optimization programme is expected to yield cost savings, and has an annualized gross OPEX target of approximately SEK 180 million in the second half of 2024 and approximately SEK 150 million towards the end of 2024.



### **Talent, organization and governance**

To achieve success in the market, it is important to deploy talent efficiently, aligning personnel with strategic projects quickly as market opportunities evolve. To achieve this and to create an empowered, efficient organization in which the Company's governance model is more clearly linked to the new platform strategy, Fingerprints implemented important organizational changes at the end of 2023, by executive reduction of personnel and appointment of new members to the executive management, such as the current CFO and CRO. At the same time, Fingerprints transitioned to a standard, accountable and functional organizational model to enable timely execution of the pivot from a mobile biometrics component provider to a broader biometrics platform player.

### **The three phases of the transformation plan**

The transformation plan can be divided into three phases, where the focus in *phase one*, which commenced during the second half of 2023, is to achieve stability within the Group by moving Fingerprints to improved profitability and sustained cash flow. To achieve this the Company will focus on cost optimization, financial discipline, and core high margin products. One part of this is to improve Fingerprints' balance sheet by switching focus from debt to equity by, *inter alia*, early redemption of the outstanding Convertible Bonds. Such early redemption will result in several positive effects for the Company and its shareholders, such as reduced interest costs, enhanced financial flexibility, reduced dilution for existing shareholders and a reduced debt overhang. Another part is the portfolio refresh described above, which the Company estimates will take the remainder of 2024 to complete.

As the stability phase plays out, the Company aims to gear up for *phase two*. In the second phase, the Company will concentrate its efforts on

strategic investments to enable profitable growth, whereas the Company in *phase three* will strive to maintain financial discipline and a strong balance sheet to sustain the transformation.

While significant performance enhancements will not occur overnight, the Company has already made certain progress, and is now aiming to progress on all fronts in line with the new strategy.

### **EMPLOYEES AND ORGANIZATION**

As part of Fingerprints' transformation plan, important changes to the organization was made during the fourth quarter 2023, entailing that the Company transitioned to a standard, accountable and functional organizational model to enable timely execution of the pivot from a mobile biometrics component provider to a broader biometrics platform player. Furthermore, the new organizational structure aims to enable an improved operative efficiency and performance, to strengthen Fingerprints' focus on development, moving from an operation that primarily delivers biometric devices within the Mobile industry, to an operation that builds on a wider biometric platform.

In addition, during the fourth quarter 2023, the Company carried out an executive reduction of personnel as well as appointed new people to the executive management, such as the current CFO and CRO, to create an empowered, efficient organization in which the Company's governance model is more clearly linked to the new strategy. The aim new organizational structure is also to ensure accountability and collaboration throughout the Group, while at the same time strive to attract world-class management leaders within each respective function. For further information on the executive management, please refer to section "*Board of directors, senior executives and auditor*".

As of 31 March 2024, the number of employees in Fingerprints amounted to 159. The average

number of employees, by geography and in total, during the financial years 2023, 2022 and 2021 is presented in the table below.

| Place           | 2023       | 2022       | 2021       |
|-----------------|------------|------------|------------|
| Sweden          | 66         | 80         | 92         |
| Denmark         | 24         | 27         | 26         |
| France          | 2          | 2          | 0          |
| Japan           | 1          | 1          | 1          |
| China           | 86         | 97         | 99         |
| Switzerland     | 2          | 4          | 2          |
| South Korea     | 3          | 4          | 5          |
| Taiwan          | 15         | 22         | 20         |
| United States   | 1          | 2          | 4          |
| Other countries | 0          | 0          | 1          |
| <b>Total</b>    | <b>200</b> | <b>239</b> | <b>250</b> |

## Selected historical financial information

*This section contains selected historical financial information for the financial years 2021, 2022 and 2023 as well as the period January–March 2023 and 2024. The financial information for the financial years 2021, 2022 and 2023 has been obtained from Fingerprints' annual reports for the financial years 2021, 2022 and 2023, which have been prepared in accordance with the Annual Accounts Act (Sw. årsredovisningslagen (1995:1554)) as well as International Financial reporting Standards (IFRS) from the International Standards Board (ISAB) as adopted by the EU. The annual reports for the financial years 2021, 2022 and 2023 have been audited by the Company's independent auditor BDO Mälardalen AB in accordance with what is stated in the accompanying auditor's reports. Other information in the Prospectus has not been audited by Fingerprints' auditor unless otherwise stated. The financial information for the period January–March 2024 (and comparative figures for the corresponding period 2023) has been obtained from Fingerprints' unaudited interim report for the period January–March 2024, which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The financial information for the period January–March 2024, as well as comparative figures for the corresponding period 2023 has not been subject to audit or review. Some numbers for the period January–March 2023 and 2024, respectively, have been obtained from the Company's internal accounts due to the fact that they are not reported on a quarterly basis. These numbers have not been audited or reviewed.*

*The following information should be read in conjunction with the section "Capitalisation, indebtedness and other financial information", Fingerprints' annual reports for the financial years 2021, 2022 and 2023 as well as interim report for the period January–March 2024, which are incorporated by reference in the Prospectus.*

### SELECTED INFORMATION FROM THE CONSOLIDATED INCOME STATEMENT

| MSEK                                   | 1 January–31 March |             | 1 January –31 December |              |              |
|----------------------------------------|--------------------|-------------|------------------------|--------------|--------------|
|                                        | 2024               | 2023        | 2023                   | 2022         | 2021         |
| Revenues                               | 146.4              | 117.0       | 705.4                  | 861.8        | 1355.8       |
| Cost of goods sold                     | -130.2             | -96.7       | -615.8                 | -695.4       | -958.9       |
| <b>Gross profit</b>                    | <b>16.2</b>        | <b>20.3</b> | <b>89.6</b>            | <b>166.4</b> | <b>396.9</b> |
| Gross margin, %                        | 11.1               | 17.3        | 12.7                   | 19.3         | 29.3         |
| Selling expenses                       | -21.5              | -33.8       | -171.1                 | -142.6       | -159.8       |
| Administrative expenses                | -35.9              | -34.0       | -127.6                 | -143.6       | -102.1       |
| Development costs                      | -25.1              | -28.3       | -117.3                 | -118.1       | -138.2       |
| Impairments                            | –                  | –           | -4.7                   | -433.4       | –            |
| Other operating income <sup>1)</sup>   | 2.7                | 6.0         | 16.6                   | 42.4         | 5.6          |
| Other operating expenses <sup>1)</sup> | -11.2              | -5.9        | -5.9                   | -2.1         | -10.0        |

1) The line items "Other operating income" and "Other operating expenses" are not presented separately in Fingerprints' unaudited interim report for the period January–March 2024 and 2023, respectively, but instead as "Other operating income/expenses". These numbers are obtained from the Company's internal accounts and are not audited or reviewed.

| MSEK                                                                                      | 1 January–31 March |              | 1 January –31 December |               |             |
|-------------------------------------------------------------------------------------------|--------------------|--------------|------------------------|---------------|-------------|
|                                                                                           | 2024               | 2023         | 2023                   | 2022          | 2021        |
| <b>Operating profit/loss</b>                                                              | <b>-74.9</b>       | <b>-75.7</b> | <b>-320.4</b>          | <b>-631.0</b> | <b>-7.6</b> |
| Operating margin, %                                                                       | -51.1              | -64.7        | -45.4                  | -73.2         | -0.6        |
| Financial income                                                                          | 1.2                | 1.0          | 4.6                    | 15.4          | 7.0         |
| Financial expenses                                                                        | -7.3               | -10.3        | -59.7                  | -36.6         | -0.4        |
| <b>Profit/loss before tax</b>                                                             | <b>-81.0</b>       | <b>-85.0</b> | <b>-375.5</b>          | <b>-652.2</b> | <b>-1.0</b> |
| Income tax                                                                                | -4.9               | 14.9         | 35.7                   | 66.2          | 1.1         |
| <b>Net profit/loss for the period</b>                                                     | <b>-85.9</b>       | <b>-70.1</b> | <b>-339.8</b>          | <b>-586.0</b> | <b>0.1</b>  |
| Earnings per share                                                                        |                    |              |                        |               |             |
| <i>before dilution (SEK)</i>                                                              | <i>-0.14</i>       | <i>-0.17</i> | <i>-0.74</i>           | <i>-1.92</i>  | <i>0.00</i> |
| <i>after dilution (SEK)</i>                                                               | <i>-0.14</i>       | <i>-0.17</i> | <i>-0.74</i>           | <i>-1.92</i>  | <i>0.00</i> |
| <b>Other comprehensive income</b>                                                         |                    |              |                        |               |             |
| <b>Net profit/loss for the period</b>                                                     | <b>-85.9</b>       | <b>-70.1</b> | <b>-339.8</b>          | <b>-586.0</b> | <b>0.1</b>  |
| Translation differences for the period on translation of foreign operations <sup>1)</sup> | 37.1               | -4.3         | -20.5                  | 84.0          | 69.6        |
| <b>Other comprehensive income</b>                                                         | <b>37.1</b>        | <b>-4.3</b>  | <b>-20.5</b>           | <b>84.0</b>   | <b>69.6</b> |
| <b>Comprehensive income for the period</b>                                                | <b>-48.8</b>       | <b>-74.4</b> | <b>-360.3</b>          | <b>-502.0</b> | <b>69.7</b> |
| <i>Attributable to equity holders of the Parent Company</i>                               | <i>-48.8</i>       | <i>-74.4</i> | <i>-360.3</i>          | <i>-502.0</i> | <i>69.7</i> |

1) The line item is not reported on a quarterly basis and is not included in Fingerprints' unaudited interim report for the period January–March 2024 and 2023, respectively. These numbers are obtained from the Company's internal accounts and are not audited or reviewed.

