

Corporate governance report

Fingerprint Cards AB (publ) is a Swedish limited liability company registered, with its registered office in Västra Götaland, Gothenburg, and with its shares listed on Nasdaq Stockholm.

Corporate governance in Fingerprint Cards is based on legislation and other regulations: the Swedish Companies Act, the Articles of Association, the rules and regulations for issuers as published by Nasdaq Stockholm (the Exchange), the Swedish Code of Corporate Governance (www.bolagsstyrning.se) ("the Code") and other applicable laws and regulations, as well as internal regulations.

Fingerprints Card endeavors to generate long-term value for shareholders and other stakeholders. This entails ensuring efficient organizational structures, systems of 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 of Corporate Governance. Its primary purpose is to describe corporate governance within Fingerprint Cards. For this reason, the report will therefore address information pursuant to applicable rules and regulations to less extent.

Fingerprint Cards' auditors have examined the report and an auditor's opinion is attached to it.

DIVISION OF RESPONSIBILITY

Shareholders exercise their influence over Fingerprint Cards at General Meetings of Shareholders, the company's highest decision-making body. Responsibility for the company's organization and the management of the company's affairs rests with the Board of Directors and the CEO, in accordance applicable laws and regulations and the Board of Directors' internal control instruments.

SHAREHOLDERS

Fingerprint Cards is a CSD-registered company, which entails that the company's share register is maintained by Euroclear Sweden AB.

The company had 63,467 shareholders at year-end, 2016, up 74% year-on-year. Registered share capital amounted to SEK 12,975,667 (including 34,800 that were registered as share capital January 3, 2017), distributed among 6,000,000 Class A shares and 307,967,675 Class B shares. Class A shares carry ten votes per share and Class B shares one vote each. Class A and Class B shares provide entitlement to the same equity share in the company and to an equally large dividend. At year-end, the ten largest owners had total holdings corresponding to 35.4% of the voting rights. Foreign shareholders outside Sweden accounted for 26.9% of the share capital. For additional shareholder information, see pages 45–47 of the Annual Report.

ANNUAL GENERAL MEETING

The AGM adopts the income statement and balance sheet for the Parent Company and the Group for the preceding fiscal year, passes resolutions regarding dividends and the discharge of Board members and the CEO from personal liability, elects Members and the Chairman of the Board and approves their fees, elects auditors and approves their fees, deals with other statutory matters and passes resolutions on the Nomination Committee and guidelines for remuneration of senior executives and on other proposals submitted by the Board of Directors and shareholders.

According to the Articles of Association, general meetings of shareholders may also be held in Stockholm, but to date only extraordinary shareholders meetings have been held in Stockholm.

Notice of a General Meeting of Shareholders

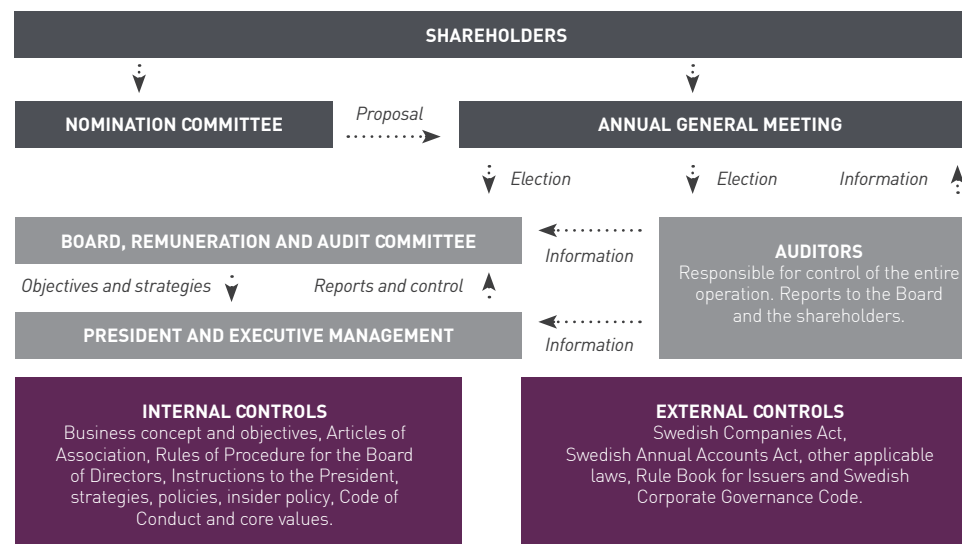
shall be made in the form of an announcement in Post och domestic newspapers and on the Company's website. The fact that notification has been sent is to be announced in Svenska Dagbladet.

The official notification of the AGM is dispatched no earlier than six and no later than four weeks prior to the Meeting. The notice is to include information regarding the procedure for registering for the AGM and the final date for notification of attendance, the right to participate and vote at the Meeting, a numbered agenda showing the matters to be addressed, information on the appropriation of earnings and the main content of other proposals.

