



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

**Validity of the prospectus**

This Prospectus is valid for a maximum of twelve (12) months after the date of its approval (23 August 2023) provided it is supplemented by any supplement required pursuant to Article 23 of Regulation (EU) 2017/1129. The obligation to supplement the prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply once the prospectus is no longer valid.

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

In order to avoid the subscription rights losing their value, the holder must either (i) exercise the subscription rights received and subscribe for new A-shares and/or B-shares no later than on 11 September 2023 or (ii) no later than on 6 September 2023, sell the subscription rights which are not intended to be exercised for subscription of A-shares and/or B-shares.

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

SOLE GLOBAL COORDINATOR AND BOOKRUNNER



## Important information

This prospectus has been prepared in connection with Fingerprint Cards AB's (publ) ("**Fingerprints**" or the "**Company**") rights issue of shares of class A ("**A-shares**") and shares of class B shares ("**B-shares**"), respectively, (A-shares and B-shares are individually and/or jointly (depending on the context) referred to as the "**Shares**") with preferential rights for existing shareholders resolved by the board of directors on 16 July and approved by an extraordinary general meeting of the Company on 18 August 2023, in accordance with the terms and conditions in this prospectus (the "**Rights Issue**").

As of the date of this prospectus, the Company's A-shares are not admitted to trading on a regulated market or multilateral trading facility. The Company's B-shares are admitted to trading on Nasdaq Stockholm. A Swedish version of this prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (the "**SFSA**") in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"). The approval and registration of the prospectus does not mean that the SFSA guarantees that the factual information in the prospectus is correct or complete.

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

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

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

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

### Information to investors in the United States

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

### Information to investors within the EEA

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

### Forward-looking statements

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

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

# Table of contents

Summary .....	4	Capitalisation, indebtedness and other financial information .....	62
Risk factors .....	12	Board of directors, senior executives and auditor .....	65
Invitation to subscribe for Shares in Fingerprint Cards AB (publ).....	25	Corporate governance.....	70
Background and reasons .....	26	Shares, share capital and ownership structure .....	79
Terms and instructions .....	28	Legal considerations and supplementary information.....	85
Market overview .....	35	Articles of association.....	90
Business description .....	40	Definitions and glossary .....	94
Selected historical financial information ....	48	Addresses .....	95
Operating and financial review .....	56		

## The terms of the Rights Issue in brief

<b>Subscription price</b> per A-share	SEK 1.2
<b>Subscription price</b> per B-share	SEK 1.2
<b>Record date</b>	24 August 2023
<b>Subscription period</b>	28 August – 11 September 2023
<b>Trading in subscription rights for B-shares</b>	28 August – 6 September 2023
<b>Trading in BTAs for B-shares</b>	28 August – 14 September 2023

## Other information

### ISIN-codes

A-shares	SE0008374243
B-shares	SE0008374250
Subscription rights for A-shares	SE0020845352
Subscription rights for B-shares	SE0020845386
BTA for A-shares	SE0020845360
BTA for B-shares	SE0020845394

### Short name (ticker) on Nasdaq Stockholm

B-shares	FING B
Subscription rights for B-shares	FING TR B
BTA for B-shares	FING BTA B
<b>LEI code</b>	5493004YF5D7Z612Z822

# Summary

## INTRODUCTION AND WARNINGS

### Introduction and warnings

The prospectus has been prepared in connection with Fingerprint Cards AB's (publ) ("**Fingerprints**" or the "**Company**") rights issue of shares of class A ("**A-shares**") and shares of class B ("**B-shares**") (A-shares and B-shares are individually and/or jointly (depending on the context) referred to as the "**Shares**") with preferential rights for existing shareholders resolved by the board of directors on 16 July 2023 and approved by an extraordinary general meeting of the Company on 18 August 2023, in accordance with the terms and conditions in this prospectus (the "**Rights Issue**").

The Company's corporate identity number is 556154-2381. The Company's registered address is Box 2421, SE-403 16 Gothenburg, its office address is Kungsgatan 20, SE-411 19 Gothenburg, and its LEI code is 5493004YF5D7Z612Z822. The ISIN-code for the subscription rights for A-shares is SE0020845352 and the ISIN-code for the subscription rights for B-shares is SE0020845386. The ISIN-code for the BTA for A-shares is SE0020845360 and the ISIN-code for the BTA for B-shares is SE0020845394.

A Swedish version of this prospectus has been approved and registered with the Swedish Financial Supervisory Authority (the "**SFSA**") on 23 August 2023. The SFSA's postal address is Box 7821, SE-103 97 Stockholm, Sweden, telephone number is +46 (0)8 408 980 00 and website is [www.fi.se](http://www.fi.se).

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

## KEY INFORMATION ON THE ISSUER

### Who is the issuer of the securities?

#### *Information on the issuer*

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

#### *Principal activities*

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

Fingerprints solutions are found in over one billion devices and applications, and are used billions of times every day. Fingerprints offer secure and convenient identification and authentication and create value every day by facilitating the everyday lives for users around the world. Fingerprints develop biometric systems comprising sensors, algorithms, software and packaging technologies. The Company's product development has resulted in products with high security, user-friendliness and performance. The product range consists primarily of fingerprint sensors and the largest customer segment is manufacturers of smartphones.

### **Major shareholders**

The table below lists the shareholders who had a direct or indirect shareholding representing five per cent or more of the total number of shares and votes in Fingerprints as of 30 June 2023 (and thereafter known changes to the Company). No natural or legal person holds more than five per cent of all shares and/or votes in the Company other than as set out in the table below. Johan Carlström has, by controlling 18.72 per cent of the votes in the Company, substantial influence on questions that are subject to approval by the shareholders of the Company and may as a consequence exercise control over the Company. This is however limited by the provisions in the Swedish Companies Act and that the Company complies with the corporate governance regulations applicable to the Company, in order to ensure that control of the Company is not abused.

Shareholders	Number of A-shares	Number of B-shares	Percentage of share capital, %	Percentage of votes, %
Johan Carlström (through company)	7,875,000	14,000,000	5.15	18.72
Other shareholders	0	402,617,719	94.85	81.28
<b>Total</b>	<b>7,875,000</b>	<b>416,617,719</b>	<b>100.00</b>	<b>100.00</b>

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

The Company's board of directors consists of Christian Lagerling (chairman), Dimitrij Titov, Alexander Kotsinas, Juan Vallejo, Mario Shiliashki and Adam Philpott. The Company's senior executives are Ted Hansson (acting CEO), Per Sundqvist (CFO), Pontus Jägemalm (CTO), Thomas Rex (Executive Vice President New Business), Charles Burgeat (Senior VP Corporate Strategy), Michel Roig (President Payment & Access) and Haiyuan Bu (President Mobile, PC & Access China).

### **Auditor**

BDO Mälardalen AB and Carl-Johan Kjellman was elected as the Company's auditor at the annual general meeting 2023 until the close of the next annual general meeting. Since 7 June 2021, Johan Pharmanson is auditor in charge. Both Johan Pharmanson and Carl-Johan Kjellman are authorised public accountants and members of FAR (the professional institute for authorised public accountants in Sweden). BDO Mälardalen AB's and Carl-Johan Kjellman's address is Box 6343, SE-102 35 Stockholm, Sweden. MOORE KLN AB was the Company's auditor and Ulf Lindesson (authorised public accountant and member of FAR) was auditor in charge until the annual general meeting on 26 May 2021, when BDO Mälardalen AB and Carl-Johan Kjellman was elected as the Company's auditor. MOORE KLN AB's address is Lilla Bommen 3B, SE-411 04 Gothenburg, Sweden. The reason for the audit change was ordinary auditor succession.

## Key financial information regarding the issuer

### Summary of key financial information

#### Selected income statement items

MSEK	1 January–31 December			1 January–30 June	
	2022	2021	2020	2023	2022
Revenues	861.8	1,355.8	1,255.7	320.3	528.3
Operating profit/loss	-631.0	-7.6	-365.8	-151.4	-43.9
Comprehensive income for the period	-586.0	69.7	-425.6	-119.9	55.7
Earnings per share (before and after dilution)	-1.92	0.00	-1.10	-0.35	-0.12

#### Selected balance sheet items

MSEK	31 December			30 June	
	2022	2021	2020	2023	2022
Assets	1,445.5	1,799.0	1,575.1	1,316.3	1,728.0
Shareholders' equity	866.5	1,027.2	1,182.9	746.6	1,082.9

#### Selected cash flow items

MSEK	1 January–31 December			1 January–30 June	
	2022	2021	2020	2023	2022
Cash flow from operating activities	-334.1	24.3	158.1	10.1	-118.6
Cash flow from investing activities	-104.6	-91.0	-119.1	-29.3	-48.2
Cash flow from financing activities	328.4	58.4	-209.2	-6.2	-7.1

## Key risks specific to the issuer

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

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

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

Fingerprints' assesses that the Company's operations will continue to be affected by the aftermaths of the Covid-19 pandemic and related restrictions during 2023 and that there is a risk that the recovery from the Covid-19 pandemic will not be maintained or that it will not result in a return to the level of economic activity that prevailed before the pandemic. In addition, the Group may also be affected by geopolitical conflicts.

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

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

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

The prices of semiconductors used in Fingerprints products are to a substantial degree related to the prices of the underlying raw materials, primarily the price of silicon and, to a lesser degree, the price of gold. Price fluctuations in the price of silicon and/or gold could thus entail a higher cost per unit for the Group.

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

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

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

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

Fingerprints is subject to extensive regulatory requirements regarding processing of personal data in various jurisdictions and may be subject to administrative sanction fees due to violations of the General Data Protection Regulation ("GDPR") or other legal sanctions related to breaches of applicable data processing rules. In addition, Fingerprints may be affected by changes to laws and regulations regarding processing of personal data and the implementation of such changes.

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

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

Fingerprints is exposed to liquidity risk if Fingerprints is unable to meet its payment obligations due to having insufficient cash at its disposal, which in turn could arise from matters outside of Fingerprints control. In addition, Fingerprints is exposed to the risk that financing of Fingerprints' operations and refinancing of existing and future debts may become more difficult or costly in the future. There is a risk that financing will not be available to Fingerprints on acceptable terms or at all.

## **KEY INFORMATION ON SECURITIES**

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

This prospectus relates to a rights issue in Fingerprints of not more than 2,863,636 A-shares (ISIN: SE0008374243) and not more than 151,497,352 B-shares (ISIN: SE0008374250) with preferential rights for existing shareholders in Fingerprints (the "**Rights Issue**")

Existing shares in the Company are denominated in SEK. As of the date of this prospectus the registered share capital in the Company amounts to SEK 18,483,477.066003, divided into 424,492,719 shares (of which 7,875,000 are A-shares and 416,617,719 are B-shares). The quota value is SEK 0.043543 per share.

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

Each A-share entitles to ten (10) votes at a general meeting. Each B-share entitles to one (1) vote at a general meeting. Should the Company resolve to issue new A-shares and B-shares by way of a cash issue or set-off issue, shareholders of A-shares and shareholders of B-shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of shares previously held (primary preferential right). Shares that are not subscribed for with primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If the offered shares are not sufficient for the subscription that takes place with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of shares previously held and to the extent that this cannot be done, by drawing lots.

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

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

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

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

### ***Dividend policy***

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

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

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

Trading in subscription rights for B-shares issued in the Rights Issue is expected to commence on Nasdaq Stockholm on 28 August 2023. Trading in paid subscribed B-shares ("BTA") on Nasdaq Stockholm is expected, upon application, to commence on 28 August 2023. The new B-shares are expected to be admitted to trading on Nasdaq Stockholm, upon application, in connection with the conversion of BTA to B-shares, which is expected to occur on or about 20 September 2023. As of the date of this prospectus, the A-shares are not admitted to trading on a regulated market or a multilateral trading facility. Furthermore, subscription rights of A-shares will not be admitted to trading on a regulated market or a multilateral trading facility.

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

Material risks factors specific to the securities includes:

### ***Risks related to the Company's shares***

#### **The price of the shares may be volatile and its development depends on several factors**

An investment in shares can increase or decrease in value and there is a risk that an investor loses the invested capital. During the first half of 2023, the price of the B-share has fluctuated from a maximum of SEK 3.15 as it highest to SEK 1.72 at the lowest. The development of the share price is dependent on several factors, some of which are company-specific while others are related to the stock market in general.

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

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

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

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

Both subscription rights regarding B-shares and paid subscribed B-shares ("BTA", Sw. *betalade tecknade B-aktier*) will be subject to time-limited trading on Nasdaq Stockholm. Trading in these instruments may be limited, which could make it difficult for individual holders to sell their subscription rights and/or BTA, thus preventing the holder from being compensated for the financial dilutive effect that the Rights Issue entails.

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

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

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

**Number of Shares offered:** 2,863,636 A-shares and 151,497,352 B-shares.

**Subscription right:** Any person registered as a shareholder in the share register maintained by Euroclear Sweden on the record date 24 August 2023 receives one (1) subscription right for each share held in relation to the number of shares of each class owned by the shareholder. Eleven (11) subscription rights entitles to subscription of four (4) shares. Only whole Shares can be subscribed (*i.e.*, no fractions). To the extent that new Shares are not subscribed for by exercising subscription rights, these shall be allotted to shareholders and other investors who have subscribed for Shares without exercising subscription rights.

**Record date for the right to receive subscription rights:** 24 August 2023.

**Subscription period:** 28 August 2023 – 11 September 2023.

**Subscription price A-shares:** SEK 1.2

## **Subscription price B-shares: SEK 1.2**

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

**Trading in subscription rights for B-shares:** 28 August 2023 – 6 September 2023.

**Trading in BTA (B-shares):** 28 August 2023 – 14 September 2023.

**Conversion of BTA to B-shares:** Around 20 September 2023.

**Admission to trading on Nasdaq Stockholm of B-shares:** Around 20 September 2023.

**Dilution:** For shareholders who decide not to subscribe its share in the Rights Issue, a dilutive effect of not more than 154,360,988 new shares arises, corresponding to approximately 27 per cent of the total number of shares in Fingerprints following the Rights Issue, provided that all Shares in the Rights Issue are subscribed for.

**Costs for the offer:** Approximately SEK 30 million.

## **Why is this prospectus being produced?**

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

In order to enable the Company to finance the early redemption of the Company's outstanding senior bond loan 2021/2024 and thereby obtain increased financial flexibility, with less restrictive financial commitments and a strengthened financial position, and thereby enabling for the Company to focus on its business and continue to execute on its strategic plan with an increased focus on growth areas, improved diversification, increased gross margin and smaller, selective, acquisitions, the board of directors of the Company resolved on 16 July 2023 and on 16 August 2023, respectively, subject to subsequent approval of the general meeting, on a Rights Issue of SEK 185.2 million of shares of class A ("**A-shares**") and shares of class B ("**B-shares**") with preferential rights for existing shareholders (the "**Rights Issue**"). The extraordinary general meeting on 18 August 2023 resolved to carry out the Rights Issue in accordance with the board of director's proposal. The rights issue of A-shares is not covered by any subscription and guarantee commitments and is estimated to raise proceeds of approximately SEK 3.4 million upon full subscription. The rights issue of B-shares is fully covered by subscription and guarantee commitments from existing shareholders and external investors and is estimated to raise approximately SEK 181.8 million upon full subscription.<sup>1</sup>

On 16 July 2023, the Company also entered into a binding agreement with an entity managed by Heights Capital Management, Inc. ("**HCM**") regarding an undertaking to subscribe for convertible bonds (the "**Convertible Bonds**") for an aggregate nominal amount of SEK 160 million ("**Tranche 1**") with an option for additional Convertible Bonds with an aggregate nominal amount of SEK 90 million that can be exercised under certain conditions (including that the price of the Company's B-shares is above a certain level and that no material adverse events have occurred for the Company) and if the Company so wishes ("**Tranche 2**" and the "**Option**"). The Company intends to utilize an authorization granted by the extraordinary general meeting on 18 August 2023 to issue the Convertible Bonds to HCM. HCM's

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<sup>1</sup> The subscription and guarantee commitments are not secured through *e.g.*, bank guarantees, restricted funds, pledge assets or similar arrangements.

commitment to subscribe for the Convertible Bonds in Tranche 1 is subject to the completion of the Rights Issue no later than 29 September 2023 and that the Rights Issue raise not less than SEK 180 million. Tranche 1 is preliminarily intended to be issued around 19 September 2023 and if the Option is used and Tranche 2 is issued, the additional issue of the Convertible Bonds in Tranche 2 is preliminarily expected to be carried out around 31 October 2023.

Following deduction of issue related costs, which is expected to amount to approximately SEK 30 million, the net proceeds from the issue of Convertible Bonds and the rights issue of B-shares will amount to not more than SEK 381.8 million<sup>2</sup> if the Option to issue further Convertible Bonds is exercised, and up to SEK 299 million<sup>3</sup> if the Option is not exercised. The net proceeds will primarily be used to repay the Company's outstanding senior bond loan 2021/2024 (SEK 313.5 million), which is expected to occur on or around 28 September 2023, and secondly be used for general corporate purposes (SEK 68.3 million).<sup>4</sup> Such general corporate purposes may, *inter alia*, include investments in development of new products, expansion into adjacent markets, potential small acquisitions and other research and development initiatives.

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

The Company's financial advisers in connection with the Rights Issue is Carnegie Investment Bank AB (publ) ("Carnegie"). Carnegie receives customary sales commission which to some extent is dependent on the outcome of the Rights Issue. Carnegie (as well as its affiliates) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which they have received, or may receive, compensation.

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<sup>2</sup> Net proceeds following deduction of issue related costs of approximately SEK 30 million, provided that the rights issue of B-shares is fully subscribed for and calculated on a subscription price for the Convertible Bonds of 92 per cent nominal amount (in accordance with the terms and conditions of the Convertible Bonds). The rights issue of B-shares covers SEK 181.8 million. Tranche 1 covers SEK 147.2 million and Tranche 2 covers SEK 82.8 million.

<sup>3</sup> Net proceeds following deduction of issue related costs of approximately SEK 30 million, provided that the rights issue of B-shares is fully subscribed for and calculated on a subscription price for the Convertible Bonds of 92 per cent nominal amount (in accordance with the terms and conditions of the Convertible Bonds). The rights issue of B-shares covers SEK 181.8 million. Tranche 1 covers SEK 147.2 million and Tranche 2 covers SEK 82.8 million.

<sup>4</sup> The amount of the net proceeds to be used for general corporate purposes assumes that the Option is exercised.

# Risk factors

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

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

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

During the financial year 2022, the Group's operations were adversely affected by the Covid-19 pandemic and in particular China's so-called "zero-covid" policy, which was maintained in the country throughout the greater part of 2022. China is Fingerprints' main market and the restrictions in China as well as other consequential effects have strongly contributed to a decrease in revenues for Fingerprints during the financial year 2022 (SEK 861.8 million (SEK 1,355.8 million)).

