

20  
ANNUAL REPORT  
22



FINGERPRINTS



YOU ARE THE KEY TO EVERYTHING

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# FINGERPRINTS ANNUAL REPORT 2022

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# THIS IS FINGERPRINT CARDS

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

Fingerprint Cards AB, or Fingerprints, is the leading global biometrics company with Swedish roots. Our solutions are integrated into over a billion devices and applications and are used billions of times every day. We deliver secure and convenient identification and authentication and create value by facilitating the everyday lives of our global user base.

Fingerprints develops biometric systems comprising sensors, microcontroller units (MCUs), algorithms, software and packaging technologies. The company's success is built on product development with leading-edge

specialist competence that spawns world-leading products in terms of security, user-friendliness and performance.

Manufacturers of smartphones are Fingerprints' largest customer segment. 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. The headquarters is located in Sweden, but the company also has offices in China, Denmark, France, India, Japan, Singapore, South Korea, Switzerland, Taiwan and the United States.

## FIVE-YEAR SUMMARY

SEK M	2022	2021	2020	2019	2018
Revenues <sup>1</sup>	861.8	1,355.8	1,255.7	1,458.6	1,535.1
Gross profit	166.4 <sup>1</sup>	396.9	275.2	331.1	2.4
Gross margin, %	19.3	29.3	21.9	23	0
Operating result	-631.0 <sup>2</sup>	-7.6	-365.8	-14.4	-771.6
Operating margin, %	-73.2	-0.6	-29.1	-1	-50
EBITDA	-116.0	85.6	59.4	128.7	-505.2
Result before tax	-652.2	-1.0	-381.2	-17.4	-796.7
Net result for the year	-586.0	0.1	-340.8	-13.6	-630.7
Earnings per share, SEK	-1.92	0.00	-1.10	-0.04	-2.01
Equity/assets ratio, %	59.9	57	75	80	77
Number of co-workers	239	310	276	261	263

<sup>1</sup>) Includes inventory write-down of SEK 15.9 M

<sup>2</sup>) Includes write-down of capitalized R&D projects of SEK 116 M and a write-down of goodwill of SEK 317 M

# 2022

IN SUMMARY

## DIVERSIFICATION

While a decrease in demand for smartphones in China negatively impacted Fingerprints, sales were expanded into new areas, such as PC, Payment & Access



## BIOMETRIC CARDS

Infineon and Fingerprints signed a joint development and commercialization agreement pertaining to a plug-and-play solution for biometric payment cards: SECORA™ Pay Bio



## BIOMETRICS ARE GROWING IN PCS

The first PC with Fingerprints' biometric Match-on-Chip solution was launched, and Fingerprints becomes an end-to-end supplier of biometric systems through its development of MCUs



## UNDER-DISPLAY

Fingerprints received its first design win and volume purchase order for the company's optical under-display fingerprint recognition solution, FPC1632.



19%

GROSS MARGIN (29%)

SEK 862 M

REVENUE (SEK 1,356 M)

SEK -334 M

CASH FLOW (SEK 24 M)

SEK -116 M

EBITDA (SEK 86 M)

# FINGERPRINTS AS AN INVESTMENT

Fingerprints occupies a leading market position in an expanding global industry.

## 01

### Biometrics is an expanding global industry

Biometric solutions represent an industry of the future, which is being driven by an ever greater need for secure and user-friendly authentication, not least as increasing numbers of devices are being connected to the Internet. Biometrics have had a major impact on the mobile phone industry and this application area is expected to continue to be a growing market.

At the same time, biometric solutions are increasingly being embraced in other industries. In the short term, the PC and Access segments account for the vast majority of this growth. In the longer term, biometric payment cards are expected to develop into the next global mass market for biometrics. The automotive industry, where biometrics can help to deliver personalized features that improve security and convenience, also holds considerable potential.

[> Read more on pages 8-10](#)

## 02

### Fingerprints occupies a leading market position

Fingerprints was one of the pioneers when biometrics achieved its global breakthrough in mobile telephony. We are currently a market leader in capacitive sensors and supply them to nine of the world's ten largest smartphone manufacturers. At the same time, we expanded the Mobile product portfolio to under-display sensors during 2022, entailing a considerable increase in our addressable market.

Fingerprints is also very well positioned to capture a significant share of new, emerging global markets for biometric solutions. The prioritized areas are **Payments**, **PC** and **Access** (lock and access control systems). At the end of 2022, Fingerprints' technology had been used in ten commercial launches and 24 market trials of biometric payment cards throughout the world.

[> Read more on pages 11-12 and 14-24](#)

## 03

### Strong innovation capability

Continuous product development is crucial for maintaining and strengthening competitiveness in an industry that is characterized by rapid technological progress. Fingerprints is renowned for being an innovative, high-tech and entrepreneurial company that provides solutions with a very high level of security. The company's innovativeness is strong, with access to specialist expertise in biometrics, electronics, materials technology, coding and production technology.

Fingerprints always endeavors to have a balanced and fast growing patent portfolio extending from algorithms, through biometric image processing to sensors and hardware packaging technology. In 2022, development commenced of a microcontroller unit (MCU), primarily designed for the PC segment, which strengthens the company's customer offering and enables Fingerprints to offer a complete biometric system consisting of a fingerprint sensor and an MCU.

[> Read more on pages 13 and 14-24](#)

## 04

### Capital-light, cost-effective and cash-generative business model

Flexibility, short decision-making routes and proximity to customers are essential in managing intense competitive pressure and rapidly changing market conditions. Since its inception, Fingerprints has supplied more than one and a half billion sensors and, for many years, it has been building an efficient and reliable global supply chain. Fingerprints does not have any proprietary production capacity. Instead, hardware production is conducted using a network of external suppliers.

Optimizing working capital through efficient management of inventories and accounts receivable is an important focus area for Fingerprints, with the aim of freeing up capital for financing growth-generating investments.

[> Read more on pages 55-61](#)

## MESSAGE FROM THE CEO

# A YEAR OF ADAPTATION AND PRODUCT DEVELOPMENT

During a challenging year, Fingerprints continued to strengthen its position for the future through the development of innovative products in all of its focus areas.

## SHARP DECLINE IN DEMAND FOR SMARTPHONES CHARACTERIZED THE YEAR

China's so-called "zero-COVID" policy was in effect in the country for most of 2022 and meant, for example, that mobile phone deliveries in the Chinese market fell by more than 20 percent compared with 2021. Since Fingerprints has most of its sales in China, this sharp drop in demand was the single largest factor affecting our performance during the year. Mobile phone manufacturers and their subcontractors had planned for significantly higher sales volumes in 2022 and had also, due to the earlier global component shortage, built up large stocks to secure their delivery capacity. During the year, they therefore focused on reducing their surplus inventory of components and assembled phones, which led to a 36-percent decrease in Fingerprints' sales.

The supply chain in the mobile industry is complex, with multiple stages and long lead times. Sensor suppliers such as Fingerprints are located way back in this chain, which meant that we were not able to start reducing our own inventory until the end of the year. Fingerprints' competitors are in a similar situation with excessively high inventory levels, which has led to increased downward pressure on prices. We expect that this situation will continue to negatively impact Fingerprints' sales and margins, at least during the first half of 2023. We are

continuing to implement cost-saving measures on an ongoing basis in order to streamline our operations and to ensure that we return to profitability. At the end of the year, Fingerprints conducted a set-off issue and a rights issue, which contributed SEK 341 M to the company after transaction expenses. This boosts our equity/assets ratio and our liquidity, and allows us to continue financing customer projects and several key product development initiatives.

## ENTRY INTO UNDER-DISPLAY SEGMENT EXPANDS OUR ADDRESSABLE MARKET

The "zero-COVID" restrictions in China have now been lifted, which has resulted in a clear increase in consumption in the country. We expect a recovery – albeit not fully initially – to the historical demand for mobile phones. During the year, we continued to pursue a number of important development projects to strengthen our market position. Within Mobile, this resulted in our entering into a completely new market segment at the end of the year: under-display sensors for smartphones. On December 30, 2022, we announced that we had received the first volume purchase order for FPC1632, our optical under-display sensor solution. This means that Fingerprints is beginning to generate revenues in an entirely new product area, thereby opening attractive



growth opportunities. Fingerprints has long been a well-established world leader in capacitive sensors, and we can now offer our customers a comprehensive product range of fingerprint sensors. Capacitive sensors currently account for approximately two-thirds of the volume in the market for fingerprint sensors in smartphones, while under-display sensors account for about one-third. In terms of value, these two markets are more comparable in size since the average selling price (ASP) for under-display sensors is higher. Fingerprints' entry into the under-display segment thus entails a significant expansion of our addressable market.

In parallel with this, we are also continuing to strengthen our competitiveness in the market for capacitive sensors by steadily refining our product portfolio. During the year, our third-generation slim, side-mounted capacitive touch sensor, the FPC1553, was integrated into the first mobile phone models. FPC1553 builds further upon our highly successful FPC1542 and FPC1552 sensors, which set a new highest standard in the market for side-mounted sensors. 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. To date, our capacitive sensors have been integrated into almost 700 smartphone models and, in 2022, we passed the milestone of 1.5 billion delivered sensors since 2014.

### PROPRIETARY MCU STRENGTHENS OUR POSITION

PC has rapidly emerged as an important new product area for Fingerprints. We already dominate the market for fingerprint sensors in Chromebooks, while four of the

world's six largest Windows PC manufacturers integrate our technology into their products. In early 2022, our biometric Match-on-Chip solution was added to Microsoft's approved vendor list (AVL) for Windows Hello Enhanced Sign-in Security. This means that we can address the entire PC market: both enterprise computers and PCs for private use. Match-on-Chip solutions for enterprise computers have a higher ASP than Match-on-Host solutions for the consumer market and currently account for about half of our addressable market in the PC segment. We are continuing to refine our Match-on-Chip solution and, in 2022, launched a project to develop our own microcontroller unit (MCU). This will make it possible for us to offer our PC customers a complete biometric system consisting of a fingerprint sensor and an MCU. This project is supported by Fingerprints' largest PC customers, since we will be able to deliver better overall system performance while optimizing costs and strengthening our control of the supply chain. Our assessment is that the Match-on-Chip segment will expand because of new requirements from Microsoft, expected to come into force during 2023 and entailing that Match-on-Chip will become a prerequisite for suppliers of biometric solutions for Windows Hello Enhanced Sign-in Security.

There are also interesting applications for our MCU development project outside the PC industry. This applies particularly to the Access/IoT area, a fragmented but growing market that includes such products as access cards, cars, remote and gaming console controls, smart household appliances and authentication keys. Fingerprints is also the market leader in this segment, and we are continuing to grow our customer base globally

in order to defend our position when the market expands. Smart door locks currently account for the largest part of the Access/IoT market and, in early March 2023, we were able to announce that Xiaomi Mi Smart Door Lock M20, the latest product in Xiaomi's range of smart door locks, integrates a biometric solution from Fingerprints: the FPC1523 fingerprint sensor combined with a complete biometric software stack, developed by Fingerprints, running on a third-party MCU. This bundle will enable our customers to smoothly and painlessly integrate biometrics into their products, and our inhouse-developed MCU will make it possible for us to additionally optimize the performance and cost structure.

### IMPORTANT PARTNERSHIPS IN PAYMENT

In late 2022, two additional commercial launches of biometric payment cards were announced, which means that Fingerprints' technology is thus far being used in ten commercial launches in different parts of the world. The Payment area represents a very large potential market and is an important area of long-term growth for Fingerprints. As early as at the start of the year, our latest generation T-Shape sensor module fulfilled Mastercard's updated security requirements for fingerprint sensors, and we are continuing to drive development forward by scaling up the business, in collaboration with several of the world's leading payment card players. This is exemplified by our development and commercialization agreement with Infineon, which we signed in November 2022. The purpose of this cooperation is to launch a plug-and-play solution for biometric payment cards, SECORA™ Pay Bio, which will make the production of biometric cards as

simple and easy as producing a standard payment card. By combining and integrating Fingerprints' FPC1323 sensor and Infineon's SLC39B Secure Element into one system package, we will be able to offer leading biometric performance executed in a single chip. This will simplify the manufacturing process for biometric cards considerably, a crucial condition for facilitating launches on a truly large scale.

2022 was a challenging year, but we continued to strengthen our position in the growing biometrics market by pursuing the development of innovative products in all of our focus areas. Our revenue streams continue to diversify to new application areas outside of capacitive fingerprint sensors for mobile phones. These areas include optical under-display sensors for smartphones as well as the product groups PC, Payment and Access. We see continued growth and estimate that these areas will account for 45 percent of Fingerprints' revenue by the end of 2023, up from just over 30 percent at the end of 2022.

I would like to thank all employees for your commitment and hard work during the year in order to ensure that Fingerprints will continue to spearhead development in our selected segments.

### Ted Hansson

Acting President and CEO

## MARKET AND GLOBAL TRENDS

# MARKET OVERVIEW

Reduced global shipments of smartphones impacted demand for biometric solutions in Mobile. At the same time, biometrics are increasingly being adopted in new areas.

**MARKET FOR CAPACITIVE FINGERPRINT SENSORS AND UNDER-DISPLAY SENSORS FOR SMARTPHONES**

The sharp decline 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 in 2022. According to the China Academy of Information and Communications Technology (CAICT), deliveries of mobile phones in China fell by a full 23 percent in 2022 compared with 2021. Deliveries also declined on a global level.

The drop in demand among consumers gradually spread over the course of the year along the supply chain which, in the mobile industry, is relatively complex, with several stages and long lead times. Mobile phone producers (known as OEMs) had planned for significantly higher sales volumes in 2022, and focused in the second and third quarters of 2022 on reducing their surplus stocks of phones, at the same time as sharply reducing their purchases from module suppliers – the subcontractors that deliver modules for assembly into finished mobile phones. OEM stock levels did not start to normalize until the third quarter, which meant that the module suppliers and distributors that supply them with components were probably not able to start reducing their inventory until the third and fourth quarters. For Fingerprints, and other



Deliveries of mobile phones declined by 23 percent in the Chinese market in 2022.

suppliers of sensors to distributors and module suppliers, this meant that we were not able to start reducing inventories until the beginning of the fourth quarter.

While the demand situation in the mobile industry remains challenging in the short term, our assessment is that the impact of the lockdowns in China will be of a temporary nature. In December 2022, the “zero-COVID” restrictions that affected a large part of the population during the year started to be lifted. Although the situation remains uncertain, we expect a recovery – albeit not fully initially – to the historical demand for mobile phones.

Most of the smartphones sold today have some form of biometric sensor. The technology is used to unlock devices, make payments and gain access to applications.

Capacitive fingerprint sensors have long been a tried-and-tested technology in the mobile industry. The latest generation of ultrathin capacitive sensors designed for side mounting continues to grow its share of the market. Under-display sensors are an alternative to capacitive sensors for integrating fingerprint sensors into a smartphone’s display. Since their launch a few years ago, under-display sensors have expanded their share of the market and currently account for approximately one-third of the volume, while capacitive sensors account for about two-thirds. However, since the average selling price (ASP) for under-display sensors is higher, these two markets are more comparable in size from a value perspective.

Fingerprints’ assessment is that the market for capacitive fingerprint sensors and under-display sensors for smartphones will grow from the current level and that the addressable market in 2025 will comprise approximately 1,082 million devices.

**USE OF BIOMETRICS CONTINUES TO INCREASE IN NEW FIELDS**

Most smartphone users are already very accustomed to biometrics and use their fingerprint or facial recognition on a daily basis as the primary method of protecting their devices and applications against unauthorized access. In a number of different areas, smooth and secure authentication methods, which have long been used in mobile

phones, are being implemented at an increasing pace. Fingerprints sees continued growth for biometric solutions outside the mobile industry, particularly in the areas of PCs, payments and Access (physical and logical access control; for example, access cards and door locks).

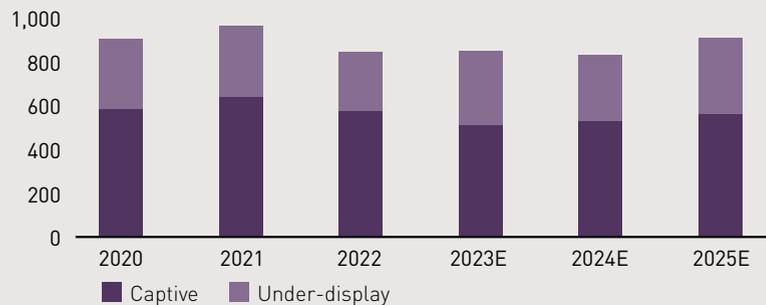
**MARKET FOR BIOMETRIC PC SOLUTIONS**

PCs equipped with fingerprint sensors accounted for approximately 80 million new devices globally in 2022. In the company’s assessment, the market will grow from the current level and the addressable market in 2025 will amount to approximately 111 million devices. In PCs intended for private use, biometric authentication often still occurs in the computer’s CPU, so-called Match on

**TOTAL ADDRESSABLE MARKET PER PRODUCT SEGMENT**

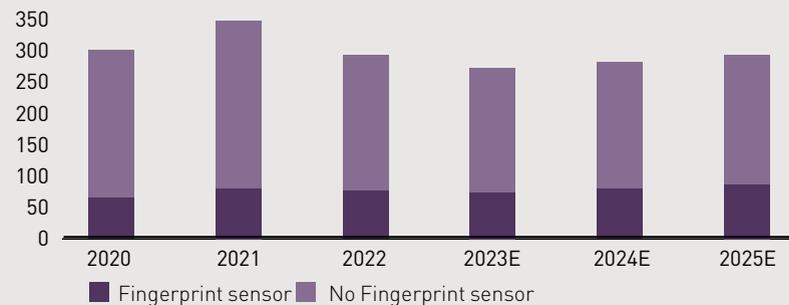
**MOBILE**

Million devices



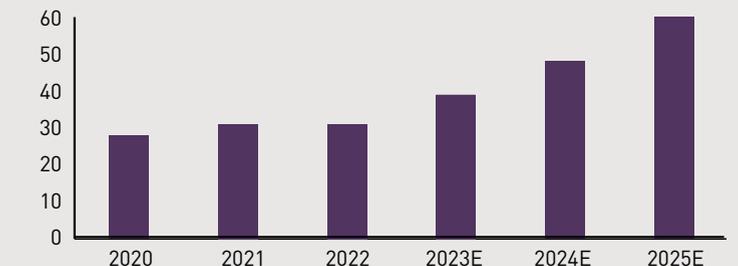
**PC**

Million devices



**ACCESS**

Million devices



Host. In enterprise 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. Match-on-Chip solutions have a higher ASP and currently account for about half of the addressable market in the PC segment. However, Fingerprints expects a sharp increase in the market share of Match on Chip due to new requirements from Microsoft, which are expected to become effective in 2023 and will mean that Match-on-Chip technology will be demanded to enable delivery of biometric solutions within the framework of Windows Hello Enhanced Sign-in Security.

#### **MARKET FOR BIOMETRIC SOLUTIONS FOR ACCESS**

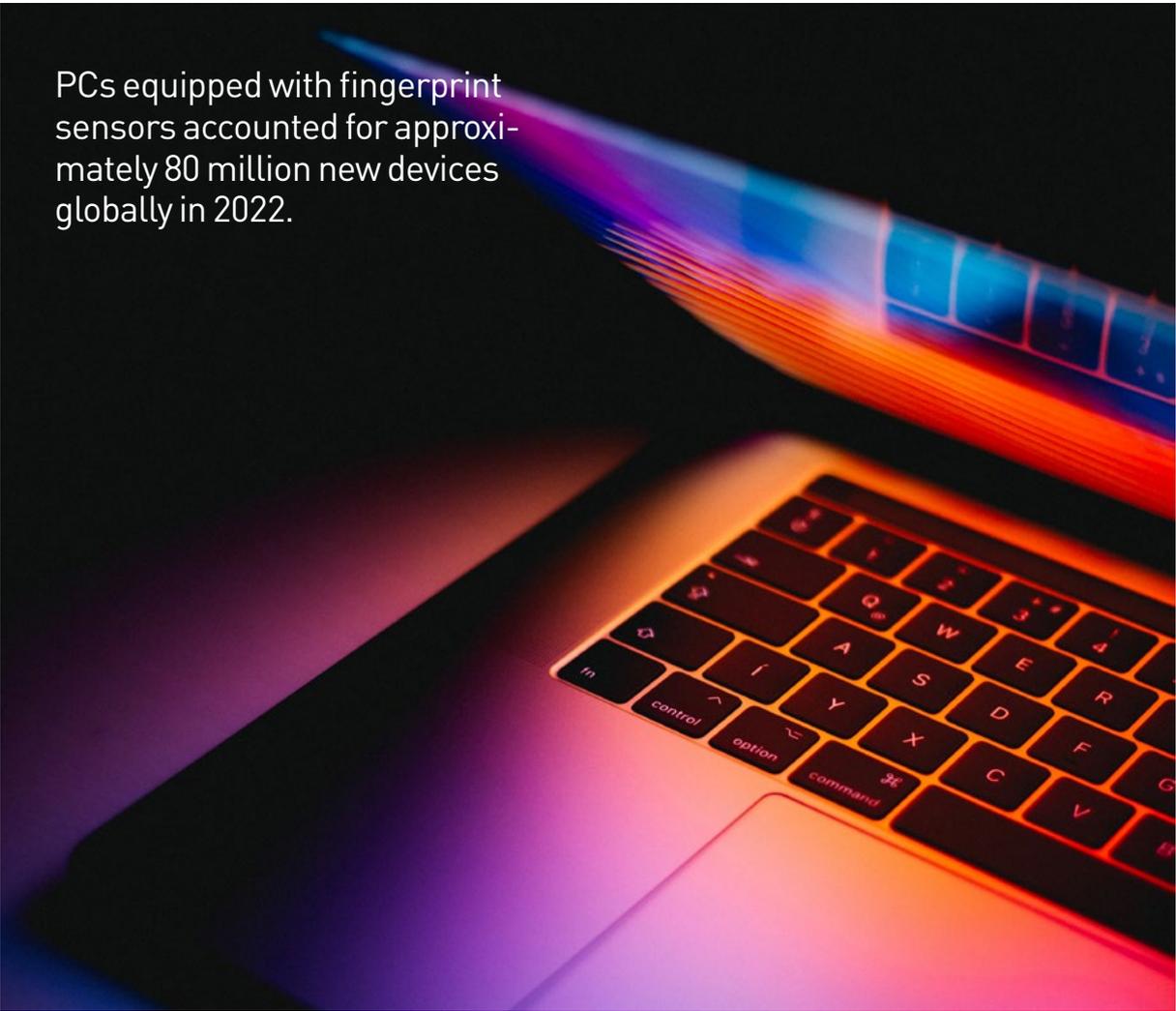
The global market for Biometric solutions in the Access area (biometric access control) is fragmented and includes such products as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys. It is estimated that approximately 36 million Access devices were equipped with fingerprint sensors in 2022. According to the company's assessment, the addressable market is expected to grow sharply from today's levels and comprise about 60 millions devices in 2025; see the diagram on the previous page.

#### **MARKET FOR BIOMETRIC SOLUTIONS FOR PAYMENT DEVICES**

Fingerprint sensors for payment devices (including payment and credit cards, wearables and USB devices) are still in their infancy, but Fingerprints expects the size of

the market to grow sharply in a few years' time. A number of commercial launches have occurred, most of them with Fingerprints' technology, including by two of Europe largest banks: BNP Paribas and Crédit Agricole.

Launches of biometric payment cards continued in 2022 and, at the end of the year, Fingerprints' technology had thus far been used in a total of ten commercial launches. The feedback from consumers who had used their biometric cards for a period is excellent. To further improve the customer experience, banks are now focusing on improving the initial registration process, so that customers will not need to visit a branch of a bank to register for the use of the card. Another factor that will probably hasten the growth of biometric cards is that card issuers are beginning to automatically upgrade to biometric cards. We can already see this in Morocco, where banks have started to automatically issue biometric cards to their premium customers, at no extra cost. Prior to that, customers had to actively request a biometric card. It is also interesting to note that certain banks are beginning to also offer biometric cards to charge-card customers, and thus not only to the premium segment.



PCs equipped with fingerprint sensors accounted for approximately 80 million new devices globally in 2022.

## STRATEGY

# CONTINUED INNOVATION AND DIVERSIFICATION

Fingerprints will create profitable growth by assuming a leading position in selected segments, and by being recognized as a supplier of solutions offering a very high level of security.

## STRATEGY

Fingerprints' strategy is based on defending and building on our strong position in the smartphone segment 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-leading position by continuing to drive innovation, broaden the supplier base and ensure a competitive cost structure.

In the **PC segment**, we shall gain a leading position by offering a comprehensive range of solutions and by continuing to raise the level of added value.

In **payments**, biometric smart cards are the application that Fingerprints believes has the greatest potential in the years ahead. Fingerprints has a very strong starting point from which to be able to secure undisputed global leadership in this area.

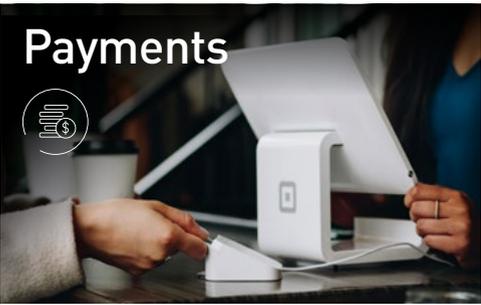
Biometrics are expanding in an array of other areas where secure and user-friendly authentication is critical. Outside of the mobile industry, PCs and payments, however, the biometrics market is fragmented and Fingerprints has chosen to prioritize **access control systems**, where the short-term potential is deemed to be greatest.

## VISION

A secure and seamless universe, where you are the key to everything

## MISSION

To provide secure and convenient identification and authentication with a human touch.

PRODUCT GROUPS	STRATEGIC PRIORITIES	PROGRESS IN 2022
 <p><b>Mobile</b></p>	<p><b>Defend and capitalize on Fingerprints' strong position</b></p> <ul style="list-style-type: none"> <li>• Increase our market share and improve our margins in capacitive fingerprint sensors by continuing to drive innovation, broaden the supplier base and ensure a competitive production cost.</li> <li>• Capture a significant share of the market for under-display sensors.</li> <li>• Further develop our iris recognition technology to offer a more secure and cost-effective alternative to advanced facial recognition.</li> </ul>	<ul style="list-style-type: none"> <li>• FPC1553, Fingerprints' latest ultrathin capacitive sensor intended for side mounting, has set a new highest standard in the market.</li> <li>• Fingerprints received its first volume purchase order for FPC1632, the company's optical under-display sensor. Entry into the under-display segment entails a significant expansion of the company's addressable market in Mobile.</li> </ul>
 <p><b>PC</b></p>	<p><b>Secure a leading position in this growing market</b></p> <ul style="list-style-type: none"> <li>• Continue to climb up the value chain by developing attractive end-to-end solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of the first PC to feature Fingerprints' biometric Match-on-Chip solution, which was added to Microsoft's approved vendor list (AVL) for Windows Hello Enhanced Sign-in Security in 2022.</li> <li>• In 2022, development commenced of a microcontroller unit (MCU), primarily designed for the PC segment, which strengthens the company's customer offering and enables Fingerprints to offer a complete biometric system consisting of a fingerprint sensor and an MCU.</li> <li>• Four of the world's six largest PC manufacturers have integrated Fingerprints' biometric solution into their products.</li> </ul>
 <p><b>Payments</b></p>	<p><b>Secure a position as leading supplier of biometric solutions</b></p> <ul style="list-style-type: none"> <li>• Collaborate with players throughout the smartcard ecosystem to promote the acceleration of this new global market for biometrics.</li> <li>• Secure an undisputed global leadership position within contactless biometric cards, the next mass market for biometrics.</li> </ul>	<ul style="list-style-type: none"> <li>• To date, Fingerprints' technology has been used in ten commercial launches of biometric payment cards.</li> <li>• Fingerprints and Infineon signed a development and commercialization agreement pertaining to a plug-and-play solution for biometric payment cards: SECORAT<sup>™</sup> Pay Bio.</li> <li>• In early 2022, Fingerprints' latest generation of T-Shape sensor modules (T2) was found to meet Mastercard's updated security requirements for fingerprint sensors.</li> <li>• At the beginning of 2022, STMicroelectronics received a CES 2022 Innovation Award for STPayBio, an advanced platform for biometric payment cards that was developed in collaboration with Fingerprint Cards and Linxens.</li> </ul>
 <p><b>Access</b></p>	<p><b>Grow in prioritized segments of a fragmented market</b></p> <ul style="list-style-type: none"> <li>• Maintain our leading position in selected areas of application.</li> <li>• Initial focus on biometric solutions for logical and physical access.</li> <li>• Capture a significant share of the market for iris recognition in Aadhaar devices in India.</li> </ul>	<ul style="list-style-type: none"> <li>• In late 2022, FPC1523 was launched – the latest sensor intended for applications in the Access area. It has a curved shape and is slightly smaller to facilitate integration with multiple devices.</li> <li>• Nuki, a leading European supplier of access solutions, launched Nuki Keypad 2.0 fitted with Fingerprints' FPC1025 sensor. The Nuki Keypad 2.0 opens a Nuku Smart Lock via a 6-digit entry code or – now as a new feature – using fingerprint recognition.</li> <li>• Valmido, a French startup offering a multi-app device to authenticate mobile and web services, launched its first biometric access card, ProFIDO Bio, using Fingerprints' technology.</li> <li>• Fingerprints and SmartDisplayer, a Taiwanese card manufacturer, launched a biometric FIDO2 card that integrates Fingerprints' FPC-1323 sensor and the FPC-BEP software platform.</li> </ul>

## PRODUCT DEVELOPMENT

# PRODUCT DEVELOPMENT ESSENTIAL

**DEVELOPMENT ACROSS FOUR DIMENSIONS**

Product development is essential for Fingerprints' operations and the results of the product development process will ultimately have a considerable impact on the company's performance. At the end of 2022, the research and development (R&D) organization accounted for just over 40 percent of the workforce.

Product development is based on several technologies for user-friendly solutions. These comprise both touch, which is based on touching a sensor, and touchless, whereby authentication occurs without requiring any touch by the user. Fingerprints' product development is integrated across four dimensions: algorithm development, software development, hardware development and packaging. Development is based on scanning and recognition of fingerprints, the iris and the face. The development of various solutions generally occurs in close cooperation with customers or partners.

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**ALGORITHMS**  
 reading the unique biometric pattern

Algorithms are the software that optimizes image quality and executes image processing; i.e. the information in the image of, for example, a fingerprint or an iris. Our in-house algorithm competence enables partnerships with customers, and thus addresses their requirements for biometric development.

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**SOFTWARE DEVELOPMENT**  
 For improved end-user experience

Software development focuses on Fingerprints' biometric systems solutions in smartphones or a biometric card, for example. In a mobile phone, the software handles the sensor's communication with the mobile platform for verification in a secure platform combined with user-friendly functionality. In a biometric payment card, we design our software solution to maximize transaction speed, user-friendliness and security.

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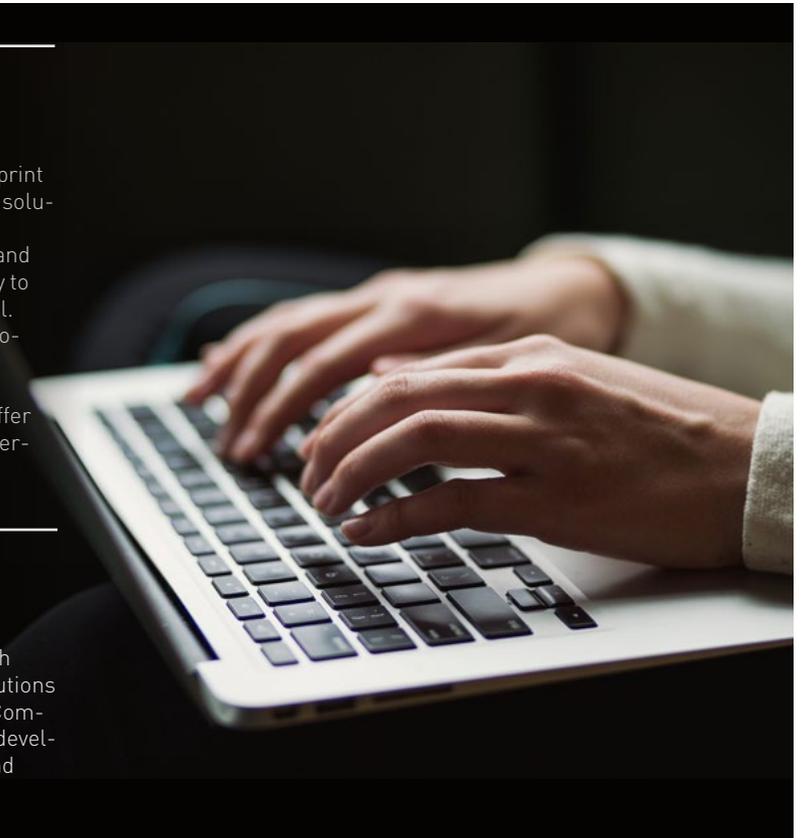
**HARDWARE DEVELOPMENT**  
 Fingerprint sensor functionality

Hardware development primarily involves fingerprint sensors and focuses on functionality and design solutions in the creation of the sensor. For capacitive fingerprint sensors, this translates to chip area and thickness, power consumption and the capability to detect images through different types of material. In 2022, development also commenced of a micro-controller unit (MCU), primarily designed for the PC segment, which strengthens the company's customer offering and enables Fingerprints to offer a complete biometric system consisting of a fingerprint sensor and an MCU.

