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Fingerprint Cards AB (publ) resolves on a fully guaranteed SEK 300 million rights issue and a new set-off issue of B-shares

The Board of Directors of Fingerprint Cards AB (publ) ("Fingerprints" or the "Company") has resolved on a rights issue comprising a fully guaranteed SEK 300 million rights issue of B-units (the "B-units"), consisting of new B-shares and warrants (the "Fully Guaranteed Rights Issue") and an approximately SEK 6 million rights issue of A-units (the "A-units" and together with the B-units the "Units"), consisting of new A-shares and warrants (together with the Fully Guaranteed Rights Issue, the "Rights Issue"). As of the date of this press release, the A-units are not subject to any subscription undertakings or underwriting commitments and the potential proceeds of approximately SEK 6 million from the issue of the A-units will be in addition to the proceeds of SEK 300 million in the Fully Guaranteed Rights Issue and is primarily carried out in order to offer all shareholders the option not to be diluted by subscribing for their pro rata share of A-units and B-units.

Certain of the Company's shareholders (including senior executives and board members), as well as the investors in the Company's outstanding perpetual hybrid equity instruments with an aggregate nominal amount of SEK 75 million (the "Hybrid Investors" and the "Hybrids"), have undertaken to subscribe for B-units amounting to approximately SEK 27 million in total, corresponding to approximately 9 per cent of the Fully Guaranteed Rights Issue of B-units. In addition, certain external investors, including Carnegie Investment Bank AB (publ) ("Carnegie"), the Hybrid Investors and existing shareholders have entered into underwriting commitments of approximately SEK 273 million in total, corresponding to approximately 91 per cent of the Fully Guaranteed Rights Issue of B-units. Hence, the Fully Guaranteed Rights Issue of B-units is completely covered by subscription undertakings and underwriting commitments.

In addition, the Board of Directors of the Company has, in order to enable the repayment of the Hybrids in full in accordance with its terms, resolved on a new issue of B-shares directed to the Hybrid Investors, against payment by way of set-off of the Hybrid Investors' receivables under the Hybrids (the "Set-off Issue"). The price per B-share in the Set-off issue shall be the same as the underlying price per share in each Unit in the Rights Issue.

The Rights Issue and the Set-off Issue are subject to the approval by an extraordinary general meeting in the Company, which is intended to be held on 2 November 2022 (the "EGM").

Summary

- The Board of Directors of Fingerprints has today resolved on the Rights Issue and the Set-off Issue. The resolutions are subject to approval by the EGM. A notice convening the EGM will be published today through a separate press release.
- The purpose of the Rights Issue is to improve Fingerprints' working capital position and to cure the forecasted breach against the maintenance test covenant pursuant to the terms and conditions (the "Terms and Conditions") of its outstanding senior secured callable floating rate bonds 2021/2024 (ISIN: SE0017071855) with an aggregate outstanding nominal amount of SEK 300 million as communicated in the press release published by the Company on 30 September 2022. Provided that the Fully Guaranteed Rights Issue of B-units is approved by the EGM, it will contribute SEK 300 million before

transaction costs to the Company and will entail that no event of default will occur under the Terms and Conditions. The net proceeds from the Rights Issue will be used to finance (i) expenditure in the ordinary course of business, including various customer projects, investments in research and development regarding the Company's products as well as supplier costs and (ii) inventory ramp up within the product segments Mobile, Payments, PC and Access.

- The Fully Guaranteed Rights Issue of B-units is completely covered by subscription undertakings and underwriting commitments.
- The Company's existing shareholders of A-shares will be entitled to subscribe for A-units consisting of A-shares and warrants entitling to subscription of one A-share per warrant, and the Company's shareholders of B-shares will be entitled to subscribe for B-units consisting of B-shares and warrants entitling to subscription of one B-share per warrant. The B-shares and warrants entitling to subscription of B-shares is intended to be admitted to trading on Nasdaq Stockholm. The A-shares and warrants entitling to subscription of A-shares will not be admitted to trading.
- The final terms in the Rights Issue and the Set-off Issue will be determined by the Board of Directors no later than on 31 October 2022.
- Provided that the Rights Issue is approved by the EGM, the record date for the Rights Issue is expected to be 8 November 2022 and the subscription period is expected to run between 10 November 2022 and 24 November 2022.