As China lifted the "zero-covid" restrictions, a return to the consumption patterns that applied prior to the Covid-19 pandemic has commenced. However, Fingerprints' assesses that the Company's operations will continue to be affected by the aftermath of the Covid-19 pandemic and related restrictions during 2023, such as an increased price pressure as a result from sales of inventory build-up during the Covid-19 pandemic. There is also a risk that the recovery from the

Covid-19 pandemic will not be maintained or that it will not result in a return to the level of economic activity that prevailed before the pandemic.

In addition to Covid-19 and its aftermaths, the outlook for the world economy and financial markets remains uncertain on account of a number of geopolitical and economic factors, such as high inflation rates, the security policy situation and the sanctions imposed against Russia and Belarus due to the invasion of Ukraine and its direct and indirect long-term effects on the world economy. The Group may also be affected by other geopolitical conflicts. The United States has, for example, introduced licensing requirements for export of certain technologies for use in the products of Huawei, a major customer of the Group incorporated in China. The licensing requirement does not permit export of 5G products for use in Huawei's products and thus restricts the Group's export of certain of the Group's products to Huawei. If the United States export restriction would become stricter and prohibit export of other products of the Group for use in Huawei products, or if there would be an increase in the occurrence of similar export or import restrictions in the United States or in other geographical markets of

the Group, it could have a material adverse effect on the Group's overall sales volumes, and Fingerprints' results. In addition, there is also a risk that China imposes countermeasures, e.g., import restrictions or other trade barriers for Western companies that could prevent or limit the Group's sales in China. Since China is the Group's main market, such restrictions could have a material adverse effect on the Group's results and future prospects.

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

The Group is dependent on a limited number of third party suppliers which are key to the Group's product offering and overall business. The Group relies on third party suppliers for delivery of semiconductors, primarily silicon wafers which constitute the core component of the Company's biometric sensors. During the financial year 2022, Fingerprints' five largest suppliers accounted for approximately 96 per cent of the Group's total supplier expenses, with the largest supplier accounting for 60 per cent of total supplier expenses. If one or several of Fingerprints larger suppliers, for any reason, would cease with its deliveries to the Group, it would have a material adverse effect on the Group's production and operations.

If the Group's suppliers experience disruptions, there is also a risk that the Group's suppliers of semiconductors will deliver too late or not at all, or that the quality of the deliveries will not meet the Group's expectations which would hinder the Group's ability to manufacture its biometric sensors in a rate which is sufficient enough to meet the Company's delivery obligations to its customers. Delays in deliveries and subsequent delays in customer payments may harm the Group's cash flow and in turn have a material adverse effect on the Group.

The Group's ability to renew existing agreements with suppliers, or to enter into new contractual relationships upon the expiration of such

agreements, on commercially attractive terms or at all, depends on a range of commercial and operational factors and events, e.g., the willingness of suppliers to enter into new agreements, the demand for the products and services of such parties or general economic conditions.

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

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

The prices of semiconductors used in Fingerprints products are to a substantial degree related to the prices of the underlying raw materials, primarily the price of silicon and, to a lesser degree, the price of gold. Price fluctuations in the price of silicon and/or gold could thus entail a higher cost per unit for the Group. For example, the price of silicon temporarily fluctuated significantly during 2021 with price increases of up to 300 per cent as a result from disruptions in the electricity supply in China, which is the largest producer and exporter of silicon. There is a risk that future price fluctuations on raw material of which Fingerprints is dependent may increase the Group's expenses. The price paid by the Company for the raw materials used in the Company's operations is also particularly affected by currency effects, primarily the exchange rate between SEK and USD (see section "*Fingerprints is exposed to currency risks*"). If the Group would be unable to transfer such cost increases to its customers, it could entail lower margins. This could in turn have a material adverse effect on Fingerprints results.

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

Fingerprints' five largest customers accounted for approximately two thirds of the Group's revenues during the financial year 2022. If Fingerprints experiences a general downturn in its customers' purchases of the Group's products or if one or more of the customers ceases to purchase the Group's products (*e.g.*, due to a general decrease in demand as a result of general economic conditions or sanctions against larger customers), it could have a material adverse effect on Fingerprints' rate of growth, business, results and financial position.

The Group's customer agreements are generally entered for a period of two to three years and there is a risk that the difficulty and cost for a customer to switch to a competitor or to develop a proprietary product to replace the Group's products, are not onerous enough to deter the customer from ceasing to use the Group's products after the expiry of the initial contract period. Furthermore, there is a risk that Fingerprints is not able to maintain its current commercial terms with their customers when renegotiating contracts, which could affect the Group's profit margins going forward.

In addition, the Group's exposure to a limited number of customers entails a higher credit risk. If a customer, or several customers together, representing a large share of the Group's sales should not pay the Group's receivables in time or at all and the losses is not covered by the Group's credit insurance, it could entail major credit losses for the Group, which may have a material adverse effect on the Group's cash flow and liquidity and consequently, on the Group's financial position as the Group would be forced to cover the credit losses by incurring corresponding external financing.

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

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

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

Further, as the market continues to evolve, the Group must react on changes in market needs and

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

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

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

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

damaged and that customers of the Group could choose other suppliers of biometric sensors in order to avoid being connected with Fingerprints. This would in turn have a material adverse effect on Fingerprints operations and future prospects.

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

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

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

If several Manufacturers would terminate their agreements with the Group, become insolvent or fail to fulfil their contractual obligations pursuant to the agreements between the Group and the Manufacturer, Fingerprints would need to find new Manufacturers in order to meet its obligations to the Group's customers. There is a risk that the Group would be unable to contract new Manufacturers, at all or at reasonable costs. If the Group is unable to contract new Manufactures in time, the Group could be unable to deliver its products to the customers in accordance with existing customer agreements, which could result

in customer losses and decreased revenues for the Group. Even if new Manufacturers are contracted, there is a risk that the production will not resume fast enough. If the Group would only be able to contract new Manufacturers at high prices, it could entail higher costs for the Group and decreased margins, which in turn would have a material adverse effect on the Group's results.

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

The Group is dependent on its IT systems for, *inter alia*, coordinating allocation of resources, controlling product inventories, maintaining production levels and administering purchase of raw materials, such as, silicon used in the production of silicon wafers, which are used in the Group's sensors. IT expenses represent a significant cost item for the Company, and during the financial years 2020–2022, it amounted to approximately two per cent of the Group's revenues.

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

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

develop the functionality and operation of business-critical IT systems, it could have a material adverse effect on the Group's operations.

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

The Group's business is based on the development, production and sale of biometric authentication solutions, and the Group's future growth and results depend on the Group's ability to scale up its production and sales volume in order to reduce the production cost per unit, increase the margins and enable lower prices to its customers. Assuming that the Company incorrectly assesses an appropriate inventory level, it could result in a capital tie-up for the Company that does not correspond to the increased sales volume and increased future cash flows, which could have a material adverse effect on the Company's revenues and results.

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

Fingerprints announced by a press release on 18 July 2023 that the Company forms a new organizational unit: New Business. The organizational unit is charged with developing new business and driving revenue growth, with a

particular focus on the areas New Partners, M&A, Automotive and IPR (for more information see section “*Business description – Organizational Unit: New Business*” below). There is a risk that this effort does not reach expected success within the expected time, or at all, and the investments carried out by the Company may not generate the growth or profitability expected by Fingerprints. If these risks materialise it could have a material adverse effect on Fingerprints results and operations.

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

The Group’s ability to attract, motivate and retain qualified personnel is crucial to the Group’s future business and success. Given the high-tech nature of the Group’s business, the Group is especially dependent on recruiting and retaining employees with expertise in biometrics (especially within research and development (“**R&D**”) and supply chain specialists) as well as sellers. In addition, the Group is dependent on certain existing members of its upper management who Fingerprints deem crucial for maintaining and improving the Group’s R&D capabilities, which is key for maintaining and improving the Group’s competitive edge. If any of these key employees terminate their employments with the Group or substantially change or reduce its engagement with the Group, the Group may not be able to replace them or their services within reasonable time.

As of 30 June 2023, engineers accounted for approximately two-thirds of the Group’s total workforce. Inability to hire, develop, engage and retain a sufficient number of qualified employees would materially hinder Fingerprints business by, for example, impairing Fingerprints ability to successfully develop new products, to successfully manage challenges in the supply chains, or impair the Group’s ability to identify new business opportunities and execute its strategy and strategic

initiatives. In addition, as the process of hiring and training qualified personnel is often costly in terms of time and money, if the Group’s recruitment and retention efforts are unsuccessful, qualified personnel may not be integrated into the Group’s workforce in a sufficiently timely manner to meet the needs of the business.

For the financial year ended on 31 December 2022, Fingerprints total costs for salaries and other remuneration amounted to SEK 227.1 million, distributed over an average of 239 employees. If for some reason, the Group would be required to lower its remuneration levels, there would be a risk that key employees would choose to terminate their employments and leave Fingerprints for competitors. If key employees leave the Group for competitors due to the Group not offering competitive remuneration or otherwise, this could lead to future shortfalls in revenue or increased costs, which in turn could result in a material adverse effect on the Group’s business and results.

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

The Group has several major international competitors in the biometric authentication solutions industry across different segments and product groups, including IDEX Biometrics, Shenzhen Goodix Technology, Egis Technology and Silead. During the last few years, the Group has recognised an increased competition and price pressure on the market, causing lower profit margins on some of the Group’s product areas. Companies in the market compete among other things by product innovation, price, quality, performance and compatibility. There is a risk that the competitive landscape may not develop in the direction predicted by the Group, *e.g.*, that the Group’s competitors engage in price competition by merging with other competitors or by implementing new initiatives or developing more competitive or innovative products than those of the Group. Even actors who are not competing with the Group’s products at this time, or

competitors who at this time only compete with the Group within certain segments and product groups, can broaden their product offerings to areas where the Group is active. If any of the abovementioned risks were to materialise, it could have a negative impact on demand for the Group's products and cause reduced future sales volume and, in the case of price pressure, decrease the Group's margins. As a result of the previously extensive Covid-19-related restrictions that applied in China during 2022, which led to a decreased demand for biometric sensors in China, the Company has previously experienced increased price competition from smaller competitors for products within the product group Mobile.

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

The Group products comprise a wide range of biometric authentication solutions which aims to verify the identity of registered individuals by means of finger print, iris identification and/or face recognition. The demand for the Group's products is therefore subject to the public perception of biometric sensors, whereas growing concerns as to the aspect of personal integrity in relation to biometrics and biometric sensors could have a material negative effect on the demand for biometric sensors in general. The probability of such concerns emerging is higher in relation to low cost products with low biometric integrity. Even though the Group's products are not considered as low cost products, there is a risk that the Group will fail to differentiate the Group's products from such low cost and low biometric integrity sensors and that the public will perceive all biometric authentication solutions in the same way. If the public opinion on biometric sensors would deteriorate, there is a risk that the demand for the Group's products from the Group's customers would decrease, which in turn could have a material adverse effect on Fingerprints' business and future prospects.

## **LEGAL AND REGULATORY RISKS**

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

Fingerprints provide biometric authentication solutions and therefore processes a large amount of personal data, mainly in relation to employees, customer representatives, supplier representatives and other third parties, and the Group is consequently subject to extensive regulatory requirements regarding processing of personal data in different jurisdictions.

If any supervisory authority would deem that Fingerprints is processing, or has previously processed, personal data improperly, or if a personal data breach occurs due to, for example security deficiencies which lead to unlawful dissemination or processing of personal data, this could result in administrative sanction fees due to violations of the General Data Protection Regulation ("GDPR") or other legal sanctions related to breaches of applicable data processing rules. Since Fingerprints processes a large amount of personal data as part of its operations, any improper or unlawful processing could further result in a significant number of individuals being affected and consequently, there is a risk that potential administrative sanction fees and/or other legal sanctions or claims from supervisory authorities or other relevant parties could have a material adverse effect on Fingerprints' business. Any violations of applicable laws and regulations regarding the protection of personal data as a result of events, both within and outside of Fingerprints' control, may adversely affect Fingerprints' brand and reputation. In addition, Fingerprints may be affected by changes to laws and regulations regarding processing of personal data and the implementation of such changes, which could, *inter alia*, result in higher compliance costs for the Group due to the Group being required to, among other things, make significant changes of its processing of personal data.

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

The Group has a large share of intangible assets and Fingerprints is dependent on its intellectual property in order to be able to commercialize its investments and expand its product offering. As of the date of this prospectus, the Group's patent portfolio comprises approximately 600 registered patents.

There is a risk that Fingerprints may not have sufficient protection for its patents or other intangible assets used in the business, and Fingerprints may have difficulties with defending its patents and other intellectual property rights. Fingerprints may also be exposed to unauthorised attempts by third parties to use Fingerprints' patents, which will require Fingerprints to take legal action. The Group has, for example, been involved as plaintiff in a patent infringement law suit against one of the Group's competitors, Shenzhen Goodix Technology and it is possible that the Group will be involved in similar disputes in the future. In addition, third parties' use or misuse of the Fingerprints brand could reflect badly on Fingerprints, for example if such third party is involved in a business that Fingerprints does not want to be associated with. If Fingerprints fails to protect and maintain its intellectual property rights or if Fingerprints is alleged to have infringed the intellectual property rights of others, it could have a material adverse effect on Fingerprints' business.

There is also a risk that the Group, unknowingly, infringes the intellectual property rights of third parties or that third parties may allege the Group for infringing on their intellectual property rights. This could in turn result in third parties asserting claims due to the infringement or the alleged infringement, which may result in the Group's products being unable to be commercialised or that such commercialisation would be delayed. Intellectual property proceedings can involve

complex factual and legal issues and often have an uncertain outcome. Such legal disputes will also involve time, personnel and cost expenditure, which could have a material adverse effect on Fingerprints actual business operations.

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

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

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

There is generally an increased risk for corruption related issues occurring in China, where the Group conducts operations through a Chinese subsidiary. Breaches of anti-corruption laws could entail substantial fines and other criminal, civil or administrative sanctions, which could have a material adverse effect on Fingerprints' reputation, operation, results and financial position. Corruption-related incidents or accusations against suppliers, personnel, customers and other third parties with whom Fingerprints has a commercial relationship with could lead to adverse publicity, which would damage Fingerprints' reputation, even if Fingerprints is not involved directly.

In addition, Fingerprints is dependent on the compliance by its employees, suppliers, customers and other third parties with its contractual obligations as well as laws, regulations, internal governance documents and policies. Breaches of,

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

In addition, the political, economic and regulatory environment in which Fingerprints operates is subject to unexpected changes. Any changes in economic development or in local, regional or political bodies as a result of, *e.g.*, elections or changes in government policies, could also result in changes to applicable laws and regulations or to changes in the application of current laws and regulations. Such changes may restrict or prevent Fingerprints' ability to conduct profitable operations, or enter into new markets, or increase the non-compliance with laws and regulations, which may lead to increased costs of operations for Fingerprints and have a material adverse effect on Fingerprints' future prospects. Fingerprints may also be subject to additional regulatory requirements as Fingerprints develops new products on new markets, such as the automotive market.

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

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

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

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

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

Fingerprints is exposed to liquidity risk if Fingerprints is unable to meet its payment obligations due to having insufficient cash at its disposal, which in turn may arise from matters outside of Fingerprints control, such as a credit crisis or severe adverse economic conditions in the countries in which Fingerprints operates (*e.g.*, China's so-called "zero-covid" policy, which affected the Company negatively, for more information see section "Market overview" and "Operating and financial review").

There is a risk that financing will not be available to Fingerprints on acceptable terms or at all. Fingerprints senior bond loan 2021/2024 of SEK 300 million (within a total framework of SEK 500 million) has a floating interest rate of 3-month STIBOR plus 9.0 percent per annum. For example, if 3 month STIBOR increases by 100 basis points, the Company's interest costs as of June 30, 2023 would have increased by SEK 3 million annually.

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

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

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

Currency risk means the risk of exchange rate fluctuations affecting the Group's financial position negatively. The Group does not have any currency hedging arrangements in place. The Group is primarily exposed to USD as most of the purchases and sales are conducted in USD. Thus, significant reductions in the value of the USD in relation to the value of SEK may have negative effects on the Group's financial position and cash flow. The Company's transaction exposure in sales and materials as USD exposure expressed in

SEK corresponded to SEK 326.6 million in total for the financial year 2022 (SEK 514.6 million).

A change of ten per cent in the Swedish krona versus other currencies as per 31 December 2022 (with all other factors remaining unchanged), would result in a change in shareholders' equity of SEK 33 million for the financial year 2022 (SEK 51 million). Exchange rate differences affected the result for the financial year 2022 by SEK 35.4 million (SEK -4.7 million).

## **RISKS RELATED TO THE SHARES**

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

An investment in shares can increase or decrease in value and there is a risk that an investor loses the invested capital. During the second half of 2023, the price for the B-share has fluctuated from SEK 3.15 as it highest, to SEK 1.72 at its lowest. The share price for the B-share can thus be very volatile. The development of the share price can depend on several factors, some of which are company specific while others are related to the stock market in general. The share price may, among other things, be affected by supply and demand, variations in actual or expected results, inability to meet analysts' expectations on results, failure to achieve financial and operational targets, changes in general economic or regulatory conditions or by pandemics, such as Covid-19. The volatile share price may constitute a significant risk to individual investors that needs to sell B-shares at short notice, and who may therefore be forced to sell their B-shares at a price entailing a loss for the investor.

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

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

Fingerprints may in the future need to raise additional capital in order to finance its operations or to carry out planned investments (such as acquisitions of companies or businesses). For example, issuances of additional share related securities, as occurred through a rights issue of Shares in the fall of 2022, could reduce the market value of Fingerprints' shares by diluting the economic (an investor's shareholding of the Company's total assets and share of total dividend) and voting related rights (the voting power of an investor's shareholding) for existing shareholders, unless existing shareholders are given preferential rights in the issue or if existing shareholders for some reason are unable, prevented or unwilling to exercise its preferential rights with the consequence that the investor's shareholding decreases in value.

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

The newly issued shares entitle to a dividend only from the first record date that falls after the Rights Issue has been registered with the Swedish Companies Registration Office. The Company has not paid any dividends in the last few years. The Company does not expect any dividends or share repurchases in the foreseeable future. Should the Company's board of directors still submit a proposal of dividends to the general meeting, the board of directors shall consider a number of factors, including the requirements that the nature, scope and risks of the business place on the size of the Company's and Group's equity as well as the Company's and Group's consolidation needs, liquidity and overall position. Fingerprints' ability to pay dividends in the future and the size of any such dividends are consequently dependent on Fingerprints' future profit, financial position, cash flows, need for net working capital, investment

costs and other factors. Under Swedish law, there are provisions which prescribes that dividends may only take place if, after the dividend, there is full coverage for the Company's restricted equity. There is also a risk that Fingerprint decides to re-invest any future profits in the business, that the general meeting of Fingerprint decides not to resolve on dividends in the future or that Fingerprint will not have sufficient funds to pay dividends. The terms and conditions of the senior bond loan 2021/2024 further contains certain restrictions on value transfers, providing, *inter alia*, that the Company is only allowed to carry out dividends or other value transfers to the shareholders if it, in aggregate with all restricted value transfers as stated in the Terms and Conditions, does not exceed 50 per cent of the Group's consolidated net profit for the preceding financial year and only provided that the Company meets certain financial covenants related to the ratio between the Group's net interest bearing debt and consolidated EBITDA. If the Company does not start to pay dividends within a certain period of time or to an extent expected by the market, there is a risk that the Company's shares are given a lower market value than would otherwise be the case, which would result in a corresponding decrease in the value of the investors' shareholdings.

