

ITEM 7 – THE BOARD OF DIRECTORS’ PROPOSAL REGARDING LONG-TERM INCENTIVE PROGRAM 2023 (LTIP 2023), ETC.

The Board of Directors of Fingerprint Cards AB (the “**Company**” or “**Fingerprint**”) proposes that the Extraordinary General Meeting (the “**General Meeting**”) pass a resolution on the implementation of a long-term incentive program 2023 (“**LTIP 2023**”). This proposal is divided into three items:

- (A) LTIP 2023.
- (B) Hedge for LTIP 2023 in the form of new class C shares etc.
- (C) Other matters related to LTIP 2023.

A. LTIP 2023

A.1 Introduction

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 and to encourage a personal long-term ownership in the Company. Therefore, the Board of Directors proposes that the General Meeting approves the implementation of LTIP 2023 for the Executive management team, other managers and key employees within the Company. The Board of Directors has an intention to maintain the long-term incentive plan recurring on an annual basis. In addition, there is a shareholder’s proposal of a similar plan for the Board of Directors under item 8 of the agenda for the General Meeting.

Executive managers will, after a qualifying period and assuming an investment of their own in Fingerprint Shares (as defined below), be given the opportunity to, without consideration, receive allotments of Fingerprint Shares and, against consideration, exercise call options issued by the Company which entitle to Fingerprint Shares. The number of allotted Fingerprint Shares and options will depend on the number of Fingerprint Shares that they hold or have acquired and on the fulfilment of a performance requirement.

The other participants (i.e. other managers and key employees) will, after a qualifying period and without an investment in Fingerprint Shares, be given the opportunity to, without consideration, receive allotments of Fingerprint Shares, where the number of allotted Fingerprint Shares will depend on the fulfilment of a performance requirement.

Fingerprint Shares are Class B shares in the Company (“**Fingerprint Shares**”). The term of LTIP 2023 is approximately three years.

A.2 Basic features of LTIP 2023

The LTIP 2023 will be directed towards executive managers, other managers and key employees in the Company.

For executive managers, participation in the LTIP 2023 assumes that the participant holds or acquires Fingerprint Shares and locks such shares into LTIP 2023 (“**Savings Shares**”). Savings Shares can be newly acquired Fingerprint Shares, Fingerprint Shares already held by the participant at the time of the launch of LTIP 2023, or a combination thereof. For each Savings Share, the participant shall be entitled to, after a certain Vesting Period (as defined below), provided continued employment and dependent on the fulfilment of a performance requirement during the financial years 2023-2025, receive allotment of Fingerprint Shares

(“**Performance Shares**”) and exercise call options issued by the Company (“**Performance Options**”). Performance Shares are Fingerprint Shares and Performance Options are call options issued by the Company which entitle to Fingerprint Shares.

The other participants (i.e. other managers and key employees) will, without any investment in Savings Shares, be given the opportunity to, after a certain Vesting Period (as defined below), provided continued employment and dependent on the fulfilment of a performance requirement during the financial years 2023-2025, receive allotments of Performance Shares.

The performance requirement is linked to the Company’s earnings before interest, taxes, depreciation and amortization excluding items affecting comparability (“**Adjusted EBITDA**”).¹ The participant shall not pay any consideration for the allotted Performance Shares and Performance Options.

The participant shall have the right to exercise the Performance Options commencing on the Banking Day after the end of the Vesting Period (as defined below) up until the date falling 10 Banking Days after the date of publication of the year-end report for the financial year 2026 (“**Exercise Period**”). However, exercise right during the Exercise Period will be limited to a period of 10 Banking Days after the date of publication of a quarterly report/year-end report, with the exception of the publication of the quarterly report for the second quarter of 2026, following which the exercise right will occur between August 17, 2026 and August 28, 2026. If the participant and/or the Company is prevented from exercising the Performance Options due to, for example, insider information, the participant and/or the Company has the right to extend the Exercise Period so that it runs until a date that falls after the last day of the original Exercise Period. 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 Fingerprint Share during the first ten trading days that directly follows the General Meeting (the “**Exercise Price**”). The exercise of the Performance Options may be made by using so called net strike.

Customary recalculation of the number of Performance Shares allotted per Savings Share, the Exercise Price as well as of the number of Fingerprint Shares that each Performance Option corresponds to may occur if the share capital or the number of shares in the Company changes due to bonus issue, split or reverse split, redemption of shares, certain new issues and other similar corporate events. Participants in LTIP 2023 will not be compensated for ordinary dividends paid in respect of the Fingerprint Shares.