Background and reasons

As communicated by Fingerprints in the Q2 2022 report, released on 18 July 2022 and Fingerprints' press release published on 30 September 2022, extensive Covid-19-related restrictions introduced in China during 2022 have led to a significantly decreased demand for smartphones in China which in turn has had a significant negative impact on Fingerprints' sales in the Mobile product segment in China. China is the Company's largest market and accounted for approximately 98 per cent of sales during 2021. The reduced sales volumes, an increased price competition within the Mobile product segment and the inventory ramp up within the product segments Mobile, Payments, PC and Access have had a negative effect on the Company's working capital position in 2022. The purpose of the Rights Issue is to improve Fingerprints' working capital position and to cure the forecasted breach against the maintenance test covenant pursuant to the Terms and Conditions.

The net proceeds from the Rights Issue will be used to finance (i) expenditure in the ordinary course of business, including various customer projects, investments in research and development regarding the Company's products as well as supplier costs and (ii) inventory ramp up within the product segments Mobile, Payments, PC and Access.

The Set-off Issue is carried out to be able to fully repay the Hybrids, as communicated by the Company in the Company's press release published on 30 September 2022.

The Rights Issue

The Company's shareholders on the record date shall have the right to subscribe for Units in the Rights Issue with pre-emptive rights. Each Unit will consist of a specified number of shares and warrants. The warrants will be issued free of charge. The record date for the right to participate in the Rights Issue is expected to be 8 November 2022. Subscription for Units can also be made without pre-emptive rights.

Final terms for the Rights Issue, including the amount by which the share capital in the Company is to be increased, the number of Units to be issued (and thereby the number of new shares and warrants) and the amount to be paid for each Unit and thereby the price per share (the warrants will be issued free of charge) are expected to be announced no later than on 31 October 2022.

The subscription period is expected to run between 10 November 2022 and 24 November 2022. Trading in B-unit rights is expected to take place on Nasdaq Stockholm between 10 November 2022 and 21 November 2022 and trading in paid subscribed B-units (Sw. *betald tecknad unit*/"BTU") is expected to occur between 10 November 2022 and 2 December 2022. The B-shares and warrants entitling to subscription of B-shares is intended to be admitted to trading on Nasdaq Stockholm. The A-shares and warrants entitling to subscription of A-shares will not be admitted to trading. There will be no trading in A-unit rights or paid subscribed A-units.

Underwriting commitments and voting commitments

The Company's largest shareholder Johan Carlström (through a holding company) as well as senior executives and board members that together represent 7.1 per cent of the total number of shares and 22.2 per cent of the total number of votes in the Company have undertaken to vote in favor of the contemplated Rights Issue, the Set-off Issue and other matters related to the Rights Issue and the Set-off Issue at the EGM.

Certain of the Company's shareholders (including senior executives and board members) as well as the Hybrid Investors have undertaken to subscribe for B-units amounting to approximately SEK 27 million, corresponding to approximately 9 per cent of the Fully Guaranteed Rights Issue of B-units.

Certain external investors, including Carnegie, the Hybrid Investors and existing shareholders have entered into underwriting commitments of approximately SEK 273 million in total, corresponding to approximately 91 per cent of the Fully Guaranteed Rights Issue of B-units.

Consequently, the Fully Guaranteed Rights Issue of B-units is completely covered by the subscription undertakings and underwriting commitments. The A-units have not been subject to subscription undertakings or underwriting commitments and the potential proceeds of up to approximately SEK 6 million from the issue of the A-units will be in addition to the proceeds of SEK 300 million in the Fully Guaranteed Rights Issue of B-units. The issue of A-units is primarily carried out in order to offer all shareholders the option not to be diluted by subscribing for their pro rata share of A-units and B-units.

A cash underwriting fee, determined based on current market conditions, of 7 per cent of the guaranteed amount will be paid to the guarantors. Neither the subscription undertakings nor the underwriting commitments are secured through bank guarantees, restricted funds, pledged assets or similar arrangements. Further information on the parties who have entered into underwriting commitments will be presented in the prospectus to be made public before the commencement of the subscription period.