## SELECTED INFORMATION FROM THE CONSOLIDATED BALANCE SHEET

| MSEK                                                                   | 31 March       |                | 31 December    |                |                |
|------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                                        | 2024           | 2023           | 2023           | 2022           | 2021           |
| <b>Assets</b>                                                          |                |                |                |                |                |
| Intangible assets                                                      | 512.9          | 541.5          | 504.8          | 538.0          | 838.5          |
| Property, plant and equipment                                          | 2.7            | 3.6            | 3.0            | 4.3            | 6.5            |
| Right-of-use assets                                                    | 12.9           | 22.2           | 14.4           | 25.3           | 24.2           |
| Financial assets                                                       | 171.6          | 138.7          | 171.6          | 121.8          | 53.6           |
| <b>Total non-current assets</b>                                        | <b>700.1</b>   | <b>706.0</b>   | <b>693.8</b>   | <b>689.4</b>   | <b>922.8</b>   |
| <b>Current assets</b>                                                  |                |                |                |                |                |
| Inventories                                                            | 141.3          | 274.0          | 133.5          | 304.1          | 159.3          |
| Accounts receivable                                                    | 110.6          | 97.1           | 120.6          | 128.3          | 280.0          |
| Other receivables                                                      | 12.1           | 32.7           | 17.9           | 40.0           | 51.3           |
| Prepaid expenses and deferred income                                   | 7.4            | 8.7            | 7.9            | 9.6            | 11.3           |
| Cash and cash equivalents                                              | 45.6           | 210.9          | 109.9          | 274.1          | 374.3          |
| <b>Total current assets</b>                                            | <b>317.0</b>   | <b>623.4</b>   | <b>389.8</b>   | <b>756.1</b>   | <b>876.2</b>   |
| <b>Total assets</b>                                                    | <b>1,017.1</b> | <b>1,329.4</b> | <b>1,083.6</b> | <b>1,445.5</b> | <b>1,799.0</b> |
| <b>Shareholders' equity</b>                                            |                |                |                |                |                |
| Share capital                                                          | 27.6           | 18.5           | 26.0           | 18.5           | 13.0           |
| Other paid-up capital <sup>1)</sup>                                    | 854.3          | 854.3          | 854.3          | 854.3          | 854.3          |
| Translation reserve <sup>1)</sup>                                      | 182.9          | 162.0          | 145.8          | 166.3          | 82.3           |
| Retained earnings including net profit/loss for the year <sup>1)</sup> | -405.9         | -242.7         | -334.5         | -172.6         | 77.6           |
| <b>Total shareholders' equity</b>                                      | <b>658.8</b>   | <b>792.1</b>   | <b>691.6</b>   | <b>866.5</b>   | <b>1,027.2</b> |
| <b>Non-current liabilities</b>                                         |                |                |                |                |                |
| Deferred tax liability                                                 | 5.4            | 11.4           | 6.6            | 13.0           | 16.6           |
| Convertible loan                                                       | 61.5           | —              | 72.9           | —              | —              |
| Long-term lease liabilities                                            | 5.3            | 11.0           | 6.5            | 12.4           | 11.6           |
| Bond loan                                                              | —              | 294.4          | —              | 293.7          | 292.6          |
| <b>Total non-current liabilities</b>                                   | <b>72.2</b>    | <b>316.8</b>   | <b>86.0</b>    | <b>319.1</b>   | <b>320.8</b>   |

| MSEK                                                | 31 March       |                | 31 December    |                |                |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                     | 2024           | 2023           | 2023           | 2022           | 2021           |
| <b>Current liabilities</b>                          |                |                |                |                |                |
| Short-term portion of long-term leasing liabilities | 6.0            | 9.7            | 6.2            | 11.2           | 11.3           |
| Short-term portion convertible loan                 | 23.0           | –              | 21.9           | –              | –              |
| Accounts payable                                    | 126.0          | 51.3           | 103.5          | 74.3           | 221.8          |
| Current tax liability                               | 8.3            | 6.4            | 6.3            | 6.6            | 14.0           |
| Other current liabilities                           | 12.4           | 14.3           | 25.4           | 20.7           | 35.5           |
| Accrued expenses and deferred income                | 110.4          | 138.8          | 142.7          | 147.1          | 168.4          |
| <b>Total current liabilities</b>                    | <b>286.1</b>   | <b>220.5</b>   | <b>306.0</b>   | <b>259.9</b>   | <b>451.0</b>   |
| <b>Total shareholder's equity and liabilities</b>   | <b>1,017.1</b> | <b>1,329.4</b> | <b>1,083.6</b> | <b>1,445.5</b> | <b>1,799.0</b> |

1) This line item is not reported on a quarterly basis and is not included in Fingerprints' unaudited interim report for the period January–March 2024 and 2023, respectively. These numbers are obtained from the Company's internal accounts and are not audited or reviewed.

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

| MSEK                                                                                      | 1 January–31 March |              | 1 January–31 December |               |              |
|-------------------------------------------------------------------------------------------|--------------------|--------------|-----------------------|---------------|--------------|
|                                                                                           | 2024               | 2023         | 2023                  | 2022          | 2021         |
| <b>Operating activities</b>                                                               |                    |              |                       |               |              |
| Profit/loss before tax                                                                    | -81.0              | -85.0        | -375.5                | -652.2        | -1.0         |
| Adjustment for non-cash items                                                             | 34.8               | 16.1         | 65.2                  | 496.3         | 122.3        |
| Income tax paid                                                                           | -6.1               | -7.4         | -22.1                 | -13.3         | -2.3         |
| <b>Cash flow from operating activities before changes in working capital<sup>1)</sup></b> | <b>-52.3</b>       | <b>-76.3</b> | <b>-332.4</b>         | <b>-169.2</b> | <b>119.0</b> |
| <b>Cash flow from changes in working capital</b>                                          |                    |              |                       |               |              |
| Changes in inventories                                                                    | -1.0               | 26.6         | 175.4                 | -160.6        | -38.9        |
| Changes in operating receivables                                                          | 25.5               | 42.5         | 25.4                  | 179.4         | -107.2       |
| Changes in operating liabilities                                                          | -32.3              | -35.1        | 43.3                  | -183.7        | 51.4         |
| <b>Cash flow from operating activities</b>                                                | <b>-60.1</b>       | <b>-42.3</b> | <b>-88.3</b>          | <b>-334.1</b> | <b>24.3</b>  |
| <b>Investing activities</b>                                                               |                    |              |                       |               |              |
| Purchase and internal development of intangible assets <sup>1)</sup>                      | -5.4               | -17.4        | -47.1                 | -103.5        | -85.6        |
| Purchase of property, plant and equipment <sup>1)</sup>                                   | –                  | –            | -0.2                  | -1.1          | -4.1         |
| Sale of property, plant and equipment <sup>1)</sup>                                       | –                  | –            | 0.2                   | 0.0           | –            |
| Changes of financial assets <sup>1)</sup>                                                 | –                  | –            | 1.0                   | 0.0           | -1.3         |
| <b>Cash flow from investing activities</b>                                                | <b>-5.4</b>        | <b>-17.4</b> | <b>-46.1</b>          | <b>-104.6</b> | <b>-91.0</b> |

| MSEK                                                           | 1 January–31 March |              | 1 January–31 December |              |              |
|----------------------------------------------------------------|--------------------|--------------|-----------------------|--------------|--------------|
|                                                                | 2024               | 2023         | 2023                  | 2022         | 2021         |
| <b>Financing activities</b>                                    |                    |              |                       |              |              |
| Buy back shares                                                | –                  | –            | –                     | –            | -225.4       |
| Bond loan                                                      | –                  | –            | –                     | –            | 292.6        |
| Set-off issue and rights issue                                 | –                  | –            | 154.9                 | 341.3        | –            |
| Convertible loan                                               | –                  | –            | 145.7                 | –            | –            |
| Repayment of bond loans <sup>1)</sup>                          | –                  | –            | -315.2                | –            | –            |
| Amortization of leasing debt <sup>1)</sup>                     | -1.5               | -3.0         | -11.1                 | -12.9        | -8.8         |
| <b>Cash flow from financing activities</b>                     | <b>-1.5</b>        | <b>-3.0</b>  | <b>-25.7</b>          | <b>328.4</b> | <b>58.4</b>  |
| Cash flow for the period                                       | -67.0              | -62.7        | -160.1                | -110.3       | -8.3         |
| Cash and cash equivalents at beginning of the period           | 109.9              | 274.1        | 274.1                 | 374.3        | 377.0        |
| Effect of translation differences on cash and cash equivalents | 2.8                | -0.5         | -4.1                  | 10.1         | 5.6          |
| <b>Cash and cash equivalents at end of period</b>              | <b>45.7</b>        | <b>210.9</b> | <b>109.9</b>          | <b>274.1</b> | <b>374.3</b> |

1) This line item is not reported on a quarterly basis and is not included in Fingerprints' unaudited interim report for the period January– March 2024 and 2023, respectively. These numbers are obtained from the Company's internal accounts and are not audited or reviewed.

## 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 audited annual reports for the financial years 2021, 2022 and 2023 and unaudited reviewed interim report for the period January–March 2024 (with comparative figures for the corresponding period 2023), 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 the Prospectus may result in the key figures not being comparable with similar measures presented by other companies. The sections “–Definitions of alternative performance measures” and “–Reconciliations 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–31 March |        | 1 January–31 December |        |        |
|---------------------------|--------------------|--------|-----------------------|--------|--------|
|                           | 2024               | 2023   | 2023                  | 2022   | 2021   |
| EBITDA                    | -50.5              | -60.2  | -242.2                | -116.0 | 85.6   |
| Adjusted EBITDA           | -50.5              | -60.2  | -204.7                | -116.0 | 85.6   |
| Adjusted EBITDA margin, % | -34.5              | -51.5  | -29.0                 | -13.5  | -6.3   |
| Gross OPEX                | -96.5              | -113.4 | -451.6                | -468.5 | -495.5 |

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

| Alternative performance measure | Definition                                                                     | Reason for use                                                                                             |
|---------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| EBITDA                          | Earnings before financial revenue/costs, taxes, depreciation and amortizations | The purpose is to measure operational activities, without taking into account financial decisions or taxes |
| Adjusted EBITDA                 | EBITDA adjusted for non-recurring costs                                        | Adjusted EBITDA is relevant for assessing earnings excluding items affecting comparability                 |

|                                       |                                                       |                                                                                                            |
|---------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Adjusted EBITDA margin, %             | Adjusted EBITDA as a percentage of revenues           | The purpose is to measure operational activities, without taking into account financial decisions or taxes |
| Gross operating expenses (Gross OPEX) | Operating expenses including capitalized R&D expenses | The purpose is to measure total operating expenses, including capitalized R&D expenses                     |

## RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

### EBITDA, adjusted EBITDA, adjusted EBITDA margin

| MSEK                                          | 1 January–31 March |              | 1 January–31 December |                      |             |
|-----------------------------------------------|--------------------|--------------|-----------------------|----------------------|-------------|
|                                               | 2024               | 2023         | 2023                  | 2022                 | 2021        |
| Operating profit/loss                         | -74.9              | -75.7        | -320.4                | -631.0 <sup>1)</sup> | -7.6        |
| Depreciation and amortization                 | -24.4              | -15.5        | -78.2                 | -515.0               | -93.2       |
| <b>EBITDA</b>                                 | <b>-50.5</b>       | <b>-60.2</b> | <b>-242.2</b>         | <b>-116.0</b>        | <b>85.6</b> |
| Items affecting comparability                 | —                  | —            | -37.5 <sup>2)</sup>   | —                    | —           |
| <b>Adjusted EBITDA</b>                        | <b>-50.5</b>       | <b>-60.2</b> | <b>-204.7</b>         | <b>-116.0</b>        | <b>85.6</b> |
| Revenues                                      | 146.4              | 117.0        | 705.4                 | 861.8                | 1,355.8     |
| <b>Adjusted EBITDA margin, %<sup>3)</sup></b> | <b>-34.5</b>       | <b>-51.4</b> | <b>-29.0</b>          | <b>-13.5</b>         | <b>6.3</b>  |

1) Includes write-down of capitalized R&D projects of SEK 116 million and a write-down of goodwill of SEK 317 million.

