2023 ANNUAL REPORT

FINGERPRINTS

FINGERPRINTS ANNUAL REPORT 2023

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STRATEGY

A key aspect of Fingerprints' Transformation Plan and new strategic direction is the redirection of capital and investments away from mobile sensor hardware, towards our higher-margin existing lines of business along with new diversification areas.

> Read more on page 7-8

SUSTAINABILITY

Fingerprints' operations contribute to sustainable development and have a positive impact on society, not least because our product portfolio adds value for customers, users and society at large, with secure identification and authentication in an increasingly vulnerable digital environment.

> Read more on pages 34-47

PRODUCT GROUPS

Fingerprints' security solutions make everyday life easier for users throughout the world by offering secure and convenient identification and authentication. Sales are reported in the four product groups Mobile, PC, Access and Payment.

> Read more on page 9 and pages 12-16

MARKET

Around 80 percent of the revenue in biometric devices and sensors is currently generated outside consumer electronics, in the government & security, enterprise & industrial, healthcare, and financial sectors, as well as in the field of biometric locks. It is in these markets that we expect to see most of the growth in the coming years.

> Read more on pages 7-8

THIS IS FINGERPRINTS CARDS

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

Fingerprint Cards AB, or Fingerprints, is the leading global biometrics company with Swedish roots. Our solutions are integrated into over a billion devices and applications and are used billions of times every day. We deliver secure and convenient identification and authentication and create value by facilitating the everyday lives of our global user base.

Fingerprints develops biometric systems comprising sensors, microcontroller units (MCUs), algorithms, software and packaging technologies. The company's success is built on product development with leading-edge specialist competence that spawns world-leading products in terms of security, user-friendliness and performance.

Manufacturers of smartphones are Fingerprints' largest customer segment. The use of biometrics is increasing in several application areas, and Fingerprints' solutions can be found in e.g. payment cards, PCs and door locks.

Fingerprints is listed on Nasdaq Stockholm. The headquarters is located in Sweden, but the company also has offices in China, Denmark, France, India, Japan, Singapore, South Korea, Switzerland, Taiwan and the United States.

FIVE YEAR SUMMARY

SEK M	2023	2022	2021	2020	2019
Revenue	705.4	861.8	1,355.8	1,255.7	1,458.6
Gross profit	89.6	166.4[1]	396.9	275.2	331.1
Gross margin, %	12.7	19,3	29,3	21,9	23
Operating profit	-320.4	-631.0[2]	-7.6	-365.8	-14.4
Operating margin, %	-45.4	-73.2	-0.6	-29.1	-1
EBITDA	-242.2	-116.0	85.6	59.4	128.7
Profit/loss before tax	-375,5	-652.2	-1.0	-381.2	-17.4
Profit/loss for the year	-339,8	-586.0	0.1	-340.8	-13.6
Earnings per share, SEK	-0.74	-1.92	0.00	-1.10	-0.04
Equity/assets ratio, %	63.1	59.9	57	75	80
Average number of employees	200	239	310	276	261

1) Includes inventory write-down of SEK 15.9 M
2) Includes write-down of capitalized R&D projects of SEK 116 M and a write-down of goodwill of SEK 317 M

VISION

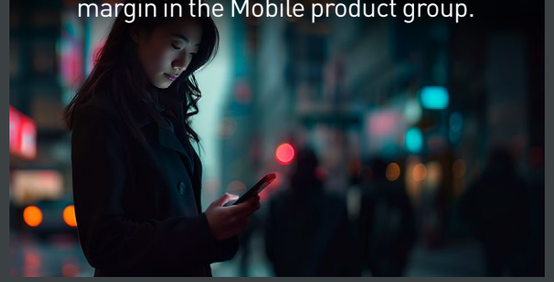
A secure and seamless universe, where you are the key to everything.

MISSION

To provide secure and convenient identification and authentication with a human touch.

2023
IN SUMMARY

MOBILE CHALLENGES
Continued unfavorable industry dynamics in the Asian mobile phone market, with a negative impact on revenue and gross margin in the Mobile product group.



TRANSFORMATION PLAN
A Transformation Plan was launched, including cost optimization, profitability, organizational effectiveness and strategy evolution.

STRONG GROWTH IN PC
Strong results delivered in our PC product group, with a 63-percent increase in revenue despite lower global PC shipments.

BIOMETRIC PAYMENT CARDS
Significant milestone reached by surpassing 1m sensor modules shipped to the biometric payment card industry.

13%
GROSS MARGIN (19%)

SEK 705 M
REVENUE (SEK 862 M)

SEK -88 M
CASH FLOW (SEK -334 M)

SEK -242 M
EBITDA (SEK -116 M)

MESSAGE FROM THE CEO

TRANSFORMATIONAL JOURNEY BEGINS

2023 saw new company leadership initiating a major Transformation Plan towards the end of the year, including cost optimization, profitability, organizational effectiveness and strategy evolution in order to further accelerate diversification to higher-margin lines of business. This was significantly driven by continued unfavorable industry dynamics in the Asian mobile phone market.

OUR PERFORMANCE IN 2023

We delivered exceptional results in our PC product group, with a 63-percent increase in revenue despite lower global PC shipments as an early sign of our diversification towards higher-margin markets and broadening beyond sensors to systems. At the same time, revenue on a Group level decreased by 18 percent in 2023 – 21 percent in constant currency terms – driven by intense price competition in Mobile, coupled with lower volumes in our Access and nascent Payment product groups.

The downward trend in global smartphone shipments persisted in 2023. We were able to normalize our inventory levels by the end of the year. Aggressive destocking measures led to strong price pressure, with a significant negative impact on our revenue and gross margin in the Mobile product group, in addition to the geopolitical challenges faced in the region.

Meanwhile, most of the revenue decrease in our Access business was attributable to the substantial drop in activity within the Chinese residential real estate construction sector, resulting in considerably lower sales of biometric door locks. Revenue development outside of Asia was more stable, with strong momentum towards the end of the year. During the year, we received our largest order to date from an Access customer outside Asia, for more than USD 1 M, demonstrating the positive trend that we see in this market.

Commercial rollouts of biometric payment cards were yet to manifest at scale during the year. However, at the beginning of 2024, we saw a commercial launch by Garanti BBVA, the second largest private bank in Türkiye, and a number of other banks are preparing to follow suit. The payment ecosystem continues to invest to support larger-scale commercial rollouts, not least in the enrollment area. Having to visit a bank branch to enroll has been a barrier to large-scale deployment of biometric payment cards, but this is now changing with the introduction of more convenient options for users to securely register their fingerprints on their payment card, anywhere in the world.

The prevailing market conditions in Mobile, currently our largest product group by revenue, mean that our gross margin is at an unsustainably low level. The negative outlook in Mobile looks set to endure, coupled with ongoing geopolitical risks. Our top priority is to arrest losses while continuing to diversify our revenue streams to higher-margin areas, including and beyond PC, Access and Payment. We fully expect improved profitability going forward, as we redirect capital and investments away from mobile sensor hardware, towards our higher-margin existing lines of business along with new diversification areas. This shift is a key aspect of our Transformation Plan and our new strategic direction.

THE GLOBAL BIOMETRICS MARKET HOLDS SIGNIFICANT POTENTIAL

Biometric solutions represent an industry of the future, propelled by the 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 AI and deepfake technology, the adoption of biometric authentication can be a strong defense 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

"Selectively expanding the scope of our solutions to capture a bigger portion of the value in the industry is a key part of our Biometrics Platform strategy."

that only authorized individuals gain seamless access to sensitive information and critical systems.

Quickly after assuming the role of CEO in September 2023, I set in motion a Transformation Plan to facilitate the necessary turnaround in performance. This plan includes a significant cost optimization program, profitability, organizational effectiveness, and strategy evolution. While significant performance enhancements won't occur overnight, we're progressing on all fronts.

COST OPTIMIZATION AND ORGANIZATIONAL EFFECTIVENESS

First, our cost program is proceeding according to plan with the objective of reducing our OpEx by half, reaching an annual run rate of approximately SEK 180 M in the second half of 2024. These measures are a necessary step to safeguard the financial health and future of our company.

We implemented some important organizational changes at the end of 2023, appointing a number of new leaders while transitioning to a functional organizational model in order to enable the timely execution of our pivot from a mobile biometrics component provider to a broader biometrics platform player. The two primary pillars of our organization are Product and Sales, with support from Finance, HR and other operational functions. These changes have significantly reduced organizational and operational complexity, with a streamlined and engaging model that injects more speed and efficiency into our company. Our organizational structure needs to support the execution of our strategy by deploying our talent efficiently, aligning our people with strategic projects quickly as market opportunities evolve. This capability will be critical as we focus on expanding and diversifying our revenue streams by tapping into new opportunities such as new geographies, technologies, channels, and partnerships, as well as adopting new business models like software licensing.

OUR BIOMETRICS PLATFORM

A significant portion of the value in the biometrics industry is related to the development of system-level products, and there are abundant opportunities for Fingerprints to move into other parts of the value chain. Selectively expanding the scope of our solutions to capture a bigger portion of the value in the industry is a key part of our Biometrics Platform strategy, and we are already seeing these diversification bets start to bear fruit in the PC area. In 2023, we made significant progress in further enhancing our highly competitive offering to PC OEMs by launching our newly developed, complete biometric system for PC makers. We are no longer just selling biometric sensors to our PC customers, but a complete system solution which also integrates Fingerprints' in-house microcontroller unit (MCU). Customer feedback has been very favorable, especially in terms of the enhanced speed that our system delivers. For end-users, this means much quicker unlocking, providing a seamless, secure means of accessing PCs.

In terms of other elements of our platform portfolio, Access, whilst project driven, has shown a consistent growth trend, with more opportunities to unlock, particularly in logical access – a huge new market in which we have great value to offer as an incremental near-term opportunity. I'd also like to highlight our assets in touchless solutions including our iris recognition software. We see an increased interest in our iris authentication solution, for example in relation to Driver Monitoring Systems (DMS) where IR-cameras will be added in most cars, as well as in AR/VR devices, triggered by the launch of the Apple Vision Pro device where authentication is made by an iris solution called Optic ID. Regarding DMS, we announced an agreement with a tier 1 automotive supplier in 2023, with the objective of further developing Fingerprints' iris recognition technology so that it can be seamlessly integrated into DMS to handle authentication. The development phase of the project is complete, and the solution will be promoted to automotive OEMs as an add-on feature.

In the Payment area, our primary focus in 2024 will be on targeted go-to-market activities, as the market requires more time to achieve widespread adoption of biometric payment cards. Technology-wise, we are maintaining a market leading position with very high performance in terms of transaction speed, power efficiency and security and we announced several product development projects and partnerships in the Payment area during 2023. One great example is the development of the new generation of the Thales Gemalto biometric payment card, a project in which we have been deeply involved. The new Thales solution, which features Fingerprints' T-Shape sensor (T2) and biometric payment software platform, is now ready for global mass deployment. We also deepened our collaboration with Infineon by becoming a Premium Partner. Our partnership has already resulted in the launch of Infineon's SECORA™ Pay Bio payment card solution, and we will now build on our existing work to drive collaboration, development and innovation in bringing biometric technologies for authentication into payments, but also to broader IoT applications and beyond.

I'd like to take the opportunity to thank our employees for their hard work, commitment, and resilience during a period of significant change. Our people continue to develop our best-in-class technology platform, and we will be making other bets this year beyond our current markets. As you look holistically at this portfolio, we see strong potential for the short, medium and long-term, particularly as we complement them with additional technologies to expand the platform.

Adam Philpott
President and CEO

MARKETS AND STRATEGY

FOCUS ON POTENTIAL AND ACCELERATED DIVERSIFICATION

Biometric solutions represent an industry of the future, propelled by the growing demand for secure and user-friendly authentication.

The wider global biometrics market is valued at approximately USD 40 billion. Out of this total, around 20 percent is accounted for by biometric devices and sensors. This is the market segment that Fingerprints is active in today, with the bulk of the company's revenue being generated from sales of fingerprint sensor modules and associated algorithms and software to customers in the consumer electronics space – mainly mobile phone manufacturers. These are high-volume, highly competitive and mature global markets, but are only a small part of the vast, double-digit growth biometrics market.

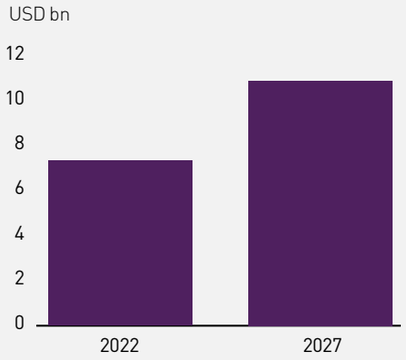
Around 80 percent of the revenue in biometric devices and sensors is currently generated outside consumer electronics, in the government & security, enterprise & industrial, healthcare, and financial sectors, as well as in the field of biometric locks. Furthermore, it is in these markets that we expect to see most of the growth in the coming years. Fingerprint recognition stands as the dominant biometric modality in terms of revenue, and we expect it to increase further in importance. At the same time, we foresee continued growth in both iris- and face recognition.

In addition to these massive opportunities in various sectors, there are other attractive growth vectors available to us, including new geographies, technologies, channels and partnerships as well as new business models such as software licensing. Moreover, since a significant portion of the value in the biometrics industry is related to the development of system-level products, there are abundant opportunities to expand into other parts of the value chain. Today, most of Fingerprints' revenue stems from sales of biometric components, i.e. sensor modules that are ready for assembly in an end-user device. However, we will selectively expand the scope of our solutions in order to capture a bigger portion of the value in the industry.

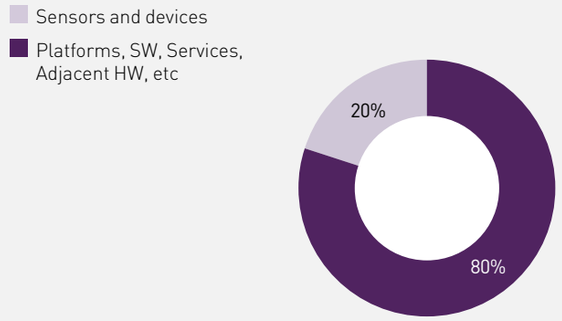
One example of this is our newly developed, complete biometric system for PC makers. This new offering was launched in October 2023, and consists of Fingerprints' in-house microcontroller unit (MCU) combined with a fingerprint sensor optimized for PC requirements. Using a customized MCU further refines Fingerprints' biometric Match-on-Chip PC solution, which was added to Microsoft's approved vendor list (AVL) for Windows Hello

WE ARE OPERATING IN A LARGE AND GROWING MARKET

Biometric devices and sensors



Biometric market (approx. USD 40bn)



Source: ABI Research, Frost & Sullivan and company estimates

Enhanced Sign-in Security in 2022. This product development project has been endorsed from the start by our key PC customers, as total system ownership by Fingerprints will allow for better overall system performance. Other benefits include cost optimization, reduced margin stacking and increased supply chain control.

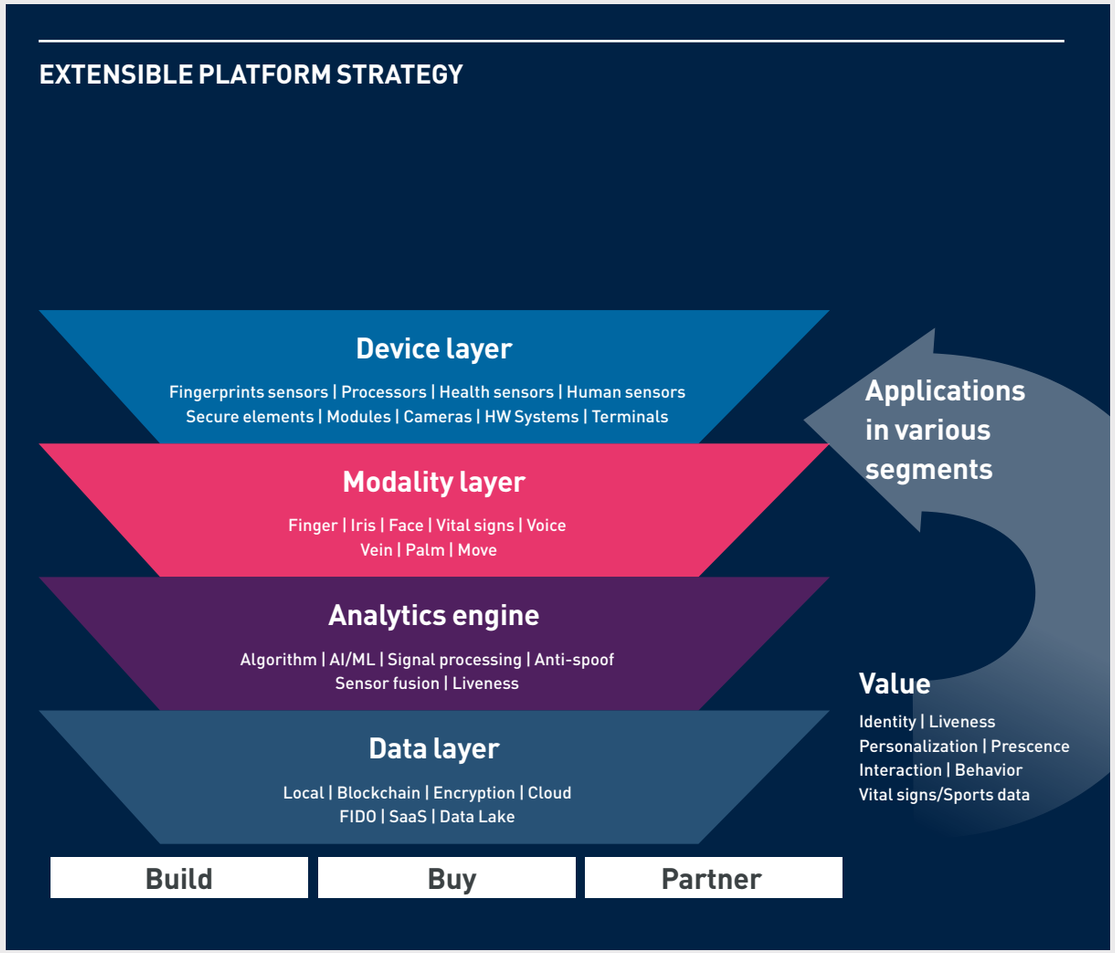
THE FINGERPRINTS BIOMETRIC PLATFORM

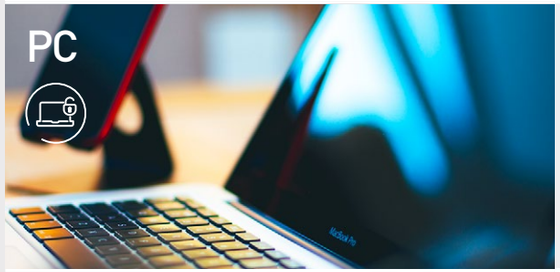
Fingerprints' key strategic objective is to accelerate the diversification of our revenue streams to new profitable areas. To this effect, and to capitalize on the myriad opportunities in biometrics, the Fingerprints Biometrics Platform was launched in 2023.

Fingerprints' technology portfolio encompasses assets in different biometric modalities, algorithms, packaging technologies, as well as hardware- and software systems. Our Platform aims to better leverage the value of this portfolio, and our talent, by developing and expanding them as part of a cohesive, extensible platform which can then be applied to address a greater array of customer challenges and opportunities. Instead of disparate technologies, the Fingerprints Biometrics Platform is a common, integrated set of tools and capabilities that combine in multiple ways to maximize our addressable market and customer value creation.

The Fingerprints Biometrics Platform has four layers: devices which 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 behavior, and the software data layer where the information is managed and securely stored. We are best-in-class at doing this with the highest efficacy within our current portfolio. Expansion across the Fingerprints Platform will be delivered through building, partnering or buying new capabilities to unlock new markets.

There are a multitude of development and expansion opportunities. With thoughtful allocation of our capital, we'll explore a set of potential focus areas including new software modalities, such as face and health; analytics engine expansion for outcomes beyond identity with AI; new verticals including retail and government; new use cases including FIDO and KYC (know your customer). To accelerate monetization, we'll explore new licensing models and partnerships.



PRODUCT GROUPS	PRIORITIES IN 2023	PROGRESS IN 2023
	DEFEND AND CAPITALIZE ON FINGERPRINTS' STRONG POSITION	• Received the first one-million-unit purchase order for our optical under-display solution, demonstrating strong progress in the segment. Since receiving our first volume purchase order for our under-display solution in December 2022, we have been awarded with multiple design wins. • In May 2023, Fingerprints announced that 700 different smartphone models have officially incorporated its fingerprint sensors. Having reached the 600-device milestone in March 2022, and 500 at the beginning of 2021, the recent achievement reflects the increasing demand for mobile biometrics as customers demand more intuitive, versatile, convenient and secure solutions at their fingertips.
	SECURE A LEADING POSITION IN THIS GROWING MARKET	• 63-percent increase in revenue despite lower global PC shipments. • Complete biometric system for PC makers launched in October 2023, further enhancing our highly competitive offering to PC OEMs. The system consists of Fingerprints' in-house microcontroller unit (MCU) combined with a fingerprint sensor optimized for PC requirements.
	SECURE A POSITION AS LEADING SUPPLIER OF BIOMETRIC SOLUTIONS	• During the year, Fingerprints surpassed one million fingerprint sensor modules shipped to the biometric payment card industry. • Fingerprints was deeply involved in the development of the new generation of Thales Gemalto biometric payment card, which is ready for global volume mass deployment. The new Thales solution, which features Fingerprints' T-Shape sensor (T2) and biometric payment software platform, offers users advanced transaction speed, improved power efficiency and enhanced security. • Global card manufacturer Tag Systems (part of AUSTRIACARD Holdings AG) achieved Mastercard certification for its biometric card based on Fingerprint Cards' sensor and STMicroelectronics STPay-Topaz-Bio solution. • Fingerprints has extended its collaboration with Infineon Technologies to become a Premium Partner to drive collaboration, development and innovation in bringing biometric technologies for authentication into payments, broader IoT applications and beyond.
	GROW IN PRIORITIZED SEGMENTS OF A FRAGMENTED MARKET	• Entered into agreement with a tier 1 automotive supplier, with the objective of further developing our iris recognition technology so that it can be seamlessly integrated into Driver Monitoring Systems (DMS) to handle authentication. The development phase of the project is complete, and the solution will be promoted to automotive OEMs as an add-on feature. • Received purchase order for fingerprint sensor modules valued at over USD 1 M from a global Access customer outside Asia. The order is the largest thus far received from a customer outside Asia in the Access/IoT area. • Our biometric technology was integrated in the Yale Assure Lock® 2 Touch, Yale Home's first-ever smart lock in the United States and Canada with a built-in fingerprint reader. • Our T-Shape® (T2) sensor module was integrated in a new FIDO2 card for logical access called SafeNet IDPrime FIDO Bio Smart Card, offered by Cloud Protection & Licensing Solution at Thales.

ADMINISTRATION & GOVERNANCE

ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer (CEO) of Fingerprint Cards AB hereby present the Annual Accounts for the 2023 fiscal year.

FINGERPRINTS' OPERATIONS

Fingerprint Cards AB (publ) is a high-technology company that develops, manufactures and markets biometric technology, which by analyzing and matching people's unique biometrical characteristics, verifies personal identities. This enables secure and convenient processing for the user, obviating the need for passwords or PINs. Fingerprints' technology and complete biometric systems deliver benefits including unique image quality, robustness and low power consumption. With these benefits, and in combination with low manufacturing costs, the technology can be implemented in volume products including smartphones, tablets and smart cards, such as payment cards, which are subject to extreme demands in these respects.

GROUP AND PARENT COMPANY

The annual accounts cover the fiscal year January 1–December 31, 2023. Fingerprint Cards AB (Publ) (Corp. Reg. No. 556154-2381) is the Parent Company of a Group including 16 subsidiaries. As of July 1, 2021, research and development personnel in Sweden are employed in the company Fingerprints Card Sweden AB, while other Swedish personnel are employed in the Parent Company. The companies' operations consist of marketing and customer support.

The Parent Company has its registered office in the Municipality of Gothenburg in the county of Västra Götaland. The company's shares are listed on Nasdaq Stockholm since 2000.

EARNINGS TREND

The Group's revenues for 2023 declined 18 percent to SEK 705 M (862). 2023 was characterized by intense price competition within Mobile, the company's largest product group in terms of revenue. Fingerprints' inventory levels and those of other sensor suppliers remained too high for most of the year, which led to price pressure due to aggressive destocking measures. Order bookings were very weak at the beginning of 2023, but successively improved during the year. The company continued to diversify its revenue streams to higher-margin areas outside of Mobile, and Fingerprints' objective is to accelerate the diversification towards higher-margin application areas.

Gross profit for the year amounted to SEK 90 M (166) and the gross margin to 13 percent (19).

The operating result for the year was SEK -320 M (-631). Exchange-rate effects are recognized in operating profit under the item Other external income, alternatively under Other external expenses. The result before tax for the year was SEK -376 M (-652), while

SIGNIFICANT EVENTS DURING THE YEAR

- Fingerprints announced the appointment of Adam Philpott as its new President and Chief Executive Officer, effective September 1, 2023. Previously, Adam held the position of Chief Revenue Officer (CRO) at Trellix, a leading cybersecurity company formed from the merger of McAfee Enterprise and FireEye in October 2021. Adam was elected to the Board of Directors of Fingerprints in May 2023 and will remain as a board member after assuming the role as President & CEO.
- Fingerprints commenced execution of a transformation plan, including cost optimization, profitability, organizational changes and strategy evolution. The cost optimization program is expected to yield cost savings of approximately SEK 204 M on an annual basis with full effect from the second half of 2024, resulting in an OpEx run rate of approximately SEK 180 M on an annual basis.
- A new functional organization was implemented, with the objective of more clearly linking the company's governance model to its new Biometrics Platform strategy, ensuring accountability and enterprise-wide collaboration while seeking to attract world-class leaders in their respective functions.
- Fingerprints' new executive leadership team comprises the following roles: President & CEO (Adam Philpott), Finance (Fredrik Hedlund), Strategy & Technology (TBD), Product (Ted Hansson), Sales & Marketing (Hila Meller), Human Resources (Caroline Krüger), Legal (Rebecca Stein).
- Fingerprints announced the formation of a new organizational unit – New Business. This unit is charged with developing new business and driving revenue growth, with a particular focus on the following four areas: New partners, M&A, Automotive and Monetizing intellectual property rights.
- Following a SEK 182 M rights issue and an issue of convertible bonds of SEK 160 M, the company's previous bond loan of SEK 300 M was redeemed.

positive tax revenues of SEK 36 M (66) were recognized. In total, the Group's full-year result improved to SEK -340 M (-586). The Group's earnings per share for 2023 were SEK -0.74 (-1.92).

CURRENT FACTORS OF UNCERTAINTY

As previously highlighted in the company's interim reports, gross margin in the Mobile product group is unsustainably low. The negative outlook for Mobile looks set to endure, along with ongoing geopolitical risks.

However, the company expects improved profitability going forward as capital and investments are focused outside of Mobile sensor hardware, in higher-margin existing lines of business along with new diversification areas.

Fingerprints, like most other companies, is affected by the general economic development in the world, for example through higher loan interest rates and weaker demand for consumer electronics. The company has no operations in Russia or Ukraine, and currently assesses that the company is not directly affected by the war.

FINANCIAL POSITION

Shareholders' equity amounted to SEK 692 M (866) and the equity/assets ratio to 63 percent (60).