A.3 Participation in LTIP 2023

LTIP 2023 is directed towards not more than 50 executive managers, other managers and key employees, divided into four categories of participants:

¹ Adjusted EBITDA shall correspond to EBITDA excluding various one-time, irregular, and non-recurring items, such as non-operating income (e.g. professional fees), unrealized gains or losses, non-cash expenses, one-time gains or losses, litigation expenses, goodwill impairments, asset write-downs, share-based incentive programs and one-time restructuring costs (e.g. termination costs on rent).

Category	Maximum number of Savings Shares per person	Maximum number of Performance Shares per Savings share	Maximum number of Performance Shares per person	Maximum number of Performance Options per Savings share	Maximum number of Performance Options per person
A) CEO, 1 person	225,000	7.5x	1,687,500	7.5x	1,687,500
B) Other executive managers, maximum 6 persons	100,000 ¹	7.5x	750,000	7.5x	750,000
C) Other key contributors, maximum 43 persons	N/A ²	N/A ²	500,000 ³	N/A ⁴	N/A ⁴

¹ Refers to the maximum number of Savings Shares that a participant in the category is entitled to participate with. The number of Saving Shares that each participant in the category is entitled to participate with is determined individually based on competence and area of responsibility, which is why some participants in the category will not be entitled to participate with the stated maximum number of Saving Shares per person. The maximum aggregate number of Performance Shares and Performance Options allotted to all participants in the category may not exceed 3,037,500 Performance Shares and 3,037,500 Performance Options.

² Participants in category C) are not required to make an investment in Savings Shares in order to receive allotment of Performance Shares.

³ Refers to the maximum number of Performance Shares that a participant in the category is entitled to receive. The number of Performance Shares that each participant in the category is entitled to receive is determined individually based on competence and area of responsibility, which is why some participants in the category will not be entitled to receive the stated maximum number of Performance Shares per person. The maximum aggregate number of Performance Shares allotted to all participants in the category may not exceed 4,025,000 Performance Shares.

⁴ Participants in category C) are not entitled to receive allotment of Performance Options.

Any resolution on participation or implementation of LTIP 2023 shall be conditional on that it, in the Board of Directors' judgement, can be offered with reasonable administrative costs and financial effects.

To be eligible to participate in LTIP 2023, executive managers (i.e. categories A) and B) above) must hold or acquire Savings Shares, and allotment to these participants is limited to 7.5 Performance Shares and 7.5 Performance Options per Savings Shares held or acquired per participant, however, not exceeding the number of Savings Shares that the participant can tie up within the scope of LTIP 2023 according to the above. Savings Shares can be newly acquired Fingerprint Shares, Fingerprint Shares already held by the participant at the time of the launch of LTIP 2023, or a combination thereof. There is no investment requirement for other key contributors (i.e. category C) above).

A.4 Allotment of 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 this date is referred to as the **"Vesting Period"**.

The Board of Directors shall be authorised to waive and alter these conditions according to circumstances deemed reasonable and in accordance with customary provisions on so-called “good leavers” and “bad leavers”.

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.

If the participant and/or the Company is prevented from carrying out the allotment of Performance Shares and Performance Options due to, for example, inside information, the participant and/or the Company has the right to extend the period for allotment so that it runs until a date when such obstacle has ceased, and allotment can take place.

In order for the participant to be entitled to receive allotment of Performance Shares and Performance Options, it is assumed that the participant remains an employee of Fingerprint during the full Vesting Period up until allotment, that the Adjusted EBITDA performance requirement is fulfilled and, provided that the participant is an executive manager, that the participant has kept all its Savings Shares for the full duration of the Vesting Period.

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 Fingerprint Shares (in the form of Performance Shares or Performance Options which entitle to Fingerprint Shares). An executive manager (i.e. a participant in categories A) and B) in the table in Section A.3 above) can receive allotment of a maximum of 7.5 Performance Shares per Savings Share and 7.5 Performance Options per Savings Share, however, not exceeding the number of Savings Shares that the participant can tie up within the scope of LTIP 2023 according to the aforementioned table. Other key contributors (i.e. category C) in the table in Section A.3 above) can receive allotment of a maximum of 500,000 Performance Shares per person.