2) EBITDA adjusted for restructuring costs.

3) Adjusted EBITDA margin is calculated as an adjusted EBITDA as a percentage of revenue.

### Gross operating expenses (Gross OPEX)

| MSEK                                                   | 1 January–31 March |               | 1 January–31 December |               |               |
|--------------------------------------------------------|--------------------|---------------|-----------------------|---------------|---------------|
|                                                        | 2024               | 2023          | 2023                  | 2022          | 2021          |
| Selling expenses                                       | -21.5              | -33.8         | -171.1                | -142.6        | -159.8        |
| Administrative expenses                                | -35.9              | -34.0         | -127.6                | -143.6        | -102.1        |
| Development expenditure                                | -25.1              | -28.3         | -117.3                | -118.1        | -138.2        |
| Other operating income/expenses                        | -8.5               | 0.1           | 10.7                  | 40.3          | -4.4          |
| <b>Operating expenses (OPEX)</b>                       | <b>-91.0</b>       | <b>-96.0</b>  | <b>-405.3</b>         | <b>-364.0</b> | <b>-404.5</b> |
| Purchase and internal development of intangible assets | -5.4               | -17.4         | -47.1                 | -103.5        | -85.6         |
| Purchase of property, plant and equipment              | —                  | —             | -0.2                  | -1.1          | -4.1          |
| Changes of financial assets                            | —                  | —             | 1.0                   | —             | -1.3          |
| <b>Capital expenditures (CAPEX)</b>                    | <b>-5.4</b>        | <b>-17.4</b>  | <b>-46.3</b>          | <b>-104.6</b> | <b>-91.0</b>  |
| <b>Gross operating expenses (Gross OPEX)</b>           | <b>-96.5</b>       | <b>-113.4</b> | <b>-451.6</b>         | <b>-468.5</b> | <b>-495.5</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 of 2021](#) (the Swedish language version).  
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' audited annual report for the financial year of 2022](#) (the Swedish language version).  
The reference only refers to the statement of comprehensive income for the Group on page 62, statement of financial position for the Group on page 63, statement of changes in shareholders equity for the Group on page 64, statement of cash flows for the Group on page 65, notes on pages 70–87 and auditor's report on pages 89–92.
- [Fingerprints' audited annual report for the financial year of 2023](#) (the Swedish language version).  
The reference only refers to the statement of comprehensive income for the Group on page 49, statement of financial position for the Group on page 50, statement of changes in shareholders equity for the Group on page 51, statement of cash flows for the Group on page 52, notes on pages 53–69 and auditor's report on pages 85–88.
- [Fingerprints' unaudited interim report for the period January–March 2024](#) (the Swedish language version) (also incorporates by reference comparative figures for 2023). The reference only refers to the condensed consolidated statement of comprehensive income for the Group on page 15, condensed consolidated statement of financial position for the Group on page 16, condensed consolidated statement of changes in equity for the Group on page 16, and condensed consolidated cash-flow statement for the Group on page 17.

# 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 the 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 2023–31 March 2023 and 1 January 2024–31 March 2024**

##### **Revenues**

The revenues increased by SEK 29.4 million from SEK 117.0 million for the three month period ended 31 March 2023 to SEK 146.4 million for the three month period ended 31 March 2024. The increase was mainly driven by higher revenue in the Mobile and PC product groups.

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

The costs of goods sold increased by SEK 33.5 million from SEK 96.7 million for the three month period ended 31 March 2023 to SEK 130.2 million for the three month period ended 31 March 2024. The increase was mainly driven by the increased revenue within the Group.

##### **Selling expenses**

The selling expenses decreased by SEK 12.3 million from SEK 33.8 million for the three month period ended 31 March 2023 to SEK 21.5 million for the three month period ended 31 March 2024. The decrease was mainly driven by staff reductions.

##### **Administrative expenses**

The administrative expenses increased by SEK 1.9 million from SEK 34.0 million for the three month period ended 31 March 2023 to SEK 35.9 million for the three month period ended 31 March 2024. The increase was mainly driven by projects within the Group.

##### **Development costs**

Development costs decreased by SEK 3.2 million from SEK 28.3 million for the three month period ended 31 March 2023 to SEK 25.1 million for the three month period ended 31 March 2024. The decrease was mainly driven by a reduced number of development projects.

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

Other operating income/expenses decreased by SEK 8.6 million from SEK 0.1 million for the three month period ended 31 March 2023 to SEK -8.5 million for the three month period ended 31 March 2024. The decrease was mainly driven by exchange rate fluctuations in the working capital.

##### **Financial income**

Financial income increased by SEK 0.2 million from SEK 1.0 million for the three month period ended 31 March 2023 to SEK 1.2 million for the three month period ended 31 March 2024. The increase was mainly driven by interest income on bank accounts.

##### **Financial expenses**

Financial expenses decreased by SEK 3.0 million from SEK 10.3 million for the three month period ended 31 March 2023 to SEK 7.3 million for the three month period ended 31 March 2024. The decrease was mainly driven by reduced interest payments due to early redemption of bonds in September 2023.

##### **Income tax**

Income tax increased by SEK 19.8 million from SEK -14.9 million for the three month period ended 31 March 2023 to SEK 4.9 million for the three month period ended 31 March 2024. The increase was mainly driven by deferred tax not being balanced in the first quarter 2024.

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

As a result of the abovementioned, the operating profit/loss increased by SEK 0.8 million from

SEK -75.7 million for the three month period ended 31 March 2023 to SEK -74.9 million for the three month period ended 31 March 2024.

### **Comparison between the periods 1 January 2022–31 December 2022 and 1 January 2023–31 December 2023**

#### **Revenues**

Revenues decreased by SEK 156.4 million from SEK 861.8 million for the financial year ending 31 December 2022 to SEK 705.4 million for the financial year ending 31 December 2023. The decrease was mainly driven by a very low demand in the Chinese market during the first, and to some extent the second quarter of 2023, which resulted in a decrease of 61 per cent, or SEK 183 million during the first quarter of 2023 compared to 2022 and a decrease of 10 per cent or SEK 25 million during the second quarter of 2023 compared to 2022. The gross sales increased during the third and fourth quarter 2023 by approximately SEK 52 million compared to 2022, but did not recover all loss of sales from the first half year.

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

Cost of goods sold decreased by SEK 79.6 million from SEK 695.4 million for the financial year ending 31 December 2022 to SEK 615.8 million for the financial year ending 31 December 2023. The decrease was mainly driven by decreased costs of goods as a result of the very low demand in China, which affected the Group's sales negatively during the first, and to some extent second quarter 2023.

#### **Selling expenses**

The selling expenses increased by SEK 28.5 million from SEK 142.6 million for the financial year ending 31 December 2022 to SEK 171.1 million for the financial year ending 31 December 2023. The increase was mainly driven by an increased share of costumer projects in sales (research and development and customer solutions) resulting in increased

internally allocated costs of SEK 26.3 million during 2023 compared to 2022, as well as changes in other internally allocated costs representing a total increase of SEK 31.6 million compared to 2022. Direct selling expense, without internally allocated costs, decreased slightly by SEK 3.1 million in 2023 compared to 2022.

#### **Administrative expenses**

The administrative expenses decreased by SEK 16.0 million from SEK 143.6 million for the financial year ending 31 December 2022 to SEK 127.6 million for the financial year ending 31 December 2023. The decrease was mainly driven by lower depreciation of fixed assets.

#### **Development costs**

Development costs decreased by SEK 0.8 million from SEK 118.1 million for the financial year ending 31 December 2022 to 117.3 million for the financial year ending 31 December 2023. The decrease was mainly driven by smaller projects and lower patent expenses during 2023, which amounted to a decrease of SEK 16.7 million, lower operating expenses (including labour costs) of SEK 11 million, as well as increased internal allocation for customer projects of SEK 30.8 million. The decrease was to some extent compensated for by a lower capitalization of project costs of SEK 57.7 million in 2023.

#### **Other operating income**

Other operating income decreased by SEK 25.8 million from SEK 42.4 million for the financial year ending 31 December 2022 to SEK 16.6 million for the financial year ending 31 December 2023. The decrease was mainly driven by realised currency effects on operational posts.

#### **Other operating expenses**

Other operating expenses increased by SEK 3.8 million from SEK 2.1 million for the financial year ended 31 December 2022 to SEK 5.9

million for the financial year 2023. The increase was mainly driven by restructuring expenses in the Danish operation.

#### **Financial incomes**

Financial income decreased by SEK 10.8 million from SEK 15.4 million for the financial year ending 31 December 2022 to SEK 4.6 million for the financial year 31 December 2023. The decrease was mainly driven by realised currency effects on financial post.

#### **Financial expenses**

Financial expenses increased by SEK 23.1 million from SEK 36.6 million for the financial year ending 31 December 2022 to SEK 59.7 million for the financial year ending 31 December 2023. The increase was mainly driven by costs associated with the Convertible Bonds and hired consultants.

#### **Income tax**

Income tax increased by SEK 30.5 million from SEK -66.2 million for the financial year ending 31 December 2022 to SEK -35.7 million for the financial year 31 December 2023. The increase was mainly driven by deferred tax not being balanced in the first quarter 2024.

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

As a result of the abovementioned, the operating profit/loss for the year increased by SEK 310.6 million from SEK -631.0 million for the financial year ending 31 December 2022 to SEK -320.4 million for the financial year ending 31 December 2023.

#### **Comparison between the periods 1 January 2021–31 December 2021 and 1 January 2022–31 December 2022**

##### **Revenues**

The revenues decreased by SEK 494.0 million from SEK 1,355.8 million for the financial year ended 31 December 2021 to SEK 861.8 million for the financial year ended 31 December 2022. The decrease was mainly driven by the

extensive Covid-19 related restrictions in China during 2022, which resulted in a significant decrease in demand for smartphones in China.

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

The costs of sold goods decreased by SEK 263.5 million from SEK 958.9 million for the financial year ended 31 December 2021 to SEK 695.4 million for the financial year ended 31 December 2022. The decrease was mainly driven by lower the decreased volumes of sold goods.

#### **Selling expenses**

The selling expenses decreased by SEK 17.2 million from SEK 159.8 million for the financial year ended 31 December 2021 to SEK 142.6 million for the financial year ended 31 December 2022. The decrease was mainly driven by a lower selling activity, due to extensive Covid-19 related restrictions in China during 2022, which resulted in a significant decrease in demand for smartphones in China.

