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Fingerprints announces final terms for the partially guaranteed rights issue

On 26 April 2024, the Board of Directors of Fingerprint Cards AB (publ) ("Fingerprints" or the "Company") announced that the Board of Directors resolved to, subject to subsequent approval by the annual general meeting on 28 May 2024, carry out a partially guaranteed issue of new shares of series B ("B-shares") of up to approximately SEK 310 million with preferential rights for its existing shareholders (the "Rights Issue"). Today, Fingerprints' Board of Directors announce the final terms of the Rights Issue, including the subscription price and the maximum number of shares to be issued. The subscription price has been set to SEK 0.09 per new B-share and shareholders in Fingerprints will receive one (1) subscription right for each existing share held on the record date, whereby three (3) subscription rights entitles to subscription of seventeen (17) new B-shares in the Rights Issue.

Summary

- Shareholders in Fingerprints as of the record date 30 May 2024 will receive one (1) subscription right for each existing share held on the record date, whereby three (3) subscription rights entitles to subscription of seventeen (17) new B-shares in the Rights Issue.
- A maximum of 3,471,579,078 B-shares will be issued, entailing an increase of the total number of B-shares in the Company from 604,756,603 B-shares to up to 4,076,335,681 B-shares.
- The subscription price is SEK 0.09 per new B-share, corresponding to total issue proceeds of up to approximately SEK 312.4 million before transaction costs.
- The subscription price of SEK 0.09 per share corresponds to a discount of approximately 37.5 percent compared to the theoretical price after separation of subscription rights, based on the closing share price of Fingerprints' B-share on Nasdaq Stockholm on 22 May 2024.
- The record date for the Rights Issue is 30 May 2024 and the subscription period runs from and including 3 June 2024 up to and including 17 June 2024.
- The last day of trading in B-shares including the right to participate in the Rights Issue is 28 May 2024.
- The Rights Issue is subject to the approval by the annual general meeting to be held on 28 May 2024.
- The Rights Issue is subject to subscription undertakings and guarantee commitments in a total amount of up to SEK 275 million.

"The Rights Issue is an important part of our transformation plan, which enables focused investments in profitable business areas and new, fast-growing segments within the biometrics market. We are also pleased to see HCM's belief in Fingerprints, demonstrated by their guarantee commitment of up to SEK 150 million in the Rights Issue. Their approach of providing flexible and permanent capital to high-growth companies aligns with our vision, and their commitment underscores their confidence in our innovative potential and long-term value. We appreciate their support as we continue to drive sustained growth and success with a stable and supportive partnership." commented Adam Philpott, President & CEO of Fingerprints.

Terms of the Rights Issue

Shareholders which on the record date 30 May 2024 are registered as shareholders in Fingerprints in the share register maintained by Euroclear Sweden AB, have preferential rights to subscribe for B-shares in relation to the number of shares held on the record date. Shareholders will receive one (1) subscription right for each share

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held on the record date, whereby three (3) subscription rights entitles to subscription of seventeen (17) new B-shares. A total of up to 3,471,579,078 B-shares will be issued, entailing an increase of the total number of B-shares in the Company from 604,756,603 B-shares to up to 4,076,335,681 B-shares and an increase in the Company's share capital from SEK 26,675,515.69 to up to SEK 177,836,770.99. The subscription price is SEK 0.09 per new B-share, corresponding to total issue proceeds of up to SEK 312,442,117 before deduction of transaction costs related to the Rights Issue, assuming that the Rights Issue is fully subscribed.

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

- *Firstly*, allotment of B-shares shall be granted to those who have subscribed for B-shares by exercising subscription rights, regardless if the subscriber were registered as shareholder on the record date on 30 May 2024 or not and, in the event of over-subscription, *pro rata* in relation to their subscription by exercising subscription rights, and, to the extent this is not possible, by drawing lots.
- *Secondly*, allotment of B-shares shall be granted to others who have subscribed for B-shares without exercising subscription rights, and in the event of over-subscription, *pro rata* in relation to the subscribed amount, and to the extent this is not possible, by drawing lots.
- *Thirdly*, allotment of B-shares, that does not constitute FDI Shares (as defined below), shall as applicable be granted to a party who have guaranteed part of the Rights Issue with allotment before other guarantors in accordance with separate agreement with the Company ("Primary Subscription Guarantee").
- *Fourthly*, allotment of B-shares, that does not constitute FDI Shares (as defined below), shall as applicable be granted to the parties who, subordinated to the Primary Subscription Guarantee, guarantees part of the Rights Issue, *pro rata* in relation to such guarantee commitments in accordance with separate agreement with the Company.
- *Ultimately*, as applicable, allotment of B-shares that constitutes FDI Shares (as defined below) shall be granted to the relevant party who guarantees part of the Rights Issue if and when that guarantor has obtained a positive FDI Decision (as defined below).

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

Some of the Company's shareholders (including members of the Board of Directors and executive management) have undertaken to subscribe for new B-shares for a total amount of approximately SEK 1.5 million in the Rights Issue. Furthermore, in a display of continued support of the Company, an entity managed by Heights Capital Management, Inc. ("HCM") have entered into a guarantee commitment consisting of a so-called top guarantee in an amount of up to SEK 50 million and, subordinated to HCM's top guarantee, a so-called bottom guarantee in an amount of up to SEK 100 million. In addition, certain other external investors have, subordinated to HCM's top guarantee, entered into bottom guarantee commitments which together with HCM's bottom guarantee amounts to up to approximately SEK 225 million. If the Rights Issue is subscribed and paid for in an amount between SEK 225 million and SEK 275 million, the top guarantee covers the subscription and payment of B-shares in the Rights Issue up to SEK 275 million and if the Rights Issue is subscribed and paid for in an amount under SEK 225 million, the bottom guarantees covers the subscription of and payment for B-shares in the Rights Issue up to SEK 225 million. No guarantee commitment covers the subscription of and payment for B-shares in

the Rights Issue in excess of SEK 275 million. Accordingly, the Rights Issue is covered by subscription undertakings and guarantee commitments in an aggregate amount of up to SEK 275 million.

The record date for determining which shareholders are entitled to subscribe for new B-shares is 30 May 2024. The B-shares are traded including right to participate in the Rights Issue up to and including 28 May 2024. The subscription period is expected to run from and including 3 June 2024 up to and including 17 June 2024. In the event that any guarantee commitment will require the subscription and payment of FDI Shares, there will be a separate and longer subscription and payment period in respect of such FDI Shares which may run up until 31 August 2024. Trading in subscription rights is expected to take place on Nasdaq Stockholm from and including 3 June 2024 up to and including 12 June 2024, and trading in paid subscribed B-shares (*Sw. betald tecknad aktie "BTA"*) is expected to occur from and including 3 June 2024 up to and including 27 June 2024.

The Company's Board of Directors will apply for admission to trading of the new B-shares on Nasdaq Stockholm. First day of trading is expected to occur on or about 3 July 2024.

Shareholders not participating in the Rights Issue will be subject to a dilutive effect corresponding to approximately 85.0 percent of the number of shares and approximately 83.6 percent of the number of votes upon full subscription in the Rights Issue. However, the shareholders have the possibility to fully or partly compensate themselves financially for this dilutive effect by selling their subscription rights.

Further and as announced by way of press release on 26 April 2024, the Swedish Securities Council (*Sw. Aktiemarknadsnämnden*) granted one of the external guarantors, HCM, an exemption from the mandatory bid obligations under the Swedish Act on Public Takeovers on the Stock Market (*Sw. lagen (2006:451) om offentliga uppköpserbudanden på aktiemarknaden*). The exemption is however conditional upon that (i) the Company's shareholders prior to the annual general meeting, are informed about the total holding of shares and votes that HCM may receive as a result of its guarantee commitment (if fully utilised) and (ii) the Rights Issue is approved by the annual general meeting with at least two thirds of both the votes cast and shares represented at the meeting, excluding any shares held and represented by HCM. Against the above and in accordance with the final terms of the Rights Issue, HCM may receive a total of 1,666,666,666 shares and votes in Fingerprints if their guarantee commitment is fully utilised, which if the Rights Issue is fully subscribed corresponds to 40.8 percent of the number of shares in the Company and 40.1 percent of the number of votes in the Company following the completion of the Rights Issue.¹

The Rights Issue is subject to the approval by the annual general meeting to be held on 28 May 2024. The notice to the annual general meeting is available at Fingerprints' website, fingerprints.com/agm2024.

Preliminary timetable

Annual general meeting	28 May 2024
Last day of trading in shares including right to receive subscription rights	28 May 2024

¹ Based on HCM's shareholding as of 22 May 2024 and the maximum number of shares that HCM may receive as a result of its guarantee commitment (if fully utilised).

Planned publishing date of the prospectus	29 May 2024
First day of trading in shares excluding right to receive subscription rights	29 May 2024
Record date for the Rights Issue	30 May 2024
Trading in subscription rights	3 June – 12 June 2024
Subscription period	3 June – 17 June 2024
Trading in paid subscribed B-shares (BTA)	3 June – 27 June 2024
Expected announcement of the outcome in the Rights Issue	18 June 2024

Prospectus

A prospectus regarding the Rights Issue will be published prior to the record date for the Rights Issue on Fingerprints' website, fingerprints.com and on Pareto Securities AB's website, www.paretosec.com.

Advisers

Pareto Securities acts as Sole Manager and Bookrunner in connection with the Rights Issue. Gernandt & Danielsson Advokatbyrå KB acts as legal advisor to the Company in connection with the Rights Issue.

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This is the type of information that Fingerprint Cards AB (publ) is obligated to disclose pursuant to the EU's Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on 23 May 2024 at 07:30 am CEST.

Important information

This press release does not contain and does not constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights, BTAs, convertibles or other securities in Fingerprints. The offer to relevant persons regarding the subscription of shares in Fingerprints will only be made through the prospectus that Fingerprints will publish on its website after approval and registration with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

The information in this press release may not be disclosed, published or distributed, directly or indirectly, in or into the United States (including its territories and possessions), Australia, Japan, Canada, Hong Kong, New Zealand, Singapore or South Africa or any other jurisdiction where distribution or publication would be illegal or require registration or other measures than those that follow from Swedish law. Actions that violate these restrictions may constitute a violation of applicable securities laws.

No shares, warrants, BTAs, convertibles or other securities have been registered, and no shares, warrants, BTAs, convertibles or other securities will be registered under the United States Securities Act of 1933 as currently amended (“Securities Act”) or the securities legislation of any state or other jurisdiction of the United States and no shares, warrants, BTAs, convertibles or other securities may be offered, sold, or otherwise transferred, directly or indirectly, within or into the United States, except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States.

In all EEA Member States (“EEA”), other than Sweden, Denmark, Finland and Norway, this press release is intended for and is directed only to qualified investors in the relevant Member State as defined in the Regulation (EU) 2017/1129 (together with associated delegated regulations and implementing regulations, the “Prospectus Regulation”), i.e. only to those investors who can receive the offer without an approved prospectus in such EEA Member State.

In the United Kingdom, this press release is directed and communicated only to persons who are qualified investors as defined in Article 2(e) of the Prospectus Regulation (as incorporated into domestic law in the United Kingdom) who are (i) persons who fall within the definition of “professional investors” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (“the Regulation”), or (ii) persons covered by Article 49(2)(a) - (d) in the Regulation, or (iii) persons to whom the information may otherwise lawfully be communicated (all such persons referred to in (i), (ii) and (iii) above are collectively referred to as “Relevant Persons”). Securities in the Company are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will only be processed in respect of Relevant Persons. Persons who are not Relevant Persons should not act based on or rely on the information contained in this press release.

The Company considers that it carries out protection-worthy activities under the Foreign Direct Investment Screening Act (the “Swedish FDI Act”) (Sw. *lag (2023:560) om granskning av utländska direktinvesteringar*). According to the Swedish FDI Act, the Company must inform presumptive investors that the Company’s activities may fall under the regulation and that the investment may be subject to mandatory filing. If an investment is subject to mandatory filing, it must prior to its completion, be filed with the Inspectorate of Strategic Products (the “ISP”). An investment may be subject to mandatory filing if i) the investor, a member of the investor’s ownership structure or a person on whose behalf the investor is acting would, after the completion of the investment, hold votes in the Company equal to, or exceeding any of the thresholds of 10, 20, 30, 50, 65 or 90 per cent of the total number of votes in the Company, ii) the investor would, as a result of the investment, acquire the Company, and the investor, a member of the investor’s ownership structure or a person on whose behalf the investor is acting, would, directly or indirectly, hold 10 per cent or more of the total number of votes in the Company, or iii) the investor, a member of the investor’s ownership structure or a person on whose behalf the investor is acting, would acquire, as a result of the investment, direct or indirect influence on the management of the Company. The investor may be imposed an administrative sanction if an investment that is subject to mandatory filing is carried out before the ISP has either i) decided to take no action, or ii) authorised the investment. The investor may be imposed an administrative sanction charge if a mandatory filing investment is carried out before the ISP either i) decided to leave the notification without action or ii) approved the investment. Each shareholder should consult an independent legal adviser on the possible application of the Swedish FDI Act in relation to the Rights Issue for the individual shareholder.

This announcement does not constitute an investment recommendation. The price and value of securities and any income from them can go down as well as up and you could lose your entire investment. Past performance is not a guide to future performance. Information in this announcement cannot be relied upon as a guide to future performance.

Forward-looking statements

Matters discussed in this press release may contain forward-looking statements. Such statements are all statements that are not historical facts and contain expressions such as “believes”, “expects”, “anticipates”, “intends”, “estimates”, “will”, “may”, “continues”, “should” and other similar expressions. The forward-looking statements in this press release are based on various assumptions, which in several cases are based on additional assumptions. Although Fingerprints believes these assumptions were reasonable when made, such forward-looking statements are subject to known and unknown risks, uncertainties, contingencies and other material factors that are difficult or impossible to predict and beyond its control. Such risks, uncertainties, contingencies and material factors could cause actual results to differ materially from those expressed or implied in this communication through the forward-looking statements. The information, perceptions and forward-looking statements contained in press release speak only as at its date, and are subject to change without notice. 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.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Fingerprints have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Fingerprints may decline and investors could lose all or part of their investment; the shares in Fingerprints offer no guaranteed income and no capital protection; and an investment in the shares in Fingerprints is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Rights Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Fingerprints.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Fingerprints and determining appropriate distribution channels.

About Fingerprints

Fingerprint Cards AB (Fingerprints) – the world’s leading biometrics company, with its roots in Sweden. We believe in a secure and seamless universe, where you are the key to everything. Our solutions are found in hundreds of millions of devices and applications, and are used billions of times every day, providing safe and convenient identification and authentication with a human touch. For more information visit our [website](#), read our [blog](#), and follow us on [Twitter](#). Fingerprints is listed on Nasdaq Stockholm (FING B).