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**PACKAGING**  
 The physical integration

Packaging focuses on integrating the sensor with other materials, as well as complete system solutions with processes for plug-and-play functionality. Complete system solutions of this type are primarily developed for applications outside the smartphone and payment segments.



# FOUR MAIN PRODUCT GROUPS

Fingerprints' security solutions make everyday life easier for users throughout the world by offering secure and convenient identification and authentication. This provides greater security while increasing user-friendliness.

## Fingerprints' four product groups in security solutions

### Mobile

Fingerprints is the market leader in capacitive fingerprint sensors for smartphones, a tried-and-tested technology in the mobile industry. Our strong position is based on renowned high product quality, security and biometric performance. In 2022, we also established a position in the market for under-display sensors. Entry into this segment entails a significant expansion of the company's addressable market in Mobile.

### Payments

In 2022, Fingerprints continued to strengthen its world-leading position in biometric payment cards, an emerging mass market for the company's solutions. To date, Fingerprints' technology has been used in ten commercial launches of biometric payment cards.

### PC

Over the last two years, PC has emerged as an important new product area for Fingerprints. Four of the world's six largest PC manufacturers are integrating our technology into their products. In 2022, development commenced of a microcontroller unit (MCU), which strengthens the company's customer offering in the area and makes it possible to offer PC manufacturers a complete biometric system consisting of a fingerprint sensor and an MCU.

### Access

Biometric solutions for the access area – biometric access control – is a fragmented but growing market that includes such products as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys. Fingerprints is also the market leader in this segment and aims to defend this position when the market expands.

# Mobile

Making smartphones smarter





Mobile

Fingerprints has long been the market leader in capacitive fingerprint sensors for smartphones, and also entered the market for optical under-display sensors in 2022.

Capacitive sensors are the predominant biometric modality in the mobile industry, largely because of their reliability, performance and cost efficiency. Capacitive sensors account for approximately two-thirds of the volume, while under-display sensors account for about one-third. The average selling price (ASP) for under-display is higher, so in terms of value these two markets are more comparable in size. Our entry into the under-display segment thus entails a significant expansion of our addressable market. Fingerprints' goal is to capture a considerable share of the under-display market while remaining a world leader in capacitive sensors.

The sharp decline in demand for smartphones in China in 2022, due to COVID-19-related restrictions in the country, continued to have a negative impact on Fingerprints' sales. We expect a recovery – albeit not fully initially – to the historical demand for mobile phones, at the same time as we foresee continued growth in application areas outside capacitive fingerprint sensors for mobile phones.

### INNOVATIVE SOLUTIONS

#### Capacitive fingerprint sensors

Fingerprints is a pioneer in capacitive fingerprint sensors, and was the first company in the world to integrate a touch fingerprint sensor into an Android phone in 2014. The market then expanded rapidly and Fingerprints

succeeded in building a dominant position. 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 a leading position with a market share of approximately one-third. This strong position is based on renowned high product quality, security and biometric performance.

In 2022, Fingerprints strengthened its leading position by continuing to introduce innovative new products to the market. We launched the FPC1553, the latest generation of ultrathin sensors, designed for side mounting. This builds further on our highly successful FPC1552 and FPC1542 sensors. 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. In September 2022, we were able to announce the launch of the first three mobile phones featuring the FPC1553 – Honor X40i, Moto g32 and Vivo Y77 – and since then a number of additional models have been launched in the market.

We will continue to focus on strengthening our leading position in capacitive sensors by ensuring that we have a comprehensive, competitive product portfolio for all relevant segments.



Capacitive sensors are the dominant biometric modality in Android smartphones

#### Under-Display

In 2022, Fingerprints established a position in the market for under-display sensors, an alternative to capacitive sensors that integrates fingerprint sensors into a smartphone's display. In June 2022, we announced that we had secured a design win for the FPC 1632, our optical under-display solution, from a leading Asian mobile-phone manufacturer. In December, we received the first volume order within the framework of this project. This marks Fingerprints' entry into an entirely new market segment, thereby opening attractive growth opportunities.

#### Touchless

Since Apple launched iPhone X featuring facial recognition in 2017, interest in touchless technologies has increased, even though fingerprint recognition still

## FPC1553

During the year, our third-generation slim, side-mounted capacitive touch sensor, the FPC1553, was integrated into the first mobile phone models. FPC1553 builds further upon our highly successful FPC1542 and FPC1552 sensors, which became a new highest standard in the market for side-mounted capacitive sensors.



## Mobile

dominates 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. Touchless 2.0 offers a more secure and more cost-effective alternative to advanced facial recognition, not only for smartphones but also for a range of applications in various industries.

### VALUE CHAIN

#### Semiconductor manufacturers

Fingerprints manufactures its hardware using external contractors. The company's largest procurement item in volume terms is our silicon chips, the core of the sensor, which are sourced from semiconductor manufacturers. Sensors are manufactured in the form of silicon wafers in standard formats. Continuing to broaden the supplier base, both in and outside of mainland China, is a key priority.

#### Distributors

Distributors are an established part of the electronics industry and the party that Fingerprints delivers its hardware to. Fingerprints' revenues arise when the products are delivered to the distributor.

#### Module houses

The manufacturing of smartphones is conducted through the assembly of modules sourced from a range of sub-contractors. In the mobile industry, they are largely produced by module houses, with each OEM having selected module provision partners. Module houses account for

the assembly and packaging of various components into modules that are ready for assembly in a smartphone.

Fingerprints has established close collaborations with a number of module houses, which can be viewed as both partners and customers, because they set standards, while also serving as collaborative partners in Fingerprints' product customization process.

### OEM

Smartphone manufacturers (OEMs and ODMs, the latter: original design manufacturers, who manufacture products sold under other parties' brands) make decisions on, and specify constituent components in, their technical specifications. For selected providers, these decisions mean a design win. Customization of hardware and software then commences, and a large batch of sensors is then shipped for production and functional testing. Assuming these tests are successful, mass production commences.

Smartphone producers maintain a high tempo in the development and launch of new models. The commercial lifespan of a smartphone model is some 12-18 months, with the main volumes shipped in the first 12 months.

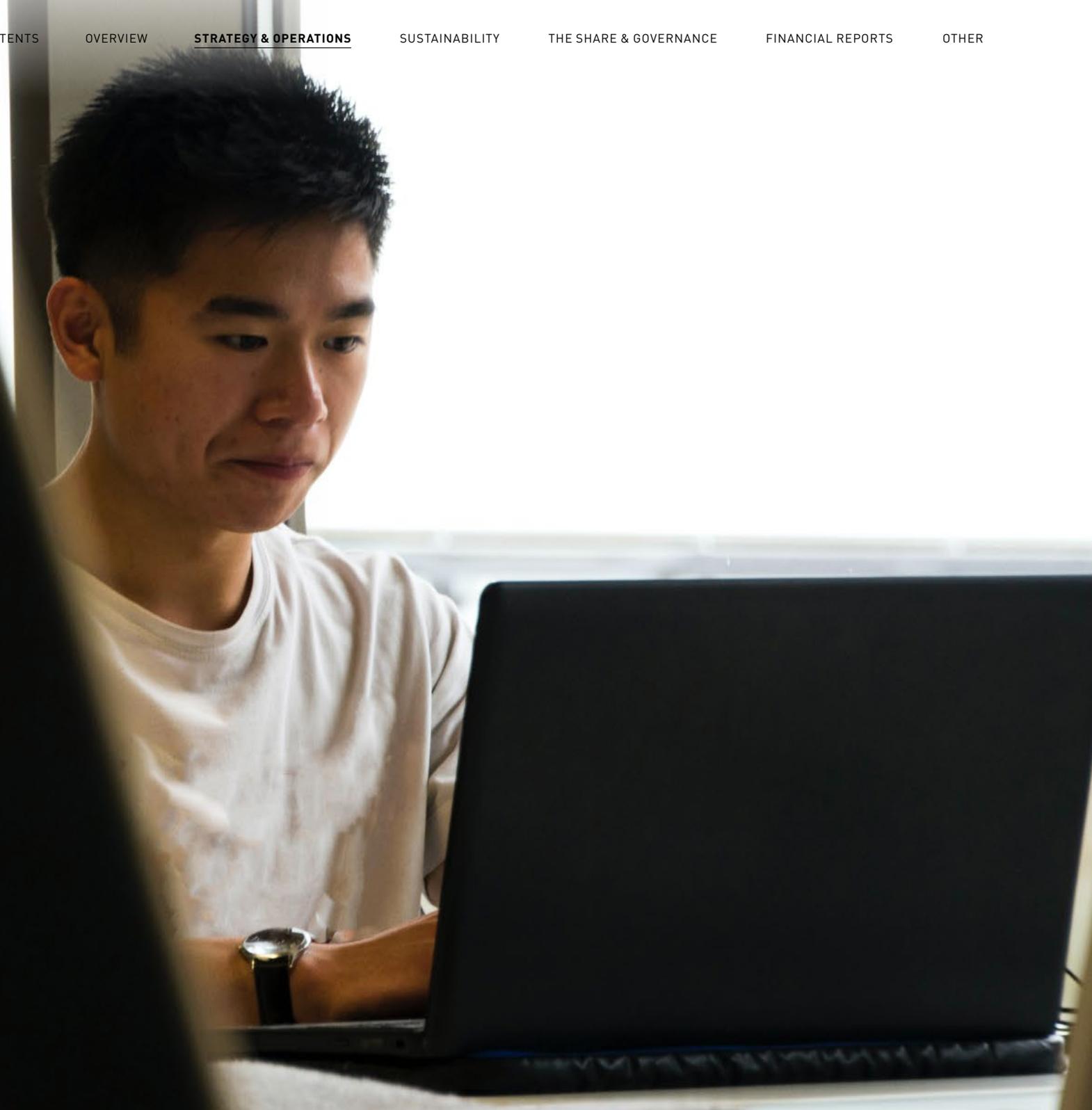
## FPC1632

In December 2022, Fingerprints received its first volume purchase order for the company's optical under-display solution, FPC1632. Our entry into the under-display segment entails a significant expansion of our addressable market. Fingerprints' goal is to capture a significant share of the under-display market while remaining a world leader in capacitive sensors.



# PC

Making PCs personal





Over the last two years, PC has emerged as an important new product area for Fingerprints. We anticipate favorable growth in both the short and the long term, since the share of computers with fingerprint sensors is expected to continue growing.

Fingerprints dominates the market for fingerprint sensors in Chromebooks, while four of the world's six largest PC manufacturers integrate our technology into their products.

#### INNOVATIVE SOLUTIONS

To meet the rising demand for biometric solutions in the PC segment, Fingerprints continued during the year to refine its biometric solution specifically adapted to this application area. It can be used in many different types of PCs and peripherals. The product builds on our long experience of implementation of patented capacitive sensor technology for smartphones, and is optimized for integration into PCs. Our tried-and-tested capacitive sensors, combined with customized software and algorithms, deliver lightning-fast biometric matching within the framework of the highest security standards.

Our offering in the PC segment is being continuously 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 enterprise 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 expects the Match-on-Chip segment to increase its share of the market due to new requirements from Microsoft, which are expected to become effective in 2023 and will mean that Match-on-Chip will become a requirement for suppliers of biometric solutions for Windows Hello Enhanced Sign-in Security. In 2022, development started of a microcontroller unit (MCU), which enhances the company's customer offering and enables Fingerprints to supply its PC customers with a complete biometric system consisting of a fingerprint sensor and an MCU. Fingerprints' MCU development project is supported by the company's PC customers, since it will facilitate superior overall system performance. Other benefits include cost optimization and better control of the supply chain.

#### IN-HOUSE DEVELOPMENT OF A MICROCONTROLLER UNIT (MCU)

To meet the rising demand in the PC segment, we launched a project in 2022 for refining our biometric solution specifically targeted at this application area by developing a microcontroller unit (MCU). This will make it possible for us to offer our PC customers a complete biometric system consisting of fingerprint sensors and MCUs.

Fingerprints' MCU development project is supported by our largest PC customers, since we will be able to deliver better overall system performance while optimizing costs and strengthening our control of the supply chain.



Fingerprints dominates the market for fingerprint sensors in Chromebooks, while four of the world's six largest PC manufacturers integrate our technology into their products.

# Access



Worryless Access



By combining security, flexibility and user-friendliness, biometrics can facilitate secure access to a multitude of devices and data.

Biometric solutions for the Access area – biometric access control – is a fragmented but growing market that includes such products as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys. Fingerprints is also the market leader in this segment and aims to defend this position when the market expands.

#### INNOVATIVE SOLUTIONS

Fingerprints offers software and biometric sensors specifically customized for the Access segment, comprising both modules for fingerprint recognition and solutions based on iris recognition. Our portfolio of touch fingerprint sensors for Access includes the FPC1523, which was launched in December 2022. It has a curved shape and is slightly smaller to facilitate integration with multiple different devices.

There is significant synergies with other product segments, not least payments. We have, for example, further developed our biometric software platform for payments, the FPC-BEP, so that it can now also be used in a variety of Access applications. Our T-Shape sensor module, developed for the payment area, can also be used favorably in access cards.

Iris recognition is also suitable for certain applications in the access area, such as touchless entry and

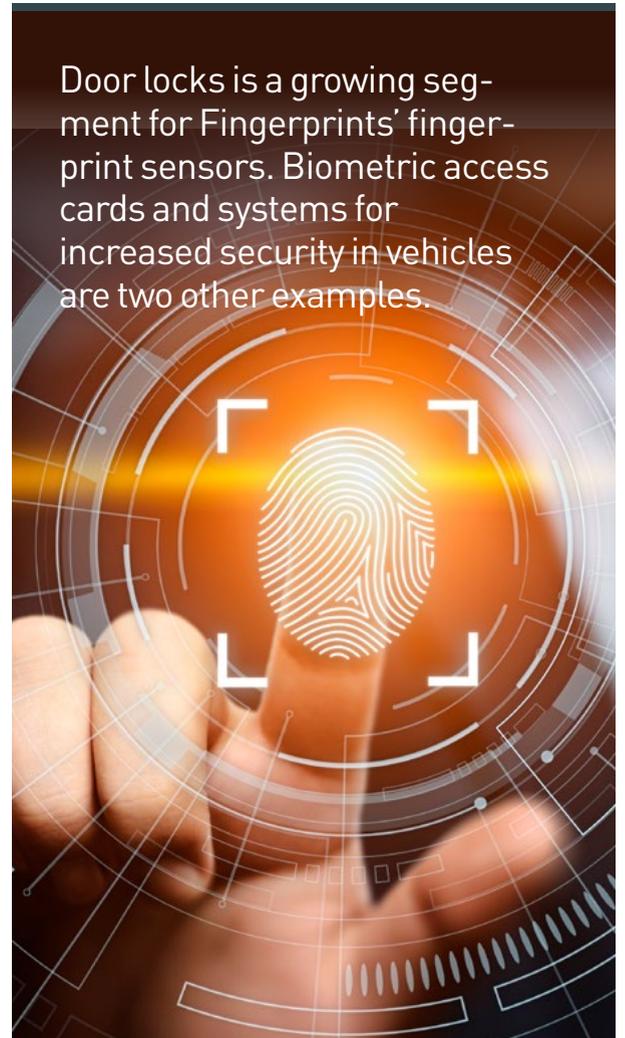
exit control systems in public environments, something that has come into sharper focus since the outbreak of the coronavirus. Fingerprints has entered into an agreement with the Indian company Mantra Softech India Pvt Ltd, regarding a solution for iris recognition that will be integrated in a number of different devices in the next few years. Increased interest among many companies and organizations is also being noted in access cards and security keys fitted with fingerprint sensors, since this means that the same key can be used to enable uniform, secure access to PCs and systems, as well as to physical spaces. In 2022, Valmido, a French startup offering a multi-app device to authenticate mobile and web services, launched its first biometric access card, ProFICO Bio, using Fingerprints' technology. During the year, Nuki, a leading European supplier of access solutions, launched Nuki Keypad 2.0 fitted with Fingerprints' FPC1025 sensor. The Nuki Keypad 2.0 opens a Nuku Smart Lock via a 6-digit entry code or – now as a new feature – using fingerprint recognition. In 2022, Fingerprints and SmartDisplayer, a Taiwanese card manufacturer, launched a biometric FIDO2 card that integrates Fingerprints' FPC1323 sensor and the FPC-BEP software platform.

The automotive industry is another area with considerable potential. We are continuing to invest in product and

business development in this area, both in fingerprint sensors and iris recognition. We see a clear increase in interest from automotive companies in biometric authentication.

#### VALUE CHAIN

Since the market for biometrics in access solutions is fragmented, the supply chain can differ depending on application and industry. Marketing and sales usually occur via module providers and subcontractors, who in turn deliver products that are included in, for example, smart door locks, access cards or vehicles. The supply chain partly overlaps with that for payments. Many of our partners in Payments are also active in access cards.



Door locks is a growing segment for Fingerprints' fingerprint sensors. Biometric access cards and systems for increased security in vehicles are two other examples.

# Payments

Worryless Payments





Payments

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

In 2022, we continued to strengthen our world-leading position in this emerging mass market for biometric solutions. By year-end, we had noted ten commercial launches of biometric payment cards featuring Fingerprints' technology in different parts of the world. To continue driving development forward, we are focusing on scaling up our operations with the right business partners. We have well-established collaboration with several of the world's leading players within payment cards. Together, we have the coverage, size and deep technological expertise to ensure that contactless biometric cards will become the next global mass market for biometrics.

#### INNOVATIVE SOLUTIONS

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. We continuously conduct development work aimed at further sharpening our offering in the payment area and, in January 2022, we announced that our latest generation of the T-Shape sensor module (T2) meets Mastercard's updated security requirements for fingerprint sensors. This new product offers even better

performance than its predecessor, while it is also world-leading in cost efficiency.

During the year, we also made progress within the framework of our strategic partnerships with key players in payment card manufacturing. The world's three largest suppliers of secure chips for payment cards – Infineon, NXP and STMicroelectronics – have all chosen Fingerprints' technology for their reference designs. In early 2022, STMicroelectronics received a CES 2022 Innovation Award for STPayBio, an advanced platform for biometric payment cards that was developed in collaboration with Fingerprints and Linxens. And in November 2022, Fingerprints and Infineon signed a development and commercialization agreement pertaining to a plug-and-play solution for biometric payment cards: SECORA™ Pay Bio. The goal of the cooperation is to make the production of biometric smartcards as simple and easy as producing a standard payment card. The solution will include both Fingerprints' FPC1323 sensor with its biometric software algorithm and Infineon's SLC39B Secure Element chip. By combining and integrating these two components into one system package, we will be able to offer leading biometric performance executed in a single chip. This will simplify the manufacturing process for biometric cards considerably, a crucial condition for facilitating card launches on a truly large scale.



Fingerprints continues to drive development forward, in collaboration with several of the world's leading payment card players.



Payments

### VALUE CHAIN

The value chain in the smartcards market (all cards with chips, mainly payment cards) differs from the smartphone value chain in many respects. But there are also fundamental similarities, because both sectors feature mass production by a limited cluster of global manufacturers that are part of complex value chains with multiple players. The dominant card manufacturers are based in Europe.

### Subcontractors

Subcontractors in various segments deliver products and solutions to card manufacturers, such as secure chips, and in Fingerprints' case, fingerprint sensor modules.

### Manufacturers and issuers

Charge/credit cards are issued by banks that have contracts with the card brands. The leading brands are Visa, Mastercard and China UnionPay.

### Standardization and certification

Payments and cards are a sector characterized by regulations and a high degree of standardization. Certification and standardization of charge/credit cards featuring fingerprint sensors occur under the auspices of the certification body EMVCo. The international association Eurosmart is another important player, which is developing smart security standards.



### PARTNERSHIP WITH INFINEON

In November 2022, Fingerprints and Infineon signed a development and commercialization agreement pertaining to a plug-and-play solution for biometric payment cards: The aim of the collaboration is to make the production of biometric payment cards as simple and easy as producing a standard payment card.

# Sustainability

A man with dark hair and a beard is shown in profile, looking down at a tablet device he is holding. The scene is dimly lit, with the light from the tablet illuminating his face and hands. The background is dark, suggesting an outdoor setting at dusk or night.

“Fingerprints’ operations contribute to sustainable development and have a positive impact on society, not least because our product portfolio adds value for customers, users and society at large, with secure identification and authentication in an increasingly vulnerable digital environment.”

Ted Hansson, acting CEO

SUSTAINABILITY REPORT

# SUSTAINABILITY AT FINGERPRINTS

We are working to strengthen and illuminate the benefits that our products create from a sustainability perspective and to reduce the negative impact of our operations, products and supply chain.

## BUSINESS-INTEGRATED SUSTAINABILITY FRAMEWORK

Sustainability work in Fingerprints is carried out within the company’s framework, which comprises a vision, core values and policies, including the Code of Conduct and sustainability targets. Fingerprints wholeheartedly supports the UN’s 17 Sustainable Development Goals (SDGs). Connected to our specific operations and material focus areas, we have decided to focus on seven of these goals.

We have defined a number of core sustainability targets, connected to our focus areas; see pages 30–34. The continuous implementation of the targets represents the core of the company’s sustainability work and is part of our company-wide balanced scorecard, which contributes to giving sustainability aspects the same status as the company’s other objectives. The targets have been broken down to each business area and function to determine exactly how they can contribute to target fulfilment. In our opinion, this enhances both commitment and participation.

The visibility and integration of the sustainability targets also makes it easier for managers to follow up the work. To integrate sustainability into our internal processes, we have been inspired by the Global Reporting Initiative (GRI). Our environmental and quality management systems are certified in accordance with ISO 14001 and ISO

### Vision

A secure and seamless universe, where you are the key to everything

### Business concept

Fingerprints develops and sells biometric solutions to companies globally that develop products and services interfacing with people.

## UN Sustainable Development Goals



### Measurable sustainability targets

(see pages 30-34)

### The goals are based on

- Fingerprints’ **policies** including our Code of Conduct
- Fingerprints’ **core values**: Smart, Brave, Open, United

9001. A working method has been rolled out to manage our overall policies and Code of Conduct, with the aim of managing all policy areas equally. One area of major importance is our work on responsible sourcing, and all direct suppliers must thus sign our Code of Conduct for Suppliers.

#### INITIATIVES AND PARTNERSHIPS

We believe that companies working collectively on sustainability challenges is the best way to achieve long-term results. In order to ensure the security and functionality of both mobile payments and card payments, we have worked for some time with key payment system players. Fingerprints is a member of Eurosmart, a sector organization for businesses active in smart security, such as

digital identities, data security, cyber security, Internet of Things (IoT), payment solutions and border control. Another example is EMVCo, a global technological body that facilitates worldwide interoperability and acceptance of secure payments by handling and developing what are known as EMV® specifications and related test processes. As consumers authenticate ever larger numbers of payments via their mobile phones, it is becoming increasingly important to establish standards that ensure security, reliability and user-friendliness. Fingerprints' FPC1540/1541 sensor is the first fingerprint sensor for mobile phones that fulfills requirements according to EMVCo (EMV® Consumer Device Cardholder Verification Methods Security Requirements).

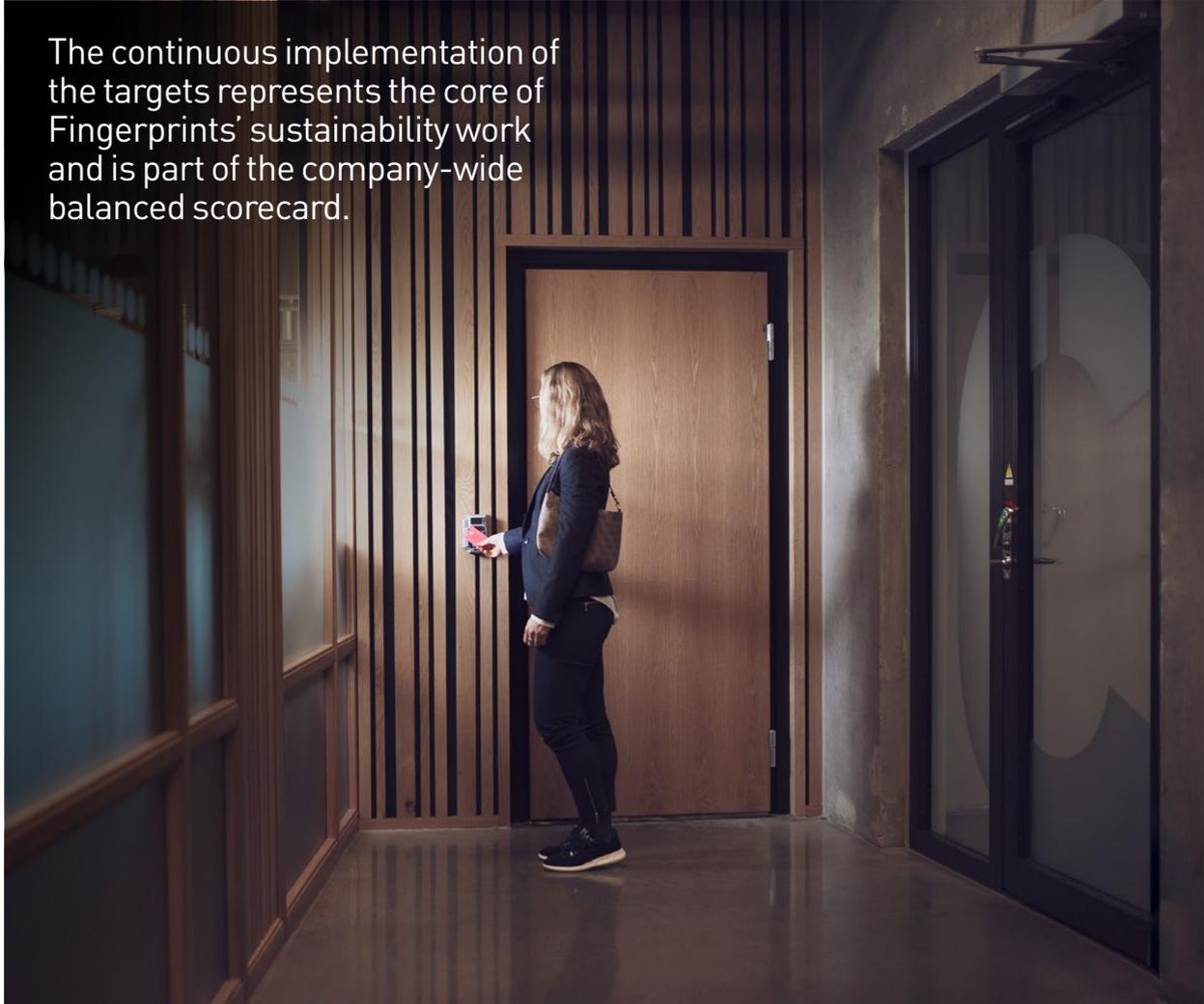
#### EXPANDED REPORTING REQUIREMENTS

We keep ourselves continuously updated concerning existing and new reporting requirements that could affect Fingerprints.

In June 2022, the European Commission adopted the Corporate Sustainability Reporting Directive (CSRD) which will replace and build further upon the Non-Financial Reporting Directive (NFRD) by introducing more detailed reporting requirements and expanding the number of companies that are encompassed.

Fingerprints' operations are listed in the taxonomy regulation that is part of the EU's Green Deal growth strategy. The regulation was adopted in 2020, became effective on January 1, 2022 and constitutes a collective classification system for determining which financial operations are to be considered environmentally sustainable. Fingerprints is currently not encompassed by the reporting requirements but may eventually be subject to the regulation.

The EU's Sustainable Finance Disclosure Regulation (SFDR) imposes requirements on finance companies to disclose how sustainability aspects are integrated and taken into account in investment decisions and consultancy processes. It is therefore important for us to be transparent in how we address sustainability issues.



The continuous implementation of the targets represents the core of Fingerprints' sustainability work and is part of the company-wide balanced scorecard.

## STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Fingerprints' materiality analysis forms the foundation for the sustainability targets, presented on pages 30-34. Our targets are aligned with the UN SDGs.

The Global Reporting Initiative (GRI) and stipulations of the Swedish Annual Accounts Act on non-financial information (Ch. 6 Sect. 10) have served as the starting point for producing our materiality analysis, which is integrated into the company's overall risk-management process.

All business lines and functions were involved in the work to produce the materiality analysis.

Fingerprints has identified the following stakeholder groups:

- End users
- Module houses and distributors
- Coworkers
- Investors
- Financial analysts
- Suppliers
- Business partners
- Non-Governmental Organizations (NGOs)
- Media
- Consumers
- Political decision-makers

As a result of the stakeholder dialogue and materiality analysis, the following sustainability issues have been judged to be the most material areas for Fingerprints. These have been categorized under the key focus areas established in Fingerprints' sustainability framework.

### Key stakeholders' issues

#### SOCIAL ASPECTS

- Secure access to the right competence and attract, develop and retain talented individuals
- Diversity
- Occupational health & safety
- Conflict minerals
- Accessing citizens' rights and social insurance systems through official identities
- Biometric integrity

#### ENVIRONMENTAL ASPECTS

- Carbon emissions
- Environmental impact of suppliers
- Recycling
- Utilization of materials

#### FINANCE/GOVERNANCE

- Corruption
- Reduced risk of fraud
- Product quality
- Entry barriers for biometrics.

### Fingerprints' key focus areas

1. Ethical and transparent business methods
2. Environmental protection and efficient use of resources
3. Smarter and safer solutions
4. Respect and reward our people

FOCUS AREA 1

## ETHICAL AND TRANSPARENT BUSINESS METHODS

Fingerprints' success is based on the operations being conducted ethically, transparently and legally since we otherwise risk losing the faith of our stakeholders.

Our Code of Conduct summarizes the areas that are of particular importance to building the confidence of customers and other stakeholders:

- Correct reporting and documentation
- Protect the company's assets
- Responsible communication
- Protection of sensitive information
- Comply with competition laws
- Secure responsible trade
- Zero tolerance of bribes and corruption

All coworkers must confirm that they have read and understood the Code of Conduct. New employees undergo a review of the Code during their introductory training and refresher courses are implemented for all coworkers every second year.

### RESPONSIBLE PURCHASES OF MINERALS

Through the global association of industry associations, the World Semiconductor Council (WSC), the global semiconductor industry has undertaken to use procured minerals responsibly in its semiconductor products. WSC recommends that its local members use the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The semiconductor industry has been involved in the development of compliance tools in this area, such as the

### Targets and target fulfillment

**HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)**



Fingerprints' solutions reduce risks of fraud and enable secure authentications and payments. During the year, Fingerprints received an A rating in MSCI ESG Ratings, which means that we are above the sector average in ESG.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2022
<b>Acceptance and compliance with the Code of Conduct</b> 	The Code of Conduct confirmed in writing by all employees.	All employees have confirmed the Code of Conduct. The Code of Conduct is part of the on-boarding process for employees and consultants.
	In addition to the introductory training for new employees, Refresher courses are to be arranged for all employees every other year.	During 2021, compulsory training initiatives were implemented, covering threats and security with a focus on operations and compliance, where parts of the Code of Conduct are integrated.

 Target achieved  
  Target proceeding as planned/Target partly achieved  
  Target not achieved

OECD's roadmap, and they have subsequently also been adopted by other major industrial sectors.

### RISKS AND RISK MANAGEMENT

Suspicious purchases of conflict minerals in the supply chain can lead to a negative impact resulting from rumors and financial consequences for Fingerprints. Accordingly, Fingerprints evaluates its suppliers through the Responsible Minerals Initiative. Fingerprints works

actively on implementing its Code of Conduct, which encompasses anti-corruption. Regular refresher courses are an important part of this work, with the focus on the content of the Code. The company's anti-corruption policy is evaluated and updated whenever required.

## FOCUS AREA 2

**ENVIRONMENTAL PROTECTION AND EFFICIENT USE OF RESOURCES**

The efficient use of resources and protecting the environment are an important feature of Fingerprints' sustainability framework for minimizing our climate impact. We are determined to steadily improve our performance and our reporting in this area.

Since Fingerprints does not have any proprietary production capacity, it thus has no direct emissions (Scope 1) to report. Our climate-related sustainability targets and reporting in the sustainability reports have historically focused on aspects of the operations that we can directly influence, such as consumption of energy in our offices (Scope 2) and business travel (Scope 3). However, since 2021 we quantify climate impact along our supply chain (Scope 3), in order to enable our stakeholders to better understand the company's total climate impact and our initiatives to reduce our impact.

**ENVIRONMENTAL IMPACT IN FINGERPRINTS' SUPPLY CHAIN**

Fingerprints' most important suppliers, in terms of purchasing value, are producers of semiconductors. Although the semiconductor industry accounts for a relatively small part of the world's overall CO<sub>2</sub> emissions, it has been working determinedly for a long time to reduce climate impact. A key part of this work has been voluntary reductions in PFC gas emissions. As early as 1999, each regional member organization in WSC undertook to reduce their PFC gas emissions by 10 percent by the end of 2010. This goal was comfortably surpassed, with the reduction over this ten-year period amounting to 32 percent, according to WSC. In 2011, a new target was adopted for the coming ten-year period, through 2020,

expressed in terms of NER, Normalized Emission Rate, of carbon equivalents per square centimeter of manufactured wafer. The target was set at 0.22 kilos CO<sub>2</sub>e/cm<sup>2</sup>, corresponding to a 30-percent reduction compared with the base year of 2010. The WSC also published guidelines (best practices) for new semiconductor plants (updated in 2017). According to WSC, a reduction of 22.9 percent was achieved in 2020, in relation to the base year 2010.