#### **Administrative expenses**

The administrative costs increased by SEK 41.5 million from SEK 102.1 million for the financial year ended 31 December 2021 to SEK 143.6 million for the financial year ended 31 December 2022. The increase was mainly driven by costs related a changed legal structure within the Group and growth initiatives.

#### **Development costs**

The development costs decreased by SEK 20.1 million from SEK 138.2 million for the financial year ended 31 December 2021 to SEK 118.1 million for the financial year ended 31 December 2022. The decrease was mainly driven by a smaller share of the development costs being expensed.

#### **Other operating income**

Other operating income increased by SEK 36.8 million from SEK 5.6 million for the financial year ended 31 December 2021 to SEK 42.4

million for the financial year ended 31 December 2022. The increase was mainly driven by exchange rate fluctuations.

#### **Other operating expenses**

Other operating expenses decreased by SEK 7.9 million from SEK 10.0 million for the financial year ended 31 December 2021 to SEK 2.1 million for the financial year ended 31 December 2022. The decrease was mainly driven by lower exchange losses.

#### **Financial incomes**

Financial incomes increased by SEK 8.4 million from SEK 7.0 million for the financial year ended 31 December 2021 to SEK 15.4 million for the financial year ended 31 December 2022. The increase was mainly driven by exchange rate fluctuations.

#### **Financial expenses**

Financial expenses increased by SEK 36.2 million from SEK 0.4 million for the financial year ended 31 December 2021 to SEK 36.6 million for the financial year ending 31 December 2022. The increase was mainly driven by interest expenses arising from the Company's bond that was issued in December 2021.

#### **Income tax**

Income tax decreased by SEK 65.1 million from SEK -1.1 million for the financial year ended 31 December 2021 to SEK -66.2 million for the financial year ended 31 December 2022. Since the Company's profit/loss before tax was negative during the period, the income tax primarily refers to the positive effect from capitalised loss carry-forward.

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

As a result of the abovementioned, the operating profit/loss decreased by SEK 623.4 million from SEK -7.6 million for the financial year ended 31 December 2021 to SEK -631 million for the financial year ended 31 December 2022.

## **CASH FLOWS AND INVESTMENTS**

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

#### **Comparison between the periods 1 January 2023–31 March 2023 and 1 January 2024–31 March 2024**

The cash flow from operating activities increased by SEK 17.8 million from SEK -42.3 million during the three month period ended 31 March 2023 to SEK -60.1 million during the three month period ended 31 March 2024.

#### **Comparison between the periods 1 January 2022–31 December 2022 and 1 January 2023–31 December 2023**

The cash flow from operating activities increased by SEK 245.8 million from SEK -334.1 million during the financial year ending 31 December 2022 to SEK -88.3 million for the financial year ended 31 December 2023. The cash flow from changes in the working capital components was mainly attributable to large deliveries from existing inventory, which resulted in a significant reduction in inventory assets. The working capital components provided a cash flow of SEK 244.1 million.

#### **Comparison between the periods 1 January 2021–31 December 2021 and 1 January 2022–31 December 2022**

The cash flow from operating activities decreased by SEK 358.4 million from SEK 24.3 million during the financial year ended 31 December 2021 to SEK -334.1 million for the financial year ended 31 December 2022. The cash flow from changes in working capital components was negatively affected by decreased operation debt of SEK 183.7 million (51.4) and the increase in inventory of SEK 160.6 million (-38.9). Cash flow generated from the operating activities amounted to SEK -334.1 million (24.3).

## **Cash flow from investing activities**

### ***Comparison between the periods 1 January 2023–31 March 2023 and 1 January 2024–31 March 2024***

The cash flow from investing activities increased by SEK 12.0 million from SEK -17.4 million during the three month period ending 31 March 2023 to SEK -5.4 million during the three month period ending 31 March 2024.

### ***Comparison between the periods 1 January 2022–31 December 2022 and 1 January 2023–31 December 2023***

The cash flow from investing activities increased by SEK 58.5 million from SEK -104.6 million during the financial year ended 31 December 2022 to SEK -46.1 million for the financial year ended 31 December 2023. The decrease was mainly driven by significantly lower capitalization of project costs in the product development operations.

### ***Comparison between the periods 1 January 2021–31 December 2021 and 1 January 2022–31 December 2022***

The cash flow from investing activities decreased by SEK 13.6 million from SEK -91.0 million during the financial year ended 31 December 2021 to SEK -104.6 million for the financial year ended 31 December 2022. The decrease was mainly attributable to increased investments in intangible fixed assets.

## **Cash flow from financing activities**

### ***Comparison between the periods 1 January 2023–31 March 2023 and 1 January 2023–31 March 2024***

The cash flow from financing activities increased by SEK 1.5 million from SEK -3.0 million during the three month period ended 31 March 2023 to SEK -1.5 million during the three month period ended 31 March 2024.

### ***Comparison between the periods 1 January 2022–31 December 2022 and 1 January 2023–31 December 2023***

The cash flow from financial activities decreased by SEK 354.1 million from SEK 328.4 million during the financial year ended 31 December 2022 to SEK -25.7 million for the financial year ended 31 December 2023. The decrease was mainly driven by the repayment of the outstanding bond loan 2021/2024.

### ***Comparison between the periods 1 January 2021–31 December 2021 and 1 January 2022–31 December 2022***

The cash flow from financial activities increased by SEK 270.0 million from SEK 58.4 million during the financial year ended 31 December 2021 to SEK 328.4 million for the financial year ended 31 December 2022. The increase was mainly attributable to an issue of hybrid instruments as well as a Rights Issue of units, which together generated positive cash flow of SEK 341.3 million after deductions of issue expenses as well as lower costs for buy-back of treasury shares.

# Capitalisation, indebtedness and other financial information

The tables in this section describe the Groups capitalisation and indebtedness as of 31 March 2024. For more information on the Company's share capital and shares, see section "Shares, 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 | 31 March 2024  |
|-------------------------------------------------------------------------------|------|----------------|
| <b>Total current debt</b> (including current portion of non-current debt)     |      | <b>286.1</b>   |
| Guaranteed                                                                    |      | —              |
| Secured                                                                       |      | —              |
| Unguaranteed / unsecured                                                      |      | 286.1          |
| <b>Total non-current debt</b> (excluding current portion of non-current debt) |      | <b>72.2</b>    |
| Guaranteed                                                                    |      | —              |
| Secured                                                                       |      | —              |
| Unguaranteed / unsecured                                                      |      | 72.2           |
| <b>Shareholders' equity</b>                                                   |      | <b>658.8</b>   |
| Share capital                                                                 |      | 27.6           |
| Other paid-up capital                                                         |      | 854.3          |
| Translation reserve                                                           |      | 182.9          |
| Other reserves                                                                |      | -405.9         |
| <b>Total</b>                                                                  |      | <b>1,017.1</b> |

## NET INDEBTEDNESS

The Group's net indebtedness as of 31 March 2024 is presented in the table below.

|                                                                                                                      | MSEK | 31 March 2024 |
|----------------------------------------------------------------------------------------------------------------------|------|---------------|
| (A) Cash                                                                                                             |      | 45.6          |
| (B) Cash equivalents                                                                                                 |      | —             |
| (C) Other current financial assets                                                                                   |      | —             |
| <b>(D) Liquidity</b> (A) + (B) + (C)                                                                                 |      | <b>45.6</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                                                                    |      | 29.0          |

|                                                                                 | MSEK | 31 March 2024            |
|---------------------------------------------------------------------------------|------|--------------------------|
| <b>(G) Current financial indebtedness (E) + (F)</b>                             |      | <b>29.0<sup>1)</sup></b> |
| <b>(H) Net current financial indebtedness (G) - (D)</b>                         |      | <b>-16.6</b>             |
| (I) Non-current financial debt (excluding current portion and debt instruments) |      | 66.8                     |
| (J) Debt instruments                                                            |      | —                        |
| (K) Non-current trade and other payables                                        |      | —                        |
| <b>(L) Non-current financial indebtedness (I) + (J) + (K)</b>                   |      | <b>66.8<sup>2)</sup></b> |
| <b>(M) Total financial indebtedness (H) + (L)</b>                               |      | <b>50.2</b>              |

1) The amount relates to current interest bearing debt, of which SEK 6.0 million relates to current interest bearing leasing debt and SEK 23.0 million relates to current part of bond loan.

2) The amount relates to non-current interest bearing debt, of which SEK 5.3 million relates to non-current interest bearing leasing debt and SEK 61.5 million relates to bond loan.

As of 31 March 2024, Fingerprints was financed through shareholders' equity (87.3 per cent of the total financing), and interest bearing debts (12.7 per cent of the total financing). Interest bearing debts comprised of bond loan (88.2 per cent of the total interest bearing debt) and lease liabilities regarding office premises (11.8 per cent of the total interest bearing debt).

As of 31 March 2024, the equity amounted to SEK 658.8 million. As of 31 March 2024, Fingerprints had non-current liabilities amounting to SEK 72.2 million, of which SEK 0 million was secured and SEK 72.2 million was unsecured debts. The non-current debts comprised of non-current part of bond loan, non-current lease liabilities, and deferred tax debt.

As of 31 March 2024, Fingerprints' current liabilities amounted to SEK 286.1 million without security. The current liabilities comprised of office leasing debts, current part of bond loan, supplier debts, current tax debt and other current debts (personnel costs) as well as accrued costs and prepaid revenues.

As of 31 March 2024, the liquidity amounted to SEK 45.6 million, comprising of cash and bank. As of 31 March 2024, Fingerprints had an interest bearing net indebtedness of SEK 50.2 million.

## MATERIAL INVESTMENTS

During the period covered by the historical financial information, the Group has not had any individual significant investments and has no ongoing significant investments or firm commitments regarding individual significant future investments. However, the Group has an ongoing need to invest in research and development regarding its products.

## WORKING CAPITAL STATEMENT

It is the Company's assessment that the existing working capital is not sufficient for the Fingerprints' total current working capital needs for the upcoming 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 assesses, with respect to assessed cash flows and already entered into financing agreements, that the Company has a total working capital shortfall of approximately SEK 150 million for the coming twelve-month period, which is expected to arise in connection with the Bridge Loan falling due for payment at the latest on 31 July 2024 (if the Rights Issue has not been carried out prior to this date).