Notice of an Extraordinary General Meetings (EGM) convened to address amendments to the Articles of Association will be issued not earlier

than six weeks and not later than four weeks prior to the Meeting. Notification of any other EGMs must be issued no earlier than six and no later than three weeks ahead of the Meeting.

All shareholders who are listed in the share register on a given record day, which usually falls one week before the date of the meeting, and who have notified the company of their intention to participate in the AGM within the allotted time period, are entitled to participate in the AGM and exercise voting rights equal to the number of shares registered at the meeting. Shareholders may be represented by proxy according to a power-of-attorney. However, the shares must be registered at the meeting, including details of the proxy, as well as the issuance of a power-of-attorney.



To be able to exercise their voting rights at the AGM, shareholders whose shares are trustee-registered must temporarily re-register their shares in their own name in accordance with the terms in the notification of the AGM.

Proposals for matters to be addressed at the Meeting must be submitted to the Board well in advance of the issuance of the official notice of the meeting.

Most resolutions at the General Meeting are passed by a simple majority. In certain cases, however, the Swedish Companies Act states that resolutions must be passed by a qualified majority, for example, resolutions regarding amendments of the Articles of Association, which require the support of at least two-thirds of shareholders in terms both of the votes cast and the shares represented at the meeting. Motions involving incentive programs require an even large majority to be passed, namely 90% of the votes represented at the meeting.

2016 AGM

The AGM for the 2016 fiscal year was held in Gothenburg on May 4, 2016. Notification of the Meeting was published on April 4, 2016.

A total of 822 shareholders attended the AGM representing 37.3% of the number of votes and 26.9% of the number of shares.

RESOLUTIONS PASSED BY THE MEETING INCLUDED:

- Adoption of the income statement and balance sheet for the 2016 fiscal year.
- Adoption of the appropriation of profit where profit was brought forward to the next fiscal year.
- Discharge of liability for the Board and CEO for the 2016 fiscal year.
- Amendment of the Articles of Association: number of Board members, limits for share capital and shares.
- That the number of Board members is to be nine.
- Election of members of the Board, Chairman of the Board and the auditor.
- Determination of director fees.
- Election of members of the Nomination Committee.
- Guidelines for senior executives.
- Resolution concerning share split.
- Resolution concerning authorization of the Board of Directors to buy back shares.

In addition, resolutions were passed authorizing the Board during the period up until the next AGM to make decisions regarding the issuance of up to 25,000,000 Class B shares, with preferential rights for the shareholders.

Additional information on the 2016 AGM is available on Fingerprints Cards' website: www.fingerprints.com

2017 AGM

The 2017 AGM will be held at 3:00 p.m. on April 20, 2017 at Hotel Gothia Towers in Gothenburg. For further information on the 2017 AGM, see page 95, and to Fingerprints website www.fingerprints.com, where the necessary documents ahead of the AGM are also available.

The Board of Directors proposes no dividend. In addition, the Board proposes that the AGM resolve to reduce the share capital through the cancellation of the bought back shares, as well as a bonus issue. The Board will also propose to the AGM that the Board be empowered on one or several occasions during the period up to the following AGM to make decisions on the buyback of the company's shares, although subject to limit that the number of new shares will not exceed 10% of all of the shares in the company. The

shares are to be acquired on Nasdaq Stockholm. In addition, the Board will propose that during the period up to the following AGM to be empowered on one or several occasions to make decisions on the transfer of the company's Class B treasury shares. The shares are to be transferred via Nasdaq Stockholm. The purpose of the authorizations is to enable the Board to adapt the company's capital structure and thus be able to contribute to increased shareholder value. The Board of Directors' complete motions concerning the dividend, the share cancellations and the authorizations will be available at the time that the official notice of the AGM is distributed.

NOMINATION COMMITTEE

The 2016 AGM resolved that a new Nomination Committee be appointed prior to the 2017 AGM by having the Chairman of the Board contact the largest shareholder in terms of the votes registered as owned or the largest shareholder in some other known manner as per September 1, 2016 and to urge this shareholder to appoint three members to the Nomination Committee. Thereafter, support for the proposal by the largest shareholder's in terms of voting rights concerning a new Nomination Committee is to be

sought among the shareholders who are the second and the third largest in terms of owner-registered votes or in some other known manner as per September 1, 2016. If these have no objection, the proposal of the largest shareholder in terms of voting rights shall prevail. Should the three largest shareholders in terms of votes be unable to reach agreement on the composition of the Nomination Committee, they shall instead appoint one member each. The Nomination Committee will comprise the members appointed in the aforementioned manner. Should a shareholder who has appointed one of the members of the Nomination Committee cease to belong to the three largest shareholders in the Company in terms of voting power, or should a member of the Nomination Committee step down from the Committee prior to the 2017 AGM for some other reason, the members of the Nomination Committee in consultation with the three largest shareholders in terms of voting rights are to be entitled to appoint another representative of the three largest shareholders in terms of voting rights to replace such a member. The names of the members of the Nomination Committee and information on the person appointed Chairman of the Nomination Committee

