

CORPORATE GOVERNANCE REPORT

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

The corporate governance of Fingerprint Cards is based on legislation and other regulation; the Swedish Companies Act, the Articles of Association, Nasdaq Stockholm's Rulebook for Issuers, the Swedish Code of Corporate Governance (www.corporate-governanceboard.se, the "Code"), other applicable laws and ordinances, and internal regulations.

Fingerprint Cards endeavors to create long-term value for shareholders and other stakeholders. This involves ensuring an effective organizational structure, systems for internal control, 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 review corporate governance within Fingerprint Cards. For this purpose, the Report will only be used to report information that ensues from applicable regulation to a lesser extent.

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 over Fingerprint Cards at the Annual 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 Chief Executive officer in accordance with applicable laws and regulations, and the Board of Directors' internal control instruments.

SHAREHOLDERS

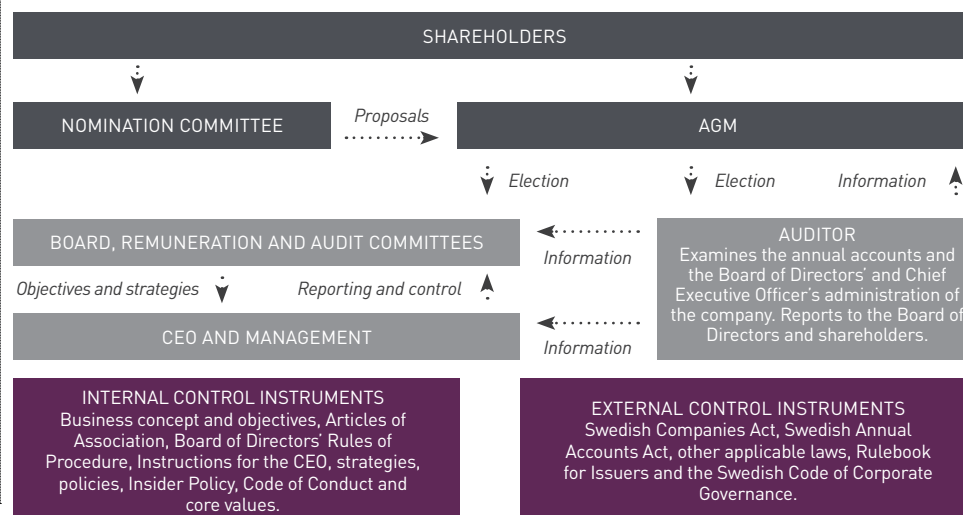
Fingerprint Cards is a central securities depository-registered company, which means that the company's share register is maintained by Euroclear Sweden AB.

At year-end 2017, the company had 70,057 known shareholders, an increase of 10% on the corresponding point a year previously. The registered share capital was SEK 12,975,667, divided between 6,000,000 class A shares and

307,967,675 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. At year-end, the ten largest shareholders had a total holding corresponding to 29.3% of the vote. For more information on ownership, see pages 43–44 of this Annual Report.

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 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.

The AGM is normally held in Gothenburg. Pursuant to the Articles of Association, the AGM may also be held in Stockholm, although only Extraordinary General Meetings (EGMs) have been held in Stockholm.

Invitations to shareholders' meetings shall be through an announcement in the Swedish Official Gazette and on the company's website. Notification that the invitation has been issued will be announced in Swedish daily newspaper Svenska Dagbladet. Invitations to AGMs are issued at the earliest six and the latest four weeks prior to the Meeting. Meetings should contain information on the procedure for the notification of attendance and the closing date for notification, entitlement to participate in and vote at the Meeting, a numbered agenda with business for consideration, information on appropriation of profits and an outline of other proposals.

Invitations to an EGM, where an amendment to the Articles of Association is to be considered, should be issued at the earliest six, and at the latest four, weeks prior to the Meeting. Notifications to other EGMs should be issued at the latest six, and the latest three, weeks prior to the Meeting.

All shareholders recorded in the share register on a specific record date, which usually occurs one week prior to the day of the Meeting, and that have notified attendance on time, are entitled to participate at shareholders' meetings, and vote in accordance with the shares registered with the Meeting. Shareholders can attend via a proxy that has been issued with power of attorney. However, shares must be registered with the meeting 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.