Upon full subscription of B-shares in the Rights Issue, the Company will raise approximately SEK 312.4 million before transaction costs, which are estimated to amount to approximately SEK 58 million. Together with existing cash and cash equivalents, estimated cash flows and current financing agreements, the net proceeds, upon full subscription of B-shares in the Rights Issue of approximately SEK 254.4 million, is considered to be sufficient to meet the Company's working capital needs for the coming twelve-month period. Certain existing shareholders (including senior executives and board members) have undertaken to subscribe for B-shares corresponding to an aggregated amount of approximately SEK 1.5 million ("**Subscription Undertakings**"). In addition, certain external investors have undertaken to guarantee subscription of B-shares in the Rights Issue of up to a maximum of SEK 275 million (the "**Guarantee Commitments**"). Neither the Subscription Undertakings nor the Guarantee Commitments have been secured through *e.g.*, bank guarantees, restricted funds, pledged assets or similar arrangements. Further, the fulfilment of the Guarantee Commitments, to the extent it would result in an subscription guarantor acquiring a shareholding corresponding to or exceeding a threshold of ten (10) per cent or more of the total number of votes in the Company following the completion of the Rights Issue, are conditional upon that the relevant subscription guarantor(s) obtains a prior decision from the Inspectorate of Strategic Products, and, if applicable, any other equivalent body pursuant to legislation in any other jurisdiction ("**FDI Decision**").

If the Rights Issue is not sufficiently subscribed and paid for, the Guarantee Commitments are not fulfilled (for example due to a required FDI Decision not being obtained) 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 the Bridge Loan and, to the extent this is not possible, secure alternative financing through new issues or debt financing. Prior to such additional debt financing, the Company would be required to successfully renegotiate the terms and conditions for the Convertible Bonds, as the terms of the convertible bonds contains restriction on the Group's ability to raise additional debt. If the Company is unable to successfully renegotiate its supplier agreements, obtain alternative financing through new issues, or renegotiate the terms and conditions for the convertible bonds to enable raising 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.

## RECENT DEVELOPMENTS AND CURRENT TRENDS

The main developments since 31 December 2023 until the date of the Prospectus are mainly set out in the sections "*Market overview–Market for biometric devices and sensors*", "*Business description–Fingerprints' product groups*" and "*Business description–Latest development and future challenges*".

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 31 MARCH 2024**

Information about the Company's undertakings in regards to the Bridge Loan and the Convertible Bonds please refer to section "*Background and reasons*" and "*Legal considerations and supplementary information–Lock-up undertakings*".

There have been no significant changes in the Group's results since 31 March 2024.

# 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 2025.

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

| Name                | Position                                    | Board member since | Independent to                    |                                                |
|---------------------|---------------------------------------------|--------------------|-----------------------------------|------------------------------------------------|
|                     |                                             |                    | The Company and senior management | The Company's major shareholders <sup>1)</sup> |
| Christian Lagerling | Chairman                                    | 2022               | No                                | Yes                                            |
| Dimitrij Titov      | Board member                                | 2017               | Yes                               | Yes                                            |
| Alexander Kotsinas  | Board member                                | 2017               | Yes                               | Yes                                            |
| Juan Vallejo        | Board member                                | 2018               | Yes                               | Yes                                            |
| Adam Philpott       | Board member (as well as President and CEO) | 2023               | Yes                               | Yes                                            |

1) Major shareholder refers to shareholders who directly or indirectly controls ten per cent or more of the shares or the votes in the Company.

### **Christian Lagerling**

*Chairman since 2022.*

**Born:** 1973

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

**Current positions outside the Group:** Owner and CEO of Beluca Ventures, LLC.

Boards member of Audiodo AB (publ), MEIQ Systems AB and Audiodo International AB.

Financial advisor to various global technology companies and private investment activities in private and public technology companies.

**Previous positions outside the Group (last five years):** Chairman of the board of Raymond Solar AB. Board member of Einride AB. Chairman and co-founder of Dicopay AB. Chairman of the

Supervisory Board of asknet Solutions AG.

**Shareholding in the Company:** 1,050,000 B-shares.

### **Dimitrij Titov**

*Board member since 2017.*

**Born:** 1962

**Principal education:** Master of Laws (LL.M.) at Stockholm University.

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

of Hela Dig Sjukgymnastik Ulrika Titov AB.  
Authorised representative for Advokatfirman  
Titov & Partners Kommanditbolag.

**Previous positions outside the Group (last five years):** Board member of Vrtcl Gaming Group Sweden AB and Bostadsrättsföreningen Kumlet 16. Chairman of the board of Forsheda Gruppen AB.

**Shareholding in the Company:** 35,885 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:** CEO and board member of Windride AB. External vice CEO of BioGaia AB. Deputy board member of TriPac AB, CapAble AB, BioGaia Pharma AB, and BioGaia Invest AB.

**Previous positions outside the Group (last five years):** CFO and external authorised signatory of Lowell Sverige AB and BioGaia AB. Board member of Vivesto AB and Delta Projects AB. External vice CEO of BioGaia AB. Deputy board member of MetaboGen AB.

**Shareholding in the Company:** 15,211 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. Board member of Elajo Invest Aktiebolag (publ), TagMaster Aktiebolag, Mercuri International Group AB, Juan Vallejo AB and Next Safety Group AB.

**Previous positions outside the Group (last five years):** Chairman of the board of Häger Group AB, CleanCook Sweden AB, and KanEL Sweden AB. Board member of Q-MATIC Group AB, Coromatic Group AB, Coromatic Holding AB. Deputy Board member of Sista versen 80131 AB. Owner of Juan Vallejo Rådgivning.

**Shareholding in the Company:** 1,127,555 B-shares.

**Adam Philpott**

*Board member since 2023. CEO and President since 2023.*

**Born:** 1975

**Principal education:** Bachelor of Science degree in Marketing (Hons) from University of Derby, England.

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

**Previous positions outside the Group (last five years):** Chief Revenue Officer at Trellix, Chief Revenue Officer at McAfee, Senior Vice President EMEA at McAfee, Vice President EMEA at McAfee.

**Shareholding in the Company:** 275,000 B-shares.

## SENIOR EXECUTIVES

The senior management of the Company currently consists of six 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 |
|-----------------|--------------------------------------|---------------------------------------|
| Adam Philpott   | CEO and President (and board member) | 2023                                  |
| Fredrik Hedlund | Chief Financial Officer              | 2024                                  |
| Fredrik Ramberg | Chief Product Officer                | 2024                                  |
| Caroline Krüger | Chief Human Resources Officer        | 2023                                  |
| Hila Meller     | Chief Revenue Officer                | 2024                                  |
| Rebecca Stein   | Chief Legal Officer                  | 2023                                  |

### **Adam Philpott**

*CEO and President since 2023. Member of the board of directors since 2023.*

Please refer to the information in section “–The board of directors” above.

### **Fredrik Hedlund**

*Chief Financial Officer since 2024.*

**Born:** 1971

**Principal education:** Bachelor of Science degree in Economics, London School of Economics.

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

**Previous positions outside the Group (last five years):** Chief Growth Officer and Managing Director at Daphne Technology; Senior Vice President/Business Unit CFO at Nielsen.

**Shareholding in the Company:** None.

### **Fredrik Ramberg**

*Chief Product Officer since 2024.*

**Born:** 1983

**Principal education:** Master of Science Engineering Physics, Chalmers University of Technology, Gothenburg.

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

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

**Shareholding in the Company:** 35,794 B-shares.

### **Caroline Krüger**

*Chief Human Resources Officer since 2023.*

**Born:** 1979

**Principal education:** Master of Science in Finance, School of Business, Economics and Law at University of Gothenburg.

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

**Previous positions outside the Group (last five years):** Consultant at InfraCom Connect AB, HR Manager at CLC Housing. Senior Branch Manager at Swedbank.

**Shareholding in the Company:** None.

### **Hila Meller**

*Chief Revenue Officer since 2024.*

**Born:** 1978

**Principal education:** BSc in Computer Science and Mathematics, Bar Ilan university, Executive MBA, Technion institute and Fudan University, Corporate Governance, Birad School.

**Current positions outside the Group:** Board member of Israel Britain Chamber of Commerce.

**Previous positions outside the Group (last five years):** Chief Revenue Officer at BT Security. Vice President Security Europe at BT.

**Shareholding in the Company:** None.

**Rebecca Stein**

*Chief Legal Officer since 2023.*

**Born:** 1983

**Principal education:** Master in International Commercial Law, International Business School at Jönköping University.

**Current positions outside the Group:** Board member of Bostadsrättsföreningen FURAN.

**Previous positions outside the Group (last five years):** Deputy board member in Bostadsrättsföreningen FURAN. Legal Counsel at Legal Works Nordic.

**Shareholding in the Company:** None.

**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, 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 major shareholders, 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. Apart from what is mentioned below, none of the board members or senior executives have been 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 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.

Dimitrij Titov was chairman of the board of directors in Forsheda Gruppen AB when the Company was adjudged bankrupt in December 2023. The bankruptcy is not yet finalised.

**INDEPENDENT AUDITOR**

BDO Mälardalen AB and Carl-Johan Kjellman were re-elected as the Company's auditor at the annual general meeting 28 May 2024 until the close 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 and Carl-Johan Kjellman have been the Company's auditor for the financial years during the period of the financial information in the Prospectus. BDO Mälardalen AB's and Carl-Johan Kjellman's address is Box 6343, 102 35 Stockholm, Sweden.

# 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).

## 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

Shareholders 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 in the general meeting 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 no later than four bank days prior to the general meeting in order to be entitled to participate in the general meeting. Shareholders who wishes to be registered to vote 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 no more than two (2) 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, 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 two members: Juan Vallejo (chairman) and Adam Philpott. 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 fees paid to the members of the board of directors (including committee work) during the financial year 2023.

| Board member                      | Position     | Board fee (MSEK) |
|-----------------------------------|--------------|------------------|
| Christian Lagerling <sup>1)</sup> | Chairman     | 0.8              |
| Alexander Kotsinas                | Board member | 0.4              |
| Dimitrij Titov                    | Board member | 0.4              |
| Ted Elvhage <sup>2)</sup>         | Board member | 0.1              |
| Juan Vallejo                      | Board member | 0.4              |
| Adam Philpott <sup>3)</sup>       | Board member | 0.1              |
| Mario Shiliashki <sup>4)</sup>    | Board member | 0.2              |

1) Elected as chairman of the board of directors at the annual general meeting 2023.

2) Resigned from his position as board member on 24 May 2023

3) Elected as board member at the annual general meeting 2023.

4) Elected as board member at the annual general meeting 2023 and resigned from his position in connection with the annual general meeting 2024.

The annual general meeting on 28 May 2024 resolved that fees for the board members, for the

period until the close of the annual general meeting 2025, shall amount to a total of SEK

1.855 million. In addition, there is fees for committee work of SEK 0.45 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 0.07 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 during the financial year 2023.

| <b>MSEK</b>                                           | <b>Basic salary</b> | <b>Variable remuneration<sup>1)</sup></b> | <b>Other benefits<sup>2)</sup></b> | <b>Pension costs</b> | <b>Consultant fees</b> | <b>Total</b> |
|-------------------------------------------------------|---------------------|-------------------------------------------|------------------------------------|----------------------|------------------------|--------------|
| CEO <sup>3)</sup>                                     | 5.0                 | 2.3                                       | 0.0                                | 0.2                  | –                      | 7.5          |
| Other senior executives (5 individuals) <sup>4)</sup> | 12.0                | 0.5                                       | 4.8                                | 3.1                  | –                      | 20.4         |
| <b>Total</b>                                          | <b>17.0</b>         | <b>2.8</b>                                | <b>4.8</b>                         | <b>3.3</b>           | <b>–</b>               | <b>27.9</b>  |

1) Remuneration according to bonus programme.