**Specific risks for foreign shareholders**

Fingerprints' B-shares are only listed on Nasdaq Stockholm in SEK and Fingerprint will only pay any dividends in SEK. Consequently, shareholders domiciled outside Sweden can be negatively affected by a decrease in the value of SEK in relation to the shareholders reference currency in respect of share investments and dividends. Certain jurisdictions, including but not limited to, Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, and the US, may also have securities legislation that may result in shareholders domiciled in such jurisdiction not being able to participate in new issuances and other public offerings of securities. Accordingly, if

Fingerprint in the future issues new shares with preferential rights for the Company's shareholders, shareholders in such jurisdictions might become subject to restrictions resulting in, *inter alia*, such shareholders not being able to exercise their preferential rights or their participation otherwise being obstructed or subject to restrictions. Such restrictions constitute a significant risk for shareholders in the United States and in other jurisdictions where such restrictions apply.

## **RISKS RELATED TO THE RIGHTS ISSUE**

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

Any shareholder, registered as a shareholder in Fingerprints on the record date, will receive subscription rights in proportion to the shareholder's existing shareholding (irrespective of the class of share held). The subscription rights are expected to have an economic value that the holder can only benefit from if the holder either uses them to subscribe for new Shares no later than 11 September 2023 or sells them no later than 6 September 2023. After 11 September 2023, without notice, unused subscription rights will be cancelled from the holder's securities account (Sw. *VP-konto*), whereby the holder fully loses the expected financial value of the subscription rights. Both subscription rights for B-shares and paid subscribed B-shares ("**BTA**", Sw. *betalda teknade B-aktier*) which, after payment has been made, are booked into security accounts belonging to those who have subscribed for new B-shares, will be subject to time-limited trading on Nasdaq Stockholm. Trading in these instruments may be limited, which could result in difficulties for individual holders to sell their subscription rights and/or BTA and thus prevent the holder from being compensated for the financial dilution effect that the Rights Issue will have during the period in which the subscription rights and BTA is expected to be traded on Nasdaq Stockholm. Investors

therefore run the risk of not being able to realise the value of their subscription rights and/or BTA. Such circumstances would constitute a significant risk for individual investors. Limited liquidity may also strengthen fluctuations in the market price for subscription rights and/or BTA. The price structure of these instruments could therefore be incorrect or misleading.

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

If shareholders choose not to exercise or sell their subscription rights in the forthcoming Rights Issue in accordance with the procedure described in this prospectus, the subscription rights will expire without value and the holder will not be entitled to compensation. As a consequence, there is a risk that the proportional ownership and voting rights of such shareholders in Fingerprints will be reduced. Shareholders choosing not to participate in the Rights Issue risks having their shareholding diluted by not more than 154,360,988 new shares, corresponding to approximately 27 per cent of the total number of shares in Fingerprints after the Rights Issue and approximately 27 per cent of the total number of votes in Fingerprints after the Rights Issue. Such shareholders will not be compensated for the dilution of Fingerprints earnings per share that the Rights Issue may entail. Their relative share of Fingerprints' equity will also decrease. If shareholders choose to sell the subscription rights they did not exercise or if the subscription rights are sold on behalf of the shareholder, there is a risk that the compensation the shareholder receives for the subscription rights in the market will not be equivalent to the potential financial dilution of the shareholders' holding in Fingerprints after the completion of the Rights Issue.

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

Certain existing shareholders (including senior executives and board members) have undertaken

to subscribe for B-shares corresponding to all or part of their pro rata share of B-shares in the Rights Issue, corresponding to an aggregated amount of approximately SEK 1.4 million (the “**Subscription Undertakings**”). In addition, certain external guarantors have undertaken to guarantee subscription of B-shares in the Rights Issue corresponding to not more than SEK 180.4 million in total (the “**Guarantee Commitments**”). For the Guarantee Commitments, the consideration of 9 per cent of the guaranteed amount will be paid in cash, corresponding to SEK 16.2 million in total.

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

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

On 16 July 2023 the Company's board of directors resolved on, subject to subsequent approval of the general meeting, a rights issue of shares of class A ("**A-shares**") and shares of class B ("**B-shares**"), respectively, with preferential rights for existing shareholders. The board of director's resolutions was approved by an extraordinary general meeting in the Company on 18 August 2023, in accordance with the terms and conditions in this prospectus (the "**Rights Issue**").

Fingerprints shareholders' have preferential rights to subscribe for A-shares and B-shares in relation to the number of shares of each class they hold on the record date 24 August 2023.

Those who are registered as shareholders in the share register maintained by Euroclear Sweden on the record date 24 August 2023 receives one (1) subscription right for each share held in relation to the number of shares of each class owned by the shareholder. Eleven (11) subscription rights entitles to subscription of one four (4) shares. Only whole Shares can be subscribed for (*i.e.*, no fractions). To the extent that Shares are not subscribed for by exercising subscription rights, these shall be allotted to shareholders and other investors who have subscribed for Shares without exercising subscription rights in accordance with what is set out in the section "*Terms and instructions*".

Subscription will take place during the period from and including 28 August 2023 until and including 11 September 2023, or the later date determined by the board of directors and otherwise in accordance with what is set out in the section "*Terms and instructions*". For shareholders who refrain from subscribing their share in the Rights Issue a dilution effect arises, provided that the Rights Issue is fully subscribed for, of not more than 154,360,988 new shares, corresponding to approximately 27 per cent of the total number of shares in Fingerprints after the Rights Issue.

The subscription price in the Rights Issue has been set at SEK 1.2 per A-share and SEK 1.2 per B-share, which entails that the Rights Issue, if fully subscribed for, will provide the Company with proceeds of approximately SEK 185.2 million before deduction of issue costs.

23 August 2023

**Fingerprint Cards AB (publ)**

The board of directors

# Background and reasons

Fingerprints is a global biometrics company with Swedish roots whose solutions make everyday life easier for users throughout the world by offering secure and convenient identification and authentication. Fingerprints solutions are integrated into over a billion devices and applications and are used billions of times every day. Fingerprints develops biometric systems comprising sensors, microcontroller (MCU), algorithms, software and packaging technologies. The Company's product development has resulted in products with high security, user-friendliness and performance. Fingerprints' largest customer segment is smartphone manufacturers. The use of biometrics is increasing in several application areas, and Fingerprints' solutions can be found in *e.g.*, payment cards, computers and door locks.

In order to enable the Company to finance the early redemption of the Company's outstanding senior bond 2021/2024 and thereby obtain increased financial flexibility, with less restrictive financial commitments and a strengthened financial position, and thereby enabling for the Company to focus on its business and continue to execute on its strategic plan with an increased focus on growth areas, improved diversification, increased gross margin and smaller, selective, acquisitions, the board of directors of the Company resolved on 16 July 2023 and on 16 August 2023, respectively, subject to subsequent approval of the general meeting, on a Rights Issue of SEK 185.2 million of shares of class A ("**A-shares**") and shares of class B ("**B-shares**") with preferential rights for existing shareholders (the "**Rights Issue**"). The extraordinary general meeting on 18 August 2023 resolved to carry out the Rights Issue in accordance with the board of director's proposal. The rights issue of A-shares is not covered by any subscription and guarantee commitments and is estimated to raise proceeds of approximately SEK 3.4 million upon full subscription. The rights issue of B-shares is fully covered by subscription and guarantee commitments from existing shareholders and external investors and is estimated to raise approximately SEK 181.8 million upon full subscription.<sup>5</sup>

On 16 July 2023, the Company also entered into a binding agreement with an entity managed by Heights Capital Management, Inc. ("**HCM**") regarding an undertaking to subscribe for convertible bonds (the "**Convertible Bonds**") for an aggregate nominal amount of SEK 160 million ("**Tranche 1**") with an option for additional Convertible Bonds with an aggregate nominal amount of SEK 90 million that can be exercised under certain conditions (including that the price of the Company's B-shares is above a certain level and that no material adverse events have occurred for the Company) and if the Company so wishes ("**Tranche 2**" and the "**Option**"). The Company intends to utilize an authorization granted by the extraordinary general meeting on 18 August 2023 to issue the Convertible Bonds to HCM. HCM's commitment to subscribe for the Convertible Bonds in Tranche 1 is subject to the completion of the Rights Issue no later than 29 September 2023 and that the Rights Issue raise not less than MSEK 180. Tranche 1 is preliminarily intended to be issued around 19 September 2023 and if the Option is used and Tranche 2 is issued, the additional issue of the Convertible Bonds in Tranche 2 is preliminarily expected to be carried out around 31 October 2023.

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<sup>5</sup> The subscription and guarantee commitments are not secured through *e.g.*, bank guarantees, restricted funds, pledge assets or similar arrangements.

Following deduction of issue related costs, which is expected to amount to approximately SEK 30 million, the net proceeds from the issue of Convertible Bonds and the rights issue of B-shares will amount to not more than SEK 381.8 million<sup>6</sup> if the Option to issue further Convertible Bonds is exercised, and up to SEK 299 million<sup>7</sup> if the Option is not exercised. The net proceeds will primarily be used to repay the Company's outstanding senior bond loan 2021/2024 (SEK 313.5 million), which is expected to occur on or about 28 September 2023, and secondly be used for general corporate purposes (SEK 68.3 million).<sup>8</sup> Such general corporate purposes may, *inter alia*, include investments in development of new products, expansion into adjacent markets, potential small acquisitions and other research and development initiatives.

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

23 August 2023

**Fingerprint Cards AB (publ)**

The board of directors

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<sup>6</sup> Net proceeds following deduction of issue related costs of approximately SEK 30 million, provided that the rights issue of B-shares is fully subscribed for and calculated on a subscription price for the Convertible Bonds of 92 per cent of the nominal amount (in accordance with the terms and conditions of the Convertible Bonds). The rights issue of B-shares covers SEK 181.8 million. Tranche 1 covers SEK 147.2 million and Tranche 2 covers SEK 82.8 million.

<sup>7</sup> Net proceeds following deduction of issue related costs of approximately SEK 30 million, provided that the rights issue of B-shares is fully subscribed for and calculated on a subscription price for the Convertible Bonds of 92 per cent of the nominal amount (in accordance with the terms and conditions of the Convertible Bonds). The rights issue of B-shares covers SEK 181.8 million. Tranche 1 covers SEK 147.2 million and Tranche 2 covers SEK 82.8 million.

<sup>8</sup> The amount of the net proceeds to be used for general corporate purposes assumes that the Option is exercised.

# Terms and instructions

## PREFERENTIAL RIGHTS AND SUBSCRIPTION RIGHTS

Anyone registered as a shareholder in the share register maintained by Euroclear Sweden on the record date 24 August 2023 will receive one (1) subscription right for each share held in Fingerprints, for each class of share, respectively. Eleven (11) subscription rights entitles the holder to subscribe for four (4) shares. Only whole Shares can be subscribed for (*i.e.*, no fractions). Application for subscription of Shares may also be made without exercising subscription rights. Such applications must be made on the application form for subscription of Shares without exercising subscription rights, see section “*Subscription of Shares without exercising subscription rights*” below.

The Rights Issue comprises not more 2,863,636 A-shares (ISIN: SE0008374243) and not more than 151,497,352 B-shares (ISIN: SE0008374250). Shareholders who choose not to participate in the Rights Issue will, upon full subscription in the Rights Issue have their shareholding diluted by approximately 27 per cent and their voting shares diluted by approximately 27 per cent (calculated including the 3,800,000 B-shares held in treasury by Fingerprints on the date of the prospectus). These shareholders have the option to be financially compensated for the dilutive effect by selling their subscription rights. Upon transfer of subscription rights, the preferential rights are transferred to the new holder of the subscription rights.

## SUBSCRIPTION PRICE

The subscription price is SEK 1.2 per A-share, and SEK 1.2 per B-share. Fingerprints does not impose any fees or other costs on investors in

connection with the Rights Issue. No brokerage will be charged.

## RECORD DATE

The record date at Euroclear Sweden for determining which shareholders are entitled to receive subscription rights under the Rights Issue is 24 August 2023. The B-shares was traded with the right to receive subscription rights up and until 22 August 2023. The B-shares is being traded without the right to receive subscription rights from and including 23 August 2023.

## SUBSCRIPTION PERIOD

Subscription of Shares by exercising subscriptions rights shall take place during the period from and including 28 August 2023 up until and including 11 September 2023. During this period, application for subscription of Shares may also be made without subscription rights. The board of directors has the right to extend the subscription period.

## TRADING IN SUBSCRIPTION RIGHTS

Trading in subscription rights regarding B-shares takes place on Nasdaq Stockholm during the period from and including 28 August 2023 up until and including 6 September 2023 under the short name (ticker) ”FING TR B”. The ISIN code for the subscription rights for B-shares is SE0020845386. Carnegie and other securities institutions with the requisite licenses will provide brokerage services in connection with the purchase and sale of subscription rights. If a shareholder does not exercise its subscription rights by payment no later than 11 September 2023 or sells its unit rights by 6 September 2023, such shareholders’ unused subscription rights will expire without value and the holder will not receive any compensation.

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

The Company's B-shares are admitted to trading on Nasdaq Stockholm Mid Cap and are traded under the short name "FING B". The new B-shares issued in the Rights Issue are expected to be admitted to trading on Nasdaq Stockholm on or about 20 September 2023. The A-shares are not admitted to trading on a regulated market or a multilateral trading platform.

## RIGHT TO DIVIDEND

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

## PUBLICATION OF THE OUTCOME IN THE RIGHTS ISSUE

Fingerprints will announce the outcome of the Rights Issue through a press release on or around 13 September 2023. The press release will be available on the Company's website, [www.fingerprints.com](http://www.fingerprints.com).

## ISSUE STATEMENT

### Directly registered shareholders

A pre-printed issue statement with attached bank giro slip is sent to directly registered shareholders and representatives of shareholders who on the record date are registered in the share register kept by Euroclear Sweden on behalf of Fingerprints, with the exception of those residing in certain unauthorised jurisdictions, see the section "*– Shareholders in certain ineligible jurisdictions*" below. The issue statement sets forth, *inter alia*, the number of subscription rights received and the total number whole Shares that may be subscribed for. No separate notification will be sent regarding the registration of subscription rights in

shareholders' securities accounts. Shareholders who are included in the separate list of pledgee and guardians kept in connection with the share register do not receive an issue statement, but are notified separately.

### Nominee-registered shareholders

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

### Shareholders in certain ineligible jurisdictions

Allocation of subscription rights and Shares upon exercising subscription rights to persons residing in countries other than Sweden and the countries to which the prospectus will be passported (*i.e.*, Denmark, Finland and Norway) may be affected by securities legislation in such countries. For example, shareholders who have their shares directly registered in securities accounts with registered addresses in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the United States or any other jurisdiction where participation in the Rights Issue would require an additional prospectus, registrations or other regulatory approvals or measures other than those under Swedish law, will not receive this prospectus. In addition, such shareholders will not receive any subscription rights to their securities accounts. The subscription rights that otherwise would have been delivered to such shareholders will be sold and the sale proceeds will be paid to such shareholders (with deduction of costs). Amounts from such sales that are less than SEK 100 will not be paid out.

Although nominees with directly registered holdings (unless they have registered addresses in any ineligible jurisdiction) are expected to have subscription rights for B-Shares credited to their securities accounts, shareholders resident in ineligible jurisdictions who hold through such nominees will, subject to certain exceptions, not

be permitted to participate in the Rights Issue. Nominees, custodians or other financial intermediaries holding shares for shareholders in Fingerprints (*i.e.*, nominee-registered shares) may not, without Fingerprints' consent, or pursuant to instructions provided by Fingerprints, Fingerprints' financial advisers in connection with the Rights Issue or representatives of either of them, send this prospectus, the pre-printed issue statement or other materials in relation to the Rights Issue to shareholders who have an address in, or are located or resident in, an ineligible jurisdiction.

### **SUBSCRIPTION FOR SHARES BY EXERCISING SUBSCRIPTION RIGHTS**

Subscription for Shares with subscription rights shall be carried out through cash payment during the period from 28 August 2023 up until and including 11 September 2023. Upon expiry of the subscription period, unexercised subscription rights will be invalid and thus be worthless and be deleted from the holder's securities account, without notice from Euroclear Sweden. In order not to lose the value of the subscription rights obtained, the holder must either:

- exercise the subscription rights and subscribe for Shares no later than 11 September 2023 or in accordance with instruction from respective nominee; or
- sell the subscription rights that have not been exercised by 6 September 2023.

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

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

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

- bank giro slip is used if all subscription rights according to the issue statement from Euroclear Sweden is to be used – no additions or amendments can be made to the bank giro slip; or
- the application form for subscription with subscription rights is used if subscription rights have been purchased, sold or transferred from another securities account or if for any other reasons a different number of subscription rights than those stated in the pre-printed issue statement are to be used for subscription. Payment for subscribed Shares must be made concurrent to submitting the completed application form for subscription with subscription rights. The payment shall be carried out in the same way as for other bank giro payments, for example through internet bank, account transfer or at a bank branch office. The number of the securities account (Sw. *VP-kontonummer*) that holds the subscription rights must be stated together with the payment.

The application form in accordance with the above may be obtained from Carnegie during office hours by telephone + 46 (0)8 5886 8510 or downloaded from Carnegie's website, [www.carnegie.se](http://www.carnegie.se), or Fingerprints website, [www.fingerprints.com](http://www.fingerprints.com). The application form and payment must be received by Carnegie no later than 15.00 CEST on 11 September 2023. Please note that payment for subscription of Shares by exercising subscription rights not received by Carnegie 15.00 CEST on 11 September 2023, will not be taken into account, hence payment must be made in due time prior to this date.

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

Directly registered shareholders who are entitled to subscribe but not residing in Sweden and who are not subject to the restrictions described in section “– *Shareholders in certain ineligible*

*jurisdictions*” above, and who cannot use the pre-printed bank giro slip, may pay in SEK through a foreign bank in accordance with the instructions below:

Carnegie Investment Bank AB (publ)  
Transaction Support  
SE-103 38 Stockholm, Sweden  
SWIFT address: ESSESESS  
IBAN: SE385000000052211000363  
Account number: 5221 10 003 63

Upon payment, the acquirer’s name, address, number of the securities account, and reference from the issue statement must be stated. The payment must be received by the recipient no later than 11 September 2023.