Fixed assets increased to SEK 694 M (689). The share of fixed assets in relation to total assets increased to 64 percent (48). Inventories decreased to SEK 133 M (304) and outstanding accounts receivable declined to SEK 121 M (128).

Accounts payable at year-end amounted to SEK 103 M (74) and other current liabilities amounted to SEK 174 M (174).

Long-term liabilities amounted to SEK 72 M (306). Following the completion of a convertible bond issue and a rights issue, Fingerprints carried out an early redemption of the company's SEK 300 M bond loan at the end of September 2023.

Cash and cash equivalents amounted to SEK 110 M (274) at year-end.

INVESTMENTS, DEPRECIATION/AMORTIZATION AND IMPAIRMENT LOSSES

During 2023, net investments totaled SEK 46 M (105). Of this total, SEK 47 M (103) was invested in capitalized development and intangible fixed assets, SEK 0 M (1) was invested in property, plant and equipment and SEK 1 M (-) was received in financial fixed assets. Total depreciation/amortization according to plan and write-downs amounted to SEK -78 M (-515) in 2023. Of this total, amortization of intangible fixed assets accounted for SEK -61 M (-65), write-downs for SEK -5 M (-433) and depreciation of property, plant and equipment for SEK -1M (-3). Right-of-use assets were depreciated by SEK -11 M (13).

In total, the carrying amount of intangible fixed assets in 2023 was SEK 505 M (538), while property, plant and equipment amounted to SEK 3 M (4) and right-of-use assets pertaining to the leasing of premises amounted to SEK 14 M (25).

CASH FLOW

Cash flow from changes in working capital components was positively impacted by a reduction in capital tied-up in current receivables in the amount of SEK 25 M (179), and by a decrease in inventories in the amount of SEK 209 M (-161). Cash flow from operating activities amounted to SEK -88 M (-334).

Cash flow from investing activities was SEK -46 M (-105).

Cash flow from financing activities was SEK -26 M (328).

The overall net change in cash and cash equivalents for full-year 2023 was SEK -164 M (-100). Net debt amounted to SEK 5 M at year-end 2023, compared with net debt of SEK 43 M at the end of 2022. Interest-bearing liabilities at the end of 2023 comprise the convertible bond loan issued in September 2023, amounting to SEK 160.0 M (-). In the balance sheet, the convertible bond loan has been separated into a financial liability part and an equity part according to IAS 32:28. SEK 94,8 M is recorded as liability and SEK 4.4 M as equity. In addition, lease liabilities pertaining to office premises amount to SEK 12.8 M (12.4), recognized in accordance with IFRS 16.

OPERATING SEGMENTS AND PRODUCT GROUPS

Fingerprints reports results for the Asia operating segment, the Rest of World operating segment and New Business. The New Business unit was established in 2023 for the purpose of accelerating the diversification of Fingerprints' revenues, with a particular focus on four areas: the automotive industry, new partners, M&A, and the monetization of intellectual property rights. An operating segment is a part of the Group that conducts activities from which it can generate revenue, incur costs and for which independent financial information is available. Each segment has a manager who is responsible for the day-to-day operations and who regularly reports the results for the segment to the CEO. Costs for some central functions are not allocated to the operating segments. Sales are organized into the four product groups: Mobile, PC, Payment and Access. The Asia operating segment includes revenue from the Mobile and PC product groups, as well as the part of the Access product group attributable to Asia. In the Rest of World operating segment, revenue is included from the Payment product group and the part of the Access product group attributable to the geographic areas outside Asia.

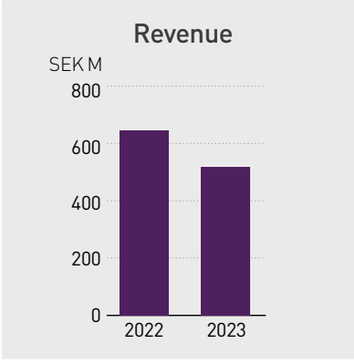
OVERVIEW BY PRODUCT GROUP

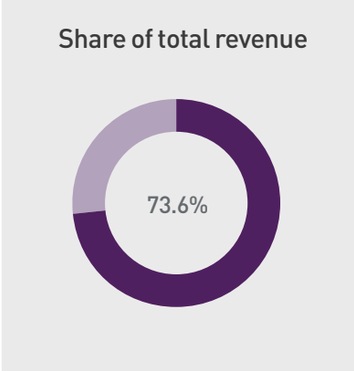
Mobile

Fingerprints is a leading global player in capacitive fingerprint sensors for smartphones, a tried-and-tested technology in the mobile industry. The company's strong position is based on renowned high product quality, security and biometric performance. Fingerprints has also established a position in the market for under-display sensors, which entails a significant expansion of the company's addressable market in Mobile.

The 20-percent decrease in revenue in the Mobile product group was driven by intense price pressure as the industry struggled with excessive inventory. Aggressive destocking measures during the year had a significant negative effect on the average selling price and thus on the gross margin, which was unsustainably low in 2023. The negative outlook for Mobile looks set to endure, along with ongoing geopolitical risks.

Despite these ongoing industry challenges, Fingerprints maintained a strong market position in 2023 while decreasing its inventory significantly. In May 2023, Fingerprints celebrated the milestone of reaching 700 smartphone models integrating its biometric technology. The 700th mobile device, the Xiaomi Redmi K60, was the first device that integrates Fingerprints' recently launched optical under-display sensor, the FPC1632. Biometrics play a central role in mobile devices, and this milestone is testament to Fingerprints' ability to continue to drive innovation, offering world-leading products in terms of security, user-friendliness and performance.





OVERVIEW BY PRODUCT GROUP

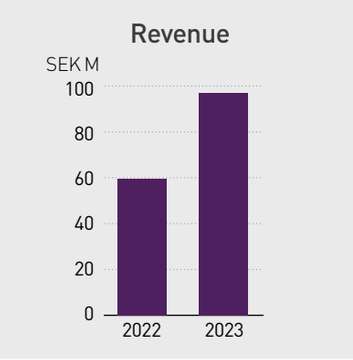
PC

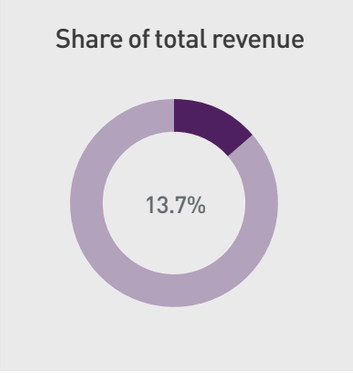
PC has emerged as an important new product area for Fingerprints. Four of the world's five largest Windows PC manufacturers are integrating our biometric technology into their products. We anticipate favorable growth in both the short and the long term, since the share of computers with fingerprint sensors is expected to continue growing and our premium offering is valued.

Revenue in the PC product group increased by 63 percent. This product group is showing a reliable growth and profitability profile, delivering considerably higher gross margin than Mobile. During 2023, we made significant progress in further enhancing our highly competitive offering to PC OEMs by launching our newly developed, complete biometric system for PC makers.

The development project has been endorsed from the start by our key PC customers, as total system ownership by Fingerprints allows for better overall system performance. Selectively expanding the scope of the company's solutions to capture a bigger portion of the value in the industry is a key part of Fingerprints' Biometric Platform Strategy.

The biometric PC system illustrates this approach in that Fingerprints is no longer just selling biometric sensors to PC customers, but a complete system solution which also integrates Fingerprints' in-house microcontroller unit (MCU).





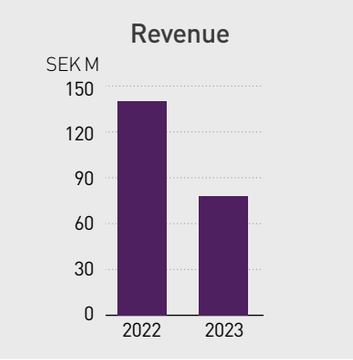
OVERVIEW BY PRODUCT GROUP

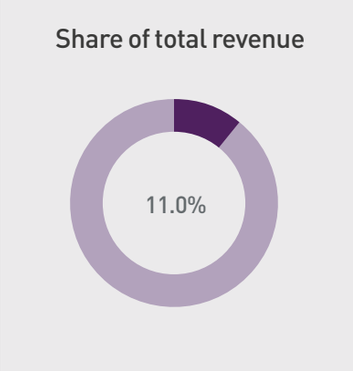
Access

Biometric solutions for the access area – biometric access control – is a fragmented but growing market that includes such products as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys. Fingerprints offers software and biometric sensors specifically customized for the Access segment, comprising both modules for fingerprint recognition and touchless solutions based on iris recognition.

Revenue in the Access product group decreased by 45 percent, primarily driven by lower sales of biometric door locks as a result of the softness in the Chinese construction sector. Revenue development outside of Asia was more favorable, even though we saw a decrease for the full year. The revenue trend at the end of the year was positive, with a 70-percent increase in revenue in the fourth quarter, compared to the corresponding period in 2022.

Access, whilst project driven, has shown a consistent growth trend, with more opportunities to unlock, not least in logical access solutions. The company has noted an increased interest in its iris authentication solution, both in relation to Driver Monitoring Systems (DMS) where IR-cameras will be added in most cars, as well as iris authentication in relation to AR/VR devices, triggered by the launch of the Apple Vision Pro device where authentication is made by an iris solution called Optic ID. Regarding DMS, Fingerprints announced an agreement with a tier 1 automotive supplier in 2023, with the objective of further developing Fingerprints' iris recognition technology so that it can be seamlessly integrated into DMS to handle authentication. The development phase of this project has been completed, and the solution will be promoted to automotive OEMs as an add-on feature.





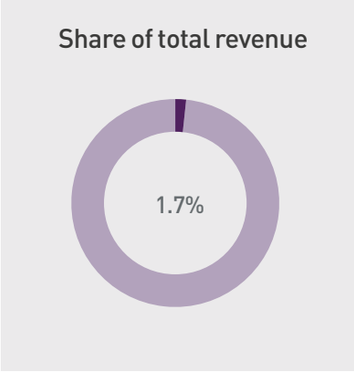
OVERVIEW BY PRODUCT GROUP

Payments

Fingerprint sensors for payment devices, including payment cards, wearables and USB devices, represents a considerable potential market and is an important growth area for Fingerprints. By the end of 2023, we had noted ten commercial launches of biometric payment cards in different parts of the world featuring Fingerprints' technology. In February 2024, yet another launch was announced, by Garanti BBVA in Türkiye, using Fingerprints' sensor technology.

Revenue in the Payment product group decreased by 23 percent, and this product group has yet to show a meaningful revenue ramp-up. Fingerprints maintains a market leading position with very high performance in terms of transaction speed, power efficiency and security, as proven in several commercial launches by banks in different parts of the world. During the year, Fingerprints continued to innovate in partnership with key players in the payment ecosystem and has, for example, been deeply involved in the development of the new generation of the Thales Gemalto biometric payment card, which is ready for global volume mass deployment. The new Thales solution, which features Fingerprints' T-Shape sensor (T2) and biometric payment software platform, offers users advanced transaction speed, improved power efficiency and enhanced security.

The T2 sensor module, part of Fingerprints' FPC1300-series, of which we have shipped more than one million units, enables cost-effective production of biometric payment cards. Thanks to dual row packaging, the biometric sensor has been tailored to allow easy integration using standard automated manufacturing processes. This ensures reduced waste, optimizes production capacity and throughput and lowers related manufacturing costs. The new card also comes with enhanced security features, including encryption, which adds additional privacy layers to the storage and communication of biometric data. The development of the fourth-generation card is an important milestone for the deployment of biometric payment cards at scale. As innovation continues to lower market barriers, and consumers make their preferences clear, interest from banks in the biometric payment card continues to grow.



FINANCE POLICY

Fingerprints' Finance Policy regulates and clarifies responsibilities, and states guidelines in specific areas within financing, credit insurance, investment and currency management with the aim of supporting operations, managing financial risks and controlling their impact on financial position, results of operations and cash flow. The most important net currency flow is in USD, whereupon a significant portion of Fingerprints' finance activities were in formulating a strategy for selling USD and buying SEK. The increased net surplus from sales, which is denominated in USD, and the increasing operating expenses that are predominantly denominated in SEK generate a continuous need to convert USD to SEK. Materials procurement, manufacturing and sales are essentially denominated in USD only. Fluctuations in other exchange rates have an insignificant impact on earnings. According to the Finance Policy, currency hedging using derivative instruments is not permissible. See Note 23, for more information on financial risks.

ORGANIZATION AND COWORKERS

There were 159 (223) employees as of December 31, 2023, comprising 111 (157) men and 48 (66) women. Including employees and consultants, Fingerprints employed a total of 185 (260) people on December 31, 2023.

RESEARCH AND DEVELOPMENT OPERATIONS

Through continuous initiatives to enhance biometric technology, Fingerprints has attained leadership in fingerprint recognition. Together with engineers in our business lines and in Customer Engineering in Asia, Fingerprints' overall engineering expertise accounted for approximately 60 percent of all of the coworkers.

Expenditure for technology development is partly recognized as a cost in the Consolidated Statement of Comprehensive Income (Parent Company Income Statement) under the development costs heading, and partly through capitalization in the Consolidated Statement of Financial Position (Parent Company Balance Sheet), and capitalized development expenditure, under intangible fixed assets.

Capitalization is effected after an assessment of factors such as each project's commercial, financial and technical potential, its future value for the Group, disposal over rights to the product/solution, the potential for completing development and the presence of a market for the product.

The rate of amortization is determined on the basis of the technical and commercial lifespan of the product/solution related to the existing market. Accordingly, the amortization term varies between products and projects.

In 2023, the Group's expenditure on technological development and patents amounted to SEK 164 M (224), of which SEK 47 M (86) has been capitalized in the Consolidated statement of financial position and the remaining SEK 117 M (138) has been expensed in the Consolidated statement of comprehensive income.

SUSTAINABILITY REPORT

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Fingerprints has decided to prepare a statutory Sustainability Report as a separate document from the Annual Report. Fingerprints' Sustainability Report, which also constitutes Fingerprints' statutory Sustainability Report, satisfies the Swedish Annual Accounts Act's requirements for sustainability reporting. The report is presented on pages 33-47.

OWNERSHIP STRUCTURE

In 2023, the number of shareholders declined slightly to 50,553 at year-end from 50,768 at the beginning of the year.

At the end of 2023, Velociraptor LTD held all 7,875,000 Class A shares.

EXPECTATIONS REGARDING FUTURE PERFORMANCE

The decrease in the Group's gross margin in 2023 was due to intense price competition. Order bookings were very weak at the beginning of 2023, but successively improved during the year. The company continued to diversify its revenue streams to higher-margin areas outside of Mobile, and the objective is to accelerate the diversification towards higher-margin application areas. Fingerprints expects improved profitability going forward as the company focuses its capital and investments outside of Mobile sensor hardware, in higher-margin existing lines of business along with new diversification areas. Gross margin in the

Ownership structure

	Shares and share capital, %		Votes at year-end, %	
Shareholder	**2023**	**2022**	**2023**	**2022**
Velociraptor LTD	1.3	1.9	11.8	15.9

	No. of shares		No. of votes	
Class of share	**2023**	**2022**	**2023**	**2022**
A	7,875,000	7,875,000	78,750,000	78,750,000
B	589,014,670	416,617,719	589,014,670	416,617,719
Total	596,889,670	424,492,719	667,764,670	495,367,719

Shareholdings of at least one-tenth of the voting rights for all shares at December 31, 2023

Velociraptor LTD	11.8%

Mobile product group is unsustainably low. The negative outlook for Mobile looks set to endure, along with ongoing geopolitical risks. The company is implementing a Transformation Plan, including a cost optimization program which is expected to yield savings of approximately SEK 204 M on an annual basis with full effect from the second half of 2024, resulting in an OpEx run rate of approximately SEK 180 M on an annual basis.

SEASONAL VARIATION

As penetration of fingerprint sensors in the smartphone segment has increased, the company's market is increasingly tracing the same patterns and seasonality as the rest of the mobile phone sector, albeit with a time lag. There is a tendency for the fourth quarter to generate a very high share of yearly mobile phone volumes, and the second quarter is usually the weakest. For component suppliers to mobile phone manufacturers, such as Fingerprints, volumes in the third quarter tend to be the year's highest and the first quarter is the weakest.

REMUNERATION OF THE BOARD OF DIRECTORS

The 2023 Annual General Meeting (AGM) resolved on a total fixed Directors' fee of SEK 2,150,000, of which SEK 675,000 to the Chairman of the Board and SEK 295,000 per Director to the other Directors. In addition, fees for committee work will be payable in an amount of SEK 450,000, to be distributed as follows: Audit Committee: SEK 135,000 to the Chairman and SEK 70,000 to other members. Remuneration Committee: SEK 85,000 to the Chairman and SEK 45,000 to other members.

THE BOARD OF DIRECTORS' PROPOSAL FOR REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES

The Board of Directors of Fingerprint Cards has decided to submit to the 2024 general meeting the following proposal regarding principles of remuneration for Fingerprint Card AB's Executive Management. The Executive Management is defined as the Chief Executive Officer and other members of the management team. 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 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 executive management. The board of directors shall evaluate a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee should ensure that remuneration is commensurate with prevailing market conditions for corresponding executives in other companies, and accordingly, that the company's offering to its employees is competitive. The CEO's compensation is approved by the Board of Directors. Compensation to other senior executives is decided by the CEO after consulting with the Remuneration Committee. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

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

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

For more information regarding the company's business strategy, please see www.fingerprints.com.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, the overall purpose of these guidelines.

REMUNERATION PRINCIPLES

Performance-based

There shall be a strong link between performance and compensation. Base salary will depend on the employee's performance against objectives, development progress and living our company values.

Competitive and sustainable

We must create value to secure our present and future capability to pay competitive compensation and we must earn the means for our compensation. It is important to have a balance between our company earnings and our compensation levels.

Market driven

Our salaries shall reflect the scope and complexity of the work. It is our objective to compare our 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 Fingerprint Cards.

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 Executives consists primarily of monthly base salary, short-term incentives, pension, and insurances. If decided in the General Meeting, the total remuneration may also include – irrespective of these guidelines – long term incentives.

Short Term Incentive (STI)

Short Term Incentives shall be linked to predetermined and measurable criteria. The Short-Term Incentives include company measures such as EBITDA, Working Capital and Gross OpEx. For Executives 100 percent of the STI is based on company measures with predetermined targets on an annual basis. The criteria shall be designed so as to contribute to Fingerprint Card's business strategy and long-term interests, including its sustainability.

The satisfaction of criteria for awarding STI shall be measured over a period of one or year. The variable cash remuneration may amount to not more than 100 percent 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 percent of the 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 employment, the notice period may not exceed six months. During the notice period, 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 sixty percent of the monthly base 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 remuneration guidelines

In certain cases the Board of Directors may decide to deviate from these guidelines, in part or in total, if there are special reasons to do so in an individual case and a deviation is necessary to fulfill 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.

DESCRIPTION OF THE WORK OF THE BOARD OF DIRECTORS DURING THE YEAR

Scheduled agenda items at Board meetings during the year are Group Management's reporting of business conditions, operations, organizational resources, results of operations, financial position and liquidity. During the autumn, and before Christmas, Board meetings consider the budget and business plan for the following year. The Board met on 28 occasions in 2023. A more detailed description of corporate governance in 2023, including regulations, general meetings, the Nomination Committee, the composition and work of the Board and internal governance processes and internal control, is presented in the separate Corporate Governance Report.

2024 ANNUAL GENERAL MEETING

The AGM will be held on Thursday, May 23, 2024.

PROPOSAL FOR APPROPRIATION OF THE COMPANY'S PROFIT

The following funds are at the disposal of the AGM, SEK:

Share premium reserve	681,395,726
Accumulated profit	-135,029,147
Net result for the year	-282,239,152
Total	**264,127,427**

The Board of Directors proposes that net profit for the year, non-restricted reserves, as well accumulated profit or loss be appropriated as follows:

To be carried forward:	SEK 264,127,427

Regarding the company's results of operations and financial position in other respects, the reader is referred to the following financial statements, with the associated notes.

EVENTS AFTER THE BALANCE SHEET DATE

See Note 27.

THE SHARE

Fingerprints' class B shares have been listed on Nasdaq Stockholm since 2000. Initially, Fingerprints was listed on the Stockholm "Nya Marknaden" list in 1998.

The share's ISIN code is SE0008374250 (Industrial Goods & Services sector). The company is traded under the ticker FING B. Fingerprint Cards is a CSD company, which means the company's share register is maintained by Euroclear Sweden AB.

As of 31 December 2023, the share capital of Fingerprint Cards AB amounted to SEK 25,990,072, divided between 7,875,000 class A shares and 589,014,670 class B shares, each with a quotient value of SEK 0.04. Class A shares carry ten votes and class B shares carry one vote, the total number of votes amounted to 667,764,670. During the third quarter 2023, Fingerprints completed a SEK 181.8 M rights issue, which led to an increase in the number of B shares from 416,617,719 to 568,115,071. Also, in the third quarter of 2023, the number of B-shares in the Company increased with 2,787,699 to 570,902,770 as a result of the exercise of warrants of series 2022:2. Finally, Fingerprints issued new shares in connection with a conversion of part of its outstanding convertible bonds. As a result of this issue, the number of B shares increased by 18,111,900 to 589,014,670.

All shares carry equal participation in capital, but different voting rights, and are freely transferable. As at December 31 2023, the class A shares corresponded to 11.8 percent of the votes and 1.3 percent of the capital of Fingerprints.

At year-end, the ten largest shareholders had total holdings corresponding to 26.78 percent of the votes. Foreign institutional shareholders had holdings corresponding to 1.15 percent of the share capital. See pages 20-21 for additional information on shareholders.

SHARE PRICE TREND

During 2023, the adjusted closing price of the class B share decreased by 39 percent to SEK 1.72 (2.84). During the same period, the OMXSPI index increased by 15 percent. In 2023, Fingerprints' adjusted class B share price set a high of SEK 3.58 and a low of SEK 0.78. At year-end 2023, Fingerprints' market capitalization was approximately SEK 1,027 M (1,244).

FINGERPRINTS' SHARE TURNOVER

In 2023, 1,623 (1,003) million class B shares were traded. An average of 6.5 (4.0) million class B shares were traded per day.

SHAREHOLDERS

At the end of 2023, there were 50,553 (50,768) shareholders. Institutional shareholders held 6.9 (9.8) percent of the share capital, Swedish individuals 59.1 (56.5) percent, other shareholders 21.9 (21) percent and anonymous shareholders held 11.5 (11.8) percent.

OPTIONS PROGRAMS

Fingerprints had no outstanding options programs at the end of the year.

DIVIDEND POLICY

The Board of Directors' top priority is to ensure that Fingerprints maintains a financial position that is strong enough to support both organic growth and selective acquisitions. Fingerprints also wishes to maintain a strong balance sheet.

Transfers of capital to shareholders should be adapted to Fingerprints' earnings trend and cash flow, while at the same time considering the company's growth potential and financial position.

DIVIDEND

The Board of Directors' proposes that no dividend be paid for the financial year 2023.

SHARE REPURCHASES

During 2023, no shares were repurchased. Fingerprints holds a total of 3,800,000 shares in own custody and they have no value as assets or as equity.

FINANCIAL ANALYSTS

In 2023, Fingerprints was covered by following analyst: Carnegie, Markus Almerud.

Share classes at 31 December 2023	Votes	No. of shares	No. of votes	Participation, interest,%	Voting, share,%
CLASS A	10	7,875,000	78,750,000	1.32	11.79
CLASS B	1	589,014,670	589,014,670	98.68	88.21
Total		**596,889,670**	**667,764,670**	**100.00**	**100.00**

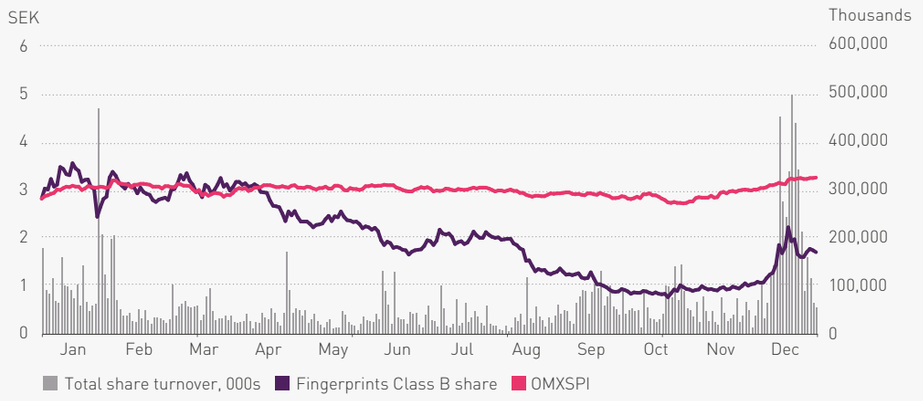
Shareholder type	No. of shares	Capital, %	Votes, %
Swedish private individuals	352,144,483	59.09	52.80
Swedish institutional owners	33,968,829	5.72	5.11
Foreign institutional owners	6,111,689	1.15	1.01
Other	129,971,585	21.90	30.47
Own holdings	3,800,000	0.64	0.57
Anonymous ownership	70,893,084	11.51	10.03
Total	**596,889,670**	**100.00**	

10 largest shareholders at 31 December 2023	Class A shares	Class B shares	Capital,%	Votes, %
Avanza Pension		33,972,201	5.69	5.09
Johan Carlström with company	7,875,000	14,000,000	3.78	14.28
Handelsbanken Fonder		10,593,187	1.77	1.59
Svenska Handelsbanken AB for PB		8,518,258	1.43	1.28
Nordnet Pensionsförsäkring		6,370,326	1.07	0.95
Swedbank Försäkring		6,303,346	1.06	0.94
Magnus Olsson		5,710,894	0.96	0.86
Storebrand Fonder		4,268,465	0.72	0.64
Marie Almqvist		4,225,106	0.71	0.63
Gilbert Roland Hanzén		3,500,000	0.59	0.52
Total	**7,875,000**	**97,461,783**	**17.76**	**26.78**
Shares owned by Fingerprint Cards		3,800,000	0.64	0.57

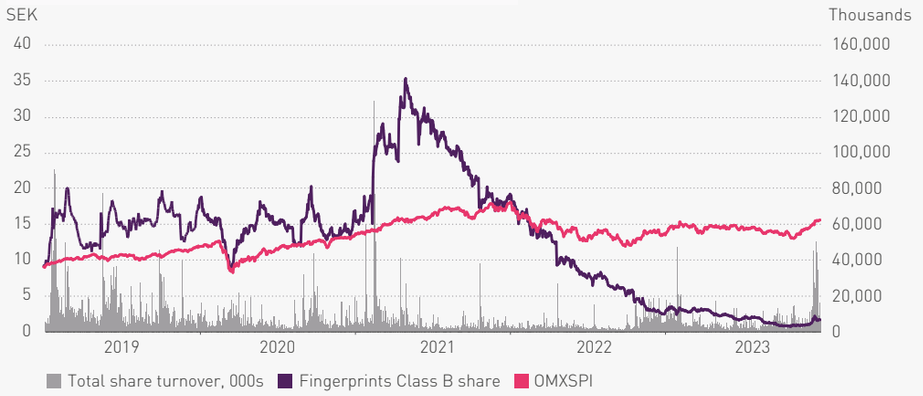
Allocation of holdings	No. of shares	Capital,%	Votes,%	No. of known shareholders	Share of known owners,%
1–1,000	8,032,866	1.35	1.20	32,995	65.27
1,001–5,000	23,281,956	3.90	3.49	9,492	18.78
5,001–10,000	20,849,846	3.50	3.12	2,827	5.59
10,001–20,000	28,507,104	4.78	4.28	1,950	3.86
20,001–	445,324,814	74.96	77.88	3,289	6.51
Anonymous owners	70,893,084	11.51	10.03	0	0
Total	**596,889,670**	**100**	**100**	**50,553**	**100**

Source: Modular Finance

SHARE PRICE DEVELOPMENT 2023



SHARE PRICE DEVELOPMENT 2019–2023



RISKS AND RISK MANAGEMENT

Like all business activities, Fingerprints' operations are associated with risk. By risks, Fingerprints refers to incorrect management and events or decisions beyond the company's control that could result in disruptions to operations, damage or losses with a material impact on the company. Fingerprints' risk management is critical to the company's success. To anticipate risks and minimize their effects, Fingerprints has processes in place to continuously identify and manage risks that can affect its operations. This includes probability and consequence assessments of operational risks, market risks, financial risks and legal risks. Sustainability risks are reported and commented on in the sustainability section.