The size of the sensors developed and sold by Fingerprints has decreased over the years. The fact is that today we can fit four times as many sensors per silicon wafer than we could five years ago. As a result of this increased efficiency, combined with emissions reductions in the production process, we estimate that CO<sub>2</sub> emissions per sold sensor in 2022 were less than one-fourth of the corresponding figure in 2015.

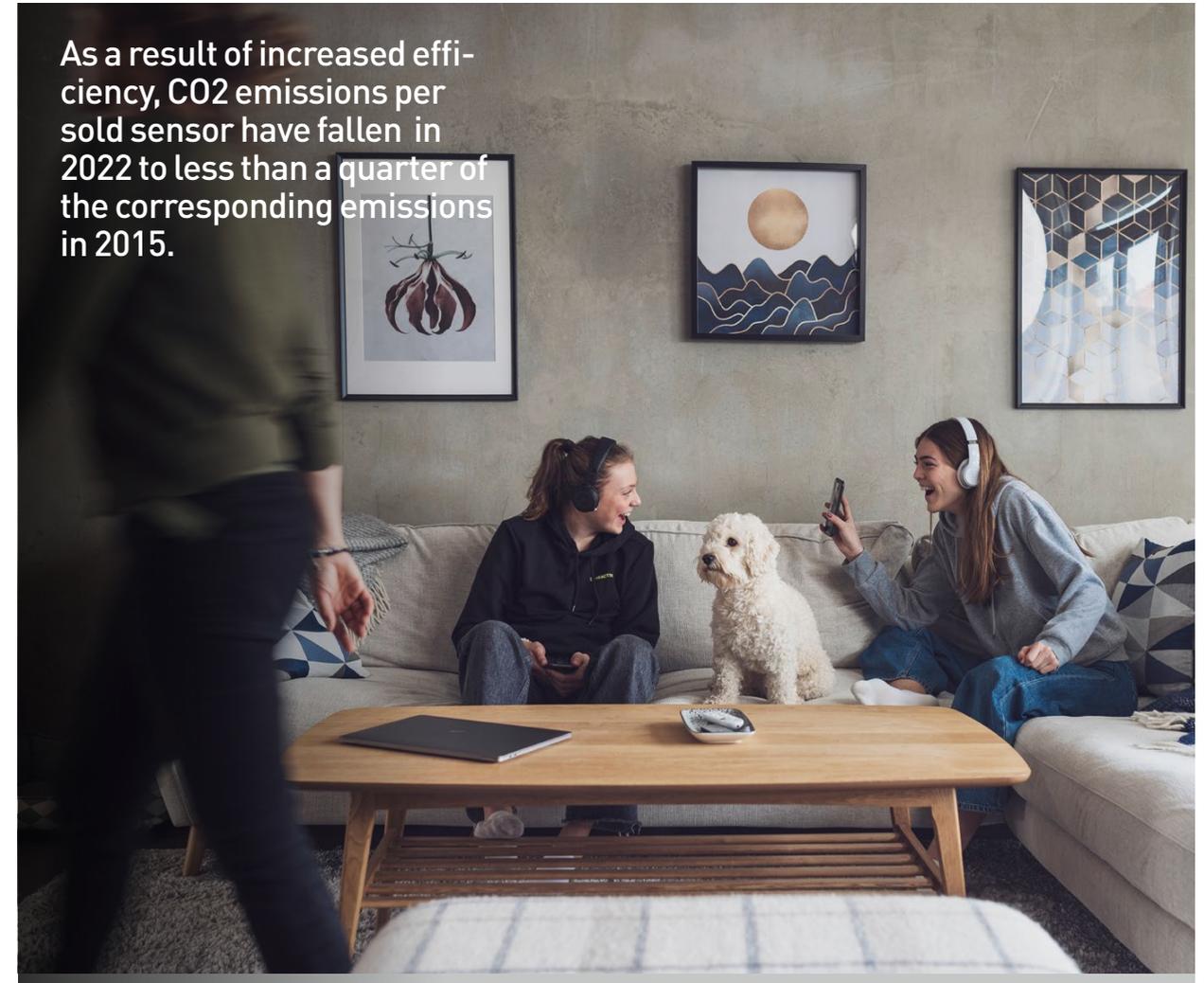
**RISKS AND RISK MANAGEMENT**

A negative environmental impact from Fingerprints or our suppliers risk adversely affecting our brand reputation among customers and markets. We therefore work actively to achieve our environmental objective for CO<sub>2</sub> emissions with the focus on our indirect emissions (Scope 3) and the environmental performance of suppliers.

**SCOPE 3**

During 2020, we started implementing a measurement system for quantifying our indirect CO<sub>2</sub> emissions in all relevant Scope 3 categories along the supply chain. The implementation was completed in 2021. Fingerprints' largest impact on the climate is in the supply chain, particularly connected to

**As a result of increased efficiency, CO<sub>2</sub> emissions per sold sensor have fallen in 2022 to less than a quarter of the corresponding emissions in 2015.**



semiconductor manufacturing. Approximately 90 per cent of Fingerprints' carbon footprint is accounted for by the manufacturing of silicon wafers and the integration and packaging of various components into modules that are ready for assembly. Measurement of our indirect emissions is an important step toward better understanding of our total climate impact, and for being able to engage in a dialogue with suppliers and trade organizations about the potential to reduce emissions over time.

## Targets and target fulfillment

### HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)



All employees and suppliers of Fingerprints must sign the company's Code of Conduct. Our quality and environmental management systems are certified according to ISO 9001 and ISO 14001



During the year, Fingerprints completed the implementation of the system for measuring Scope 3 emissions along our supply chain.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2022
<b>Reduce carbon emissions</b> 	Reduce Scope 2 CO <sub>2</sub> emissions for all offices according to the market-based method with 2021 as base year (target updated). Previously, scope 2 was only reported for Scandinavian offices. 50 percent reduction achieved in 2025 through guarantees of origin.	<b>480 tCO<sub>2</sub>e</b>
	Work continuously to reduce CO <sub>2</sub> emissions from business travel (scope 3). Reduction by 20 percent compared to the base year 2019 (323.5 tCO <sub>2</sub> e).	<b>122 tCO<sub>2</sub>e</b>
	Continuous work to reduce CO <sub>2</sub> emissions from freight transport by air (scope 3).	<b>172 tCO<sub>2</sub>e</b>
	Implement system for reporting CO <sub>2</sub> emissions at the supplier level (wafer and sensor production) and, in dialogue with suppliers, identify opportunities to reduce emissions over time. System for calculating CO <sub>2</sub> emissions in all relevant scope 3 categories at the supplier level in place during 2021.	<b>6,775 tCO<sub>2</sub>e</b>
<b>Utilization of resources in production</b> 	Continuous work to improve material utilization. At least 98 percent of sensors produced must be usable (utilization rate).	Average utilization of resources in production (%) <b>99.0%</b>

 Target achieved  Target proceeding as planned/Target partly achieved  Target not achieved

FOCUS AREA 3

**SMARTER AND SAFER SOLUTIONS**

Fingerprints aims to supply its customers with products that fulfill or exceed their expectations to ensure that the company is not outmaneuvered by our competitors. To succeed, we have to ensure that our solutions are modern, innovative and secure.

We are determined to deliver high-quality products and services that are safe, reliable and satisfy statutory requirements. We always have the experiences, comfort and integrity of the end users in mind when we develop biometric solutions, and we work to avoid potential negative environmental or health effects during the use of our products.

We annually arrange a comprehensive customer satisfaction survey, and continuously develop our methods for collecting data on the needs of customers and end users.

**RISKS AND RISK MANAGEMENT**

Fraud in the payment area risks having a negative impact on consumers. Fingerprints' biometric solutions can reduce the risk of payment fraud and we work continuously to develop new security solutions. Public confidence in biometric solutions also influences confidence in our operations. We are transparent in our communication about the secure usage of our solutions, about risks and about Fingerprints' risk-mitigating activities.

Biometrics is now also beginning to be adopted in payment cards, where security requirements are extremely high. In January 2022, we announced that our latest-generation T-Shape sensor module (T2) for payment

**Targets and target fulfillment**

**HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)**



Fingerprints' Aadhaar-certified products contribute to supporting people's right to an official identity.



Index-based surveys regarding customer satisfaction are conducted annually to better understand the end users' needs.



Since 2017, Fingerprints has been a member of Eurosmart, a sector organization for businesses active in smart security, such as digital identities, data security, cyber security, Internet of Things (IoT), payment solutions and border controls.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2022											
<p><b>Customer satisfaction</b></p> <div style="text-align: center; color: green; font-size: 20px;">●</div>	<p>Drive active improvement work in key corporate functions with the objective of increasing the CSI (Customer Satisfaction Index). CSI should be above the benchmark for comparable companies and industry.</p>	<p>Customer Satisfaction Index</p> <table style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">2020</td> <td style="width: 33%;">2021</td> <td style="width: 33%;">2022</td> </tr> <tr> <td style="font-size: 24px;"><b>4.50</b></td> <td style="font-size: 24px;"><b>4.24</b></td> <td style="font-size: 24px;"><b>4.27</b></td> </tr> <tr> <td>(Benchmark: 4.38)</td> <td>(Benchmark: 4.20)</td> <td>(Benchmark: 4.07)</td> </tr> </table>			2020	2021	2022	<b>4.50</b>	<b>4.24</b>	<b>4.27</b>	(Benchmark: 4.38)	(Benchmark: 4.20)	(Benchmark: 4.07)
2020	2021	2022											
<b>4.50</b>	<b>4.24</b>	<b>4.27</b>											
(Benchmark: 4.38)	(Benchmark: 4.20)	(Benchmark: 4.07)											

● Target achieved   
 ● Target proceeding as planned/Target partly achieved   
 ● Target not achieved

cards meets Mastercard's updated security requirements for fingerprint sensors. Our technology is already integrated in the world's first biometric payment card, delivered by Thales, which has been certified by both Mastercard and Visa.

FOCUS AREA 4

**RESPECT AND REWARD OUR PEOPLE**

The people who work at Fingerprints are from different parts of the world and have varying backgrounds and competencies. With a passion for innovative technical solutions, we create products for secure and smooth identification and authentication.

As coworkers of Fingerprints, we are expected to respect each other, make sure that everyone is given the opportunity to perform optimally and ensure that everyone is acknowledged and rewarded for their efforts and performance. This is significant for our success in retaining and attracting talented employees.

All of our coworkers are to have the same opportunities based on competencies, experience and performance regardless of gender, religion, age, functional impairment, sexual preference, nationality, political opinion, social background or ethnic origin. We offer our coworkers a safe, secure and inclusive workplace, where health and safety are prioritized in all respects, at our offices and during our business trips. We shall ensure that we do not violate human rights and that we respect international labor rights. Coworkers are expected to show the same respect and protect the rights of the people who work for suppliers, customers and others with whom we do business or collaborate.

**RISKS AND RISK MANAGEMENT**

If we do not succeed in attracting, recruiting and retaining the right skills, we risk not delivering on our goals. To safeguard the supply of competencies, we work actively with our employer brand and recruitment process. We focus on leadership and commitment within the

**Targets and target fulfillment**

**HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)**



Fingerprints is working to fulfill the objective that the proportion of female employees will amount to 35 percent by 2025.



Fingerprints wants to promote decent labor standards so that our employees have a high sense of wellbeing and are encouraged to show commitment. The results of our weekly pulse measurement are to outperform the benchmark in all ten categories.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2022		
<b>Advance position as an attractive employer</b> 	Overall temperature and the eNPS is to show a positive trend compared with 2019 and outperform the benchmark. Overall temperature 2019: 7.7. eNPS 2019: -10.	Overall temperature <b>8.0</b> (Benchmark: 7.6)	eNPS <b>-5</b> (Benchmark: 16)	Response rate <b>77%</b>
<b>Promote equal opportunities</b> 	We are committed to having a diverse workforce with equal opportunities for all. Our target is to reach 35 percent women in our organization (employees) by 2025. We work actively with our recruitment processes and Employer Brand to attract, retain and develop a diverse workforce. Our Policy for Equality, Diversity and Inclusion is included in our onboarding for all new employees and is to be confirmed by all employees annually.	Share of women among Fingerprints' employees 2021      2022 <b>31%</b> <b>30%</b>		
<b>Health and safety</b> 	No serious work-related accidents.	No serious accidents occurred.		
	Not more than 1 percent of employees affected by work-related long-term sickness absence.	Less than 1 percent of coworkers affected by work-related long-term sickness absence.		

Target achieved    Target proceeding as planned/Target partly achieved    Target not achieved

organization and we implement regular employee surveys to follow up the staff's work situation and health.

If we do not succeed in creating an inclusive work environment characterized by diversity, we risk losing innovative power, productivity, creativity and customer satisfaction. We also risk not being seen as an attractive employer for current and future employees. We work to attract employees with different experiences and backgrounds, which gives us greater competitiveness, increased knowledge and a broader perspective. Working for an inclusive and sustainable work environment is a feature of the company's strategy.

### **FLEXIBLE WORKING METHODS**

A significant percentage of Fingerprint's employees are located in China, where far-reaching restrictions due to covid-19 existed for a large part of 2022. This led to a return to remote work for many of our employees in the country, while we saw a development in the opposite direction for our employees outside of China, where many of the previous restrictions have been removed. In December of 2022, China also began to withdraw the "zero-covid" restrictions that affected a large part of the population during the year. This means that the office is once again the primary workplace for our employees. The past two years have shown that digital meetings and cooperation at a distance work well in most situations, but the physical meeting is hard to beat in terms of supporting innovation and ensuring a dynamic corporate culture. At the same time, our model encompasses a great deal of flexibility, and we continued in 2022 to focus on promoting communication and interaction,

**With a passion for innovative technical solutions, we create products for safe and flexible identification and authentication.**



both through regular digital staff meetings and physical meetings. Efficient cooperation between different teams is an important success factor and, accordingly, this area was assigned a separate category already in 2021 in our regular so-called pulse surveys of coworkers. These surveys are implemented every week in the form of short questionnaires with the aim of continuously measuring employee commitment.

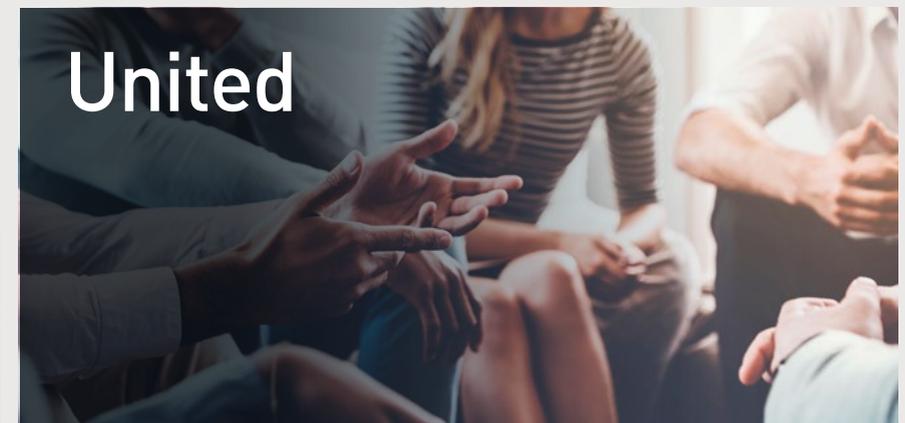
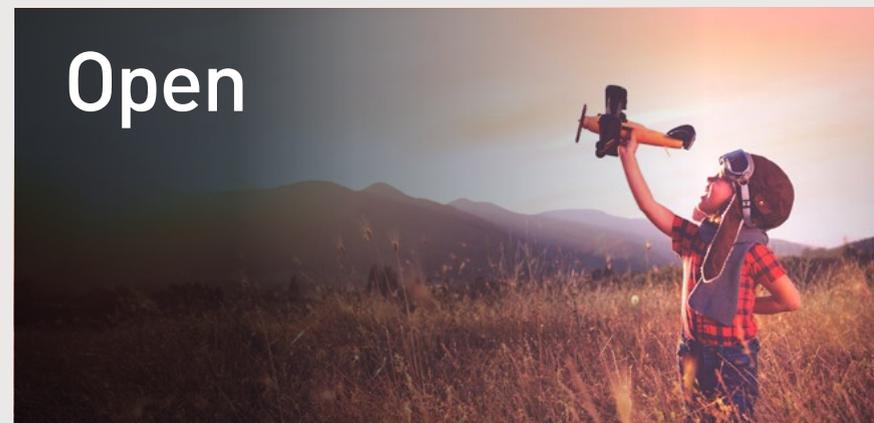
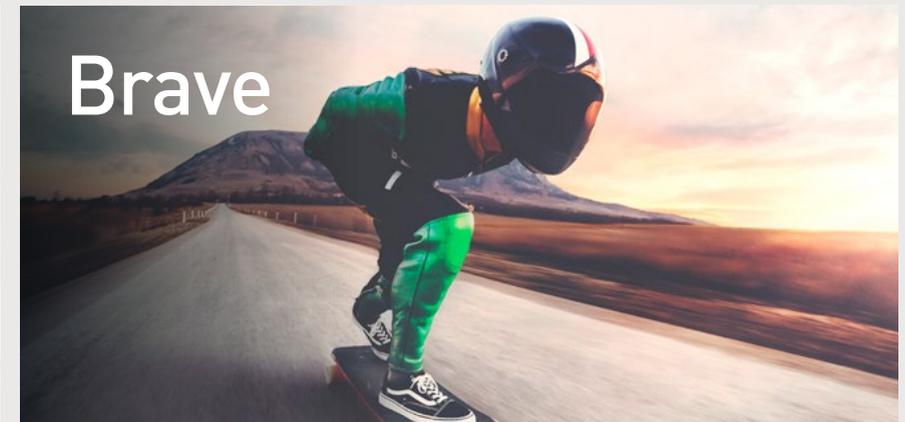
#### OUR CORE VALUES

Fingerprints' core values – Smart, Brave, Open, United – define who we are as a company and guide us in our decisions and in how we act internally and externally. We are convinced that these values are critical for continued success, and a number of colleagues were therefore, also in 2022, acknowledged within the framework of the Fingerprints Value Awards initiative, whose purpose was to celebrate our core values, provide inspiration, and motivate by highlighting coworkers who especially give expression to our core values in their daily work. Both individuals and teams were nominated, and the award ceremony was led by our CEO.

#### A SUSTAINABLE ORGANIZATION

At Fingerprints, we attach considerable importance to monitoring the wellbeing of our coworkers and we work actively to create the best possible conditions for wellbeing and involvement. In addition to regular coworker dialogues between the immediate manager and coworker, we arrange weekly pulse meetings involving the entire workforce, with the focus on how our employees feel and how they perceive their work

### Our core values

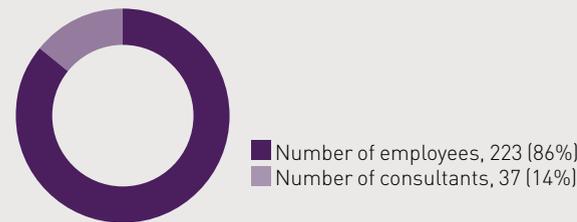


situation. The coworkers are asked to give feedback on how they regard the current status in the categories of Leadership, Job Satisfaction, Meaningfulness, Autonomy, Work Situation, Participation, Personal Development, Team Spirit, Loyalty and Cooperation. The data that is collected is analyzed every week, enabling the company to identify trends and act quickly. Pulse measurements are managed via an app and the results are visible to all coworkers. The tool includes a feature for giving each other positive feedback, which is part of efforts to continue to build an open and engaging culture. The results and active measures are discussed and presented in the various teams. At company level, we have made it a good habit to regularly review results and take the temperature at our global coworker meetings. Management also takes the temperature using the company-wide balanced scorecard.

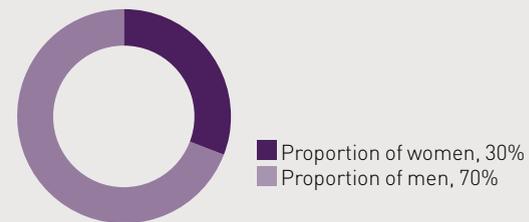
The illustration on the right shows the average temperature for each category, together with a benchmark index for other technology companies. Fingerprint's results for 2022 are higher than the benchmark in eight out of ten categories, and are in line with the index for the remaining two categories. The overall temperature was 8, a slight decrease from the figure for 2021 (8.1), but higher than the base year 2019 (7.7). 2022 was a challenging year, as demand for smartphones in China declined sharply due to extensive covid-19-related restrictions in the country. Fingerprint's turnover decreased by 36 percent compared to 2021, and the company was forced to implement staff reductions in the second half of the year, which is also reflected in a deterioration of eNPS to -5 from 11 the previous

### Fingerprints' organization

Employees, including consultants



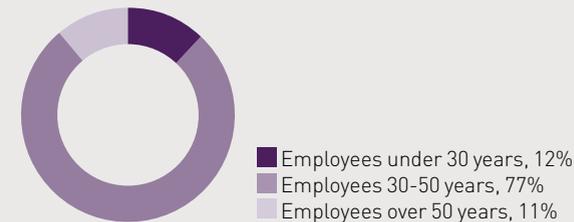
Employees, broken down by women and men



Employees, geographical breakdown



Employees, age breakdown



260  
COWORKERS

42  
AVERAGE AGE

157/66  
MEN / WOMEN  
(EMPLOYEES)

The Executive Management Group consists of seven men, of whom three are aged 30–50 years and the others are over 50 years.

year. Improving this result is an important area of focus moving forward.

We are continuing to work to increase the proportion of women in the organization, both among our coworkers and at the managerial level. At Fingerprints, there is a network for women with the aim of helping to create contacts and encourage learning and the sharing of experiences. We support an environment and a culture in which our employees learn from each other and contact their colleagues for advice, support and to share knowledge. With our core values as the point of departure, we encourage our coworkers to learn at work by daring to test new things, accepting new challenges, reserving time for reflection and sharing their experiences of successes and setbacks.

We routinely monitor the coworkers' perceived workload and stress, and see that through this way of working we create the conditions to deploy resources and relief at an early stage, resulting in a low sick leave rate.

**Outcome of Fingerprints' pulse measurements, 2022**



The response rate for the temperature measurement for 2022 was 77 percent. The overall temperature was 8.0, a decrease from the preceding year's temperature of 8.1. The industry averages for corresponding periods were 7.6 and 7.5, respectively.

**OVERALL TEMPERATURE**

**8.0**  
(7.6)

**RESPONSE RATE**

**77%**

## THE TAXONOMY REGULATION

Non-financial companies of public interest and with more than 500 employees are expected to fully comply with the taxonomy regulation for reporting for 2022. To date, the technical screening criteria are only defined for the environmental objectives of Climate change mitigation and Climate change adaptation.

For non-financial companies, the regulation introduces requirements for partial disclosures already for the 2021 fiscal year. The companies whose operations are listed in the regulation must report on the extent to which their financial activities are environmentally sustainable on the basis of the key ratios of turnover, capital expenditure (Capex) and operating expenses (Opex).

Fingerprints is considered as a company of public interest and our financial activities are listed in the taxonomy.

Since we do not fulfill the criterion of having more than 500 employees, the company is not subject to NFRD1 (and the forthcoming CSRD2) and is therefore not required to report according to Article 8 of the taxonomy regulation. Accordingly, we do not need to report partial disclosures according to the regulation.

Although Fingerprints is formally not encompassed by the aforementioned directive and the taxonomy regulation, we will continuously keep ourselves informed of the development of the directives and regulations that arise.

### Board of Directors

Gothenburg, on the date stated in the electronic signatures.

## Auditor's opinion regarding the Statutory Sustainability Report

**To the general meeting of shareholders of Fingerprint Cards AB (publ), Corp. Reg. No. 556154-2381**

### Engagement and responsibility

It is the Board of Directors that is responsible for the sustainability report for the year 2022 on pages 26-39 and that it is prepared in accordance with the Annual Accounts Act.

### The scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Stockholm, on the date stated in our electronic signature  
BDO Mälardalen AB

Johan Pharmanson  
Authorized Public Accountant

Carl-Johan Kjellman  
Authorized Public Accountant

# OUR STAKEHOLDERS IN FOCUS

## Global trends

Digitization

Authentication

Sustainable solutions

Increased focus on security

## Our resources

### Human capital

- 310 coworkers
- 121 coworkers in R&D

### Intellectual capital

- More than 460 registered patents

### Financial capital

- Cash and cash equivalents: MSEK 374
- Development costs: MSEK 138
- Selling costs: MSEK 160

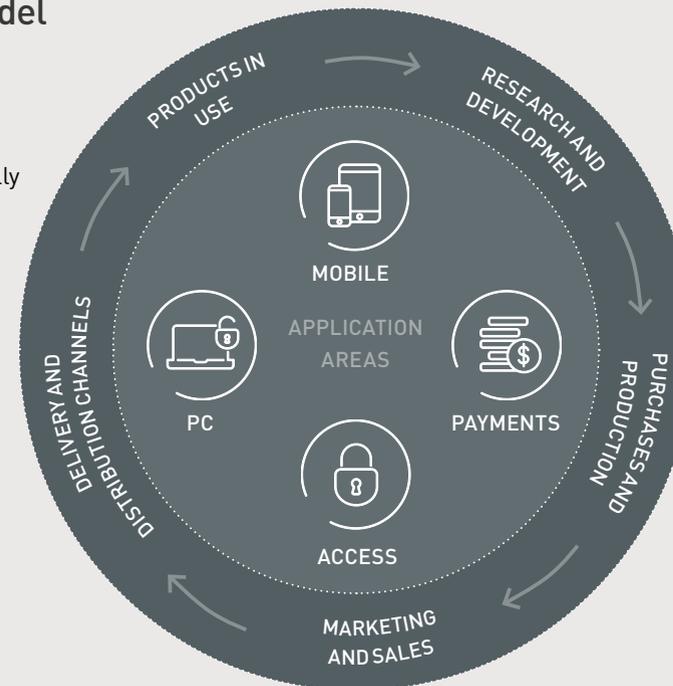
### Relationship capital

- Customers throughout the world
- Users globally
- Suppliers and business partners
- Industry associations
- NGOs
- Shareholders/investors

## Our operational model

### Business concept

Develop and sell biometric solutions to companies globally that develop products and services interfacing with people.



## Our value creation

### Coworkers

- Jobs
- Safe and secure workplaces
- Development challenges
- Skills development

### Users and society

- Elevated security for people and property, and prevention of fraud and ID theft.
- Taxes paid

### Capital market

- Value growth
- Interest payments

## Performance, financial value

MSEK **862**

CUSTOMERS, SALES

MSEK **695**

SUPPLIERS, OPERATING EXPENSES

MSEK **307**

EMPLOYEES, PERSONNEL COSTS

MSEK **+66**

INCOME TAX

MSEK **0**

SHAREHOLDER, DIVIDEND AND BUYBACKS

# RISKS AND RISK MANAGEMENT

Like all business activities, Fingerprints' operations are associated with risk. By risks, Fingerprints refers to incorrect management and events or decisions beyond the company's control that could result in disruptions to operations, damage or losses with a material impact on

the company. Fingerprints' risk management is critical to the company's success. To anticipate risks and minimize their effects, Fingerprints has processes in place to continuously identify and manage risks that can affect its operations. This includes probability and consequence

assessments of operational risks, market risks, financial risks and legal risks. Sustainability risks are reported and commented on in the sustainability section.

NAME OF RISK	HOW FINGERPRINTS IS IMPACTED	RISK CONTROL AND RISK MANAGEMENT
<b>OPERATIONAL RISKS</b>		
Delivery capacity of contracted suppliers	Financial damage as a result of delivery disruption.	Maintaining a diversified supplier base of hardware and input materials.
Reduced technological leadership	Loss of competence.	Continuous product development and understanding of customer demands, increased R&D collaboration with customers.
Leaks and infringements regarding business secrets	Financial consequences and loss of reputation in connection with leaks of development information.	Implement IT Policy through training and integration in management system. Develop procedures for platforms, systems and cloud when managing high risk data.
Internal scalability	Growing pains when the company's infrastructure and work methods are not involved to the same extent as the financial development.	Investments made in Management system, processes development is ongoing. Investment in HR system, implementation is ongoing.
<b>MARKET RISKS</b>		
Geopolitical instability	Loss of business opportunities for local/regional political reasons.	Differentiate Fingerprints biometric solutions vis-à-vis low cost products with low biometric integrity.
Supplier costs	Reduced margins due to increase in supplier costs.	Ensure market-aligned pricing by using several suppliers. Continuous reviews of suppliers' pricing and market analysis.
Economic fluctuations	Reduced demand that impacts the company's profits, inventories and the valuation of intangible assets.	Reduce cyclicalities through diversifying to new markets and continuously analyze the whole value chain to foresee demand fluctuations. Broaden the product portfolio and customer base.
Currency risk	Negative financial impacts from currency fluctuations.	Fingerprints has elected not to hedge its net exposure in USD, since hedging may itself be viewed as currency speculation.
Loss of customers and price pressure due to increased competition	Sales revenues and market shares decline due to price pressure and customer requirements for a number of suppliers.	Aim to be a full solution provider. Increased focus on customer satisfaction, service, quality and quick response time. Maintain direct customer contacts. Cultivate new customers in new markets. Develop strategic partnerships.
<b>FINANCE RISKS</b>		
Credit risk	The counterparty does not fulfil his/her payment obligations.	Compliance with credit policy and established process for credit assessment and setting limits. Use of credit insurance.
Financing	Financing of capital requirements is made more difficult or more expensive.	Communicate proactively with the capital market and create conditions for implementing the necessary capital acquisition measures if required.
<b>LEGAL RISKS</b>		
Competitor IP	Patents held by others impede the applications of Fingerprints' technology.	Patent strategy and active patent monitoring. Close cooperation between patent manager and development department.
Value of Patent IP	Loss of revenue and earnings due to patent infringements.	Maintain well-protected patents and work actively to leverage proprietary IP.
Products defects and product liability	Financial consequences and impact on customer satisfaction.	Ensure the right product design and that all of Fingerprints' hardware products are tested prior to delivery. Work actively on resolving faults and product returns within the quality organization. Fingerprints has product liability insurance.

# THE SHARE

Fingerprints' class B shares have been listed on Nasdaq Stockholm since 2000. Initially, Fingerprints was listed on the Stockholm "Nya Marknaden" list in 1998.

The share's ISIN code is SE0008374250 (Industrial Goods & Services sector). The company is traded under the ticker FING B. Fingerprint Cards is a CSD company, which means the company's share register is maintained by Euroclear Sweden AB.

As of 31 December 2022, the share capital of Fingerprint Cards AB amounted to SEK 18,483,477, divided between 7,875,000 class A shares and 416,617,719 class B shares, each with a quotient value of SEK 0.04. Class A shares carry ten votes and class B shares carry one vote, the total number of votes amounts to 495,367,719. During the fourth quarter 2022, Fingerprints completed a set-off issue and a rights issue that contributed SEK 341 M after transaction expenses. The number of A shares increased from 6,000,000 to 7,875,000 and the number of B shares increased from 292,000,000 to 416,617,719.

All shares carry equal participation in capital, but different voting rights, and are freely transferable. The class A shares corresponds to 15.9 percent of the votes and 1.9 percent of the capital of Fingerprints.

At year-end, the ten largest shareholders had total holdings corresponding to 33.55 percent of the votes. Foreign institutional shareholders had holdings corresponding to 3.4 percent of the share capital. See pages 42-43 for additional information on shareholders.

## SHARE PRICE TREND

During 2022, the closing price of the class B share decreased by 85 percent to SEK 2.93 (19.18). During the same period, the OMXSPI index decreased by 25 percent. In 2022, Fingerprints' adjusted class B share price set a high of SEK 19.88 and a low of SEK 2.58. At year-end 2022, Fingerprints' market capitalization was approximately SEK 1,244 M (6,163).

## FINGERPRINTS' SHARE TURNOVER

In 2022, 1,003 (1,526) million class B shares were traded. An average of 4.0 (6.0) million class B shares were traded per day.

## SHAREHOLDERS

At the end of 2022, there were 50,768 (51,416) shareholders, which is a 1.3 percent decrease compared to the same time of the previous year. Institutional shareholders held 9.8 (23.5) percent of the share capital, Swedish individuals 56.5 (44.7) percent, other shareholders 21 (21.1) percent and anonymous shareholders held 11.8 (9.4) percent.

## OPTIONS PROGRAMS

Fingerprints had no outstanding options programs at the end of the year.

## DIVIDEND POLICY

The Board of Directors' top priority is to ensure that Fingerprints maintains a financial position that is strong enough to support both organic growth and

Share classes at 31 December 2022	Votes	No of shares	No of votes	Participation interest, %	Voting share, %
Class A	10	7,875,000	78,750,000	1.86	15.90
Class B	1	416,617,719	416,617,719	98.14	84.10
<b>Total</b>		<b>424,492,719</b>	<b>495,367,719</b>	<b>100</b>	<b>100</b>

Shareholder type	No of shares	Capital, %	Votes, %
Swedish private individuals	239,451,698	56.49	48.41
Swedish institutional owners	26,983,413	6.36	5.45
Foreign institutional owners	13,461,004	3.43	2.93
Other	88,890,056	21.02	32.32
Own holdings	3,800,000	0.90	0.77
Anonymous ownership	51,906,548	11.80	10.12
<b>Total</b>	<b>424,492,719</b>	<b>100.00</b>	<b>100.00</b>

selective acquisitions. Fingerprints also wishes to maintain a strong balance sheet.