Name	Function	Elected	Stepped down	Committees (1)	Independent vis-à-vis		Meeting attendance 2016	Director fees 2016 SEK 000s	Committee fees 2016 SEK 000s
					Board meeting attendance	Annual fee (SEK)			
Jan Wäreby	Chairman of the Board (As of May 4, 2016) Member	2015-06-03	—	Remuneration Committee	Yes	Yes	19	850	80
Urban Fagerstedt	Member Chairman of the Board (Up to May 4, 2016)	2009-06-04	—	Remuneration Committee	Yes	No	20	400	40
Katarina Bonde	Member	2015-06-03	—	Audit Committee	Yes	Yes	19	400	150
Carl-Johan von Plomgren	Member	2015-06-03	—	Audit Committee	Yes	Yes	19	400	75
Lars Söderfjell	Member	2015-06-03	2017-01-23	Audit Committee (replaced by Michael Hallén)	Yes	No	19	300	57
Michael Hallén	Member	2016-05-04	—	Audit committee (replacing Lars Söderfjell)	Yes	Yes	15	400	18
Tomas Mikaelson	Member	2016-05-04	—	—	No	Yes	15	400	—
Peter Carlsson	Member	2016-05-04	—	—	Yes	Yes	15	400	—
Åsa Hedin	Member	2016-05-04	—	Remuneration Committee	Yes	Yes	15	400	40
Alexander Kotsinas	Member	2013-11-26	2016-05-04	—	Yes	Yes	4	—	—

shall be announced no later than six months prior to the 2017 AGM. The Nomination Committee shall appoint from among its members a chairman, who may not be the Chairman of the Board. The Nomination Committee is to draft proposals to be presented to the 2017 AGM regarding election of Chairman of the Meeting, membership of the Board of Directors, Chairman of the Board, auditors and remuneration of Board members, as well as proposals concerning the Nomination Committee ahead of the 2018 AGM.

The Nomination Committee's duties also include evaluating the composition of and the work performed by the Board.

The Nomination Committee of Fingerprint Cards in 2016 consisted of:

- Dimitrij Titov: Chairman of the Nomination Committee, independent in relation to the company.
- Tommy Trollborg: Independent in relation to the company.
- Johan Carlström: Representing the shareholder Sunfloro AB.

Shareholders may submit proposals to the Nomination Committee: The proposals are to be e-mailed to: investrel@fingerprints.com

NOMINATION COMMITTEE'S WORK AHEAD OF THE 2017 AGM

Prior to the 2017 AGM, the Nomination Committee held four minuted meetings and, between these meetings, had continuous contact concerning various nomination matters, as well as meeting with prospective Board members. An assessment was made of the Board's performance, whereby the Board Members had to answer a number of questions concerning the work of the Board. The responses were then compiled, reported by Chairman of the Board and discussed by the Board of Directors. Subsequently, in order to make correct assessments of the composition of the Board of Directors, the Nomination Committee familiarized itself with and, together with the Chairman of the Board, reviewed the evaluation of the Board and of its work, as well as the report from the Chairman of the Board on the company's operations, objectives and strategies. The Nomination Committee also analyzed the expertise and experience represented by the Board members as well as the gender distribution, in relation to the needs that have been identified. The Nomination Committee's assessment is that the Board members represent a wide range of expertise and possess considerable experience of, inter alia, business operations, technology and the financial market, as well as telecommunications, IT and the semiconductor industry.

The Board currently comprises two women and six men, since Lars Söderfjäll stepped down as Board member in January 2017. The Nomination Committee is striving to achieve an even gender distribution in the Board. The Nomination Committee has applied Item 4.1 of the Swedish Corporate Governance Code ("the Code") as its diversity policy and continuously endeavors to fulfill the Code's requirements for versatility, breadth and gender distribution on the Board. The Nomination Committee also had a number of contacts with the Audit Committee concerning the Audit Committee's recommendations about the election of auditors.

BOARD OF DIRECTORS AND CEO

In accordance with the Articles of Association, Fingerprint Cards' Board of Directors is to consist of ten members, with a maximum of five deputy members, elected by the AGM for the period extending to the next AGM. The Board and the Chairman of the Board are elected by the shareholders at each AGM for the period until the following AGM, meaning for a term of office of one year.

Changes to the Board can be made at the AGM, but also through a resolution of an Extraordinary General Meeting, or by a member choosing to resign prematurely from his/her assignment.