The number of Performance Shares and Performance Options that can be allotted is linked to the fulfilment of the performance criterium regarding accumulated Adjusted EBITDA in absolute numbers during a three-year period of the financial years 2023-2025 (“**Performance Period**”). No allotment of Performance Shares or Performance Options shall take place unless the Company’s accumulated Adjusted EBITDA during the Performance Period exceeds a minimum level of SEK 160 million. Full allotment of Performance Shares and Performance Options shall take place if the Company’s accumulated Adjusted EBITDA during the Performance Period amounts to or exceeds a maximum level of SEK 229 million. The number of Performance Shares and Performance Options that can be allotted increases linearly between the minimum level and the maximum level of the performance requirement.

A.5 Limitation of allotment etc.

Before allotment of Performance Shares and Performance Options, the Board of Directors shall assess whether the allotment is reasonable in relation to the Company’s financial results, position and development, as well as other factors. If significant changes take place within the Company, or on the market, which, by the assessment of the Board of Directors, would mean that the terms for allotment/transfer of Performance Shares and Performance Options according to LTIP 2023 is no longer reasonable, the Board of Directors shall have the right to amend LTIP 2023, including, among others, the right to reduce the number of allotted/transferred Performance Shares and Performance Options, or not to allot/transfer any Performance Shares or Performance Options at all.

A.6 Implementation and administration etc.

The Board of Directors shall, in accordance with the resolutions by the General Meeting set forth herein, be responsible for the detailed design and implementation of LTIP 2023. The Board of Directors may also decide on the implementation of an alternative cash-based incentive for participants in countries where the acquisition of Savings Shares or allotment of Performance Shares and/or Performance Options is not possible, as well as if otherwise considered appropriate. Such alternative incentive shall to the extent practically possible be designed to correspond to the terms of LTIP 2023. The intention is that the Board of Directors shall launch LTIP 2023 as soon as practicable after the General Meeting.

A.7 Hedging measures

In the event that the necessary majority is not obtained for the resolution on hedging measures according to item B below, the Board of Directors may ensure that the Company instead hedges itself against the financial exposure that LTIP 2023 is expected to entail by entering into a share swap agreement with a third party, whereby the third party in its own name shall acquire and transfer shares in the Company to the participants in LTIP 2023. The relevant number of Fingerprint Shares shall correspond to the number of shares proposed to be issued and repurchased under item B below.

The Board of Directors considers the class C share issue settlement method to be the preferred alternative since the costs for an equity swap arrangement are significantly higher than the costs for issuing and transferring shares.

B. HEDGE FOR LTIP 2023 IN THE FORM OF NEWLY ISSUED CLASS C SHARES ETC.

B.1 Introduction

The Board of Directors proposes that the implementation of LTIP 2023 shall be made in a cost-effective and flexible manner, and that the undertakings of the Company for delivery of Performance Shares as well as Fingerprint Shares at exercise of the Performance Options 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. These shares can be repurchased and converted into Fingerprint Shares and transferred in accordance with the following.

In order to enable the hedging measures described above, the Board of Directors proposes that the General Meeting resolves in accordance with what is mentioned below in this item B, which resolutions shall be resolved upon as one resolution.

B.2 Amendment of the Articles of Association

The Board of Directors proposes that the General Meeting, in order to enable the issuance of convertible and redeemable class C shares, resolves to amend sections § 5 and § 6 of the Company's Articles of Association in accordance with the below wording (new wordings highlighted). Please note that only amended paragraphs under the relevant sections are included below. For the complete proposal on new Articles of Association, please refer to [Appendix A](#).

Current wording

§ 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 45,000,000 and Class B shares in a maximum number of 555,000,000.

[...]

Proposed wording

The Company's shares may be issued in three classes, designated Class A carrying ten (10) votes per share, Class B carrying one (1) vote per share and Class C carrying one (1) vote per share. Class A shares may be issued in a maximum number of 45,000,000, Class B shares in a maximum number of 555,000,000 and Class C shares may be issued up to an amount corresponding to the full share capital.

[...]

Class C shares do not entitle to dividends. Upon the company's liquidation, Class C shares carry an equal right to the company's assets as ordinary shares, however not to an amount exceeding up to the quota value of the share.

The Board of Directors may resolve on reduction of the share capital by redemption of all outstanding Class C shares. In case of a resolution on redemption, holders of Class C shares shall be obliged to redeem all Class C shares against a redemption amount corresponding to the share's quota value. Payment of the redemption amount shall be made as soon as possible.