Transfers of capital to shareholders should be adapted to Fingerprints' earnings trend and cash flow, while at the same time considering the company's growth potential and financial position.

## DIVIDEND

The Board of Directors' proposes that no dividend be paid for the financial year 2022.

## SHARE REPURCHASES

During 2022, no shares were repurchased. Fingerprints holds a total of 3,800,000 shares in own custody and they have no value as assets or as equity.

## FINANCIAL ANALYSTS

In 2022, Fingerprints was covered by the following analysts:

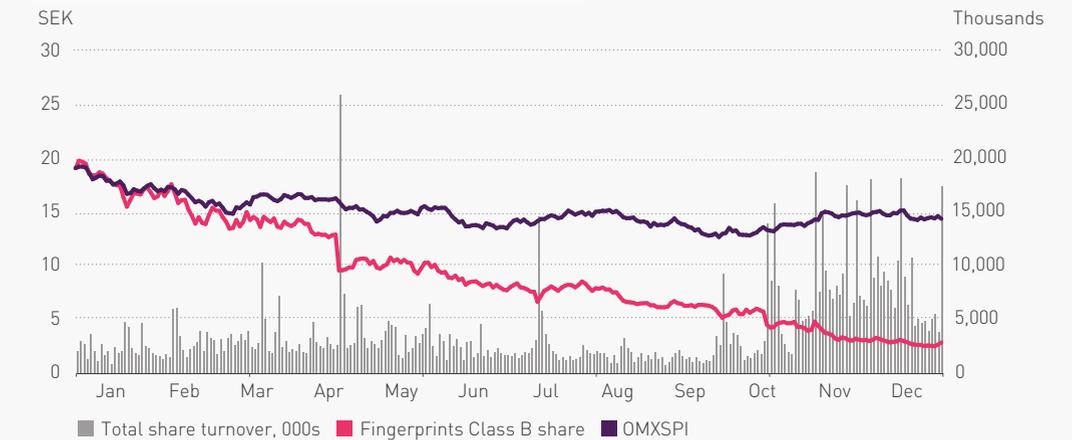
- Erik Penser Bank, Markus Almerud

10 largest shareholders at 31 December 2022	Class A shares	Class B shares	Capital, %	Votes, %
Avanza Pension		22,918,757	5.40	4.63
Johan Carlström with company	7,875,000	14,000,000	5.15	18.72
Nordnet Pensionsförsäkring		18,480,105	4.35	3.73
Handelsbanken Fonder		8,921,984	2.10	1.80
Swedbank Försäkring		5,814,311	1.37	1.17
Svenska Handelsbanken AB for PB		5,716,590	1.35	1.15
Storebrand Fonder		3,338,985	0.79	0.67
Magnus Olsson		3,037,305	0.72	0.61
Gilbert Roland Hanzén		2,870,000	0.68	0.58
BlackRock		2,350,128	0.55	0.47
Övriga		329,169,554	77.54	66.45
<b>Totalt</b>	<b>7,875,000</b>	<b>416,617,719</b>	<b>100.0</b>	<b>100.0</b>
Of which repurchased shares in own custody		3,800,000	-	-

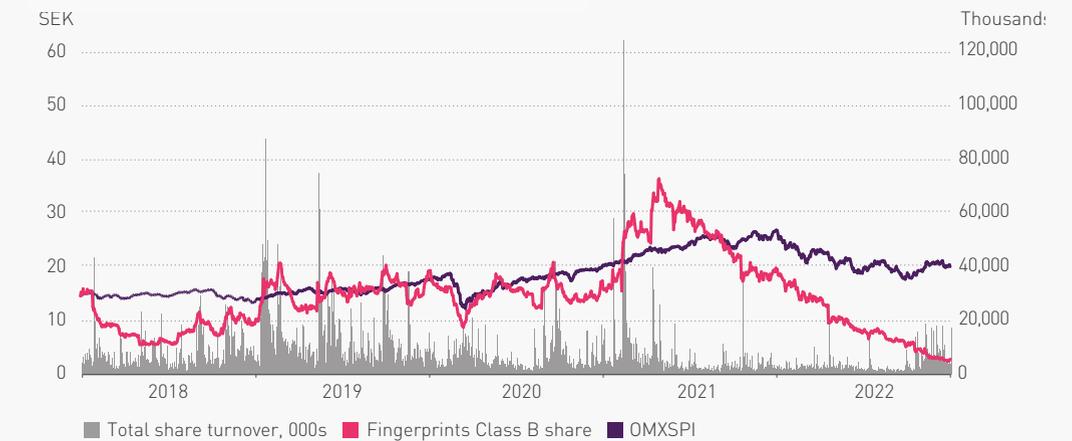
Allocation of holdings	No of shares	Capital, %	Votes, %	No of known shareholders	Proportion known shareholders, %
1-1,000	8,383,282	1.97	1.69	35,618	70.16
1,001-5,000	21,322,266	5.02	4.30	8,845	17.42
5,001-10,000	17,420,364	4.11	3.52	2,387	4.70
10,001-20,000	23,821,165	5.62	4.81	1,638	3.23
20,001-	300,998,408	71.43	75.51	2,280	4.49
Anonymt ägande	52,547,234	11.85	10.16	0	0.00
<b>Totalt</b>	<b>424,492,719</b>	<b>100.00</b>	<b>100.00</b>	<b>50,768</b>	<b>100.00</b>

Source: Modular Finance

## SHARE PRICE DEVELOPMENT 2022



## SHARE PRICE DEVELOPMENT 2018-2022



## MESSAGE FROM THE CHAIRMAN

# FOCUS ON ORGANIZATIONAL ALIGNMENT AND RESOURCE ALLOCATION

**Dear shareholder,**

I took office as Chairman in September 2022. However, prior to that I had followed Fingerprints for a long time, for example in the role of financial adviser to the company. Fingerprints is a pioneer in biometrics, and has succeeded throughout the years in maintaining a world-leading position within its selected segments. Biometric solutions are still an industry of the future, and demand remains considerable and is increasing in several areas where secure and user-friendly authentication is important.

While a number of significant advances were made in 2022, for example, by establishing a position in the market for under-display sensors for mobile phones, the company has been compelled to adapt the operations to changes in the business environment. The single largest factor that impacted Fingerprints' development in 2022 was the sharp decline in demand for smartphones in China, due to the country's "zero-COVID" restrictions, which only started to be lifted as late as in December. The reduction in sales volumes in China resulted in a strained working capital situation and Fingerprints therefore strengthened its balance sheet during the year through a set-off issue and a rights issue, which contributed SEK 341 M to the company. In parallel with this, organizational

changes were implemented in order to secure a competitive cost structure.

The Board of Directors particularly worked with issues relating to financing, organizational changes, strategy and resource allocation. Fingerprints' overriding strategy stands firm and is focused on defending and building on the company's strong position in the smartphone segment while diversifying the business into prioritized areas outside the mobile industry. Meanwhile, it is essential to ensure that necessary organizational resources are in place to be able to deliver on the strategy. Given the current situation, it is even more important to assess where the company's limited resources can generate the highest possible return, and the company's R&D portfolio is strictly targeted at projects that are expected to be able to generate considerable profitable growth. This is exemplified by Fingerprints' project for developing an in-house microcontroller unit (MCU), which will make it possible for the company to offer its PC customers a complete biometric system consisting of a fingerprint sensor and an MCU. This is something that is in great demand, among both existing and potential customers.

Creating an appropriate incentive structure is another important focus area for the Board of Directors, with the aim of attracting, motivating and retaining key individuals, and to more clearly link their remuneration to the

company's performance and value development. Against this background, the Board decided in early 2023 to convene an Extraordinary General Meeting (EGM) to resolve on a proposal for a long-term incentive program. Since the publication of the convening notice, however, the Board has obtained valuable feedback and constructive suggestions for improvements regarding the proposed incentive program, both from several large shareholders and other stakeholders. In view of the importance of a long-term incentive program for the company's competitiveness, the Board considers that certain clarifications and adjustments should be made to the proposal, and therefore decided to cancel the EGM with the ambition to present a revised proposal to a future General Meeting.

I would like to thank my colleagues on the Board for their excellent cooperation during the year. On behalf of the Board of Directors, I would also like to thank the management team and all coworkers for their hard and dedicated work. Together with the other members of the Board, I look forward to continuing to work with you in order to create the best possible prospects for Fingerprints to generate long-term value for our customers, partners, shareholders and coworkers.

**Christian Lagerling**  
Chairman of the Board



# CORPORATE GOVERNANCE REPORT

Fingerprint Cards AB (publ) (Fingerprints) is a Swedish public limited company listed on Nasdaq Stockholm and with registered office in Gothenburg in the County of Västra Götaland.

The corporate governance of Fingerprints is based on legislation and other regulations: the Swedish Companies Act, the Articles of Association, Nasdaq Stockholm’s Rulebook for Issuers, the Swedish Code of Corporate Governance, (the “Code”), other applicable laws and ordinances, and internal regulations.

Fingerprints strives to create long-term value for shareholders and other stakeholders. This involves ensuring an effective organizational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code. Its primary purpose is to describe corporate governance within Fingerprints. For this purpose, the Report will only be used to a lesser extent to report information that ensues from applicable regulation.

Fingerprint Cards’ auditors have read this report and a statement from the auditor has been appended to it.

## SEGREGATION OF DUTIES

The shareholders exercise their influence at the General Meeting, which is the company’s chief decision-making body. Responsibility for the company’s organization and administration of the company’s affairs rests with the Board of Directors and the CEO in accordance with

applicable laws and regulations, and the Board of Directors’ internal control instruments.

## SHAREHOLDERS

Fingerprints is a securities depository-registered company, and the company’s share register is maintained by Euroclear Sweden AB.

At year-end 2022, the company had 50,768 (51,416) known shareholders, a decrease of 1 percent compared with the previous year. The registered share capital was SEK 18,483,477, divided between 7,875,000 class A shares and 416,617,719 class B shares. Class A shares each carry ten votes and class B shares each carry one vote. Class A and B shares carry the same participating interest in the company and equal entitlements to dividends. Repurchased shares are in own custody and has no value in assets or in equity.

At year-end 2022, the ten largest shareholders held 33.55 percent of the votes in the Company. For more information on ownership, see page 43.

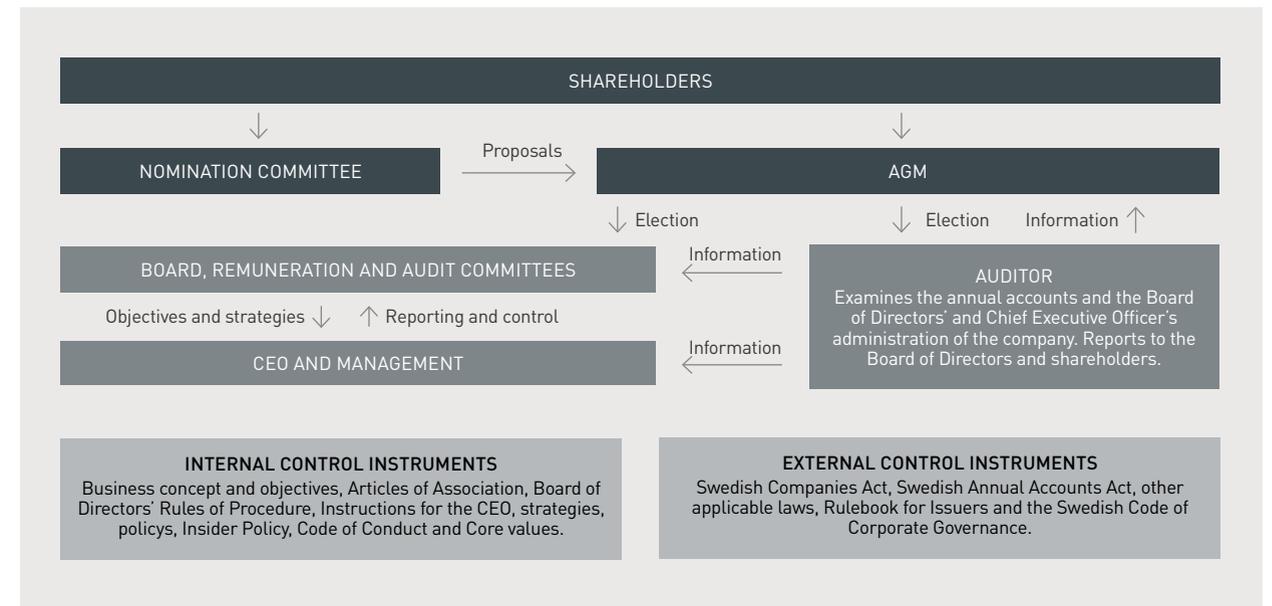
## ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) approves the Income Statement and Balance Sheet for the previous financial year for the Parent Company and the Group. The AGM

also resolves on dividend and discharging the Directors and CEO from liability, elects the Board of Directors and the Chairman of the Board, and approves their fees, elects the auditor, and resolves on audit fees, and also deals with other statutory matters. Resolutions are taken on the Nomination Committee and guidelines for remunerating

senior executives, and other proposals from the Board of Directors and shareholders.

Notice of shareholders’ meetings shall be made through an announcement in the Swedish Official Gazette and on the company’s website. Notification that the invitation has been issued is announced in the



daily newspaper Svenska Dagbladet. Notice of AGMs are issued at the earliest six and the latest four weeks prior to the AGM. Meeting invitations are to contain information on the procedure for the notification of attendance and the closing date for notification, entitlement to participate in and vote, a numbered agenda with business for consideration, information on appropriation of profits and an outline of other proposals.

Notice of an Extraordinary General Meeting (EGM), where an amendment to the Articles of Association is to be considered, are to be issued at the earliest six, and at the latest four, weeks prior to the EGM. Notifications of other EGMs are to be issued at the earliest six, and the latest three, weeks prior to the Meeting.

All shareholders recorded in the share register on the record date, and who have notified attendance on time, are entitled to participate in shareholders' meetings, and vote in accordance with the shares registered. Shareholders can attend via a proxy that has been issued with power of attorney. However, the shares must still be registered with information regarding the proxy, and presentation of the power of attorney. In order to exercise voting rights at shareholders' meetings, shareholders with nominee-registered holdings must temporarily re-register their shares in their own name, pursuant to the stipulations of the invitation to the Meeting.

Shareholders who wish to have a matter considered at the AGM shall provide a written proposal to [investrel@fingerprints.com](mailto:investrel@fingerprints.com) or to Bolagssekreteraren, Fingerprint Cards AB, Box 2412, SE-403 16 Gothenburg, no later than seven weeks before the AGM, to guarantee

that the matter can be included in the invitation to the AGM.

Most resolutions at shareholders' meeting are passed by a simple majority. In certain cases, the Swedish Companies Act stipulates resolutions require a qualified majority, for example resolutions on amending the Articles of Association, which require shareholders with at least two-thirds of both the votes cast and the votes represented at the Meeting to support the resolution. Resolutions regarding incentive programs require an even greater majority, with in certain cases, qualified majorities of up to 90 percent of the shares and votes represented at the Meeting.

### AGM 2022

The AGM for the 2021 fiscal year was held in Stockholm on 24 May 2022. The notice to the AGM was published on 25 April 2022. 176 shareholders, accounting for 31.1 percent of the votes and 18.5 percent of the shares, were represented at the AGM.

### THE AGM PASSED RESOLUTIONS ON:

- Adopting the accounts for 2021 fiscal year.
- Approving the appropriation of profits with the earnings carried forward.
- Discharging the Board of Directors and CEO from liability for 2021 fiscal year.
- Approval of the remuneration report.
- That the number of Directors shall be seven, with no deputies.
- Election of Directors, Chairman of the Board and auditor.

- Approval of Directors' fees and fees to auditors.
- Authorization of the Board of Directors to repurchase and transfer treasury shares.

Additionally, the AGM resolved to authorize the Board of Directors to, up until the next AGM, on one or more occasions, with or without deviation from the shareholders' preferential rights, on new issues of Class B shares, warrants and/or convertibles entitling to subscription of Class B shares, corresponding to no more than ten (10) per cent of the total number of outstanding shares in the Company.

More information on the 2022 AGM is available at Fingerprint Cards' website: [www.fingerprints.com](http://www.fingerprints.com).

### ANNUAL GENERAL MEETING 2023

The AGM will be held on 24 May 2023 at Celsiussalen, Citykonferensen, Malmskillnadsgatan 46, Stockholm, Sweden.

### NOMINATION COMMITTEE

The Company is to have a Nomination Committee comprising four (4) members.

During the year, the Chairman of the Board 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, 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 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 as a new Nomination Committee is appointed. The composition of the Nomination Committee is to be disclosed no later than six months before the AGM.

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, their representative/s is/are to step down, whereupon the/those shareholder/s who has/have been added to three largest shareholders will be entitled to appoint a new representative. However, marginal changes that have occurred in the number of voting rights need not 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 next 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 2023 AGM:

- proposal concerning Chairman of the Meeting
- proposal concerning members of the Board
- proposal concerning Chairman of the Board
- proposal concerning auditor
- proposal concerning remuneration of Board members
- proposal concerning remuneration of the auditor
- possible proposal to change the guidelines for appointing the Nomination Committee

Fingerprints' Nomination Committee had the following members for the 2023 AGM:

- Johan Carlström (shareholder), Chairman of the Nomination Committee
- Helen Fasth Gillstedt (appointed by Handelsbanken Fonder), member of the Nomination Committee
- Christian Lagerling (Chairman of the Board of Fingerprint Cards AB), member of the Nomination Committee
- Tony Turujlija (shareholder), member of the Nomination Committee

Shareholders may submit proposals to the Nomination Committee. Proposals are to be sent by email to: [investrel@fingerprints.com](mailto:investrel@fingerprints.com)

### **WORK OF THE NOMINATION COMMITTEE FOR THE 2023 AGM**

In June 2022, Johan Carlström resigned from the Board and Dimitrij Titov was appointed by the Board as acting chairman. As a result, the nomination committee met regarding proposals for a new chairman and a reduction in the number of members on the Board. Subsequently, the extraordinary general meeting on 20 September 2022 approved the Board changes in accordance with the nomination committee's proposal.

For the 2023 AGM, the Nomination Committee held a total of eight meetings, and maintained regular intervening contact on various Nomination Committee matters. A Board evaluation was conducted through the Directors responding to a number of questions. The responses were compiled and presented by the Chairman of the Board, and discussed within the Board of Directors. Subsequently, in order to make an accurate assessment on matters regarding the composition of the Board of Directors, the Nomination Committee read and reviewed the Board evaluation and the work of the Board of Directors, as well as the Chairman of the Board's report on the company's operations, objectives and strategies, jointly with the Chairman of the Board.

The Nomination Committee is also of the opinion that it is important that the Board members can devote the time and care required to fulfill their duties as Board members in the Company and the Nomination Committee has therefore assessed the scope of the Board members' assignments outside the Company and the time required.

The Nomination Committee applies point 4.1 of the Code as its Diversity Policy, and continuously strives to satisfy the

Code's standards for diversity, breadth and gender balance on the Board of Directors. In this respect, the Nomination Committee has struck a balance between achieving a more even gender distribution and changing the composition of the Board in order to meet the strategic challenges ahead, and has come to the conclusion that that the internationalization of the Board in combination with sector expertise was given the highest priority (see further below). However, the Nomination Committee believes that the work with a more even gender distribution needs to continue.

The Nomination Committee has also taken note of the Audit Committee's recommendations on the election of an auditor.

In order to assess the requirements that will be placed on the Board with regard to the Company's operations, development stage and other conditions, the Nomination Committee has discussed the size and composition of the Board. Due to the well-functioning Board, combined with the requirements on the Board's work in the future, the Nomination Committee considers that the Board should consist of 6 members.

The Nomination Committee has analyzed the competence and experience of the Directors, and their gender division, and compared them with identified needs. The Nomination Committee's opinion is that the Directors possess the breadth and experience that the Company needs given the strategic challenges the Company faces.

In this context, the Nomination Committee considers that the proposed Board has extensive experience from e.g. business operations, technology, the financial markets, telecom and IT, the semiconductor industry, as well as from business law and M&A. Through the members

proposed for election, the nomination committee has assessed that these, through their background, strengthen the international experience available on the Board and, in light of the fact that the Company's market is outside Sweden, will be needed to an even greater extent in the future. In addition, the proposed members bring deep sector expertise, experience and networks in fintech, payment solutions as well as information- and cyber security.

### **BOARD OF DIRECTORS AND CEO**

Pursuant to the Articles of Association, Fingerprints' Board of Directors is to consist of four to ten Directors with a maximum of five deputies elected by the AGM for the period until the end of the following AGM. The Board of Directors and the Chairman of the Board are appointed at each AGM for the period until the following AGM, and accordingly, their term of office is one year.

Apart from the AGM, changes to the Board of Directors can be executed through an EGM resolution or by a Director choosing to resign his or her appointment in advance.

The AGM 2022 resolved to re-elect Sofia Bertling, Johan Carlström, Ted Elvhage, Alexander Kotsinas, Tomas Mikaelsson, Dimitrij Titov and Juan Vallejo as Directors. Johan Carlström was elected as Chairman of the Board. On June 22, 2022, Fingerprints announced that Johan Carlström was leaving the Board after the Stockholm district court found him guilty of insider trading. The Board appointed Dimitrij Titov as chairman with immediate effect. The extraordinary general meeting on September 20, 2022 decided that the Board shall consist of five (5) regular members without deputies, and elected Christian Lagerling as a new Board member and Chairman of the Board. The Board

## BOARD OF DIRECTORS' WORK

Recurring matters at Board meetings include Group Management reporting of business conditions, operations, organization, results, financial position and liquidity.

Q1
Year-end report. One meeting focusing on strategy and achievements.
Q2
Interim report first quarter. Annual General Meeting and following constituent meeting.
Q3
Interim report second quarter. Strategy day.
Q4
Interim report third quarter. Adoption of budget.

consists of Ted Elvhage, Alexander Kotsinas, Dimitrij Titov, Juan Vallejo and Christian Lagerling.

In the Nomination Committee's opinion, four Directors of the Board are independent of the Company and management. Five Directors are independent of major shareholders. Accordingly, the Board of Directors satisfies the independence requirements stipulated by the Code.

The Board of Directors is responsible for Fingerprints' organization and administration, in the interests of both the company and its shareholders. The Board must regularly evaluate Fingerprints' financial situation and ensure that Fingerprints is organized so that its accounting, management of funds and the company's other accounting circumstances are controlled satisfactorily. The Board appoints the CEO and decides on issues regarding strategic direction of operations and the company's overall organization.

Each year, the Board adopts written Rules of Procedure that formalize the work of the Board and its internal segregation of duties, decision-making within the Board, the Board's meeting schedule and the duties of the Chairman. In addition, the Board has issued documents including written instructions regarding the segregation of duties between the Board and the CEO.

The Board also approves policies and instructions for operating activities. Operating activities are managed by the CEO. The CEO regularly provides the Board with information on events that are significant to the company's progress, results, financial position, liquidity or other information of such significance that the Board should be informed of. The Directors are presented on pages 51-52.

### WORK OF THE BOARD OF DIRECTORS IN 2022

Pursuant to the current Articles of Association, the Board of Directors must meet on at least four scheduled occasions and one statutory meeting per year. Additional meetings can be held as required.

In 2022, there were 31 Board meetings. Scheduled agenda items at Board meetings during the year are Group Management's reporting of business conditions,

operations, organizational resources, results of operations, financial position and liquidity. Special Board meetings with a focus on strategy are held in the spring and autumn. During the autumn, and before Christmas, Board meetings consider the budget and business plan for the following year.

Board meetings are held quarterly to reach decisions on publications of interim, half-year and annual financial statements. Meetings to decide on convening notice, annual accounts, corporate governance documentation and other matters for business are held prior to AGMs. Senior executives of Fingerprints participate in Board meetings as required.

### REMUNERATION COMMITTEE

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 AGM. 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.

Remuneration of other senior executives is decided by the CEO after consulting with the Remuneration Committee. In 2022, the Remuneration Committee's members were the Directors Juan Vallejo (Chairman), Christian Lagerling, and Ted Elvhage. During the fiscal year 2022, the Remuneration Committee met on three occasions.

### AUDIT COMMITTEE

The Audit Committee's duty is to support the Board 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 AGM resolution and election of auditors.

In 2022, the Audit Committee's members were Alexander Kotsinas (Chairman), Christian Lagerling and Dimitrij Titov. During 2022, the Audit Committee met on five occasions.

### AUDITOR

The Articles of Association stipulate that Fingerprints must have one or two auditors with or without deputies, or one or two registered public accounting firms. The 2022 AGM elected BDO Mälardalen AB as auditor until the 2023 AGM. BDO Mälardalen AB appointed Johan Pharmanson as Auditor in Charge. Carl-Johan Kjellman, BDO Mälardalen AB, was also elected auditor until the 2023 AGM. The duty of the auditor is to examine the company's annual accounts and accounting records, and the Board of Directors' and CEO's administration on behalf of the shareholders. The auditor also conducts a summary review of one quarterly financial statement and issues

opinions regarding the Board of Directors' reporting in connection with such events as new share issues and decisions on warrant programs. Each year, the Board of Directors meets the auditor for a report on whether the company's organizational resources are structured so that bookkeeping, the management of funds and other circumstances can be controlled satisfactorily. The auditor has continuous contact with the Audit Committee and participates in at least one of the Audit Committee's meetings during the financial year. The auditor attended the 2022 AGM on May 24.

### 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 authorizations 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 fulfill 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, and the segregation of duties and authorization regarding the organization 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 according to established procedures. The auditor also submits reports from 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 within the auspices of financial reporting consists of material misstatement in accounting. Risk management is a part of operational processes and various methodologies are applied to ensure that risks are managed pursuant to regulation, instructions and procedures with the aim of making accurate disclosures.

### CONTROL ACTIVITIES

Control activities are designed to manage the risks that the Board and company management consider material to internal controls of financial reporting.

Control activities designed to prevent, discover and rectify misstatement and deviations are evaluated. The

segregation of duties and organization constitutes the structure for controls. Follow-ups are conducted within each area of responsibility, and across all operations. Approvals and the segregation of authorization constitute the structure of control activities, as do clear rules for decisions regarding investments, sales, procurement and contracts. Control activities also proceed from the business concept, strategies and objectives, and mission-critical activities. A high level of IT security is a prerequisite for good internal controls over financial reporting. Fingerprints' IT strategy emphasizes security and functionality, with security being more important because without security, functionality is compromised.

External financial reporting with the ensuing controls is conducted on a quarterly basis, and internal financial reporting on a monthly basis. 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 also 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 the resulting 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 has made the assessment that internal functions and processes within finance, law and quality meet the needs for review and control.

### REMUNERATION OF THE BOARD OF DIRECTORS

The 2022 AGM resolved on a total fixed Directors' fee of SEK 2,445,000, of which SEK 675,000 to the Chairman and SEK 295,000 to each member. Fees for committee work of SEK 450,000 was allocated as follows: Audit Committee: SEK 135,000 to the Chairman and SEK 70,000 to the other members. Remuneration Committee: SEK 85,000 to the Chairman and SEK 45,000 to the other members.

Directors receiving a salary from Fingerprints are not eligible for Directors' fees. Directors that join the Board in the year receive fees in relation to the remaining period until the following AGM

### REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES

The AGM 2020 approved the proposal that the Remuneration Committee is to prepare guidelines in respect of pay and other employment terms for the CEO and senior executives and present the Board with proposals. The guidelines are presented in the Administrative report, pages 59-60.

## THE BOARD - FUNCTION, ATTENDANCE AND REMUNERATION

Name	Function	From	To	Committee	Independent in relation to		Attendance at meetings 2021	Board remuneration 2021/22 (Tkr)	Committee remuneration 2021/22 (Tkr)
					Company	Larger shareholders			
Christian Lagerling	Chairman of the Board	2022-09-20	–	Remuneration Committee, Audit Committee	No	Yes	13/13	–	–
Johan Carlström	Chairman of the Board 2018-05-29 – 2022-06-22	2018-05-29	2022-06-22	Audit Committee	Yes	No	10/10	640	65
Tomas Mikaelson	Board member	2016-05-04	2022-09-20	Audit Committee	Yes	Yes	17/18	280	–
Alexander Kotsinas	Board member	2017-04-20	–	Audit Committee	Yes	Yes	29/31	280	130
Dimitrij Titov	Board member	2017-04-20	–	Audit Committee	Yes	Yes	31/31	280	65
Ted Elvhage	Board member	2018-05-29	–	Remuneration Committee	Yes	Yes	29/31	280	40
Juan Vallejo	Board member	2018-05-29	–	Remuneration Committee	Yes	Yes	27/31	280	80
Sofia Bertling	Board member	2019-05-22	2022-09-20	Remuneration Committee	Yes	Yes	16/18	280	40

### ARTICLES OF ASSOCIATION

The Articles of Association stipulate the company's operations, the number of Directors and auditors, procedure for convening shareholders' meetings, matters for consideration at the AGM and where meetings are held, as well as share classes, preferential rights and pre-emption rights regarding the company's class A shares. The Articles of Association are available at the website: [www.fingerprints.com](http://www.fingerprints.com)

### INFORMATION AND COMMUNICATION

Fingerprints' policies and guidelines are especially important for accurate accounting, reporting and corporate communication. Information shall increase knowledge of Fingerprints, increase confidence in Fingerprints, its management and employees, and promote business activities. A Corporate Communication Policy is in place for communication with internal and external parties, containing guidelines for the company's corporate communication. The purpose is to ensure compli-

ance with the communication obligation in an accurate and comprehensive manner.

### MONITORING

Compliance with the Rules of Procedure, instructions, policies and procedures are monitored by the Board of Directors and Group Management. Board meetings consider business conditions and the financial position. The Board of Directors reviews financial statements, and decides on publication of financial reports. The Board of Directors appraises its own work, and the CEO's work, yearly. At least one interim or half-year report, and all annual financial reports are audited. The CEO provides monthly reports to the Board of Directors, involving all parts of operational functions. Management meets frequently and monitors business development, financial performance and position, and significant events. The Board of Directors meets the auditor during the year to review the audit of internal controls and other assignments. Forecasting and budgeting work is conducted continuously with a rolling, forward-looking forecast based on updated information on sales, procurement, operating expenses and product development and technology development.

### Board of Directors

Gothenburg, on the date stated in the electronic signatures.

## Auditor's statement on the Corporate Governance Report

To the General Meeting of shareholders in Fingerprint Cards AB (publ), corporate identity number 556154-2381

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 45-50 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR16 *The auditor's examination of the corporate governance report*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, on the date stated in our electronic signature  
BDO MÅLARDALEN AB

Johan Pharmanson  
Authorized Public Accountant

Carl-Johan Kjellman  
Authorized Public Accountant

# BOARD OF DIRECTORS



## CHRISTIAN LAGERLING

Chairman of the Board since 2022.  
Board member since 2022.  
Born in 1973.

**Employment and other board assignments:** CEO and owner of Beluca Ventures, LLC. Financial advisor to global technology companies and private investment activities in private and public technology companies. Board member of MEIQ Systems AB, Raymond, and GoodTrust, Inc.

**Education:** Master of Science in Business and Economics at Stockholm University and London School of Economics.

**Background:** Financial analyst for Barclays Capital (London, UK) 1998-1999; Co-founder of GP Bullhound Ltd. (London, UK & San Francisco, USA) 1999-2013; Founder of Beluca Ventures, LLC (San Francisco, USA) 2013-; Chairman of the Board of Terranet AB (publ), 2016-2018; Chairman of the Board and co-founder of Dicopay AB, 2017-2022; Chairman of the Supervisory Board of asknet Solutions AG (Frankfurt Exchange), 2021-2022.

**Holdings in Fingerprint Cards:** 350 000 B-shares\*.

As financial advisor to the Company, Christian Lagerling is dependent in relation to the Company and the Company management and independent in relation to the Company's major shareholders.



## TED ELVHAGE

Board member since 2018.  
Born in 1968.

**Employment and other Board assignments:** Private investments in own companies. Owner and partner in the venture capital firm Rymdkapital AB.

**Education:** BSc Biochemistry & Minor Business and Administration, Millersville University of Pennsylvania.

**Background:** Sales and management positions in manufacturing, IT, software and consulting, e.g. former Sales Manager in subsidiary of Indutrade, and later also Sales Manager in Sweden at HP Software, as well as advisor and investor in innovative growth companies via his own company.

**Holdings in Fingerprint Cards:** 33,525 B-shares and 1,705 warrants regarding B-shares\*.

Independent in relation to the Company and the Company's major shareholders.



## ALEXANDER KOTSINAS

Board member since 2017.  
Born in 1967.

**Employment and other Board assignments:** CFO at BioGaia AB..

**Education:** Master of Science Engineering Physics, KTH Royal Institute of Technology, Stockholm. Bachelor of Science Economics, Stockholm School of Economics.

**Background:** Finance Director at Lowell Sverige AB 2017-2019, Partner Nexttobe AB 2011-2017, Vice president and CFO Q-Med AB 2008-2011, CFO Life Europe AB 2007, CFO mobile operator Tre (Hi3G Access AB) 2003-2006, vice president Investor AB (publ) 2000-2003 and different positions at Ericsson 1994-2000.

**Holdings in Fingerprint Cards:** 11,155 B-shares and 531 warrants regarding B-shares\*.

Independent in relation to the Company and the Company's major shareholders.