The 2016 AGM resolved to expand the number of Fingerprint Cards Board members from six to nine. Urban fagerstedt, Jan Wäreby, Katarina Bonde, Lars Söderfjäll and Carl-Johan von Plomgen were re-elected as Board Members. Jan Wäreby was elected new Chairman of the Board. Åsa Hedin, Tomas Mikaelson, Peter Carlsson and Michael Hallén were elected new Board members.

The Nomination Committee has concluded that eight members are independent in relation to the company and executive management. Seven of the members are independent in relation to major shareholders. Accordingly, the Board complies with the independence requirements imposed in the Swedish Corporate Governance Code.

The Board is responsible for Fingerprint Card's organization and management being in the interest of both the company and the shareholders. The Board continuously assesses Fingerprint Cards' financial situation and en-

ures that Fingerprint Cards is organized so that bookkeeping, management of funds and the company's financial situation in general are controlled in a satisfactory manner. The Board appoints the CEO and makes decisions concerning matters involving the strategic direction of operations and the company's overall organization.

The Board of Directors establishes written rules of procedure every year that regulate the Board's work agenda and its internal division of duties, decision-making priorities within the Board, the Board's meeting procedures and the Chairman's duties. The Board has also issued, inter alia, written instructions regarding the allocation of responsibilities between the Board and the CEO.

The Board also sets corporate policy and instructions for ongoing operations. These are headed by the President. The CEO provides the Board with a regular flow of information about events that are of significance for the Group's development, financial results, position, liquidity or other important matters about which the Board should be kept informed. The Board members are presented separately on page 54-55 of the Annual Report.]

WORK BY THE BOARD OF DIRECTORS IN 2016

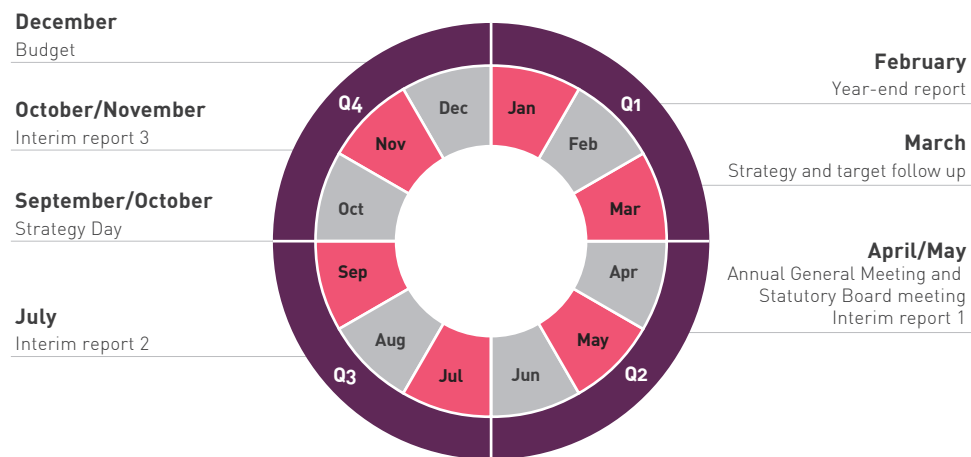
In accordance with the applicable rules of procedure, the Board is to hold at least four scheduled meetings and one statutory meeting per year. Whenever required, unscheduled meetings are held to address special items. A total of 20 Board meetings were held in 2016.

2016 continued to be characterized by powerful sales growth and expansion of the business, thus requiring the Board to engage in consultation and to make decisions, in part concerning the choice and appointment of a new Chief Executive Officer, a share split and share buybacks, as well as work on an Extraordinary General Meeting.

Recurring items on the agenda for Board meetings during the year included debriefings by the Group's executive management as regards business conditions, operations, organization, financial results, position and cash and cash equivalents. The budget and business plan for the next year are dealt with by the Board in the autumn and prior to Christmas. In addition to the recurring items, Board meetings were also held due to more extraordinary events.

In conjunction with the end of the quarter,

The work of the Board of Directors



At all meetings – CEO status report, investment decisions

meetings are held to make decisions regarding the publication of quarterly, six-month and year-end reports. Ahead of the AGM, meetings are held to make decisions regarding the notification, annual report, corporate governance documents and other matters for the AGM.

When required, senior Fingerprint Cards executives also attended Board meetings in order to report on specific issues.

REMUNERATION COMMITTEE

The Remuneration Committee evaluates and prepares matters regarding remuneration and employment terms for executive management, and draws up guidelines for the remuneration of the President and senior executives for approval by the AGM. The Remuneration Committee ensures that remuneration matches the prevailing market terms for comparable positions in other companies and that the company's pay offering is thus competitive. The Board sets the President's remuneration.