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

3) Ted Hansson was CEO until 31 August 2023. For 2023, he received a basic salary of SEK 3.6 million, SEK 3.3 million in variable remuneration, SEK 0.0 million in other benefits and SEK 0.2 million in pension. Acting CEO Adam Philpott was appointed on 1 September 2023 and the remuneration for 2023 in the table above, reflects this.

4) Ted Hansson was Chief Product Officer until 29 April 2024 when Fredrik Ramberg was appointed new Chief Product Officer and the remuneration in the table above reflects this. Thus, the table does not include remuneration to Fredrik Ramberg in 2023.

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

##### ***Terms for the CEO***

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

Company if the employment agreement is terminated by either the CEO or the Company. The CEO is, under certain conditions, entitled to a severance pay equivalent to six months' salary. The 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 2024 resolved to adopt the below guidelines for remuneration to the CEO and the senior executives.

#### *Purpose etc.*

Group management is defined as the CEO and other members of the executive management.

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 to 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 Fingerprints business result in line with the Company's business strategy. In order to support this, the design and implementation of Fingerprints 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 Fingerprints perform annual reviews to make sure Fingerprints 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.

For more information about the Company's business strategy, please refer to [www.fingerprints.com](http://www.fingerprints.com).

In case of employment relationships governed by rules other than Swedish, appropriate adjustments may be made to comply with applicable laws and local practices, taking into account the overall purpose of these guidelines.

#### *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 Fingerprints present and future capability to pay competitive compensation and Fingerprints must earn the means for Fingerprints 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 Fingerprints' objective to compare Fingerprints' 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 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/loss and liquidity. 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 whole, 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. For more information about Fingerprints' auditor, see section "*Board of directors, senior executives and auditor – Independent auditor*".

For the financial year ended on 31 December 2023 the total remuneration to the Group's auditors was SEK 5.4 million, of which SEK 3.7 million related to the Company.

# Shares, share capital and ownership structure

## SHARES AND SHARE CAPITAL

According to the Company's registered articles of association the share capital shall not be less than SEK 18,480,000 and not be more than SEK 73,920,000, divided into not less than 424,450,000 shares and not more than 1,697,800,000 shares. Shares can be issued in two classes: A-shares and B-shares. A-shares may be issued in a maximum number of 127,335,000 and B-shares in a maximum number of 1,570,465,000.

The annual general meeting on 28 May 2024 resolved to adopt three alternative articles of associations, where alternative one entails that the Company's share capital shall not be less than SEK 87,085,013.422825 and not be more than SEK 348,340,053.691301, the number of shares shall not be less than 2,000,000,000 and not be more than 8,000,000,000, and that A-shares may be issued to a maximum number of 648,648,649 and B-shares to a maximum number of 7,351,351,351. Alternative two entails that the Company's share capital shall not be less than SEK 54,428,133.389266 and not be more than SEK 217,712,533.557063, the number of shares shall not be less than 1,250,000,000 and not be more than 5,000,000,000, and that A-shares may be issued to a maximum number of 405,405,405 and B-shares to a maximum number of 4,594,594,595. Alternative three entails that the Company's share capital shall not be less than SEK 21,771,253.355706 and not be more than SEK 87,085,013.422825, the number of shares shall not be less than 500,000,000 and not be more than 2,000,000,000, and that A-shares may be issued to a maximum number of 162,162,162 and B-shares to a maximum number of 1,837,837,838. In connection with the general meeting's resolution on the three alternative articles of

associations, the general meeting also resolved to authorise the board of directors to submit for registration at the Swedish Companies Registration Office (Sw. *Bolagsverket*) the articles of association which limits for the minimum and maximum number of shares in the Company is compatible with the total number of shares in the Company upon completion of the Rights Issue.

As of 31 March 2024, the Company's registered share capital amounted to SEK 26,675,515.685251 divided into 612,631,603 shares (of which 7,875,000 are A-shares and 604,756,603 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 Swedish krona (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 the Prospectus, the Company's B-shares, but not A-shares, are admitted to trading on Nasdaq Stockholm.

## CHANGES TO THE CAPITAL STRUCTURE AS A RESULT OF THE RIGHTS ISSUE

### Increase in share capital and number of shares

The Rights Issue will at most increase the number of shares in the Company from 612,631,603 shares (of which 7,875,000 are A-shares and 604,756,603 are B-shares) to 4,084,210,681 shares (of which 7,875,000 are A-shares and 4,076,335,681 are B-shares), which corresponds to

an increase of the total number of shares with approximately 666.7 per cent and an increase of the total number of votes with approximately 607.9 per cent. In such case, the share capital will increase by SEK 151,161,255.30, from SEK 26,675,515.69 to SEK 177,836,770.99. The quota value of the shares will be unchanged at SEK 0.043543 per share.

### **Potential dilution due to the Rights Issue**

For shareholders who decide not to subscribe its share in the Rights Issue may have their ownership share diluted by up to approximately 85.0 per cent and their voting share diluted by up to approximately 83.6 per cent.

### **NET ASSET VALUE PER SHARE**

The net asset value (Sw. *substansvärde*) per share before the Rights Issue based on the Group's equity and number of shares as of 31 March 2024 is SEK 1.08. The subscription price in the Rights Issue is SEK 0.09 per B-share.

### **HOLDING OF TREASURY SHARES**

As of the date of the 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.

Shareholders 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 the record 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 A-share 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 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.

#### **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 “–Dividends 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 register (“**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, 101 23 Stockholm, Sweden). No share certificates has been issued for the existing A-shares and B-shares in the Company. 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 26 April 2024, the Company's board of directors resolved on the Rights Issue subject to the subsequent approval from the annual general meeting. The board of directors' resolution was approved by the annual general meeting on 28 May 2024.

#### **AUTHORISATIONS FOR THE BOARD OF DIRECTORS TO RESOLVE ON ISSUES**

On 28 May 2024, 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 twenty (20) 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., 30 April 2024). 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.

## WARRANTS, CONVERTIBLES AND SHARE RELATED INCENTIVE PROGRAMS

In September 2023, the Company issued convertible bonds of a total nominal amount of SEK 160 million to an entity managed by Heights Capital Management, Inc. ("**HCM**"), which may be converted to new B-shares (the "**Convertible Bonds**"). For more information on the Convertible Bonds, please refer to section "*Background and*

*reasons*", and "*Material agreements–Financing agreement regarding the Convertible Bonds*"

### Warrant Programme 2024/2027

The annual general meeting on 28 May 2024 resolved to adopt a long-term incentive program to Fingerprints' executive management (the "**Warrant Programme 2024/2027**"). The participants in the Warrant Programme 2024/2027 are offered to purchase warrants at market price. To assist participants with the initial investment, a cash bonus will be paid out from Fingerprints. The payment of the cash bonus will be cash flow neutral for the Company and partly subsidize the participants' investment. The Company has the right to invoke a clawback if a participant terminates its employment with the Company within three years. Each warrant entitle the holder to subscribe for one (1) B-share in Fingerprints during the period from and including 1 July 2027 up to and including 1 October 2027. The Warrant Programme 2024/2027 may include a maximum of 14,000,000 warrants. Upon full exercise of all 14,000,000 issued warrants, the Warrant Programme 2024/2027 will comprise a maximum of 14,000,000 new shares in Fingerprints, corresponding to a dilution of approximately 2.2 per cent of all outstanding shares in Fingerprints at the time of the release of the notice to the annual general meeting.

## OWNERSHIP STRUCTURE

The table below shows the shareholders who had a direct or indirect shareholding that represents five per cent or more of the total number of shares or votes in Fingerprints as of 31 March 2024 (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 14.36 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 section "*Corporate governance*" above in order to ensure that control of the Company is not abused.

The Company is not aware of any possible arrangements which, to the Company's knowledge, may lead to a change of control of the Company at a later date.

| Shareholders                      | Number of A-shares | Number of B-shares | Percentage of share capital, % | Percentage of votes, % |
|-----------------------------------|--------------------|--------------------|--------------------------------|------------------------|
| Avanza Pension                    | 0                  | 28,944,512         | 4.72                           | 4.26                   |
| Johan Carlström (through company) | 7,875,000          | 14,000,000         | 3.78                           | 14.36                  |
| Other shareholders                | 0                  | 561,812,091        | 91.50                          | 81.38                  |
| <b>Total</b>                      | <b>7,875,000</b>   | <b>604,756,603</b> | <b>100.00</b>                  | <b>100.00</b>          |

Source: Modular Finance AB

## SHARE CAPITAL DEVELOPMENT

The table below summarises the historic development of the Company's share capital covered by the historical financial information in the Prospectus (1 January 2021–31 March 2024).

| Year | Event                                                         | Change in number of shares | Total number of shares | Change in share capital (SEK) | Share capital (SEK) | Quota 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>                                     | 86,130,005                 | 409,553,029            | 3,750,316.320766              | 17,832,965.513911   | 0.043543          |
| 2022 | Share issue <sup>4)</sup>                                     | 14,939,690                 | 424,492,719            | 650,511.552092                | 18,483,477.066003   | 0.043543          |
| 2023 | Share issue <sup>5)</sup>                                     | 98,112,180                 | 522,604,899            | 4,272,050.256121              | 22,755,527.322124   | 0.043543          |
| 2023 | Share issue <sup>6)</sup>                                     | 53,385,172                 | 575,990,071            | 2,324,524.210100              | 25,080,051.532224   | 0.043543          |
| 2023 | Execution of warrants <sup>7)</sup>                           | 2,787,699                  | 578,777,770            | 121,383.402417                | 25,201,434.934641   | 0.043543          |
| 2023 | Share subscription, convertible bonds <sup>8)</sup>           | 18,111,900                 | 596,889,670            | 788,637.527306                | 25,990,072.461947   | 0.043543          |
| 2024 | Share subscription, convertible bonds <sup>9)</sup>           | 6,835,681                  | 603,725,351            | 297,642.685820                | 26,287,715.147767   | 0.043543          |
| 2024 | Share subscription, convertible bonds <sup>10)</sup>          | 8,906,252                  | 612,631,603            | 387,800.537484                | 26,675,515.685251   | 0.043543          |

1) Cancellation of B-shares with subsequent bonus issue. The cancellation of B-shares was carried out at quota 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 Company's hybrid equity instruments, 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. The subscription price for the A-shares was SEK 3.02 and the subscriptions price for the B-shares was SEK 3.02. Following the cash share issue, the number of A-shares amounted to 7,875,000 and the number of B-shares to 401,678,029. The cash share issue was registered with the Swedish Companies Registration Office on 29 November 2022.