\* As at 31 March, 2023



### DIMITRIJ TITOV

Board member since 2017.  
Born in 1962.

**Employment and other Board assignments:** Lawyer and Managing Partner, Advokatfirman Titov & Partners. 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 Webess Sverige AB. Member of the Board of Järnlotet Fastigheter AB.

**Education:** Master of Laws (LL.M.), Stockholm University.

**Background:** 34 years of experience as a business lawyer. Lawyer and Partner at Advokatfirman Fylgia 1995-2018, with main focus on M&A, corporate law and international agreements in the industry.

**Holdings in Fingerprint Cards:** 26,317 B-shares and 1,253 warrants regarding B-shares\*.

Independent in relation to major shareholders and the company and executive management.

\* As at 31 March, 2023



### JUAN VALLEJO

Board member since 2018.  
Born in 1957.

**Employment and other Board assignments:** Chairman of the Board of Indoor Energy Group Nordic AB. Member of the Board of Mercuri International Group AB, TagMaster AB and Elajo Invest Aktiebolag (publ).

**Education:** Master of Science ( MSc) in Engineering, Royal Institute of Technology.

**Background:**  
2011-2014:CEO, Imtech Nordic  
2006-2010:CEO, Niscayah Group  
1992-2006:Securitas Group Management

**Holdings in Fingerprint Cards:** 826,875 B-shares and 39,375 warrants regarding B-shares\*.

Independent in relation to the Company and the Company's major shareholders.

# GROUP MANAGEMENT



## TED HANSSON

Acting CEO since 2022. Previously President Mobile, PC and Access China 2021-2022 and Senior VP Business Line Mobile 2017-2021.  
Born: 1976

**Education:** MSc Electronics Engineering, Blekinge Institute of Engineering.

**Previous assignments:** Country Manager Fingerprints, China 2013-2016, Marketing Director/China Country Manager Nanoradio AB 2010-2013, Customer Engineering Director ST-Ericsson Korea 2007-2010, Software Manager Ericsson Mobile Platforms Taiwan 2006-2007, Software Consultant Ericsson Mobile Platforms China 2003-2006.

**Shareholdings in Fingerprints:** 76,250 B-shares and 11,250 warrants regarding B-shares\*.



## PER SUNDQVIST

CFO since 2018.  
Born: 1966

**Education:** Ekonomlinjen, Umeå Universitet.

**Previous assignments:** CFO Driconeq 2014-2018, Interim CFO Solera Beverage Group 2012, Interim CFO Cybercom 2011, CFO HL Display 2008-2011, CFO Aura Light International AB 2002-2008, CFO Q-Med AB 2001-2002, CFO/CIO Stoneridge AB 2000-2001, Finance Director GE Healthcare 1997-2000, Controller Volvo AB 1994-1997.

**Shareholdings in Fingerprints:** 75,000 B-shares and 1,864 warrants regarding B-shares\*.



## HAIYUAN BU

President Mobile, PC & Access China since 2022  
Born: 1979

**Education:** Executive MBA, China Europe International Business School, Master of Entrepreneurship and Innovation, Lund University.

**Previous Assignments:** Senior VP Sales, Mobile, PC & Access China, Fingerprints; VP, Head of Sales Gr.China & Global Customer Engineering, BL Mobile & PC, Fingerprints; Senior Director, Head of Customer Engineering, Fingerprints; Several engineering and customer support manager positions in the Mobile and semiconductor industry, including in Ericsson and Alcatel.

**Shareholdings in Fingerprints:** 0\*.

\* As at 31 March, 2023



### CHARLES BURGEAT

Senior VP Corporate Strategy and Portfolio Management since 2019.

Born: 1973

**Education:** Master of Science (MSc) in Engineering, University of Paris, Ecole Nationale Supérieure des Télécommunications.

**Previous assignments:** Vice President Sales Mobile Fingerprints; Vice President Sales Business Unit Modems, Ericsson; Sales Director, ST-Ericsson, Sales Manager, STMicroelectronics.

**Shareholdings in Fingerprints:** 6,560 B-shares and 312 warrants regarding B-shares\*.



### PONTUS JÄGEMALM, PHD

CTO since 2017. Previously Senior VP Research & Development 2009-2017, including Head of Production 2009-2013.

Born: 1971

**Education:** Master's degree and PhD in Engineering Physics, Chalmers University of Technology, Gothenburg.

**Previous assignments:** Extensive international experience, including Technical Lead and Head of System Design at Displaytech Inc, USA, and Manager International Projects, Fingerprints, 2007-2009.

**Shareholdings in Fingerprints:** 850,125 B-shares and 10,000 warrants regarding B-shares\*.



### THOMAS REX

Senior VP Special Projects since 2020. Previously Senior VP Business Line Smartcards, Automotive & Embedded 2018-2020, Senior VP Business Line Smartcards 2017-2018 and Executive VP Sales Fingerprints November 2011 – October 2016.

Born: 1963

**Education:** Master of Science Electrical Engineering, Lund Institute of Technology.

**Previous assignments:** VP Sales Asia, Ericsson Mobile Platforms, VP Sales Nanoradio.

**Other assignments:** Chairman of the Board of Acconeer AB.

**Shareholdings in Fingerprints:** 1,100,000 B-shares and 20,000 warrants regarding B-shares\*.



### MICHEL ROIG

President Payment & Access since 2021. Previously Senior VP Business Line Payment & Access (2020-2021) and VP Sales & Customer Support Business Line Smartcards, Embedded & Automotive

Born: 1976

**Education:** Master of Science in Electrical Engineering, Lund Institute of Technology.

**Previous Assignments:** VP & General Manager UK & Nordics Aava Mobile Oy, VP, Head of Sales & Marketing Terranet, several positions in the Mobile and electronics industry including Flextronics and Ericsson.

**Shareholdings in Fingerprints:** 7,875 B-shares and 375 warrants regarding B-shares\*.

\* As at 31 March, 2023

## MESSAGE FROM THE CFO

# REDUCED DEMAND MARKED THE YEAR

During 2022, Fingerprints implemented a number of action programs to offset the sharp downturn in demand for smartphones in China. In the fourth quarter, we also successfully completed a set-off issue and a rights issue, which strengthened the company's finances for the future.

During the first quarter of 2022, we had already noted a slowdown in sales due to COVID-19-related restrictions in China, which caused disruptions in our logistics chains with delayed product deliveries as a result. The lockdowns then led to a rapid and sharp decline in the demand for smartphones, which severely impacted Fingerprints' sales, gross margin and cash flows.

The reduced demand, combined with increased price competition, had a negative effect on our gross margin and thus, by extension, on our cash flow and liquidity, due to the strained working capital situation caused by the rapid drop in sales. Due to this development, the company was exposed to a significant risk of breaching the maintenance test covenant that applies to our outstanding bonds.

In order to strengthen the balance sheet, Fingerprints therefore conducted a set-off issue and a rights issue in the fourth quarter of 2022, which generated proceeds of SEK 341 M for the company after transaction expenses. This strengthened the company's liquidity and also meant that we could avoid a potential breach of the maintenance test covenant.

During the year, we also implemented a cost-saving program, and we are continuing on an ongoing basis to conduct measures to streamline our operations and ensure that we return to profitability as soon as possible.

At the same time, we are ensuring that we can continue to finance existing and new customer projects, as well as a number of important long-term product development initiatives.

The "zero-COVID" restrictions in China have now been lifted, and we therefore expect a gradual return to the historical demand levels for smartphones. Meanwhile, we see that our revenues continue to be diversified to new segments offering higher margins, outside of our traditional operations in China in capacitive fingerprint sensors for mobile phones. These new segments accounted for just over 30 percent of sales at the end of 2022, and our assessment is that this share will have increased to around 45 percent by the end of 2023.

**Per Sundqvist, CFO**



# STATUTORY ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer (CEO) of Fingerprint Cards AB hereby present the Annual Accounts for the 2022 fiscal year.

## FINGERPRINTS' OPERATIONS

Fingerprint Cards AB (publ) is a high-technology company that develops, manufactures and markets biometric technology, which by analyzing and matching people's unique biometrical characteristics, verifies personal identities. This enables secure and convenient processing for the user, obviating the need for passwords or PINs. Fingerprints' technology and complete biometric systems deliver benefits including unique image quality, robustness and low power consumption. With these benefits, and in combination with low manufacturing costs, the technology can be implemented in volume products including smartphones, tablets and smart cards, such as payment cards, which are subject to extreme demands in these respects. Fingerprints' technology is already tested across a number of application areas.

## GROUP AND PARENT COMPANY

The annual accounts cover the fiscal year January 1–December 31, 2022. Fingerprint Cards AB (Publ) [Corp. Reg. No. 556154-2381] is the Parent Company of a Group including 14 subsidiaries. As of July 1, 2021, research

and development personnel in Sweden are employed in the company Fingerprints Card Sweden AB, while other Swedish personnel are employed in the Parent Company. The companies' operations consist of marketing and customer support.

The Parent Company has its registered office in the Municipality of Gothenburg in the county of Västra Götaland. The company's shares are listed on Nasdaq Stockholm since 2000.

## SIGNIFICANT EVENTS DURING THE YEAR

The introduction of extensive COVID-19-related restrictions in China in 2022 resulted in a sharp decline in demand for smartphones in China. This had a significant negative effect on Fingerprints' sales in the Mobile product segment in China. China is Fingerprints' largest market and accounted for approximately 90 percent of sales in 2022. Global deliveries of mobile phones also decreased in 2022. Mobile phone manufacturers and their subcontractors had planned for significantly higher sales volumes in 2022. During the year, they therefore focused on reducing their surplus stock of components and assembled telephones, which meant that they sharply reduced their purchasing. The introduction of tighter restrictions in China at the end of the first quarter of 2022 meant that the industry went rapidly from a situation where, owing

to the earlier component shortage, inventory had to be built up several months in advance to ensure delivery capability to a situation where a significant decrease in demand needed to be managed. The supply chain in the mobile industry is complex, with multiple stages and long lead times. Sensor suppliers such as Fingerprints are located further back in this chain, which meant that the company was not able to start reducing its own inventory until the fourth quarter. Fingerprints' competitors found themselves in a similar situation with excessive stock, which led to increased pressure on prices. In December 2022, China began lifting its "zero-COVID" restrictions that affected a large part of the population during the year. Consumers in China showed restraint during the period of restrictions, and the company expects a recovery – albeit not fully initially – to the historical demand for mobile phones.

During the year, Fingerprints' continued to introduce innovative new products to the market. FPC1553, the latest generation of ultrathin sensors designed for side mounting, was launched in 2022. This product builds further on the company's highly successful FPC1552 and FPC1542 sensors. 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. In September 2022,

we were able to announce the launch of the first three mobile phones featuring the FPC1553 – Honor X40i, Moto g32 and Vivo Y77 – and since then a number of additional models have been launched in the market.

On December 30, 2022, it was announced that Fingerprints had received its first volume purchase order for the company's optical under-display solution, FPC1632. This means that Fingerprints has now begun generating revenues in an entirely new market segment in Mobile, thereby opening attractive growth opportunities. Fingerprints has long been a well-established world leader in capacitive sensors and can now offer its customers a comprehensive product range of fingerprint sensors. Capacitive sensors currently account for approximately two-thirds of the volume in the market for fingerprint sensors in smartphones, while under-display sensors account for about one-third. In terms of value, these two markets are more comparable in size since the average selling price (ASP) for under-display sensors is higher. Fingerprints' entry into the under-display segment thus entails a significant expansion of the company's addressable market. Fingerprints' goal is to capture a considerable share of the under-display market while remaining a world leader in capacitive sensors.

Over the last two years, PC has emerged as an important new product area for Fingerprints. The company

anticipates favorable growth in both the short and the long term, since the share of computers with fingerprint sensors is expected to continue growing. Fingerprints dominates the market for fingerprint sensors in Chromebooks, while four of the world's six largest PC manufacturers integrate Fingerprints' technology into their products. To meet the rising demand for biometric solutions in the PC segment, Fingerprints launched a project in 2022 for refining its biometric solution specifically targeted at this application area by developing its own microcontroller unit (MCU). This will make it possible for the company to offer its PC customers a complete biometric system consisting of a fingerprint sensor and an MCU. Fingerprints' MCU development project is supported by the company's largest PC customers, since it is expected to lead to better overall system performance, while optimizing costs and enhancing control of the supply chain. Fingerprints' in-house MCU will further improve the company's Match-on-Chip solution for PCs, which was added in 2022 to Microsoft's approved vendor list (AVL) for Windows Hello Enhanced Sign-in Security. Fingerprints expects the Match-on-Chip segment – which is characterized by higher sales prices than simpler Match-on-Host solutions for the consumer market – to expand due to new requirements from Microsoft. These are expected to enter force during 2023 and will mean that Match-on-Chip will become a requirement for suppliers of biometric solutions for Windows Hello Enhanced Sign-in Security.

The primary market for Fingerprints' MCU development project is the PC segment, but there are also attractive applications in the Access field where Fingerprints

also continued to strengthen its product portfolio during the year through, among other initiatives, the launch of FPC1523, a new fingerprint sensor model that delivers an extremely high security level for Access applications. An interesting area of growth in Access is access cards and security keys with fingerprint sensors. The company is noting significantly increasing interest among many companies and organizations, since the same key can be used to enable uniform, secure access to PCs and systems, as well as to physical spaces. In 2022, Valmido, a French startup offering a multi-app device to authenticate mobile and web services, launched its first biometric access card, ProFIDO Bio, using Fingerprints' technology. During the year, Nuki, a leading European supplier of access solutions, launched Nuki Keypad 2.0 fitted with Fingerprints' FPC1025 sensor. The Nuki Keypad 2.0 opens a Nuku Smart Lock via a 6-digit entry code or – now as a new feature – using fingerprint recognition. In 2022, Fingerprints and SmartDisplayer, a Taiwanese card manufacturer, launched a biometric FIDO2 card that integrates Fingerprints' FPC-1323 sensor and the FPC-BEP software platform.

In 2022, another four commercial launches of biometric payment cards featuring Fingerprints' technology were announced. This means that Fingerprints' technology is thus far used in ten commercial launches in different parts of the world. During the year, the company also made important progress within the framework of its strategic partnerships with key players in payment card manufacturing. In early 2022, STMicroelectronics received a CES 2022 Innovation Award for STPayBio, an advanced platform for biometric payment cards that was

developed in collaboration with Fingerprints and Linxens. In November 2022, Fingerprints and Infineon signed a development and commercialization agreement pertaining to a plug-and-play solution for biometric payment cards: SECORA™ Pay Bio. The goal of the cooperation is to make the production of biometric smartcards as simple and easy as producing a standard payment card. The solution will include both Fingerprints' FPC1323 sensor with its biometric software algorithm and Infineon's SLC39B Secure Element chip. By combining and integrating these two components into one system package, the companies will be able to offer leading biometric performance executed in a single chip. This will simplify the manufacturing process for biometric cards considerably, a crucial condition for facilitating card launches on a truly large scale.

In the fourth quarter of 2022, Fingerprints conducted a set-off issue and a rights issue, which generated proceeds of SEK 341 M for the company after transaction expenses. This enhances the company's equity/assets ratio and liquidity, and allows Fingerprints to continue financing customer projects and several key product development initiatives. To strengthen the company's market-leading position, Fingerprints will continue to focus on developing innovative products, broadening the supplier base and ensuring a competitive cost structure.

#### **EARNINGS TREND**

The Group's revenues for 2022 declined 36 percent to SEK 862 M (1,356). The introduction of extensive COVID-19-related restrictions in China in 2022 resulted in a sharp decline in demand for smartphones in China. This had a

significant negative effect on Fingerprints' sales in the Mobile product segment in China. China is Fingerprints' largest market and accounted for approximately 90 percent of sales in 2022.

Gross profit for the year amounted to SEK 166 M (397) and the gross margin to 19 percent (29).

The operating result for the year was SEK -631 M (-8). The operating result for 2022 was impacted by non-cash write-downs of SEK 433 M. Exchange-rate effects are recognized in operating profit under the item Other external income, alternatively under Other external expenses. The result before tax for the year was SEK -652 M (-1), while positive tax revenues of SEK 66 M (1) were recognized. In total, the Group's full-year result declined to SEK -586 M (0). The Group's earnings per share for 2022 were SEK -1.92 (0.00).

#### **CURRENT FACTORS OF UNCERTAINTY**

2022 was characterized by increasing inflation, interest rates and energy prices, which is, to a significant extent, an effect of the war in Ukraine. Fingerprints, like most other companies, is affected by the general economic development in the world, for example through higher loan interest rates in 2022 and weaker demand for consumer electronics. However, the company has no operations in Russia or Ukraine, and currently assesses that the company is not directly affected by the war.

The introduction of extensive covid-19-related restrictions in China in 2022 resulted in a sharp decline in smartphone demand in China, which had a significant negative impact on Fingerprint's sales. In December 2022, these restrictions began to be lifted in China, and

the company expects a return, albeit not fully initially, to the historical demand for mobile phones.

### FINANCIAL POSITION

Shareholders' equity amounted to SEK 866 M (1,027) and the equity/assets ratio to 60 percent (57).

Fixed assets increased to SEK 689 M (923). The share of fixed assets in relation to total assets declined to 48 percent (51). Inventories increased to SEK 304 M (159) and outstanding accounts receivable declined to SEK 128 M (280).

Accounts payable at year-end amounted to SEK 74 M (222) and other current liabilities declined to SEK 174 M (218).

Long-term liabilities amounted to SEK 306 M (304). In December 2021, the company issued senior secured bonds in an amount of SEK 300 M, with a three-year tenor and at a floating rate of interest of Stibor 3 months +9 percent per year.

Cash and cash equivalents amounted to SEK 274 M (374) at year-end. In the fourth quarter of 2022, Fingerprints conducted a set-off issue and a rights issue, which generated proceeds of SEK 341 M for the company after transaction expenses.

### INVESTMENTS, DEPRECIATION/AMORTIZATION AND IMPAIRMENT LOSSES

During 2022, net investments totaled SEK 105 M (91). Of this total, SEK 103 M (86) was invested in capitalized development and intangible fixed assets, SEK 1 M (4) was invested in property, plant and equipment and SEK - M (1) was invested in financial fixed assets.

Total depreciation/amortization according to plan and write-downs amounted to SEK -515 M (-93) in 2022. Of this total, amortization of intangible fixed assets accounted for SEK -65 M (-72), write-downs for SEK 433 M (-) and depreciation of property, plant and equipment for SEK -3 M (-5). Right-of-use assets were depreciated by SEK 13 M (17).

In total, the carrying amount of intangible fixed assets in 2022 was SEK 538 M (838), while property, plant and equipment amounted to SEK 4 M (6) and right-of-use assets pertaining to the leasing of premises amounted to SEK 25.3 M (24.2).

### CASH FLOW

Cash flow from changes in working capital components was impacted by a reduction in capital tied-up in current receivables in the amount of SEK 179 M (-107), and an increase in inventories in the amount of SEK -161 M (-39). Cash flow from operating activities amounted to SEK -334 M (24).

Cash flow from investing activities was SEK -105 M (-91).

Cash flow from financing activities was SEK 328 M (58).

The overall net change in cash and cash equivalents for full-year 2022 was SEK -100 M (-3). Net debt amounted to SEK 43 M at year-end 2022, compared with net cash holdings of SEK 59 M at the end of 2021. Interest-bearing liabilities at the end of 2022 comprised the bonds issued in December 2021 of SEK 293.7 M (292.6) and lease liabilities pertaining to office premises of SEK 12.4 M (11.6), recognized in accordance with IFRS 16.

### FINANCE POLICY

Fingerprints' Finance Policy regulates and clarifies responsibilities, and states guidelines in specific areas within financing, credit insurance, investment and currency management with the aim of supporting operations, managing financial risks and controlling their impact on financial position, results of operations and cash flow. The most important net currency flow is in USD, whereupon a significant portion of Fingerprints' finance activities were in formulating a strategy for selling USD and buying SEK. The increased net surplus from sales, which is denominated in USD, and the increasing operating expenses that are predominantly denominated in SEK generate a continuous need to convert USD to SEK. Materials procurement, manufacturing and sales are essentially denominated in USD only. Fluctuations in other exchange rates have an insignificant impact on earnings. According to the Finance Policy, currency hedging using derivative instruments is not permissible. See Note 25, for more information on financial risks.

### ORGANIZATION AND COWORKERS

There were 223 (261) employees as of December 31, 2022, comprising 157 (180) men and 66 (81) women. Including employees and consultants, Fingerprints employed a total of 260 (310) people on December 31, 2022.

### RESEARCH AND DEVELOPMENT OPERATIONS

Through continuous initiatives to enhance biometric technology, Fingerprints has attained leadership in fingerprint recognition. At the end of 2022, the research and

development organization accounted for approximately 40 percent of the workforce.

Together with engineers in our business lines and in Customer Engineering in Asia, Fingerprints' overall engineering expertise accounted for more than 60 percent of all of the coworkers.

Expenditure for technology development is partly recognized as a cost in the Consolidated Statement of Comprehensive Income (Parent Company Income Statement) under the development costs heading, and partly through capitalization in the Consolidated Statement of Financial Position (Parent Company Balance Sheet), and capitalized development expenditure, under intangible fixed assets.

Capitalization is effected after an assessment of factors such as each project's commercial, financial and technical potential, its future value for the Group, disposal over rights to the product/solution, the potential for completing development and the presence of a market for the product.

The rate of amortization is determined on the basis of the technical and commercial lifespan of the product/solution related to the existing market. Accordingly, the amortization term varies between products and projects.

In 2021, the Group's expenditure on technological development and patents amounted to SEK 224 M (202), of which SEK 86 M (107) has been capitalized in the Consolidated statement of financial position and the remaining SEK 138 M (95) has been expensed in the Consolidated statement of comprehensive income.

Shareholder	Shares and share capital, %		Votes at year-end, %	
	2022	2021	2022	2021
Velociraptor LTD	1.9	2.0	15.9	17.3
Class of share	No of shares		Number of votes	
	2022	2021	2022	2021
A	7,875,000	6,000,000	78,750,000	60,000,000
B	416,617,719	292,000,000	416,617,719	292,000,000
<b>Total</b>	<b>424,492,719</b>	<b>298,000,000</b>	<b>495,367,719</b>	<b>352,000,000</b>
Shareholdings of at least one-tenth of the voting rights for all shares at December 31, 2022				
Velociraptor LTD	15.9%			

## SUSTAINABILITY REPORT

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Fingerprints has decided to prepare a statutory Sustainability Report as a separate document from the Annual Report.

Fingerprints' Sustainability Report, which also constitutes Fingerprints' statutory Sustainability Report, has been prepared pursuant to GRI Standards, Core option, and satisfies the Swedish Annual Accounts Act's requirements for sustainability reporting. The report is presented on pages 26-41. The scope of the Sustainability Report is stated in the index on pages 95-98.

## OWNERSHIP STRUCTURE

In 2022, the number of shareholders declined to 50,768 at year-end from 51,416 at the beginning of the year.

At the end of 2022, Velociraptor LTD held all 7,875,000 Class A shares.

## EXPECTATIONS REGARDING FUTURE PERFORMANCE

The Group's sales and gross margin were impacted by a sharp decline in mobile phone sales in China due to the restrictions caused by COVID-19 that were in effect in the country for much of 2022. The weakening of the gross margin in relation to the preceding year was due to increased price competition and lower volumes, a situation that is expected to continue to impact Fingerprints' sales and margins negatively, at least during the first half of 2023. Together with PCs and under-display sensors for mobile phones, Access is the area that is expected to grow the fastest over the short term. Access, together with PCs, currently accounts for the largest share of the

company's revenue outside of the traditional operations in China in capacitive fingerprint sensors for mobile phones. Under-display sensors for mobile phones, and the operations in Payment, are also part of these new areas. Our operations outside of capacitive sensors for mobile phones accounted for just over 30 percent of sales in late 2022, and the company assesses that this share will increase to around 45 percent at the end of 2023.

## SEASONAL VARIATION

As penetration of fingerprint sensors in the smartphone segment has increased, the company's market is increasingly tracing the same patterns and seasonality as the rest of the mobile phone sector, albeit with a time lag. There is a tendency for the fourth quarter to generate a very high share of yearly mobile phone volumes, and the second quarter is usually the weakest. For component suppliers to mobile phone manufacturers, such as Fingerprints, volumes in the third quarter tend to be the year's highest and the first quarter is the weakest.

## REMUNERATION OF THE BOARD OF DIRECTORS

The 2022 Annual General Meeting (AGM) resolved on a total fixed Directors' fee of SEK 2,445,000, of which SEK 675,000 to the Chairman of the Board and SEK 295,000 per Director to the other Directors. In addition, fees for committee work will be payable in an amount of SEK 450,000, to be distributed as follows: Audit Committee: SEK 135,000 to the Chairman and SEK 70,000 to other members. Remuneration Committee: SEK 85,000 to the Chairman and SEK 45,000 to other members.

## REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES

The 2020 AGM decided in accordance with the proposal that the Remuneration Committee shall prepare guidelines for compensation and employment terms for the CEO and other senior executives and put forward proposal to the Board for decision.

The guidelines are valid for four years.

## REMUNERATION COMMITTEE

The Remuneration Committee evaluates and considers matters regarding remuneration and employment terms and prepares proposals for guidelines for remuneration to the CEO and Executive Management.

The Board of Directors shall evaluate remuneration guidelines at least every fourth year and submit a proposal to the AGM. 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 remuneration is approved by the Board of Directors. Remuneration of 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.

### **PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY**

Fingerprint Cards 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. Remuneration shall reflect the scope and complexity of each role, as well as the actual performance of the individual. Fingerprint Cards 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 Fingerprint Cards' business strategy and long-term interests, including its sustainability.

For more information concerning the company's business strategy, see pages 11-12 of this Annual Report.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, the overall purpose of these guidelines.

### **REMUNERATION PRINCIPLES**

#### *Performance-based*

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

#### *Competitive and sustainable*

We must create value to secure our present and future capability to pay competitive remuneration and we must earn the means for our remuneration. It is important to have a balance between our company earnings and our remuneration levels.

#### *Market driven*

Our salaries shall reflect the scope and complexity of the work. It is our objective to compare our 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 Fingerprint Cards. 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 Executives consists primarily of monthly base salary, short-term incentives, pension, and insurances. If decided in the AGM, the total remuneration may also include – irrespective of these guidelines – long term incentive programs.

#### *Short Term Incentive (STI)*

STI shall be linked to predetermined and measurable criteria. The STI include company measures such as Revenue, Operating Profit and Cash Balance. For Executives, 80-90 percent of the STI is based on company measures, and 10-20 percent is based on individual performance, with predetermined targets on an annual basis. The criteria shall be designed so as to contribute to Fingerprint Cards' business strategy and long-term interests, including its sustainability.

The satisfaction of criteria for awarding STI shall be measured over a period of one or several years. The STI is capped at 100 percent 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 percent of the Executive's fixed annual base salary.

### *Insurance*

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 not more than six months, full base salary and other employment benefits will be payable.

Upon termination by the company, severance payment could be paid and may not exceed 12 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 percent of the monthly base 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 remuneration guidelines**

In certain cases the Board of Directors may decide to deviate from these guidelines, in part or in total, if there are special reasons to do so in an individual case and a deviation is necessary to fulfill 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.

#### **EVENTS AFTER THE BALANCE-SHEET DATE**

On January 26, 2023, the notice to attend an Extraordinary General Meeting (EGM) on February 24, 2023 was published, to resolve on the Board of Directors' proposal to adopt a long-term incentive program (LTIP 2023), and to resolve on a shareholder proposal to adopt a long-term incentive program for Board members (LTIP Board 2023).

On February 16, 2023, it was announced that the Board had decided to cancel the EGM on February 24, with the ambition to present a revised proposal to a future General Meeting. Following the publication of the convening notice to an EGM, the Board of Directors has received valuable feedback and constructive suggestions for improvements regarding the proposed incentive program, both from several large shareholders and other stakeholders.

#### **DESCRIPTION OF THE WORK OF THE BOARD OF DIRECTORS DURING THE YEAR**

Scheduled agenda items at Board meetings during the year are Group Management's reporting of business

conditions, operations, organizational resources, results of operations, financial position and liquidity. During the autumn, and before Christmas, Board meetings consider the budget and business plan for the following year.

The Board met on 31 occasions in 2022. A more detailed description of corporate governance in 2022, including regulations, general meetings, the Nomination Committee, the composition and work of the Board and internal governance processes and internal control, is presented in the separate Corporate Governance Report.

#### **2023 ANNUAL GENERAL MEETING**

The AGM will be held on Wednesday, May 24, 2023.

#### **PROPOSAL FOR APPROPRIATION OF THE COMPANY'S PROFIT**

The following funds are at the disposal of the AGM, SEK:

Share premium reserve	414,878,129
Accumulated profit	119,850,868
Net result for the year	-254,884,015
<b>Total</b>	<b>279,844,982</b>

The Board of Directors proposes that net profit for the year, non-restricted reserves, as well accumulated profit or loss be appropriated as follows:

To be carried forward: SEK 279,844,982

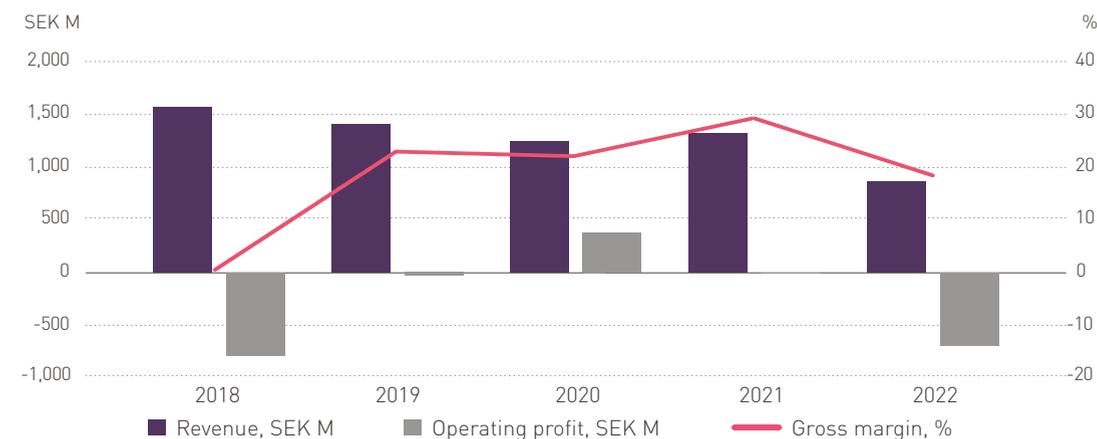
Regarding the company's results of operations and financial position in other respects, the reader is referred to the following financial statements, with the associated notes.