Remuneration of other senior executives is decided by the CEO following consultation with the Remuneration Committee. The Remuneration Committee comprises the Board Members Jan Wäreby (Chairman of the Board), Urban Fagerstedt and Åsa Hedin.

AUDIT COMMITTEE

The task of the Audit Committee is to support the work of the Board by ensuring high-quality and efficient internal control, financial reporting and external auditing. Among other responsibilities, this involves examining interim and year-end reports ahead of publication and dealing with all critical accounting issues and risk assessments. The Audit Committee meets the external auditor at least once annually and examines and monitors the auditors' impartiality and independence while particularly paying attention to whether the auditor assist the company by providing services outside the scope of his/her audit, and also assists in drafting proposals concerning the AGM's resolution on and election of auditors. The Committee makes decisions on the need of an internal audit and, in line with this work, a decision has been made to recruit an internal controller during 2017. During 2016, the Audit Committee comprised Board Members Katarina Bonde (Chairman), Carl-Johan von Plomgren and

Michael Hallén. (Michael Hallén replaced Lars Söderfjell after he stepped down from the Board of Directors in January 2017.)

AUDITOR

According to the Articles of Association, Fingerprint Cards is to have one or two auditors, with or without deputies, or one or two registered firms of accountants. At the 2016 AGM, KPMG AB was elected as the company's audit firm for a term of office of one year. Authorized Public Accountant Johan Kratz is auditor-in-charge. Johan Kratz is also the auditor of other companies including IAC Group Sweden AB, Sector Alarm AB, SP Sveriges Tekniska Forskningsinstitut AB and Swedish Match Industries AB.

The auditor, on the behalf of the shareholders, is responsible for examining the Annual Report and accounting records, as well as the administration of the Board and the CEO. The auditor also reviews one quarterly report, and issues statements regarding the Board's reports in conjunction with, inter alia, decisions about new share issues and warrant programs. Each year, the Board meets with the auditor to receive the auditor's report as to whether the company's organization is appropriately configured to ensure that accounting, management of funds and conditions in general are controlled satisfactorily. The company's auditor reported to the Board on one occasion and to the Audit Committee on two occasions in the 2016 fiscal year. During 2016, the auditor attended the AGM on May 4. In 2017, Authorized Public Accountant Johan Kratz will have performed the duties of auditor-in-charge for seven years. Pursuant to the Swedish Companies Act, the term of office should not exceed seven years and, for that reason, a new Auditor-in-Charge will have to be elected at the 2017 AGM.

INTERNAL CONTROL AND RISK MANAGEMENT

The Annual Accounts Act stipulates that the Board must annually submit a description of the principal elements of the company's system for internal control and risk management with regard to financial reporting.

The Board is responsible for the company's internal control, with the overall intention of providing protection for the company's assets and thus the investments of shareholders.

The Board has established attestation instructions, a finance policy and other governing documents containing instructions and procedures for the operations that are to be monitored and reported on regularly. The attestation instructions contain regulations governing signing on behalf of the company and authorizations concerning decisions about and the approval of agreements, investments, costs and other outlays.

The financial policy, which was updated in 2011, includes frameworks for investments, cash management, currency hedging and the granting of credit in connection with sales. Sales are covered by to the largest possible extent credit hedges when this is feasible and credit is granted only if there is good reason to assume that the credit recipients will meet their obligations. Fingerprint Cards seeks to ensure the continuance of its historically low customer bad-debt losses, thereby upholding its favorable profitability and solid financial position.

CONTROL ENVIRONMENT

The fundamental platform in the control environment for financial reporting consists of the guidelines and controlling documents including the Board's working procedures and instruction to the President, as well as the allocation of responsibility and authority that is adapted to the business organization. It is primarily the President's responsibility as part of daily operations to maintain the control environment as designated by the Board. The President reports regularly to the Board in line with set procedures. The company's auditor also submits reports from implemented examinations.

RISK ASSESSMENT

Risk assessment is performed on a continuous basis and comprises the identification and management of any risks that could impact business activities and financial reporting. The primary risk within the framework of financial reporting is the risk of significant errors in the financial reporting. Risk management comprises part of the business activities' processes and various methods are utilized to ensure that risks are managed in compliance with regulations, instructions and procedures with the aim of providing correct information.

CONTROL ACTIVITIES

Control activities are designed to manage the risks that the Board and Group management assess as essential for the internal control of the financial reports.

Control activities aimed at preventing, identifying and correcting errors and deviations are evaluated. Assignment of responsibility and organization comprise the structure for the control. Follow-up is performed in each respective area of responsibility and for the entire business. Allocation of attestation rights and authority is part of the structure for control activities as are clear rules for decisions regarding investment, sales, procurement and contracts. Control activities are also based on the business concept, strategies and goals, and on issues that are critical for operations. A high degree of IT security is a prerequisite for favorable internal control of the financial reporting. The IT strategy focuses on security and functionality, where security is the most important since no security usually results in weakened functionality.