If subscription refers to a different number of shares than what is stated in the pre-printed issue statement, the “*Issue statement for subscription of shares by exercising subscription rights*” shall be used, which may be ordered from Carnegie during office hours on telephone +46 (0)8 5886 8510 or downloaded from Carnegie’s website [www.carnegie.se](http://www.carnegie.se). The payment shall be made accordance with the above-mentioned instruction with the securities account number where the subscription rights are held as reference. The application form (address above) and payment must be received by Carnegie no later than 15.00 CEST on 11 September 2023.

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

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

#### **Paid subscribed Shares (BTA)**

Shares subscribed for by exercising subscription rights will be registered as BTA in the securities account until such time as the Rights Issue has been registered with the Swedish Companies Registration Office. Registration of all Shares in the Rights Issue is expected to take place at the Swedish Companies Registration Office on or

around 19 September 2023. Thereafter, BTA will, without notice from Euroclear Sweden, be converted to B-shares, which are expected to be registered on the subscriber’s account on or around 20 September 2023. Holders of nominee-registered depository accounts will receive BTA and information in accordance with the respective nominees’ routines. A-shares will also be registered on the subscriber’s account on 20 September 2023. No BTA will be registered for Shares which are subscribed and paid for without exercising subscription rights. Following subscription and payment, Euroclear Sweden will distribute a securities account notice as a confirmation that the BTA has been booked into the acquirer’s securities account.

#### **Trading with BTA**

BTA regarding B-shares will be admitted to trading on Nasdaq Stockholm under the short name (ticker) “FING TR B”. Trading with BTA is expected to take place on Nasdaq Stockholm from and including 28 August 2023 up until and including 14 September 2023. Carnegie and other securities institutions are at service with brokering of purchase and sale of BTA subscribed with subscription rights.

### **SUBSCRIPTION OF SHARES WITHOUT EXERCISING SUBSCRIPTION RIGHTS**

#### **Directly registered shareholders**

Application for subscription of Shares without exercising subscription rights must be made on the application form for subscription without exercising subscription rights. Incomplete or incorrectly completed application form may be disregarded. Please note that the registration is binding. It is allowed to submit more than one application form, however, only the last dated application form will be considered.

An application form can be obtained from any of Carnegie’s offices or be downloaded on Carnegie’s website, [www.carnegie.se](http://www.carnegie.se), or at Fingerprints website, [www.fingerprints.com](http://www.fingerprints.com). The

application form may either be sent to Carnegie Investment Bank AB, Transaction Support, SE-103 38 Stockholm or be handed in at one of Carnegie's branch offices in Sweden. The application form must be received by Carnegie, Transaction Support, no later than 15.00 CEST on 11 September 2023.

If not all offered Shares are subscribed for with subscription rights, the Company's board of director's will resolve on allotment of Shares subscribed for without subscriptions rights within the maximum amount of the Rights Issue. In such cases, allotment of subscription rights shall be done in accordance with the following:

- Firstly, allotment of Shares shall be granted to those who also have subscribed for Shares by exercising unit rights, regardless if they were registered as shareholders' on the record date on 24 August 2023 or not and, in the event of over-subscription, pro rata in relation to the number of subscription rights exercised for subscription of Shares by that individual, and, to the extent this is not possible, by drawing lots.
- Secondly, allotment of Shares shall be granted to others who have subscribed for Shares without exercising subscription rights and, in the event of over-subscription, pro rata in relation to the number of Shares such individual have applied to subscribe for, and, to the extent this is not possible, by drawing lots.
- Thirdly, and as the case may be, Shares shall be allotted to the parties who have entered into guarantee commitments regarding the Rights Issue with the Company, pro rata in relation to the guarantee commitment made.<sup>9</sup>

As confirmation of the allotment of Shares subscribed for without exercising subscription rights, a settlement note will be sent to subscribers on or around 13 September 2023. Shareholders whose holdings are nominee-registered receives a confirmation of allocation in accordance with the respective nominees' routines. No notice will be sent to subscribers who have not received an allotment. Subscribed and allotted Shares must be paid for in cash in accordance with the instructions on the settlement note sent to the subscriber. Registration of Shares subscribed for without exercising unit rights is expected to take place at the Swedish Companies Registration Office on or around 19 September 2022. Registration of Shares in securities accounts is expected to take place on or around 20 September 2023. Nominee-registered shareholders receive notification of allotment and payment in accordance with the respective nominee's procedures.

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

According to Directive 2014/65/EU of the European Parliament and of the Council, investors need to have a global identification code from 3 January 2018 in order to carry out a securities transaction. These requirements mean that legal persons need to apply for registration of a LEI code (Legal Entity Identifier) and natural persons need to find out their NID-number (National ID or National Client Identifier) to participate in the Rights Issue. Please note that it is the legal status of the shareholders that determines whether a LEI code or a NID-number is needed and that an issuing institution may be prevented from performing the transaction for the shareholder in question.

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

Carnegie acts as issuer agent in relation to the Rights Issue. The fact that Carnegie is an issuer

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<sup>9</sup> The subscription and guarantee commitments are not secured through *e.g.*, bank guarantees, restricted funds, pledge assets or similar arrangements.

agent does not mean that Carnegie considers those who have applied for subscription in the Rights Issue to be a customer of Carnegie. In the event that an excessive amount has been paid by an acquirer of the new shares, Fingerprints will arrange for the excess amount to be repaid. No interest will be paid for the excess amount. Incomplete or incorrectly completed application forms may be disregarded. If a subscription payment is paid in late, is insufficient or is paid incorrectly, notification of subscription may be submitted without consideration or subscription may be made with a lower amount. Paid payment that has not been used will in that case be repaid. No interest will be paid on such a payment. Amounts below SEK 100 will not be paid.

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

Personal data may for a defined purpose – in observance of bank secrecy rules – occasionally be disclosed to other companies within the Carnegie Group or to undertakings which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases Carnegie is also under a statutory duty to provide information, e.g., to the Swedish Financial Supervisory Authority and the Swedish Tax Agency.

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

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

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

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

E-mail address to Carnegie's data protection officer: [dpo@carnegie.se](mailto:dpo@carnegie.se).

## IRREVOCABLE SUBSCRIPTION

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

## IMPORTANT INFORMATION REGARDING TAXATION

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

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

of shares, convertible bonds, warrants and/or subscription rights (irrespective of series) should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign tax rules and tax treaties.

# Market overview

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

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

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

## INTRODUCTION

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

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

Most smartphones sold today have some form of biometric sensor.<sup>10</sup> The technique is used to

unlock devices, make payments and access applications. Capacitive fingerprint sensors are a long established technology within the mobile industry.<sup>11</sup> The latest generation of ultrathin capacitive sensors designed for side mounting continue to increase its share of the market. So-called under-display sensors, also referred to as in-display, are an alternative to capacitive sensors for integrating fingerprint sensors into a smartphone's display. Since launch a couple of years ago, under-display sensors have increased its market share. The number of new smartphones, with some kind of fingerprint sensor, amounted during 2022 to approximately 850 million new units globally, see the chart below. The share of smartphones with capacitive fingerprint sensors accounted for about two-thirds, while smartphones with under-display

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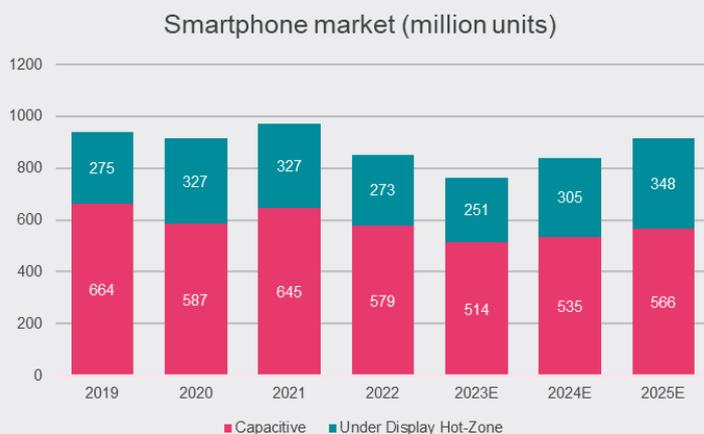
<sup>10</sup> The Company's own estimates and information from a survey conducted by Kantar TNS (a company specialising in market and opinion research), see further: [https://www.fingerprints.com/uploads/2019/12/fpc\\_infographics\\_biometrics\\_in\\_mobile.pdf](https://www.fingerprints.com/uploads/2019/12/fpc_infographics_biometrics_in_mobile.pdf) (the website is not included in the prospectus).

<sup>11</sup> Capacitive fingerprint sensors refer to the underlying technology for fingerprint recognition through a capacitive surface (*i.e.*, a surface that is affected by interaction with certain materials and has the ability to forward information from such interaction).

sensors accounted for about one-third. The average selling price of under-display is higher than capacitive fingerprint sensors. Consequently, from a value perspective, these two markets are comparable in size. A few major players control the main part of the market for capacitive fingerprint sensors and under-display sensors for smartphones. The company estimates that both the market for capacitive fingerprint sensors and under-display sensors for smartphones will grow from today's levels and that the addressable market in 2025 will cover approximately 915 million units, see the chart below.

The significant decrease in demand for smartphones in China, due to extensive Covid-19-related restrictions in the country, had a significant negative impact on the market for fingerprint sensors in the mobile industry during 2022. According to the China Academy of Information and Communications Technology (CAICT), mobile phone deliveries decreased by 23 per cent in China during 2022 compared to 2021. Shipments also decreased at a global level.

### Market for smartphones<sup>1)</sup>



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

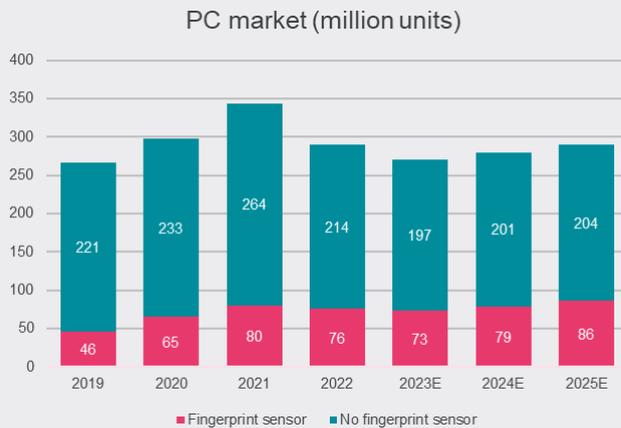
### Market for biometric PC solutions

The number of new PCs' equipped with biometric solutions in the form of fingerprint sensors amounted to approximately 80 million new units globally during 2022, see the chart below. The Company estimates that the market for PCs' with biometric solutions will grow from today's levels and that the addressable market in 2025 will amount to approximately 86 million units, see the chart below. In PCs' intended for private use, the biometric authentication often occurs in the computer's CPU (processor), so-called Match-on-

Host. In business computers, it is much more common to use so-called Match-on-Chip, which is a more secure method since the biometric data is stored on a separate chip. Match-on-Chip solutions for business computers have a higher average selling price and currently account for approximately half of the addressable market in the PC. However, due to new requirements from Microsoft that are expected to take effect in 2023, Fingerprints expects a significant increase in market share for Match-on-Chip, which entails that Match-on-Chip technology will be required in

order to deliver biometric solutions within the framework of Windows Hello Enhanced Sign-in Security.

**PC market<sup>1)</sup>**



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

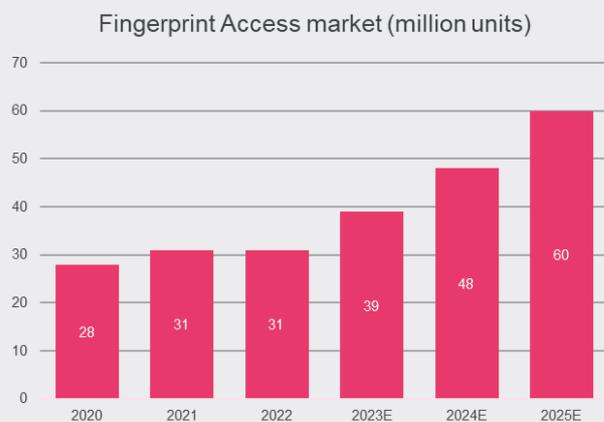
**Market for biometric Access solutions**

The global market for biometric solutions within Access (biometric access control) is fragmented and includes e.g., products such as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys.<sup>12</sup> In 2022, it is estimated that

over 30 million Access devices will have been equipped with a fingerprint sensor. According to the Company's assessment, the addressable market is expected to grow significantly from today's levels and comprise approximately 60 million units in 2025, see the chart below.

<sup>12</sup> Based on the Company's estimates and information from the global research company ABI Research, the Nilson Report publication, International Organization of Motor Vehicle Manufacturers (OICA), Statista (a company specialising in market and consumer data) and the market research company Strategy Analytics.

## Access market<sup>1)</sup>



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

### Market for biometric solutions for payment devices

The global market for biometric solutions for payment devices (including debit and credit cards, wearables and USB devices) is still in its infancy but is expected to increase significantly over the next few years.<sup>13</sup> Several commercial launches have occurred, most of which with Fingerprints' technology, including by two of Europe's largest banks: BNP Paribas and Crédit Agricole.

In 2022, the launches of biometrical payment cards continued and by the end of the year, Fingerprints' technology had been used in a total of ten commercial launches. According to the Company's assessment, the feedback from consumers who have been using the Company's biometric cards for some time is very good. To

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

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<sup>13</sup> Based on the Company's estimates and information from the global research company ABI Research (2022), the finance company UBS (2021) and the research company Juniper Research (2022).

### Total revenue by geographic areas and product group

During the financial years 2022–2020, revenue was presented by the geographic areas below. No breakdown by product group was presented during the financial years 2020–2022.

MSEK	1 January–31 December		
	2022	2021	2020
Sweden	0.0	0.1	3.3
Asia	801.3	1,327.2	1,226.1
Europe, the Middle East and Africa	58.6	18.0	9.9
Syd- och Nordamerika	1.9	10.5	16.4
<b>Total</b>	<b>861.8</b>	<b>1,355.8</b>	<b>1,255.7</b>

As of the interim report for the first quarter of 2023, the Company presents revenue by organizational unit below as well as revenue per product group in accordance with the table below. Numbers for comparison for 2022 is included in Fingerprints' unaudited interim report for the period January–June 2023.

#### *Organizational unit*

MSEK	1 January–30 June	
	2023	2022
Asia	299.1	491.6
Rest of the World	21.2	36.7
<b>Total</b>	<b>320.3</b>	<b>528.3</b>

#### *Product group*

MSEK	1 January–30 June	
	2023	2022
Mobile	242.6	419.7
Payment	7.5	2.6
PC	41.8	21.8
Access	28.4	84.3
<b>Total</b>	<b>320.3</b>	<b>528.3</b>

# Business description

## INTRODUCTION

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

Fingerprints' solutions are integrated into over a billion devices and applications and are used billions of times every day.<sup>14</sup> Fingerprints develops biometric systems comprising sensors, microcontrollers (MCU), algorithms, software and packaging technologies. The Company's product development has resulted in products with high security, user-friendliness and performance. Fingerprints' largest customer segment consists of smartphone manufacturers. The use of biometrics is increasing in several application areas, and Fingerprints' solutions can be found in, *e.g.*, payment cards, PCs and door locks.

Fingerprints is listed on Nasdaq Stockholm. Its headquarter is located in Sweden, however, the Group also has employees and/or offices in

Denmark, France, China, India, Japan, Singapore, South Korea, Switzerland, Taiwan and the United States.

As of the date of the prospectus, the number of employees amounted to 210. The average number of employees, by geography and in total, during the years 2022, 2021 and 2020 is presented in the table below.

Place	2022	2021	2020
Sweden	80	92	96
Denmark	27	26	26
France	2	–	–
Japan	1	1	–
China	97	99	85
Switzerland	4	2	–
South Korea	4	5	5
Taiwan	22	20	15
USA	2	4	5
Other countries	–	1	–
<b>Total</b>	<b>239</b>	<b>250</b>	<b>232</b>

## HISTORY

- 1997**
  - The Company changes its company name to Fingerprint Cards AB and starts its current business operations
  - The Company's first generation capacitive area sensor is presented
- 1998**
  - The Company's shares are listed on Nya Marknaden (currently Nasdaq First North Growth Market)
  - The Company presents its first fingerprint sensor in a cell phone prototype
- 1999**
  - The Company's first processor ASIC goes in production
  - The Company presents its first touch sensor as plug-in to a mobile phone
- 2000**
  - The Company's shares are listed on Nasdaq Stockholm

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<sup>14</sup> Based on the Company's estimates, see further: [https://www.fingerprints.com/uploads/2022/10/fingerprints\\_infographics\\_aboutus\\_2210\\_a4\\_dipdf.pdf](https://www.fingerprints.com/uploads/2022/10/fingerprints_infographics_aboutus_2210_a4_dipdf.pdf) (the website is not included in the prospectus).

- 2002 • Licensing agreements are entered into with multiple distributors, including Hardware & Software Technology Co. Ltd for the Chinese and Taiwanese markets
- 2003 • The Company launched its first swipe sensor
- 2004 • Major cost reduction measures are implemented which results in a leaner organisation
- 2005 • Chinese banks place the first order of Fingerprints' fingerprint area sensor, which was used for easy and secure login and identification of personnel
- 2008 • Fingerprints' FPC1011F fingerprint area touch sensor is launched
- 2010 • The Group launches a small and energy efficient fingerprint sensor for use in cell phones
- 2014 • The Company releases the world's first home button touch sensor for smartphones
- 2014 • The Group acquires Fingerprint Cards Anacatum IP AB (then under the name of AnaCatum Design AB), a Swedish-based company specialising in technology licensing and ASIC development
- 2015 • The Company launch its second generation sensor solution (FPC1200) for placing the sensor under glass
- 2015 • The Company presents the world's first sensor that supports side-mounting on smartphones (FPC1145), including integration with the power button
- 2017 • The Group acquires Delta ID Inc., a California based developer of biometric authentication based on iris recognition
- 2019 • The Company signs a partnership agreement with Gemalto and secures the world's first volume order of fingerprint sensors for dual interface payment card
- 2021 • The Group carries out a reorganisation which, *inter alia*, entails moving the Group's external invoicing function to Singapore
- 2021 • The Company issues a senior bond loan of SEK 300 million with three-year tenor and within a framework of SEK 500 million
- 2022 • Lenovo launched its first laptops containing Fingerprints' biometric PC solution
- 2022 • The Company's latest generation T-Shape sensor module (T2) fulfilled Mastercard's updated security requirements for fingerprint sensors
- 2022 • Fingerprints carries out cost adjustments that are implemented to meet a temporary decline in the Chinese mobile market following Covid-19-related restrictions in the country
- 2022 • During the fourth quarter of 2022, Fingerprints completed a set-off issue and a rights issue, which provided the Company with approximately SEK 341 million following transaction costs. The issues strengthened the Company's solvency and liquidity and enabled Fingerprints to continue to finance customer projects and several important product development initiatives
- 2022 • Infineon and Fingerprints began to collaborate to develop a plug-and-play solution for biometric payment cards: SECORA Pay Bio

- 2023
- In July Fingerprints entered into a binding agreement with an entity managed by Heights Capital Management, Inc. regarding an undertaking to subscribe for convertible bonds for a total nominal amount of SEK 160 million with an option of additional convertible bonds with a total nominal amount of SEK 90 million that can be exercised under certain conditions and if the Fingerprints so wishes
  - Fingerprints forms a new organizational unit: New Business. The organizational unit is charged with developing new business and driving revenue growth with particular focus on the areas New partners, M&A, Automotive and Monetizing IPR. For more information, see section “*Organizational unit: New Business*” below

## FINGERPRINTS’ PRODUCT GROUPS

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

### Mobile

Fingerprints is active in capacitive fingerprint sensors for smartphones, a tried-and-tested technology in the mobile industry. Capacitive sensors are the most common biometric modality by far in the mobile industry.<sup>15</sup> In 2022, the Company also entered the market for so-called under-display sensors.