# STATEMENT OF COMPREHENSIVE INCOME

## GROUP

SEK M	Note	2022	2021
Revenues	2, 3	861.8	1,355.8
Cost of goods sold	5, 10	-695.4	-958.9
<b>Gross profit</b>		<b>166.4</b>	<b>396.9</b>
Selling expenses		-142.6	-159.8
Administrative expenses		-143.6	-102.1
Development costs	11	-118.1	-138.2
Write downs	16	-433.4	-
Other operating income	6	42.4	5.6
Other operating expenses	7	-2.1	-10.0
<b>Operating profit/loss</b>	3, 8, 9, 10, 16, 17, 26, 27	<b>-631.0</b>	<b>-7.6</b>
Financial income	12	15.4	7.0
Financial expenses	12	-36.6	-0.4
<b>Profit/loss before tax</b>		<b>-652.2</b>	<b>-1.0</b>
Tax	14	66.2	1.1
<b>Net profit/loss for the year</b>		<b>-586.0</b>	<b>0.1</b>
<b>Earnings per share</b>	15		
before dilution (SEK)		-1.92	0.00
after dilution (SEK)		-1.92	0.00
<b>Other comprehensive income</b>			
<b>Net profit/loss for the year</b>		<b>-586.0</b>	<b>0.1</b>
Translation differences for the year on translation of foreign operations		84.0	69.6
<b>Other comprehensive income</b>		<b>84.0</b>	<b>69.6</b>
<b>Comprehensive income for the year</b>		<b>-502.0</b>	<b>69.7</b>
Attributable to equity holders of the Parent Company		-502.0	69.7

## REVENUE, OPERATING RESULT AND MARGIN

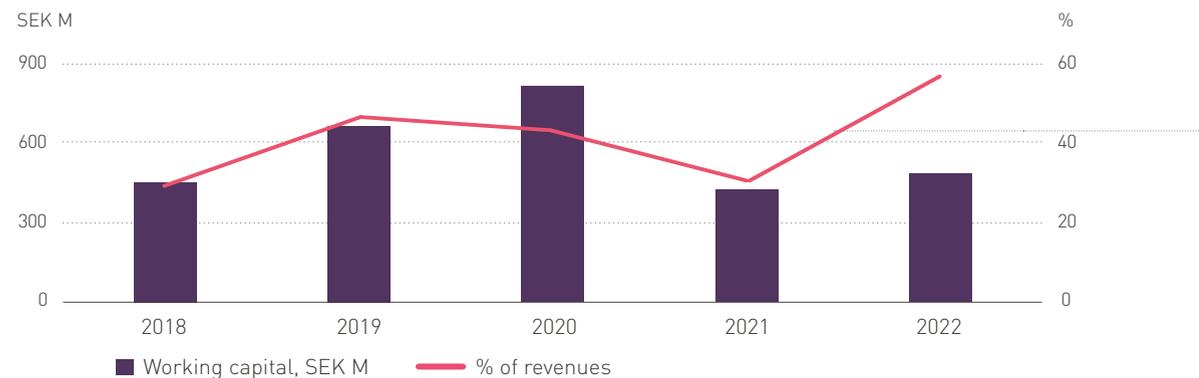


# STATEMENT OF FINANCIAL POSITION

## GROUP

SEK M	Note	2022-12-31	2021-12-31
<b>Assets</b>			
Intangible assets	16	538.0	838.5
Property, plant and equipment	17	4.3	6.5
Right-of-use assets	26	25.3	24.2
Financial assets	14	121.8	53.6
<b>Total non-current assets</b>		<b>689.4</b>	<b>922.8</b>
<b>Current assets</b>			
Inventories	18	304.1	159.3
Accounts receivable	19, 25	128.3	280.0
Other receivables		40.0	51.3
Prepaid expenses and deferred income	20	9.6	11.3
Cash and cash equivalents	19, 21	274.1	374.3
<b>Total current assets</b>		<b>756.1</b>	<b>876.2</b>
<b>Total assets</b>		<b>1,445.5</b>	<b>1,799.0</b>

## WORKING CAPITAL



SEK M	Note	2022-12-31	2021-12-31
<b>Shareholder's equity</b>			
Share capital	15	18.5	13.0
Other paid-up capital		854.3	854.3
Translation reserve		166.3	82.3
Retained earnings including net profit for the year		-172.6	77.6
<b>Total shareholder's equity</b>		<b>866.5</b>	<b>1,027.2</b>
<b>Non-current liabilities</b>			
Deferred tax liability	14	13.0	16.6
Long-term lease liabilities	22, 26	12.4	11.6
Bond loan	22	293.7	292.6
<b>Total non-current liabilities</b>		<b>319.1</b>	<b>320.8</b>
<b>Current liabilities</b>			
Short-term portion of long-term liabilities	22, 26	11.2	11.3
Accounts payable	22	74.3	221.8
Current tax liability		6.6	14.0
Other current liabilities	23	20.7	35.5
Accrued expenses and deferred income	24	147.1	168.4
<b>Total current liabilities</b>		<b>259.9</b>	<b>451.0</b>
<b>Total shareholder's equity and liabilities</b>		<b>1,445.5</b>	<b>1,799.0</b>

# STATEMENT OF CHANGES IN EQUITY

## GROUP

SEK M	Share capital	Other paid-up capital	Translation reserve	Retained earnings including profit for the year	Total shareholders' capital
<b>Opening shareholders' equity 1 January 2021</b>	13.0	854.3	12.7	302.9	1,182.9
Net profit for the year				0.1	0.1
Other comprehensive income for the year			69.6		69.6
Repurchase own shares				-225.4	-225.4
<b>Closing shareholders' equity 31 December 2021</b>	13.0	854.3	82.3	77.6	1,027.2
<b>Opening shareholders' equity 1 January 2022</b>	13.0	854.3	82.3	77.6	1,027.2
Net profit for the year				-586.0	-586.0
Other comprehensive income for the year			84.0		84.0
Repurchase own shares					0,0
Set-off issue and rights issue*	5.5			335.8	341.3
<b>Closing shareholders' equity 31 December 2022</b>	18.5	854.3	166.3	-172.6	866.5

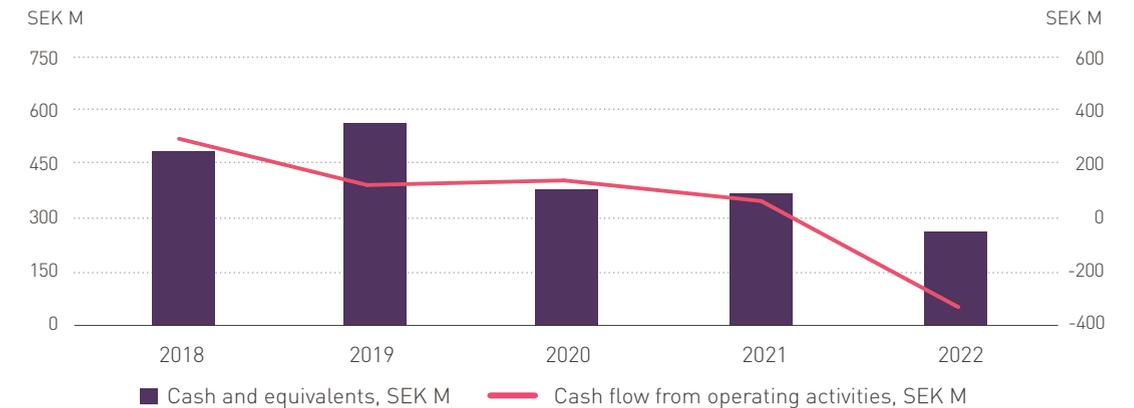
\*Issue proceeds are reported net of transaction costs

# STATEMENT OF CASH FLOWS

## GROUP

SEK M	Note	2022	2021
<b>Operating activities</b>			
Profit/loss before tax	29	-652.2	-1.0
Adjustment for non-cash items	29	496.3	122.3
Income tax paid		-13.3	-2.3
<b>Cash flow from operating activities before changes in working capital</b>		<b>-169.2</b>	<b>119.0</b>
<b>Cash flow from changes in working capital</b>			
Changes in inventories		-160.6	-38.9
Changes in operating receivables		179.4	-107.2
Changes in operating liabilities		-183.7	51.4
<b>Cash flow from operating activities</b>	3	<b>-334.1</b>	<b>24.3</b>
<b>Investing activities</b>			
Purchase and internal development of intangible assets	16	-103.5	-85.6
Purchase of property, plant and equipment	17	-1.1	-4.1
Purchase of financial assets		0.0	-1.3
<b>Cash flow from investing activities</b>	3	<b>-104.6</b>	<b>-91.0</b>
<b>Financing activities</b>			
Buy back shares		-	-225.4
Bond loan	22	-	292.6
Set-off issue and right issue		341.3	-
Amortization leasing debt		-12.9	-8.8
<b>Cash flow from financing activities</b>	3	<b>328.4</b>	<b>58.4</b>
Cash flow for the year		-110.3	-8.3
Cash and cash equivalents at beginning of the year		374.3	377.0
Effect of translation differences on cash and cash equivalents		10.1	5.6
<b>Cash and cash equivalents at end of year</b>	29	<b>274.1</b>	<b>374.3</b>

## CASH AND CASH EQUIVALENTS AND CASH FLOW



# INCOME STATEMENT

## PARENT COMPANY

SEK M	Note	2022	2021
Revenues	2	257.4	1,144.7
Cost of goods sold	5, 10	-73.0	-750.4
<b>Gross profit</b>		<b>184.4</b>	<b>394.3</b>
Selling expenses		-34.7	-112.1
Administrative expenses		-94.0	-105.1
Development costs	11	-149.4	-215.0
Other operating income	6	30.5	4.1
Other operating expenses	7	-2.1	-9.4
<b>Operating profit</b>	3, 8, 9, 10, 16, 17, 26, 27	<b>-65.3</b>	<b>-43.2</b>
Financial income	12	32.3	19.3
Interest expenses etc	12	-58.7	-0.8
<b>Profit after financial items</b>		<b>-91.7</b>	<b>-24.7</b>
Appropriations	13	-222.7	6.5
<b>Profit before tax</b>		<b>-314.4</b>	<b>-18.2</b>
Income tax	14	59.4	3.1
<b>Net profit for the year</b>		<b>-255.0</b>	<b>-15.1</b>

# BALANCE SHEET

## PARENT COMPANY

SEK M	Note	2022-12-31	2021-12-31
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	16	1.4	87.6
Property, plant and equipment	17	2.4	3.8
Shares and participations in subsidiaries	28	21.1	23.1
Non-current receivables from group companies	27	467,8	62.5
Deferred tax assets	14	109.3	49.9
<b>Total non-current assets</b>		<b>602,0</b>	<b>226.9</b>
<b>Current assets</b>			
Inventories	18	4.6	8.5
Receivables from group companies	27	64,9	288.0
Accounts receivable	19, 25	8.9	4.6
Tax receivables		1.7	3.8
Other receivables		5.0	32.6
Accrued expenses and deferred income	20	7.9	9.3
Cash and bank balances	19, 21	191.3	279.9
<b>Total current assets</b>		<b>284,3</b>	<b>626.7</b>
<b>Total assets</b>		<b>886.3</b>	<b>853.6</b>

SEK M	Note	2022-12-31	2021-12-31
<b>Shareholders' equity</b>			
<b>Restricted equity</b>			
Share capital	15	18.5	13.0
Statutory reserve		41.4	41.4
Fund for development expenditure		87.6	87.6
<b>Non-restricted equity</b>			
Share premium reserve		414.9	79.1
Accumulated profit or loss		119.9	134.9
Profit for the year		-255.0	-15.1
<b>Total shareholders' equity</b>		<b>427.3</b>	<b>340.9</b>
<b>Long-term liabilities</b>			
Long-term loans	22	293.7	292.6
<b>Total non-current liabilities</b>		<b>293.7</b>	<b>292.6</b>
<b>Current liabilities</b>			
Accounts payable	22	23.0	32.0
Liabilities to group companies	27	76.8	105.7
Current tax liabilities	14	0.0	3.7
Other current liabilities	23	3.6	4.6
Accrued expenses and deferred income	24	61.9	74.1
<b>Total current liabilities</b>		<b>165.3</b>	<b>220.1</b>
<b>Total equity and liabilities</b>		<b>886.3</b>	<b>853.6</b>

# STATEMENT OF CHANGES IN EQUITY

## PARENT COMPANY

SEK M	Restricted equity			Non-restricted equity			
	Share capital	Statutory reserve	Fund for development expenditure	Share premium reserve	Accumulated profit or loss	Net profit for the year	Total shareholders' equity
<b>Opening shareholders' equity 1 January, 2021</b>	<b>13.0</b>	<b>41.4</b>	<b>182.7</b>	<b>79.1</b>	<b>1,290.9</b>	<b>-1,025.7</b>	<b>581.4</b>
Net profit for the year						-15.1	-15.1
Changes in fund for work performed by the company for its own use and capitalized			-95.1		95.1		-
Buy back own shares					-225.4		-225.4
Appropriation of profit					-1,025.7	1,025.7	-
<b>Closing shareholders' equity 31 December, 2021</b>	<b>13.0</b>	<b>41.4</b>	<b>87.6</b>	<b>79.1</b>	<b>134.9</b>	<b>-15.1</b>	<b>340.9</b>
<b>Opening shareholders' equity 1 January, 2022</b>	<b>13.0</b>	<b>41.4</b>	<b>87.6</b>	<b>79.1</b>	<b>134.9</b>	<b>-15.1</b>	<b>340.9</b>
Net profit for the year						-255.0	-255.0
Changes in fund for work performed by the company for its own use and capitalized							0.0
Depreciation on capitalized own development							0.0
Buy back own shares							0.0
Cancellation of own shares							0.0
Set-off issue and rights issue	5.5			335.8			341.3
Appropriation of profit					-15.1	15.1	0.0
<b>Closing shareholders' equity 31 December, 2022</b>	<b>18.5</b>	<b>41.4</b>	<b>87.6</b>	<b>414.9</b>	<b>119.9</b>	<b>-255.0</b>	<b>427.3</b>

# CASH FLOW STATEMENT

## PARENT COMPANY

SEK M	Not	2022	2021
<b>Operating activities</b>			
Profit before tax		-314.4	-18.2
Adjustment for non-cash items	29	215,8	29.7
<b>Cash flow from operating activities before changes in working capital</b>		<b>-98,6</b>	<b>11.5</b>
Income tax paid		-1.6	2.6
<b>Cash flow from changes in working capital</b>			
Changes in inventories		3,9	126.2
Changes in operating receivables		22,2	-125.2
Changes in operating liabilities		-51,1	-148.2
<b>Cash flow from operating activities</b>		<b>-125,2</b>	<b>-133.1</b>
<b>Investing activities</b>			
Purchase and internal development of intangible assets	16	0.0	-82.6
Purchase of property, plant and equipment	17	-0.8	-2.8
Sales of intangible assets		82.4	105.9
Acquisitions of subsidiaries	28	0.0	-17.0
<b>Cash flow from investing activities</b>		<b>82.6</b>	<b>3.5</b>

SEK M	Note	2022	2021
<b>Financing activities</b>			
Buyback own shares		-	-225.4
Set-off issue and rights issue		341.3	-
Bond loan	22	-	292.6
Dividend	22	1.6	-
Change intercompany loan		-388,9	-
<b>Cash flow from financing activities</b>		<b>-46,0</b>	<b>67.2</b>
Cash flow for the year		-88.6	-62.4
Cash and cash equivalents at beginning of year		279.9	337.5
Effect of translation differences on cash and cash equivalents		0.0	4.8
<b>Cash and cash equivalents at end of year</b>	29	<b>191.3</b>	<b>279.9</b>

# NOTES

## NOTE 1 CRITICAL ACCOUNTING POLICIES

All amounts in millions of Swedish kronor (SEK M) unless otherwise stated.

### Basis of presentation

The consolidated accounts comprise Fingerprint Cards AB (Publ) (the Parent Company) and its subsidiaries (the Group). The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups) has also been applied.

The Parent Company applies recommendation RFR2 (Accounting for Legal Entities) issued by the Swedish Financial Reporting Board, whereby the Parent Company applies the same accounting policies as the Group; i.e. IFRS to the extent possible under Swedish law.

The annual accounts and consolidated accounts were approved for publication by the Board and the President on the date stated in the electronic signatures. The Consolidated Statement of Comprehensive Income and Statement of Financial Position and the Parent Company Income Statement and Balance Sheet will be adopted by the Annual General Meeting (AGM) on 24 May 2023.

The accounting policies are stated in the introduction of each note. The focus is on reviewing the accounting decisions the Group has made within the auspices of the applicable IFRS principle and avoiding repeating body text, unless considered of particular importance to understanding note content. Those accounting policies without a specific note are stated in note 1.

### Consolidation principles Subsidiaries

The consolidated accounts comprise Fingerprint Cards AB (publ) (the Parent Company) and its subsidiaries (the

Group). Subsidiaries are companies that are under the controlling influence of the Parent Company. A controlling influence is secured when the Parent Company has control over the investment, is exposed or entitled to a variable return from its holding in the company and can exercise control over the investment to influence the return. All subsidiaries are wholly owned through direct or indirect ownership, and accordingly, are considered to lie under the group's control.

### Transactions eliminated on consolidation

Intra-group receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-group transactions between Group companies are eliminated in their entirety when the consolidated accounts are prepared.

### Translation to Swedish kronor on consolidation of companies in with different functional currencies

Subsidiaries prepare their financial statements in each entity's functional currency. Each Group company's functional currency is determined on the basis of the primary economic environment where the company conducts operations. The parent company's functional currency is Swedish kronor, which is also the presentation currency of the parent company and group. This means that the financial statements are presented in Swedish kronor. All amounts are in millions of Swedish kronor unless otherwise stated.

When preparing the Group's account closes, revenues and expenses in the Income Statement are translated at average rates of exchange for each year. Balance Sheet items are translated to Swedish kronor at closing day rates. Translation differences that are a result of this translation are recognized via other comprehensive income in the translation reserve in shareholders' equity. Such translation differences are recognized in profit or loss on the sale of the foreign operation.

### Receivables and liabilities in foreign currency

Transactions in foreign currency are translated to the functional currency at the rate of exchange ruling on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at closing day rates. Non-monetary assets and liabilities recognized at their respective historical cost are translated at rates of exchange ruling on the transaction date. Non-monetary assets and liabilities measured at fair value are translated to the functional currency at the rate of exchange ruling on the date of fair value measurement.

Exchange rate differences are recognized in net profit for the year. Exchange rate differences on operating receivables and operating liabilities are recognized in operating profit and exchange rate differences on financial receivables and financial liabilities are recognized in net financial income/expense.

### Critical estimates and judgements

With its Audit Committee, management has discussed the progress, selection and disclosure of the group's critical accounting policies and estimates, as well as the application of these principles and estimates.

Pursuant to IAS 1, the company should disclose the assumptions and other important sources of uncertainty in estimates, which if actual outcomes differ, can have a material impact on the financial statements. In cases where this occurs, estimates and judgements have been moved to the relevant note. A summary of the segments management considers to contain material estimates and judgements follow:

- Deferred tax (note 14)
- Capitalization of development costs (note 16)
- Impairment testing of goodwill and other intangible assets (note 16)
- Inventory valuation (note 18)
- Climate risks are not currently expected to have a significant impact on Fingerprint's financial statements. In

2022, climate change has not been considered a significant source of uncertainty in the estimates, assumptions and assessments made in the preparation of the annual accounts and consolidated accounts.

### New accounting policies

#### New accounting policies for 2022

None of the new accounting policies that came into force 1 January, 2022 have any material impact on the Group.

#### New accounting policies 2023 and later

None of the other IFRS or IFRIC interpretations that have not yet taken effect are expected to have any material impact on the Group.

### Parent Company accounting policies

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, the Parent Company should apply all IFRSs and statements endorsed by the EU in its annual accounts as far as possible within the auspices of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and with respect to the relationship between accounting and taxation. The recommendation stipulates the exemptions from, and supplements to, IFRS that are to be applied.

### Differences between the Group's and parent company's accounting policies

The main differences between the Group's and Parent Company's accounting policies are stated below. The accounting policies stated below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

## NOTE 1 CRITICAL ACCOUNTING POLICIES, CONT.

### New accounting policies

Those amendments applying for the financial year beginning 1 January 2022 did not have any material effect on the financial statements.

### Subsidiaries

Shares and participations in subsidiaries are reported at cost in the Parent Company after deducting for impairment. On business combinations, the Parent Company includes expenditure relating to the acquisition in costs pursuant to RFR 2.

### Leased assets

The standards on accounting for leasing agreements in accordance with IFRS 16 are not applied in the Parent Company. This means that leasing fees are reported as an expense on a straight-line basis over the leasing period and that right-of-use assets and leasing liabilities are not included in the Parent Company's balance sheet.

### Intangible assets generated by the company

When development costs for intangible assets generated by the company are capitalized, the corresponding amount is transferred from retained earnings to the fund for development expenditure in restricted equity. This reserve is dissolved against retained earnings as the

development expenditure is amortized. If the useful life of an intangible asset generated by the company cannot be measured reliably, this period is set at five years.

### Untaxed reserves

The Parent Company recognizes the difference between depreciation and amortization according to plan and depreciation and amortization conducted for tax purposes as accumulated excess depreciation and amortization, which is included in untaxed reserves.

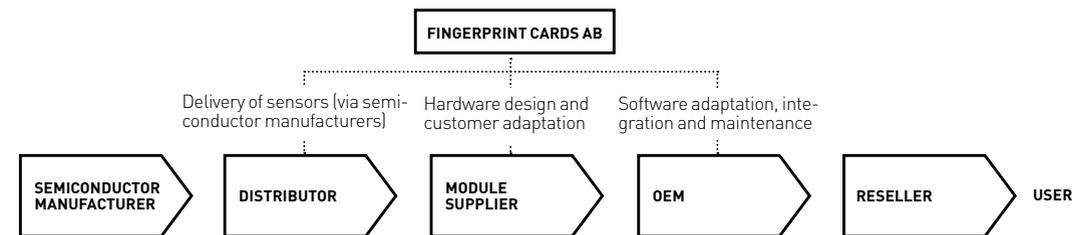
### Classification and presentation formats

Earnings for the Group are recognized in the Statement of Comprehensive Income, and for the Parent Company, in the Income Statement. In addition, the Parent Company uses the terms Balance Sheet and "Cash Flow Statement" for the statements the Group refers to as the Statement of Financial Position and Statement of Cash Flows respectively. The Parent Company Balance Sheet has been presented according to the format stipulated in the Swedish Annual Accounts Act, while the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement are based on IAS 1 Presentation of Financial Statements, and IAS 7 Statement of Cash Flows.

consists of hardware, with software included as an integrated component. The transaction price is calculated to the recognized revenue adjusted for discounts that are reported to the most likely amount. The revenue is reported when the purchaser gains control over the product and is determined by the terms of delivery. Average payment conditions is 30 days net.

## NOTE 2 REVENUES, CONT.

Revenues	Group		Parent Company	
	2022	2021	2022	2021
SEK M				
Sale of goods	861.8	1,355.8	257.4	1,144.7



## NOTE 3 OPERATING SEGMENTS

### Accounting policy

Each operating segment is defined as a business activity that can give rise to revenue or expenses and its operating profit is regularly monitored by the group's chief operating decision maker, and for which independent financial information is available. In Fingerprints' case, the chief operating decision maker is defined as Group Management, which decides how resources are to be allocated between the different segments, and which also regularly evaluates earnings.

Because Group Management monitors the results of operations and decides on the allocation of resources based

on the products manufactured and sold by the Group, these comprise the Group's operating segments. Accordingly, the Group's internal reporting is structured to enable Group Management to review performance and results. Fingerprint reports two operating segments: Mobile & PC and Payment & Access. Revenue from Mobile & PC primarily came from mobile phones and PC. Payment & Access primarily from Biometric solutions for payment cards and within Access (ex. accesscards and door locks). Corporate Group costs are counted as "Other".

**NOTE 3 OPERATING SEGMENTS, CONT.**

Comprehensive income statement SEK M	Mobile & PC		Payment & Access		Övrigt		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues from external customers	783.5	1 174.1	78.3	181.7	0.0	0.0	861.8	1 355.8
Operating profit	-169.4	78.1	-423.1	-84.3	-38.5	-1.4	-631.0	-7.6
Profit before tax	-169.4	78.1	-423.1	-84.5	-59.7	5.4	-652.2	-1.0

Geographical regions SEK M	Mobile & PC		Payment & Access		Totalt externa kunder	
	2022	2021	2022	2021	2022	2021
Sweden	0.0	0.0	0	0.1	0.0	0.1
Asia	737.1	1,234.2	64.2	93.0	801.3	1,327.2
EMEA	46.4	0.0	12.2	18.0	58.6	18.0
South and North America	0.0	0.0	1.9	10.5	1.9	10.5
<b>Total</b>	<b>783.5</b>	<b>1,234.2</b>	<b>78.3</b>	<b>121.6</b>	<b>861.8</b>	<b>1,355.8</b>

**Fixed asset \***

Mkr	2022	2021
Sweden	134.2	185.3
Asia	8.0	14.9
EMEA	2.1	2.7
South and North America	423.3	666.3
<b>Total</b>	<b>567.6</b>	<b>869.2</b>

\* Non-current assets excluding financial instruments

**NOTE 4 BUSINESS COMBINATIONS****Accounting policy**

The acquisition method has been applied, which means that an acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the sub-

sidar's assets and takes over its liabilities and contingent liabilities. In 2021 and 2022 no acquisitions were made.

**NOTE 5 COST OF GOODS SOLD**

Constituent items in cost of goods sold SEK M	Group		Parent Company	
	2022	2021	2022	2021
Materials*	-633.1	-869.4	-30.0	-697.9
Amortization of capitalized development	-39.9	-47.7	-	-27.3
Amortization of other intangible assets	-20.4	-18.7	-	-
Procurement and production overheads	-2.0	-23.1	-43.0	-25.2
<b>Cost of goods sold</b>	<b>-695.4</b>	<b>-958.9</b>	<b>-73.0</b>	<b>-750.4</b>

\*Materials include inventory write-down of SEK 15.5 M (23.8)

**NOTE 6 OTHER OPERATING INCOME**

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Exchange rate gains on operating receivables and liabilities	38.3	0.0	27.7	0.0
Grants received	1.3	1.5	-	-
Leased offices	2.8	4.1	2.8	4.1
<b>Total</b>	<b>42.4</b>	<b>5.6</b>	<b>30.5</b>	<b>4.1</b>

**NOTE 7 OTHER OPERATING EXPENSES**

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Exchange rate losses on operating receivables and liabilities	0.0	-4.7	0.0	-4.1
Expenses leased offices	-2.1	-5.3	-2.1	-5.3
	<b>-2.1</b>	<b>-10.0</b>	<b>-2.1</b>	<b>-9.4</b>

**NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES****Accounting policy****Pension benefits to employees**

The Group has defined-contribution pension plans. Defined-contribution pension plans are classified as plans whereby the company's obligation is limited to the contributions it has undertaken to pay. In such cases, the amount of the employee's pension depends on the contribution the company pays to the plan, or to an insurance company and the return on capital generated by the contributions. Consequently, the employee bears the actuarial risk and investment risk. The company's obligation regarding contributions to defined-contribution plans is recognized as an expense in profit or loss in line with contributions being vested by the employee rendering services for the company over a period of time.

**Severance pay**

An expense for severance pay when employees leave the company is recognized only if the company is demonstrably obligated, with-out a realistic possibility of withdrawing, by a formal detailed plan to terminate employment before the normal point in time.

**Short-term remuneration**

Short-term remuneration to employees is computed without discounting and is recognized as an expense when the related services are received. A provision is recognized for the expected cost of the profit-sharing and bonus payments when the Group becomes subject to a legal or constructive obligation to make such payments as a result of the services rendered by employees and the obligation can be measured reliably.

**Remuneration guidelines for senior executives**

The Remuneration Committee internal to the Board of Directors should consult on guidelines regarding salary and other employment terms for the Chief Executive Officer and other senior executives, and submit proposals to the Board of Directors for decision on such matters. The Board of Directors takes decisions on salary and other benefits for the Chief Executive Officer. The Chief Executive Officer takes decisions on salary and other benefits to other senior executives pursuant to the Board of Directors' guidelines. Other senior executives mean individuals that are members of Group Management together with the Chief Executive Officer. Fundamental compensation levels should be on market terms. Compensation should consist of fixed basic salary, variable salary computed in

**NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES, CONT.**

accordance with established objectives set in advance, and other benefits, pensions and financial instruments in the form of performance-related shares.

The division between basic salary and variable compensation should be in proportion to the executive's duties and authorization. For the Chief Executive Officer and other senior executives, variable compensation is a maximum of 100 percent of basic annual salary, apart from sign-on bonus. Pension terms should be defined contribution pension solutions. The notice period from the company's side should not exceed six months. During the

notice period of a maximum of six months, full salary and employment benefits are due. Upon termination by the company, severance pay may be payable up to an amount corresponding to a maximum of 12 months' salary. The notice period for the Chief Executive Officer is six months on termination by the employee or the company.

Decisions on share and share price related incentive programs are taken by the AGM.

The Board shall be entitled to depart from these guidelines if there are special reasons for this in an individual case.

Expenses for employee benefits	Group		Parent Company	
	2022	2021	2022	2021
Salaries and benefits, etc.	227.1	205.6	19.5	47.2
Pension costs, defined contribution plans	27.6	26.3	2.7	9.5
Other social security contributions	34.2	32.8	6.2	13.7
Erhållna förmåner	11.7	0.0	0.1	0.0
Other employee benefits	6.3	17.1	1.8	6.0
	<b>306.9</b>	<b>281.8</b>	<b>30.3</b>	<b>76.4</b>

Gender balance in management	Group		Parent Company	
	31 Dec 2021 Share of women	31 Dec 2020 Share of women	31 Dec 2021 Share of women	31 Dec 2020 Share of women
Board of Directors	0	13	0	13
Other Senior Executives	0	0	0	0

**NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES, CONT.****Average number of employees**

Group	Group						Parent Company					
	2022			2021			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Sweden	60	20	80	66	26	92	13	8	21	39	21	60
Denmark	22	5	27	22	4	26	-	-	-	-	-	-
France	1	1	2									
Japan	1	0	1	1	0	1	-	-	-	-	-	-
China	61	36	97	62	37	99	-	-	-	-	-	-
Switzerland	3	1	4	1	1	2						
South Korea	4	0	4	5	0	5	-	-	-	-	-	-
Taiwan	16	6	22	16	4	20	-	-	-	-	-	-
US	2	0	2	4	0	4						
Other countries	0	0	0	0	1	1	-	-	-	-	1	1
<b>Total Group</b>	<b>170</b>	<b>69</b>	<b>239</b>	<b>177</b>	<b>73</b>	<b>250</b>	<b>13</b>	<b>8</b>	<b>21</b>	<b>39</b>	<b>22</b>	<b>61</b>

There were 223 (261) employees as of 31 December, 2022, of which 157 (180) men and 66 (81) women.

**Salaries and other benefits allocated between senior executives and other employees, and social security contributions**

SEK M	Group						Parent Company					
	2022			2021			2022			2021		
	Senior executives	Other employees	Total	Senior executives	Other employees	Total	Senior executives	Other employees	Total	Senior executives	Other employees	Total
<b>Salaries and other benefits</b>	<b>32.1</b>	<b>195.0</b>	<b>227.1</b>	<b>21.3</b>	<b>184.3</b>	<b>205.6</b>	6.1	13.4	19.5	12.0	35.2	47.2
Of which CEO	20.5	-	20.5	7.5	-	7.5	2.8	-	2.8	4.0	-	4.0
Of which Sweden	10.2	57.2	67.4	14.1	63.1	77.2	6.1	13.4	19.5	12.0	35.2	47.2
Of which foreign countries	21.7	138.0	159.7	7.2	121.2	128.4	-	-	-	-	-	-
Of which tantiem etc	2.0	11.5	13.5	0.7	15.4	16.1	0.6	-2.5	-1.9	0.7	1.4	2.1
<b>Pension benefits</b>	<b>5.2</b>	<b>22.4</b>	<b>27.6</b>	<b>4.7</b>	<b>21.6</b>	<b>26.3</b>	<b>1.3</b>	<b>1.4</b>	<b>2.7</b>	<b>3.2</b>	<b>6.3</b>	<b>9.5</b>
Of which pension benefits CEO	2.6		2.6	2.2		2.2	0.9		0.9	1.5		1.5
Of which pension benefits others	2.6	22.4	25.0	2.5	21.6	24.1	0.4	1.4	1.8	1.7	6.3	8.0

**NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES, CONT.**

Salaries and other benefits to senior executives Group and Parent Company	2022					2021				
	Basic salary, Directors' fee	Bonus, variable compensation	Benefits	Pension	Total	Basic salary, Directors' fee	Bonus, variable compensation	Benefits	Pension	Total
<b>Chairman of the Board</b>										
Johan Carlström, to 2022-06	0.4				0.4	0.7				0.7
Dimitrij Titov, 2022-06 to 2022-09	0.1				0.1					
Christian Lagerling, from 2022-09	0.2				0.2					
<b>Directors of the Board</b>										
Alexander Kotsinas	0.4				0.4	0.4				0.4
Dimitrij Titov, between 2022-01–2022-06 and from 2022-09	0.3				0.3	0.3				0.3
Juan Vallejo	0.4				0.4	0.3				0.3
Sofia Bertling, to 2022-09	0.3				0.3	0.3				0.3
Ted Elvhage	0.4				0.4	0.3				0.3
Tomas Mikaelsson, to 2022-09	0.2				0.2	0.3				0.3
<b>Chief Executive Officer</b>										
Christian Fredrikson, to 2022-11	17.3		2.0	2.4	21.8	7.5		2.2	2.2	11.9
Ted Hansson, to 2022-11 Management team from 2022-11 CEO	2.6	0.6	1.1	0.2	4.5					
Other senior executives (6 people)	7.5	1.4	6.6	2.6	18.1	10.5	0.7	2.5	2.5	16.2
<b>Total from Group and Parent Company</b>	<b>30.1</b>	<b>2.0</b>	<b>9.7</b>	<b>5.2</b>	<b>47.0</b>	<b>20.6</b>	<b>0.7</b>	<b>4.7</b>	<b>4.7</b>	<b>30.7</b>

**NOTE 9 FEES AND REIMBURSEMENT OF AUDITORS**

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Audit fee, BDO	2.6	2.7	2.1	1.9
Audit fee, other	0.1	0.7	0.0	0.6
Other services	0.2	0.3	0.0	0.1
<b>Total fees</b>	<b>2.9</b>	<b>3.7</b>	<b>2.1</b>	<b>2.6</b>

**NOTE 10 OPERATING EXPENSES BY COST CLASS**

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Cost of materials	-612.6	-869.4	-71.3	-697.9
Personnel costs	-306.9	-281.8	-30.3	-76.4
Depreciation, amortization and impairment	-515.1	-93.3	-4.9	-34.8
Other operating expenses	-58.2	-118.9	-216.2	-378.8
<b>Operating expenses</b>	<b>-1,492.8</b>	<b>-1,363.4</b>	<b>-322.7</b>	<b>-1,187.9</b>

## NOTE 11 DEVELOPMENT EXPENDITURE

The Group's expenses for technology development and patents in 2022 amounted to SEK 221.6 M (221.6) of which SEK 103.3 M (83.4) or 47% (37%) has been capitalized in the Consolidated Statement of Financial Position and the remaining SEK 118.2 M (138,2) has been expensed. The corresponding expenses for technology development and

patents 2022 for the Parent Company amounted to SEK 149,4 M (298,4) , of which SEK - M (83,4) or 0 % (28 %) has been capitalized in the Parent Company's Balance Sheet, and the remaining SEK 149,4 M (215,0) has been expensed in the Parent Company's Income Statement.

## NOTE 12 FINANCIAL INCOME/EXPENSE

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Dividend from Group companies	0.0	0	1.5	0.8
Exchange rate gains, financial receivables, and liabilities	15.2	4.7	15.2	11.0
Interest income attributable to Group companies	0.0	0.0	15.6	5.2
Other interest income	0.2	2.3	0.0	2.3
<b>Financial income</b>	<b>15.4</b>	<b>7.0</b>	<b>32.3</b>	<b>19.3</b>
Loss from write-down of intercompany loan*	0.0	0.0	-21.4	0.0
Exchange rate losses, financial receivables, and liabilities	0.0	0.0	-0.4	-0.2
Other interest expenses	-30.1	-0.3	-30.4	-0.5
Other financial expenses	-6.5	-0.1	-6.5	-0.1
<b>Financial expenses</b>	<b>-36.6</b>	<b>-0.4</b>	<b>-58.7</b>	<b>-0.8</b>

\* Loan receivable from Delta Id Inc has been written down during the year by SEK 21.4 M [-]

## NOTE 13 APPROPRIATIONS

SEK M	Parent Company	
	2022	2021
<b>Appropriations</b>		
Group contribution	-222.7	6.5
<b>Total appropriations</b>	<b>-222.7</b>	<b>6.5</b>
<b>Untaxed reserves</b>	<b>0.0</b>	<b>0.0</b>

The Parent Company has left/received a Group contribution from Fingerprint Anacatum IP AB.

## NOTE 14 TAXES

### Accounting policy

The group's tax for the period consists of current tax and deferred tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or by the tax authorities based on the tax rates and the tax legislation that is enacted or substantively enacted on the reporting date. Current tax is tax pertaining to taxable profit for the period. Deferred tax is recognized on all temporary differences that arise between the taxable value and carrying amount of assets and liabilities, and on deductible loss carry-forwards.

Current and deferred tax is recognized in profit or loss with the exception of transactions recognized in other comprehensive income and shareholders' equity. Tax attributable to items recognized in other comprehensive income is also recognized in other comprehensive income

and tax accruing on transactions recognized in shareholders' equity is recognized in shareholders' equity. Deferred tax assets are recognized in the Balance Sheet to the extent it is likely that they can be utilized to offset future taxable surpluses. When calculating the Group's deferred tax assets and tax liability, the tax rate applicable in the country concerned is applied.

### Estimates and judgements

Management especially considers the likelihood of whether deferred tax assets can be offset against services in future taxation. Deductible deficits are not recognized because they relate to a subsidiary with limited operations, and accordingly, there is uncertainty as to whether the deficit can be offset against future surpluses.

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Current tax expense	-8.0	-10.0	0.0	0.0
Deferred tax expense	74.2	11.1	59.4	3.1
<b>Total reported tax expense</b>	<b>66.2</b>	<b>1.1</b>	<b>59.4</b>	<b>3.1</b>

### Reconciliation of effective tax

SEK M	Group				Parent Company			
	2022	%	2021	%	2022	%	2021	%
Profit before tax	-652.2		-1.0		-314.4		-18.2	
Theoretical tax at applicable tax rate for Parent Company	134.3	-20.6	0.2	-20.6	64.7	-20.6	3.8	-20.6
Differences in tax rates for foreign subsidiaries	25.6	-3.9	0.7	-71.1	0.0	0.0	0.0	0.0
Non-deductible expenses	-93.7	14.4	-1.9	190.6	-5.6	1.8	-0.6	3.1
Non-taxable revenues	0.4	-0.1	0.5	-45.8	0.3	-0.1	0.6	-3.5
Restatement of deferred tax	0.0	0.0	2.5	-249.2	0.0	0.0	0.0	0.0
Tax attributable to previous year	-0.4	0.1	-0.9	85.0	0.0	0.0	-0.7	4.1
<b>Reported effective tax</b>	<b>66.2</b>	<b>-10.1</b>	<b>1.1</b>	<b>-111.1</b>	<b>59.4</b>	<b>-18.9</b>	<b>3.1</b>	<b>-16.9</b>

**NOTE 14 TAXES, CONT****Unreported deferred tax assets**

Deductible loss carry-forwards for which deferred tax assets have not been recognized in the Statement of Financial Position:

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Deductible deficits	-	-	-	-

Deferred tax assets and tax liabilities are divided as follows:

Deferred tax assets, SEK M	Group		Parent Company	
	2022	2021	2022	2021
Deferred tax assets to be settled after more than 12 months	120.5	52.1	109.3	49.9
<b>Total deferred tax assets</b>	<b>120.5</b>	<b>52.1</b>	<b>109.3</b>	<b>49.9</b>

Deferred tax liabilities, SEK M	Group		Parent Company	
	2022	2021	2022	2021
Deferred tax liabilities to be settled after more 12 months	13.0	16.6	-	-
<b>Total deferred tax liabilities</b>	<b>13.0</b>	<b>16.6</b>	<b>-</b>	<b>-</b>

Changes in deferred tax assets and tax liabilities are stated below:

**Group****Tax losses forward, SEK M**

As of 1 January, 2021	46.8
Reported in Income Statement	5.3
<b>As of 31 December, 2021</b>	<b>52.1</b>
Reported in Income Statement	71.7
Revaluation deferred tax	-3.3
<b>As of 31 December, 2022</b>	<b>120.5</b>

**Group****Temporary tax difference Immaterial assets, SEK M**

As of 1 January, 2021	20.6
Revaluation deferred tax	1.9
Reported in Income Statement	-5.9
<b>As of 31 December, 2021</b>	<b>16.6</b>
Revaluation deferred tax	2.4
Reported in Income Statement	-6.0
<b>As of 31 December, 2022</b>	<b>13.0</b>

**NOTE 15 SHAREHOLDERS' EQUITY AND NUMBER OF SHARES****Accounting policy**

Earnings per share before and after dilution is calculated as the year's net profit attributable to equity holders of the Parent Company divided by the average number of outstanding shares. Repurchased shares in own custody are not included in outstanding shares.

Weighted average number of repurchased shares as from when the repurchase was carried out. In accordance with decision at the 2021 AGM, cancellation of repurchase share, without issue of new shares, registered by the

Swedish Companies Registration Office during June 2021. Fingerprints carried out a set-off issue and a rights issue during the fourth quarter of 2022. Increase Of the number of shares, 126,492,719 shares have been made, of which 1,875,000 Class A shares and 124,617,719 Class B shares. Share capital has increased by SEK 5,507,477 and the remaining issue proceeds has been added to the share premium fund of SEK 335,818,698.

SEK	Before dilution		After dilution	
	2022	2021	2022	2021
Earnings per share	-1.92	0.00	-1.92	0.00

**Net profit for the year attributable to ordinary shareholders of the parent company before dilution**

SEK M	2022	2021
Net profit for the year attributable to equity holders of the Parent Company	-586.0	0.1

**Weighted average number of outstanding shares before and after dilution**

Number of shares	2022	2021
Class A shares at beginning of the year	6,000,000	6,000,000
Share issue A shares	1,875,000	-
<b>Total number of class A shares</b>	<b>7,875,000</b>	<b>6,000,000</b>
Class B shares at beginning of the year	288,200,000	307,967,675
Number of shares issued during the year	124,617,719	-15,967,675
Number of repurchased shares during the year		-3,800,000
<b>Total number of class B shares</b>	<b>412,817,719</b>	<b>288,200,000</b>
<b>Total number of outstanding shares</b>	<b>420,692,719</b>	<b>294,200,000</b>
Weighted average number of ordinary shares in the year before dilution	304,741,060	295,351,356
Weighted average number of ordinary shares in the year after dilution	306,394,305	295,351,356
<b>Quotient value, SEK per share</b>	<b>0.04</b>	<b>0.04</b>

As of 31 December 2022, registered share capital amounted to 424,492,719 ordinary shares (298,000,000), of which 3,800,000 (3,800,000) shares were held in own custody.

Holder of common shares are entitled to receive dividends, and entitles the holder to vote at the shareholders' meetings, with one vote per share.

## NOTE 16 INTANGIBLE ASSETS

### Accounting policy

Intangible assets are recognized at original cost after deducting for accumulated amortization and potential impairment.

### Research and development

Development expenditure, aimed at achieving new or improved products or processes, is recognized as an asset in the Statement of Financial Position, if the product or process is technically and commercially viable, and the company has sufficient resources to complete the development process and subsequently use or sell the intangible asset. The carrying amount includes directly attributable expenses, such as materials and services used and consumed in connection with processing and registering legal rights. Other development expenditure is recognized in profit or loss as an expense when it arises. Research expenses aimed at obtaining new scientific or technical knowledge are recognized as an expense when they arise. Since all research originates from products and market demand, no research arises.

### Patents

Acquired patents are capitalized as intangible assets.

### Goodwill

Goodwill is recognized as an intangible asset with indefinite useful life. Over and above indication, non-amortizable assets such as goodwill are subject to annual impairment tests by measuring the asset's recoverable amount. If the estimated recoverable amount is less than the carrying amount, the asset is impaired to its recoverable amount.

### Amortization and impairment

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite. Useful lives are determined on the basis of expected commercial potential, earnings and the patent's remaining term of validity and technical significance. Useful lives are

reviewed at least yearly. Intangible assets with definite useful lives are amortized from the date when they are available for use. Amortizable assets are tested for impairment, if at the reporting date, there is an indication that a non-current asset is impaired. Intangible assets with an indefinite useful life or that are not ready for use are tested for impairment every year and as soon as there is an indication of impairment. The recoverable amount of goodwill is measured through a value in use measurement according to the discounted cash flow method.

If it is not possible to associate materially independent cash flows with an individual asset, and the asset's fair value less selling expenses cannot be used, for impairment testing, the assets are grouped at the lowest level from which it is possible to identify significant independent cash flows, known as a cash-generating unit. An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

Estimated useful lives are:

Products	1.5–4 years
Platforms	1.5–10 years
Customer relations	10 years
Patents	4–5 years

Useful lives are reviewed yearly.

### Estimates and judgements

Capitalized development expenditure  
Significant estimates by management are necessary to determine whether expenses during the development phase should be capitalized as intangible assets, and which useful life these assets should have. These estimates focus on determining how long earnings potential exists for the products, and in turn, these estimates are based on the progress of markets, competitors and technology.

### Impairment of goodwill and other intangible assets

To identify whether there is impairment of a non-current asset with definite useful life at the reporting date, man-

agement judges each asset's commercial potential. No indication has been identified for patents, and accordingly, no impairment test has been conducted for patents. The remaining portion of other intangible assets have been tested jointly with goodwill below.

For impairment tests, the recoverable amount of the cash-generating unit Delta ID Inc. has been measured based on its value in use. Value in use is measured as the present value of expected future cash flows in accordance with management's forecast. This impairment test showed an impairment loss of SEK 317 million relating to the Goodwill item, which in its entirety is attributable to Delta Id Inc A goodwill impairment of SEK 317 million has thus been recognized and an impairment loss on Balanced development expenditure identified of SEK 117 million and reported The critical assumptions in this forecast

are sales and operating margins, as well as the discount rate. Sales have been estimated in the short term based on estimated customer needs, from third-party research and global market progress for iris recognition for the medium term, and based on assumptions of a normalized growth rate for the long term. Initially, the operating margin has been estimated on the basis of current margins, and then based on sector experience.

A five-year cash flow forecast has been applied. After the end of the forecast period, a growth rate of 2% has been assumed. The discount rate has been estimated based on the operation's estimated weighted average cost of capital (WACC). The WACC after tax has been estimated at 17.2%.

Goodwill impairment test	2022	2021
Recoverable amount SEK M	423	704
Carrying amount SEK M	423	666
Interest rate, % (WACC), before tax	17.2	15.1
Interest rate, % (WACC), after tax	17.2	15.1

**NOTE 16 INTANGIBLE ASSETS, CONT.**

SEK M	Group								Parent Company					
	Goodwill		Capitalized development expenditure		Patents & other acquired intangible assets		Intangible assets		Capitalized development expenditure		Patents & other acquired intangible assets		Intangible assets	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>Accumulated cost</b>														
Opening balance	818.6	739.6	751.0	665.6	272.6	287.6	1 842.2	1 692.8	100.9	659.8	10.9	56.6	111.8	716.4
Internally developed assets	-	-	103.3	85.4	-	-	103.3	85.4	-	82.6	-	-	-	82.6
Purchases	-	-	-	-	0.2	0.1	0.2	0.1	-	-	-	0.1	-	0.1
Divestments	-	-	-	-	-	-	-	-	-100.9	-641.6	-	-45.7	-100.9	-687.3
Translation difference	124.0	79.0	-0.1	-	38.8	-15.1	162.7	63.9	-	-	-	-	-	-
Closing balance	942.6	818.6	854.2	751.0	311.6	272.6	2 108.4	1 842.2	-	100.9	10.9	10.9	10.9	111.8
<b>Accumulated amortization</b>														
Opening balance	-	-	-357.0	-309.3	-152.4	-145.6	-509.4	-454.9	-17.4	-303.6	-6.8	-32.7	-24.2	-336.3
Amortization for the year	-	-	-39.9	-47.7	-24.9	-23.9	-64.8	-71.5	-	-27.3	-2.7	-4.2	-2.7	-31.5
Divestments	-	-	-	-	-	-	-	-	17.4	313.5	0.0	30.1	17.4	343.6
Translation difference	-	-	-	-	-22.3	17.1	-22.3	17.1	-	-	-	-	-	-
Closing balance	-	-	-396.9	-357.0	-199.6	-152.4	-596.5	-509.3	0.0	-17.4	-9.5	-6.8	-9.5	-24.2
<b>Accumulated impairment</b>														
Opening balance	-263.4	-238.0	-231.0	-231.0	-	-9.6	-494.4	-478.6	-	-231.0	-	-9.6	-	-240.6
Write-downs for the year	-316.8	-	-116.6	-	-	-	-433.4	-	-	-	-	-	-	-
Divestments	-	-	-	-	-	-	-	-	-	231.0	-	9.6	-	240.6
Translation difference	-46.1	-25.4	-	-	-	9.6	-46.1	-15.8	-	-	-	-	-	-
Closing balance	-626.3	-263.4	-347.6	-231.0	-	-	-973.9	-494.4	-	-	-	-	-	-
<b>Carrying amount</b>														
At beginning of year	555.2	501.6	163.0	125.2	120.3	132.4	838.4	759.3	83.5	125.3	4.1	14.2	87.6	139.5
<b>At end of year</b>	<b>316.3</b>	<b>555.2</b>	<b>109.7</b>	<b>163.0</b>	<b>112.0</b>	<b>120.3</b>	<b>538.0</b>	<b>838.5</b>	<b>0.0</b>	<b>83.5</b>	<b>1.4</b>	<b>4.1</b>	<b>1.4</b>	<b>87.6</b>
<b>Amortization is included in the Statement of Comprehensive income</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Cost of goods sold	-	-	-39.9	-47.7	-20.4	-18.7	-60.3	-66.4	0.0	-27.3	-	-	0.0	-27.3
Development costs	-	-	-	-	-4.5	-5.2	-4.5	-5.2	-	-	-2.7	-4.2	-2.7	-4.2

## NOTE 17 PROPERTY, PLANT AND EQUIPMENT

### Accounting policy

Property, plant and equipment are recognized in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and any expenses that are directly attributable to the asset to put it in place and in the condition to be utilized for the purpose for which it was acquired.

Assets leased through finance leases are recognized as non-current assets in the Statement of Financial Position and recognized initially at the lower of the item's fair value and the present value of minimum lease payments on entering the arrangement.

### Depreciation and impairment

Depreciation is on a straight-line basis over the estimated useful life of the asset. Leased assets are depreciated over their estimated useful life, or if it is shorter, the contracted lease term. Depreciation is recognized in each function the assets belong to. Impairment testing of depreciable assets is conducted if there is an indication of impairment of the non-current asset at the reporting date. If there is an indication of impairment, the asset's recoverable amount is measured. The recoverable amount is the greater of the asset's net selling price and its value in use, which is based on management's estimate of future cash

flows. If it is not possible to associate significant independent cash flows with an individual asset, and the asset's fair value less selling expenses cannot be used, the assets are grouped for impairment testing at the lowest level from which it is possible to identify significant independent cash flows, known as a cash-generating unit. An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

### Estimated useful lives:

Machinery and other technical plant	5 years
Equipment, tools, fixtures and fittings	3–5 years

### Estimates and judgements

#### Impairment of property, plant and equipment

Estimated future cash flows, which are based on internal business plans and forecasts, are used to determine value in use. Even if management considers an estimated future cash flows are reasonable, other assumptions regarding cash flows can have a material impact on measurements. No indication that property, plant and equipment is impaired has been identified, and accordingly, no impairment tests have been conducted.

	Group		Parent Company	
	Machinery and equipment	Machinery and equipment	Machinery and equipment	Machinery and equipment
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>Accumulated cost, SEK M</b>				
Opening balance	50.0	52.3	34.3	38.0
Sales/retirements	-7.6	-6.5	-7.6	-6.5
Purchases	1.1	4.1	0.8	2.8
Closing balance	43.4	50.0	27.5	34.3
<b>Accumulated depreciation</b>				
Opening balance	-43.5	-45.3	-30.5	-33.6
Reversed depreciation on sales and retirements	7.6	6.5	7.6	6.5
Depreciation for the year	-3.5	-4.6	-2.3	-3.4
Closing balance	-39,1	-43.5	-25.1	-30.5
<b>Carrying amounts</b>				
At beginning of year	6.5	7.0	3.8	4.4
<b>At end of year</b>	<b>4.3</b>	<b>6.5</b>	<b>2.4</b>	<b>3.8</b>

	Group		Parent Company	
	2022	2021	2022	2021
<b>Depreciation is included in the following lines in the Statement of Comprehensive income</b>				
Administrative expenses	-0.4	-0.6	-0.5	-0.6
Selling expenses	-3.1	-4.0	-1.8	-2.8
<b>Total</b>	<b>-3.5</b>	<b>-4.6</b>	<b>-2.3</b>	<b>-3.4</b>

**NOTE 18 INVENTORIES****Accounting policy**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is measured by applying the first-in, first-out method (FIFO) and includes expenses arising in conjunction with the purchase of inventory items and transportation to their current location and condition. Net realizable value is defined as sales price less expenses for completion and selling expenses.

**Estimates and judgements**

Individual judgements regarding potential to sell products are necessary to determine net sales value. An impairment loss has been recorded due to net realizable value.

Inventories has been measured at cost. Information cost sold item see Note 5.

**NOTE 19 FINANCIAL ASSETS****Accounting policy**

A financial asset is recognized in the Statement of Financial Position when the group becomes party to the terms of the instrument's agreement. A receivable is recognized when the company has delivered and there is a contracted obligation for the counterparty to pay, even if no invoice has been sent. Accounts receivable are recognized in the Statement of Financial Position when an invoice has been sent and the company has an unconditional right of payment.

The Financial assets are in the category of amortized cost. Loan receivables and accounts receivable are non-derivative financial assets that have determined or determinable payments and that are not listed on an active marketplace. These assets are measured at amortized cost. Amortized cost is determined on the basis of the effective interest calculated at acquisition. Cash and cash equivalents and accounts receivable are recognized at the amount expected to be received, i.e. after impairment of expected bad debt.

Conversion to SEK is at the closing rate on the reporting date. Book value less impairment is an approximate fair value of accounts receivable.

Impairment losses (mainly the reserve for bad debt) are taken if management considers that there is sufficient objective evidence indicating that an asset's carrying amount will not be recoverable. Impaired accounts receivable are recognized at the present value of expected future cash flows. However, receivables with short maturities are not discounted. Impairment of saleable financial assets is recognized in net profit for the year in net financial income/expense.

Exchange rate fluctuations on operating receivables and liabilities are recognized in operating profit, while exchange rate fluctuations on financial receivables and liabilities are recognized in net financial income/expense.

Financial assets are derecognized from the Balance Sheet when the contracted rights to cash flows cease, or are transferred, and when essentially, the risks and rewards associated with ownership of the financial assets have been transferred.

SEK M	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Raw material inventory	263.2	120.4	4.6	4.2
Goods in progress	0.0	0.0	-	-
Finished goods	40.9	38.9	-	4.3
<b>Total</b>	<b>304.1</b>	<b>159.3</b>	<b>4.6</b>	<b>8.5</b>

Write-down of inventory for 2022 has charged the Group's profit by SEK 15.9 million (23.8).

SEK M	Group				Parent Company			
	31 Dec 2022		31 Dec 2021		31 Dec 2022		31 Dec 2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>FINANCIAL ASSETS</b>								
<b>Current financial assets</b>								
Financial assets at amortized cost								
Accounts receivable	128.3	128.3	280.0	280.0	8.9	8.9	4.6	4.6
Cash and cash equivalents	274.1	274.1	374.3	374.3	191.3	191.3	279.9	279.9
<b>Financial assets, total</b>	<b>402.4</b>	<b>402.4</b>	<b>654.2</b>	<b>654.3</b>	<b>200.1</b>	<b>200.1</b>	<b>284.5</b>	<b>284.5</b>

SEK M	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Total accounts receivable	128.3	280.4	8.9	4.9
Reserve for doubtful debt	0.0	0.4	0.0	0.4
Carrying amount	128.3	280.0	8.9	4.6

Cost of bad debt and bad trade receivables amounted to SEK 0 M (0) for the Group .

**NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME**

SEK M	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Premises	1.8	4.0	1.5	2.7
Insurance expenses	0.3	1.5	0.0	1.4
License costs	0.0	2.0	0.0	2.0
Other operating expenses	7.5	3.8	6.4	3.2
<b>Total</b>	<b>9.6</b>	<b>11.3</b>	<b>7.9</b>	<b>9.3</b>

**NOTE 21 CASH AND CASH EQUIVALENTS****Accounting policy**

Cash and cash equivalents consist of cash funds in bank.

SEK M	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Cash and bank balances	274.1	374.3	191.3	279.9
<b>Total recognized in the Statement of Financial Position/ Balance sheet</b>	<b>274.1</b>	<b>374.3</b>	<b>191.3</b>	<b>279.9</b>

**NOTE 22 FINANCIAL LIABILITIES****Accounting policy**

A financial liability is recognized in the Statement of Financial Position when the Group becomes a party to the terms of the instrument's contract. Liabilities are recognized when the counterparty has delivered and there is a contractual obligation for the company to make a payment without an invoice having yet been received. Accounts payable are recognized when the invoice has arrived.

Financial liabilities, such as Accounts payable are measured at amortized cost.

Exchange rate fluctuations on operating liabilities are recognized in operating profit while exchange rate fluctu-

ations on financial liabilities are recognized in financial net. A financial liability is removed from the statement of financial position when the obligation in the agreement is fulfilled or otherwise is extinguished.

Fingerprints has issued senior secured bonds of SEK 300 million in order to accelerate growth. Interest bearing liabilities consist of the bond loan that was issued in December 2021 of SEK 292.6 million as well as leasing liabilities regarding office premises of SEK 22.9 M (16.2), reported according to IFRS 16. The bond loan has a maturity of three years and a floating interest of Stibor 3 months + 9%.

**NOTE 22 FINANCIAL LIABILITIES, CONT.****Book value of financial liabilities by balance sheet items and category**

SEK M	Group				Parent Company			
	31 Dec 2022		31 Dec 2021		31 Dec 2022		31 Dec 2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Non-current financial liabilities</b>								
Long-term bond loan	293.7	293.7	292.6	292.6	293.7	293.7	292.6	292.6
Long-term leasing liabilities	12.4	12.4	11.6	11.6	-	-	-	-
<b>Current financial liabilities</b>								
Short-term leasing liabilities	11.2	11.2	11.3	11.3	-	-	-	-
Accounts payable	74.3	74.3	221.8	221.8	23.0	23.0	32.0	32.0
<b>Financial liabilities, total</b>	<b>391.6</b>	<b>391.6</b>	<b>537.4</b>	<b>537.4</b>	<b>316.7</b>	<b>316.7</b>	<b>324.6</b>	<b>324.6</b>
<b>By category</b>								
Financial liabilities at amortized cost	391.6	391.6	537.4	537.4	316.7	316.7	324.6	324.6
<b>Financial liabilities, total</b>	<b>391.6</b>	<b>391.6</b>	<b>537.4</b>	<b>537.4</b>	<b>316.7</b>	<b>316.7</b>	<b>324.6</b>	<b>324.6</b>

Maturity analyses, financial liabilities, SEK M	Group				Parent Company			
	3		3		3		3	
	0-3 months	months-1 year	1-2 years	2-3 years	0-3 months	months-1 year	1-2 years	2-3 years
Bond loan	6.9	20.3	27.1	327.1	6.8	20.2	27.0	327.0
Accounts payable	74.3	0.0	0.0	0.0	23.0	0.0	0.0	0.0
Leasing liabilities	2.8	8.4	11.3	1.1	0.0	0.0	0.0	0.0
<b>Total</b>	<b>84.0</b>	<b>28.7</b>	<b>38.4</b>	<b>328.2</b>	<b>29.8</b>	<b>20.2</b>	<b>27.0</b>	<b>327.0</b>

**NOTE 23 OTHER CURRENT LIABILITIES**

SEK M	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Employee withholding tax	4.2	4.9	1.0	0.8
Other	16.5	30.6	2.6	3.8
<b>Total</b>	<b>20.7</b>	<b>35.5</b>	<b>3.6</b>	<b>4.6</b>

**NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME**

SEK M	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Salaries	29.8	24.5	3.2	6.5
Social security contributions	8.0	5.1	0.7	1.9
Material and production expenses	1.2	6.2	0.0	0.0
Directors' fees and company expenses	0.3	0.2	0.0	0.0
Commissions*	102.5	126.7	56.4	61.5
Audit	1.8	1.7	0.7	1.4
Restructuring expenses	0.0	0.0	0.0	0.0
Other overheads	3.5	4.0	0.9	2.8
<b>Total</b>	<b>147.1</b>	<b>168.4</b>	<b>61.9</b>	<b>74.1</b>

\* Commissions refer to customer rebates on volume sold.

**NOTE 25 FINANCIAL RISKS AND RISK MANAGEMENT****Group and Parent Company**

The Group's activities expose it to a variety of financial risks.

Financial risks mean fluctuations in the company's earnings and cash flow due to variations in exchange rates, interest rates and risks relating to refinancing and credit issuance. The Group's financial policy for managing financial risks has been prepared by the Board and comprises a framework of guidelines and rules in the form of risk mandates and limits for financing activities. Financial transactions and risks are managed by the Parent Company's Finance function. The objectives are to:

- Manage and control financial risks
- Minimize the negative earnings impact of market changes in currencies and interest rates.
- Plan and ensure adequate liquidity for operating activities.
- Optimize the use of capital and cash flows.

**Financing risk**

Financing risk is the risk of access to financing capital, and the price of financing capital varying, with the risk of unfavorable terms.

**Liquidity risk**

Liquidity risk is the risk that the Group encounters problems meeting its obligations associated with financial liabilities. The Group has rolling liquidity planning, which is updated monthly. The Group's forecasts cover a minimum of six months of rolling liquidity planning over the medium term. Liquidity planning is used to manage liquidity risk and the cost of financing the Group.

The aim is that the Group should be able to meet its financial commitments and have the necessary contingency well in advance. It should be possible to offset upturns and downturns without incurring significant unforeseen costs. Available liquidity in the Group at year end amounted to SEK 274,1 M (374,3). In accordance with the Finance Policy, there should always be sufficient cash and cash equivalents and confirmed credit lines to cover short-term liquidity requirements. See note 22.

The company's financial liabilities consist of supplier credits, totaling SEK 74,3M (221,8) at year-end, with a short maturity of within one to two months.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types; currency risk, interest rate risk and other price risk. The market risks that primarily impact the Group are currency risk and commodity price risk, while the interest rate risk has less of an impact since the company has no deposits.

The Group's aim is to manage and control market risks within specific parameters and simultaneously optimize the results of risk-taking within specific parameters. These parameters are established with the aim of ensuring that market risks have only a marginal impact on the Group's earnings and financial position in the short term (6–12 months). However, protracted changes in exchange rates and interest rates will impact consolidated earnings in the longer term.

**Currency risk**

The risk that the fair value and cash flows of financial instruments will fluctuate when the value of foreign currencies changes. The Group is exposed to various types of currency risk. The main exposure is derived from the Group's sales and purchases in foreign currencies. These currency risks comprise the risk of fluctuations in the value of financial instruments, accounts receivables and accounts payable and the currency risk inherent in expected and contractual payment flows. Such risks constitute transaction exposure. According to the Finance Policy, exchange risks should not be hedged. USD-denominated net surpluses are exchanged to SEK on a continuous basis. Net profit for the year includes exchange rate differences of SEK 35,4 M (-4,7) in operating profit and SEK 15,2 M (4,7) in the financial net.

## NOT 25 FINANCIAL RISKS AND RISK MANAGEMENT, CONT.

### Transaction exposure

As per the balance sheet date, the Group's transaction exposure with regard to sales and materials is in the following currencies.

SEK M	Net flows
2022	
USD-exposure expressed in SEK and total	326.6
2021	
USD-exposure expressed in SEK and total	514.6

The transaction exposure has not been hedged.

### Sensitivity analysis

A 10% change in the value of the Swedish krona against other currencies as of 31 December 2022, would imply shareholders' equity and net profit for the period changing by SEK 33 M (51). The sensitivity analysis is based on all other factors remaining unchanged.

### Credit risk

The company has a credit insurance for all receivables and therefore don't do any reservations for bad debts.

### Age analysis, accounts receivable

SEK M	Group		Parent Company	
	2022	2021	2022	2021
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Non-overdue accounts receivable	102.6	241.6	5.2	2.8
Overdue accounts receivable 0 – 30 days	16.9	35.4	2.3	1.5
Overdue accounts receivable 30 – 90 days	1.4	2.7	0.7	0.0
Overdue accounts receivable > 90 days	7.4	0.7	0.7	0.7
Reserve for doubtful debt	0.0	-0.4	0.0	-0.4
<b>Total</b>	<b>128.3</b>	<b>280.0</b>	<b>8.9</b>	<b>4.6</b>

Sales per year	Group						Parent Company					
	2022			2021			2022			2021		
	Number of customers	% of total number of customers	% of value	Number of customers	% of total number of customers	% of value	Number of customers	% of total number of customers	% of value	Number of customers	% of total number of customers	% of value
< SEK 1 M	19	59	4.1	68	76	0.3	5	36	1.0	64	76	0.6
SEK 1 – 10 M	8	25	16.5	13	15	1.7	8	57	76.0	12	14	2.4
> SEK 10 M	5	16	79.4	8	9	98.0	1	7	23.0	8	10	97.0
<b>Total</b>	<b>32</b>	<b>100</b>	<b>100</b>	<b>89</b>	<b>100</b>	<b>100</b>	<b>14</b>	<b>100</b>	<b>100</b>	<b>84</b>	<b>100</b>	<b>100</b>

## NOTE 26 LEASES

### Accounting policy

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which consists of the initial value of the lease liability plus lease pay. The right-of-use asset is amortised on a straight-line basis from the initial date to the earlier of the end of the useful life of the asset; and the end of the lease period, which is normal for the Group is the end of the lease term.

The lease liability is initially measured at the present value of remaining lease payments during the assessed lease term. Remaining fees include fixed fees, variable fees linked to index or price (rate), amounts such as: expected to be paid out according to residual value guarantees, strike price for purchase options and possible penalty fees. Lease term shall be the non-terminable period plus the additional periods in the agreement if it at the commencement date is considered reasonably certain that these will be used. The leasing fees are discounted with the Group's marginal borrowing rate in cases where the implicit interest rate in the agreement is known, which usually is the case. The marginal The loan rate reflects the

company's credit risk, respectively contract lease term, currency and quality of underlying access as intended security. The lease payment is split up in amortization and interest for the lease liability, where the amortization reduces the lease liability while the interest is recognized as a financial expense in the income statement. After the commencement date, a lessee shall revalue the lease liability to reflect changes in lease payments (for example, in the case of an indexation). A lessee shall recognise the revaluation amount of the lease liability as an adjustment to the right of use. In the case of a revaluation due to an increase in variable fees based on a index or price, the lease liability is recalculated at an unchanged discount rate.

For leases that have a lease term of 12 months or less or with an underlying asset of low value, no right-of-use asset is recognised and lease liability. Lease payments for these leases are recognized as a straight-line expense over the lease term. All leasing refers to the rental of premises.

### Right-of-use assets

#### Lease arrangements where the company is the lessee, SEK M

	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Within one year	11.2	11.3	5.0	10.8
Between one year and five years	12.4	11.6	10.2	3.8
<b>Total</b>	<b>23.6</b>	<b>22.9</b>	<b>15.2</b>	<b>14.6</b>

#### Lease payment made for operating leases in the year, SEK M

	Group		Parent Company	
	2022	2021	2022	2021
Minimum lease payments	13.2	24.4	5.6	10.6
<b>Total lease expenses</b>	<b>13,2</b>	<b>24.4</b>	<b>5.6</b>	<b>10.6</b>

	Group	
	2022	2021
<b>Lease agreements, in balance sheet, SEK M</b>		
Right-of-use assets, 1 January	24.2	24.8
Added right-of-use assets	14.4	16.3
Depreciation	-13.3	-16.9
<b>Right-of-use assets, 31 December</b>	<b>25.3</b>	<b>24.2</b>

	Group	
	2022	2021
<b>Lease agreements, in income statement, SEK M</b>		
Depreciation use-of rights assets	-13.3	-16.9
Interest costs leasing liabilities	-0.1	-0.1
Expenses for short-term leases and leases of low value	-7.2	-7.2
<b>Total leasing expenses</b>	<b>-20.6</b>	<b>-24.2</b>

## NOTE 27 TRANSACTIONS WITH RELATED PARTIES

	Group		Parent Company	
	2022	2021	2022	2021
<b>Purchases of goods and services, SEK M</b>				
Sales of goods to subsidiaries	-	-	35.1	249.3
Licence income	-	-	163.7	154.6
Purchases of goods from subsidiaries	-	-	-35.7	-53.8
Purchases of group-wide services from subsidiaries	-	-	-152.8	-294.9
<b>Total</b>	<b>-</b>	<b>-</b>	<b>10.3</b>	<b>55.2</b>

	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>Receivables and liabilities at the end of the period, SEK M</b>				
Long-term loans to subsidiaries	-	-	467,8	62.5
Receivables from subsidiaries	-	-	64,9	288.0
Liabilities to subsidiaries	-	-	-76.8	-105.7

Transactions with related parties are priced on an arm's length basis. Transactions with key individuals in management positions are limited to individual, clearly delineated, small-scale consulting assignments, which require specific competence. Long-term receivables from subsidiaries have been written down by SEK 21.4 million.

**NOTE 28 SHARES AND PARTICIPATIONS IN SUBSIDIARIES**

SEK M	Parent Company		The Parent Company's holdings in subsidiaries	Subsidiary, reg office country	Share-holders equity	Net profit	Participating interest 2022, %	Participating interest 2021, %
	31 Dec 2022	31 Dec 2021						
<b>Accumulated cost</b>								
Opening balance	966.2	949.4	Fingerprint Cards Anacatum IP AB *	Sweden	1.5	-8.1	100	100
The year's investments	0.5	18.0	Fingerprint Cards Sweden AB *	Sweden	0.0	0.0	100	100
The year's divestments	-2.5	-1.2	Fingerprint Card Korea Co, Ltd *	South Korea	7.8	0.6	100	100
Closing balance, book value	964.2	966.2	Fingerprint Cards ApS*	Denmark	33.5	3.7	100	100
<b>Accumulated impairment</b>			Fingerprint Cards (Shanghai) Co., Ltd*	China	21.4	3.4	100	100
Opening balance	-943.1	-943.1	Fingerprint Cards Asia	China	64.2	11.8	100	100
Impairment for the year	0.0	0.0	Fingerprint Cards France*	France	0.2	0.1	100	-
Closing balance, book value	-943.1	-943.1	Fingerprint Cards Inc*	USA	11.2	0.5	100	100
<b>Carrying amounts</b>			Fingerprint Cards Taiwan Ltd*	Taiwan	0.6	0.7	100	100
At beginning of year	23.1	6.3	Fingerprint Security System Databärare AB	Sweden	2.2	0.0	100	100
At end of year	21.1	23.1	Fingerprint Cards Switzerland	Switzerland	-10.7	-12.9	100	100
			Fingerprint Cards Singapore PTE Ltd	Singapore	-6.9	-12.9	100	100
			India Aquisition Holding Inc	USA	-0.1	0.0	100	100
			Delta ID Inc*	USA	9.0	13.2	100	100
			Fingerprint Cards Japan K.K.*	Japan	2.3	0.1	100	100

\* Indirect holding through subsidiary

**NOTE 28 SHARES AND PARTICIPATIONS IN SUBSIDIARIES, CONT.****Specification of Parent Company's direct holdings of participations in subsidiaries**

Subsidiary / Corporate identity number	Participations, number	Proportion, %	31 Dec 2022	31 Dec 2021
Fingerprint Card Korea Co.,Ltd.	-	-	-	0.8
Fingerprint Cards Asia	-	100	19.5	19.0
Fingerprint Cards Switzerland	-	100	0.9	0.9
Fingerprint Cards Taiwan Ltd	-	-	-	0.1
Fingerprint Security System Databärare AB, 556239-5938	1,000	100	0.7	0.7
India Aquisition Holding Inc	1,000	100	0.0	0.0
Fingerprint Cards Japan K.K.	-	-	-	1.1
Fingerprint Cards Singapore PTE Ltd	-	-	-	0.5
<b>Carrying amount, 31 December</b>			<b>21.1</b>	<b>23.1</b>

- Fingerprint Cards Korea Ltd: From 2022 owned by FPC Switzerland.
- Fingerprint Cards Taiwan Ltd in Taiwan: From 2022 owned by FPC Switzerland
- Fingerprint Cards Japan K.K.: From 2022 owned by FPC Switzerland
- Fingerprint Cards Singapore PTE Ltd: From 2022 owned by FPC Switzerland

**NOTE 29 STATEMENT OF CASH FLOWS****Accounting policies**

The Cash Flow Statement has been prepared in accordance with the indirect method. Foreign group companies' cash flows are translated at average rates of exchange.

SEK M	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
The following components are included:				
Cash and cash equivalents:	274.1	374.3	191.3	279.9
Total in Statement of Financial Position	274.1	374.3	191.3	279.9
<b>Total in Statement of Cash Flow</b>	<b>274.1</b>	<b>374.3</b>	<b>191.2</b>	<b>279.9</b>

**Adjustments for non-cash items**

SEK M	Group		Parent Company	
	2022	2021	2022	2021
Depreciation according to plan and write-downs	515.1	93.3	4.9	34.8
Impairment of inventories	15.9	23.8	0,0	1.6
Write down intercompany loan	0.0	0.0	21.4	0.0
Group contribution	0.0	0.0	222.7	0.0
Change in accrued interest*	0.8	0.0	0.8	0.0
Transaction revaluations	-35.5	5.2	-34.0	-6.7
<b>Total</b>	<b>496.3</b>	<b>122.3</b>	<b>215,8</b>	<b>29.7</b>

\* Profit before tax includes interest received with SEK 0.1 M (0.0) and interest paid during the year SEK -29.3 M (-0.3).

**NOTE 30 INFORMATION ON PARENT COMPANY**

Fingerprint Cards AB (publ) (the Parent Company), corporate ID no. 556154-2381, is a limited liability company, with its registered office in Gothenburg, Västra Götaland, Sweden. The Parent Company's shares are listed on Nasdaq Stockholm. The address of the head office is Box 2412,

SE-403 16 Gothenburg, Sweden and the visiting address is Kungsgatan 20, Gothenburg, Sweden.

The consolidated accounts for 2022 comprise the Parent Company and its subsidiaries, jointly designated "the Group".

**NOTE 31 POST BALANCE SHEET DATE EVENTS**

On 26 January 2023, notice of extraordinary Annual General Meeting on 24 February 2023 to resolve on the Board of Directors' proposal regarding the long-term incentive program (LTIP 2023), and to resolve on shareholders' proposals for resolutions regarding the long-term incentive program for board members (LTIP Board 2023). On February 16, 2023, it was announced that the Board of Directors had decided to cancel the Extraordinary General Meeting

on 24 February with the ambition to present a revised proposal to an upcoming Annual General Meeting. Since the notice of the extraordinary general meeting was made public, the Board has received valuable feedback and constructive suggestions for improvement in this respect proposed incentive program, both from several Major shareholders and other stakeholders.

**NOTE 32 ASSETS PLEDGED****Parent Company. SEK M**

Assets pledged for operating credit;  
bank balances

	31 Dec 2022	31 Dec 2021
Assets pledged for operating credit; bank balances	0	0

**NOTE 33 PROPOSED APPROPRIATIONS OF PROFIT****Proposal for appropriations of the company's profits:**

The following funds are at the disposal of the AGM, SEK:

Share premium reserve	414,878,129
Accumulated profit or loss	119,850,868
Net profit for the year	-254,884,015
<b>Total</b>	<b>279,844,982</b>

The Board of Directors proposes that net profit for the year, non-restricted reserves, as well accumulated profit or loss are appropriated as follows:

Carried forward:	279,844,982
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# ASSURANCE BY THE BOARD

The Board of Directors and Chief Executive Officer hereby give their assurance that the annual accounts have been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council

of 19 July, 2002, on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports of the Parent Company and the Group give a true and fair view of the progress of the Parent Company's and the Group's operations, finan-

cial position and results of operations, and state the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

The annual accounts and consolidated accounts were approved for issuance by the Board of Directors and the CEO on the dates stated in the electronic signatures. The Consolidated Statement of Comprehensive Income and

Consolidated Statement of Financial Position and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption by the Annual General Meeting on May 24, 2023.

Gothenburg, on the date stated in the electronic signatures

Christian Lagerling  
Chairman of the Board

Ted Elvhage  
Board member

Alexander Kotsinas  
Board member

Dimitrij Titov  
Board member

Juan Vallejo  
Board member

Ted Hansson  
Acting President and CEO

Stockholm, on the date stated in our electronic signature  
BDO Mälardalen AB

Johan Pharmanson  
Authorized Public Accountant

Carl-Johan Kjellman  
Authorized Public Accountant

# AUDITOR'S REPORT

To the general meeting of the shareholders of Fingerprint Cards AB (publ), corporate identity number 556154-2381

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Fingerprint Cards AB (publ) for the financial year 2022. The annual accounts and consolidated accounts of the company are included on pages 56-88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014/EU) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International

Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Valuation of intangible fixed assets including goodwill

Goodwill and intangible assets constitute a significant amount of the balance sheet. Goodwill and other intangible assets such as acquired technology, patents and customer relationships as well as capitalized development costs amount to SEK 538 million of the Group's total assets. In note 16, Intangible fixed assets Fingerprint Cards AB describes their valuation of these assets and goodwill. Since these assets are not amortized on an ongoing basis, an impairment test must be performed, at least annually. The company performed an impairment test during Q4

2022 and in early 2023. An impairment test contains a number of assumptions, including future market development, the possibility of achieving growth, profitability development and the discount factor. It is thus complex assumptions and estimates that the company management and the board must make. As intangible fixed assets, including goodwill, constitute a significant amount and the required assumptions include assessments and estimates, each of which can be of decisive importance for the valuation, this has been a particularly key audit matter in the audit.

### How our audit addressed the Key audit matter

Our audit procedures included but were not limited to:

Initially we and BDO's valuation specialists reviewed, whether the established impairment tests per cash generating unit, including group companies, had been carried out in accordance with accepted principles and methods. In our review, we checked the most important assumptions for impairment testing applied by company management and the board such as growth, profitability and discount rates. We assessed these assumptions by comparing them against each company's budget and also against historical outcomes. We carried out an independent assessment based on market economy conditions for the various cash generating units included in the Group companies. We reviewed the discount rates applied per Group company against observable market data. In addition we examined that the starting point for determining the significant assumptions were consistent with previous year. We reviewed the simulations and sensitivity analyzes conducted by the company management and the board. These tests have also formed a basis for our control of the information provided in note 1, 11 and 16 in the annual report.

### Valuation of inventory

The Group recognized inventory of SEK 304 million on December 31, 2022. The inventory balance consists of raw materials, work in progress and finished goods. The mar-

ket for these products is constantly evolving and highly competitive. New products are continuously being launched to the market. We have identified this area as a key audit matter since the assessment of whether the inventory may be sold for more than the initial cost is complex and involves significant levels of judgment regarding whether the products may be sold as components in current of future constellations. The obsolescence reserve is based on individual assessments based on management's judgements. For further judgements see note 18 Inventories.

### How our audit addressed the Key audit matter

Our audit procedures included but were not limited to:

Initially we evaluated the group's routines and internal controls for managing inventory. We examined management's assessment of the inventory's valuation with a focus on ensuring that the correct inputs have been used in the valuation model and that it fairly reflects reality in view of the valuation of obsolete merchandise. In addition, we verified the inventory's existence by the participating in a selection of physical inventory counts of various warehouses and verified that inventory is not recognized at a value higher than the net realizable value.

### Revenue recognition

Revenues from agreements with customers, net sales, for the year 2022 amount to SEK 862 million in the statement of comprehensive income for the Group and to SEK 257 million in the income statement for the Parent Company. A description of the assumptions on which the Group companies' revenue recognition is based can be found in Note 2 on page 70. There, Fingerprint Cards AB (publ) describes how revenue is reported in the Group. The recognition of income from agreements with customers requires that the group has the required routines for identifying performance commitments, and for ensuring that the revenues are reported as performance commitments

are performed. Revenue recognition linked to agreements that include performance commitments requires in certain cases that the management make assessments regarding the distribution of the transaction price between different performance commitments. The revenue from agreements with customers constituted a significant area in our audit considering the significance of the reported amounts and that it includes significant elements of estimations.

#### **How our audit addressed the Key audit matter**

Our audit procedure included but were not limited to:

Initially, we reviewed the accounting principles and routines for the sales process and revenue recognition in each Group company. We have reviewed the company's and the respective group companies' processes for revenue recognition and carried out a review of agreements with customers on a random basis. Our examination have included a review of the identification of performance commitments and the distribution of the transaction price between them. We have evaluated the reasonableness of the assumptions underlying the distribution of the transaction price. We have also examined whether the performance commitments identified have been met.

#### **Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-55 The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the

information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

### Report on other legal and regulatory requirements

#### The auditor's audit of the administration of the Board of Directors and the Managing Director and the proposed appropriations of the company's profit or loss

##### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Fingerprint Cards AB (publ) for the financial year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

##### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with pro-

fessional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the Esef report

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Fingerprint Cards AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Fingerprint Cards AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 require us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standards on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards, and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion

on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

BDO Mälardalen AB was appointed auditor of Fingerprint Cards AB (publ) by the general meeting of the shareholders on 24 May 2022 and has been the company's auditor since 2021

Stockholm, date as per electronic signature

BDO Mälardalen AB

Johan Pharmanson                      Carl-Johan Kjellman  
Authorized Public Accountant   Authorized Public Accountant

# TEN-YEAR SUMMARY AND DEFINITIONS

Income Statement	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues, SEK M	861.8	1,355.8	1,255.7	1,458.6	1,535.1	2,966.0	6,638.3	2,900.5	233.6	95.4
Gross profit, SEK M	166.4	396.9	275.2	331.1	2.4	988.9	3,165.3	1,255.3	71.6	39.2
Gross margin, %	19.3	29.3	21.9	22.7	0.2	33.3	47.7	43.0	31.0	41.0
Operating profit, SEK M	-631.0	-7.6	-365.8	-14.4	-771.6	154.6	2,578.5	910.3	-145.2	-34.0
Operating margin, %	-73.2	-0.6	-29.1	-1.0	-50.3	5.2	38.8	31.0	-62.0	-36.0
Profit for the year, SEK M	-586.0	0.1	-340.8	-13.6	-630.7	120.3	2,034.7	798.3	-144.0	-32.9
Profit margin, %	-68.0	0.0	-27.1	-0.9	-41.1	4.1	30.7	28.0	-62.0	-35.0
Depreciation and amortization, SEK M	-81.6	-93.2	-84.6	-141.3	-117.8	-79.4	-48.6	-43.4	-32.1	-12.6
Impairment, SEK M	-433.4	0.0	-340.6	0.0	-148.6	-	-	-	-29.5	-
EBITDA, SEK M	-116.0	85.6	59.4	128.7	-505.2	234.0	2,627.1	953.7	-83.6	-21.4
Financial position – Balance Sheet	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Intangible assets, SEK M	538.0	838.5	759.3	1,127.8	1,102.7	1,188.3	71.4	49.7	69.8	54.3
Property, plant and equipment, SEK M	4.3	6.5	7.0	15.8	30.2	46.6	29.2	20.6	18.8	5.4
Financial assets, SEK M	121.8	53.6	46.9	18.3	27.8	-	-	1.0	-	-
Inventories, SEK M	304.1	159.3	136.3	253.4	347.5	646.1	672.7	153.0	98.8	19.9
Accounts receivable, SEK M	128.3	280.0	196.2	197.3	232.7	437.5	1,132.1	617.9	115.8	31.1
Other receivables + prepaid expenses, SEK M	49.6	62.6	27.5	27.7	37.8	313.1	435.4	36.6	19.5	10.1
Cash and cash equivalents + investments in securities, SEK M	274.1	374.3	377.0	563.9	540.5	920.2	1,162.2	1,031.3	101.9	211.7
Shareholders' equity, SEK M	866.5	1,027.2	1,182.9	1,798.9	1,775.5	2,330.8	2,226.1	1,146.8	301.1	289.7
Deferred tax, SEK M	12.4	16.6	20.6	38.6	51.9	189.8	136.3	-	-	-
Non-current liabilities, SEK M	293.7	304.2	9.7	11.8	-	221.9	-	-	0.2	0.4
Current liabilities, SEK M	259.9	451.0	361.9	387.8	491.8	809.3	1,140.6	763.2	123.3	42.3
Working capital, SEK M	496.3	425.2	375.2	654.5	666.7	1,507.6	2,261.8	1,075.6	212.7	230.5
Total assets, SEK M	1,445.5	1,799.0	1,575.1	2,237.1	2,319.2	3,551.8	3,503.0	1,910.1	424.6	332.5
Inventory turnover rate, days	120.0	55.5	71.5	95.9	116.7	120.0	43.0	29.0	132.0	94.0
Average credit period days	85.3	63.2	56.4	53.1	78.6	95.0	47.0	46.0	113.0	99.0
Return on capital employed, %	-52.5	-0.1	-30.7	-0.8	-43.5	6.0	117.0	126.0	-48.0	-12.0
Return on equity, %	-1.7	-1.6	-1.2	-1.0	-38.8	5.0	121.0	110.0	-48.0	-12.0
Return on total capital, %	-42.6	0.0	-23.2	-0.6	-33.3	4.0	75.0	78.0	-34.0	-10.0
Equity/assets ratio, %	59.9	57.1	75.1	80.4	76.6	66.0	63.5	60.0	71.0	87.0

## Definitions

Most of these key figures are Alternative Performance Measures according to ESMA's definition. How these key figures are used is described below, as is how they are calculated. The alternative performance measures are used to provide a more comprehensive description of how operational activities are developing, such as gross margin, gross profit, operating margin, EBITDA and revenue increase, while other alternative performance measures focus on the owner perspective, such as return on equity, and cases where certain balance sheet items or cash flow items are placed in relation to the number of shares. In addition, the equity/assets ratio is provided to describe the financial position and long-term financial sustainability.

**Average credit period** Average value of accounts receivable over the period in relation to net sales, multiplied by 360 days.

**Average number of shares** Average number of shares in the period.

**Average number of shares after dilution** Average number of shares plus an increase by the average number of shares that could be issued as a result of current remuneration and personnel programs.

**Capital employed** Total assets minus non-interest bearing liabilities.

**Cash flow from operating activities/share** Cash flow from operating activities after changes in working capital/average number of shares before and after dilution.

**Cost of goods sold** Cost of materials, production expenses and amortization according to plan of capitalized development expenditure.

Cash flow	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Cash flow from operating activities, SEK M	-334.1	24.3	158.1	160.4	274.6	376.9	1 130.3	910.4	-174.2	-28.8
Cash flow from investing activities, SEK M	-104.6	-91.0	-119.1	-115.4	-162.6	-1,071.0	-78.3	-26.0	-90.6	-38.3
Cash flow from financing activities, SEK M	328.4	58.4	-209.2	-19.7	-507.7	481.7	-955.7	47.4	155.0	220.5
Cash flow for the year, SEK M	-110.3	-8.4	-170.1	25.3	-395.7	-212.4	96.3	931.8	-109.8	153.4
The share	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Earnings per share, SEK	-1.92	0.00	-1.10	-0.04	-2.01	0.38	6.40	2.53	-0.49	-0.12
Earnings per share after dilution, SEK	-1.92	0.00	-1.10	-0.04	-2.01	0.38	6.33	2.48	-0.49	-0.12
Cash and cash equivalents + investments at year-end / share, SEK	0.65	1.27	1.25	1.80	1.72	2.93	3.70	3.26	0.35	0.83
Equity per share, SEK	2,06	3.49	3.92	5.73	5.66	7.42	7.11	3.63	1.03	1.06
Equity per share after dilution, SEK	2,06	3.49	3.92	5.73	5.66	7.42	7.09	3.57	0.97	1.04
Cash flow from operating activities per average number of shares, SEK	-1.10	0.08	0.51	0.51	0.87	1.20	3.56	2.86	-0.61	-0.11
Number of shares at end of the year, 000	420,394	294,200	301,544	313,967	313,967	313,967	313,967	316,196	292,106	270,806
Average number of shares during the year, 000	304,741	295,351	308,829	313,967	313,967	313,967	317,726	315,349	287,574	254,470
Number of shares after dilution, 000	306,394	295,351	308,829	313,967	313,967	313,967	321,408	321,372	310,306	276,441
Dividend per share, SEK	-	-	-	-	-	-	-	-	-	-
Share price at end of the year, SEK	2.93	20.68	17.41	18.88	10.13	15.81	62.85	118.20	7.00	10.90
Market capitalization at end of the year, SEK M	1,290.8	6,084.1	5,249.9	5,927.7	3,180.5	4,963.8	19,732.8	37,374.0	2,033.0	2,938.0
Number of employees at year-end	223	261	240	225	220	415	306	150	104	48

**Earnings per share after dilution** Earnings per share plus adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs. Earnings per share after dilution can never exceed earnings per share before dilution.

**Earnings per share for the period** Profit for the period/ number of shares outstanding at period end.

**EBITDA** Earnings before interest, taxes, depreciation and amortization. Operating profit before financial income/expense, taxes, depreciation/amortization and impairment losses.

**Equity/assets ratio** Shareholders' equity divided by total assets.

**Gross margin** Gross profit as a percentage of net sales.

**Gross profit** Revenues less cost of goods sold.

**Inventory turnover rate, days** Average value of inventory over the period in relation to cost of goods sold, multiplied by 360 days.

**Net cash** Cash and cash equivalents less interest-bearing debt.

**Net margin** Profit for the period as a percentage of revenues.

**Number of shares outstanding at period end** Number of shares less bought back shares held in treasury.

**Operating margin** Operating profit as a percentage of revenues.

**Operating profit** Operating profit before financial income/expenses and tax.

**Profit for the year** Profit after financial income/expenses and tax.

**Return on capital employed** Operating profit + financial income as a percentage of capital employed.

**Return on equity** Profit for the period in relation to average shareholders' equity for the period. Average shareholders' equity is defined as shareholders' equity at the start of the period plus shareholders' equity at the end of the period divided by two.

**Revenue increase** The increase in revenues compared to the corresponding period one year previously, and expressed as a percentage.

**Return on total capital** Operating profit + financial income as a percentage of total capital.

**Shareholders' equity per share** Shareholders' equity attributable to equity holders of the Parent Company divided by the number of shares outstanding, before dilution, at the end of the period.

**Shareholders' equity per share after dilution** See "Shareholders' equity per share" plus adjustment for the number of shares and the paid exercise price in current remuneration and personnel programs.

**Working capital** Current assets less current non-interest-bearing provisions and liabilities.

# INDEX, SUSTAINABILITY INFORMATION

Fingerprints' sustainability report is the yearly reporting of how we create value for the customer, the end-user and the society in general. The sustainability report also describe how we work with ethics as well as our environ-

mental and social impact. The report is found in its entirety on pages 26-40. The sustainability report pertains to the fiscal year 2022. The report satisfies the standards on sustainability reporting stipulated by the Swedish

Annual Accounts Act and the auditor's statement that a sustainability report has been prepared is found on page 39.

For information on Fingerprints' governing policies, see page 98.

ORGANIZATIONAL PROFILE	PAGE	COMMENT
Name of the organization		Cover/Fingerprint Cards AB.
Activities, brands, products, and services	11-24	Products and solutions/Fingerprints' range does not include any products prohibited on any market.
Location of headquarters		Rear cover
Location of operations	3	Cover inside/Fingerprints in brief
Ownership and legal form	42-43	Cover inside/Fingerprints in brief The share
Markets served	14-24	Fingerprints' principle product segments
Scale of the organization	56-61	Statutory Administration Report
Information on employees and other workers	37	Human resource <ul style="list-style-type: none"> <li>• All data as of 31 December 2022</li> <li>• Employees; individuals with a direct employment contract</li> <li>• Coworkers; employees and consultants on assignment with at least of 50 percent of an FTE position</li> <li>• Fingerprints' operations are not affected by seasonality</li> </ul>
Supply chain	17, 21, 24	Fingerprints' principle product segments
Significant changes to the organization and its supply chain	6-7	Message from the CEO
Precautionary Principle or approach	26-40	Sustainability report <ul style="list-style-type: none"> <li>• Fingerprints' Code of Conduct and Environmental Policy apply the Precautionary Principle</li> <li>• Fingerprints' Sustainability Framework has specific environmental goals linked to the Precautionary Principle.</li> </ul>
External initiatives	27, 28, 29, 30, 32	Sustainability report
Membership of associations	28	Sustainability report/Fingerprints is a member of Eurosmart.

STRATEGY	PAGE	COMMENT
Statement from senior decision-maker	26	<b>Sustainability report</b>
ETHICS AND INTEGRITY		
Values, principles, standards, and norms of behavior	26-40 36	<b>Sustainability report</b> /Sustainability Framework, Corporate Responsibility. <b>Sustainability report</b> /Fingerprint has four core values: Smart, Brave, United and Open
GOVERNANCE		
Governance structure	45-50 27-28	<b>Corporate Governance Report</b> • Governance of Fingerprints as a company. <b>Sustainability report</b> • Governance of sustainability is governed through the Sustainability Forum. • Corporate responsibility governs all Policies and the Code of Conduct
STAKEHOLDER ENGAGEMENT		
List of stakeholder groups	29	<b>Sustainability report</b>
Collective bargaining agreements		Fingerprints does not apply collective bargaining agreements but encourages its employees to join trade unions
Identifying and selecting stakeholders	29	<b>Sustainability report</b>
Approach to stakeholder engagement	29	<b>Sustainability report</b> • Fingerprints' management system is certified according to ISO 9001 and ISO 14001 • Our materiality analysis is included in our management system and is followed up annually
Key topics and concerns raised	29 41	<b>Sustainability report</b> • Stakeholder dialogue and risk analysis are the foundation for producing the materiality analysis <b>Risks and risk management</b> • Material issues that involve risks to operations are dealt with pursuant to Fingerprints' risk management procedures
REPORTING PRACTICE		
Entities included in the consolidated financial statements	27-28	<b>Sustainability report</b>
Defining report content and topic boundaries	26-40	<b>Sustainability report</b> • Report contents and its boundaries are presented jointly with sustainability goals
List of material topics	29 41	<b>Sustainability report</b> • Materiality analysis <b>Risks and risk management</b> • Other risks
Explanation of the material topic and its Boundary		No restatements made since the previous year
Changes in reporting		CO <sub>2</sub> emissions according to scope 2 including all offices as from 2021. From 2021 Fingerprints is reporting CO <sub>2</sub> emissions according to scope 3
Reporting period		1 January – 31 December 2022
Date of most recent report		Reporting is yearly

REPORTING PRACTICE, CONTD.	PAGE	COMMENT
Reporting cycle		Reporting is yearly
Contact point for questions regarding the report		Stefan Pettersson, Head of Investor Relations. Email: investrel@fingerprints.com
External assurance		Fingerprints does not apply external examination of the sustainability information in its Annual Report. Certain information has been examined as part of certification according to ISO 14001, ISO 9001 and reporting to the CDP
MANAGEMENT APPROACH		
Explanation of the material topic and its Boundary	29	<b>Sustainability report</b>
	41	<ul style="list-style-type: none"> <li>• Stakeholder analysis</li> <li>• Materiality analysis</li> </ul> <b>Risks and risk management</b> <ul style="list-style-type: none"> <li>• Other Sustainability Risks, see in-depth review of each identified risk</li> </ul>
The management approach and its components	26-40	Generally; Policies have been produced for material segments under Corporate Responsibility (including a speak-up policy for escalating sensitive issues) and specific targets related to each material segment are under sustainability targets.
	41	<b>Sustainability report</b> <ul style="list-style-type: none"> <li>• Stakeholder analysis</li> <li>• Materiality analysis</li> <li>• Corporate Responsibility</li> <li>• Sustainability Framework</li> <li>• Sustainability targets</li> </ul> <b>Risks and risk management</b> <ul style="list-style-type: none"> <li>• Other Sustainability Risks, see in-depth review of each identified risk</li> </ul>
Evaluation of the management approach	89-92	Auditor's report
ECONOMIC		
<b>Anti-corruption</b>		
Operations assessed for risks related to corruption	41	<b>Risks and risk management</b> <ul style="list-style-type: none"> <li>• A risk assessment for corruption is conducted at an overall level.</li> </ul>
Communication and training about anticorruption policies and procedures	30	<b>Sustainability report</b> <ul style="list-style-type: none"> <li>• All employees have confirmed the Code of Conduct. Code of Conduct is part of onboarding for new employees and consultants. In the autumn of 2019, mandatory training efforts were conducted in the organization regarding safety and compliance, where Code of Conduct was an integral part.</li> </ul>
Confirmed incidents of corruption and actions taken		Fingerprints did not have any corruption incidents in 2022

ENVIRONMENT	PAGE	COMMENT
<b>Materials</b>		
Industry-specific targets for measuring spoilage levels in production	32	<b>Sustainability report</b> Measures spoilage of silicon wafers and employs a target of continuous improvement
<b>Emissions</b>		
Total amount of indirect GHG emissions, in weight	32	<b>Sustainability report</b> The sustainability targets state a reduction of CO <sub>2</sub> emissions pursuant to scope 2 and scope 3
<b>Supplier environmental assessments</b>		
Negative environmental impacts in the supply chain and actions taken	31-32	<b>Sustainability report</b>
<b>SOCIAL IMPACT</b>		
<b>Occupational Health and Safety</b>		
Workers representation in formal joint management-worker health and safety committees		<b>Sustainability report</b> Health & safety councils and health & safety representatives in place at all Swedish offices
Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	34	<b>Sustainability report</b> • Under health & safety
<b>Diversity and Equal Opportunity</b>		
Diversity of governance bodies and employees	37	<b>Sustainability report</b> Fingerprints does not record the minority origin of its staff, and accordingly does not disclose this item, only gender, age group, and region
	51-54	<b>Board of Directors/Group Management</b>
<b>Human rights assessment</b>		
Operations that have been subject to human rights reviews or impact assessments.		Fingerprints judges that the impact of human rights can primarily be on purchasing raw materials for plants if conflict minerals are utilized. Also through biometric integrity being protected in the usage of Fingerprints' products. Impact has not been analyzed by country

SUSTAINABILITY AREA	POLICY	RESULTS OF POLICY
<b>Environment</b>	Environmental Policy	See targets and achievement on page 32
<b>Social impact</b>	Code of conduct; Equality, Diversity & Inclusion Policy; Occupational Health & Safety Policy	See targets and achievement on page 34
<b>Personel</b>	Code of conduct; Equality, Diversity & Inclusion Policy; Occupational Health & Safety Policy	See targets and achievement on page 34
<b>Respecting human rights</b>	Code of conduct	No known incidents of breaches against policy
<b>Anti-corruption</b>	Anti-corruption Policy	No known incidents of bribes or corruption

# SHAREHOLDER INFORMATION

# GLOSSARY

## Fingerprint's IR website

Updated corporate, share and insider information, and an archive of financial reports and press releases, is available at [www.fingerprints.com](http://www.fingerprints.com). For environmental and cost reasons, Fingerprints has decided not to distribute physical Annual Reports to shareholders. Annual and Quarterly Reports, and Press releases, are available from the company's investor website.

## Reporting dates

- Interim Report January–June 2023, 20 July 2023
- Interim Report January–September 2023, 19 October 2023

## Annual General Meeting 2023

The Annual General Meeting (AGM) will be held on Wednesday 24 May, 2023.

## Contact information

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## Algorithm

A systematic procedure for how to conduct calculation or solve a problem in a given number of steps. In Fingerprints' specific case, the method refers to the comparison of two fingerprints with each other.

## Authentication

Control process for a particular entity; in conjunction with logging on, for example. The word is synonymous with verification.

## Biometric system

A pattern recognition system that identifies or verifies an individual by studying a physiological characteristic of that individual, such as a fingerprint.

## Chip

A piece of silicon that an integrated circuit is embedded in, such as a sensor chip. Normally, a silicon wafer is divided into a number of chips, with each chip being essentially identical.

## Design Win

Decision by a customer (OEM or ODM) to start developing one or several commercial products using Fingerprints' technology integrated into one or more of its products.

## Identification

Comparison of compiled biometric data with all stored templates for the purpose of identifying one of these templates (and thus an individual) from many.

## Internet of Things

Internet-connected devices that are linked to the Internet and can thus communicate with/be controlled via the Internet.

## Matching

The process of comparing an image of a fingerprint with a pre-processed template, and assessing whether or not they are similar.

## Modality

Type of biometric feature, such as fingerprint sensors and iris sensors.

## ODM

Original Design Manufacturer, a company that develops and manufactures products sold under the trademarks of other companies.

## OEM

Original Equipment Manufacturers, companies that manufacture the end product that is sold on an open market.

## Smart card

Plastic card with an embedded chip containing information about the card and its owner.

## Smartphone /tablet

A combined mobile phone and hand-held computer linked to the Internet via mobile broadband. A smartphone has a complete mobile operating system that is transferable between multiple devices enabling the user to easily install mobile apps, which are small third-party programs that increase the phone's functionality.

## Template

An arrangement of unique data that represents a specific fingerprint.

## Touch sensor

A sensor that scans a fingerprint directly when a fingertip touches the sensor surface; compare to swipe sensor.

## Verification

The comparison of compiled biometric data with a given template for the purpose of verifying that the two match. This enables the authentication of an individual with a high degree of certainty.

## Wafer

A thin circular slice of silicon containing a number of integrated circuits such as sensor chips.



# FINGERPRINTS

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