External financial reporting with accompanying controls is performed on a quarterly basis and internal financial reporting is performed monthly. Financial control is performed based on a business plan which is broken down to the annual budget. The budget is revised during the year and is utilized to produce forecasts and forms the basis for the follow up of actual results. In reporting, analysis and comments are reported on trends in relation to the set goals. Control of development projects is performed through ongoing project monitoring and reporting of subprojects. Performance and costs expended are related to plans and budgets and the anticipated remaining project expenses for project completion are reported.

The operative control is supplemented by monitoring quality and performance from suppliers, customers and internal processes.

Liquidity and cash flow are followed up on a regular basis with the updating of forecasts and the resultant liquidity planning. The continuous analysis of the financial reporting on various levels is central to ensure that the financial reporting does not contain substantial errors. Control activities and distribution among various functions are integrated features throughout the financial reporting process.

GUIDELINES FOR REMUNERATION OF BOARD MEMBERS

The 2016 AGM resolved that the Board of Directors should be paid fees totaling SEK 4,050,000, of which SEK 850,000 to the Chairman of the Board and SEK 400,000 to each other Board member.

It was resolved that fees for work on committees should be payable in an amount of SEK 460,000, to be distributed as follows:

Audit Committee: SEK 150,000 to the Chairman and SEK 75,000 to each other member.

Remuneration Committee: SEK 80,000 to the Chairman and SEK 40,000 to each other member.

If tax-related prerequisites for invoicing exist, and on condition that it is cost-neutral for the company, the invoicing of director fees from the member's own company was permissible. If a Board member invoices his/her director fee via a company, the fee will be increased by an amount corresponding to social security contributions and statutory VAT.

Board members who receive salary from Fingerprint Cards do not receive board fees.

Board members appointed during the year receive fees in relation to the remaining period until the next AGM.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The 2016 AGM resolved that the Remuneration Committee, which is appointed from among Board members, should prepare guidelines in respect of pay and other employment terms for the President and senior executives and present the Board with proposals in respect of these issues. The Board decides on pay and other remuneration of the President. The President is to determine the salary and other remuneration payable to other senior executives in accordance with the Board's guiding principles. The term "other senior executives" refers to the individuals who, in addition to the President, constitute Group Management. The remuneration levels are to be market-based. Remuneration comprises a fixed basic salary, variable remuneration calculated according to predetermined targets, other benefits, pension and financial instruments in the form of warrants.

The distribution between fixed salary and variable remuneration is to be proportionate to the executive's responsibilities and authorities.

The variable remuneration payable to the President and other senior executives may not exceed 100% of their fixed annual salary. Pensions are to be based on defined-contribution pension schemes. The period of notice from the Company is not to exceed six months. During the period of notice of no longer than six months, full salary and employment benefits are payable. If employment is terminated by the Company, severance pay is payable in an amount corresponding to no more than 12 monthly salaries. Resolutions regarding share and share-price-based incentive programs are to be made by the AGM. The Board of Directors is to be entitled to disapply the guiding principles if, in an individual case, there are special reasons for doing so.

ARTICLES OF ASSOCIATION

The Articles of Association stipulate the company's business operations, the number of Board members and auditors, instructions for the official notification of the AGM, business for discussion at the AGM and where the AGM should be held, as well as classes of shares, preferential rights and the post-sale purchase of the company's Class A shares. The current Articles of Association are available at Fingerprint Cards' website, www.fingerprints.com.

INFORMATION AND COMMUNICATION

Fingerprint Cards' policies and guidelines are of particular importance for correct accounting, reporting and information. During 2016, Fingerprint Cards' investment relations unit was expanded with additional resources. The company's collaboration with news agencies, investment relations advisors and communication consultants regarding external communication and information disclosure was also expanded.

The information is intended to increase awareness of Fingerprint Cards and increase confidence in Fingerprint Cards, its management and employees, while promoting business activities. A communication policy is in place that provides guidelines governing the company's internal and external communication. The information is intended to increase awareness of Fingerprint Cards and increase confidence in Fingerprint Cards, its management and employees, while promoting business activities.

Fingerprint Cards communication policy is presented on the company's website, www.fingerprints.com.

FOLLOW-UP

Compliance with the Board's rules of procedure, instructions, policies and procedures is followed up by the Board and Group Management. The current state of the business and the company's financial situation are addressed at Board meetings. The financial situation and business outlook are dealt with at Board meetings. The Board reviews financial reports and decides on publication prior to the publication of financial reports. The Board evaluates its own work and that of the CEO annually.

The auditor reviews at least one of the interim and six-month reports, and always audits the annual financial statements, with accompanying financial reports. Reports covering all operational functions are submitted by the CEO to the Board

on a monthly basis. The Executive Management Group meets at a high frequency, in principle once a week, and regularly follow up business developments, financial trends, the company's position and influential events. The Board meets with the auditor during the year to review the audit of internal control and other assignments. Continuous work is conducted on forecasts and budgets, with rolling prospective forecasts based on updated information about sales, material acquisitions, operating costs and the progress of product and technology development.

Fingerprint Cards AB had no internal audit in 2016 but intends to establish such a function in the company during coming years to additionally enhance control and the reliability of financial and other information.

Board of Directors
Gothenburg, March 29, 2017

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the 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 2016 on pages 49-53 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 statement. 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.

Opinions

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

Gothenburg, March 29 2017
KPMG AB, Johan Kratz, Authorized Public Accountant

Board of Directors

Lars Söderfjäll stepped down from the Board at his own request in February 2017.



JAN WÄREBY

The Chairman of the Board since 2016. Board member since 2015. Born 1956.

KATARINA BONDE

Board member since 2015. Born: 1958.

PETER CARLSSON

Board member since 2016. Born 1970.

URBAN FAGERSTEDT

Board member since 2009. Born 1953.

Committees

Remuneration Committee, Chairman

Audit Committee, Chairman

Remuneration Committee

Employment and other Board assignments:

Chairman of the Board, RISE AB, Obelixus AB. Board member, Tobii AB, Agapi Boating AB.

Chairman of the Board of Propellerhead Software AB and Opus Group AB, Board member of Micro Systemation AB (publ), Mycronic AB (publ), Avega Group AB, Nordax Bank AB (publ) and Jarl Securities AB.

Entrepreneur, investor and advisor. Board member of Metso, Rosti, Orbital-systems and Ketra Lightning and member of the Advisory board at Clean Motion, Oden Tech and Elementum. Also Member of the Board of the Swedish-American Chamber of Commerce in San Francisco.

Vice President R&D, Huawei Technologies Sweden AB.

Owner and Chairman of the Board of Fagerstedt Dynamics Radio AB, Fagerstedt Finance AB and Fagerstedt Dynamics UK Ltd. Board member of Netcom Consultants AB, Cuptronic AB, Crowdsoft AB och Atollic AB.

Education:

Master of Science degree from the Chalmers Institute of Technology.

Master of Science in engineering från Royal Institute of Technology i Stockholm

Majored in quality & production control at Luleå University of Technology, M.Sc.

MSc Electronics Engineering, Lund Institute of Engineering.

Background:

SVP and Head of Group Function Sales at Ericsson 2015-2016. SVP and Head of Group Function Sales & Marketing at Ericsson 2011-2015. Formerly, SVP and Head of Business Unit Multimedia, and Executive Vice President and Head of Sales and Marketing at Sony Ericsson Mobile Communications.

Directorships in Sweden and the US as, for example, Chairman of DIBS Payment Services Sverige and Netreflector, Inc. Senior executive positions, such as CEO of Programator Industri AB, Executive VP Timeline Inc., Director, Business Development Dun & Bradstreet Software, CEO of Captura International and CEO of Unisite Software Inc. During the years 2006-2010, member of the Swedish government's council for the sale of state-owned companies.

Senior executive positions in the fields of procurement and logistics (Tesla Motors), procurement and outsourcing (NXP Semiconductors) and global procurement (Sony Ericsson).

Vice President and General Manager of Design unit Radio Networks in Ericsson AB.

Shareholding in Fingerprint Cards February 28 2017:

116,950 Class B shares.

0

0

0

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

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

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

Urban Fagerstedt was in 2016 dependent as a major shareholder.



MICHAEL HALLÉN

Board member since 2016. Born 1964

ÅSA HEDIN

Board member since 2016. Born 1962.

TOMAS MIKAELSSON

Board member since 2016. Born in 1956.

CARL-JOHAN VON PLOMGREN

Board member since 2015. Born 1961.

