

Fingerprint Cards AB

Remuneration report 2020

Introduction

This report describes how the guidelines for remuneration of senior executives of Fingerprint Cards AB, adopted at the 2020 Annual General Meeting (AGM), were implemented in 2020. The report also provides information on remuneration paid to the Chief Executive Officer (CEO). The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive Management and on Incentive Plans* issued by the Swedish Corporate Governance Board.

Further information on remuneration of senior executives is available in Note 8 (Employees, personnel costs and remuneration of senior executives and Board members) on pages 69-71 of the 2020 Annual Report. Information on the Remuneration Committee's work in 2020 is presented in the Corporate Governance Report available on pages 41-47 of the 2020 Annual Report.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the AGM and disclosed in Note 8 on page 71 of the 2020 Annual Report.

The company's development in 2020

The CEO summarizes the company's overall performance in his statement on page 6-7 of the 2020 Annual Report.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for sustainable and successful implementation of the company's business strategy and achievement of its long-term interests is that the company is able to attract, engage, develop and retain qualified employees. The company's remuneration guidelines are designed to ensure that the company can offer executives competitive total remuneration.

According to the guidelines adopted by the 2020 AGM, Fingerprint Cards shall offer remuneration to senior executives comprising fixed salary, variable remuneration, pension and customary insurance cover. The remuneration shall be market based, and variable remuneration shall be based on predetermined goals. Any variable remuneration paid to senior executives may be based on both corporate parameters (such as revenue, operating profit and liquidity) and individual targets. The total remuneration shall, when considered overall, entail a sound balance between, on the one hand, the company's interest in motivating and rewarding executive management and, on the other hand, maintaining the company's cost effectiveness. No share-based or share-price-based incentive programs are currently under way in the company.

The guidelines are presented on pages 56-58 of the 2020 Annual Report. During 2020, the company complied with the applicable AGM-adopted remuneration guidelines, apart from described deviations described below. The auditor's report regarding the company's compliance with the guidelines is available on <https://www.fingerprints.com/agm2021>. No remuneration was reclaimed during the year.

Deviations

The company and the Chief Executive Officer have entered into an agreement concerning a separate bonus payment amounting to SEK 3,000 for 2020, which is a deviation from the company's guidelines concerning variable remuneration. The deviation was considered justified for special reasons to satisfy the company's long-term interests, including sustainability, by ensuring that the company's Chief

Executive Officer received competitive total remuneration and is warranted because the CEO's management of 2020, a challenging year, satisfied the Board of Directors' expectations.

Table I – Total remuneration of the Chief Executive Officer for 2020 (KSEK)

Name of executive (position)		1 Fixed salary and benefits		2 Variable remuneration		3 Extraordinary items	4 Pension cost ⁵	5 Total remuneration ⁶	6 Proportion of fixed and variable remuneration, respectively (%) ⁷
		Basic salary ¹	Other benefits ²	One-year ³	Multi-year ⁴				
Christian Fredrikson (President and CEO)	2020	4,026	762	3,000	-	-	2,435	10,223	61% / 39%

All remuneration pertains to remuneration received from Fingerprint Cards AB. No additional remuneration was received from any other company in the Group.

¹⁾ Including vacation pay of KSEK 180.

²⁾ Consists of insurance cover, travel benefit and housing allowance.

³⁾ Refers to a separately agreed bonus for 2020. See additional description under the section Deviations.

⁴⁾ The Chief Executive Officer did not receive any shares or long-term incentives during the year. The company does not have any ongoing share-based incentive program.

⁵⁾ Pertains to premium payments to an occupational defined contribution pension scheme in 2020.

⁶⁾ Fixed salary and benefits, variable remuneration and pension cost. This amount does not include the company's payroll taxes on salary and benefits.

⁷⁾ Fixed remuneration: 4788kSEK; Variable remuneration 3000kSEK. Pension cost not included.

Share-based remuneration

There is no ongoing long-term share-based incentive program in the company. None of the company's employees, senior executives or Board members were awarded stock options or shares during the year.

Application of performance criteria, variable cash remuneration

The performance criteria for the CEO's variable remuneration were selected to realize the company's strategy and to promote the company's long-term interests. When choosing performance criteria, the strategic targets and short and long-term business priorities for the year were taken into account.

For 2020, the company and the Chief Executive Officer entered into an agreement concerning a separate bonus payment of KSEK 3,000. For more information, refer to the section concerning deviations. No additional variable cash remuneration was received.

Comparative information concerning changes in remuneration and company performance

Table 5 – Change of remuneration and company performance over the last five reported fiscal years (RFY) (MSEK)

Since this document constitutes the first remuneration report prepared by Fingerprint Cards AB, the table below **only includes information concerning the 2020 fiscal year**.

	RFY 2020
Remuneration of the CEO	10.2
Consolidated operating result	-365.8
Average remuneration based on the number of full-time employees ¹⁾ of the Parent Company	0.9

¹⁾ Excluding members of Group Management. The remuneration consists of basic salary, other benefits, variable remuneration and pension cost, which are the same criteria included in the Chief Executive Officer's remuneration (Table 1). Total remuneration has been divided by the number of full-time employees in the Parent Company, excluding members of Group Management, in order to arrive at the average remuneration.