The Set-off Issue

The Set-off Issue is directed to the Hybrid Investors (Fredrik Lundgren and Wilhelm Risberg). The amount by which the share capital in the Company is to be increased, the number of B-shares to be issued and the amount to be paid for each B-share (which shall be the same amount as the price per share in each Unit in the Rights Issue), is expected to be announced no later than on 31 October 2022.

The Board of Directors intends to primarily use the issue authorization granted to the Board of Directors by the annual general meeting on 24 May 2022, which was registered with the Swedish Companies Registration Office on 9 June 2022, comprising 29,800,000 shares (the "Authorization") to repay the Hybrids. Only if the Authorization (considering the subscription price in the Rights Issue which will be decided by the Board of Directors no later than on 31 October 2022) is not sufficient to fully repay the Hybrids (including the nominal amount, accrued but unpaid interest, capitalized interest and arrangement fees) through set-off against newly issued B-shares will the Set-off Issue be utilized (and in such case only to cover the remaining number of B-shares required to repay the Hybrids after the Authorization has been exercised in full). Consequently, the Board of Directors will withdraw its resolution to carry out the Set-off Issue as well as its proposal to the EGM to resolve on approval of the Set-off Issue if the Authorization is sufficient to repay the Hybrids in full. The Board of Directors will inform on such potential withdrawal no later than on 31 October 2022 in connection with the

Company's announcement of the final terms (share capital increase, number of units/shares/warrants and subscription price) in the Rights Issue.

Indicative time plan

Publication of the final terms in (i) the Rights Issue and (ii) the Set-off Issue.	31 October 2022
Extraordinary General Meeting	2 November 2022
Last day of trading in shares including right to receive unit rights	4 November 2022
First day of trading in shares excluding right to receive unit rights	7 November 2022
Publication of prospectus	7 November 2022
Record date for the Rights Issue	8 November 2022
Trading in B-unit rights	10 November 2022 – 21 November 2022
Subscription period	10 November 2022 – 24 November 2022
Trading in BTUs	10 November 2022 – 2 December 2022
Expected announcement of the outcome in the Rights Issue	25 November 2022

Prospectus

A prospectus relating to the Rights Issue will be made available before the subscription period commences on Fingerprint's website, www.fingerprints.com/rightsissue and on Carnegie's website, www.carnegie.se.

Advisers

Carnegie Investment Bank AB (publ) acts as Sole Global Coordinator and Bookrunner. Gernandt & Danielsson Advokatbyrå KB is legal adviser to the Company.

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).

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The information was submitted for publication, through the agency of the contact persons set out above, on 10 October 2022 at 08:00 am CEST.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, units, unit rights, warrants, hybrid equity instruments or other securities in Fingerprint. Any invitation to the persons concerned to subscribe for units in Fingerprint will only be made through a prospectus that Fingerprint 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 released, distributed or published, directly or indirectly, in or into the United States (including its territories and possessions), Australia, Japan, Canada, Hong Kong, New Zealand, Switzerland, Singapore or South Africa or any other jurisdiction in which such action would be unlawful or would require registration or any other measures than those required by Swedish law. Actions in violation of these restrictions may constitute a violation of applicable securities laws.

No shares, units, unit rights, warrants, hybrid equity instruments or other securities in Fingerprint have been registered, and no shares, units, unit rights, warrants, hybrid equity instruments or other securities will be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities legislation of any state or other jurisdiction in the United States and no shares, units, unit rights, warrants, hybrid equity instruments or other securities may be offered, sold or otherwise transferred, directly or indirectly, in 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 any Member State of the European Economic Area (the "EEA"), other than Sweden, this press release is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

In the United Kingdom, this press release is only being distributed to and is directed at "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129, as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, (a) having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005, as amended (the "Order"); (b) who are high net worth entities described in Article 49(2) (a) to (d) of the Order; or (c) other persons to whom they may lawfully be communicated (all such persons together being referred to as "Relevant Persons"). Any investment or investment activity to which this press release relates will only be available to and will only be engaged in with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this press release or any of its contents.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe," "expect," "anticipate," "intends," "estimate," "will," "may," "continue," "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Fingerprint believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors, which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.