

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 2021, the company had 51,416 (55,950) known shareholders, a decrease of 8 percent compared with the previous year. The registered share capital was SEK 12,975,667, divided between 6,000,000 class A shares and 292,000,000 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. During 2021, shares were repurchased for an amount of SEK 225.4 M at an average price of SEK 30.70 per share. Repurchased shares are in own custody and has no value in assets or in equity. At year-end 2021, the ten largest shareholders held 38.4 percent of the votes in the Company. For more information on ownership, see pages 42-43.

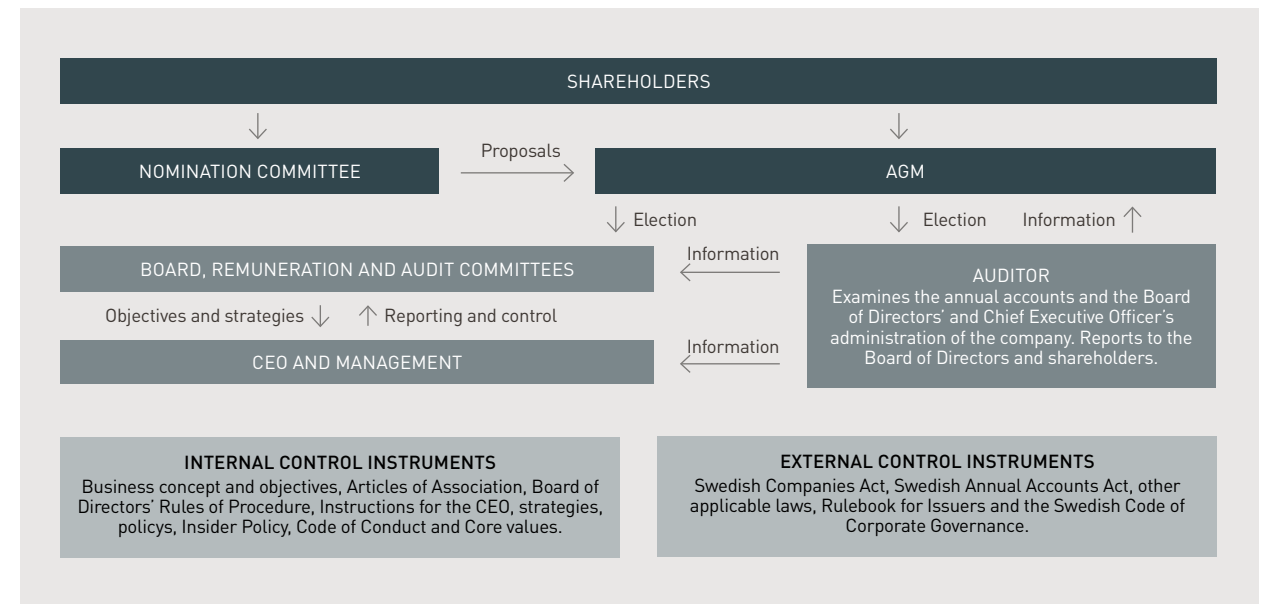
SHAREHOLDERS

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 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 2021

The AGM for the 2020 fiscal year was held in Stockholm on 26 May 2021. The notice to the AGM was published on 27 April 2021. 155 shareholders, accounting for 28.9 percent of the votes and 15.8 percent of the shares, were represented at the AGM.

THE AGM PASSED RESOLUTIONS ON:

- Adopting the accounts for 2020 fiscal year.
- Approving the appropriation of profits with the earnings carried forward.
- Discharging the Board of Directors and CEO from liability for 2020 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.
- Nomination Committee instructions.
- Amendment of the articles of association.
- Authorization of the Board of Directors to repurchase and transfer treasury shares.
- Reduction of the share capital by way of cancellation of repurchased shares, and increase of the share capital by way of a bonus issue.

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 twenty (20) per cent of the total number of outstanding shares in the Company as of the day of the notice of the AGM 2021.

More information on the AGM 2021 is available at Fingerprint Cards' website: www.fingerprints.com.