### Capacitive fingerprint sensors

Fingerprints was early with integrating a touch fingerprint sensor into an Android phone, which was done in 2014. The market then expanded rapidly and Fingerprints succeeded to increase its turnover and expand its business. Over the subsequent years, the competition intensified and the industry developed into a mature mass market. By continuously developing the product portfolio, Fingerprints has succeeded in maintaining its market position. This strong position is based on renowned high product quality, security and biometric performance. Fingerprints has fortified

its market position by continuing to introduce new products to the market. The Company launched the FPC1552 in 2021, the latest generation of ultrathin sensors with a curved shape, designed for side mounting. This product builds further upon the FPC1542 sensor, which was launched in 2020. These products meet customers’ demands for solutions that function well with the most recent smartphone models, such as foldable devices and mobiles with borderless fronts. At year-end 2021, Fingerprints made the first volume deliveries of the FPC1552 and the first smartphone featuring this new sensor was launched in February 2022: Redmi K50 from Xiaomi. During 2022, the third generation thin sensors, designed for side mounting was introduced: FPC1553, and on 21 September 2022, Fingerprints announced that the first three smartphone models containing this sensor had been launched. The Company will continue to focus on strengthening the leading position in capacitive sensors by ensuring that it has a comprehensive, competitive product portfolio.

### Under-Display

So-called under-display sensors are an alternative to capacitive sensors for integrating fingerprint sensors into a smartphone’s display. On 30 June 2022, Fingerprints announced that it had received its first design win (meaning that a supplier has

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<sup>15</sup> The Company’s own estimates and information from a survey conducted by Kantar TNS (a company specialising in market and opinion research), see further: [https://www.fingerprints.com/uploads/2019/12/fpc\\_infographics\\_biometrics\\_in\\_mobile.pdf](https://www.fingerprints.com/uploads/2019/12/fpc_infographics_biometrics_in_mobile.pdf) (the website is not included in the prospectus).

decided to develop and commercialize a product containing Fingerprints' technology) for the FPC 1632, the Company's optical under-display sensor, from a larger Asian manufacturer of mobile components (a so-called original equipment manufacturer, "OEM"). In December 2022, Fingerprints received the first volume order under this project, meaning that the Company is entering an entirely new organizational unit and opening up attractive growth opportunities. Capacitive sensors account for approximately two thirds of the volume within the market for fingerprint sensors in mobiles, while under-display sensors account for approximately one third of this market (see further section "*Market overview – Market for capacitive fingerprint sensors and so-called under-display sensors for smartphones*"). The average selling price of under-display is higher than capacitive fingerprint sensors. Consequently, from a value perspective, these two markets are comparable in size. Fingerprints' entry into the under-display market entails a significant expansion of the Company's addressable market. Fingerprints' objective is to expand the Company's share of the under-display market, and expects the FPC1632 to generate a positive contribution to revenues in 2023.

### **Touchless**

According to the Company's assessment, interest in touchless technologies has increased since Apple launched the iPhone X with facial recognition in 2017, even though fingerprint recognition still is most common in the market for Android devices. Fingerprints' Touchless 2.0 platform combines the user-friendliness of facial recognition with the high security level of iris recognition and therefore Touchless 2.0 offers a more secure and more cost-effective alternative to facial recognition, not only for smartphones but

also for a range of applications in various industries.<sup>16</sup>

### **PC**

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

To meet the rising demand for biometric solutions within the PC, Fingerprints continued to further develop their biometric solution in 2022 that is specifically adapted to this application area. It can be used in many different types of PCs and peripherals. The product builds on the Company's experience of implementation of patented capacitive sensor technology for smartphones, and is optimized for integration into PCs.

Fingerprints capacitive sensors, combined with customized software and algorithms, deliver biometric matching with high security standard. The Company's offering in PC is continuously being developed and is offered in two different versions. In PCs intended for private use, the biometric authentication often occurs in the computer's CPU, so-called Match-on-Host. In business computers, it is much more common to use so-called Match-on-Chip, which is even more secure since the biometric data is stored on a separate chip. Fingerprints' Match-on-Chip solution was during 2022 added to Microsoft's list of approved vendors for Windows Hello Enhanced Sign-in Security. This approval means that Fingerprints now effectively can address the entire PC market, both business computers and computers for private use. Further, Fingerprints

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<sup>16</sup> Based on the Company's estimates, see further: [https://www.fingerprints.com/uploads/2020/03/fpc\\_produkblad\\_touchless02\\_a4\\_digital\\_200310.pdf](https://www.fingerprints.com/uploads/2020/03/fpc_produkblad_touchless02_a4_digital_200310.pdf)

expects the Match-on-Chip market to increase its market share due to new requirements from Microsoft, which are expected to take effect in 2023 and implies that Match-on-Chip will become a requirement for suppliers of biometric solutions for Windows Hello Enhanced Sign-in Security.

In 2022, the development of a microcontroller unit (MCU) was initiated, which strengthens the Company's customer offering and enables Fingerprints to offer its PC customers a complete biometric system, consisting of a fingerprint sensor and MCU. Fingerprints' MCU development project is supported by its PC customers as this will enable a better overall system performance. Other benefits include cost optimisation and better supply chain control.

### **Access**

Biometric solutions for Access – biometric access control – is a fragmented but growing market that includes products such as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys.<sup>17</sup>

Fingerprints offers software and biometric sensors specifically customized for the Access products, comprising both modules for fingerprint recognition and solutions based on iris recognition. The Company's portfolio of touch fingerprint sensors for Access includes the FPC1523, launched in December 2022. The FPC1523 has a rounded shape and is slightly smaller to facilitate integration with a variety of devices. Further, Access has significant synergies with other product groups, not least Payments. The Company has, for example, further developed its biometric software platform for payments, the FPC-BEP, so that it can now also be used in a variety of Access applications. The Company's T-

Shape sensor module, developed for the payment area, can also be used in access cards.

Iris recognition is also suitable for certain applications within Access, such as touchless entry and exit control systems in public environments, something that has come into sharper focus since the outbreak of Covid-19. Companies and organisations are also showing an increased interest in access cards and security keys with fingerprint sensors, as the same card or key can be used to enable uniform, secure access to computers and systems, as well as to physical spaces.

The automotive industry is another area where Fingerprints foresees considerable potential. The Company is continuing to invest in product and business development in this area, both in fingerprint sensors and iris recognition and sees a clear increase in interest from automotive companies in biometric authentication.

### **Payments**

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

Fingerprints' technology – in the form of the fingerprint sensor module T-Shape – is being used in the world's first biometric payment card, delivered by Thales, which has been certified by both Mastercard and Visa. These certifications have facilitated commercial launches on a larger scale. Fingerprints continuously conduct development work aimed at further sharpening the offering in the payment area and the latest generation of the T-Shape sensor module (T2) meets Mastercard's updated security requirements for fingerprint sensors. This new product offers

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<sup>17</sup> Based on the Company's estimates and information from the global research company ABI Research, the Nilson Report publication, International Organization of Motor Vehicle Manufacturers (OICA), Statista (a company specialising in market and consumer data) and the market research company Strategy Analytics.

even better performance than its predecessor, and is more cost efficient. In November 2022, Fingerprints and Infineon signed a development and commercialisation agreement for a plug-and-play solution for biometric payment cards. The aim of the collaboration is to enable the production of biometric payment cards to be as simple and easy as manufacturing a standard payment card.

In 2022, Fingerprints also made progress within its strategic partnerships with key players in payment card manufacturing. All three of the world's largest suppliers of secure chips for payment cards - Infineon, NXP and STMicroelectronics - have chosen Fingerprints' technology for their respective reference designs.

## THE ORGANIZATIONAL UNIT: NEW BUSINESS

On 18 July 2023 Fingerprints announced that the Company intends to form a new organizational unit: New Business. The organizational unit will be focusing on developing new business and driving revenue growth with particular focus on the areas New partners, M&A, Automotive and Monetizing IPR.

### New Partners

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

### M&A

In the event that Fingerprints sees potential for realizing major synergies with a partner company,

it may evaluate carrying out targeted, smaller acquisitions to complement the current portfolio.

### Automotive

Forthcoming legal requirements for driver monitoring (DMS), using infrared cameras to monitor the driver's attention, creates a strong incentive to integrate iris recognition technology in vehicles. The same camera used for the driver monitoring system can be used to illuminate the eye with infrared light to take a picture of the iris and use Fingerprints' authentication software, this without any additional hardware being added. Fingerprints see an increasing interest from automotive companies in the benefits of biometrics, *e.g.*, in authenticating in-car payment system transactions and enabling other advanced features, such as driver personalization and preventing the vehicle from starting unless the driver has been successfully authenticated.

### Monetizing IPR

Fingerprints has around 600 registered patents in its portfolio, extending from algorithms and biometric image processing through to sensors and hardware packaging technology. The Company sees an increased potential with regard to monetizing these patent rights to increase the revenues, and are working with leading patent law firms for this purpose.

## VISION AND MISSION

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

## STRATEGY AND OBJECTIVE

Fingerprints' strategy is based on defending and building on the Company's position within smartphones while diversifying the business into prioritized areas outside the mobile industry. The most important strategic priority in the mobile industry is to strengthen the Company's market

position by continuing to drive innovation, broaden the supplier base and ensure a competitive cost structure.

Within PC, Fingerprints intends to gain a prominent position by offering a comprehensive range of solutions and by continuing to increase the processing level.

Within Payments, biometric smart cards are the application that Fingerprints believes has the greatest potential in the years ahead. Fingerprints considers the Company having a strong starting point from which to be able to secure undisputed global leadership in this area.

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

## RESEARCH AND DEVELOPMENT

Research and development is essential for Fingerprints operations and engaged almost 40 per cent of the total number of employees in the Company by the end of 2022. The product development is integrated across four dimensions:

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

complete system solutions with processes for plug-and-play functionality.

In general, the development is based on scanning and recognition of fingerprints, the iris and the face. The development of various solutions generally occur in close cooperation with customers or partners.

## INTELLECTUAL PROPERTY

Intellectual property is essential in Fingerprints operations and especially the Group's patents. Patent applications are continuously filed in a number of countries and Fingerprints is dependent on patents in order to, *inter alia*, commercialize its investments, expand its product offering and protect innovation. During the product development phase, continuous evaluation from a patent protection perspective is carried out in order to immediately identify strategic patent applications. The patent portfolio that ranges from algorithms, biometric image processing to sensors and hardware packaging technologies, comprises approximately 600 patents globally with registrations in, *inter alia*, the United States, Great Britain, China, Japan, Taiwan, France and Germany.

## REGULATORY COMPLIANCE

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

Breaches of anti-corruption laws could entail substantial fines and other criminal, civil or

administrative sanctions and may have a material adverse effect on Fingerprints (see further section “Risk Factors – Fingerprints operations are subject to a number of compliance-related risk”).

## STRENGTHS AND COMPETITIVE ADVANTAGES

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

- **Market position:** Fingerprints is delivering capacitive sensors to nine out of the world’s ten largest smartphone manufacturers. At the same time, the Company also assesses that it is well positioned to capture a larger share of new, emerging global markets for biometric solutions as, *inter alia*, four of the world’s six largest PC manufacturers already integrate Fingerprints’ technology into their products. Within Payments, Fingerprints has according to its own assessment, an advantageous position based on the fact that the Company’s technology has been used in eight commercial launches and in 24 market tests of biometric payment cards worldwide so far.
- **Product quality:** Fingerprints’ believes its position is based on product quality, security and biometric performance. Fingerprints further believes that it has great opportunities to continue introducing new products to the market.
- **Innovation capability:** Fingerprints has a history of innovative products and solutions and has as a result approximately 600 registered patents. Fingerprints has an organisation that can respond to the changing demands of the

market and is in a position to continue developing new products.

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

## FUTURE CHALLENGES AND PROSPECTS

The Group’s operations and revenues have during the financial year 2022 been negatively affected by the Covid-19 pandemic and in particular China’s so-called “zero-covid” policy that was maintained in the country for most of 2022. After China discharged the “zero-covid” restrictions, a return to the pre-covid consumptions patterns that were in place before the Covid-19 pandemic has begun. However, Fingerprints assesses that the Company’s operations will continue to be affected by the consequences of the Covid-19 pandemic and related restrictions in 2023 and there is also a risk that the recovery from the Covid-19 pandemic will not be sustained or that it does not result in a return to the level of economic activity that prevailed before the pandemic.

Due to rising market interest rates globally and the uncertainty regarding the economic development, a large proportion of Fingerprints’ customers have reduced their inventories to levels that are below normal, which affects order intake.

In addition, the market is characterized by high price competition which represents a future challenge for Fingerprints.

## Selected historical financial information

This section contains selected historical financial information for the financial years 2020, 2021, 2022 and the period January–June 2022 and 2023. The financial information for the financial years 2020, 2021 and 2022 has been obtained from Fingerprints’ annual reports for the financial years 2020, 2021 and 2022, which have been prepared in accordance with the Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*) as well as IFRS and interpretative statements from the IFRS Interpretation Committee (IFRIC) as adopted by the EU. The annual report for the financial year 2020 have been audited by the Company’s previous independent auditor MOORE KLN AB in accordance with what is stated in the accompanying auditor’s report and the annual reports for the financial years 2021 and 2022 have been audited by the Company’s independent auditor BDO Mälardalen AB in accordance with what is stated in the accompanying auditor’s reports. Other information in the prospectus has not been audited by Fingerprints’ auditor unless otherwise stated. The financial information for the period January–June 2023 (and comparative figures for the corresponding period 2022) has been obtained from Fingerprints’ unaudited interim report for the period January–June 2023, which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Interim information for the period January–June 2023 and comparative figures for the corresponding period 2022 has not been subject to audit or review. Some numbers for the period January–June 2022 and 2023, respectively, have been obtained from the Company’s internal accounts due to the fact that they are not reported on a quarterly basis. These numbers have not been audited or reviewed.

The following information should be read in conjunction with the section “*Capitalisation, indebtedness and other financial information*”, Fingerprints’ annual reports for the financial years 2020, 2021 and 2022 as well as interim report for the period January–June 2023, which are incorporated by reference in the prospectus.

### SELECTED INFORMATION FROM THE CONSOLIDATED INCOME STATEMENT

MSEK	1 January–30 June		1 January –31 December		
	2023	2022	2022	2021	2020
Revenues	320.3	528.3	861.8	1,355.8	1,255.7
Cost of goods sold	-273.4	-396.2	-695.4	-958.9	-980.5
<b>Gross profit</b>	<b>46.9</b>	<b>132.1</b>	<b>166.4</b>	<b>396.9</b>	<b>275.2</b>
Gross margin, %	14.7	25.0	19.3	29.3	21.9
Selling expenses	-76.3	-73.2	-142.6	-159.8	-130.4
Administrative expenses	-66.9	-66.9	-143.6	-102.1	-84.4
Development costs	-54.2	-60.5	-118.1	-138.2	-94.5

Impairments	–	–	-433.4	–	–
Other operating income <sup>1)</sup>	1.2	26.7	42.4	5.6	13.2
Other operating expenses <sup>1)</sup>	-2.1	-2.1	-2.1	-10.0	-344.9

1) The line items "Other operating income" and "Other operating expenses" are not presented separately in Fingerprints' unaudited interim report for the period January–June 2023 and 2022, respectively, but instead as "Other operating income/expenses". These numbers are obtained from the Company's internal accounts and are not audited or reviewed.

<b>Operating profit/loss</b>	<b>-151.4</b>	<b>-43.9</b>	<b>-631.0</b>	<b>-7.6</b>	<b>-365.8</b>
Operating margin, %	-47.3	-8.3	-73.2	-0.6	-29.1
Financial income	2.3	14.8	15.4	7.0	0.1
Financial expenses	-20.5	-14.7	-36.6	-0.4	-15.5
<b>Profit/loss before tax</b>	<b>-169.6</b>	<b>-43.8</b>	<b>-652.2</b>	<b>-1.0</b>	<b>-381.2</b>
Income tax	23.3	8.2	66.2	1.1	40.4
<b>Net profit/loss for the period</b>	<b>-146.3</b>	<b>-35.6</b>	<b>-586.0</b>	<b>0.1</b>	<b>-340.8</b>
Earnings per share					
<i>before dilution (SEK)</i>	-0.35	-0.12	-1.92	0.00	-1.10
<i>after dilution (SEK)</i>	-0.35	-0.12	-1.92	0.00	-1.10
<b>Other comprehensive income</b>					
<b>Net profit/loss for the period</b>	<b>-146.3</b>	<b>-35.6</b>	<b>-586.0</b>	<b>0.1</b>	<b>-340.8</b>
Translation differences for the period on translation of foreign operations <sup>1)</sup>	26.4	91.3	84.0	69.6	-84.8
<b>Other comprehensive income</b>	<b>26.4</b>	<b>91.3</b>	<b>84.0</b>	<b>69.6</b>	<b>-84.8</b>
<b>Comprehensive income for the period</b>	<b>-119.9</b>	<b>55.7</b>	<b>-502.0</b>	<b>69.7</b>	<b>-425.6</b>
<i>Attributable to equity holders of the Parent Company</i>	<i>-119.9</i>	<i>55.7</i>	<i>-502.0</i>	<i>69.7</i>	<i>-425.6</i>

1) The line item is not reported on a quarterly basis and is not included in Fingerprints' unaudited interim report for the period January–June 2023 and 2022, respectively. These numbers are obtained from the Company's internal accounts and are not audited or reviewed.