Committees	Audit Committee	Remuneration Committee		Audit Committee
Employment and other Board assignments:	CEO, Vizrt Group AS. Chairman of the Board of Paxport AB.	Member of the Board of Nolato AB, Tobii AB, Immunova AB, Cellavision AB and E. Öhman J:or Fonder AB. Industrial Advisor to the Department of Microtechnology and Nanoscience at Chalmers AB.	Member of the Board and CEO of ZetiQ AB and Member of the Board of Sourcingprovider Sweden AB.	Sales Director Northern Europe & Chief Compliance Officer, Villeroy & Boch Gustavsberg, co-opted Board member of Villeroy & Boch Gustavsberg AB, Villeroy & Boch Gustavsberg AS (Norway), Villeroy & Boch Gustavsberg AS (Denmark) and Villeroy & Boch Gustavsberg OY.
Education:	Master of Science in Engineering Physics from Chalmers University of Technology in Gothenburg.	M.Sc. degree in biophysics from the University of Minnesota and a bachelor's degree in physics from Gustavus Adolphus College.	IHM Business School, Stockholm.	Graduate in Law, Stockholm University.
Background:	Longstanding experience of senior executive positions in technology and software companies, such as former positions as CEO of Qmatic, Boss Media and IFS, and a number of Board assignments for technology and software companies.	Longstanding experience of senior executive positions in the field of medical equipment, from such global companies as Elekta, Gambro and Siemens Healthcare and has in-depth microtechnology expertise.	Experience in marketing and sales. Extensive knowledge of the telecom and mobile communications industry, senior executive positions in such companies as Omnipoint (T-Mobile) and Affinity Internet, as well as broad experience of marketing and sales in Europe.	Considerable professional experience from senior positions in the IT industry during the years 1987-2001, gained from such IT companies as Dell, Compaq and WM-data, and subsequently, as of 2001, from industrial and finance companies, such as General Electric, Havells Sylvania and Villeroy & Boch Gustavsberg. Member of various sector boards such as Belysningsbranschen (industry association for lighting companies) in Sweden, and its equivalents in Denmark, LWF, and Finland, FLIP, as well as Ecogaisma of Latvia.
Shareholding in Fingerprint Cards February 28 2017:	4,500 Class B shares.	0	0	110,825 Class B shares.
	Independent in relation to major shareholders and the company and executive management.	Independent in relation to major shareholders and the company and executive management.	Tomas Mikaelsson is dependent in relation to the company and independent in relation to major shareholders.	Independent in relation to major shareholders and the company and executive management.

Management



CHRISTIAN FREDRIKSON

President and CEO since 2016.

Born: 1964

Education: Master of Science in Engineering, Turku University.

Previous assignments: CEO of F-Secure, 2012–2016, prior to that active in a number of senior executive positions in Nokia Networks.

Shareholding in Fingerprints: 21,750 Class B shares



JOHAN WILSBY

CFO since 2015.

Born: 1966.

Education: Bachelor's degree in Business Administration, Stockholm School of Economics.

Previous assignments: CFO of Transmode, 2013–2015. CFO of Hewlett-Packard in the Nordic and Baltic countries from 2008–2013. Prior to that, employed by Microsoft in positions including CFO for Western Europe, 2004–2007.

Shareholding in Fingerprints: 47,500 Class B shares



HEIDI BERGER

Senior VP Marketing and Communication since 2017.

Born: 1978.

Education: B.A. degree in Media and Communication Science, Jönköping University.

Previous assignments: A number of senior executive positions within communication and marketing in such listed companies as Saab AB, SSAB AB and OMX Nordic Exchange AB as well as Norrköping Municipality.

Shareholding in Fingerprints: 0



TED HANSSON

Senior VP Business Line Mobile since 2017.

Born: 1976.

Education: Masters degree in Electrical Engineering, Blekinge Institute of Technology.

Previous assignments: Country Manager Fingerprint Cards China, 2013–2016, Marketing Director/China Country Manager Nanoradio AB China, 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.

Shareholding in Fingerprints: 0

Management's share holding on February 28, 2017.



JAN JOHANNESSON

Senior Strategy & Corporate Development since 2013.

Born: 1969.

Education: MSc Electronics Engineering, Lund Institute of Engineering, MSCEE. Consumer Marketing Strategy, Kellogg School of Management at Northwestern University.

Previous assignments: VP, Head of Strategic Planning ST-Ericsson, Director Portfolio Management Ericsson Mobile Platforms. Senior Advisor Northstream.

Shareholding in Fingerprints: 26,250 Class B shares

PONTUS JÄGEMALM

Senior VP Research & Development since 2009.

Born: 1971.

Education: Master's degree in 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

Shareholding in Fingerprints: 800,125 Class B shares

JONAS SPANNEL

Senior VP Operations & Quality since 2013.

Born: 1963.

Education: Military training at the former Officers' College, War College and the Swedish Armed Forces Staff. Business Administration at Örebro University.

Previous assignments: Director of Electronics Sourcing and VP Strategic Sourcing at Sony Mobile.

Shareholding in Fingerprints: 50,000 Class B shares

NIKLAS STRID

Senior VP Business Line PC & Embedded since 2017.

Born: 1972.

Education: MSc Electronics Engineering, Lund Institute of Engineering, MSCEE.

Previous assignments: Senior project manager, Program Manager Ericsson BU Modems, ST-Ericsson.

Shareholding in Fingerprints: 5,000 Class B shares

Management's share holding on February 28, 2017.