ANNUAL GENERAL MEETING 2022

The AGM will be held on Tuesday, 24 May 2022. Due to the extraordinary situation as a result of covid-19, to avoid spread of the virus and in line with recommendations from the authorities, the AGM will be held without physical presence but instead with post voting.

NOMINATION COMMITTEE

The AGM 2021 resolved that 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 2022 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
- proposal concerning guidelines for appointing the Nomination Committee

Fingerprints' Nomination Committee had the following members for the AGM 2022:

- Johan Carlström (Chairman of the Board), member of the Nomination Committee
- Dimitrij Titov (appointed by Velociraptor LTD), chairman of the Nomination Committee
- Helen Fasth Gillstedt (appointed by Handelsbanken Fonder), member of the Nomination Committee
- Erik Svenonius (shareholder), member of the Nomination Committee

The Chairman of the Nomination Committee is a member of the Board of Directors, which means that the Company is deviating from the Swedish Code of Corporate Governance.

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

WORK OF THE NOMINATION COMMITTEE FOR THE AGM 2022

For the AGM 2022, the Nomination Committee held three 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. In addition, Board Directors were interviewed by one of the members of the nomination committee, and results were reported back to the other members of the nomination committee.

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 a well-functioning board (see further below) and has come to the conclusion that this time no change will be made. However, the Nomination Committee believes that the work with a more even gender distribution needs to continue.

The Nomination Committee also had several contacts with the Audit Committee regarding 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 continue to consist of 7 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.

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 2021 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.

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 2020.
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.

In the Nomination Committee's opinion, seven Directors of the Board are independent of the Company and management. Six 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 2021

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 2021, there were 26 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 2021, the Remuneration Committee's members were the Directors Juan Vallejo (Chairman), Sofia Bertling, and Ted Elvhage. During the fiscal year 2021, the Remuneration Committee met on two 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 2021, the Audit Committee's members were Alexander Kotsinas (Chairman), Johan Carlström and Dimitrij Titov. During 2021, the Audit Committee met on four 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 AGM 2021 elected BDO Mälardalen AB as auditor until the 2022 AGM. BDO Mälardalen AB appointed Johan Pharmanson as Auditor in Charge. Carl-Johan Kjellman, BDO Mälardalen AB, was also elected auditor until the 2022 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 2021 AGM on May 26.

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 AGM 2021 resolved on a total fixed Directors' fee of SEK 2,320,000, of which SEK 640,000 to the Chairman and SEK 280,000 to each member. Fees for committee work of SEK 420,000 was allocated as follows: Audit Committee: SEK 130,000 to the Chairman and SEK 65,000 to the other members. Remuneration Committee: SEK 80,000 to the Chairman and SEK 40,000 to the other members.

Directors receiving a salary from Fingerprints are not eligible for Directors' fees. Directors that join the Board in

THE BOARD - FUNCTION, ATTENDANCE AND REMUNERATION

Name	Function	Elected	Committee	Independent in relation to		Attendance at meetings 2021	Board remuneration 2021/22 (Tkr)	Committee remuneration 2021/22 (Tkr)
				Com-pany	Larger share-holders			
Johan Carlström	Chairman of the Board	2018-05-29	Audit Committee	Yes	No	26/26	640	65
Tomas Mikaelson	Board member	2016-05-04		Yes	Yes	25/26	280	–
Alexander Kotsinas	Board member	2017-04-20	Audit Committee	Yes	Yes	24/26	280	130
Dimitrij Titov	Board member	2017-04-20	Audit Committee	Yes	Yes	26/26	280	65
Ted Elvhage	Board member	2018-05-29	Remuneration Committee	Yes	Yes	24/26	280	40
Juan Vallejo	Board member	2018-05-29	Remuneration Committee	Yes	Yes	26/26	280	80
Sofia Bertling	Board member	2019-05-22	Remuneration Committee	Yes	Yes	25/26	280	40

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, page 59.

ARTICLES OF ASSOCIATION

The Articles of Association stipulate the company's operations, the number of Directors and auditors, pro-

cedure 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

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 compliance 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 2021 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 RevU 16 *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 MÄLARDALEN AB

Johan Pharmanson
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant