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LTIP 2023 IN BRIEF

BACKGROUND AND REASONS

The Board of Directors want to implement a long-term incentive program for the Executive management team, other managers, and key employees in order to:

- ⤵ Attract and retain talent over time
- ⤵ Increase engagement and performance
- ⤵ Encourage a personal long-term ownership in the company
- ⤵ Promote long-term value growth in the company by tying the employees' compensation to the company's profit and share price development
- ⤵ Ensure the ongoing long-term competitiveness of the company

KEY PRINCIPLES

- ⤵ Executive management team, other managers and key employees are offered to participate
- ⤵ Maximum 50 participants, and the duration of the program is three years.
- ⤵ The participants shall be entitled to, provided continued employment and dependent on the fulfilment of a performance requirement during the financial years 2023-2025, without consideration, receive allotment of Fingerprint Shares ("Performance Shares").
- ⤵ Executive managers will also be offered to, provided continued employment and dependent on the fulfilment of a performance requirement during the financial years 2023-2025, receive allotment of call options issued by the company which entitle to Fingerprints shares. ("Performance Options").
- ⤵ For executive managers, a part of the allotment of Performance Shares and/or Performance Options will also be conditional upon that the participant holds or acquires Fingerprint Shares and locks such shares into LTIP 2023 ("Savings Shares").

Continued
employment

Own investment for
Group management

Performance
requirements



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THE PROGRAM

PARTICIPANTS

- ⊗ A maximum of 50 key employees will be offered to participate
- ⊗ Three categories: CEO, other members of the executive management team, other key employees

PERFORMANCE SHARES AND PERFORMANCE OPTIONS

- ⊗ Allotment of Performance Shares and Performance Options will be made during a limited period of time following the date of the publication of the quarterly report for the first quarter of 2026
- ⊗ The period up to the publication of the interim report for the first quarter of 2026 constitutes the vesting period
- ⊗ The performance options can be exercised in connection with the publication of interim reports during the period from and including the end of the vesting period up to and including the publication of the year-end report for the financial year 2016.
- ⊗ The exercise price when the participant exercises the Performance Option shall correspond to 235 per cent of the volume-weighted average price according to Nasdaq Stockholm's official price list for the Fingerprints share during the first ten trading days after the General Meeting on February 24, 2023.

KEY CRITERIA FOR ALLOTMENT

- ⊗ Continued employment during the whole vesting period.
- ⊗ For members of the executive management team, allotment also requires an own investment in Savings Shares and that the Savings Shares are retained throughout the vesting period.
- ⊗ Performance requirement in the fiscal years 2023-2025 is fulfilled.
- ⊗ For members of the executive management team, allotment is limited to 7.5 Performance Shares and 7.5 Performance Options per Savings Share, however with a cap on the number of Savings Shares that the participant can tie up in the program.
- ⊗ Allocation to other key people is determined individually based on competence and area of responsibility, but can amount to a maximum of 500,000 Performance Shares per participant.
- ⊗ LTIP 2023 may comprise a maximum of 8,750,000 Performance Shares and 4,725,000 Performance Options, equivalent to a total of 13,475,000 Fingerprints shares.

SHAREHOLDING REQUIREMENTS

- ⊗ For members of the executive management team, an own investment is required through the acquisition or existing holding of Fingerprints shares (so-called Savings shares), partly to



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encourage long-term ownership in the company, partly to ensure that the participants' and shareholders' interests are aligned.

- ⤵ Maximum number of Savings shares with which the CEO is entitled to participate: 225,000
- ⤵ Maximum number of Savings shares that other members of the group management have the right to participate with: 100,000
- ⤵ Maximum number of Performance Shares per Savings Share: 7.5
- ⤵ Maximum number of Performance Options per Savings Share: 7.5

PERFORMANCE REQUIREMENTS

- ⤵ The maximum number of Performance Shares and Performance Options that can be awarded is linked to the fulfillment of the performance requirement regarding accumulated Adjusted EBITDA in absolute numbers during the three-year period for the fiscal years 2023-2025 ("Performance Period").
- ⤵ No allotments of Performance Shares and Performance Options will take place unless the Company's accumulated Adjusted EBITDA during the Performance Period exceeds a minimum level of SEK 160 million.
- ⤵ Maximum allotment of Performance Shares and Performance Options takes place if the Company's accumulated Adjusted EBITDA amounts to or exceeds a maximum level of SEK 229 million.
- ⤵ The number of Performance Shares and Performance Options that can be awarded increases linearly between the minimum and maximum level of the performance requirement.

IMPORTANT INFORMATION

- ⤵ This document is produced for informational purposes only. The full terms of LTIP 2023 and LTIP Board 2023 can be seen from the full proposals for the Extraordinary General Meeting, which are available on the company's website, [fingerprints.com/egm2023](https://www.fingerprints.com/egm2023). In the event of any discrepancies between the information in this document and the full proposals, the text of the full proposals shall prevail.



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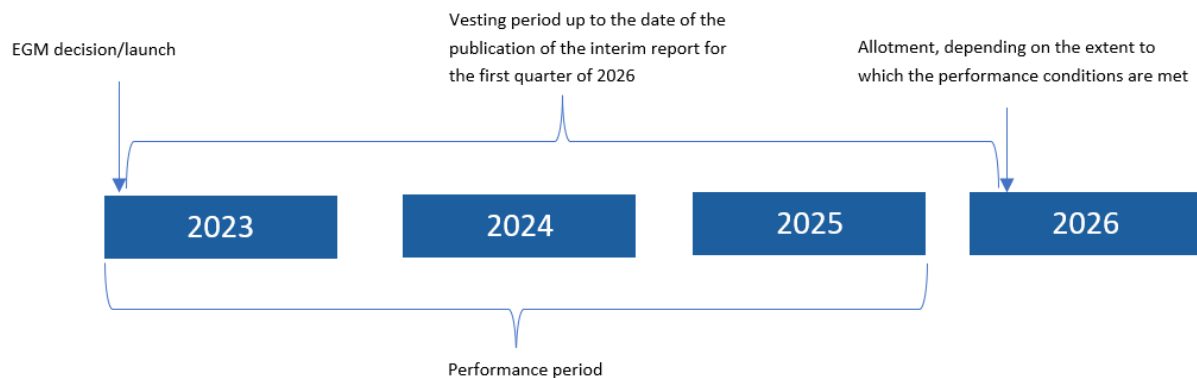


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SCHEDULE AND ADDITIONAL INFORMATION

SCHEDULE

Important events during the program are shown below



HEDGING MEASURES

- ⊗ In order to enable a cost-effective and flexible implementation of LTIP 2023, the Board of Directors proposes that the undertakings of the company for delivery of Performance Shares to the participants and the company's cash-flow for the payment of social fees primarily shall be hedged by a directed issue of convertible and redeemable class C shares.
- ⊗ The board proposes that a maximum of 13,475,000 new C shares be issued at the quota value (i.e. the lowest statutory subscription price, approx. SEK 0.04 per share) to a third party (such as a bank or issuing agent engaged for this purpose), repurchased by the company at the same price and then converted into B shares which are transferred to the participants at the end of the program.
- ⊗ According to the proposal for new articles of association, C shares shall have 1 vote per share, just like B shares. However, the C shares shall not be entitled to a dividend. In the event of a dissolution of the company, C shares are entitled to an equal share in the company's assets as other shares, however not with a higher amount than what corresponds to the share's quota value.
- ⊗ The Board considers that the proposed hedging measures in the form of newly issued C shares (according to point B in the Board's and the shareholder's proposals) are the most cost-effective way to implement the programs, which is why, according to the Board's assessment, it is in the company's and shareholders' interests that the programs are hedged in this way. A valid resolution for these hedging measures requires that shareholders representing not less than nine-tenths (90%) of the votes cast as well as the shares represented at the General Meeting approve the resolution. If the required majority at the Extraordinary General Meeting is not



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achieved, the company may instead hedge itself by entering into a share swap agreement with a third party, e.g. a bank or other financial institution, whereby the third party in its own name shall acquire and transfer shares in the company to the participants in LTIP 2023. This would entail a higher cost than issuing and transferring shares.

Q&A

WHY DOES THE COMPANY NEED A LONG-TERM INCENTIVE PROGRAM?

- ⊗ Attract and retain talent over time
- ⊗ Increase engagement and performance and to encourage a personal long-term ownership in the company
- ⊗ Promote long-term value growth in the company by tying the employees' compensation to the company's profit and value development
- ⊗ It's a competitive must for high growth sector companies like Fingerprints
- ⊗ The company operates in international markets where ongoing incentive programs are very common and hence Fingerprints needs to be able to offer competitive employment terms globally

WHY LAUNCH THE PROGRAM NOW?

- ⊗ It's been long overdue for the company to launch a new incentive program. The last one was launched in 2017.
- ⊗ The company is working on a number of strategic initiatives in order to regain growth, reach breakeven and start to generate strong profits. This program is one important part of these activities.

THERE IS ALSO A PROPOSAL FOR AN INCENTIVE PROGRAM FOR THE BOARD. WHAT IS THE REASON FOR THIS?

- ⊗ LTIP Board 2023 accounts for approximately 26 percent of the two incentive programs proposed to the Extraordinary General Meeting.
- ⊗ Board incentive programs are typically recommended by major shareholders and in this case a proposal has been made by Johan Carlström, who represents approximately 5.2 percent of the shares and 18.9 percent of the votes in Fingerprint Cards AB.
- ⊗ According to the proposal, the objective is to offer a similar possibility to take part in value growth in the Fingerprints share, which is expected to increase the long-term commitment to the company's operation and earnings development and to raise the motivation and sense of belonging with the company.
- ⊗ Attract and retain Board expertise over time



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- ⤵ Increase engagement and performance and encourage a personal long-term ownership in the company
- ⤵ Promote long-term value growth in the company by tying Board members' compensation to the company's profit and value development
- ⤵ The company operates in international markets where ongoing incentive programs are very common and hence Fingerprints needs to be able to offer competitive terms globally

HOW CAN THE PROGRAM ENABLE INCENTIVES TO NEW STAFF, IT LOOKS LIKE THE WHOLE PROGRAM IS ALLOCATED TO EXISTING STAFF AND BOARD MEMBERS?

- ⤵ Provided that it is possible within the total scope of the program, there is the possibility of allowing new employees who join during the year to participate in LTIP 2023. The proposed program for the board (LTIP Board 2023) also includes a specific allocation for a potential additional board member during the year.
- ⤵ The Board's intention is also to propose that new corresponding long-term incentive programs be established on a regular basis according to needs, which would, among other things, include new personnel added in the future. According to the shareholder proposal for the LTIP Board 2023, the same intention exists with regard to incentive programs for board members.

WHAT DILUTION OF EXISTING SHAREHOLDERS WOULD THE IMPLEMENTATION OF THE PROGRAM ENTAIL?

- ⤵ If the Board's proposal for a long-term incentive program for the Executive management team, other managers, and key employees (LTIP 2023) is adopted, the LTIP 2023 may comprise a maximum of 13,475,000 new shares in Fingerprint, representing a dilution of approximately 3.2 per cent of all outstanding shares in Fingerprint (excluding treasury shares).
- ⤵ If the shareholder proposal for a long-term incentive program for the Board of Directors (LTIP Board 2023) is adopted, this program may comprise a maximum of 4,725,000 new shares in Fingerprint, representing a dilution of approximately 1.1 per cent of all outstanding shares in Fingerprint (excluding treasury shares).

WHY SHOULD I AS A SHAREHOLDER SUPPORT THE PROPOSED INCENTIVE PROGRAMS?

- ⤵ The Board (proposing LTIP 2023) and the shareholder Johan Carlström (who proposes LTIP Board 2023) expect that the implementation of the respective program provides the opportunity for an increase in shareholder value that exceeds the dilution effect for existing shareholders (see above).
- ⤵ The programs provide strong financial incentives for key personnel to achieve the company's important profit targets, which is estimated to lead to an increase in total shareholder value that exceeds the cost of the program.



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WHAT HAPPENS IF THE COMPANY IS SOLD BEFORE THE END OF THE VESTING PERIOD?

- ⤵ In the event of a change of control of the company or a direct or indirect sale, transfer or other disposal of all or substantially all of the business and assets, the vesting period shall be deemed to have completed and the participants shall be entitled to allotment of the Performance Shares and the Performance Options as of the date when the transaction becomes unconditional.