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- 4) Cash share issue of B-shares. The subscription price for the B-shares was SEK 3.02. Following the cash share issue, the number of B-shares amounted to 416,617,719. The cash share issue was registered with the Swedish Companies Registration Office on 2 December 2022.
  - 5) Cash share issue of B-shares. The subscription price for the B-shares was SEK 1.20. Following the cash share issue, the number of B-shares amounted to 514,729,899. The cash share issue was registered with the Swedish Companies Registration Office on 14 September 2023.
  - 6) Cash share issue of B-shares. The subscription price for the B-shares was SEK 1.20. Following the cash share issue, the number of B-shares amounted to 568,115,071. The cash share issue was registered with the Swedish Companies Registration Office on 18 September 2023.
  - 7) Share subscription of 2,787,699 B-shares through the exercise of warrants.
  - 8) Subscription of B-shares through the exercise of convertible bonds. The subscription price for the B-shares was SEK 1.49865. Following the conversion the number of B-shares amounted to 589,014,670. The new B-shares was registered with the Swedish Companies Registration Office on 18 December 2023.
  - 9) Subscription of B-shares through the exercise of convertible bonds. The subscription price for the B-shares was SEK 1.0777. Following the conversion the number of B-shares amounted to 595,850,351. The new B-shares was registered with the Swedish Companies Registration Office on 22 January 2024.
  - 10) Subscription of B-shares through the exercise of convertible bonds. The subscription price for the B-shares was SEK 0.8202. Following the conversion the number of B-shares amounted to 604,756,603. The new B-shares was registered with the Swedish Companies Registration Office on 20 March 2024.

## DIVIDENDS AND DIVIDEND POLICY

### General

The Company did not pay any dividend for the financial years 2021–2023.

### 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 shall be distributed to the shareholders.

The board of directors' 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, by the annual general meeting, 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” (Sw. *sakutdelning*)). 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 (Sw.

*Aktiemarknadsnämnden*) 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 Swedish Securities Council has granted HCM an exemption from the mandatory bid obligations under the Swedish Takeover Act that would apply to HCM if HCM's guarantee commitments would entail that HCM gains control over 30 per cent of the total number of votes in the Company. The exemption is conditional upon that (i) the Company's shareholders prior to the annual general meeting on 28 May 2024, are informed about the total holding of shares and votes that HCM may receive as a result of its guarantee commitment (if fully utilised) and (ii) the Rights Issue is approved by the annual general meeting with at least two thirds of both the votes cast and shares represented at the meeting, excluding any shares held and represented by HCM. On 28 May 2024, the annual general meeting resolved to approve the board of directors' decision on the Rights Issue with a majority exceeding two thirds of both the votes cast and shares represented at the meeting, excluding any shares held and represented by HCM. In connection with the announcement of the final terms of the Rights Issue on 23 May 2024, the Company also announced the maximum total holding of shares and votes that HCM may receive if its Guarantee Commitments are fully utilised.

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 the previous financial year.

# Legal considerations and supplementary information

## INFORMATION ABOUT THE PROSPECTUS

The 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 the Prospectus Regulation and this Prospectus is the English translation thereof. In the event of any discrepancies between the 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. An approval should not be considered as an endorsement of the Company or of the quality of the securities that are the subject of the Prospectus.

Investors should make their own assessment as to the suitability of investing in the securities. The Prospectus was approved by the SFSA on 29 May 2024.

SFSA’s postal address is Box 7821, 103 97 Stockholm, Sweden. 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 no longer than 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 the Prospectus in the event of significant new factors, material mistakes or material inaccuracies ceases when the B-shares have been admitted to trading on Nasdaq Stockholm

## 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, 403 16 Gothenburg, Sweden and its visiting address is Kungsgatan 20, 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 the 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 (US)
- Delta ID Inc (US)
- Fingerprint Cards Inc (US)
- Fingerprint Cards Switzerland AG (Switzerland)
- Fingerprint Cards Sweden AB (Sweden)
- Fingerprint Cards Anacatum IP AB (Sweden)
- Fingerprint Cards IP AB (Sweden)
- Fingerprint Cards ApS (Denmark)
- Fingerprint Cards France SAS (France)
- Fingerprint Cards (Shanghai) Co Ltd (China)
- Fingerprint Cards Asia (China)
- Fingerprint Cards Korea Co Ltd (Korea)
- Fingerprint Cards Japan KK (Japan)
- Fingerprint Cards Singapore Pte Ltd (Singapore)
- Fingerprint Cards Taiwan Ltd (Taiwan)
- Fingerprint Cards UK Ltd (UK)
- Fingerprint Cards Cayman (CI)

## SUBSCRIPTION UNDERTAKINGS AND GUARANTEE COMMITMENTS REGARDING THE RIGHTS ISSUE

Some of Fingerprints' existing shareholders (including members of the board of directors and executive management) have undertaken to subscribe for B-shares corresponding to all or part of its *pro rata* share of B-shares in the Rights Issue, corresponding to approximately SEK 1.5 million (the "**Subscription Undertakings**").

Further, part of the Rights Issue is subject to certain subscription guarantee commitments in a total amount of SEK 273.6 million in accordance with the below (the "**Guarantee Commitments**"). An entity managed by

Heights Capital Management, Inc. ("**HCM**") has entered into a subscription guarantee commitment consisting of a so-called top guarantee in an amount of up to SEK 50 million (the "**Primary Subscription Guarantee**") and, subordinated to the Primary Subscription Guarantee, a so-called bottom guarantee in an amount of up to SEK 100 million. In addition, certain other external investors have, subordinated to the Primary Subscription Guarantee, entered into bottom guarantee commitments which together with HCM's bottom guarantee amounts to up to approximately SEK 225 million. If the Rights Issue is subscribed and paid for in an amount between SEK 225 million and SEK 275 million, the Primary Subscription Guarantee covers the subscription and payment of B-shares in the Rights Issue up to SEK 275 million and if the Rights Issue is subscribed and paid for in an amount under SEK 225 million, the bottom guarantees covers the subscription of and payment for B-shares in the Rights Issue up to SEK 225 million. No Guarantee Commitments covers the subscription of and payment for B-shares in the Rights Issue in excess of SEK 275 million. Accordingly, the Rights Issue is covered by Subscription Undertakings and Guarantee Commitments in an aggregate amount of up to SEK 275 million.

Neither the Subscription Undertakings nor the Guarantee 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.

It is the Company's assessment that Fingerprints carries out so-called protection-worthy activities, hence the fulfilment of issued guarantee may be subject to mandatory filing under the Screening of Foreign Direct Investments Act (the "**Swedish FDI Act**") (Sw.

lagen (2023:560) om granskning av utländska direktinvesteringar) and, if applicable, pursuant to legislation in any other jurisdiction, should the investor through the investment exceed the thresholds of 10, 20, 30, 50, 65 or 90 per cent of the total number of votes in the Company. Mandatory filing pursuant to the Swedish FDI Act shall be made by the relevant subscription guarantor to the Inspectorate of Strategic Products (the “ISP”) and mandatory filing pursuant to legislation in other jurisdiction (if applicable) shall be made to equivalent body in other jurisdiction prior to the investment being carried out. Accordingly, an investment in the Company that exceeds any of the aforementioned thresholds is subject to mandatory filing, which may entail that the investment may only be carried out if the ISP or, if applicable, other equivalent body in other jurisdiction, has prior to this decided to i) take no action or ii) authorise the investment (“**FDI Decision**”). The Guarantee Commitments are, in respect of any B-shares that would require a prior FDI Decision (“**FDI Shares**”), conditional upon that the relevant guarantor obtaining such prior FDI Decision. In the event that any Guarantee Commitment will require the subscription and payment of FDI Shares, there

will be a separate and longer subscription and payment period in respect of such FDI Shares which may run until 31 August 2024 at the latest.

For the Guarantee Commitments a consideration of 12 per cent of the guaranteed amount will be paid, corresponding to SEK 32.8 million in total (no consideration is paid for the Subscription Undertakings). No consideration will be paid to subscription guarantors for FDI Shares which are not subscribed for due to a required FDI Decision not being obtained by the last day of the subscription period for FDI Shares. The consideration to the subscription guarantors is part of the total costs for the Rights Issue, which is estimated to amount to approximately SEK 58 million (see section “*Net proceeds and costs related to the Rights Issue*” for more information on the costs for the Rights Issue). The Guarantee Commitments were entered into 26 April 2024. Allotment of B-shares that have been subscribed for in accordance with the Guarantee Commitments will be carried out in accordance with the principles described in section “*Terms and instructions–Subscription of B-shares without exercising subscription rights*”.

## Subscription Undertakings and Guarantee Commitments

The table below summarises the Subscription Undertakings and Guarantee Commitments that has been entered into as of the date of the Prospectus.

| Name                                    | Subscription Undertaking (MSEK) | Subscription Undertaking (%)* | Guarantee Commitments (MSEK) | Guarantee Commitments (%)* |
|-----------------------------------------|---------------------------------|-------------------------------|------------------------------|----------------------------|
| HCM <sup>1)</sup>                       | –                               | –                             | 150.0                        | 48.4                       |
| Atlant Opportunity <sup>2)</sup>        | –                               | –                             | 15.0                         | 4.8                        |
| CapMate Aktiebolag <sup>3)</sup>        | –                               | –                             | 10.0                         | 3.2                        |
| MP Penjson PK <sup>4)</sup>             | –                               | –                             | 10.0                         | 3.2                        |
| Selandia Alpha Invest A/S <sup>5)</sup> | –                               | –                             | 10.0                         | 3.2                        |