NAME OF RISK	HOW FINGERPRINTS IS IMPACTED	RISK CONTROL AND RISK MANAGEMENT
OPERATIONAL RISKS		
Delivery capacity of contracted suppliers.	Financial damage as a result of delivery disruption.	Maintaining a diversified supplier base of hardware and input materials.
Reduced technological leadership.	Loss of competence.	Continuous product development and understanding of customer demands, increased R&D collaboration with customers.
Leaks and infringements regarding business secrets.	Financial consequences and loss of reputation in connection with leaks of development information.	Implement IT Policy through training and integration in management system. Develop procedures for platforms, systems and cloud when managing high risk data.
Internal scalability.	Growing pains when the company's infrastructure and work methods are not involved to the same extent as the financial development.	Investments made in Management system, processes development is ongoing. Investment in HR system, implementation is ongoing.
MARKET RISKS		
Geopolitical instability.	Loss of business opportunities for local/regional political reasons.	Differentiate Fingerprints biometric solutions vis-à-vis low cost products with low biometric integrity.
Supplier costs.	Reduced margins due to increase in supplier costs.	Ensure market-aligned pricing by using several suppliers. Continuous reviews of suppliers' pricing and market analysis.
Economic fluctuations.	Reduced demand that impacts the company's profits, inventories and the valuation of intangible assets.	Reduce cyclicality through diversifying to new markets and continuously analyze the whole value chain to foresee demand fluctuations. Broaden the product portfolio and customer base.
Currency risk.	Negative financial impacts from currency fluctuations.	Fingerprints has elected not to hedge its net exposure in USD, since hedging may itself be viewed as currency speculation.
Loss of customers and price pressure due to increased competition.	Sales revenues and market shares decline due to price pressure and customer requirements for a number of suppliers.	Aim to be a full solution provider. Increased focus on customer satisfaction, service, quality and quick response time. Maintain direct customer contacts. Cultivate new customers in new markets. Develop strategic partnerships.
FINANCE RISKS		
Credit risk.	The counterparty does not fulfil his/her payment obligations.	Compliance with credit policy and established process for credit assessment and setting limits. Use of credit insurance.
Financing.	Financing of capital requirements is made more difficult or more expensive.	Communicate proactively with the capital market and create conditions for implementing the necessary capital acquisition measures if required.
LEGAL RISKS		
Competitor IP.	Patents held by others impede the applications of Fingerprints' technology.	Patent strategy and active patent monitoring. Close cooperation between patent manager and development department.
Value of Patent IP.	Loss of revenue and earnings due to patent infringements.	Maintain well-protected patents and work actively to leverage proprietary IP.
Products defects and product liability.	Financial consequences and impact on customer satisfaction.	Ensure the right product design and that all of Fingerprints' hardware products are tested prior to delivery. Work actively on resolving faults and product returns within the quality organization. Fingerprints has product liability insurance.

CORPORATE GOVERNANCE REPORT

Fingerprint Cards AB (publ) (Fingerprints) is a Swedish public limited company listed on Nasdaq Stockholm and with registered office in Gothenburg in the County of Västra Götaland.

The corporate governance of Fingerprints is based on legislation and other regulations: the Swedish Companies Act, the Articles of Association, Nasdaq Stockholm's Rulebook for Issuers, the Swedish Code of Corporate Governance, (the "Code"), other applicable laws and ordinances, and internal regulations.

Fingerprints strives to create long-term value for shareholders and other stakeholders. This involves ensuring an effective organizational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code. Its primary purpose is to describe corporate governance within Fingerprints. For this purpose, the Report will only be used to a lesser extent to report information that ensues from applicable regulation.

Fingerprint Cards' auditors have read this report and a statement from the auditor has been appended to it.

SEGREGATION OF DUTIES

The shareholders exercise their influence at the General Meeting, which is the company's chief decision-making body. Responsibility for the company's organization and administration of the company's affairs rests with the Board of Directors and the CEO in accordance with applicable laws and regulations, and the Board of Directors' internal control instruments.

SHAREHOLDERS

Fingerprints is a securities depository-registered company, and the company's share register is maintained by Euroclear Sweden AB.

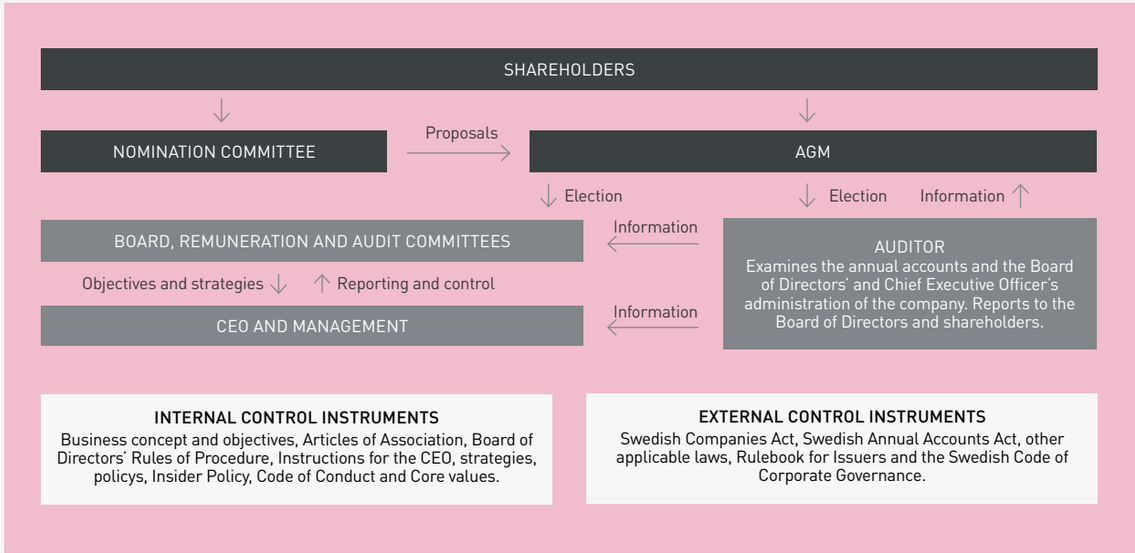
At year-end 2023, the company had 50,553 (50,768) known shareholders. The registered share capital was SEK 25,990,072, divided between 7,875,000 class A shares and 589,014,670 class B shares. Class A shares each carry ten votes and class B shares each carry one vote. Class A and B shares carry the same participating interest in the company and equal entitlements to dividends. Repurchased shares are in own custody and have no value in assets or in equity.

At year-end 2023, the ten largest shareholders held 26.78 percent of the votes in the Company. For more information on ownership, see pages 20-21.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) approves the Income Statement and Balance Sheet for the previous financial year for the Parent Company and the Group. The AGM also resolves on dividend and discharging the Directors and CEO from liability, elects the Board of Directors and the Chairman of the Board, and approves their fees, elects the auditor, and resolves on audit fees, and also deals with other statutory matters. Resolutions are taken on the Nomination Committee and guidelines for remunerating senior executives, and other proposals from the Board of Directors and shareholders.

Notice of shareholders' meetings shall be made through an announcement in the Swedish Official Gazette and on the company's website. Notification that the invitation has been issued is announced in the daily newspaper Svenska Dagbladet. Notice of AGMs are issued at the earliest six and the latest four weeks prior



to the AGM. Meeting invitations are to contain information on the procedure for the notification of attendance and the closing date for notification, entitlement to participate in and vote, a numbered agenda with business for consideration, information on appropriation of profits and an outline of other proposals.

Notice of an Extraordinary General Meeting (EGM), where an amendment to the Articles of Association is to be considered, is to be issued at the earliest six, and at the latest four, weeks prior to the EGM. Notifications of other EGMs are to be issued at the earliest six, and the latest three, weeks prior to the Meeting.

All shareholders recorded in the share register on the record date, and who have notified attendance on time, are entitled to participate in shareholders' meetings, and vote in accordance with the shares registered. Shareholders can attend via a proxy that has been issued with power of attorney. However, the shares must still be registered with information regarding the proxy, and presentation of the power of attorney. In order to exercise voting rights at shareholders' meetings, shareholders with nominee-registered holdings must temporarily re-register their shares in their own name, pursuant to the stipulations of the invitation to the Meeting.

Shareholders who wish to have a matter considered at the AGM shall provide a written proposal to investrel@fingerprints.com or to Bolagssekreteraren, Fingerprint Cards AB, Box 2412, SE-403 16 Gothenburg, no later than seven weeks before the AGM, to guarantee that the matter can be included in the invitation to the AGM.

Most resolutions at shareholders' meeting are passed by a simple majority. In certain cases, the Swedish Companies Act stipulates resolutions require a qualified majority, for example resolutions on amending the Articles of Association, which require shareholders with at least two-thirds of both the votes cast and the votes represented at the Meeting to support the resolution. Resolutions regarding incentive programs require an even greater majority, with in certain cases, qualified majorities of up to 90 percent of the shares and votes represented at the Meeting.

ANNUAL GENERAL MEETING 2023

The AGM for the 2022 fiscal year was held in Stockholm on 24 May 2023. The notice to the AGM was published on 25 April 2023. 71 shareholders, accounting for 23.4 percent of the votes and 10.5 percent of the shares, were represented at the AGM.

THE AGM PASSED RESOLUTIONS ON:

- Adopting the accounts for 2022 fiscal year.
- Approving the appropriation of profits with the earnings carried forward.
- Discharging the Board of Directors and CEO from liability for 2022 fiscal year.
- Approval of the remuneration report.
- That the number of Directors shall be seven, with no deputies.
- Election of Directors, Chairman of the Board and auditor.
- Approval of Directors' fees and fees to auditors.
- Authorization of the Board of Directors to repurchase and transfer treasury shares.

Additionally, the AGM resolved to authorize the Board of Directors to, up until the next AGM, on one or more occasions, with or without deviation from the shareholders' preferential rights, on new issues of Class B shares, warrants and/or convertibles entitling to subscription of Class B shares, corresponding to no more than ten (10) percent of the total number of outstanding shares in the Company.

More information on the 2023 AGM is available on Fingerprint Cards' website: www.fingerprints.com.

ANNUAL GENERAL MEETING 2024

The AGM will be held on 23 May 2024 at Scandic Rubinen, Kungsportsavenyn 24, Gothenburg, Sweden.

NOMINATION COMMITTEE

The Company is to have a Nomination Committee comprising four (4) members. During the year, the Chairman of the Board 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, 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 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 as a new Nomination Committee is appointed. The composition of the Nomination Committee is to be disclosed no later than six months before the AGM.

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, their representative/s is/are to step down, whereupon the/those shareholder/s who has/have been added to three largest shareholders will be entitled to appoint a new representative. However, marginal changes that have occurred in the number of voting rights need not 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 next 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 2024 AGM:

- Proposal concerning Chairman of the Meeting
- Proposal concerning members of the Board
- Proposal concerning Chairman of the Board
- Proposal concerning auditor
- Proposal concerning remuneration of Board members
- Proposal concerning remuneration of the auditor
- Possible proposal to change the guidelines for appointing the Nomination Committee

Fingerprints' Nomination Committee had the following members for the 2024 AGM:

- Johan Carlström (shareholder), Chairman of the Nomination Committee
- Helen Fasth Gillstedt (appointed by Handelsbanken Fonder), member of the Nomination Committee
- Christian Lagerling (Chairman of the Board of Fingerprint Cards AB), member of the Nomination Committee
- Cornilla von Plomgren (representing the shareholder Roland Hanzén), member of the Nomination Committee

Shareholders may submit proposals to the Nomination Committee. Proposals are to be sent by email to: investrel@fingerprints.com

BOARD OF DIRECTORS AND CEO

Pursuant to the Articles of Association, Fingerprints' Board of Directors is to consist of four to ten Directors with a maximum of five deputies elected by the AGM for the period until the end of the following AGM. The Board of Directors and the Chairman of the Board are appointed at each AGM for the period until the following AGM, and accordingly, their term of office is one year.

Apart from the AGM, changes to the Board of Directors can be executed through an EGM resolution or by a Director choosing to resign his or her appointment in advance.

The AGM 2023 resolved to re-elect Christian Lagerling, Alexander Kotsinas, Dimitrij Titov and Juan Vallejo as Directors, and to elect Mario Shiliashki and Adam Philpott as Directors. Christian Lagerling was elected as Chairman of the Board.

Ahead of the AGM, the Nomination Committee considered five Directors of the Board to be independent of the Company and management, and that all six Directors were independent of major shareholders. In connection with Adam Philpott taking over as CEO on September 1, 2023, and retaining his seat on the Board, the Nomination Committee assessed that he is dependent in relation to the company and its management. Following this change, the Board of Directors still satisfies the independence requirements stipulated by the Code.

The Board of Directors is responsible for Fingerprints' organization and administration, in the interests of both the company and its shareholders. The Board must regularly evaluate Fingerprints' financial situation and ensure that Fingerprints is organized so that its accounting, management of funds and the company's other accounting circumstances are controlled satisfactorily. The Board appoints the CEO and decides on issues regarding strategic direction of operations and the company's overall organization.

Each year, the Board adopts written Rules of Procedure that formalize the work of the Board and its internal segregation of duties, decision-making within the Board, the Board's meeting schedule and the duties of the Chairman. In addition, the Board has issued documents including written instructions regarding the segregation of duties between the Board and the CEO.

The Board also approves policies and instructions for operating activities. Operating activities are managed by the CEO. The CEO regularly provides the Board with information on events that are significant to the company's progress, results, financial position, liquidity or other information of such significance that the Board should be informed of. The Directors are presented on pages 29-30.

WORK OF THE BOARD OF DIRECTORS IN 2023

Pursuant to the current Articles of Association, the Board of Directors must meet on at least four scheduled occasions and one statutory meeting per year. Additional meetings can be held as required.

In 2023, there were 28 Board meetings. Scheduled agenda items at Board meetings during the year are Group Management's reporting of business conditions, operations, organizational resources, results of operations, financial position and liquidity. Special Board meetings with a focus on strategy are held in the spring and autumn. During the autumn, and before Christmas, Board meetings consider the budget and business plan for the following year.

Board meetings are held quarterly to reach decisions on publications of interim, half-year and annual financial statements. Meetings to decide on convening notice, annual accounts, corporate governance documentation and other matters for business are held prior to AGMs. Senior executives of Fingerprints participate in Board meetings as required.

REMUNERATION COMMITTEE

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 AGM. 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.

Remuneration of other senior executives is decided by the CEO after consulting with the Remuneration Committee. In 2023, the Remuneration Committee's members were the Directors Juan Vallejo (Chairman), Adam Philpott and Mario Shiliashki. During the fiscal year 2023, the Remuneration Committee met on 3 occasions.

AUDIT COMMITTEE

The Audit Committee's duty is to support the Board on ensuring high quality and efficiency within internal controls, financial reporting and external audits. This

BOARD OF DIRECTORS' WORK

Recurring matters at Board meetings include Group Management reporting of business conditions, operations, organization, results, financial position and liquidity.

Q1
Year-end report. One meeting focusing on strategy and achievements.
Q2
Interim report first quarter. Annual General Meeting and following constituent meeting.
Q3
Interim report second quarter. Strategy day.
Q4
Interim report third quarter. Adoption of budget.

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 AGM resolution and election of auditors.

In 2023, the Audit Committee's members were Alexander Kotsinas (Chairman), Christian Lagerling and Dimitrij Titov. During 2023, the Audit Committee met on 4 occasions.

AUDITOR

The Articles of Association stipulate that Fingerprints must have one or two auditors with or without deputies, or one or two registered public accounting firms. The 2023 AGM elected BDO Mälardalen AB as auditor until the 2024 AGM. BDO Mälardalen AB appointed Johan Pharmanson as Auditor in Charge. Carl-Johan Kjellman, BDO Mälardalen AB, was also elected auditor until the 2024 AGM. The duty of the auditor is to examine the company's annual accounts and accounting records, and the Board of Directors' and CEO's administration on behalf of the shareholders. The auditor also conducts a summary review of one quarterly financial statement and issues opinions regarding the Board of Directors' reporting in connection with such events as new share issues and decisions on warrant programs. Each year, the Board of Directors meets the auditor for a report on whether the company's organizational resources are structured so that bookkeeping, the management of funds and other circumstances can be controlled satisfactorily. The auditor has continuous contact with the Audit Committee and participates in at least one of the Audit Committee's meetings during the financial year. The auditor attended the 2023 AGM on May 24.

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 authorizations 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 fulfill 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, and the segregation of duties and authorization regarding the organization 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 according to established procedures. The auditor also submits reports from 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 within the auspices of financial reporting consists of material misstatement in accounting. Risk management is a part of operational processes and various methodologies are applied to ensure that risks are managed pursuant to regulation, instructions and procedures with the aim of making accurate disclosures.

CONTROL ACTIVITIES

Control activities are designed to manage the risks that the Board and company management consider material to internal controls of financial reporting.

Control activities designed to prevent, discover and rectify misstatement and deviations are evaluated. The segregation of duties and organization constitutes the structure for controls. Follow-ups are conducted within each area of responsibility, and across all operations. Approvals and the segregation of authorization constitute the structure of control activities, as do clear rules for decisions regarding investments, sales, procurement and contracts. Control activities also proceed from the business concept, strategies and objectives, and mission-critical activities. A high level of IT security is a prerequisite for good internal controls over financial reporting. Fingerprints' IT strategy emphasizes

security and functionality, with security being more important because without security, functionality is compromised.

External financial reporting with the ensuing controls is conducted on a quarterly basis, and internal financial reporting on a monthly basis. 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 also 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 the resulting 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 has made the assessment that internal functions and processes within finance, law and quality meet the needs for review and control.

THE BOARD – FUNCTION, ATTENDANCE AND REMUNERATION

					Independent in relation to				
Name	Function	From	To	Committee	company	larger shareholders	Attendance at meetings 2023	Board remuneration 2022/23 (SEK 000's)	Committee remuneration 2022/23 (SEK 000's)
Christian Lagerling	Chairman of the Board	2022-09-20	–	Audit Committee	No	Yes	28/28	675	115
Alexander Kotsinas	Board member	2017-04-20	–	Audit Committee	Yes	Yes	27/28	295	135
Dimitrij Titov	Board member	2017-04-20	–	Audit Committee	Yes	Yes	28/28	295	70
Ted Elvhage	Board member	2018-05-29	2023-05-24	Remuneration Committee	Yes	Yes	8/9	295	45
Juan Vallejo	Board member	2018-05-29	–	Remuneration Committee	Yes	Yes	27/28	295	85
Adam Philpott	Board member	2023-05-24	–	Remuneration Committee	No	Yes	18/19	–	–
Mario Shiliashki	Board member	2023-05-24	–	Remuneration Committee	Yes	Yes	16/19	–	–

REMUNERATION OF THE BOARD OF DIRECTORS

The 2023 AGM resolved on a total fixed Directors' fee of SEK 2,150,000, of which SEK 675,000 to the Chairman and SEK 295,000 to each member. Fees for committee work of SEK 450,000 was allocated as follows: Audit Committee: SEK 135,000 to the Chairman and SEK 70,000 to the other members. Remuneration Committee: SEK 85,000 to the Chairman and SEK 45,000 to the other members. The remuneration to the Board of Directors per member is unchanged compared to the previous term of office.

Directors receiving a salary from Fingerprints are not eligible for Directors' fees. Directors that join the Board in the year receive fees in relation to the remaining period until the following AGM.

REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES

The AGM 2020 approved the proposal that the Remuneration Committee is to prepare guidelines in respect of pay and other employment terms for the CEO and senior executives and present the Board with proposals. The proposed new guidelines are presented in the Administration report, pages 18-19.

ARTICLES OF ASSOCIATION

The Articles of Association stipulate the company's operations, the number of Directors and auditors, procedure for convening shareholders' meetings, matters for consideration at the AGM and where meetings are held, as well as share classes, preferential rights and pre-emption rights regarding the company's class A shares. The Articles of Association are available at the website: www.fingerprints.com.

INFORMATION AND COMMUNICATION

Fingerprints' policies and guidelines are especially important for accurate accounting, reporting and corporate communication. Information shall increase knowledge of Fingerprints, increase confidence in Fingerprints, its management and employees, and promote business activities. A Corporate Communication Policy is in place for communication with internal and external parties, containing guidelines for the company's corporate communication. The purpose is to ensure compliance with the communication obligation in an accurate and comprehensive manner.

MONITORING

Compliance with the Rules of Procedure, instructions, policies and procedures are monitored by the Board of Directors and Group Management. Board meetings consider business conditions and the financial position. The Board of Directors reviews financial statements, and decides on publication of financial reports. The Board of Directors appraises its own work, and the CEO's work, yearly. At least one interim or half-year report, and all annual financial reports are audited. The CEO provides monthly reports to the Board of Directors, involving all parts of operational functions. Management meets frequently and monitors business development, financial performance and position, and significant events. The Board of Directors meets the auditor during the year to review the audit of internal controls and other assignments. Forecasting and budgeting work is conducted continuously with a rolling, forward-looking forecast based on updated information on sales, procurement, operating expenses and product development and technology development.

BOARD OF DIRECTORS

Gothenburg, on the date stated in the electronic signatures.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the General Meeting of shareholders in Fingerprint Cards AB (publ), corporate identity number 556154-2381

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 23-28 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINION

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, on the date stated in our electronic signature

BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant

BOARD OF DIRECTORS

CHRISTIAN LAGERLING

Chairman of the Board since 2022
Board member since 2022
Born: 1973

Employment and other board assignments: CEO and owner of Beluca Ventures, LLC. Financial advisor to global technology companies and private investment activities in private and public technology companies. Board member of MEIQ Systems AB, Raymond, and GoodTrust, Inc.

Education: Master of Science in Business and Economics at Stockholm University and London School of Economics.

Background: Financial analyst for Barclays Capital (London, UK) 1998-1999; Co-founder of GP Bullhound Ltd. (London, UK & San Francisco, USA) 1999-2013; Founder of Beluca Ventures, LLC (San Francisco, USA) 2013-; Chairman of the Board of Terranet AB (publ), 2016-2018; Chairman of the Board and co-founder of Dicopay AB, 2017-2022; Chairman of the Supervisory Board of asknet Solutions AG (Frankfurt Exchange), 2021-2022.

Holdings in Fingerprint Cards: 1,050,000 B-shares*.

As financial advisor to the company, Christian Lagerling is dependent in relation to the company and the company management and independent in relation to the company's major shareholders.

ALEXANDER KOTSINAS

Board member since 2017
Born: 1967

Employment and other Board assignments: Executive Vice President and CFO at BioGaia AB.

Education: Master of Science Engineering Physics, KTH Royal Institute of Technology, Stockholm. Bachelor of Science Economics, Stockholm School of Economics.

Background: Finance Director at Lowell Sverige AB 2017-2019, Partner Nexttobe AB 2011-2017, Vice president and CFO Q-Med AB 2008-2011, CFO Life Europe AB 2007, CFO mobile operator Tre (Hi3G Access AB) 2003-2006, vice president Investor AB (publ) 2000-2003 and different positions at Ericsson 1994-2000.

Holdings in Fingerprint Cards: 15,211 B-shares*.

Independent in relation to the company and the company's major shareholders.

DIMITRIJ TITOV

Board member since 2017
Born: 1962

Employment and other Board assignments: Lawyer and Managing Partner, Advokatfirman Titov & Partners. Chairman of the Board of Forsheda Gruppen AB, Real Fastigheter AB (publ), the Italian Chamber of Commerce in Sweden, Italienska Handelskammarens Service AB, Din Studio Sverige AB, Phantome de Genolier AB and Webess Sverige AB. Member of the Board of Järnlodet Fastigheter AB.

Education: Master of Laws (LL.M.), Stockholm University.

Background: 34 years of experience as a business lawyer. Lawyer and Partner at Advokatfirman Fylgia 1995-2018, with main focus on M&A, corporate law and international agreements in the industry.

Holdings in Fingerprint Cards: 35,885 B-shares*.

Independent in relation to the company and the company's major shareholders.

*As of 31 December, 2023

JUAN VALLEJO

Board member since 2018
Born: 1957

Employment and other Board assignments: Chairman of the Board of Indoor Energy Group Nordic AB. Member of the Board of Mercuri International Group AB, TagMaster AB and Elajo Invest Aktiebolag (publ).

Education: Master of Science (MSc) in Engineering, Royal Institute of Technology.

Background:
2011-2014: CEO, Imtech Nordic
2006-2010: CEO, Niscayah Group
1992-2006: Securitas Group Management

Holdings in Fingerprint Cards: 1,127,555 B-shares*.

Independent in relation to the company and the company's major shareholders.

*As of 31 December, 2023

MARIO SHILIASHKI

Board member since 2023
Born: 1974

Employment and other board assignments: CEO at PayU Global Payments 2018-, Board member of Crown Agents Bank (London, UK), 2020-, Member of Advisory Board of Compound VC (New York, USA), 2011-.

Education: Bachelor of Science degree in Finance & Economics (Hons) from Bryant University, MBA at Harvard Business School

Background: Financial Analyst, Goldman Sachs (New York, US), 1996-1999, Consultant, Bain & Company (London, UK), 2001-2003, Head of Financial Planning & Analysis Europe at PayPal (London, UK), 2003-2005, Director International Financial Planning & Analysis, PayPal (San Jose, US), 2005-2007, Managing Director & General Manager Asia, PayPal (Singapore), 2007-2010, Senior Vice President Global Emerging Payments, Mastercard (New York, US), 2010-2015, CEO EMEA , PayU (London, UK), 2015-2018, Board member of Kreditech (Hamburg, Germany), 2017-2018.

Holdings in Fingerprint Cards: 0*.

Independent in relation to the company and the company's major shareholders.

ADAM PHILPOTT

Board member since 2023
Born: 1975

Employment and other board assignments: President & CEO of Fingerprint Cards AB since 2023.

Education: Bachelor of Science degree in Marketing (Hons) from University of Derby.

Background: Chief Revenue Officer at Trellix, October 2022-2023, Chief Revenue Officer at McAfee (London, UK), 2021-2022, Senior Vice President EMEA at McAfee (London, UK), 2019-2021, Vice President EMEA at McAfee (London, UK), 2017-2019, Senior Director EMEAR Cyber Security at Cisco (UK), 2012-2017, Director Borderless Network Sales at Cisco (Singapore), 2010-2012, Regional Manager at Cisco (Australia) 2008-2010, Account Manager at Cisco (Australia) 2002-2008, Sales Manager at Ingram Micro (Australia) 1998-2002.

Holdings in Fingerprint Cards: 275,000 B-shares*.