Class C shares held by the Company may, upon request by the Board of Directors, be reclassified into Class B shares. Immediately thereafter, the Board of Directors shall report the reclassification to the Swedish Companies Registration Office (Sw. *Bolagsverket*) for registration. The reclassification is effected when it has been registered in the Swedish Register of Companies and the reclassification been noted in the Swedish Central Securities Depository Register.

§ 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

If the Company decides to issue new Class A, Class B and Class C shares through a cash issue or an offset issue, holders of Class A, Class B and Class C shares have pre-emption rights to subscribe for new

in relation to the number of shares already held (primary pre-emption right).

[...]

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.

[...]

shares of the same class in relation to the number of shares already held (primary pre-emption right).

[...]

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

[...]

B.3 Authorization for the Board of Directors to resolve on a directed issue of class C shares

The Board of Directors shall be authorized to resolve on a directed issue of Class C Shares on the following terms and conditions:

- (a) The maximum number of class C shares to be issued is 13,475,000.
- (b) With derogation from the shareholders' preferential rights, the new class C Shares may only be subscribed for by a pre-consulted external party.
- (c) The amount to be paid for each new class C share (the subscription price) shall correspond to the share's quota value at the time of subscription.
- (d) The authorization may be exercised on one or several occasions until the Annual General Meeting 2023.
- (e) The purpose of the authorization is to hedge the undertakings of the Company according to LTIP 2023.

B.4 Authorization for the Board of Directors to repurchase class C shares

The Board of Directors shall be authorized to repurchase class C shares on the following terms and conditions:

- (a) Repurchase can only take place by way of an acquisition offer directed to all holders of class C shares in the Company.
- (b) The maximum number of class C shares to be repurchased shall amount to 13,475,000.
- (c) Repurchase shall be made at a cash price per share of minimum 100 and maximum 110 per cent of the quota value applicable to the repurchased class C shares at the time of repurchase.
- (d) The Board of Directors shall have the right to resolve on other terms and conditions for the repurchase.
- (e) Repurchase may also be made of a so-called interim shares regarding such class C shares, by Euroclear Sweden AB designated as a Paid Subscribed Share (Sw. *Betald Tecknad Aktie, BTA*).

- (f) The authorization may be exercised on one or several occasions until the Annual General Meeting 2023.
- (g) The purpose of the authorization is to hedge the undertakings of the Company according to LTIP 2023.

B.5 Resolution on transfer of own Fingerprint Shares to participants in LTIP 2023

The Board of Directors proposes that transfer of own Fingerprint Shares within the framework of LTIP 2023 takes place on the following terms and conditions:

- (a) A maximum number of 13,475,000 Fingerprint Shares may – with derogation from the shareholders' preferential rights – be transferred to participants in LTIP 2023, of which a maximum of 8,750,000 Fingerprint Shares, corresponding to the Performance Shares, may be transferred free of charge and a maximum of 4,725,000 Fingerprint Shares may be transferred to participants at exercise of the Performance Options at the pre-determined Exercise Price, however, taking into account the net strike so that the number of shares are reduced to the number corresponding to the gain inherent in the Performance Options, which shall result in a corresponding net outcome for participants.
- (b) The terms for these transfers, the number of shares in each transaction and the timing for the transactions shall be as stipulated in the terms and conditions of LTIP 2023.
- (c) Customary recalculation of the number of Performance Shares allotted per Savings Share, the Exercise Price as well as of the number of Fingerprint Shares that each Performance Option corresponds to may occur if the share capital or the number of shares in the Company changes through e.g. a bonus issue, split or reverse split, redemption of shares, certain new issues and other similar corporate events.

B.6 Authorization for the Board of Directors to transfer own Fingerprint Shares to cover costs for LTIP 2023

The Board of Directors proposes that the General Meeting resolves to authorize the Board of Directors to resolve on the transfer of own Fingerprint Shares on the following terms and conditions:

- (a) Transfer of Fingerprint Shares may be made over Nasdaq Stockholm (the exchange) at a price per Fingerprint Share that is within the price range registered at any given time.
- (b) Transfers may be undertaken of up to all Fingerprint Shares held by the Company at the time of the Board of Directors' resolution.
- (c) The authorization may be used on one or several occasions up until the next Annual General Meeting.
- (d) Transfers may only be made in order to hedge the cash-flow related to the Company's payments of social security contributions in relation to LTIP 2023.

The Board of Directors intends that this authorization will be proposed to be repeated as a new annual decision by each Annual General Meeting during the term of LTIP 2023.

B.7 Reasons for the deviation from the shareholders' preferential rights etc.