|                                           |              |             |              |             |
|-------------------------------------------|--------------|-------------|--------------|-------------|
| Tellus Equity Partners AB <sup>6)</sup>   | —            | —           | 10.0         | 3.2         |
| Swedia Capital AB <sup>7)</sup>           | —            | —           | 8.5          | 2.7         |
| Hamilton Stuart Capital Ltd <sup>8)</sup> | —            | —           | 7.5          | 2.4         |
| Buntel AB <sup>9)</sup>                   | —            | —           | 5.0          | 1.6         |
| Mats Nilsson <sup>10)</sup>               | —            | —           | 5.0          | 1.6         |
| Shaps Capital AB <sup>11)</sup>           | —            | —           | 5.0          | 1.6         |
| Carl Rosvall <sup>12)</sup>               | —            | —           | 4.0          | 1.3         |
| Martin Bjäringer <sup>13)</sup>           | —            | —           | 4.0          | 1.3         |
| Patrick Bergström <sup>14)</sup>          | —            | —           | 4.0          | 1.3         |
| Zantoor AB <sup>15)</sup>                 | —            | —           | 4.0          | 1.3         |
| AD94 Holding Aktiebolag <sup>16)</sup>    | —            | —           | 3.0          | 1.0         |
| Myacom Investment AB <sup>17)</sup>       | —            | —           | 3.0          | 1.0         |
| Wilhelm Risberg <sup>18)</sup>            | —            | —           | 3.0          | 1.0         |
| LLTB Invest AB <sup>19)</sup>             | —            | —           | 2.5          | 0.8         |
| Jinderman & Partners AB <sup>20)</sup>    | —            | —           | 2.0          | 0.6         |
| Kucing ApS <sup>21)</sup>                 | —            | —           | 2.0          | 0.6         |
| Martin Jonsson <sup>22)</sup>             | —            | —           | 2.0          | 0.6         |
| Philip Ohlsson <sup>23)</sup>             | —            | —           | 2.0          | 0.6         |
| JEQ Capital AB <sup>24)</sup>             | —            | —           | 1.1          | 0.4         |
| Mattias Svensson <sup>25)</sup>           | —            | —           | 1.0          | 0.3         |
| Juan Vallejo <sup>26)</sup>               | 0.571        | 0.18        | —            | —           |
| Christian Lagerling <sup>27)</sup>        | 0.531        | 0.17        | —            | —           |
| Adam Philpott <sup>28)</sup>              | 0.139        | 0.04        | —            | —           |
| Fredrik Hedlund <sup>29)</sup>            | 0.100        | 0.03        | —            | —           |
| Hila Meller <sup>30)</sup>                | 0.100        | 0.03        | —            | —           |
| Dimitrij Titov <sup>31)</sup>             | 0.010        | 0.003       | —            | —           |
| Alexander Kotsinas <sup>32)</sup>         | 0.077        | 0.002       | —            | —           |
| <b>Total</b>                              | <b>1.459</b> | <b>0.47</b> | <b>273.6</b> | <b>88.3</b> |

1) CVI Investment, Inc. c/o Heights Capital Ireland, LLC International Centre, Memorial Road IFSC, Dublin 1, D01 T6T0, Ireland.

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- 2) Skomakaregatan 13, 223 50 Lund, Sweden.
  - 3) c/o Gerhard Dal, Eriksrogränd 8, 194 78 Upplands Väsby, Sweden.
  - 4) P.b. 665 Sentrum 0106 Oslo, Norway.
  - 5) Snaregade 10A, 2, 1205 Copenhagen K, Denmark.
  - 6) Skeppargatan 102, 115 30 Stockholm, Sweden.
  - 7) Box 385, 111 73 Stockholm, Sweden.
  - 8) 101 Wigmore Street, London, fifth floor, Greater London, England, W1U 1QU.
  - 9) Ingemar Bergmans gata 2, 114 34 Stockholm, Sweden.
  - 10) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 11) Mailbox 642, 114 11 Stockholm, Sverige.
  - 12) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 13) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 14) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 15) Västra vägen 1C lgh 1601, 169 61 Solna, Sweden.
  - 16) c/o Compary AB, Stora badhusgatan 20, 411 21 Gothenburg, Sweden.
  - 17) Torstenssonsgatan 3, 114 56 Stockholm, Sweden.
  - 18) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 19) Lillkullelgatan 2B, 412 74 Gothenburg, Sweden.
  - 20) Hornsgatan 178, 117 34 Stockholm, Sweden.
  - 21) Valmuemarken 20, 5260 Odense S, Denmark.
  - 22) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 23) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 24) Rådmansgatan 84, 113 29 Stockholm, Sweden.
  - 25) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 26) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 27) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 28) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 29) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 30) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 31) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.
  - 32) c/o Fingerprint Cards AB, Kungsgatan 20, 411 19 Gothenburg, Sweden.

\*) Share of the total amount of the B-shares in the Rights Issue.

## LOCK-UP UNDERTAKINGS

In connection with the Rights Issue, the board of directors and executive management of the Company has undertaken not to, without the prior written consent from Pareto Securities AB (“**Pareto**”), and with customary exceptions (for example in case of disposal of shares due to legal requirements or by order of a public authority or court), sell their respective holdings of shares (or other financial instrument) in the Company or otherwise enter into transactions with similar effect for a period of 180 days following the announcement of the final outcome of the Rights Issue. The lock-up undertakings are issued towards Pareto.

The Company has also, subject to customary conditions, undertaken against Pareto not to

carry out any 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 Pareto during a period of 180 days from the day of the completion of the Rights Issue.

## 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 years, as well as other agreements entered into by the Group

which contain rights or obligations of material importance for the Group.

### **Financing agreement regarding the Convertible Bonds**

In order to meet Fingerprints' working capital needs, Fingerprints issued convertible bonds of SEK 160 million in September 2023 to an entity managed by Heights Capital Management, Inc. ("HCM"), which may be converted into new B-shares (the "**Convertible Bonds**") and shall be, in accordance with the terms and conditions for the Convertible Bonds, amortised every second month in equal instalments with accrued but unpaid interest ("**Instalments**"). The bonds shall have a fixed interest rate of six (6) per cent annually on outstanding nominal amount. Instalments can be made either in cash or by payment in new B-shares. For each period between Instalment dates, HCM shall be entitled to make, subject to written notice to the Company, in whole or in part, up to one (1) additional Instalment. The Company has the right to decide whether Instalments shall be made in cash or with new B-shares. Furthermore, HCM can chose to convert the Convertible Bond at any time within its maturity date. As of the date of the Prospectus the last Instalment is scheduled for 19 January 2027 (however, see section "*Agreement on early redemption of the Convertible Bonds*" below).

### **Agreement on early redemption of the Convertible Bonds**

On 26 April 2024 the Company entered into an agreement with HCM regarding early redemption of the Convertible Bonds at a price equal to 100 per cent of the current outstanding amount of the Convertible Bonds, corresponding to approximately SEK 105 million, together with accrued but unpaid interest, which will be financed with part of the net proceeds from the Rights Issue.

The agreement with HCM also include certain waivers from the terms of the Convertible

Bonds, including that HCM will refrain from exercising its conversion right and amortisation right in respect of the Convertible Bonds up until the redemption for the Convertible Bonds, which is expected to be carried out following the Company's receipt of the net proceeds from the Rights Issue. HCM's obligations under the agreement, including the early redemption of the Convertible Bonds, are subject to certain conditions being fulfilled, including that the Rights Issue is, and continues to be, subject to subscription and/or guarantee commitments in a total amount of up to SEK 275 million up until the completion of the Rights Issue and that the redemption takes place no later than on 30 September 2024. Fingerprints' obligation to carry out the redemption of the Convertible Bonds are also subject to certain conditions, including that at least SEK 275 million of the Rights Issue is subscribed and paid for.

### **Bridge Loan**

The Company has entered into a SEK 60 million bridge loan agreement with a consortium of external investors in order to meet Fingerprints' working capital needs during the period up until the completion of the Rights Issue (the "**Bridge Loan**"). The Bridge Loan is subject to a fixed interest rate of two (2) per cent per month which is capitalised and added to the principal amount of the Bridge Loan. The Bridge Loan falls due on the earlier of (i) the date falling three (3) business days after the Company notifies the lenders that the Company has received sufficient funds in the Rights Issue to repay the Bridge Loan, (iii) the date falling three (3) business days after the Company's receipt of the net proceeds from the Rights Issue, and (iii) 31 July 2024. The Bridge Loan is subject to certain event of default grounds, including that the annual general meeting in the Company does not approve the board of directors' resolution on the Rights Issue, as well as other customary event of default grounds.

## **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.

## **ADVISORS' INTEREST**

The Company's financial advisers in connection with the Rights Issue is Pareto. Pareto receives customary commission, which to some extent is dependent on the outcome of the Rights Issue. Pareto have provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which Pareto have received, or may receive, compensation.

## **RELATED PARTY TRANSACTIONS**

No related party transactions that individually or together are material to the Company has taken

place during the financial years' 2021, 2022, and 2023 and up to and including the date of the Prospectus.

## **NET PROCEEDS AND COSTS RELATED TO THE RIGHTS ISSUE**

The Company's costs related to the Rights Issue, including payment of remuneration to Pareto and other advisors, as well as other expected issue costs is estimated to amount to approximately SEK 58 million. Following deduction of issue related costs, the net proceeds from the Rights Issue will amount to not more than approximately SEK 254.4 million.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

The Company's articles of association as well as certificate of registration are available for inspection at the Company's office at Kungsgatan 20, 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 18,480,000 and not more than SEK 73,920,000. The number of shares shall not be fewer than 424,450,000 and not exceed 1, 697,800,000.

## § 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 127,335,000 and Class B shares in a maximum number of 1,570,465,000.

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.

# Definitions and glossary

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“A-shares”</b>                  | Shares of class A in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“B-shares”</b>                  | Shares of class B in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Bridge Loan”</b>               | The short-term loan of SEK 60 million that HCM has provided the Company for the purpose of providing the Company with necessary liquidity until the Rights Issue is completed.                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“BTA”</b>                       | Paid subscribed B-share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Company” or “Fingerprints”</b> | Fingerprint Cards AB (publ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“Convertible Bonds”</b>         | The Convertible bonds of SEK 160 million, issued by the Company on 19 September 2022 that may be converted to new B-shares.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Euroclear Sweden”</b>          | Euroclear Sweden AB.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Swedish FDI Act”</b>           | The Screening of Foreign Direct Investments Act (Sw. <i>lag (2023:560) om granskning av utländska direktinvesteringar</i> ).                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“FDI Decision”</b>              | Granting of B-shares in the Rights Issue that would entail that a party who guarantee part of the Rights Issue gains control of ten (10) per cent or more of the votes in the Company following the Rights Issue entail a requirement for a prior decision from the Inspectorate of Strategic Products in accordance with the Screening of Foreign Direct Investments Act (2023:560) and, if applicable, any other equivalent body pursuant to legislation in any other jurisdiction, to approve the investment or leave the application therefore without remark. |
| <b>“FDI Shares”</b>                | B-shares in the Rights Issue which, if granted to a party who guarantee part of the Right Issue, would require a FDI Decision and such FDI Decision has not been obtained at the time of granting.                                                                                                                                                                                                                                                                                                                                                                 |
| <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>“Group”</b>                     | The group in which the Company is the parent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“HCM”</b>                       | The entity managed by Heights Capital Management Inc. which is the Holder of the Convertible Bonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>“ISP”</b>                       | The Inspectorate of Strategic Products                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <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>“Rights Issue”</b>              | The issue of B-shares with preferential rights for the Company’s existing shareholders resolved by the board of directors on 26 April 2024 and approved by the annual general meeting of the Company on 28 May 2024.                                                                                                                                                                                                                                                                                                                                               |
| <b>“SEK”</b>                       | Swedish krona.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“USD”</b>                       | United States Dollar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

# Addresses

## THE COMPANY

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FINGERPRINTS