Independent in relation to the company and the company's major shareholders.

GROUP MANAGEMENT

ADAM PHILPOTT

Board member since 2023
Born: 1975

Employment and other board assignments: President & CEO of Fingerprint Cards AB since 2023.

Education: Bachelor of Science degree in Marketing (Hons) from University of Derby.

Background: Chief Revenue Officer at Trellix, October 2022-2023, Chief Revenue Officer at McAfee (London, UK), 2021-2022, Senior Vice President EMEA at McAfee (London, UK), 2019-2021, Vice President EMEA at McAfee (London, UK), 2017-2019, Senior Director EMEAR Cyber Security at Cisco (UK), 2012-2017, Director Borderless Network Sales at Cisco (Singapore), 2010-2012, Regional Manager at Cisco (Australia) 2008-2010, Account Manager at Cisco (Australia) 2002-2008, Sales Manager at Ingram Micro (Australia) 1998-2002.

Shareholdings in Fingerprints: 275,000 B-shares*.

FREDRIK HEDLUND

CFO since 2024
Born: 1971

Education: Bachelor of Science degree in Economics, London School of Economics.

Previous assignments: Chief Growth Officer & Managing Director at Daphne Technology, 2020-2023; Senior Vice President/Business Unit CFO at Nielsen, 2009-2020; Global FP&A Leader at SABIC, 2007-2009; Various senior leadership positions at General Electric, including Divisional CFO and Corporate Development Director, 1996-2007.

Shareholdings in Fingerprints: 0 *.

TED HANSSON

Chief Product Officer since 2023
Born: 1976

Previously Head of Core Business 2023; acting CEO 2022-2023; President Mobile, PC and Access China 2021-2022 and Senior VP Business Line Mobile 2017-2021.

Education: MSc Electronics Engineering, Blekinge Institute of Engineering.

Previous assignments: Country Manager Fingerprints, China 2013-2016, Marketing Director/China Country Manager Nanoradio AB 2010-2013, Customer Enginering Director ST-Ericsson Korea 2007-2010, Software Manager Ericsson Mobile Platforms Taiwan 2006-2007, Software Consultant Ericsson Mobile Platforms China 2003-2006.

Shareholdings in Fingerprints: 240,338 B-shares*.

*As of 31 December, 2023

CAROLINE KRÜGER

Chief Human Resources Officer (CHRO) since 2023
Born: 1979

Education: Master of Science in Finance, School of Business, Economics and Law – University of Gothenburg.

Previous assignments: Business Consultant in HR until joining Fingerprints in October 2022 as HR Manager. Held a number of different leadership roles at Swedbank, 2005-2020.

Shareholdings in Fingerprints: 0*.

HILA MELLER

Chief Revenue Officer (CRO) since 2024
Born: 1978

Education: BSc in Computer Science and Mathematics, Bar Ilan university; Executive MBA, Technion institute and Fudan University.

Previous assignments: Before joining Fingerprints, Hila was the Global Chief Revenue Officer and Global Head of Sales at BT Security. She held several other senior leadership positions at BT including head of Security sales Europe and AMEA and Vice President BT Security Europe. Other leadership roles included Manager of the Cyber Security Services division at HP Enterprise Services in the South EMEA region, Head of Security partner business EMEA and Head of Security Strategy EMEA at CA Technologies, and Vice President EMEA at Eurekify. Hila is also the co-founder of Leading Cyber Ladies, a global movement founded in 2015 promoting diversity and inclusion the Cyber industry.

Shareholdings in Fingerprints: 0*.

REBECCA STEIN

Chief Legal Officer since November 2023
Born: 1983

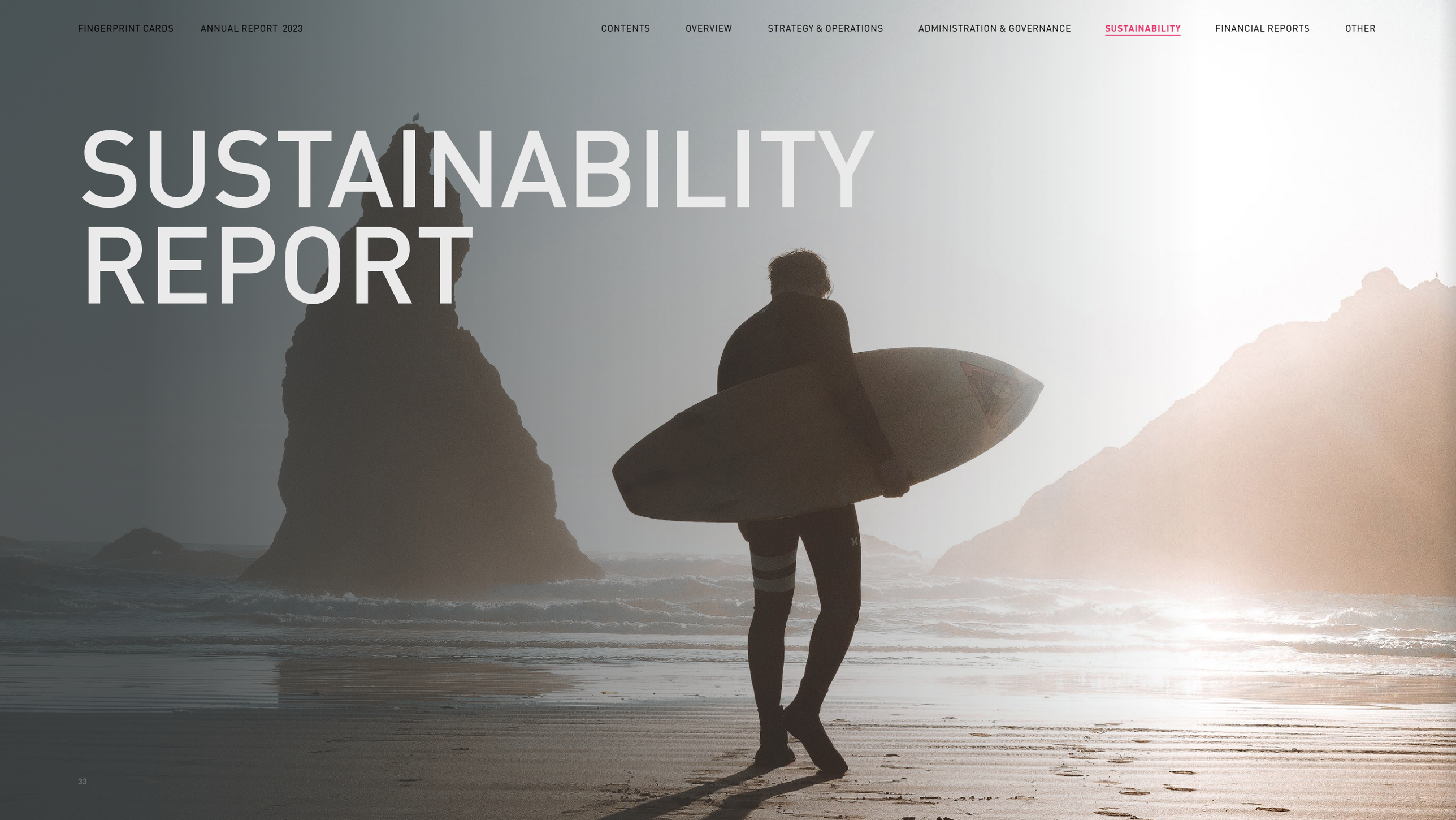
Education: Master in International Commercial Law, International Business School, Jönköping University.

Previous assignments: Head of Legal at Fingerprint Cards 2019-2023, Interim Legal Counsel at Fingerprint Cards 2017-2019, Legal Counsel at Legalworks Nordic 2017-2019, Legal Counsel at Tobii AB 2015-2017, Tax Lawyer at EY 2011-2015, several interim assignments within the tech industry.

Shareholdings in Fingerprints: 0*.

*As of 31 December, 2023

SUSTAINABILITY REPORT



SUSTAINABILITY REPORT

SUSTAINABILITY AT FINGERPRINTS

We are working to strengthen and illuminate the benefits that our products create from a sustainability perspective and to reduce the negative impact of our operations, products and supply chain.

BUSINESS-INTEGRATED SUSTAINABILITY FRAMEWORK

Sustainability work in Fingerprints is carried out within the company's framework, which comprises a vision, core values and policies, including the Code of Conduct and sustainability targets. Fingerprints wholeheartedly supports the UN's 17 Sustainable Development Goals (SDGs). Connected to our specific operations and material focus areas, we have decided to focus on seven of these goals.

We have defined a number of core sustainability targets, connected to our focus areas; see pages 38-42. The continuous implementation of the targets represents the core of the company's sustainability work and is part of our company-wide balanced scorecard, which contributes to giving sustainability aspects the same status as the company's other objectives. The targets have been broken down to each business area and function to determine exactly how they can contribute to target fulfilment. In our opinion, this enhances both commitment and participation.

The visibility and integration of the sustainability targets also makes it easier for managers to follow up the work. To integrate sustainability into our internal processes, we have been inspired by the Global Reporting Initiative (GRI). Our environmental and quality management systems

Vision

A secure and seamless universe, where you are the key to everything.

Business concept

Fingerprints develops and sells biometric solutions to companies globally that develop products and services interfacing with people.

UN Sustainable Development Goals

Measurable sustainability targets

(see pages 38-42)

The goals are based on

- Fingerprints' **policies** including our Code of Conduct
- Fingerprints' **core values**: Smart, Brave, Open, United

are certified in accordance with ISO 14001 and ISO 9001. A working method has been rolled out to manage our overall policies and Code of Conduct, with the aim of managing all policy areas equally. One area of major importance is our work on responsible sourcing, and all direct suppliers must thus sign our Code of Conduct for Suppliers.

INITIATIVES AND PARTNERSHIPS

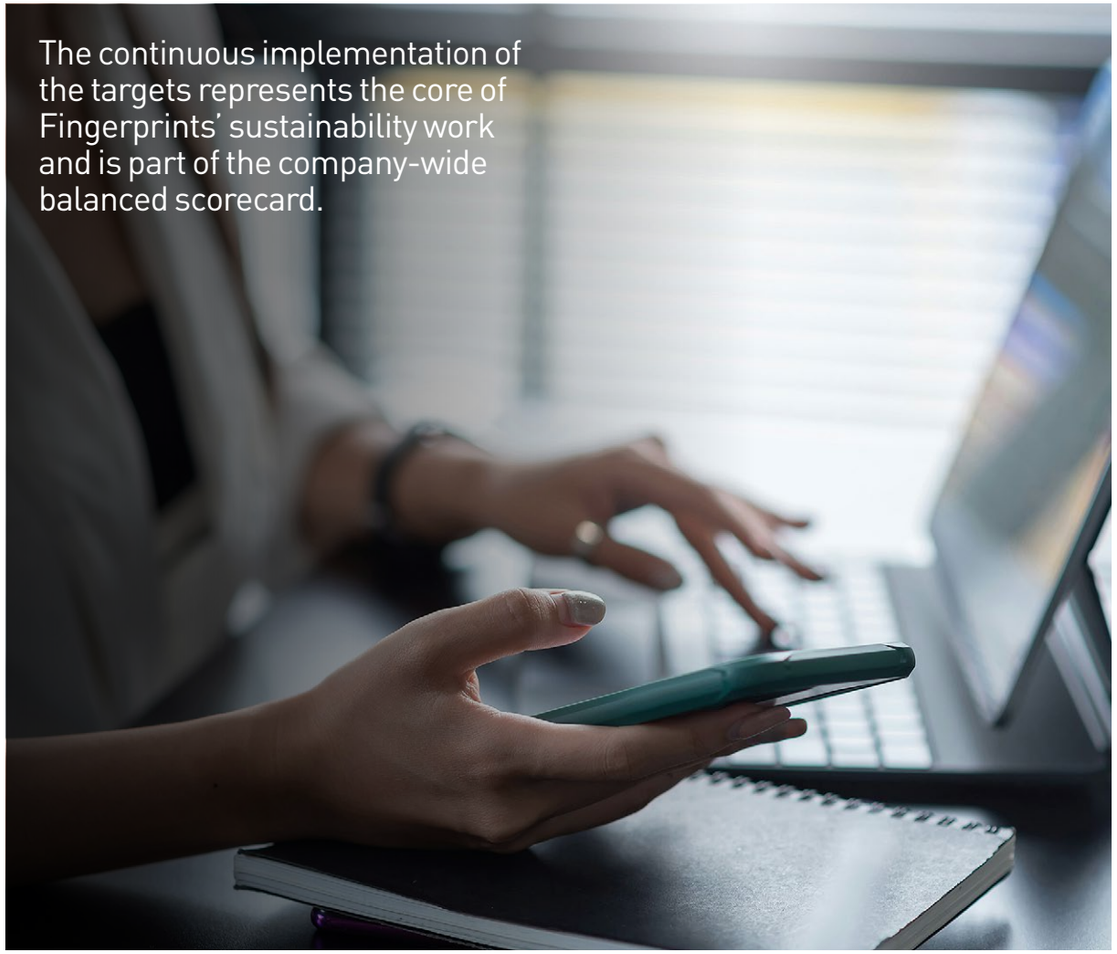
We believe that companies working collectively on sustainability challenges is the best way to achieve long-term results. In order to ensure the security and functionality of both mobile payments and card payments, we have worked for some time with key payment system players. Fingerprints is a member of Eurosmart, a sector organization for businesses active in smart security, such as digital identities, data security, cyber security, Internet of Things (IoT), payment solutions and border control. Another example is EMVCo, a global technological body that facilitates worldwide interoperability and acceptance of secure payments by handling and developing what are known as EMV® specifications and related test processes. As consumers authenticate ever larger numbers of payments via their mobile phones, it is becoming increasingly important to establish standards that ensure security, reliability and user-friendliness. Fingerprints' FPC1540/1541 sensor is the first fingerprint sensor for mobile phones that fulfills requirements according to EMVCo (EMV® Consumer Device Cardholder Verification Methods Security Requirements).

New European standards for sustainability reporting (ESRS)

In June 2022, the European Commission adopted the Corporate Sustainability Reporting Directive (CSRD) which will replace and build further upon the Non-Financial Reporting Directive (NFRD) by introducing more detailed reporting requirements and expanding the number of companies that are encompassed.

On July 31, 2023, the European Commission published the first set of the European sustainability reporting standards (ESRS). This constitutes the first major step towards the implementation of the CSRD, which came into force in January 2023.

While Fingerprints will not be required to report under the CSRD in its first year of application, i.e. the 2024 financial year, we have started a CSRD readiness project. A double materiality assessment is the foundation of this undertaking, and it will determine which sustainability matters are material to Fingerprints and, consequently, which disclosures and data points must be reported.



OUR STAKEHOLDERS IN FOCUS

Global trends

Digitization

Authentication

Sustainable solutions

Increased focus on security

Our resources

Human capital
- 185 coworkers

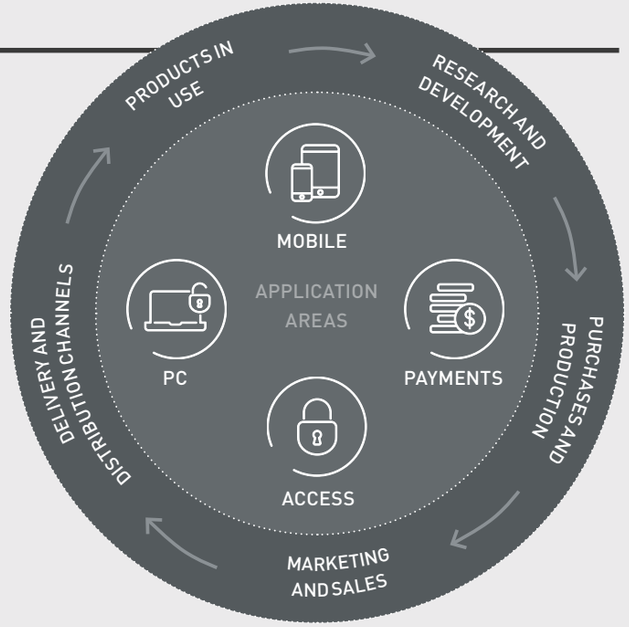
Intellectual capital
- Approx. 600 registered patents

Financial capital
- Cash and cash equivalents: SEK 110 M
- Development costs: SEK 117 M
- Selling costs: SEK 171 M

Relationship capital
- Customers throughout the world
- Users globally
- Suppliers and business partners
- Industry associations
- NGOs
- Shareholders/investors

Our operational model

Business concept
Develop and sell biometric solutions to companies globally that develop products and services interfacing with people.



Our value creation

Coworkers
- Jobs
- Safe and secure workplaces
- Development challenges
- Skills development

Users and society
- Elevated security for people and property, and prevention of fraud and ID theft.
- Taxes paid

Capital market
- Value growth
- Interest payments

Performance, financial value

SEK 705 M	SEK 616 M	SEK 293 M	SEK +36 M	SEK 0 M
CUSTOMERS, SALES	SUPPLIERS, COST OF GOODS SOLD	EMPLOYEES, PERSONNEL COSTS	INCOME TAX	SHAREHOLDER, DIVIDEND AND BUYBACKS

STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Fingerprints' materiality analysis forms the foundation for the sustainability targets, presented on pages 38-42. Our targets are aligned with the UN SDGs. The Global Reporting Initiative (GRI) and stipulations of the Swedish Annual Accounts Act on non-financial information (Ch. 6 Sect. 10) have served as the starting point for producing our materiality analysis, which is integrated into the company's overall risk-management process.

All business lines and functions were involved in the work to produce the materiality analysis.

Fingerprints has identified the following stakeholder groups:

- End users
- Module houses and distributors
- Coworkers
- Investors
- Financial analysts
- Suppliers
- Business partners
- Non-Governmental Organizations (NGOs)
- Media
- Consumers
- Political decision-makers

As a result of the stakeholder dialogue and materiality analysis, the following sustainability issues have been judged to be the most material areas for Fingerprints. These have been categorized under the key focus areas established in Fingerprints' sustainability framework.

Key stakeholders' issues

Social aspects

- Secure access to the right competence and attract, develop and retain talented individuals
- Diversity
- Occupational health & safety
- Conflict minerals
- Accessing citizens' rights and social insurance systems through official identities
- Biometric integrity

Environmental aspects

- Carbon emissions
- Environmental impact of suppliers
- Recycling
- Utilization of materials

Finance/governance

- Corruption
- Reduced risk of fraud
- Product quality
- Entry barriers for biometrics.

Fingerprints' four key focus areas

1. Ethical and transparent business methods
2. Environmental protection and efficient use of resources
3. Smarter and safer solutions
4. Respect and reward our people

FOCUS AREA 1

ETHICAL AND TRANSPARENT BUSINESS METHODS

Fingerprints' success is based on the operations being conducted ethically, transparently and legally since we otherwise risk losing the faith of our stakeholders.

Our Code of Conduct summarizes the areas that are of particular importance to building the confidence of customers and other stakeholders:

- Correct reporting and documentation
- Protect the company's assets
- Responsible communication
- Protection of sensitive information
- Comply with competition laws
- Secure responsible trade
- Zero tolerance of bribes and corruption

All coworkers must confirm that they have read and understood the Code of Conduct. New employees undergo a review of the Code during their introductory training and refresher courses are implemented for all coworkers every second year. In 2023, a new whistleblowing platform was implemented, which allows users to report suspected wrongdoing easily and anonymously. A new whistleblowing policy was also adopted.

Targets and target fulfillment

HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Fingerprints' solutions reduce risks of fraud and enable secure authentications and payments.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2023
Acceptance and compliance with the Code of Conduct	The Code of Conduct confirmed in writing by all employees.	All employees have confirmed the Code of Conduct. The Code of Conduct is part of the on-boarding process for employees and consultants.
	In addition to the introductory training for new employees, Refresher courses are to be arranged for all employees at least every other year.	Mandatory refresher training on Code of Conduct completed in 2023.

Target achieved · Target proceeding as planned/Target partly achieved · Target not achieved

RESPONSIBLE PURCHASES OF MINERALS

Through the global association of industry associations, the World Semiconductor Council (WSC), the global semiconductor industry has undertaken to use procured minerals responsibly in its semiconductor products. WSC recommends that its local members use the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.[1] The semiconductor industry has been involved in the development of compliance tools in this area, such as the OECD's roadmap, and they have subsequently also been adopted by other major industrial sectors.

RISKS AND RISK MANAGEMENT

Suspicions of purchases of conflict minerals in the supply chain can lead to a negative impact resulting from rumors and financial consequences for Fingerprints. Accordingly, Fingerprints evaluates its suppliers through the Responsible Minerals Initiative.

Fingerprints works actively on implementing its Code of Conduct, which encompasses anti-corruption. Regular refresher courses are an important part of this work, with the focus on the content of the Code. The company's anti-corruption policy is evaluated and updated whenever required.

1) OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

FOCUS AREA 2

ENVIRONMENTAL PROTECTION AND EFFICIENT USE OF RESOURCES

The efficient use of resources and protecting the environment are an important feature of Fingerprints' sustainability framework for minimizing our climate impact. We are determined to steadily improve our performance and our reporting in this area.

Since Fingerprints does not have any proprietary production capacity, it thus has no direct emissions (scope 1) to report. Our climate-related sustainability targets and reporting in the sustainability reports have historically focused on aspects of the operations that we can directly influence, such as consumption of energy in our offices (scope 2) and business travel (scope 3). However, since 2021 we quantify climate impact along our supply chain (scope 3), in order to enable our stakeholders to better understand the company's total climate impact and our initiatives to reduce our impact.

ENVIRONMENTAL IMPACT IN FINGERPRINTS' SUPPLY CHAIN

Fingerprints' most important suppliers, in terms of purchasing value, are producers of semiconductors. Although the semiconductor industry accounts for a relatively small part of the world's overall CO_2 emissions, it has been working determinedly for a long time to reduce climate impact. A key part of this work has been voluntary reductions in PFC gas emissions. As early as 1999, each regional member organization in the World Semiconductor Council (WSC) – an international forum that brings together industry leaders to address issues of global concern to the semiconductor industry – undertook to reduce their PFC gas emissions by 10 percent by the end of 2010. This goal was comfortably surpassed, with the reduction over this ten-year period amounting to 32 percent, according to WSC. In 2011, a new target was adopted for the coming ten-year period, through 2020, expressed in terms of NER, Normalized Emission Rate, of carbon equivalents per square centimeter of manufactured wafer. The target was set at 0.22 kilos CO_2e/cm^2, corresponding to a 30-percent reduction compared with the base year of 2010. The WSC also published guidelines (best practices) for new semiconductor plants (updated in 2017). According to WSC, a reduction of 22.9 percent was achieved in 2020, in relation to the base year 2010. In 2023, the WSC announced a new PFC emissions reduction goal for 2030, committing to achieving a reduction of PFC emissions by an additional four percentage points by 2030, compared to the base year 2021. While PFCs are a continued focus of the WSC, the organization also has a goal of expanding its efforts to broader greenhouse gas (GHG) emissions reductions. At the midpoint review in 2026, the WSC will set a broader GHG emissions reduction goal.

Semiconductor-enabled digital technologies also contribute to reducing emissions in various other industries, not least by increasing efficiency. For example, World Economic Forum (WEF) estimates show that digital technologies could cut emissions by up to 20 percent by 2050 in the three highest-emitting sectors: energy, materials, and mobility.

The size of the sensors developed and sold by Fingerprints has decreased over the years. The fact is that today we can fit four times as many sensors per silicon wafer than we could five years ago. As a result of this increased efficiency, combined with emissions

reductions in the production process, we estimate that CO_2 emissions per sold sensor in 2023 were less than one-fourth of the corresponding figure in 2015.

RISKS AND RISK MANAGEMENT

A negative environmental impact from Fingerprints or our suppliers risk adversely affecting our brand reputation among customers and markets. We therefore work actively to achieve our environmental objective for CO_2 emissions with the focus on our indirect emissions (scope 3) and the environmental performance of suppliers.

SCOPE 3

Since 2021, Fingerprints quantifies the company's indirect CO_2 emissions in all relevant scope 3 categories along the supply chain. Fingerprints' largest impact on the climate is in the supply chain, particularly connected to semiconductor manufacturing. Approximately 93 percent of Fingerprints' carbon footprint is accounted for by the manufacturing of silicon wafers and the integration and packaging of various components into modules that are ready for assembly. Measurement of our indirect emissions is an important step toward better understanding of our total climate impact, and for being able to engage in a dialogue with suppliers and trade organizations about the potential to reduce emissions over time.

Targets and target fulfillment

HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — All employees and suppliers of Fingerprints must sign the company's Code of Conduct. Our quality and environmental management systems are certified according to ISO 9001 and ISO 14001.

13 CLIMATE ACTION — During the year, Fingerprints completed the implementation of the system for measuring scope 3 emissions along our supply chain.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2023
Reduce carbon emissions	Reduce scope 2 CO_2 emissions for all offices according to the market-based method with 2021 as base year (target updated). Previously, scope 2 was only reported for Scandinavian offices. 50 percent reduction achieved in 2025 through guarantees of origin.	613 tCO_2e
	Work continuously to reduce CO_2 emissions from business travel (scope 3). Reduction by 20 percent compared to the base year 2019 (323.5 tCO_2e).	256 tCO_2e
	Continuous work to reduce CO_2 emissions from freight transport by air (scope 3).	184 tCO_2e
	Implement system for reporting CO_2 emissions at the supplier level (wafer and sensor production) and, in dialogue with suppliers, identify opportunities to reduce emissions over time.	6,543 tCO_2e
Utilization of resources in production	Continuous work to improve material utilization. At least 98 percent of sensors produced must be usable (utilization rate).	Average utilization of resources in production (%) 99.1 %

Target achieved · Target proceeding as planned/Target partly achieved · Target not achieved

FOCUS AREA 3

SMARTER AND SAFER SOLUTIONS

Fingerprints aims to supply its customers with products that fulfill or exceed their expectations to ensure that the company is not outmaneuvered by our competitors. To succeed, we have to ensure that our solutions are modern, innovative and secure.

We are determined to deliver high-quality products and services that are safe, reliable and satisfy statutory requirements. We always have the experiences, comfort and integrity of the end users in mind when we develop biometric solutions, and we work to avoid potential negative environmental or health effects during the use of our products.

We annually arrange a comprehensive customer satisfaction survey, and continuously develop our methods for collecting data on the needs of customers and end users.

RISKS AND RISK MANAGEMENT

Fraud in the payment area risks having a negative impact on consumers. Fingerprints' biometric solutions can reduce the risk of payment fraud and we work continuously to develop new security solutions. Public confidence in biometric solutions also influences confidence in our operations. We are transparent in our communication about the secure usage of our solutions, about risks and about Fingerprints' risk-mitigating activities.

Biometrics is now also beginning to be adopted in payment cards, where security requirements are extremely high. Our latest generation T-Shape sensor module (T2) for payment cards meets Mastercard's updated security requirements for fingerprint sensors. Our technology is already integrated in the world's first biometric payment card, delivered by Thales, which has been certified by both Mastercard and Visa.

Targets and target fulfillment

HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

1 NO POVERTY — Fingerprints' Aadhaar-certified products contribute to supporting people's right to an official identity.

13 BEKÄMPA KLIMATFÖRÄNDRINGARNA — Index-based surveys regarding customer satisfaction are conducted annually to better understand the end users' needs.