## SELECTED INFORMATION FROM THE CONSOLIDATED BALANCE SHEET

MSEK	30 June		31 December		
	2023	2022	2022	2021	2020
<b>Assets</b>					
Intangible assets	558.8	938.7	538.0	838.5	759.3
Property, plant and equipment	3.1	5.6	4.3	6.5	7.0
Right-of-use assets	19.3	18.6	25.3	24.2	24.8
Financial assets	152.7	65.7	121.8	53.6	46.8
<b>Total non-current assets</b>	<b>733.9</b>	<b>1,028.6</b>	<b>689.4</b>	<b>922.8</b>	<b>837.9</b>
<b>Current assets</b>					
Inventories	202.7	281.3	304.1	159.3	136.3
Accounts receivable	100.6	128.4	128.3	280.0	196.2
Other receivables	19.0	64.6	40.0	51.3	15.5
Prepaid expenses and deferred income	7.7	12.3	9.6	11.3	12.2
Cash and cash equivalents	252.4	212.8	274.1	374.3	377.0
<b>Total current assets</b>	<b>582.4</b>	<b>699.4</b>	<b>756.1</b>	<b>876.2</b>	<b>737.2</b>
<b>Total assets</b>	<b>1,316.3</b>	<b>1,728.0</b>	<b>1,445.5</b>	<b>1,799.0</b>	<b>1,575.1</b>
<b>Shareholders' equity</b>					
Share capital	18.5	13.0	18.5	13.0	13.0
Other paid-up capital <sup>1)</sup>	854.3	854.3	854.3	854.3	854.3
Translation reserve <sup>1)</sup>	192.7	173.7	166.3	82.3	12.7
Retained earnings including net profit/loss for the year <sup>1)</sup>	-318.9	41.9	-172.6	77.6	302.9
<b>Total shareholders' equity</b>	<b>746.6</b>	<b>1,082.9</b>	<b>866.5</b>	<b>1,027.2</b>	<b>1,182.9</b>
<b>Non-current liabilities</b>					
Deferred tax liability	10.3	15.8	13.0	16.6	20.6
Long-term lease liabilities	9.5	7.5	12.4	11.6	9.8
Bond loan	295.2	292.5	293.7	292.6	–
<b>Total non-current liabilities</b>	<b>304.7</b>	<b>300.0</b>	<b>319.1</b>	<b>320.8</b>	<b>30.4</b>

MSEK	30 June		31 December		
	2023	2022	2022	2021	2020
<b>Current liabilities</b>					
Short-term portion of long-term liabilities	8.1	9.3	11.2	11.3	12.8
Accounts payable	77.0	158.8	74.3	221.8	200.7
Current tax liability	6.5	12.7	6.6	14.0	2.0
Other current liabilities	12.7	12.7	20.7	35.5	15.0
Accrued expenses and deferred income	150.4	135.8	147.1	168.4	131.3
<b>Total current liabilities</b>	<b>254.7</b>	<b>329.3</b>	<b>259.9</b>	<b>451.0</b>	<b>361.8</b>
<b>Total shareholder's equity and liabilities</b>	<b>1,316.3</b>	<b>1,728.0</b>	<b>1,445.5</b>	<b>1,799.0</b>	<b>1,575.1</b>

1) This line item is not reported on a quarterly basis and is not included in Fingerprints' unaudited interim report for the period January–June 2023 and 2022, respectively. These numbers are obtained from the Company's internal accounts and are not audited or reviewed.

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

MSEK	1 January–30 June		1 January–31 December		
	2023	2022	2022	2021	2020
<b>Operating activities</b>					
Profit/loss before tax	-169.6	-43.8	-652.2	-1.0	-381.2
Adjustment for non-cash items	32.2	17.9	496.3	122.3	451.8
Income tax paid	-16.7	-28.1	-13.3	-2.3	0.2
<b>Cash flow from operating activities before changes in working capital<sup>1)</sup></b>	<b>-154.1</b>	<b>-54.0</b>	<b>-169.2</b>	<b>119.0</b>	<b>70.8</b>
<b>Cash flow from changes in working capital</b>					
Changes in inventories	112.2	-94.1	-160.6	-38.9	97.1
Changes in operating receivables	60.5	184.5	179.4	-107.2	1.1
Changes in operating liabilities	-8.5	-155.0	-183.7	51.4	-10.9
<b>Cash flow from operating activities</b>	<b>10.1</b>	<b>-118.6</b>	<b>-334.1</b>	<b>24.3</b>	<b>158.1</b>
<b>Investing activities</b>					
Purchase and internal development of intangible assets <sup>1)</sup>	-30.0	-47.5	-103.5	-85.6	-117.6
Acquisition of subsidiaries <sup>1)</sup>	–	–	–	–	–
Purchase of property, plant and equipment <sup>1)</sup>	–	-0.7	-1.1	-4.1	-1.5
Changes of financial assets <sup>1)</sup>	0.7	–	0.0	-1.3	–
<b>Cash flow from investing activities</b>	<b>-29.3</b>	<b>-48.2</b>	<b>-104.6</b>	<b>-91.0</b>	<b>-119.1</b>
<b>Financing activities</b>					
Buy back shares	–	–	–	-225.4	-190.4
Bond loan	–	–	–	292.6	–
Set-off issue and right issue	–	–	341.3	–	–
Amortization of leasing debt <sup>1)</sup>	-6.2	-7.1	-12.9	-8.8	-18.8
<b>Cash flow from financing activities</b>	<b>-6.2</b>	<b>-7.1</b>	<b>328.4</b>	<b>58.4</b>	<b>-209.2</b>
Cash flow for the period	-25.4	-173.9	-110.3	-8.3	-170.2
Cash and cash equivalents at beginning of the period	274.1	374.3	374.3	377.0	563.9

MSEK	1 January–30 June		1 January–31 December		
	2023	2022	2022	2021	2020
Effect of translation differences on cash and cash equivalents	3.7	12.4	10.1	5.6	-16.7
<b>Cash and cash equivalents at end of period</b>	<b>252.4</b>	<b>212.8</b>	<b>274.1</b>	<b>374.3</b>	<b>377.0</b>

1) This line item is not reported on a quarterly basis and is not included in Fingerprints' unaudited interim report for the period January–June 2023 and 2022, respectively. These numbers are obtained from the Company's internal accounts and are not audited or reviewed.

## ALTERNATIVE PERFORMANCE MEASURES

In this section, Fingerprints presents certain financial and operational key ratios, including certain key ratios that are not measures of financial results or financial position in accordance with IFRS (so-called alternative performance measures). The alternative performance measures are based on information obtained from Company's audited annual reports for the financial years 2020, 2021 and 2022 and unaudited reviewed interim report for the period January–June 2023 (with comparative figures for the corresponding period 2022), as well as internal accounting and reporting systems that are subject to the Company's internal control over financial reporting. The alternative performance measures that the Company presents are not measures of financial performance in accordance with IFRS, but measures that the Company uses to follow the underlying development of its operations. Alternative performance measures should not be considered as substitutes for income statement, balance sheet or cash flow items calculated in accordance with IFRS. The alternative performance measures do not necessarily indicate whether the Company's cash flow will be sufficient or available to meet Fingerprints' liquidity needs and are not necessarily indicative of Fingerprints' historical results. Alternative performance measures are neither intended to constitute any form of indication regarding the Company's future results. Fingerprints uses IFRS key figures and alternative performance measures for several purposes in the management of the Company and presents these key figures because they are considered important and may help investors understand the Company's development from period to period and facilitates a comparison with similar companies. As not all companies calculate these and other alternative performance measures in the same way, the way in which the Company has chosen to calculate the alternative performance measures presented in this prospectus may result in the key figures not being comparable with similar measures presented by other companies. The sections “– *Reconciliations of alternative performance measures*” and “– *Definitions of alternative performance measures*” below provide information on how the Company calculates the alternative performance measures and Fingerprints' purpose for reporting them.

MSEK	1 January–30 June		1 January–31 December		
	2023	2022	2022	2021	2020
EBITDA	-118.0	-3.6	-116.0	85.6	59.4

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

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

## RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

### EBITDA

MSEK	1 January–30 June		1 January–31 December		
	2023	2022	2022	2021	2020
Operating profit/loss	-151.4	-43.9	-631.0	-7.6	-365.8
Depreciation and amortization	33.4	40.3	515.0	93.2	425.2
<b>EBITDA</b>	<b>-118.0</b>	<b>-3.6</b>	<b>-116.0</b>	<b>85.6</b>	<b>59.4</b>

## HISTORICAL FINANCIAL INFORMATION INCORPORATED BY REFERENCE

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

- [Fingerprints' audited annual report for the financial year 2020](#). The reference only refers to the statement of comprehensive income for the Group on page 59, statement of financial position for the Group on page 60, statement of changes in shareholders equity for the Group on page 61, statement of cash flows for the Group on page 62, notes on pages 67–84 and auditor's report on pages 86–88.
- [Fingerprints' audited annual report for the financial year 2021](#). The reference only refers to the statement of comprehensive income for the Group on page 61, statement of financial position for the Group on page 62, statement of changes in shareholders equity for the Group on page 63, statement of cash flows for the Group on page 64, notes on pages 69–87 and auditor's report on pages 89–92.
- [Fingerprints' audited annual report for the financial year 2022](#). The reference only refers to the statement of comprehensive income for the Group on page 62, statement of financial position for the Group on page 63, statement of changes in shareholders equity for the Group on page 64, statement of cash flows for the Group on page 65, notes on pages 69–87 and auditor's report on pages 89–92.
- [Fingerprints' unaudited interim report for the period January–June 2023](#) (incorporates by reference also comparative figures for 2022). The reference only refers to the condensed consolidated statement of comprehensive income for the Group on page 13, condensed consolidated statement of financial position for the Group on page 14, condensed consolidated statement of changes in equity for the Group on page 14, and condensed consolidated cash-flow statement for the Group on page 15.

# Operating and financial review

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

## KEY ITEMS IN THE INCOME STATEMENT

### *Revenues*

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

### *Costs of goods sold*

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

### *Selling expenses*

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

### *Administrative expenses*

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

### *Development costs*

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

### *Other operating income*

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

### *Other operating expenses*

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

### *Operating profit/loss*

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

### *Financial incomes*

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

### *Financial expenses*

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

### ***Income tax***

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

### **Comparison between the periods 1 January 2022–30 June 2022 and 1 January 2023–30 June 2023**

#### ***Revenues***

The revenues decreased by SEK 208.0 million from SEK 528.3 million for the six month period ended 30 June 2022 to SEK 320.3 million for the six month period ended 30 June 2023. The decrease was mainly driven by price competition due to high inventory levels among Fingerprints' competitors.

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

The costs of goods sold decreased by SEK 122.8 million from SEK 396.2 million for the six month period ended 30 June 2022 to SEK 273.4 million for the six month period ended 30 June 2023. The decrease was mainly driven by the decreased sales volume.

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

The selling expenses increased by SEK 3.1 million from SEK 73.2 million for the six month period ended 30 June 2022 to SEK 76.3 million for the six month period ended 30 June 2023.

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

The administrative expenses were SEK 66.9 million for the six month period ended 30 June 2022 and SEK 66.9 million for the six month period ended 30 June 2023.

### ***Development costs***

Development costs decreased by SEK 6.3 million from SEK 60.5 million for the six month period ended 30 June 2022 to SEK 54.2 million for the six month period ended 30 June 2023.

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

Other operating income/expenses decreased by SEK 25.5 million from SEK 24.6 million for the six month period ended 30 June 2022 to SEK -0.9 million for the six month period ended 30 June 2023.

### ***Financial income***

Financial income decreased by SEK 12.5 million from SEK 14.8 million for the six month period ended 30 June 2022 to SEK 2.3 million for the six month period ended 30 June 2023.

### ***Financial expenses***

Financial expenses increased by SEK 5.8 million from SEK 14.7 million for the six month period ended 30 June 2022 to SEK 20.5 million for the six month period ended 30 June 2023. The increase was mainly driven by higher interest expenses related to the Company's bond loan.

### ***Income tax***

Income tax increased by SEK 15.1 million from SEK 8.2 million for the six month period ended 30 June 2022 to SEK 23.3 million for the six month period ended 30 June 2023. Since profit/loss before tax was negative during the period, the income tax primarily refers to the positive effect from capitalised loss carry-forward.

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

As a result of the abovementioned, the operating profit/loss decreased by SEK 107.5 million from SEK -43.9 million for the six month period ended 30 June 2022 to SEK -151.4 million for the six month period ended 30 June 2023.

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

### ***Revenues***

Revenues decreased by SEK 494.0 million from SEK 1,355.8 million for the financial year ending 31 December 2021 to SEK 861.8 million for the financial year ending 31 December 2022. The decrease was mainly driven by extensive Covid-19 related restrictions in China during 2022, which resulted in a significant decrease in demand for smartphones in China.

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

Cost of goods sold decreased by SEK 263.5 million from SEK 958.9 million for the financial year ending 31 December 2021 to SEK 695.4 million for the financial year ending 31 December 2022. The decrease was mainly driven by the decrease in sales volumes.

### ***Selling expenses***

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

### ***Administrative expenses***

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

### ***Development costs***

Development costs decreased by SEK 20.1 million from SEK 138.2 million for the financial year ending 31 December 2021 to SEK

118.1 million for the financial year ending 31 December 2022. The decrease was mainly driven by a decreased share of the development costs being expensed.

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

Other operating income increased by SEK 36.8 million from SEK 5.6 million for the financial year ending 31 December 2021 to SEK 42.4 million for the financial year ending 31 December 2022. The increase was mainly driven by exchange rate changes.

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

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

### ***Financial incomes***

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

### ***Financial expenses***

Financial expenses increased by SEK 36.2 million from SEK 0.4 million for the financial year ending 31 December 2021 to SEK 36.6 million for the financial year ending 31 December 2022. The increase is mainly attributable to interest expenses related to the Company's bond loan issued in December 2021.

### ***Income tax***

Income tax increased by SEK 65.1 million from SEK 1.1 million for the financial year ending 31 December 2021 to SEK 66.2 million for the financial year ending 31 December 2022. Since profit/loss before tax was negative during the period, the income tax primarily refers to the

positive effect from capitalised loss carry-forward.

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

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

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

##### ***Revenues***

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

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

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

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

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

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

The administrative costs increased by SEK 17.7 million from SEK 84.4 million for the financial year ended 31 December 2020 to SEK 102.1

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

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

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

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

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

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

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

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

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

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

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

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

Income tax decreased by SEK 39.3 million from SEK 40.4 million for the financial year ended 31 December 2020 to SEK 1.1 million for the

financial year ended 31 December 2021. Since profit/loss before tax was negative during the period, the income tax primarily refers to the positive effect from capitalised loss carry-forward.

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

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

## **CASH FLOWS AND INVESTMENTS**

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

#### ***Comparison between the periods 1 January 2022–30 June 2022 and 1 January 2023–30 June 2023***

The cash flow from operating activities increased by SEK 128.1 million from SEK -118.0 million during the six month period ended 30 June 2022 to SEK 10.1 million during the six month period ended 30 June 2023.

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

The cash flow from operating activities decreased by SEK 358.4 million from SEK 24.3 million during the financial year ending 31 December 2021 to SEK -334.1 million during the financial year ending 31 December 2022. The cash flow from changes in working capital components was adversely affected by an increase in operating liabilities of SEK 183.7 million (51.4) and an increase in inventories of SEK 160.6 million (-38.9). The cash flow provided by day-to-day operations amounted to SEK 334.1 million (24.3).

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

The cash flow from operating activities decreased by SEK 133.8 million from SEK 158.1 million during the financial year ended 31

December 2020 to SEK 24.3 million during the financial year ended 31 December 2021. The cash flow from changes in working capital components was negatively affected through an increased capital tied up in receivables of SEK 107 million (1.1) as well as an increase in inventory of SEK 38.9 million (97.1). Cash flow generated from the operating activities amounted to SEK 24.3 million (158.1).

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

#### ***Comparison between the periods 1 January 2022–30 June 2022 and 1 January 2023–30 June 2023***

The cash flow from investing activities increased by SEK 18.9 million from SEK -48.2 million during the six month period ending 30 June 2022 to SEK -29.3 million during the six month period ending 30 June 2023.

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

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

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

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

### **Cash flow from financing activities**

#### ***Comparison between the periods 1 January 2022–30 June 2022 and 1 January 2023–30 June 2023***

The cash flow from financing activities increased by SEK 0.9 million from SEK -7.1 million during the six month period ended 30 June 2022 to SEK -6.2 million during the six month period ended 30 June 2023.

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

The cash flow from financial activities increased by SEK 270.0 million from SEK 58.4 million during the financial year ended 31 December 2021 to SEK 328.4 million during the financial year ended 31 December 2022.

The increase was mainly attributable to an issue of hybrid instruments and a rights issue of units, which together generated a positive cash flow of

SEK 341.3 million after deduction of issue costs and lower costs for repurchase of treasury shares.

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

The cash flow from financial activities increased by SEK 267.6 million from SEK -209.2 million during the financial year ended 31 December 2020 to SEK 58.4 million during the financial year ended 31 December 2021. The increase was mainly attributable to an issue of a senior bond loan 2021/2024 of SEK 300 million, which generated positive cash flow of SEK 292.6 million after deductions of issue expenses.

# Capitalisation, indebtedness and other financial information

The tables in this section describe the Groups capitalisation and indebtedness as of 30 June 2023. For more information on the Company's share capital and shares, see section "*Share capital and ownership structure*". The tables in this section should be read together the information set out in section "*Selected historical financial information*".

## CAPITALISATION

MSEK	30 June 2023
<b>Total current debt</b> (including current portion of non-current debt)	<b>254.7</b>
Guaranteed	–
Secured	–
Unguaranteed / unsecured	254.7
<b>Total non-current debt</b> (excluding current portion of non-current debt)	<b>304.7</b>
Guaranteed	–
Secured	295.2
Unguaranteed / unsecured	9.5
<b>Shareholders' equity</b>	<b>747.5</b>
Share capital	18.5
Other paid-up capital	854.3
Translation reserve	192.7
Other reserves	-318.0
<b>Total shareholder's equity and liabilities</b>	<b>1,306.9</b>

## NET INDEBTEDNESS

The Group's net indebtedness as of 30 June 2023 is presented in the table below.

MSEK	30 June 2023
(A) Cash	252.4
(B) Cash equivalents	–
(C) Other current financial assets	–
<b>(D) Liquidity</b> (A) + (B) + (C)	<b>252.4</b>
(E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	–
(F) Current portion of non-current financial debt	8.1

MSEK	30 June 2023
<b>(G) Current financial indebtedness (E) + (F)</b>	<b>8.1<sup>1)</sup></b>
<b>(H) Net current financial indebtedness (G) - (D)</b>	<b>-244.3</b>
(I) Non-current financial debt (excluding current portion and debt instruments)	304.7
(J) Debt instruments	–
(K) Non-current trade and other payables	–
<b>(L) Non-current financial indebtedness (I) + (J) + (K)</b>	<b>304.7<sup>2)</sup></b>
<b>(M) Total financial indebtedness (H) + (L)</b>	<b>60.4</b>
1) The amount relates to current interest bearing debt, of which SEK 8.1 million relates to current interest bearing leasing debt.	
2) The amount relates to non-current interest bearing debt, of which SEK 9.5 million relates to non-current interest bearing leasing debt.	

As of 30 June 2023, Fingerprints was financed through shareholders' equity (93 per cent of the total financing), and interest bearing debts (7 per cent of the total financing). Interest bearing debts comprised of bond loan (97 per cent of the total interest bearing debt) and lease liabilities regarding office premises (3 per cent of the total interest bearing debt).