WHAT HAPPENS TO THE AWARDS IF THE COMPANY SELLS OR SPINS OFF A DIVISION OR CERTAIN ASSETS?

- ⤵ If the company sells assets, the proceeds from such a sale would go into the company and become an asset to the benefit of the company and its shareholders. The incentive programs would not be accelerated or affected under such a scenario.

WHAT ARE THE COSTS OF THE INCENTIVE PROGRAMS?

- ⤵ The expected annual costs for LTIP 2023 are booked at SEK 5.6 million, including social security charges, correspond to approximately 1.9 percent of Fingerprint's total employee costs (rolling 12 months for the period between October 2021 and September 2022) (3.9 percent if the fulfilment of the performance condition is 100 percent and assuming an annual share price increase of 40 percent).
- ⤵ The expected annual cost for LTIP Board 2023, including social security charges, is SEK 4.3 million.
- ⤵ Booked costs for the programs are only paid at the end of the three-year program provided that performance requirements are met, and thus do not affect the company's short-term liquidity.
- ⤵ The cost estimates above are based on a number of assumptions, including that the performance requirement of accumulated adjusted EBITDA during the three-year period is achieved to 50 percent. All assumptions underlying the cost estimates are described in the full proposals available on the company's website, fingerprints.com/egm2023.
- ⤵ Awards from these programs will only be made if the company has accumulated significant profit at the end of the programs. The Board therefore assesses that the programs are well-financed and do not affect the company's short-term liquidity. This constitutes an important advantage over the company's previous, cash-based, incentive programs.
- ⤵ The Board considers that the proposed hedging measures in the form of newly issued C shares (according to point B in the Board's and the shareholder's proposals) are the most cost-effective way to implement the programs, which is why, according to the Board's assessment, it is in the company's and shareholders' interests that the programs are hedged in this way. A valid resolution for these hedging measures requires that shareholders representing not less than nine-tenths (90%) of the votes cast as well as the shares represented at the General Meeting approve the resolution. If the required majority at the Extraordinary General Meeting is not achieved, the company may instead hedge itself by entering into a share swap agreement with a third party, e.g. a bank or other financial institution, whereby the third party in its own name



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shall acquire and transfer shares in the company to the participants in LTIP 2023. This would entail a higher cost than issuing and transferring shares.

WHAT DO THE DIFFERENT MAJORITY REQUIREMENTS FOR THE PROGRAMS MEAN?

- ⤵ A valid resolution regarding the implementation of long-term incentive programs requires a majority of more than half of the votes cast at the General Meeting.
- ⤵ A valid resolution regarding hedging measures in the form of newly issued C shares requires that shareholders representing not less than nine-tenths (90%) of the votes cast as well as the shares represented at the General Meeting approve the resolution.

WHY ARE YOU PROPOSING TO ISSUE A NEW SHARE CLASS, THE C-SHARES? COULD THIS NOT ENTAIL DRAWBACKS FOR CLASS A AND CLASS B SHAREHOLDERS?

- ⤵ The proposals regarding the issuance of C shares are made for administrative reasons only and such an issue would not affect either the control of the A and B shareholders or the relative treatment of different shareholders. After the issuance of the C shares, they would be repurchased and held by the company itself, and thus would not be entitled to dividends or voting rights until the vesting period ends, whereupon the shares are either converted to B shares and transferred to the participants in accordance with the terms of the program or redeemed into the quota value if no allotments will be made.
- ⤵ The sole purpose of issuing C shares is to enable a cost-effective hedging of the program for the benefit of the company and all shareholders.

WHAT ARE THE CONSEQUENCES IF THE PROGRAM IS NOT APPROVED BY THE SHAREHOLDERS AT THE EXTRAORDINARY GENERAL MEETING ON FEBRUARY 24, 2023?

- ⤵ The Board is of the opinion that the absence of an incentive program would mean that the company would be less competitive in its ongoing efforts to attract and retain key personnel, who may choose instead to work elsewhere with more attractive compensation programs.

IS THERE ANY LOCK-UP PERIOD FOR THE SHARES AWARDED IN THE PROGRAM?

No, there is no such lock-up period. For members of the executive management team (LTIP 2023) and the board (LTIP Board 2023), however, allocation will also require that the participants hold or acquire Fingerprints shares and locks such shares into the respective programs for the duration of the programs.



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