16 PEACE AND JUSTICE STRONG INSTITUTIONS — Since 2017, Fingerprints has been a member of Eurosmart, a sector organization for businesses active in smart security, such as digital identities, data security, cyber security, Internet of Things (IoT), payment solutions and border controls.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2023		
Customer satisfaction	Drive active improvement work in key corporate functions with the objective of increasing the CSI (Customer Satisfaction Index). CSI should be above the benchmark for comparable companies and industry.	Customer Satisfaction Index		
		2021	2022	2023
		4.24	4.27	4.16
		(Benchmark: 4.20)	(Benchmark: 4.07)	(Benchmark: 4.01)

Target achieved · Target proceeding as planned/Target partly achieved · Target not achieved

FOCUS AREA 4

RESPECT AND REWARD OUR PEOPLE

The people who work at Fingerprints are from different parts of the world and have varying backgrounds and competencies. With a passion for innovative technical solutions, we create products for secure and smooth identification and authentication.

As coworkers of Fingerprints, we are expected to respect each other, make sure that everyone is given the opportunity to perform optimally and ensure that everyone is acknowledged and rewarded for their efforts and performance. This is significant for our success in retaining and attracting talented employees.

All of our coworkers are to have the same opportunities based on competencies, experience and performance regardless of gender, religion, age, functional impairment, sexual preference, nationality, political opinion, social background or ethnic origin. We offer our coworkers a safe, secure and inclusive workplace, where health and safety are prioritized in all respects, at our offices and during our business trips. We shall ensure that we do not violate human rights and that we respect international labor rights. Coworkers are expected to show the same respect and protect the rights of the people who work for suppliers, customers and others with whom we do business or collaborate.

RISKS AND RISK MANAGEMENT

If we do not succeed in attracting, recruiting and retaining the right skills, we risk not delivering on our goals. To safeguard the supply of competencies, we work actively with our employer brand and recruitment process. We focus on leadership and commitment within the

Targets and target fulfillment

HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

5 GENDER EQUALITY — Fingerprints is working to fulfill the objective that the proportion of female employees will amount to 35 percent by 2025.

8 DECENT WORK AND ECONOMIC GROWTH — Fingerprints wants to promote decent labor standards so that our employees have a high sense of wellbeing and are encouraged to show commitment. The results of our weekly pulse measurement are to outperform the benchmark in all ten categories.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2023
Advance position as an attractive employer	Overall temperature and the eNPS is to show a positive trend compared with 2019 and outperform the benchmark. Overall temperature 2019: 7.7. eNPS 2019: -10.	Overall temperature: 7.9 (Benchmark: 7.6); eNPS: -29 (Benchmark: 16); Response rate: 71%
Promote equal opportunities	We are committed to having a diverse workforce with equal opportunities for all. Our target is to reach 35 percent women in our organization (employees) by 2025. We work actively with our recruitment processes and Employer Brand to attract, retain and develop a diverse workforce. Our Policy for Equality, Diversity and Inclusion is included in our onboarding for all new employees and is to be confirmed by all employees annually.	Share of women among Fingerprints' employees: 2022 30%; 2023 31%
Health and safety	No serious work-related accidents.	No serious accidents occurred.
	Not more than 1 percent of employees affected by work-related long-term sickness absence.	Less than 1 percent of coworkers affected by work-related long-term sickness absence.

Target achieved · Target proceeding as planned/Target partly achieved · Target not achieved

organization and we implement regular employee surveys to follow up the staff's work situation and health.

If we do not succeed in creating an inclusive work environment characterized by diversity, we risk losing innovative power, productivity, creativity and customer satisfaction. We also risk not being seen as an attractive employer for current and future employees. We work to attract employees with different experiences and backgrounds, which gives us greater competitiveness, increased knowledge and a broader perspective. Working for an inclusive and sustainable work environment is a feature of the company's strategy.

OUR CORE VALUES

Fingerprints' core values – Smart, Brave, Open, United – define who we are as a company and guide us in our decisions and in how we act internally and externally. We are convinced that these values are critical for continued success, and a number of exceptional colleagues were therefore, also in 2023, acknowledged within the framework of the Fingerprints Value Awards initiative, whose purpose was to celebrate our core values, provide inspiration, and motivate by highlighting coworkers who especially give expression to our core values in their daily work. For 2023, two additional awards were awarded, one for Top Performer and one for Top Manager.

ADAPTATION OF THE ORGANIZATION

In 2023, a transformation plan was launched, including a large cost optimization program to ensure our growth brings strong future profitability with it, organizational changes that reduce organizational and operational

Our core values

complexity, and a new strategic direction. At the same time as many employees left us during the year, a new organization was launched with the goal of more clearly linking the company's governance model to the new platform strategy and ensuring accountability and collaboration throughout the company.

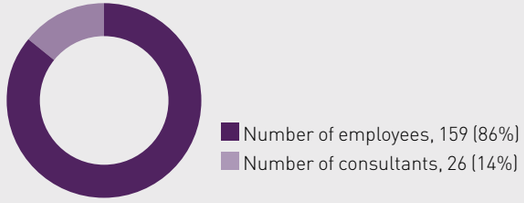
To achieve success in the market, it is important that we deploy our talent efficiently, aligning our people with strategic projects quickly as market opportunities evolve. To achieve this goal and create an empowered, efficient organization, a functional organizational model was implemented during the year, enhancing accountability and enabling agility. The two primary pillars are Product and Sales, with support from Finance, HR and other operational functions. Both the new organization and our new strategy will be underpinned by enhanced governance, accelerating throughput and conversion from innovation through to sales.

A SUSTAINABLE ORGANIZATION

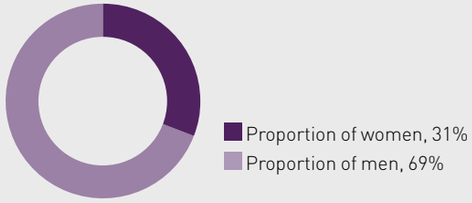
At Fingerprints, we attach considerable importance to monitoring the wellbeing of our coworkers and we work actively to create the best possible conditions for well-being and involvement. In addition to regular coworker dialogues between the immediate manager and co-worker, we arrange weekly pulse meetings involving the entire workforce, with the focus on with a focus on how our employees feel and how they perceive their work situation. The coworkers are asked to give feedback on how they regard the current status in the categories of Leadership, Job Satisfaction, Meaningfulness, Autonomy, Work Situation, Participation, Personal Development,

Fingerprints' organization

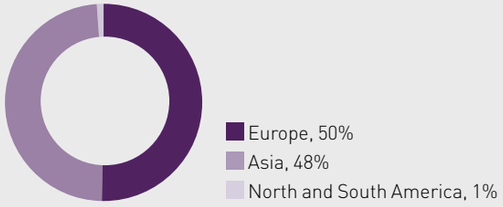
Employees, including consultants



Employees, broken down by women and men



Employees, geographical breakdown



Employees, age breakdown

185
COWORKERS

42
AVERAGE AGE

110 / 49
MEN / WOMEN
(EMPLOYEES)

The Executive Management Group consisted of three men and three women, of whom five are aged 30-50 years and one is over 50 years.

Team Spirit, Commitment, Trust and Psychological safety. The data that is collected is analyzed every week, enabling the company to identify trends and act quickly.

Pulse measurements are managed via an app and the results are visible to all coworkers. The tool includes a feature for giving each other positive feedback, which is part of efforts to continue to build an open and engaging culture. The results and active measures are discussed and presented in the various teams. At company level, we have made it a good habit to regularly review results and take the temperature at our global coworker meetings. Management also takes the temperature using the company-wide balanced scorecard.

In light of the extensive organizational changes that were implemented starting in November 2023, when a significant number of our employees left Fingerprints, the company decided to pause the pulse measurements until the new organization was fully implemented in January 2024. However, the dialogue with our employees was very much maintained. Our HR organization worked closely with our managers during this challenging period, encouraging all employees to provide feedback and contact their manager or HR to receive information about the changes. Our regular online staff meetings continued, and a significant part of these were used to communicate about the organizational changes and to answer employees' questions. A digital tool for anonymously asking questions to management was also made available, and the answers were published on Fingerprints' intranet.

The illustration on the right shows the average temperature for each category, together with a benchmark

Outcome of Fingerprints' pulse measurements, 2023

(Industry)

The response rate for the temperature measurement for 2023 was 71 percent. The overall temperature was 7.9, a decrease from the preceding year's temperature of 8.0. The industry averages for corresponding periods were 7.6 and 7.6, respectively.

OVERALL TEMPERATURE

7.9

(7.6)

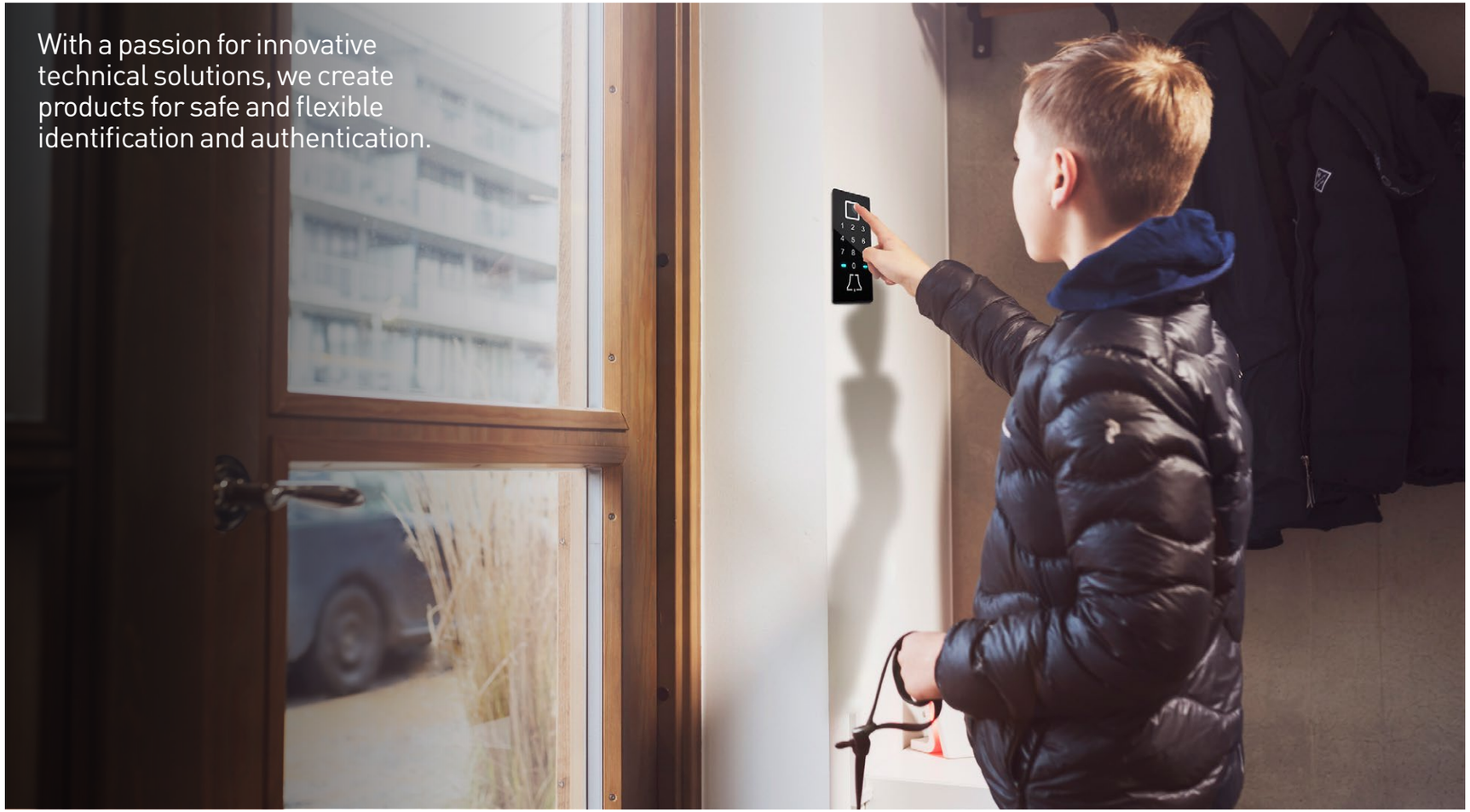
RESPONSE RATE

71%

index for other technology companies. Fingerprints' results for 2023 are higher than the benchmark in eight out of eleven categories. The overall temperature was 7.9, a slight decrease from the figure for 2022 (8.0), but higher than the base year 2019 (7.7). 2023 was a challenging year, and the company was forced to implement further staff reductions in the second half of the year, which is also reflected in a deterioration of eNPS to -29 from -5 the previous year. Improving this result is an important area of focus moving forward.

We are continuing to work to increase the proportion of women in the organization, both among our coworkers and at the managerial level. In 2023, it was announced that three women will join Group Management, an increase from zero last year. At Fingerprints, there is a network for women with the aim of helping to create contacts and encourage learning and the sharing of experiences. We support an environment and a culture in which our employees learn from each other and contact their colleagues for advice, support and to share knowledge. With our core values as the point of departure, we encourage our coworkers to learn at work by daring to test new things, accepting new challenges, reserving time for reflection and sharing their experiences of successes and setbacks.

We routinely monitor the coworkers' perceived workload and stress, and see that through this way of working we create the conditions to deploy resources and relief at an early stage, resulting in a low sick leave rate.


With a passion for innovative technical solutions, we create products for safe and flexible identification and authentication.

THE TAXONOMY REGULATION

Non-financial companies of public interest and with more than 500 employees are expected to fully comply with the taxonomy regulation for reporting for 2023. Fingerprints is considered as a company of public interest and our financial activities are listed in the taxonomy. Since we do not fulfill the criterion of having more than 500 employees, the company is not required to report according to Article 8 of the taxonomy regulation. Accordingly, we do not need to report partial disclosures according to the regulation.

Although Fingerprints is formally not encompassed by the aforementioned directive and the taxonomy regulation, we will continuously keep ourselves informed of the development of the directives and regulations that arise.

BOARD OF DIRECTORS

Gothenburg, on the date stated in the electronic signatures.

AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of shareholders of Fingerprint Cards AB (publ), Corp. Reg. No. 556154-2381.

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors that is responsible for the sustainability report for the fiscal year 2023 on pages 34-47 and that it is prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE EXAMINATION

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, on the date stated in our electronic signature

BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant

FINANCIAL REPORTS

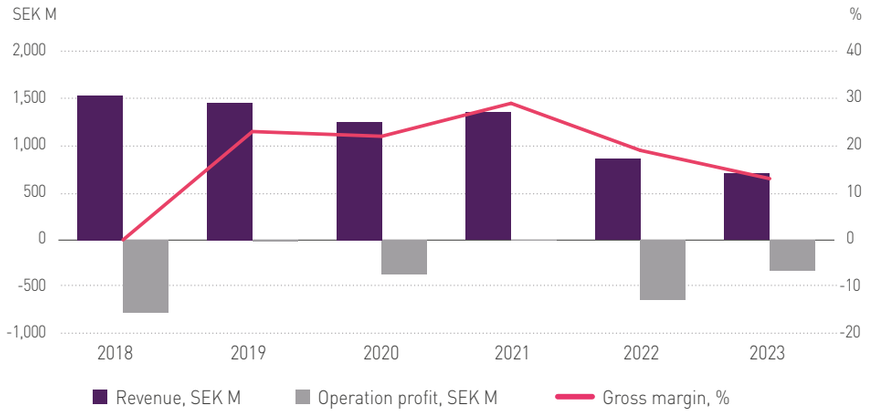
CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2023	2022
Revenues	2, 3	705.4	861.8
Cost of goods sold	4, 9	-615.8	-695.4
Gross profit		**89.6**	**166.4**
Selling expenses	7	-171.1	-142.6
Administrative expenses	7, 8	-127.6	-143.6
Development costs	7, 10	-117.3	-118.1
Write downs	14	-4.7	-433.4
Other operating income	5	16.6	42.4
Other operating expenses	6	-5.9	-2.1
Operating profit/loss	3, 7, 8, 9, 14, 15	**-320.4**	**-631.0**
Financial income	11	4.6	15.4
Financial expenses	11	-59,7	-36.6
Profit/loss before tax		**-375,5**	**-652.2**
Tax	12	35.7	66.2
Net profit/loss for the year		**-339,8**	**-586.0**
Earnings per share	13		
before dilution (SEK)		-0.74	-1.92
after dilution (SEK)		-0.74	-1.92

Other comprehensive income		
Net profit/loss for the year	**-339,8**	**-586.0**
Translation differences for the year on translation of foreign operations	-20.5	84.0
Other comprehensive income	**-20.5**	**84.0**
Comprehensive income for the year	**-360,3**	**-502.0**
Attributable to equity holders of the Parent Company	-360,3	-502.0

REVENUE, OPERATING RESULT AND MARGIN

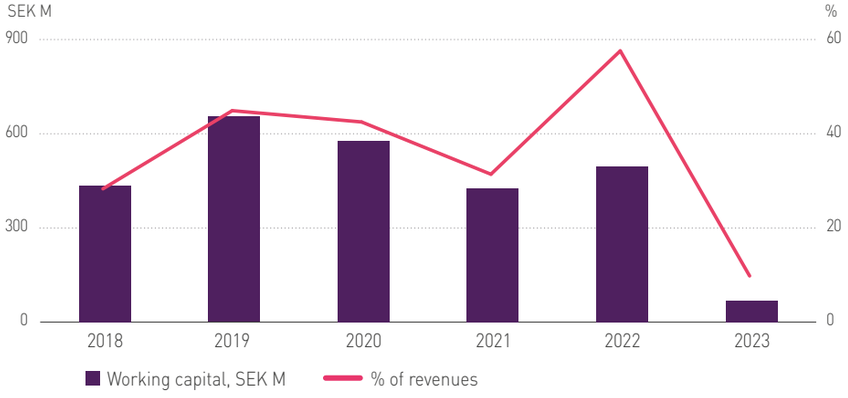


CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

SEK M	Note	31 Dec 2023	31 Dec 2022
Assets			
Intangible assets	14	504.8	538.0
Property, plant and equipment	15	3.0	4.3
Right-of-use assets	24	14.4	25.3
Financial assets	12	171.6	121.8
Total non-current assets		**693.8**	**689.4**
Current assets			
Inventories	16	133.5	304.1
Accounts receivable	17, 23	120.6	128.3
Other receivables		17.9	40.0
Prepaid expenses and deferred income	18	7.9	9.6
Cash and cash equivalents	17	109.9	274.1
Total current assets		**389.8**	**756.1**
Total assets		**1,083.6**	**1,445.5**

WORKING CAPITAL



SEK M	Note	31 Dec 2023	31 Dec 2022
Shareholders' equity	13		
Share capital		26,0	18.5
Other paid-up capital		854.3	854.3
Translation reserve		145.8	166.3
Retained earnings including net profit for the year		-334,5	-172.6
Shareholders' equity		**691,6**	**866.5**
Non-current liabilities			
Deferred tax liability	12	6.6	13.0
Convertible loans	20	72,9	–
Long-term leasing liabilities	20, 24	6.5	12.4
Bond loan	20	–	293.7
Total non-current liabilities		**86,0**	**319.1**
Current liabilities			
Short-term portion of long-term leasing liabilities	20, 24	6.2	11.2
Short-term portion of convertible loans	20	21,9	–
Accounts payable	20	103.5	74.3
Current tax liability		6.3	6.6
Other current liabilities	21	25.4	20.7
Accrued expenses and deferred income	22	142.7	147.1
Total current liabilities		**306,0**	**259.9**
Total shareholders' equity and liabilities		**1,083.6**	**1,445.5**

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

SEK M	Share capital	Other paid-up capital	Translation reserve	Retained earnings including profit/loss for the year	Total shareholders' equity
Opening shareholders' equity, 1 Jan 2022	**13.0**	**854.3**	**82.3**	**77.6**	**1,027.2**
Net profit/loss for the year				-586.0	-586.0
Other comprehensive income for the year			84.0		84.0
Set-off issue and rights issue	5.5			335.8	341.3
Closing shareholders' equity, 31 Dec 2022	**18.5**	**854.3**	**166.3**	**-172.6**	**866.5**
Opening shareholders' equity, 1 Jan 2023	**18.5**	**854.3**	**166.3**	**-172.6**	**866.5**
Net profit/loss for the year				-339,8	-339,8
Other comprehensive income for the year			-20.5		-20.5
Set-off issue and rights issue	7,5			177,9	185.4
Closing shareholders' equity, 31 Dec 2023	**26,0**	**854.3**	**145.8**	**-334,5**	**691,6**

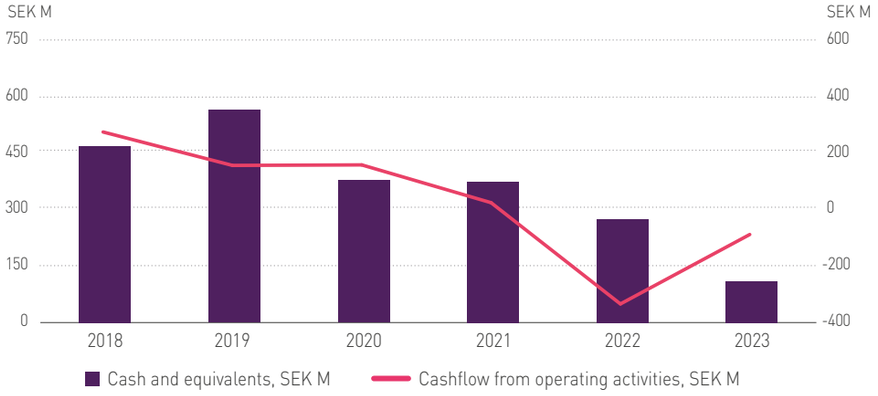
CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

SEK M	Note	2023	2022
Operating activities			
Profit/loss before tax		-375,5	-652.2
Adjustment for non-cash items	26	65,2	496.3
Income tax paid		-22.1	-13.3
Cash flow from operating activities before changes in working capital		**-332.4**	**-169.2**
Cash flow from changes in working capital			
Changes in inventories		175.4	-160.6
Changes in operating receivables		25.4	179.4
Changes in operating liabilities		43.3	-183.7
Cash flow from operating activities		**-88.3**	**-334.1**
Investing activities			
Purchase and internal development of intangible assets	14	-47.1	-103.5
Purchase of property, plant and equipment	15	-0.2	-1.1
Sale of property, plant and equipment	15	0.2	0.0
Change in financial assets		1.0	0.0
Cash flow to investing activities		**-46.1**	**-104.6**

SEK M	Note	2023	2022
Financing activities			
Set-off issue and rights issue		154.9	341,3
Convertible loans		145.7	–
Repayment of bond loans		-315.2	–
Amortization leasing liabilities		-11.1	-12.9
Cash flow from financing activities		**-25.7**	**328.4**
Cash flow for the year		-160.1	-110.3
Cash and cash equivalents at beginning of year		274.1	374.3
Effect of translation differences on cash and cash equivalents		-4.1	10.1
Cash and cash equivalents at end of year	17	**109.9**	**274.1**

CASH AND CASH EQUIVALENTS AND CASH FLOW



GROUP

NOTES

NOTE 1 CRITICAL ACCOUNTING POLICIES

All amounts in millions of Swedish kronor (SEK M) unless otherwise stated.

Basis of presentation

The consolidated accounts comprise Fingerprint Cards AB (Publ) (the Parent Company) and its subsidiaries (the Group). The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups) has also been applied.

The consolidated statement of comprehensive income and statement of financial position and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting (AGM) on 23 May 2024.

The accounting policies are stated in the introduction to each note. The focus is on reviewing the accounting decisions the Group has made within the auspices of the applicable IFRS principle and avoiding repeating body text, unless considered of particular importance to understanding note content. Those accounting policies without a specific note are stated in Note 1.

Consolidation principles

Subsidiaries

The consolidated accounts comprise Fingerprint Cards AB (publ) (the Parent Company) and its subsidiaries (the Group). Subsidiaries are companies that are under the controlling influence of the Parent Company. A controlling influence is secured when the Parent Company has control over the investment, is exposed or entitled to a variable return from its holding in the company and can exercise control over the investment to influence the return. All subsidiaries are wholly owned through direct or indirect ownership, and accordingly, are considered to lie under the Group's control.

Translation to Swedish kronor on consolidation of companies in with different functional currencies

Subsidiaries prepare their financial statements in each entity's functional currency. Each Group company's functional currency is determined on the basis of the primary economic environment where the company conducts operations. The Parent Company's functional currency is Swedish kronor, which is also the presentation currency of the Parent Company and Group. This means that the financial statements are presented in Swedish kronor. All amounts are in millions of Swedish kronor unless otherwise stated.

Receivables and liabilities in foreign currency

Exchange rate differences are recognized in net profit for the year. Exchange rate differences on operating receivables and operating liabilities are recognized in operating profit and exchange rate differences on financial receivables and financial liabilities are recognized in net financial income/expense.

Critical estimates and judgments

With its Audit Committee, management has discussed the progress, selection and disclosure of the Group's critical accounting policies and estimates, as well as the application of these principles and estimates. Pursuant to IAS 1, the company should disclose the assumptions and other important sources of uncertainty in estimates, which if actual outcomes differ, can have a material impact on the financial statements. In cases where this occurs, estimates and judgments have been moved to the relevant note. A summary of the areas that management considers to contain material estimates and judgments follow:

- Deferred tax (Note 12)
- Capitalization of development costs (Note 14)
- Impairment testing of goodwill and other intangible assets (Note 14)
- Inventory valuation (Note 16)

New accounting policies

New accounting policies for 2023

Those amendments applying for the financial year beginning 1 January 2023 did not have any material effect on the financial statements.

New accounting policies 2024 and later

None of the other IFRS or IFRIC interpretations that have not yet taken effect are expected to have any material impact on the Group.

Classification and presentation formats

Earnings for the Group are recognized in the statement of comprehensive income, and for the Parent Company, in the income statement. In addition, the Parent Company uses the terms balance sheet and cash flow statement for the statements the Group refers to as the statement of financial position and statement of cash flows respectively. The Parent Company balance sheet has been presented according to the format stipulated in the Swedish Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements, and IAS 7 Statement of Cash Flows.

NOTE 2 REVENUES

Accounting policy

Fingerprints' performance obligation consists of the sale of wafers to distributors. This generates the total net sales of the company. On this basis, the revenue-generating operation is straight forward; distributors order wafers, Fingerprints receives the order and delivers the goods. Sensors consists of hardware, with software included as an integrated component. The transaction price is calculated at the sales price adjusted for discounts that are reported to the most likely amount. The revenue is reported when the purchaser gains control over the product and is determined by the terms of delivery. Average payment conditions is 30 days net. Sales by country refers to country where the end-customer is domiciled.

Revenue by type of product

SEK M	2023	2022
Mobile	519.1	646.8
Payment	11.7	15.2
PC	96.9	59.6
Access	77.7	140.2
Sales	**705.4**	**861.8**

Sales by country

SEK M	2023	2022	change, %
Sweden	13.5	3.1	342
France	8.0	10.8	-25
Hong Kong	89.7	26.2	243
China	426.2	569.0	-25
USA	97.9	62.1	58
Other	70.1	190.6	-63
Group	**705.4**	**861.8**	**-18**

NOTE 3 OPERATING SEGMENTS

Accounting policy

Each operating segment is defined as a business activity that can give rise to revenue or expenses and its operating profit is regularly monitored by the Group's chief operating decision maker, and for which independent financial information is available. In Fingerprints' case, the chief operating decision maker is defined as Group Management, which decides how resources are to be allocated between the different segments, and which also regularly evaluates earnings.