As of 30 June 2023, the equity amounted to SEK 746.6 million. As of 30 June 2023, Fingerprints has non-current liabilities amounting to SEK 304.7 million, of which SEK 295.2 million was secured and SEK 9.5 million was unsecured debts. The non-current debts comprised of bond loan and lease liabilities, of which the bond loan has been secured by share pledges, internal loan pledges and inventory pledges.

As of 30 June 2023, Fingerprints current liabilities amounted to SEK 254.7 million without security. The current liabilities comprised of office leasing debts, supplier debts, current tax debt and other current debts (personnel costs) as well as accrued costs and deferred expenditures.

As of 30 June 2023, the liquidity amounted to SEK 252.4 million, comprised of cash and bank, as well as other cash equivalents. As of 30 June 2023, Fingerprints had net indebtedness of SEK 60.4 million.

On 17 July 2023, the Company also published a binding notice of early redemption of the bond loan which will be repaid in full on or around 28 September 2023, provided that the Rights Issue and the Convertible Bond Issue are completed.

## MATERIAL INVESTMENTS

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

## WORKING CAPITAL STATEMENT

It is the Company's assessment that the existing working capital is sufficient for the Company's total current working capital needs for the coming twelve-month period. Working capital refers to the Company's ability to access cash and cash equivalents in order to be able to meet its payment obligations as they fall due.

## RECENT DEVELOPMENTS AND CURRENT TRENDS

The main developments since 31 December 2022 until the date of this prospectus are mainly set out in the sections “*Market overview–The market for capacitive fingerprint sensors and under-display sensors for smartphones*” and “*Business description–Fingerprints product groups*”.

The Group assesses that the ongoing trade war between the United States and China which, among other things, has resulted in the United States introducing licensing requirements for exports of certain technologies for use in the products of Huawei, a major customer of the Group incorporated in China, may affect Fingerprints’ operations in the future and during the current financial year. The licensing requirement does not permit export of 5G products for use in Huawei’s products and thus restricts the Group’s export of certain products to Huawei. If the United States export restriction would become stricter and prohibit export of other products of the Group for use in Huawei products, it would result in a material adverse effect on the Group’s overall sales volumes. Further, the Company assesses that there is risk that China imposes countermeasures, such as import restrictions or other trade barriers for Western companies which could prevent or limit the Group’s sales in China, which is Fingerprints main market.

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

## SIGNIFICANT CHANGES IN THE COMPANY’S FINANCIAL POSITION OR RESULTS SINCE 30 JUNE 2023

On 16 July, the Company entered into a binding agreement with an entity managed by HCM regarding and undertaking to subscribe for Convertible Bonds for an aggregate nominal amount of SEK 160 million with an option for further Convertibles with an aggregate nominal amount of SEK 90 million which can be exercised under certain conditions and if the Company so wishes. The Company intends to utilize an authorization granted at an extraordinary shareholders’ meeting on 18 August 2023 to issue the Convertible Bonds to HCM provided that the Rights Issue is completed. The net proceeds from the issuance of the Convertible Bonds and the Rights Issue will be used to primarily repay the Company’s outstanding senior bond loan 2021/2024 (SEK 313.5 million), which is expected to occur on or around 28 September, 2023 and secondly be used for general corporate purposes (SEK 68.3 million).<sup>18</sup> Such general corporate purposes may, *inter alia*, include investments in development of new products, expansion into adjacent markets, potential small acquisitions.

There have been no significant changes in the Group’s results since 30 June 2023.

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<sup>18</sup> The amount of the net proceeds to be used for general corporate purposes assumes that the Option is exercised.

# Board of directors, senior executives and auditor

## THE BOARD OF DIRECTORS

Pursuant to the Company's articles of association, the board of directors shall consist of four to ten board members with a maximum of five deputy board members. The board of directors currently consists of six board members, without any deputies, appointed for the period until the close of the annual general meeting 2024.

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

Board member	Position	Board member of the Company since
Christian Lagerling	Chairman	2022
Dimitrij Titov	Board member	2017
Alexander Kotsinas	Board member	2017
Juan Vallejo	Board member	2018
Mario Shiliashki	Board member	2023
Adam Philpott	Board member	2023

### **Christian Lagerling**

*Chairman since 2022.*

**Born:** 1973

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

**Current positions outside the Group:** Owner and CEO of Beluca Ventures LLC. Chairman of the board of Raymond Solar AB. Boards member of WEIQ and MEIQ Systems AB. Owner of GeoFrenzy Inc and GP Bullhound. Financial advisor to various global tech companies.

**Previous positions outside the Group (last five years):** Chairman of the board of Terranet AB, Terranet Tech AB, TerraNet International AB and Asknet Solutions AG. Board member of Einride AB and BonVent Holdings AB. Owner and

chairman of the board of Dicopay AB. Advisory board member of the Swedish-American Chamber of Commerce in San Francisco & Silicon Valley.

**Shareholding in the Company:** 350,000 B-shares.

### **Dimitrij Titov**

*Board member since 2017.*

**Born:** 1962

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

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

Fastigheter AB.

**Previous positions outside the Group (last five years):** Partner and lawyer at Advokatfirman Fylgia. Board member of Vrtcl Gaming Group Sweden AB and Bostadsrättsföreningen Kumlet 16.

**Shareholding in the Company:** 26,317 B-shares and 1,253 warrants regarding B-shares.

**Alexander Kotsinas**

*Board member since 2017.*

**Born:** 1967

**Principal education:** Master of Science in Engineering Physics at Royal Institute of Technology (KTH) in Stockholm and Bachelor of Science in Economics at Stockholm School of Economics.

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

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

**Shareholding in the Company:** 11,155 B-shares and 531 warrants regarding B-shares.

**Juan Vallejo**

*Board member since 2018.*

**Born:** 1957

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

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

**Previous positions outside the Group (last five**

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

**Shareholding in the Company:** 826,875 B-shares and 39,375 warrants regarding B-shares.

**Mario Shiliashki**

*Board member since 2023.*

**Born:** 1974

**Principal education:** Bachelor's degree in Economics from Bryant University. Master's degree in Business Administration from Harvard Business School.

**Current positions outside the Group:** CEO at PayU Global Payments. Board member of Crown Agents Bank. Advisory board member of Compound VC, New York.

**Previous positions outside the Group (last five years):** Board member of Kreditech. CEO at EMEA of PayU.

**Shareholding in the Company:** None.

**Adam Philpott**

*Board member since 2023.*

**Born:** 1975

**Principal education:** Bachelor's degree in Economics from University of Derby, England.

**Current positions outside the Group:** Chief Revenue Officer at Trellix.

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

**Shareholding in the Company:** None.

## SENIOR EXECUTIVES

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

Name	Position	Senior executive in the Company since
Ted Hansson	Acting CEO	2017 <sup>1)</sup>
Per Sundqvist	CFO	2018
Pontus Jägemalm	CTO	2009
Thomas Rex	Executive Vice President New Business	2011
Charles Burgeat	Senior VP Corporate Strategy	2019
Michel Roig	President Payment & Access	2020
Haiyuan Bu	President Mobile, PC & Access China	2022

1) Acting CEO since 3 November 2022. By way of a press release on 3 July 2023 it was announced that Adam Philpott has been elected as new CEO. He will start his position as of 1 September 2023.

### Ted Hansson

*Acting CEO since 3 November 2022.*

**Born:** 1976

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

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

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

**Shareholding in the Company:** 76,250 B-shares and 11,250 warrants regarding B-shares.

### Per Sundqvist

*CFO since 2018.*

**Born:** 1966

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

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

**Previous positions outside the Group (last five years):** Several board assignments in and CFO of the Driconeq group and CEO at Driconeq Production AB. Board member of Slutplattan SOVGI 113080 AB.

**Shareholding in the Company:** 75,000 B-shares and 1,864 warrants regarding B-shares.

### Pontus Jägemalm

*CTO since 2019.*

**Born:** 1971

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

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

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

**Shareholding in the Company:** 850,125 B-shares and 10,000 warrants regarding B-shares.

### Thomas Rex

*Executive Vice President New Business since 2023.*

**Born:** 1963

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

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

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

**Shareholding in the Company:** 1,100,000 B-shares and 20,000 warrants regarding B-shares.

**Charles Burgeat**

*Senior VP Corporate Strategy since 2019.*

**Born:** 1973

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

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

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

**Shareholding in the Company:** 6,560 B-shares and 312 warrants regarding B-shares.

**Michel Roig**

*President Payment & Access since 2021.*

**Born:** 1976

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

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

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

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

Technology.

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

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

**Shareholding in the Company:** 7,875 B-shares and 375 warrants regarding B-shares.

**Haiyuan Bu**

*President Mobile, PC & Access China since 2022.*

**Born:** 1979

**Principal education:** Bachelor's degree in Business Administration from China Europe International Business School and Master's degree in Entrepreneurship and Innovation from Lund University.

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

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

**Shareholding in the Company:** None.

For the past five years, none of the board members or senior executives have been convicted in fraud-related cases, involved in or representing companies that have been declared bankrupt or placed under receivership or subject to compulsory liquidation or banned by court from being a member of a company's administrative, management or supervisory bodies or to exercise leading or overall functions of an issuer. During the last five years, no regulatory or supervisory authority (including designated professional bodies) has officially held any board member or senior executive responsible, and/or issued sanctions against such a person, for a crime.

**INDEPENDENT AUDITOR**

BDO Mälardalen AB and Carl-Johan Kjellman were re-elected as the Company's auditor at the annual general meeting 24 May 2023 until the close of the next annual general meeting. Since 7 June 2021, Johan Pharmanson is auditor in charge. Both Johan Pharmanson and Carl-Johan Kjellman

are authorised public accountants and members of FAR (the professional institute for authorised public accountants in Sweden). BDO Mälardalen AB's and Carl-Johan Kjellman's address is Box 6343, SE-102 35 Stockholm, Sweden.

MOORE KLN AB was the Company's auditor and Ulf Lindesson (authorised public accountant and member of FAR, the professional institute for

authorised public accountants in Sweden) was auditor in charge until the annual general meeting on 26 May 2021, when BDO Mälardalen AB and Carl-Johan Kjellman was elected as the Company's auditor. MOORE KLN AB's address is Lilla Bommen 3B, SE-411 04 Gothenburg, Sweden. The reason for the audit change was ordinary auditor succession.

# Corporate governance

## CORPORATE GOVERNANCE WITHIN FINGERPRINTS

The Company is a Swedish public limited liability company. The corporate governance is mainly based on Swedish law, primarily the Swedish Companies Act, the articles of association and internal rules, including policies and instructions. The Company apply Nasdaq Stockholm's Rule book for Issuers and the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Code sets a higher standard for good corporate governance than the minimum standards of the Swedish Companies Act and other rules. Companies are not required to comply with all rules in the Code. Alternative solutions which are deemed more suitable for the relevant company's specific circumstances can be chosen, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the "comply or explain" principle). The Company complies with all rules in the Code, as stated in the corporate governance report for 2022.

## GENERAL MEETINGS OF SHAREHOLDERS

### General

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

and remuneration to the board of directors and the auditors.

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

### Right to attend general meetings

Those who wish to participate in a general meeting must be listed as a shareholder in a printout or other presentation of the share register six bank days prior to the meeting, and notify the Company of their participation no later than on the date set out in the notice to attend the meeting. In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares be temporarily registered in their own names in the share register four bank days prior to the general meeting in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Shareholders may attend general meetings in person or by proxy and may be accompanied by one (1) advisor.

### Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the board of directors. The matter shall be addressed at the general meeting, provided that the request was received by the board of directors no later than one week prior to the earliest date pursuant to the Swedish Companies Act on which

notice to attend the general meeting may be issued or after that date, but in due time for the matter to be included in the notice to attend the general meeting.

## NOMINATION COMMITTEE

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

The Company shall have a nomination committee comprising four (4) members. The chairman of the board of directors is to convene a meeting of the three (3) largest shareholders of the Company in terms of voting power and ask them to each appoint one representative who, in addition to the chairman of the board of directors, will constitute members of the nomination committee. Should one of the three largest shareholders choose to waive their right to appoint a representative of the Nomination Committee, the shareholder who is next in line in terms of size is to be given an opportunity to appoint a member of the nomination committee. The nomination committee may also decide, if this is regarded as appropriate, to appoint an additional representative of a group of major shareholders as a co-opted member of the Nomination Committee. The chairman of the board of directors is to convene the first meeting of the nomination committee. The member representing the largest shareholder in terms of voting power is to be appointed chairman of the nomination committee, unless the members agree otherwise. The term of office of those appointed to the nomination committee extends until such time a new nomination committee is appointed. The composition of the nomination committee is to be disclosed no later than six months before the annual general meeting.

The nomination committee is to be constituted based on the largest shareholders in terms of voting power registered for the holder or known in

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

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

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

- proposal concerning chairman of the meeting
- proposal concerning members of the board of directors
- proposal concerning chairman of the board of directors
- proposal concerning auditor
- proposal concerning remuneration of board members
- proposal concerning remuneration of the auditor

- if applicable, proposal concerning amendments of the guidelines for appointing the nomination committee

## THE BOARD OF DIRECTORS

### Composition and independence

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

### Responsibilities and work

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

board of directors also adopts the instruction for the CEO.

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

The board of directors meet according to an annual predetermined schedule. In addition to ordinary board meetings, board meetings may be convened where the chairman considers it to be necessary or if a board member or the CEO so requests.

### Audit committee

The board of directors has established an audit committee. Pursuant to the Swedish Companies Act, the members of the audit committee may not be employees of the Company and at least one member must have accounting or auditing qualification. The majority of the members of the audit committee are to be independent of the Company and its executive management. At least one of the audit committee members who are

independent of the Company and its executive management is also to be independent in relation to the Company's major shareholders. The audit committee currently consists of three members: Alexander Kotsinas (chairman), Christian Lagerling and Dimitrij Titov.

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

#### Remuneration committee

The board of directors has established a remuneration committee. Pursuant to the Code, the chair of the board may be the chair of the remuneration committee, but the other members of

the remuneration committee are to be independent of the Company and its executive management. The remuneration committee currently consists of three members: Juan Vallejo (chairman), Adam Philpott and Mario Shiliashki. All members of the remuneration committee meets the requirement of independence of the Code.

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

#### Remuneration to the board of directors

The table below presents the total fees paid to the current members of the board of directors (including committee work) in 2021/2022.

Board member	Position	Board fee (MSEK)
Christian Lagerling <sup>1)</sup>	Chairman	–
Dimitrij Titov	Board member	0.345
Alexander Kotsinas	Board member	0.410
Juan Vallejo	Board member	0.360
Mario Shiliashki <sup>2)</sup>	Board member	–
Adam Philpott <sup>3)</sup>	Board member	–

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

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

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

The annual general meeting on 24 May 2023 resolved that fees for the board members, for the period until the close of the annual general meeting 2023, shall amount to a total of SEK 2.150 million (including fees for committee work of SEK 0.450 million). The fee for board members amounts to SEK 0.295 million and for chairman to SEK 0.675 million. The fee for members of the audit committee amounts to SEK 0.070 million and for the chairman to SEK 0.135 million. The fee for members of the remuneration committee amounts to SEK 0.045 million and for the chairman to SEK 0.085 million.

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

### The CEO and other senior executives

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

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

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

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

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

#### **Remuneration to senior executives**

The following table presents the remuneration paid to the CEO and the senior executives in 2022.

MSEK	Basic salary	Variable remuneration <sup>1)</sup>	Other benefits <sup>2)</sup>	Pension costs	Consultant fees	Total
CEO <sup>3)</sup>	2.6	0.6	1.1	0.2	–	4.5
Other senior executives (6 individuals)	7.5	1.4	6.6	2.6	–	18.1
<b>Total</b>	<b>10.1</b>	<b>2.0</b>	<b>7.7</b>	<b>2.8</b>	<b>–</b>	<b>22.6<sup>4)</sup></b>

1) Remuneration according to bonus programme.

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

3) Christian Fredrikson was CEO until 3 November 2022. For 2022, he received a basic salary of SEK 17.3 million (including severance pay), SEK 2.0 million in other benefits and SEK 2.4 million in pension. Acting CEO Ted Hansson was appointed on 3 November 2022 and the remuneration for 2022 reflects this.

4) If Christian Fredrikson's total remuneration of SEK 21.8 million (including severance pay, other benefits and pension costs) is also included, the total is SEK 44.4 million.

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

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

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

agreement is terminated by either the acting CEO or the Company. The acting CEO is, under certain conditions, entitled to a severance pay equivalent to six months' salary. The acting CEO's employment agreement also includes a confidentiality clause applicable for five years after termination of the employment, a non-

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

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

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

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

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

#### *Purpose etc.*

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

#### *Remuneration committee*

The remuneration committee evaluates and considers matters regarding remuneration and

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

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

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

Variable remuneration covered by these guidelines shall aim at promoting Fingerprints business

strategy and long-term interests, including its sustainability.

#### *Remuneration Principles*

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

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

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

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

#### *Total remuneration*

The total remuneration to senior executives consists primarily of monthly base salary, variable remuneration, pension, and insurances. If decided in the annual general meeting, the total remuneration may also include – irrespective of these guidelines – long term incentives.

#### *Variable remuneration*

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

#### *Pension*

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

#### *Insurances*

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

#### *Termination of employment*

Upon termination of an employment, the notice period may not exceed six months. During the notice period of maximum six months, the executive will continue to receive full base salary and other employment benefits. Upon termination by the Company, severance payment could be paid and may not exceed twelve months' base salary. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

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

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

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

**Internal controls and risk management**

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

only if there are good grounds to expect the borrower to fulfil its commitments.

*Control environment*

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

*Risk assessment*

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

*Control activities*

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

Follow-ups are conducted within each area of responsibility and across all operations. Approvals and the division of authorisation constitute the structure of control activities, as do clear rules for decisions regarding investments, sales, purchases and contracts. Control activities also proceed from the business concept, strategies and objectives,

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

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

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

#### **External audit**

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

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

For the financial year ended on 31 December 2022 the total remuneration to the Group's auditors was SEK 2.6 million, of which SEK 2.1 million related to the Company.

# Shares, share capital and ownership structure

## SHARES AND SHARE CAPITAL

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

As of 30 June 2023, the Company's registered share capital amounted to SEK 18,483,477.066003, divided into 424,492,719 shares (of which 7,875,000 are A-shares and 416,617,719 are B-shares). The quota value was SEK 0.043543 per share. No change in the number of shares has occurred during 2023.

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

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

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

### Increase in share capital and number of shares

The Rights Issue will at most increase the number of shares in the Company from 424,492,719

shares (of which 7,875,000 are A-shares and 416,617,719 are B-shares) to 578,853,707 shares (of which 10,738,636 are A-shares and 568,115,071 are B-shares), which corresponds to an increase of the total number of shares with approximately 36.4 per cent and an increase of the total number of votes with approximately 36.4 per cent. In such case, the share capital will increase by SEK 6,721,264, from SEK 18,483,477 to SEK 25,204,741. The quota value of the shares will be unchanged at SEK 0.043543 per share.