The reason for deviation from the shareholders' preferential rights is to implement the proposed LTIP 2023 as set out herein. In order to minimize costs for LTIP 2023, the subscription price shall equal the class C share's quota value.

As the Board of Directors considers that the most cost-effective method of transferring Fingerprint Shares under LTIP 2023 is to transfer Fingerprint Shares owned by the Company, the Board of Directors proposes that the transfer is hedged in this way in accordance with this item B. Should the necessary majority not be obtained for the proposal in this item B, the Company may enter into a share swap agreement in accordance with item A.7 above.

C. OTHER MATTERS IN RELATION TO LTIP 2023

C.1 Majority requirements etc.

A valid resolution under item A above requires a majority of more than half of the votes cast at the General Meeting.

A valid resolution under item B above 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.

C.2 Estimated costs, expenses and financial effects of the LTIP 2023

The costs for the LTIP 2023, which are charged in the profit and loss account, are calculated according to the accounting standard IFRS 2 and distributed over the Vesting Period. The calculations below have been made based on the quoted closing price of the Fingerprint Share as of 23 January 2023, i.e. SEK 3.342 per share, and the following assumptions: (i) an estimated annual turnover of personnel of 10 per cent, (ii) the fulfilment of the performance condition of 50 per cent, and (iii) a total maximum of 8,750,000 Performance Shares and 4,725,000 Performance Options eligible for allotment, and (iv) the program comprising a maximum of 50 participants and that each participant (as applicable) makes a maximum investment.

In aggregate, the costs for the LTIP 2023 according to IFRS 2 are estimated to approximately SEK 11.4 million excluding social security costs (SEK 22.7 million if the fulfilment of the performance condition is 100 per cent). The costs for social security charges are calculated to approximately SEK 8.0 million, based on the above assumptions, and also assuming an annual share price increase of 20 per cent during the LTIP 2023 and an average social security tax rate of 20 per cent (SEK 13.2 million if the fulfilment of the performance condition is 100 per cent and assuming an annual share price increase of 40 per cent).

The expected annual costs of SEK 5.6 million, including social security charges, correspond to approximately 1.9 per cent of Fingerprint's total employee costs (rolling 12 months for the period between October 2021 and September 2022) (3.9 per cent if the fulfilment of the performance condition is 100 per cent and assuming an annual share price increase of 40 per cent).

If the resolutions under item B above are passed, 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).

Should the majority requirement for item B above not be reached, the Company may instead hedge itself by entering into a share swap agreement with a third party, which will not give rise to any increases in the number of shares in the Company, and accordingly, no dilutive effect for existing shareholders will occur.

C.3 The Board of Directors' explanatory statement

The Board of Directors want to implement a long-term incentive program for the Executive management team and other key personnel in order to encourage a personal long-term ownership in the Company and to increase and strengthen the potential for recruiting, retaining and motivating such individuals. The Board of Directors believes that the implementation of LTIP 2023 will benefit the Company and its shareholders by providing a competitive and motivation-improving incentive for executive managers, other managers and key employees within the Company.

LTIP 2023 has been designed to reward the participants for increased shareholder value by allotting Fingerprint Shares and call options based on the fulfilment of a result-based condition. In the case of executive managers, allotment shall also require a private investment by each respective participant through the acquisition or holding of Savings Shares. By linking the employees' remuneration to an improvement in Fingerprint's results and value, the long-term value growth of Fingerprint is rewarded. Against this background, the Board of Directors considers that the implementation of LTIP 2023 will have a positive effect on the Company's continued development outweighing the costs attributable to the program and will thus be beneficial to the shareholders and the Company.

C.4 Preparation of the item

The basis for LTIP 2023 has been prepared by the Board of Directors of the Company. The work has been supported by external advisors and has been made in consultation with shareholders. The Board of Directors has thereafter decided to present this proposal for the General Meeting. Except for the staff that have prepared the matter upon instruction from the Board of Directors, no employee that may be a participant of the program has participated in the preparations of the program's terms.

C.5 Other share-related incentive programs

The Company has no outstanding incentive programs at present. However, there is a shareholder proposal for similar incentive program for the Board of Directors under item 8 of the agenda for the General Meeting.

C.6 Adjustment authorisation

The Board of Directors, or a person appointed by the Board of Directors, shall be authorized to make minor adjustments to the above resolutions that may be necessary in connection with the registration with the Swedish Companies Registration Office and Euroclear Sweden AB, respectively.