Because Group Management monitors the result of operations and decides on the allocation of resources based on the products manufactured and sold by the Group, these comprise the Group's operating segments. Accordingly, the Group's internal reporting is structured to enable Group Management to review performance and results. Fingerprints' segments comprise Asia, Rest of World and New Business. The product areas in which the sales are divided into are Mobile, Payment, PC and Access.

Comprehensive income by segment

	Asia		Rest of World		New Business		Other		Total	
SEK M	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenues from external customers	**637.3**	**783.5**	**68.1**	**78.3**	**0.0**	**–**	**0.0**	**0.0**	**705.4**	**861.8**
Mobile	519.1	646.7	0.0	0.0	–	–	–	–	**519.1**	**646.7**
Payment	0.0	0.0	11.7	15.2	–	–	–	–	**11.7**	**15.2**
PC	96.1	59.6	0.8	0.0	–	–	–	–	**96.9**	**59.6**
Access	22.1	77.2	55.6	63.1	–	–	–	–	**77.7**	**140.3**
Operating profit/loss	**-159.6**	**-169.4**	**-67.4**	**-423.1**	**-33.4**	–	**-60.0**	**-38.5**	**-320.4**	**-631.0**
Profit/loss before tax	**-159.6**	**-169.4**	**-67.4**	**-423.1**	**-33.4**	–	**-115.5**	**-59.7**	**-375.5**	**-652.2**

Non-current assets

SEK M	2023	2022
Sweden	131.0	134.2
China	3.5	7.1
USA	387.5	423.3
Other countries	0.2	3.1
Total	**522.2**	**567.6**

NOTE 4 COST OF GOODS SOLD

Constituent items in cost of goods sold

SEK M	2023	2022
Materials	-541.0	-633.1
Amortization of capitalized development	-35.7	-39.9
Amortization of other intangible assets	-21.2	-20.4
Procurement and production overheads	-17.9	-2.0
Cost of goods sold	**-615.8**	**-695.4**

NOTE 5 OTHER OPERATING INCOME

SEK M	2023	2022
Exchange rate gains of an operating character	5.9	38.3
Grants received	10.6	1.3
Leased offices	0.1	2.8
Total	**16.6**	**42.4**

NOTE 6 OTHER OPERATING EXPENSES

SEK M	2023	2022
Loss on retirement of property, plant and equipment	-0.1	–
Exchange rate losses of an operating character	-5.8	
Expenses leased offices	-0.0	-2.1
	-5.9	**-2.1**

NOTE 7 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

Accounting policy

Pension benefits to employees

The Group has defined-contribution pension plans. Defined-contribution pension plans are classified as plans whereby the company's obligation is limited to the contributions it has undertaken to pay. In such cases, the amount of the employee's pension depends on the contribution the company pays to the plan, or to an insurance company and the return on capital generated by the contributions. Consequently, the employee bears the actuarial risk and the investment risk. The company's obligation regarding contributions to defined-contribution plans is recognized as an expense in profit or loss for the year in line with contributions being vested by the employee rendering services for the company over a period of time.

Severance pay

An expense for severance pay when employees leave the company is recognized only if the company is demonstrably obligated, without a realistic possibility of withdrawing, by a formal detailed plan to terminate employment before the normal point in time.

Short-term remuneration

Short-term remuneration to employees is computed without discounting and is recognized as an expense when the related services are received. A provision is recognized for the expected cost of the profit-sharing and bonus payments when the Group becomes subject to a legal or constructive obligation to make such payments as a result of the services rendered by employees and the obligation can be measured reliably.

The division between basic salary and variable compensation should be in proportion to the executive's duties and authorization. For the Chief Executive Officer and other senior executives, variable compensation is a maximum of 100 percent of basic annual salary, apart from sign-on bonus. Pension terms should be defined contribution pension solutions. The notice period from the company's side should not exceed six months. During the notice period of a maximum of six months, full salary and employment benefits are due. Upon termination by the company, severance pay may be payable up to an amount corresponding to a maximum of 12 months' salary. The notice period for the Chief Executive Officer is six months on termination by the employee or the company. Decisions on share and share price-related incentive programs are taken by the general meeting of shareholders. The Board shall be entitled to depart from these guidelines if there are special reasons for this in an individual case.

Expenses for employee benefits	2023	2022
Salaries and benefits, etc.	219.5	227.1
Pension costs, defined contribution plans	28.4	27.6
Other social security contributions	31.8	34.2
Benefits	7.1	11.7
Other employee benefits	6.0	6.2
	292.8	**306.9**

NOTE 7 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES, CONT.

Average number of employees	2023			2022		
	Men	Women	Total	Men	Women	Total
Sweden	50	16	66	60	20	**80**
Denmark	20	4	24	22	5	**27**
France	1	1	2	1	1	**2**
Japan	1	0	1	1	0	**1**
China	52	34	86	61	36	**97**
Switzerland	2	0	2	3	1	**4**
South Korea	3	0	3	4	0	**4**
Taiwan	11	4	15	16	6	**22**
USA	1	0	1	2	0	**2**
Other	0	0	0	0	0	**0**
Total	**141**	**59**	**200**	**170**	**69**	**239**

There were 159 (223) employees as of 31 December 2023, of whom 111 (157) men and 48 (66) women.

Salaries and other benefits allocated between senior executives and other employees, and social security contributions

	2023			2022		
Group, SEK M	**Senior executives**	**Other employees**	**Total**	**Senior executives**	**Other employees**	**Total**
Salaries and other benefits	22.3	197.2	**219.5**	**32.1**	**195.0**	**227.1**
of which CEO	7.3	–	**7.3**	20.5	–	**20.5**
of which, Sweden	12.5	58.0	**70.5**	10.2	57.2	**67.4**
of which foreign countries	9.8	139.2	**149.0**	21.9	137.8	**159.7**
of which bonus, etc.	2.8	20.2	**23.0**	2.0	11.5	**13.5**
Pension benefits	**3.3**	**25.1**	**28.4**	**5.2**	**22.4**	**27.6**
of which pension benefits, CEO	0.2	–	**0.2**	2.6		**2.6**
of which pension benefits, others	3.1	25.1	**28.2**	2.6	22.4	**25.0**

NOTE 7 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES, CONT.

Salaries and other benefits to senior executives	2023					2022				
Group, SEK M	Basic salary, Directors' fee	Bonus, variable compensation	Benefits	Pension	Total	Basic salary, Directors' fee	Bonus, variable compensation	Benefits	Pension	Total
Chairman of the Board										
Johan Carlström, until June 2022	–				**–**	0.4				**0.4**
Dimitrij Titov, June 2022 until September 2022	–				**–**	0.1				**0.1**
Christian Lagerling, as of September 2022	0.8				**0.8**	0.2				**0.2**
Directors of the Board										
Alexander Kotsinas	0.4				**0.4**	0.4				**0.4**
Adam Philpott, as of May 2023	0.1				**0.1**					
Dimitrij Titov, between January and May 2022 and from October 2022	0.4				**0.4**	0.3				**0.3**
Juan Vallejo	0.4				**0.4**	0.4				**0.4**
Mario Shiliahki, as of May 2023	0.2				**0.2**	–				**–**
Sofia Bertling, until September 2022	–				**–**	0.3				**0.3**
Ted Elvhage, until May 2023	0.1				**0.1**	0.4				**0.4**
Tomas Mikaelsson, until September 2022	–				**–**	0.2				**0.2**
Chief Executive Officer										
Adam Philpott, as of September 2023	1.4	0.5	0.0	0.0	**1.9**	–	–	–	–	**–**
Christian Fredrikson, until November 2022	–	–	–	–	**–**	17.3		2.0	2.4	**21.8**
Ted Hansson, between November 2022 and August 2023	3.6	1.8	0.0	0.2	**5.6**	2.6	0.6	1.1	0.2	**4.5**
Other senior executives	12.0	0.5	4.8	3.1	**20.4**	7.5	1.4	6.6	2.6	**18.1**
Total from Group and Parent Company	**19.4**	**2.8**	**4.8**	**3.3**	**30.3**	**30.1**	**2.0**	**9.8**	**5.2**	**47.0**

NOTE 8 FEES AND REIMBURSEMENT OF AUDITORS

SEK M	2023	2022
Audit fee, BDO	5.3	2.6
Audit fee, other	0.1	0.1
Other services	0.0	0.2
Total fees	**5.4**	**2.9**

NOTE 9 OPERATING EXPENSES BY COST CLASS

SEK M	2023	2022
Cost of materials	-541.0	-612.6
Personnel costs	-292.8	-306.9
Depreciation, amortization and impairment	-78.2	-515.1
Other operating expenses	-130.4	-58.2
Operating expenses	**-1,042.4**	**-1,492.7**

NOTE 10 DEVELOPMENT EXPENDITURE

The Group's expenses for technology development and patents in 2023 amounted to SEK 164.1 M (221.4) of which SEK 46.8 M (103,3) or 29 percent (47%) was capitalized in the consolidated statement of financial position and the remaining SEK 117.3 M (118,2) was expensed.

NOTE 11 FINANCIAL INCOME/EXPENSE

SEK M	2023	2022
Exchange rate gains, financial receivables, and liabilities	1.0	15,2
Other interest income	3.5	0,2
Financial income	**4.6**	**15.4**
Exchange rate losses, financial receivables, and liabilities	-1.2	0.0
Interest expenses	-32.9	-30.1
Other financial expenses	-25.6	-6.5
Financial expenses	**-59.7**	**-36.6**

NOTE 12 TAXES

Accounting policy

The Group's tax for the period consists of current tax and deferred tax. Current tax assets and liabilities for the current and preceding periods are measured at the amount expected to be paid to or from the tax authorities based on the tax rates and tax laws adopted or adopted on the balance sheet date. Current tax is tax pertaining to taxable profit for the period. Deferred tax is recognized on all temporary differences that arise between the taxable value and carrying amount of assets and carrying amount of assets and liabilities and on deductible loss carry-forwards.

Deferred tax assets are recognized in the balance sheet to the extent it is likely that they can be utilized to offset future taxable surpluses. When calculating the Group´s deferred tax assets and tax liability. The tax rate applicable in the country concerned is applies.

Estimates and judgments

In particular, management assesses the likelihood that deferred tax assets can be offset against surpluses in future taxation in accordance with the company's long-term forecasts. As a basis for these, they use market analyses, information regarding upcoming regulatory requirements and discussions with customers. Revaluation of deferred tax refers to the difference between theoretical tax and actual deferred tax.

SEK M	2023	2022
Current tax expense	-21.1	-8.0
Deferred tax expense	56.8	74.2
Total reported tax expense	**35.7**	**66.2**

Reconciliation of effective tax

SEK M	2023	%	2022	%
Profit/loss before tax	-375.5		-652.2	
Theoretical tax at applicable tax rate for Parent Company	77.4	-20.6	134.3	-20.6
Differences in tax rates for foreign subsidiaries	0.0	0.0	25.6	-3.9
Non-deductible expenses	-0.6	0.2	-93.7	14.4
Non-taxable revenues	4.7	-1.2	0.4	-0.1
Revaluation deferred tax*	-36.7	10.0	0.0	0.0
Tax attributable to previous year	-9.1	2.4	-0.4	0.1
Reported effective tax	**35.7**	**-9.3**	**66.2**	**-10.1**

* Refers to losses during the year for which deferred tax has not been calculated.

Unreported deferred tax assets

Deductible loss carry-forwards for which deferred tax assets have not been recognized in the statement of financial position:

SEK M	2023	2022
Deductible deficits	21.6	–

Deferred tax assets and tax liabilities are divided as follows:

Deferred tax assets, SEK M	2023	2022
Deferred tax assets to be settled after more than 12 months	171.2	120.5
Total deferred tax assets	**171.2**	**120.5**

Deferred tax liabilities, SEK M	2023	2022
Deferred tax liabilities to be settled after more 12 months	6.6	13.0
Total deferred tax liabilities	**6.6**	**13.0**

Changes in deferred tax assets and tax liabilities are stated below:

Tax losses forward, SEK M	
As of 1 January 2022	52.1
Reported in income statement	71.7
Revaluation deferred tax	-3.3
As of 31 December 2022	**120.5**
Reported in income statement	56,8
Revaluation deferred tax	-6,1
As of 31 December 2023	**171.2**

Temporary tax difference intangible assets, SEK M	
As of 1 January 2022	16.6
Revaluation deferred tax	2.4
Reported in income statement	-6.0
As of 31 December 2022	**13.0**
Revaluation deferred tax	-0,1
Reported in income statement	-6.3
As of 31 December 2023	**6.6**

NOTE 13 SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Accounting policy

In December 2023, Fingerprints announced the issuance of new shares in conjunction with conversion of one of its outstanding convertibles ("the Issue"). The issue resulted in a change in the number of Class B shares and voting rights in Fingerprints as follows: Before the Issue, the total number of shares in the company was 578,777,770 (of which 7,875,000 Class A shares and 570,902,770 Class B shares). The total number of voting rights in the company was 649,652,770 (of which 78,750,000 Class A shares and 570,902,770 Class B shares). In conjunction with the Issue, the number of Class B shares in the company increased by 18,111,900 and the number of voting rights by 18,111,900.

Following the Issue and as per 29 December 2023, the total number of shares in the company was 596,889,670 (of which 7,875,000 Class A shares and 589,014,670 Class B shares). The total number of voting rights in the company was 667,764,670 (of which 78,750,000 Class A shares and 589,014,670 Class B shares).Share capital amounted to SEK 25,990,072.

The proceeds from the rights issue are reported net. The issue amount amounted to SEK 21.7M.

Instruments (including shares issued subject to certain conditions being met) that may have a potential dilutive effect on future diluted earnings per share, but which were not included in the calculation of diluted earnings per share because they did not give rise to dilutive effects in the periods reported. A potential conversion to shares could result in a maximum dilution effect of 13 percent based on the price that applied on 31 December 2023.

	Before dilution		After dilution	
SEK	2023	2022	2023	2022
Earnings per share	-0.74	-1.92	-0.74	-1.92

Net profit for the year attributable to ordinary shareholders of the Parent Company before dilution

SEK M	2023	2022
Net profit for the year attributable to equity holders of the Parent Company	-339.8	-586.0

Weighted average number of outstanding shares before and after dilution

No of shares	2023	2022
Class A shares at beginning of the year	7,875,000	6,000,000
Issued Class A shares during the year	0	1,875,000
Total number of Class A shares	**7,875,000**	**7,875,000**
Class B shares at beginning of the year	412,817,719	288,200,000
Issued Class B shares during the year	172,396,951	124,617,719
Number of repurchased shares during the year	0	0
Total number of Class B shares	**585,214,670**	**412,817,719**
Total number of outstanding shares	**593,089,670**	**420,692,719**
Weighted average number of ordinary shares during the year before and after dilution	466,338,322	304,741,060
Quotient value, SEK per share	**0.04**	**0.04**

As of 31 December 2023, the registered share capital amounted to 596,889,670 ordinary shares (424,492,719), of which 3,800,000 (3,800,000) shares were held in treasury. Holders of common shares are entitled to receive dividends, and the holding entitles the holder to vote at general meetings of shareholders, with one vote per share.

NOTE 14 INTANGIBLE ASSETS

Accounting policy
Intangible assets are recognized at cost after deduction of accumulated amortization and potential impairment.

Research and development
Development expenditure, aimed at achieving new or improved products or processes, is recognized as an asset in the statement of financial position, if the product or process is technically and commercially viable, and the company has sufficient resources to complete the development process and subsequently use or sell the intangible asset.

The carrying amount includes directly attributable expenses, such as materials and services used and consumed in connection with processing and registering legal rights. Other development expenditure is recognized in profit or loss for the year as an expense when it arises.

As all development originates in products and market demand, there are no research expenses.

Patents
Acquired patents are capitalized as intangible assets.

Goodwill
Goodwill is recognized as an intangible asset with indefinite useful life. Over and above indication, non-amortizable assets such as goodwill are subject to annual impairment tests by measuring the asset's recoverable amount. If the estimated recoverable amount is less than the carrying amount, the asset is impaired to its recoverable amount.

Depreciation and impairment
Amortization is recognized in profit or loss for the year on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite. Useful lives are determined on the basis of expected commercial potential, earnings and the patent's remaining term of validity and technical significance. Useful lives are reviewed at least yearly. Intangible assets with definite useful lives are amortized from the date when they are available for use. Amortizable assets are tested for impairment, if at the reporting date, there is an indication that a non-current asset is impaired. Intangible assets with an indefinite useful life or that are not ready for use are tested for impairment every year and as soon as there is an indication of impairment. The recoverable amount of goodwill is measured through a value in use measurement according to the discounted cash flow method.

If it is not possible to associate materially independent cash flows with an individual asset, and the asset's fair value less selling expenses cannot be used, for impairment testing, the assets are grouped at the lowest level from which it is possible to identify significant independent cash flows, known as a cash-generating unit. An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

Estimated useful lives are:

Products	1.5-4 years
Platforms	1.5-10 years
Customer relations	10 years
Patents	4-5 years

Useful lives are reviewed yearly.

Estimates and judgments
Capitalized development expenditure
Significant estimates by management are necessary to determine whether expenses during the development phase should be capitalized as intangible assets, and which useful life these assets should have. These estimates focus on determining how long earnings potential exists for the products, and in turn, these estimates are based on the progress of markets, competitors and technology.

Impairment of goodwill and other acquired intangible fixed assets
The impairment test of goodwill and other acquired intangible fixed assets, the recovery value for the cash-generating unit, Delta ID Inc., has been calculated based on its value in use. The value in use is calculated as the present value of future expected cash flows according to management's forecast. The most important assumptions in the forecast are sales and operating margin as well as the discount rate. A five-year cash flow forecast has been used. Sales have been assessed in the short-term based on estimated customer demand, in the medium-term based on third-party studies of global eye recognition market trends, and in the long-term based on assumptions of a normalized growth rate. The operating margin has initially been assessed based on prevailing margins and then based on industry experience. After the end of the forecast period, a growth rate of 2 percent has been assumed. The discount rate has been assessed based on the business's calculated weighted average cost of capital (WACC). The WACC is calculated at 17.6 percent.

Impairment of capitalized development expenditure
In order to identify whether at the time of closing the accounts there is an indication that a fixed asset with a determinable useful period has decreased in value, the management assesses the commercial potential of each asset. In the impairment test of balanced development expenses, the recovery value for each product family has been calculated based on its value in use. The value in use is calculated as the present value of future expected cash flows according to management's forecast. The most important assumptions in the forecast are sales and operating margin as well as the discount rate. A five-year cash flow forecast has been used. Sales have been assessed in the short term based on estimated customer demand, in the medium term based on third-party studies on global market development and in the long term based on assumptions about a normalized growth rate. The operating margin has initially been assessed based on prevailing margins and then based on industry experience. After the end of the forecast period, a growth rate of 2 percent has been assumed. The discount rate has been assessed based on the business's calculated weighted average cost of capital (WACC). The WACC is calculated at 17.6 percent.

The impairment of patent
For patents, no indication has been identified and thus no impairment testing has been performed for patents.

Sensitivity analysis
A sensitivity analysis shows that an indication of impairment for capitalized development costs does not arise until a volume decrease of more than 20 percent or a 3 percent increase in WACC. For goodwill and other acquired intangible assets, neither a 3 percent increase in WACC nor a 20 percent decrease in volume would give rise to any impairment.

Goodwill impairment test	2023	2022
Recoverable amount SEK M	486	423
Carrying amount SEK M	387	423
Interest rate, % (WACC), before tax	17.6	17.2
Interest rate, % (WACC), after tax	17.6	17.2

NOTE 14 INTANGIBLE ASSETS, CONT.

	Goodwill		Capitalized development expenditure		Patents & other acquired intangible assets		Intangible assets	
SEK M	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Accumulated cost								
Opening balance	942.6	818.6	854.2	751.0	311.6	272.6	2,108.4	1,842.2
Internally developed assets	–	–	46.8	103.3	–	–	46.8	103.3
Purchases	–	–	–	–	0.3	0.2	0.3	0.2
Divestments	–	–	-5.8	–	0.0	–	-5.8	–
Translation difference	-34.7	124.0	0.2	-0.1	-11.0	38.8	-45.5	162.7
Closing balance	907.9	942.6	895.4	854.2	300.9	311.6	2,104.3	2,108.4
Accumulated amortization								
Opening balance	–	–	-396.9	-357.0	-199.6	-152.4	-596.5	-509.4
Amortization for the year	–	–	-36.9	-39.9	-24.3	-24.9	-61.2	-64.8
Divestments	–	–	5.8	–	0.0		5.8	
Translation difference	–	–	-0.1	–	8.1	-22.3	8.0	-22.3
Closing balance	–	–	-428.1	-396.9	-215.8	-199.6	-643.9	-596.5
Accumulated impairment								
Opening balance	-626.3	-263.4	-347.6	-231.0	0.0	0.0	-973.9	-494.4
Impairment for the year	0.0	-316.8	-4.7	-116.6	0.0	0.0	-4.7	-433.4
Divestments	–	–					0.0	0.0
Translation difference	23.0	-46.1	0.0	–	0.0	0.0	23.0	-46.1
Closing balance	-603.3	-626.3	-352.3	-347.6	0.0	0.0	-955.6	-973.9
Carrying amounts								
At beginning of year	316.3	555.2	109.7	163.0	112.0	120.3	538.0	838.4
At end of year	**304.6**	**316.3**	**115.0**	**109.7**	**85.1**	**112.0**	**504.8**	**538.0**

Amortization is included in the statement of comprehensive income	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Cost of goods sold	–	–	-36.9	-39.9	-21.2	-20.4	-58.1	-60.3
Development costs	–	–	–	–	-3.1	-4.5	-3.1	-4.5

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment are recognized in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and any expenses that are directly attributable to the asset to put it in place and in the condition to be utilized for the purpose for which it was acquired.

Assets leased through finance leases are recognized as non-current assets in the statement of financial position and recognized initially at the lower of the item's fair value and the present value of minimum lease payments on entering the arrangement.

Depreciation and impairment

Depreciation is on a straight-line basis over the estimated useful life of the asset. Leased assets are depreciated over their estimated useful life, or if it is shorter, the contracted lease term. Depreciation is recognized in each function the assets belong to.

Impairment testing of depreciable assets is conducted if there is an indication of impairment of the non-current asset at the reporting date. If there is an indication of impairment, the asset's recoverable amount is measured. The recoverable amount is the greater of the asset's net selling price and its value in use, which is based on management's estimate of future cash flows. If it is not possible to associate materially independent cash flows with an individual asset, and the asset's fair value less selling expenses cannot be used, for impairment testing, the assets are grouped at the lowest level from which it is possible to identify significant independent cash flows, known as a cash-generating unit. An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

Estimated useful lives:

Machinery and other technical plant	5 years
Equipment, tools, fixtures and fittings	3-5 years

Estimates and judgments

Impairment of property, plant and equipment

Estimated future cash flows, which are based on internal business plans and forecasts, are used to determine value in use. Even if management considers that estimated future cash flows are reasonable, other assumptions regarding cash flows can have a material impact on measurements. No indication that property, plant and equipment is impaired has been identified, and accordingly, no impairment tests have been conducted.

	Machinery and equipment	
Accumulated cost, SEK M	**31 Dec 2023**	**31 Dec 2022**
Opening balance	43.4	50.0
Sales/retirements	-3.9	-7.6
Purchasing	0.2	1.1
Translation difference	-0.6	–
Closing balance	39.1	43.4
Accumulated depreciation		
Opening balance	-39.1	-43.3
Reversed depreciation on sales and retirements	3.8	7.6
Depreciation for the year	-1.2	-3.5
Translation difference	0.4	–
Closing balance	-36.1	-39.1
Carrying amounts		
At beginning of year	4.3	4.3
At end of year	**3.0**	**4.3**

Depreciation is included in the following lines in the statement of comprehensive income	**2023**	**2022**
Cost of goods sold	0.0	0.0
Administrative expenses	-1.0	-0.4
Selling expenses	0.0	-3,1
Development costs	-0.2	0.0
Total	**-1.2**	**-3.5**

NOTE 16 INVENTORIES

Accounting policy

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is measured by applying the first-in, first-out method (FIFO) and includes expenses arising in conjunction with the purchase of inventory items and transportation to their current location and condition. Net realizable value is defined as sales price less expenses for completion and selling expenses.

Estimates and judgments

Individual judgments regarding the potential to sell products are necessary to determine the net sales value. An impairment loss has been applied with reference to the net realizable value.

SEK M	31 Dec 2023	31 Dec 2022
Raw material inventory	88.3	263.2
Goods in progress	8.6	0.0
Finished goods	36.6	40.9
Total	**133.5**	**304.1**

In 2023, the Group's profit was charged with SEK 0,0 M (15,9) for impairment of inventory.

NOTE 17 FINANCIAL ASSETS

Accounting policy

The Groups financial assets are included in the amortized cost category. Loan receivables and accounts receivable are non-derivative financial assets that have determined or determinable payments and that are not listed on an active marketplace. These assets are measured at amortized cost. Amortized cost is determined on the basis of the effective interest calculated at acquisition. Cash and cash equivalents and accounts receivable belong to this category. Accounts receivable are recognized at the amount expected to be received, i.e. after impairment of expected bad debt.

Conversion to SEK is at the closing rate on the reporting date. Book value less impairment is an approximate fair value of accounts receivable.

Impaired accounts receivable are recognized at the present value of expected future cash flows. However, receivables with short maturities are not discounted. Impairment of saleable financial assets is recognized in profit or loss for the year in net financial income/expense.

Exchange rate fluctuations on operating receivables and liabilities are recognized in operating profit, while exchange rate fluctuations on financial receivables and liabilities are recognized in net financial income/expense.

	31 Dec 2023		31 Dec 2022	
SEK M	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Current financial assets				
Financial assets at amortized cost				
Accounts receivable	120.6	120.6	128.3	128.3
Cash and cash equivalents	109.9	109.9	274.1	274.1
Financial assets, total	**230.5**	**230.5**	**402.4**	**402.4**

SEK M	31 Dec 2023	31 Dec 2022
Total accounts receivable	120.6	128.3
Reserve for doubtful debt	0.0	0.0
Carrying amount	120.6	128.3

Cost of bad debt and doubtful accounts receivables amounted to SEK 0 M (0) for the Group.

NOTE 18 PREPAID EXPENSES AND DEFERRED INCOME

SEK M	31 Dec 2023	31 Dec 2022
Premises	0.8	1.8
Insurance expenses	0.9	0.3
License costs	0.5	0.0
Other operating expenses	5.7	7.5
Total	**7.9**	**9.6**

NOTE 19 CASH AND CASH EQUIVALENTS

Accounting policy
Cash and cash equivalents consist of cash funds in banks, immediately available balances in banks and corresponding institutions.

SEK M	31 Dec 2023	31 Dec 2022
Cash and bank balances	109.9	274.1
Total recognized in the statement of financial position/balance sheet	**109.9**	**274.1**

NOTE 20 FINANCIAL LIABILITIES

Accounting policy
Convertible loan
In September 2023, the Board of Directors made a decision concerning the issuance of convertibles in a total nominal amount of SEK 160 M to an entity managed by Heights Capital Management, Inc.

The issue price for the convertibles corresponds to 92 percent of the nominal amount, fixed interest of 6 percent. Amortization every two months and term until 31/03/2027. The company can choose to make the installments in cash at 100 percent of the current installment amount or in B shares at 90 percent of market prices for the share.