### Potential dilution due to the Rights Issue

For shareholders who decide not to subscribe its share in the Rights Issue may have their ownership share diluted by up to approximately 27 per cent and their voting share diluted by up to approximately 27 per cent.

## NET ASSET VALUE PER SHARE

The net asset value (Sw. *substansvärde*) per share before the Rights Issue based on the Group's equity and number of shares as of 30 June 2023 is SEK 1.76. The subscription price in the Rights Issue is SEK 1.2 per share.

## HOLDING OF TREASURY SHARES

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

## CERTAIN RIGHTS ATTACHED TO THE SHARES

### General meeting of shareholders

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

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

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

### **Right to vote**

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

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

Should the Company resolve on a new share issue of A-shares and B-shares, by way of a cash issue or set-off issue, all shareholders of A-shares and B-shares shall have preferential rights to subscribe for new shares of the same class in proportion to the number of shares previously held

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

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

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

The shares in the Rights Issue carry the rights to dividend from the first record date that follows after the Rights Issue has been registered with the Swedish Companies Registration Office. All

shares have an equal right to dividends as well as to the Company's assets and any surplus in the event of liquidation. The shares are not subject to any transfer restrictions. For more information on dividends see the section “– *Dividend and dividend policy*” below.

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

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

### **CENTRAL SECURITIES DEPOSITORY**

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

### **RESOLUTION ON THE RIGHTS ISSUE**

On 16 July 2023, the board of directors of the Company resolved on the Rights Issue subject to approval of the subsequent general meeting. The board's decision was approved by an extraordinary general meeting on 18 August 2023.

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

On 24 May 2023, the annual general meeting resolved to authorise the board of directors to, on one or several occasions up until the next annual general meeting, with or without deviations from the shareholders preferential rights, resolve on an issue of B-shares, warrants and/or convertibles entitling to subscription of B-shares corresponding to no more than 20 (twenty) per cent of the total number of outstanding shares in the Company as of the date of the notice to the annual general meeting (*i.e.*, 19 April 2023). The authorisation also include the right to decide on an issue of shares, warrants and/or convertibles with provisions regarding contribution in kind, set-off or otherwise with conditions in accordance with the Swedish Companies Act. A new issue by way of cash or set-off, with deviation from the shareholders preferential rights and on the basis of the authorisation, shall be carried out on market conditions. The reason for deviation from the shareholders' preferential rights shall be to facilitate flexibility in connection with raising of capital or in connection with acquisitions of companies or operations.

The extraordinary general meeting on 18 August resolved to authorise the Board of Directors to, during the time up until 31 December 2023, with deviation from the shareholders' preferential rights, resolve upon the issuance of Convertible Bonds amounting to not more than SEK 250 million with a tenor of no longer than three years and six months and with a fixed six percent interest on the outstanding nominal amount per annum, payable bi-monthly (the “**Convertible Bond Issue**”). Subscription of Convertible Bonds shall be paid for in cash and the subscription amount shall be equal to 92 percent of the nominal amount of the Convertible Bonds. The authorisation can only be utilized if the Company has carried out the Rights Issue before.

## WARRANTS, CONVERTIBLES AND SHARE RELATED INCENTIVE PROGRAMS

As of the date of this prospectus, the Company has 20,213,939 issued warrants (of which 375,000 entitles to subscription of A-shares and 19,838,939 entitles to subscription of B-shares).

The warrants for A-shares and B-shares entitle the warrant holder to subscribe for one new A-share or B-share in the Company at a subscription price corresponding to 70 per cent of the average volume-weighted price paid of the Company's B-share on Nasdaq Stockholm the 10 trading days that falls prior to (but not including) 18 August 2023. The average price and the calculated subscription price shall be rounded to the nearest SEK 0.10, where SEK 0.05 shall be rounded down. A-shares or B-shares issued following subscription carry the right to dividends for the first time on the record date that occurs immediately after subscription has been executed. Provided that all warrants are exercised in full, 20,213,939 new shares will be issued (of which 375,000 A-shares and 19,838,939 B-shares), which entails a dilution of approximately 4.76 per cent. The subscription period is from 18 August 2023 to 11 September 2023.

An extraordinary general meeting decided on 18 August 2023 on an authorization to the Board of Directors to issue Convertible Bonds, see further section "Authorisations for the board of directors

to resolve on issues". For more information on the Convertible Bond Issue, see section "Background and reasons".

There are no ongoing share related incentive programs within the Group.

## OWNERSHIP STRUCTURE

The table below shows the shareholders who had a direct or indirect shareholding that represents five per cent or more of the total number of shares or votes in Fingerprints as of 30 June 2023 (and changes known by the Company thereafter). No individuals or legal entities hold more than five per cent of all shares and/or votes in the Company other than as set out in the table below. As owner of 18.72 per cent of the shares and votes in the Company, Johan Carlström has a substantial influence on questions that are subject to approval by the shareholders of the Company and may as a consequence exercise control over the Company. This is however limited by the provisions in the Swedish Companies Act and that the Company complies with the corporate governance regulations applicable to the Company as set out in the Code, see "Corporate governance" above in order to ensure that control of the Company is not abused.

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

Shareholder	Number of A-shares	Number of B-shares	Percentage of share capital, %	Percentage of votes, %
Johan Carlström (through company)	7,875,000	14,000,000	5.15	18.72
Other shareholders	0	402,617,719	94.85	81.28
<b>Total</b>	<b>7,875,000</b>	<b>416,617,719</b>	<b>100.00</b>	<b>100.00</b>

## SHARE CAPITAL DEVELOPMENT

The table below summarises the historic development of the Company's share capital covered by the historical financial information in this prospectus (1 January 2020–30 June 2023).

Year	Event	Change in number of shares	Total number of shares	Change in share capital (SEK)	Share capital (SEK)	Quotient value (SEK)
2021	Cancellation of treasury shares and bonus issue <sup>1)</sup>	-15,967,675	298,000,000	0	12,975,667	0.043543
2022	Share issue <sup>2)</sup>	25,423,024	323,423,024	1,106,982.193145	14,082,649.193145	0.043543
2022	Share issue <sup>3)</sup>	86,130,005	409,553,029	3,750,316.320766	17,832,965.513911	0.043543
2022	Share issue <sup>4)</sup>	14,939,690	424,492,719	650,511.552092	18,483,477.066003	0.043543

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

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

3) Cash share issue of A-shares and B-shares. The subscription price for the A-shares was SEK 3.02 and the subscriptions price for the B-shares was SEK 3.02. Following the cash share issue, the number of A-shares amounted to 7,875,000 and the number of B-shares to 401,678,029. The cash share issue was registered with the Swedish Companies Registration Office on 29 November 2022.

4) Cash share issue of B-shares. The subscription price for the B-shares was SEK 3.02. Following the cash share issue, the number of B-shares amounted to 416,617,719. The cash share issue was registered with the Swedish Companies Registration Office on 2 December 2022.

## DIVIDENDS AND DIVIDEND POLICY

### General

The Company did not pay any dividend for the financial years 2020–2022.

### Dividend policy

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

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

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

### Dividends under Swedish law

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

According to the Swedish Companies Act, owners of not less than one-tenth of all shares have the right to request dividends (to all shareholders) of the Company's profits. Upon such request, a resolution must be passed at an annual general meeting to distribute half of the remaining profit for the year according to the adopted balance sheet following deductions made for: (i) losses carried forward exceeding non-restricted reserves, (ii) amounts that, by law or articles of associations, must be transferred to restricted equity, and (iii) amounts that, under articles of associations, must be used for any purpose other than distribution to shareholders. There is however no obligation for a resolution to be passed a general meeting to distribute more than five per cent of the Company's equity. The distribution must not be contrary to the provisions of Chapter 17, Section 3 in the Swedish Companies Act (see the so-called "amount limit" and "prudence rule" above).

### **Payments of dividends**

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

section "*Terms and instructions – Important information regarding taxation*".

### **SHAREHOLDER AGREEMENT**

As far as the board of directors is aware, there are no shareholder agreements or other agreements between shareholders in the Company that aim at joint influence over the Company. The board is also not aware of any agreements that could lead to a change of control of the Company.

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

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

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

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

# Legal considerations and supplementary information

## INFORMATION ABOUT THIS PROSPECTUS

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

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

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

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

## GENERAL CORPORATE INFORMATION

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

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

- India Acquisition Holding Inc. (USA)

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

## SUBSCRIPTION UNDERTAKINGS AND GUARANTEE COMMITMENTS REGARDING THE RIGHTS ISSUE

Certain existing shareholder (including senior executives and board members), have undertaken to subscribe for B-shares corresponding to their pro rata share of B-shares in the Rights Issue, corresponding to an aggregate amount of approximately SEK 1.4 million (the “**Subscription Undertakings**”). In addition, certain external investors have undertaken to guarantee subscription of B-shares in the Rights Issue corresponding to the B-share part in the Rights Issue not covered by the Subscription Undertakings, corresponding to not more than a total of approximately SEK 180.4 million (the “**Guarantee Commitments**”). Hence, the total amount of B-shares in the Rights Issue at full subscription is covered by the Subscription Undertakings and the Guarantee Commitments. For the Guarantee Commitments a consideration of 9 per cent of the guaranteed amount will be

paid, corresponding to SEK 16.2 million in total (no consideration is paid for the Subscription Undertakings). The consideration to the subscription guarantors is part of the total costs for the Rights Issue, which is estimated to amount to approximately SEK 30 million (see section “*Costs related to the Rights Issue*” for more information on the costs for the Rights Issue). The Guarantee Commitments were entered into between 6 July 2023–12 July 2023. Allotment of B-shares that have been subscribed for in accordance with the Guarantee Commitments will allotted according to the principles described in section “*Terms and instructions – Allotment of B-shares subscribed for without exercising unit rights*”.

The Guarantee Commitments are conditional on the extraordinary general meeting’s approval of the board’s decision to carry out the Rights Issue and contain customary conditions.

The Company has also, subject to customary conditions, undertaken against Carnegie not to carry out any capital increase, issue or similar action, sell shares or certain share-related instruments, conduct a transaction with derivative or synthetic instruments or other similar measures, which could result in the transfer of economic rights associated with the Company’s shares, without a prior written consent from Carnegie during a period of 180 days from the day of the completion of the Rights Issue.

Senior executives and board members have undertaken, through their Subscription Undertakings, not to divest or otherwise reduce their existing shareholdings for a period of 180 days from the completion of the Rights Issue.

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

Name	Subscription Undertaking (MSEK)	(%)*	Guarantee Commitments (MSEK)	(%)*
Bruntel AB <sup>1)</sup>	-	-	53.500	29
Exelity AB (publ) <sup>2)</sup>	-	-	27.500	15
Formue Nord Markedsneutral A/S <sup>3)</sup>	-	-	25.000	14
Wilhelm Risberg <sup>4)</sup>	0.016	0.0	12.700	7
Dariush Hosseinian <sup>5)</sup>	-	-	12.000	7
Fredrik Lundgren <sup>6)</sup>	-	-	10.200	6
Selandia Alpha Invest A/S <sup>7)</sup>	-	-	10.000	6
Anavio Equity Capital Markets Master Fund Limited <sup>8)</sup>	-	-	7.500	4
Patrick Bergström <sup>9)</sup>	-	-	7.000	4
Myacom Investment AB <sup>10)</sup>	-	-	7.000	4
John Bäck <sup>11)</sup>	-	-	6.000	3
Shaps Capital AB <sup>12)</sup>	-	-	2.000	1
Thomas Rex <sup>13)</sup>	0.471	0.3	-	-
Pontus Jägemalm <sup>13)</sup>	0.364	0.2	-	-
Juan Vallejo <sup>13)</sup>	0.354	0.2	-	-
Christian Lagerling <sup>13)</sup>	0.150	0.1	-	-
Ted Hansson <sup>13)</sup>	0.033	0.0	-	-
Per Sundqvist <sup>13)</sup>	0.032	0.0	-	-
Dimitrij Titov <sup>13)</sup>	0.011	0.0	-	-
Alexander Kotsinas <sup>13)</sup>	0.005	0.0	-	-
Michel Roig <sup>13)</sup>	0.003	0.0	-	-
Charles Burgeat <sup>13)</sup>	0.003	0.0	-	-
<b>Summa</b>	<b>1.442</b>	<b>0.8</b>	<b>180.400</b>	<b>99.2</b>

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

2) Riddargatan 30, SE-114 57 Stockholm, Sweden.

3) Østre Alle 102, DE-9000 Aalborg, Denmark.

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

5) Karlslundsvägen 14, SE-177 44 Järfälla, Sweden

6) Torgerdsvägen 4, SE-182 67 Djursholm, S Sweden.

7) Vesterbrogade 26, DE-1620 København V, Denmark.

8) Anavio Equity Capital Markets Fund GP, P.O. BOX 309 Ugland House, Grand Cayman KY1-1104, Caymans.

9) Sollerövägen 38, SE-167 75 Bromma, Sweden.

10) Torstenssonsgatan 3, SE-114 56 Stockholm, Sweden.

11) Sturegatan 48, SE-114 36 Stockholm, Sweden.

12) Biblioteksgatan 3, SE-111 46 Stockholm, Sweden.

13) Kungsgatan 20, SE-411 19 Göteborg, Sweden.

## MATERIAL AGREEMENTS

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

### **Bond loan, securities and guarantee commitments**

On 23 December 2021, Fingerprints issued a senior bond loan 2021/2024 of SEK 300 million under a total framework of SEK 500 million (the “**Bonds**”). The final redemption date for the Bonds is on the 23 December 2024 and the Bonds bears a floating interest rate of STIBOR 3 months plus 9.0 per cent per annum. The Company’s obligations under the Bonds is secured by pledges over shares in certain material group companies, pledges over receivables under all intragroup loans and security in the Group’s inventory in Singapore. In addition, guarantee commitments by certain material Group companies have been provided in respect of the Company’s fulfilment of its obligations under the Bonds. On 17 July 2023, the Company published a binding notice of early redemption of the Bond which will be repaid in full on or around 28 September 2023.

### **Subscription agreement**

On 16 July 2023 the Company entered into a binding agreement with an entity managed by HCM regarding a commitment to subscribe for Convertible Bonds for a total nominal amount of SEK 160 million with an aggregate nominal amount of SEK 90 million which can be exercised under certain conditions and if the Company so wishes, including that the Company’s share price exceeds SEK 1.00 (adjusted for certain recalculation events, if applicable). The Company intends to utilize an authorization given at an extraordinary general meeting on 18 August 2023 to issue the

Convertible Bonds to HCM provided that the Rights Issue is completed. HCM’s obligation to subscribe for the Convertible Bonds is also, among other things, conditional on no events having material adverse effect occurring regarding the Company’s operations.

## LEGAL PROCEEDINGS AND ARBITRATION PROCEEDINGS

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

## ADVISORS’ INTEREST

The Company’s financial advisers in connection with the Rights Issue is Carnegie. Carnegie receives customary sales commission, which to some extent is dependent on the outcome of the Rights Issue. Carnegie (as well as some of its affiliates) have provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company for which they have received, or may receive, compensation.

## RELATED PARTY TRANSACTIONS

No related party transactions that individually or together are material to the Company has taken place during the financial years’ 2020, 2021, and 2022 and up to and including the date of this prospectus.

## NET PROCEEDS AND COSTS RELATED TO THE RIGHTS ISSUE

The Company’s costs related to the Rights Issue, including payment of remuneration to Carnegie and other advisors, as well as other expected issue costs is estimated to amount to

approximately SEK 30 million. Following deduction of issue related costs, the net proceeds from the Rights Issue will amount to not more than SEK 155.2 million.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the terms and conditions of the Company's senior bond loan 2021/2024 and the

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

# Articles of association

## §1 REGISTERED NAME

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

## § 2 REGISTERED OFFICE OF THE BOARD OF DIRECTORS

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

## § 3 OPERATIONS

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

## § 4 SHARE CAPITAL

The share capital shall amount to not less than SEK 18,480,000 and not more than SEK 73,920,000. The number of shares shall not be fewer than 424,450,000 and not exceed 1, 697,800,000.

## § 5 CLASSES OF SHARES

The Company's shares may be issued in two classes, designated Class A carrying ten (10) votes per share and Class B carrying one (1) vote per share. Class A shares may be issued in a maximum number of 127,335,000 and Class B shares in a maximum number of 1,570,465,000.

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

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

## § 6 PRE-EMPTION RIGHTS

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

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

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

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

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

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

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

## **§ 7 BOARD OF DIRECTORS**

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

## **§ 8 AUDITING**

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

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

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

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

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

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

## **§ 11 FISCAL YEAR**

The Company's fiscal year is the calendar year.

## **§ 12 RECORD DAY PROVISION**

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

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

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

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

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

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

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

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

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

## Definitions and glossary

<b>“A-shares”</b>	Shares of series A in the Company.
<b>“B-shares”</b>	Shares of series B in the Company.
<b>”BTA”</b>	Paid subscribed B-shares.
<b>“Capacitive fingerprint sensors”</b>	Capacitive fingerprint sensors refer to the underlying technology for fingerprint recognition through a capacitive surface ( <i>i.e.</i> , a surface that is affected by interaction with certain materials and has the ability to forward information from such interaction).
<b>The “Company” or “Fingerprints”</b>	Fingerprint Cards AB (publ).
<b>“Euroclear Sweden”</b>	Euroclear Sweden AB.
<b>“GDPR”</b>	Regulation (EU) 2016/679 of the European parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
<b>The “Group”</b>	The group in which the Company is the parent.
<b>“MSEK”</b>	Swedish krona in millions.
<b>“Nasdaq Stockholm”</b>	Nasdaq Stockholm Aktiebolag.
<b>“Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.
<b>The “Rights Issue”</b>	The issue of Shares with preferential rights for the Company’s existing shareholders resolved by the board of directors on 16 July 2023 and approved by an extraordinary general meeting of the Company on 18 August 2023.
<b>“SEK”</b>	Swedish krona.
<b>The ”Terms and Conditions”</b>	The terms and conditions for the Company’s outstanding senior bond loan 2021/2024.
<b>“USD”</b>	United States Dollar.

# Addresses

## THE COMPANY

### **Fingerprint Cards AB (publ)**

Kungsgatan 20  
SE-411 19 Gothenburg  
Sweden

## SOLE GLOBAL COORDINATOR AND BOOKRUNNER

### **Carnegie Investment Bank AB (publ)**

Regeringsgatan 56  
SE-103 38 Stockholm  
Sweden

## LEGAL ADVISOR TO THE COMPANY

### **Gernandt & Danielsson Advokatbyrå KB**

Hamngatan 2, Box 5747  
SE-114 87 Stockholm  
Sweden

## AUDITOR

### **BDO Mälardalen AB**

Sveavägen 53  
SE-113 59 Stockholm  
Sweden

### **Carl-Johan Kjellman**

c/o Box 6343  
SE-102 35 Stockholm  
Sweden



FINGERPRINTS