Convertible debentures are reported as a compound financial instrument divided into a debt component and an equity component. As any repayment in shares will take place with a variable number of shares, the debt part of the instrument must be reported as a financial liability. At the time of issue, the debt component is valued at the fair value of a similar debt that does not have a conversion right. The value of the equity component is calculated as the difference between the issue proceeds when the convertible bond was issued and the fair value of the debt component at the time of issue. The equity component is reported as other contributed capital. After the issue date, the debt component is reported at amortized cost through application of the effective interest method. Direct expenses in connection with the issue of a compound financial instrument are distributed between the debt component and the equity component proportionally to how the issue proceeds are distributed, direct expenses have been reported at SEK 21.7 M. An interest rate of the following 8.19 percent has been used, which is considered to be a market interest rate for a similar loan without conversion rights. The original valuation of the debt has been determined at SEK 133.9 M. Three amortizations have been made that have reduced the debt by SEK 39.1 M, resulting in an equity increase of SEK 27.1 M. The closing value as of December 31, 2023 has been valued at SEK 94.8 M.

Book value of financial liabilities by balance sheet items and category	31 Dec 2023		31 Dec 2022	
SEK M	**Book value**	**Fair value**	**Book value**	**Fair value**
Non-current financial liabilities				
Non-current bond loan	–	–	293.7	293.7
Convertible loans	72.9	72.9	–	–
Long-term leasing liabilities	6.5	6.5	12.4	12.4
Current financial liabilities				
Short-term leasing liabilities	6.2	6.2	11.2	11.2
Short-term portion of convertible loans	21.9	21.9	–	–
Accounts payable	103.5	103.5	74.3	74.3
Financial liabilities, total	**210.9**	**210.9**	**391.6**	**391.6**
By category				
Financial liabilities at amortized cost	210.9	210.9	391.6	391.6
Financial liabilities, total	**210.9**	**210.9**	**391.6**	**391.6**

Maturity analyses, financial liabilities, SEK M	**0-3 months**	**3 months-1 yr**	**1-2 yrs**	**2-4 yrs**
Convertible loans	14.1	28.6	41.1	45.1
Accounts payable	103.5	0.0	0.0	0.0
Leasing liabilities	1.5	4.6	6.5	–
Total	**119.1**	**33.2**	**47.6**	**45.1**

NOTE 21 OTHER CURRENT LIABILITIES

SEK M	31 Dec 2023	31 Dec 2022
Employee withholding tax	3.5	4.2
Other	21,9	16.5
Total	**25,4**	**20.7**

NOTE 22 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	31 Dec 2023	31 Dec 2022
Salaries	20.4	29.8
Social security contributions	3.8	8.0
Material and production expenses	2.7	1.2
Directors' fees and company expenses	0.0	0.3
Commissions	103.1	102.5
Audit	1.0	1.8
Restructuring expenses	9.5	0.0
Other overheads	2.2	3.5
Total	**142.7**	**147.1**

NOTE 23 FINANCIAL RISKS AND RISK MANAGEMENT

Group and Parent Company

The Group's activities expose it to a variety of financial risks.

Financial risks mean fluctuations in the company's earnings and cash flow due to variations in exchange rates, interest rates and risks relating to refinancing and credit issuance. The Group's financial policy for managing financial risks has been prepared by the Board and comprises a framework of guidelines and rules in the form of risk mandates and limits for financing activities. Financial transactions and risks are managed by the Parent Company's Finance function.

The objectives are to:

- Manage and control financial risks.
- Minimize the negative earnings impact of market changes in currencies and interest rates.
- Plan and ensure adequate liquidity for operating activities.
- Optimize the use of capital and cash flows.

Financing risk

Financing risk is the risk of access to financing capital, and the price of financing capital varying, with the risk of unfavorable terms.

Liquidity risk

Liquidity risk is the risk that the Group encounters problems meeting its obligations associated with financial liabilities. The Group has rolling liquidity planning, which is updated monthly. The Group's forecasts cover a minimum of six months of rolling liquidity planning over the medium term. Liquidity planning is used to manage liquidity risk and the cost of financing the Group.

The aim is that the Group should be able to meet its financial commitments and have the necessary contingency well in advance. It should be possible to offset upturns and downturns without incurring significant unforeseen costs. Available liquidity in the Group at year end amounted to SEK 109,9 M (274,1). In accordance with the Finance Policy, there should always be sufficient cash and cash equivalents and confirmed credit lines to cover short-term liquidity requirements.

The company's financial liabilities, totaling SEK 218,3 M (391,6).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types; currency risk, interest rate risk and other price risk. The market risks that primarily impact the Group are currency risk and commodity price risk, while the interest rate

The Group's aim is to manage and control market risks within specific parameters and simultaneously optimize the results of risk-taking within specific parameters. These parameters are established with the aim of ensuring that market risks have only a marginal impact on the Group's earnings and financial position in the short term (6-12 months). However, protracted changes in exchange rates and interest rates will impact consolidated earnings in the longer term.

Currency risk

The risk that the fair value and cash flows of financial instruments will fluctuate when the value of foreign currencies changes. The main exposure is derived from the Group's sales and purchases in USD. These currency risks comprise the risk of fluctuations in the value of financial instruments, accounts receivables and accounts payable and the currency risk inherent in expected and contractual payment flows. Such risks constitute transaction exposure.

According to the Finance Policy, currency exchange risks should not be hedged. USD-denominated net surpluses are exchanged to SEK on a continuous basis. Net profit/loss for the year includes exchange rate differences of SEK 5,9 M (-35,4) in operating profit/loss and SEK 0,0 M (-15,2) in the financial net.

Transaction exposure

As per the balance sheet date, the Group's transaction exposure with regard to sales and materials was in the following currencies.

SEK M	Net flows
2023	
USD exposure expressed in SEK and total	124.2
2022	
USD exposure expressed in SEK and Total	326.6

The transaction exposure has not been hedged.

Sensitivity analysis

A 10 percent change in the value of the Swedish krona against other currencies as of 31 December 2023, would result in shareholders' equity and net profit for the period changing by SEK 51 M (33). The sensitivity analysis is based on all other factors remaining unchanged.

Credit risk

The company insures most of its accounts receivable through insurance companies.

NOTE 24 CUSTOMERS

Age analysis, accounts receivable

Carrying amount, SEK M	2023	2022
Non-overdue accounts receivable	86.3	102.6
Overdue accounts receivable 0-30 days	29.7	16.9
Overdue accounts receivable 30-90 days	2.4	1.4
Overdue accounts receivable >90 days	2.2	7.4
Reserve for doubtful debt	0.0	0.0
Total	**120.6**	**128.3**

	2023			2022		
Sales per year	Number of customers	% of total number of customers	% of value	Number of customers	% of total number of customers	% of value
< SEK 1 M	27	79	4.4	19	59	4.1
SEK 1-10 M	5	15	13.3	8	25	16.5
> SEK 10 M	2	6	82.3	5	16	79.4
Total	**34**	**100**	**100.0**	**32**	**100**	**100.0**

NOTE 25 LEASES

Disclosures concerning accounting policies and the character of leases are reported in Note 1 Accounting policies. Disclosures concerning leasing liabilities are reported in the consolidated statement of financial position.

Lease arrangements where the company is the lessee, SEK M	31 Dec 2023	31 Dec 2022
Non-cancelable lease charges amount to:		
Within one year	6.3	11.2
Between one year and two years	4.1	6.2
Between two years and three years	2.8	4.0
Between three years and four years	0.0	2.2
Between four years and five years	0.0	0.0
Total	**13.2**	**23.6**

Lease payments for leases during the year, SEK M	2023	2022
Minimum lease payments	23.3	13.2
Total lease expenses	**23.3**	**13.2**

Lease agreements, in balance sheet, SEK M	2023	2022
Right-of-use assets, January 1	25.3	24.2
Added right-of-use assets	0.0	14.4
Depreciation	-11.1	-13.3
Translation difference	0.2	0.0
Right-of-use assets, closing balance	**14.4**	**25.3**

Lease agreements, in income statement, SEK M	2023	2022
Depreciation use-of rights assets	-11.1	-13.3
Interest costs leasing liabilities	-0.3	-0.1
Expenses for short-term leases and leases of low value	-0.2	-7.2
Total lease expenses	**-11.6**	**-20.6**

NOTE 26 STATEMENT OF CASH FLOWS

Accounting policy

The cash flow statement has been prepared in accordance with the indirect method. Foreign Group companies' cash flows are translated at average rates of exchange.

SEK M	31 Dec 2023	31 Dec 2022
The following components are included:		
Cash and bank balances	109.9	274.1
Total in statement of financial position	109.9	274.1
Total in statement of cash flows	**109.9**	**274.1**

Adjustments for non-cash items

SEK M	2023	2022
Revaluation of inventory	-6.5	15.9
Depreciation according to plan and impairment	78.2	515.1
Change in accrued interest	-0.8	0.8
Transaction revaluations	-5.7	-35.5
Total	**65,2**	**496.3**

Change in liabilities recognised in financing activities

SEK M	2023	2022
Opening balance	306.1	304.2
Changes affecting cash flow:		0.0
New bond loan		
New convertible loan	145.7	–
Amortization	-315.2	
Amortization leasing	-11.1	-12.9
Non-cash flow-affecting adjustments		–
Amortization bond loan	-27.1	
New leasing contracts	1.3	12.6
Interest	-3.6	13.4
Accrual set-up fees		
Reclassifications of long-term/current liabilities	-16.9	-11.2
Totalt	**79.4**	**306.1**

NOTE 27 POST BALANCE SHEET DATE EVENTS

On March 28, 2024, Fingerprints announced that the company issued new shares in connection with a scheduled amortization and interest payment under its outstanding convertible bonds (the "Issue"). The Issue has resulted in changes in the number of B-shares and votes in Fingerprints as follows. Prior to the Issue, the total number of shares in the Company amounted to 603,725,351 (of which 7,875,000 A-shares and 595,850,351 B-shares). The total number of votes in the Company amounted to 674,600,351 (of which 78,750,000 pertain to the A-shares and 595,850,351 pertain to the B-shares). In connection with the Issue, the number of B-shares in the Company increased by 8,906,252 and the number of votes by 8,906,252. Following the Issue, and as of 28 March 2024, the total number of shares in the Company amounts to 612,631,603 (of which 7,875,000 A-shares and 604,756,603 B-shares). The total number of votes in the Company amounts to 683,506,603 (of which 78,750,000 pertain to the A-shares and 604,756,603 pertain to the B-shares).

On March 20, 2024, Fingerprints announced the price and number of new shares in connection with the third scheduled amortization and interest payment under its outstanding convertible bonds. Following calculations under the terms and conditions of the Convertible Bonds, 8,906,252 new B-shares were issued at a price of SEK 0.8202 per B-share.

On March 15 2024, Fingerprints announced that the company would issue new shares as payment in connection to the third amortization and interest payment under its outstanding convertible bonds.

On March 11, 2024, Fingerprints announced the appointment of Fredrik Hedlund as its new Chief Financial Officer, effective March 18, 2024.

On January 31, 2024, Fingerprints announced that the company issued new shares in connection with a scheduled amortization and interest payment under its outstanding convertible bonds (the "Issue"). The Issue resulted in changes in the number of B-shares and votes in Fingerprints as follows. Prior to the Issue, the total number of shares in the Company amounted to 596,889,670 (of which 7,875,000 A-shares and 589,014,670 B-shares). The total number of votes in the Company amounted to 667,764,670 (of which 78,750,000 pertain to the A-shares and 589,014,670 pertain to the B-shares). In connection with the Issue, the number of B-shares in the Company increased by 6,835,681 and the number of votes by 6,835,681. Following the Issue, and as of 31 January 2024, the total number of shares in the Company amounted to 603,725,351 (of which 7,875,000 A-shares and 595,850,351 B-shares). The total number of votes in the Company amounted to 674,600,351 (of which 78,750,000 pertain to the A-shares and 595,850,351 pertain to the B-shares).

On January 22, 2024, Fingerprints announced the price and number of new shares in connection with the second scheduled amortization and interest payment under its outstanding convertible bonds. Following calculations under the terms and conditions of the Convertible Bonds, 6,835,681 new B-shares were issued at a price of SEK 1.0777 per B-share.

On January 16, Fingerprints announced that the company would issue new shares as payment in connection to the second amortization and interest payment under its outstanding convertible bonds.

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

SEK M	Note	2023	2022
Revenues	PC2	28.9	257.4
Cost of goods sold	PC3, PC8	-9.3	-73.0
Gross profit		**19.6**	**184.4**
Selling expenses		-27.4	-34.7
Administrative expenses		-113.9	-94.0
Development costs		-22.2	-149.4
Other operating income	PC4	3.9	30.5
Other operating expenses	PC5	0.0	-2.1
Operating profit/loss	PC6, PC7, PC8	**-140.0**	**-65.3**
Financial income	PC9	82.0	10.9
Interest expenses etc	PC9	-62.0	-37.3
Profit/loss after financial items		**-120.0**	**-91.7**
Appropriations	PC10	-213.1	-222.7
Profit/loss before tax		**-333.1**	**-314.4**
Tax	PC11	50.9	59.4
Net profit/loss for the year (Also total result)		**-282.2**	**-255.0**

PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

SEK M	Note	31 Dec 2023	31 Dec 2022
Assets			
Non-current assets			
Intangible assets	PC13	0.2	1.4
Property, plant and equipment	PC14	1.8	2.4
Shares and participations in subsidiaries	PC24	21.1	21.1
Non-current receivables from Group companies	PC23	345.0	467.8
Deferred tax assets	PC11	165.8	109.3
Total non-current assets		**533.9**	**602.0**
Current assets			
Inventories	PC15	0.0	4.6
Receivables from Group companies	PC23	4.0	64.9
Accounts receivable	PC16	0.4	8.9
Tax receivables		2.7	1.7
Other receivables		1.8	5.0
Prepaid expenses and deferred income	PC17	6.2	7.9
Cash and bank balances	PC16, PC18	25.8	191.3
Total current assets		**40.9**	**284.3**
Total assets		**574.8**	**886.3**

SEK M	Note	31 Dec 2023	31 Dec 2022
Shareholders' equity	PC12		
Restricted shareholders' equity			
Share capital		26.0	18.5
Statutory reserve		41.4	41.4
Fund for development expenditure		0.0	87.6
Non-restricted shareholders' equity			
Share premium reserve		681.5	414.9
Accumulated profit or loss		-135.1	119.8
Net profit/loss for the year		-282.2	-255.0
Total shareholders' equity		**331.6**	**427.2**
Non-current liabilities			
Convertible loan	PC19	72.9	
Bond loan			293.7
Total non-current liabilities		**72.9**	**293.7**
Current liabilities			
Short term portion convertible loan	PC19	21.9	–
Accounts payable	PC19	17.0	23.0
Liabilities to Group companies	PC23	49.5	76.8
Current tax liabilities	PC11	2.6	0.0
Other current liabilities	PC20	21.4	3.6
Accrued expenses and deferred income	PC21	57.9	61.9
Total current liabilities		**170.3**	**165.3**
Total shareholders' equity and liabilities		**574.8**	**886.3**

PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

	Restricted shareholders' equity			Non-restricted shareholders' equity			
SEK M	Share capital	Statutory reserve	Fund for development expenditure	Share premium reserve	Accumulated profit or loss	Net profit/loss for the year	Total shareholders' equity
Opening shareholders' equity, 1 Jan 2022	**13.0**	**41.4**	**87.6**	**79.1**	**134.9**	**-15.1**	**340.9**
Net profit/loss for the year						-255.0	-255.0
Set-off issue and rights issue	5.5			335.8			341.3
Appropriation of profit/loss					-15.1	15.1	0.0
Closing shareholders' equity, 31 Dec 2022	**18.5**	**41.4**	**87.6**	**414.9**	**119.9**	**-255.0**	**427.3**
Opening shareholders' equity, 1 Jan 2023	**18.5**	**41.4**	**87.6**	**414.9**	**119.9**	**-255.0**	**427.3**
Net profit/loss for the year						-282.4	-282.4
Change in fund for development expenditure			-87.6	87.6			0.0
Set-off issue and rights issue	7.5			179.0			186.5
Appropriation of profit/loss					-255.0	255.0	0.0
Closing shareholders' equity, 31 Dec 2023	**26.0**	**41.4**	**0.0**	**681.5**	**-135.1**	**-282.2**	**331.6**

PARENT COMPANY FINANCIAL STATEMENTS

CASH FLOW STATEMENT

SEK M	Note	2023	2022
Operating activities			
Profit/loss before tax		-333.1	-314.4
Adjustment for non-cash items	PC25	213,6	215.8
Cash flow from operating activities before changes in working capital		**-119.5**	**-98.6**
Income tax paid		-4.1	-1.6
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventory		2.6	3.9
Increase (-)/Decrease (+) in operating receivables		34.6	22.2
Increase (+)/Decrease (–) in operating liabilities		-11.6	-51.1
Cash flow from operating activities		**-98.0**	**-125.2**
Sale of property, plant and equipment	PC14	0.1	-0.8
Sale of intangible assets	PC13	0.0	83.4
Internal sales to subsidiaries		0.0	0.0
Cash flow from investing activities		**0.1**	**82.6**

SEK M	Note	2023	2022
Set-off issue and rights issue		154.9	341.3
Convertible loans	PC19	145.7	–
Repayment of bond loans		-315.2	1.6
Change inter-company loan		-51,9	-388.9
Cash flow from financing activities		**-66.5**	**-46.0**
Cash flow for the year		**-164.4**	**-88.6**
Cash and cash equivalents at beginning of year		191.3	279.9
Effect of translation differences on cash and cash equivalents		-1.1	0.0
Cash and cash equivalents at end of year	PC17	**25.8**	**191.3**

PARENT COMPANY

NOTES

NOTE PC 1 PARENT COMPANY ACCOUNTING POLICIES

All amounts in millions of Swedish kronor (SEK M) unless otherwise stated.

Parent Company accounting policies

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, the Parent Company should apply all IFRSs and statements endorsed by the EU in its annual accounts as far as possible within the auspices of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and with respect to the relationship between accounting and taxation. The recommendation stipulates the exemptions from, and supplements to, IFRS that are to be applied.

Differences between the Group's and Parent Company's accounting policies

The main differences between the Group's and Parent Company's accounting policies are stated below. The accounting policies stated below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Subsidiaries

Shares and participations in subsidiaries are reported at cost in the Parent Company after deducting for impairment. On business combinations, the Parent Company includes expenditure relating to the acquisition in costs pursuant to RFR 2.

Leased assets

The standards on accounting for leasing agreements in accordance with IFRS 16 are not applied in the Parent Company. This means that leasing fees are reported as an expense on a straight-line basis over the leasing period and that right-of-use assets and leasing liabilities are not included in the Parent Company's balance sheet.

Untaxed reserves

The Parent Company recognizes the difference between depreciation and amortization according to plan and depreciation and amortization conducted for tax purposes as accumulated excess depreciation and amortization, which is included in untaxed reserves.

Classification and presentation formats

Earnings for the Group are recognized in the statement of comprehensive income, and for the Parent Company, in the income statement. In addition, the Parent Company uses the terms balance sheet and cash flow statement for the statements the Group refers to as the statement of financial position and statement of cash flows respectively. The Parent Company balance sheet has been presented according to the format stipulated in the Swedish Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements, and IAS 7 Statement of Cash Flows.

NOTE PC 2 REVENUES

Accounting policy

See description under Group revenue, Note 2. Inter-company sales in the Parent Company relate primarily to service fees and license revenues.

Revenue by type of product

SEK M	2023	2022
Mobile	2.6	46.3
PC	0.0	12.0
Payment	0.7	0.0
Access	0.0	0.2
Corporate	25.7	198.8
Sales	**28.9**	**257.4**

NOTE PC 3 COST OF GOODS SOLD

Constituent items in cost of goods sold

SEK M	2023	2022
Materials	0.0	-30.0
Amortization of capitalized development	0.0	0.0
Amortization of other intangible assets	0.0	0.0
Procurement and production overheads	-9.3	-43.0
Cost of goods sold	**-9.3**	**-73.0**

NOTE PC 4 OTHER OPERATING INCOME

SEK M	2023	2022
Exchange rate gains on operating receivables and liabilities	3.8	27.7
Grants received	0.1	–
Leased offices	0.0	2.8
Total	**3.9**	**30.5**

NOTE PC 5 OTHER OPERATING EXPENSES

SEK M	2023	2022
Expenses leased offices	0.0	-2.1
	0.0	**-2.1**

NOTE PC 6 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

Accounting policy
See reference to Note 7, Group.

Expenses for employee benefits	2023	2022
Salaries and benefits, etc.	23.9	19.5
Pension costs, defined contribution plans	3.4	2,7
Other social security contributions	6.5	6.2
Benefits	0.1	0.1
Other employee benefits	3.3	1,8
	37.3	**30.3**

Average number of employees	2023			2022		
	Men	Women	Total	Men	Women	Total
Sweden	11	7	18	13	8	21

NOTE PC 7 FEES AND REIMBURSEMENT OF AUDITORS

SEK M	2023	2022
Audit fee, BDO	3.7	2.1
Audit fee, other	0.0	0.0
Other services	0.0	0.0
Total fees	**3.7**	**2.1**

NOTE PC 8 OPERATING EXPENSES BY COST CLASS

SEK M	2023	2022
Cost of materials	-8.7	-71.3
Personnel costs	-37.3	-30.3
Depreciation, amortization and impairment	-1.9	-4.9
Other operating expenses	-124.9	-216.2
Operating expenses	**-172.8**	**-322.7**

NOTE PC 9 FINANCIAL INCOME/EXPENSE

SEK M	2023	2022
Dividend from Group companies	51.6	1.5
Gain/loss on sale of subsidiary	1.5	0,0
Exchange rate gains, financial receivables, and liabilities	-0.5	15.2
Interest income attributable to Group companies	27.1	15.6
Other interest income	2.3	0.0
Financial income	**82.0**	**32.3**
Loss on impairment of loans to subsidiaries	–	-21.4
Exchange rate losses, financial receivables, and liabilities	-1.2	-0.4
Interest expenses	-32.5	-30.4
Interest expense Group companies	-2.7	–0.4
Other financial expenses	-25.6	-6.1
Financial expenses	**-62.0**	**-58.7**

NOTE PC 10 APPROPRIATIONS

SEK M	2023	2022
Appropriations		
Group contribution	-213.1	-222.7
Total appropriations	**-213.1**	**-222.7**
Untaxed reserves	**0.0**	**0.0**

The Parent Company granted Group contributions to Fingerprint Cards Anacatum IP AB and Fingerprint Cards IP AB.

NOTE PC 11 TAXES

Estimates and judgments

Management especially considers the likelihood of whether deferred tax assets can be offset against surpluses in future taxation.

SEK M	2023	2022
Current tax expense	-5.6	0.0
Deferred tax expense	56.5	59.4
Total reported tax expense	**50.9**	**59.4**

Reconciliation of effective tax

SEK M	2023	%	2022	%
Profit/loss before tax	-333.1		-314.4	
Theoretical tax at applicable tax rate for Parent Company	68.6	-20.6	64.7	-20.6
Differences in tax rates for foreign subsidiaries	0.0	0.0	0.0	0.0
Non-deductible expenses	-0.1	0.0	-5.6	1.8
Non-taxable revenues	10.7	-3.1	0.3	-0.1
Deficit for which no tax has been recognized	-22.8	6,8	0.0	0.0
Tax attributable to previous year	-5.6	1.7	0.0	0.0
Reported effective tax	**50.9**	**-14.9**	**59.4**	**-18.9**

Deferred tax assets and tax liabilities are divided as follows:

Deferred tax assets SEK M	2023	2022
Deferred tax assets to be settled after more than 12 months	165.8	109.3
Total deferred tax assets	**165.8**	**109.3**

Changes in deferred tax assets and tax liabilities are stated below:

Tax losses forward SEK M	
As of 1 January 2022	49.9
Reported in income statement	59.4
Revaluation deferred tax	0.0
As of 31 December 2022	**109.3**
Reported in income statement	56.5
As of 31 December 2023	**165.8**

NOTE PC 12 SHAREHOLDERS' EQUITY AND NUMBER OF SHARES

Accounting policy

Earnings per share before and after dilution is calculated as the year's net profit attributable to equity holders of the Parent Company divided by the average number of outstanding shares. Repurchased shares held in treasury are not included in outstanding shares. Weighted average number of repurchased shares as from when the repurchase was carried out.

Weighted average number of outstanding shares before and after dilution

No of shares	2023	2022
Class A shares at beginning of the year	7,875,000	6,000,000
Issued Class A shares during the year	0	1,875,000
Total number of Class A shares	**7,875,000**	**7,875,000**
Class B shares at beginning of the year	412,817,719	288,200,000
Shares canceled during the year	–	–
Issued Class B shares during the year	172,396,951	124,617,719
Number of repurchased shares during the year	–	–
Total number of outstanding Class B shares	**585,214,670**	**412,817,719**
Total number of outstanding shares	**593,089,670**	**420,692,719**
Weighted average number of ordinary shares during the year before and after dilution	466,338,322	304,741,060
Quotient value, SEK per share	**0.04**	**0.04**

As of 31 December 2023, registered share capital amounted to 596,889,670 ordinary shares (424,492,719), of which 3,800,000 (3,800,000) shares were held in treasury. Holders of common shares are entitled to receive dividends, and the holding entitles the holder to vote at general meetings of shareholders, with one vote per share.

NOTE PC 13 INTANGIBLE ASSETS

Accounting policy
Intangible assets are recognized at cost after deduction of accumulated amortization and potential impairment.

	Capitalized development expenditure		Patents & other acquired intangible assets		Intangible assets	
SEK M	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Accumulated cost						
Opening balance	0.0	100.9	10.9	10.9	10.9	111.8
Internally developed assets	0.0	0.0	–	–	0.0	0.0
Purchases	–	–	0.0	0.0	0	0.0
Divestments	0.0	-100.9	0.0	0.0	0.0	-100.9
Translation difference	–	–	–	–	–	–
Closing balance	0.0	0.0	10.9	10.9	10.9	10.9
Accumulated amortization						
Opening balance	0.0	-17.4	-9.5	-6.8	-9.5	-24.2
Amortization for the year	0.0	0.0	-1.2	-2.7	-1.2	-2.7
Divestments	0.0	17.4	0.0	0.0	0.0	17.4
Translation difference	–	–	–	–	–	–
Closing balance	0.0	0.0	-10.7	-9.5	-10.7	-9.5
Accumulated impairment						
Opening balance	0.0	0.0	0.0	0.0	0.0	0.0
Impairment for the year	0.0	0.0	0.0	0.0	0.0	0.0
Divestments	0.0	0.0	0.0	0.0	0.0	0.0
Translation difference	–	–	–	–	–	–
Closing balance	0.0	0.0	0.0	0.0	0.0	0.0
Carrying amounts						
At beginning of year	0.0	83.5	1.4	4.1	1.4	87.6
At end of year	**0.0**	**0.0**	**0.2**	**1.4**	**0.2**	**1.4**

Amortization is included in the statement of comprehensive income	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Cost of goods sold	0.0	0.0	–	–	0.0	0.0
Development costs	–	–	–	-2.7	–	-2.7

NOTE PC 14 PROPERTY, PLANT AND EQUIPMENT

Estimates and judgments

Impairment of property, plant and equipment

Estimated future cash flows, which are based on internal business plans and forecasts, are used to determine value in use. Even if management considers an estimated future cash flows are reasonable, other assumptions regarding cash flows can have a material impact on measurements. No indication that property, plant and equipment is impaired has been identified, and accordingly, no impairment tests have been conducted.

	Machinery and equipment	
Accumulated cost, SEK M	**31 Dec 2023**	**31 Dec 2022**
Opening balance	27.5	34.3
Sales/retirements	-3.2	-7.6
Purchasing	0.0	0.8
Closing balance	24.3	27.5
Accumulated depreciation		
Opening balance	-25.1	-30.5
Reversed depreciation on sales and retirements	3.2	7.6
Depreciation for the year	-0.6	-2.3
Closing balance	-22.5	-25.1
Carrying amounts		
At beginning of year	2.4	3.8
At end of year	**1.8**	**2.4**

Depreciation is included in the following lines in the statement of comprehensive income	**2023**	**2022**
Cost of goods sold	0.0	0.0
Administrative expenses	-0.5	-0.5
Selling expenses	-0.1	-1.8
Development costs	0.0	0.0
Total	**-0.6**	**-3.4**

NOTE PC 15 INVENTORIES

Accounting policy

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is measured by applying the first-in, first-out method (FIFO) and includes expenses arising in conjunction with the purchase of inventory items and transportation to their current location and condition. Net realizable value is defined as sales price less expenses for completion and selling expenses.

Estimates and judgments

Individual judgments regarding potential to sell products are necessary to determine the net sales value. An impairment loss has been applied with reference to the net realizable value.

SEK M	31 Dec 2023	31 Dec 2022
Raw material inventory	0.0	4.6
Goods in progress	0.0	0.0
Finished goods	0.0	0.0
Total	**0.0**	**4.6**

NOTE PC 16 FINANCIAL ASSETS

	31 Dec 2023		31 Dec 2022	
SEK M	Book value	Fair value	Book value	Fair value
Financial assets				
Non-current receivables from Group companies	**345.0**	**345.0**	**467.8**	**467.8**
Non-current receivables from Group companies	4.0	4.0	64.9	64.9
Accounts receivable	0.4	0.4	8.9	8.9
Cash and cash equivalents	25.8	25.8	191.3	191.3
Financial assets, total	**375.3**	**375.3**	**732.9**	**732.9**

SEK M	31 Dec 2023	31 Dec 2022
Total accounts receivable	0.4	8.9
Reserve for doubtful debt	0.0	0.0
Carrying amount	0.4	8.9

Cost of bad debt and doubtful accounts receivables amounted to SEK 0 M (0) for the Group.

NOTE PC 17 PREPAID EXPENSES AND ACCRUED INCOME

SEK M	31 Dec 2023	31 Dec 2022
Premises	1.5	1.5
Insurance expenses	0.3	0.0
License costs	0.0	0.0
Other operating expenses	4.4	6.4
Total	**6.2**	**7.9**

NOTE PC 18 CASH AND CASH EQUIVALENTS

Accounting policy
Cash and cash equivalents consist of cash funds in banks, immediately available balances in banks and corresponding institutions, as well as short-term liquid placements exposed to only an insignificant risk of value fluctuation.

SEK M	31 Dec 2023	31 Dec 2022
Cash and bank balances	25.8	191.3
Total recognized in the statement of financial position/balance sheet	**25.8**	**191.3**

NOTE PC 19 FINANCIAL LIABILITIES

Accounting policy
See Note 20, Group.

Book value of financial liabilities by balance sheet items and category

	31 Dec 2023		31 Dec 2022	
SEK M	Book value	Fair value	Book value	Fair value
Non-current financial liabilities				
Non-current bond loan	–	–	293.7	293.7
Convertible loans	72.9	72.9	–	–
Current financial liabilities				
Short-term portion of convertible loans	21.9	21.9	–	–
Accounts payable	17.0	17.0	23.0	23.0
Financial liabilities, total	**111.8**	**111.8**	**316.7**	**316.7**
By category				
Financial liabilities at amortized cost	111.8	111.8	316.7	316.7
Financial liabilities, total	**111.8**	**111.8**	**316.7**	**316.7**

Maturity analyses, financial liabilities, SEK M	0-3 months	3 months -1 yr	1-2 yrs	2-4 yrs
Convertible loans	14.1	28.6	41.1	45.1
Accounts payable	17.0	0.0	0.0	0.0
Total	**31.1**	**28.6**	**41.1**	**45.1**

NOTE PC 20 OTHER CURRENT LIABILITIES

SEK M	31 Dec 2023	31 Dec 2022
Employee withholding tax	0.6	1.0
Other	20,8	2.6
Total	**21.4**	**3.6**

NOTE PC 21 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	31 Dec 2023	31 Dec 2022
Salaries	4.8	1.6
Social security contributions	1.5	1.5
Commissions	50.5	56.4
Audit	0.5	1.7
Restructuring expenses	0.7	0.0
Other overheads	0.0	0.7
Total	**57.9**	**61.9**

NOTE PC 22 FINANCIAL RISKS AND RISK MANAGEMENT

Parent Company
The company's financial liabilities, totaling SEK 111.8 M (316,7) at year-end. See Note 23 Group.

Credit risk
The company has credit insurance for all receivables and therefore does not make any provisions for bad debts.

NOTE PC 23 TRANSACTION WITH RELATED PARTIES

Sales/purchases of goods and services, SEK M	2023	2022
Sales of goods to subsidiaries	6.2	35.1
License income/R&D service	19.5	163.7
Purchases of goods from subsidiaries	-0.1	-35.7
Purchases of Group-wide services from subsidiaries	-46.2	-152.8
Total	**-20.7**	**10.3**

Receivables and liabilities at the end of the period, SEK M	31 Dec 2023	31 Dec 2022
Long-term loans to subsidiaries	345.0	467.8
Receivables from subsidiaries	4.0	64.9
Liabilities to subsidiaries	-49.5	-76.8

Transactions with related parties are priced on an arm's length basis. Transactions with key individuals in management positions are limited to individual, clearly delineated, small-scale consulting assignments, which require specific competence.

NOTE PC 24 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

SEK M	31 Dec 2023	31 Dec 2022
Accumulated cost		
Opening balance	964.2	966.2
Investments	3.6	0.5
Divestments		-2.5
Closing balance, book value	967.8	964.2
Accumulated impairment		
Opening balance	-943.1	-943.1
Impairment for the year	0.0	0.0
Closing balance	-943.1	-943.1
Carrying amounts		
At beginning of year	21.1	23.1
At end of year	21.1	21.1

The year's investments of shares in subsidiaries relates to shares in FPC Cayman and FPC Taiwan.

The Parent Company's holdings in Group companies	Subsidiary, reg. office	Shareholders' equity	Net profit/loss	Participating interest 2023, %	Participating interest 2022, %
Fingerprint Cards Anacatum IP AB *	Sweden	1.5	0.0	100	100
Fingerprint Cards Sweden AB *	Sweden	0.1	0.1	100	100
Fingerprint Cards IP AB	Sweden	2.3	0.1	100	100
Fingerprint Cards Cayman Ltd	Cayman Island	0.5	0.0	100	–
Fingerprint Cards ApS*	Denmark	38.8	5.7	100	100
Fingerprint Cards France*	France	0.4	0.2	100	100
Fingerprint Cards Japan K.K.*	Japan	2.2	0.2	100	100
Fingerprint Cards (Shanghai) Co., Ltd*	China	5.8	2.3	100	100
Fingerprint Cards Asia	China	40.0	33.2	100	100
Fingerprint Card Korea Co, Ltd *	South Korea	8.5	1.2	100	100
Fingerprint Cards Switzerland	Switzerland	-11.5	0.5	100	100
Fingerprint Cards Singapore PTE Ltd*	Singapore	-9.2	-2.6	100	100
Fingerprint Cards UK Ltd	United Kingdom	0.0	0.0	100	–
Fingerprint Cards Taiwan Ltd	Taiwan	1.6	0.8	100	100
Fingerprint Cards Inc*	USA	11.5	0.6	100	100
India Acquisition Holding Inc	USA	-0.1	0.0	100	100
Delta ID Inc*	USA	-2.4	-11.6	100	100

* Indirect holding through subsidiary

Specification of Parent Company's direct holdings of participations in subsidiaries

Subsidiary / Corporate identity number	Participations, number	Proportion, %	31 Dec 2023	31 Dec 2022
Fingerprint Cards IP AB	1,000	100	0.0	0.7
Fingerprint Cards Cayman Ltd		100	0.5	–
Fingerprint Cards Asia	–	100	19.5	19.5
Fingerprint Cards Switzerland		100	0.9	0.9
Fingerprint Cards UK Ltd		100	0.0	–
Fingerprint Cards Taiwan Ltd	–	100	0.2	–
India Acquisition Holding Inc	1,000	100	0.0	0.0
Carrying amount, 31 December			**21.1**	**21.1**

NOTE PC 25 STATEMENT OF CASH FLOWS

Accounting policy
The cash flow statement has been prepared in accordance with the indirect method. Foreign Group companies' cash flows are translated at average rates of exchange.

SEK M	31 Dec 2023	31 Dec 2022
The following components are included:		
Cash and bank balances:	25.8	191.3
Total in statement of financial position	25.8	191.3
Total in statement of cash flows	**25.8**	**191.3**

Adjustments for non-cash items

SEK M	2023	2022
Depreciation according to plan and impairment	1.9	4.9
Impairment of inter-company loan	0.0	21.4
Group contribution	-213.1	222.7
Change in accrued interest	-0.8	0.8
Transaction revaluations	-0.6	-34.0
Total	**213.6**	**215.8**

NOTE PC 26 PARENT COMPANY INFORMATION

Fingerprint Cards AB (publ) (Parent Company) Corp. Reg. No. 556154-2381, is a limited liability company, with its registered office in Gothenburg, Västra Götaland, Sweden. The Parent Company's shares are listed on Nasdaq Stockholm. The address of the head office is: Box 2412, SE-403 16 Gothenburg, Sweden and the visiting address is Kungsgatan 20, Gothenburg, Sweden. The consolidated accounts for 2023 comprise the Parent Company and its subsidiaries, jointly designated "the Group".

NOTE PC 27 PLEDGED ASSETS

SEK M	31 Dec 2023	31 Dec 2022
Assets pledged for operating credit	–	–

NOTE PC 28 PROPOSAL FOR APPROPRIATION OF THE COMPANY'S PROFITS

Proposal for appropriations of the company's profits:

The following funds are at the disposal of the AGM, SEK:	31 Dec 2023
Share premium reserve	681,395,726
Accumulated profit or loss	-135,029,147
Net profit/loss for the year	-282,239,152
Total	**264,127,427**

The Board of Directors proposes that net profit for the year, non-restricted reserves, as well accumulated profit or loss are appropriated as follows:

Carried forward:	264,127,427

ASSURANCE BY THE BOARD

The Board of Directors and Chief Executive Officer hereby give their assurance that the annual accounts have been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July, 2002, on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports of the Parent Company and the Group give a true and fair view of the progress of the Parent Company's and the Group's operations, financial position and results of operations, and state the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

The annual accounts and consolidated accounts were approved for issuance by the Board of Directors and the CEO on the dates stated in the electronic signatures. The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption by the Annual General Meeting on May 23, 2024.

Gothenburg, on the date stated in the electronic signatures

Christian Lagerling
Chairman of the Board

Alexander Kotsinas
Board member

Dimitrij Titov
Board member

Juan Vallejo
Board member

Mario Shiliashki
Board member

Adam Philpott
President and CEO

Stockholm, on the date stated in our electronic signature
BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Fingerprint Cards AB (publ), corporate identity number 556154-2381

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Fingerprint Cards AB (publ) for the financial year 2023. The annual accounts and consolidated accounts of the company are included on pages 11-19 and 48-84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of intangible fixed assets including goodwill

Goodwill and intangible assets constitute a significant amount of the balance sheet. Goodwill and other intangible assets such as acquired technology, patents and customer relationships as well as capitalized development costs amount to SEK 505 million of the Group's total assets. In note 14, Intangible fixed assets Fingerprint Cards AB describes their valuation of these assets and goodwill. Since these assets are not amortized on an ongoing basis, an impairment test must be performed, at least annually. The company performed an impairment test during Q4 2023 and in early 2024. An impairment test contains a number of assumptions, including future market development, the possibility of achieving growth, profitability development and the discount factor. It is thus complex assumptions and estimates that the company management and the board must make. As intangible fixed assets, including goodwill, constitute a significant amount and the required assumptions include assessments and estimates, each of which can be of decisive importance for the valuation, this has been a particularly key audit matter in the audit.

How our audit addressed the Key Audit Matter

Our audit procedures included but were not limited to:

Initially we and BDO's valuation specialists reviewed, whether the established impairment tests per cash generating unit, including group companies, had been carried out in accordance with accepted principles and methods. In our review, we checked the most important assumptions for impairment testing applied by company management and the board such as growth, profitability and discount rates. We assessed these assumptions by comparing them against each company's budget. We carried out an independent assessment based on market economy conditions for the various cash generating units included in the Group companies. We reviewed the discount rates applied per Group company against observable market data. In addition we examined that the starting point for determining the significant assumptions were consistent with previous year. We reviewed the simulations and sensitivity analyzes conducted by the company management and the board. These tests have also formed a basis for our control of the information provided in note 1, 10, 14 and M13 in the annual report.

Valuation of deferred tax recoverable attributable to unutilised tax losses

In Note 12 and PC11 Taxes, it is stated that the group reports deferred tax recoverable totalling a significant amount. The receivables are mainly attributable to fiscal losses carried forward in Sweden. To assess the value of unutilized tax losses, group management and the Board of Directors must make assumptions on the amount of future taxable profits, which are impacted by market conditions, the company's own performance in each country of operation and the tax legislation in effect. The complexity of this assessment is enhanced by the fact that the operations in the group historically have been lossmaking for several years. Based on the size of the receivables, and as the valuation includes significant judgments, this area has been of special significance in the audit.

How our audit addressed the Key Audit Matter

Our audit procedure included but were not limited to:

Initially, we obtained information on the calculations which the group management had prepared to assess the possibility of utilizing the tax losses in future years. We examined to determine if the forecasts applied were those approved by the Board of Directors. In executing our audit, we examined to determine if there were any adopted or forthcoming changes in the tax regulations in Sweden which could impact the possibility of utilising the tax losses or could impact the size of the losses that can be utilized and have been accounted for according to generally accepted accounting practice. We also examined the disclosures Fingerprint Cards provides in Notes 12 and PC11 to determine if they are in accordance with IFRS. In the same Note, there is a statement that the entire amount of unutilized tax losses in Sweden has not been accounted for as an asset.

Revenue recognition

Revenues from agreements with customers, net sales, for the year 2023 amount to SEK 705 million in the statement of comprehensive income for the Group and to SEK 29 million in the income statement for the Parent Company. A description of the assumptions on which the

Group companies' revenue recognition is based can be found in Note 2, 3 and PC2. There, Fingerprint Cards AB (publ) describes how revenue is reported in the Group. The recognition of income from agreements with customers requires that the group has the required routines for identifying performance commitments, and for ensuring that the revenues are reported as performance commitments are performed. Revenue recognition linked to agreements that include performance commitments requires in certain cases that the management make assessments regarding the distribution of the transaction price between different performance commitments. The revenue from agreements with customers constituted a significant area in our audit considering the significance of the reported amounts and that it includes significant elements of estimations.

How our audit addressed the Key Audit Matter
Our audit procedure included but were not limited to:

Initially, we reviewed the accounting principles and routines for the sales process and revenue recognition in each Group company. We have reviewed the company's and the respective group companies 'processes for revenue recognition and carried out a review of agreements with customers on a random basis. Our examination have included a review of the identification of performance commitments and the distribution of the transaction price between them. We have evaluated the reasonableness of the assumptions underlying the distribution of the transaction price. We have also examined whether the performance commitments identified have been met.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-10 and 20-47 The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's audit of the administration of the Board of Directors and the Managing Director and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Fingerprint Cards AB (publ) for the financial year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Fingerprint Cards AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Fingerprint Cards AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 require us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standards on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards, and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XTHML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

BDO Mälardalen AB was appointed auditor of Fingerprint Cards AB (publ) by the general meeting of the shareholders on 24 May 2023 and has been the company's auditor since 2021.

Stockholm, date as per electronic signature

BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant

TEN-YEAR SUMMARY AND DEFINITIONS

Income Statement	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues, SEK M	705.4	861.8	1,355.8	1,255.7	1,458.6	1,535.1	2,966.0	6,638.3	2,900.5	233.6
Gross profit, SEK M	89.6	166.4	396.9	275.2	331.1	2.4	988.9	3,165.3	1,255.3	71.6
Gross margin, %	12.7	19.3	29.3	21.9	22.7	0.2	33.3	47.7	43.0	31.0
Operating profit, SEK M	-320.4	-631.0	-7.6	-365.8	-14.4	-771.6	154.6	2,578.5	910.3	-145.2
Operating margin, %	-45.4	-73.2	-0.6	-29.1	-1.0	-50.3	5.2	38.8	31.0	-62.0
Profit for the year, SEK M	-339,8	-586.0	0.1	-340.8	-13.6	-630.7	120.3	2,034.7	798.3	-144.0
Profit margin, %	-49.2	-68.0	0.0	-27.1	-0.9	-41.1	4.1	30.7	28.0	-62.0
Depreciation and amortization, SEK M	-62.3	-81.6	-93.2	-84.6	-141.3	-117.8	-79.4	-48.6	-43.4	-32.1
Impairment, SEK M	-4.7	-433.4	0.0	-340.6	0.0	-148.6	–	–	–	-29.5
EBITDA, SEK M	-242.2	-116.0	85.6	59.4	128.7	-505.2	234.0	2,627.1	953.7	-83.6

Financial position – Balance Sheet	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Intangible assets, SEK M	504.8	538.0	838.5	759.3	1,127.8	1,102.7	1,188.3	71.4	49.7	69.8
Property, plant and equipment, SEK M	3.0	4.3	6.5	7.0	15.8	30.2	46.6	29.2	20.6	18.8
Financial assets, SEK M	171.6	121.8	53.6	46.9	18.3	27.8	–	–	1.0	–
Inventories, SEK M	133.5	304.1	159.3	136.3	253.4	347.5	646.1	672.7	153.0	98.8
Accounts receivable, SEK M	120.6	128.3	280.0	196.2	197.3	232.7	437.5	1,132.1	617.9	115.8
Other receivables + prepaid expenses, SEK M	25.7	49.6	62.6	27.5	27.7	37.8	313.1	435.4	36.6	19.5
Cash and cash equivalents + investments in securities, SEK M	109.9	274.1	374.3	377.0	563.9	540.5	920.2	1,162.2	1,031.3	101.9
Shareholders' equity, SEK M	684.2	866.5	1,027.2	1,182.9	1,798.9	1,775.5	2,330.8	2,226.1	1,146.8	301.1
Deferred tax, SEK M	6.6	12.4	16.6	20.6	38.6	51.9	189.8	136.3	–	–
Non-current liabilities, SEK M	71.9	293.7	304.2	9.7	11.8	–	221.9	–	–	0.2
Current liabilities, SEK M	320.9	259.9	451.0	361.9	387.8	491.8	809.3	1,140.6	763.2	123.3
Working capital, SEK M	68.9	496.3	425.2	375.2	654.5	666.7	1,507.6	2,261.8	1,075.6	212.7
Total assets, SEK M	1,083.6	1,445.5	1,799.0	1,575.1	2,237.1	2,319.2	3,551.8	3,503.0	1,910.1	424.6
Inventory turnover rate, days	127.9	120,0	55.5	71.5	95.9	116.7	120.0	43.0	29.0	132.0
Average credit period days	63.5	85,3	63.2	56.4	53.1	78.6	95.0	47.0	46.0	113.0
Return on capital employed, %	-41.8	-52.5	-0.1	-30.7	-0.8	-43.5	6.0	117.0	126.0	-48.0
Return on equity, %	-2.5	-1.7	-1.6	-1.2	-1.0	-38.8	5.0	121.0	110.0	-48.0
Return on total capital, %	-29.1	-42.6	0.0	-23.2	-0.6	-33.3	4.0	75.0	78.0	-34.0
Equity/assets ratio, %	63.1	59.9	57.1	75.1	80.4	76.6	66.0	63.5	60.0	71.0

DEFINITIONS

Most of these key figures are Alternative Performance Measures according to ESMA's definition. How these key figures are used is described below, as is how they are calculated. The alternative performance measures are used to provide a more comprehensive description of how operational activities are developing, such as gross margin, gross profit, operating margin, EBITDA and revenue increase, while other alternative performance measures focus on the owner perspective, such as return on equity, and cases where certain balance sheet items or cash flow items are placed in relation to the number of shares. In addition, the equity/assets ratio is provided to describe the financial position and long-term financial sustainability.

Average credit period Average value of accounts receivable over the period in relation to net sales, multiplied by 360 days.

Average number of shares Average number of shares in the period.

Average number of shares after dilution Average number of shares plus an increase by the average number of shares that could be issued as a result of current remuneration and personnel programs.

Capital employed Total assets minus non-interest bearing liabilities.

Cash flow from operating activities/share Cash flow from operating activities after changes in working capital/average number of shares before and after dilution.

Cost of goods sold Cost of materials, production expenses and amortization according to plan of capitalized development expenditure.

Cash flow	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash flow from operating activities, SEK M	-88.3	-334.1	24.3	158.1	160.4	274.6	376.9	1 130.3	910.4	-174.2
Cash flow from investing activities, SEK M	-46.1	-104.6	-91.0	-119.1	-115.4	-162.6	-1,071.0	-78.3	-26.0	-90.6
Cash flow from financing activities, SEK M	-25.7	328.4	58.4	-209.2	-19.7	-507.7	481.7	-955.7	47.4	155.0
Cash flow for the year, SEK M	-160.1	-110.3	-8.3	-170.2	25.3	-395.7	-212.4	96.3	931.8	-109.8

The share	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Earnings per share, SEK	-0.74	-1.92	0.00	-1.10	-0.04	-2.01	0.38	6.40	2.53	-0.49
Earnings per share after dilution, SEK	-0.74	-1.92	0.00	-1.10	-0.04	-2.01	0.38	6.33	2.48	-0.49
Cash and cash equivalents + investments at year-end / share, SEK	0.19	0.65	1.27	1.25	1.80	1.72	2.93	3.70	3.26	0.35
Equity per share, SEK	1.15	2,06	3.49	3.92	5.73	5.66	7.42	7.11	3.63	1.03
Equity per share after dilution, SEK	1.15	2,06	3.49	3.92	5.73	5.66	7.42	7.09	3.57	0.97
Cash flow from operating activities per average number of shares, SEK	-0.19	-1.10	0.08	0.51	0.51	0.87	1.20	3.56	2.86	-0.61
Number of shares at end of the year, 000	593,090	420,394	294,200	301,544	313,967	313,967	313,967	313,967	316,196	292,106
Average number of shares during the year, 000	466,338	304,741	295,351	308,829	313,967	313,967	313,967	317,726	315,349	287,574
Number of shares after dilution, 000	466,338	306,394	295,351	308,829	313,967	313,967	313,967	321,408	321,372	310,306
Dividend per share, SEK	–	–	–	–	–	–	–	–	–	–
Share price at end of the year, SEK	1.72	2.93	20.68	17.41	18.88	10.13	15.81	62.85	118.20	7.00
Market capitalization at end of the year, SEK M	1,020.1	1,290.8	6,084.1	5,249.9	5,927.7	3,180.5	4,963.8	19,732.8	37,374.0	2,033.0
Number of employees at year-end	159	223	261	240	225	220	415	306	150	104

Earnings per share after dilution Earnings per share plus adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs. Earnings per share after dilution can never exceed earnings per share before dilution.

Earnings per share for the period Profit for the period/number of shares outstanding at period end.

EBITDA Earnings before interest, taxes, depreciation and amortization. Operating profit before financial income/expense, taxes, depreciation/amortization and impairment losses.

Equity/assets ratio Shareholders' equity divided by total assets.

Gross margin Gross profit as a percentage of net sales.

Gross profit Revenues less cost of goods sold.

Inventory turnover rate, days Average value of inventory over the period in relation to cost of goods sold, multiplied by 360 days.

Net cash Cash and cash equivalents less interest-bearing debt.

Net margin Profit for the period as a percentage of revenues.

Number of shares outstanding at period end Number of shares less bought back shares held in treasury.

Operating margin Operating profit as a percentage of revenues.

Operating profit Operating profit before financial income/expenses and tax.

Profit for the year Profit after financial income/expenses and tax.

Return on capital employed Operating profit + financial income as a percentage of capital employed.

Return on equity Profit for the period in relation to average shareholders' equity for the period. Average shareholders' equity is defined as shareholders' equity at the start of the period plus shareholders' equity at the end of the period divided by two.

Revenue increase The increase in revenues compared to the corresponding period one year previously, and expressed as a percentage.

Return on total capital Operating profit + financial income as a percentage of total capital.

Shareholders' equity per share Shareholders' equity attributable to equity holders of the Parent Company divided by the number of shares outstanding, before dilution, at the end of the period.

Shareholders' equity per share after dilution See "Shareholders' equity per share" plus adjustment for the number of shares and the paid exercise price in current remuneration and personnel programs.

Working capital Current assets less current non-interest-bearing provisions and liabilities.

SHAREHOLDER INFORMATION

Fingerprint's IR website
Updated corporate, share and insider information, and an archive of financial reports and press releases, is available at www.fingerprints.com. For environmental and cost reasons, Fingerprints has decided not to distribute physical Annual Reports to shareholders. Annual and Quarterly Reports, and Press releases, are available from the company's investor website.

Reporting dates
- Interim Report January–March 2024, 7 May 2024
- Interim Report January–June 2024, 15 August 2024
- Interim Report January–September 2024, 31 October 2024

Annual General Meeting 2024
The Annual General Meeting (AGM) will be held on Thursday 23 May, 2024.

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GLOSSARY

Algorithm
A systematic procedure for how to conduct calculation or solve a problem in a given number of steps. In Fingerprints' specific case, the method refers to the comparison of two fingerprints with each other.

Authentication
Control process for a particular entity; in conjunction with logging on, for example. The word is synonymous with verification.

Biometric system
A pattern recognition system that identifies or verifies an individual by studying a physiological characteristic of that individual, such as a fingerprint.

Chip
A piece of silicon that an integrated circuit is embedded in, such as a sensor chip. Normally, a silicon wafer is divided into a number of chips, with each chip being essentially identical.

Design Win
Decision by a customer (OEM or ODM) to start developing one or several commercial products using Fingerprints' technology integrated into one or more of its products.

Identification
Comparison of compiled biometric data with all stored templates for the purpose of identifying one of these templates (and thus an individual) from many.

Internet of Things
Internet-connected devices that are linked to the Internet and can thus communicate with/be controlled via the Internet.

Matching
The process of comparing an image of a fingerprint with a pre-processed template, and assessing whether or not they are similar.

Modality
Type of biometric feature, such as fingerprint sensors and iris sensors.

ODM
Original Design Manufacturer, a company that develops and manufactures products sold under the trademarks of other companies.

OEM
Original Equipment Manufacturers, companies that manufacture the end product that is sold on an open market.

Smart card
Plastic card with an embedded chip containing information about the card and its owner.

Smartphone /tablet
A combined mobile phone and handheld computer linked to the Internet via mobile broadband. A smartphone has a complete mobile operating system that is transferable between multiple devices enabling the user to easily install mobile apps, which are small third-party programs that increase the phone's functionality.

Template
An arrangement of unique data that represents a specific fingerprint.

Touch sensor
Sensor that scans a fingerprint directly when a fingertip touches the sensor surface; compare to swipe sensor.

Verification
The comparison of compiled biometric data with a given template for the purpose of verifying that the two match. This enables the authentication of an individual with a high degree of certainty.

Wafer
A thin circular slice of silicon containing a number of integrated circuits such as sensor chips.

FINGERPRINTS

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