Proposals for matters to be considered at the AGM shall be submitted to the Board of

Directors in good time before the invitation is issued.

Most shareholders' meeting resolutions are reached with a simple majority. However, in certain cases, the Swedish Companies Act stipulates that resolutions must be supported by a qualified majority, for example for resolutions on amending the Articles of Association, which requires shareholders with at least two-thirds of the votes stated and the votes represented at the Meeting supporting the resolution. Resolutions regarding incentive programs require an even greater majority for approval, with in certain cases, qualified majorities of up to 90% of the shares and votes represented at the Meeting.

AGM 2017

The AGM for the financial year 2016 was held in Gothenburg on 20 April 2017. The invitation to the AGM was published on 21 March 2017. 418 shareholders representing 29.77% of the votes and 17.69% of the number of shares attended the Meeting.

THE AGM REACHED RESOLUTIONS ON:

- Adopting the presented accounts for the financial year 2016.
- Approving the appropriation of profits with earnings carried forward.
- Discharging the Board of Directors and Chief Executive Officer from liability for the financial year 2016.
- That the number of Directors should be nine.
- Election of Directors, Chairman of the Board and auditor.
- Approval of Directors' fees.
- Election of the Nomination Committee.
- Remuneration guidelines for senior executives and guidelines for appointing the Nomination Committee.
- Adoption of a long-term incentive program.
- Cancellation of treasury shares and bond issue.
- Authorization of the Board of Directors to repurchase shares.

Additionally, the AGM resolved to authorize the Board of Directors to take decisions on new share issues up to an aggregate maximum of

25 million shares with preferential rights for shareholders, in the period until the following AGM.

More information on the AGM 2017 is available at Fingerprint Cards' website: www.fingerprints.com.

AGM 2018

The AGM will be held at 3 p.m. on Tuesday, 29 May 2018 at Elite Park Avenue Hotel, Kungssportsavenyn 36-38, Gothenburg, Sweden. For more information on the AGM 2018, see page 101 and Fingerprints' website, www.fingerprints.com, where the necessary documentation for the Meeting is available.

NOMINATION COMMITTEE

The AGM 2017 resolved that the company should have a Nomination Committee consisting of four (4) members. In the year, the Chairman of the Board should convene the three (3) largest shareholders of the company in terms of votes to each appoint a representative, with the Chairman of the Board also being a member of the Nomination Committee. If one of the three largest shareholders declines its entitlement to appoint a representative of the Nomination Committee, the next shareholder in terms of size will be offered the opportunity to appoint a member of the Nomination Committee. If considered appropriate, the Nomination Committee can also decide to appoint a representative of a group of major

shareholders that can be co-opted to the Nomination Committee. The Chairman of the Board should convene the Nomination Committee's first meeting. That member that represents the largest shareholder in terms of votes should be appointed Chairman of the Nomination Committee, unless the members agree otherwise. The term of office for the appointed Nomination Committee extends until a new Nomination Committee has been appointed. The composition of the Nomination Committee should be published by no later than six months prior to the AGM.

The Nomination Committee should be established based on the largest shareholders recorded in the share register, or otherwise known as of the final banking day before the end of August. If one or more of the shareholders that have appointed members of the Nomination Committee are no longer one of the three larger shareholders in terms of votes, its representative should put its seat at the disposal of the Nomination Committee, whereupon the or those shareholder(s) that have become one of the three larger shareholders in terms of votes will be entitled to appoint a new representative. However, marginal changes in numbers of votes can be disregarded, unless in special circumstances.

If a member leaves the Nomination Committee before its work is complete, the Nomination Committee should request that the shareholder that has appointed a mem-

ber to appoint a new representative of the Nomination Committee within a reasonable time. If this shareholder does not appoint a new representative, the entitlement to appoint a new representative of the Nomination Committee defers to the next largest shareholder in terms of votes that is not already represented on the Nomination Committee. Any changes to the composition of the Nomination Committee should be published as soon as they have occurred.

The Nomination Committee should consult on proposals on the following issues to be presented to the AGM 2018 for resolution: a proposal for the Chairman of the Meeting, a proposal on the Board of Direc-

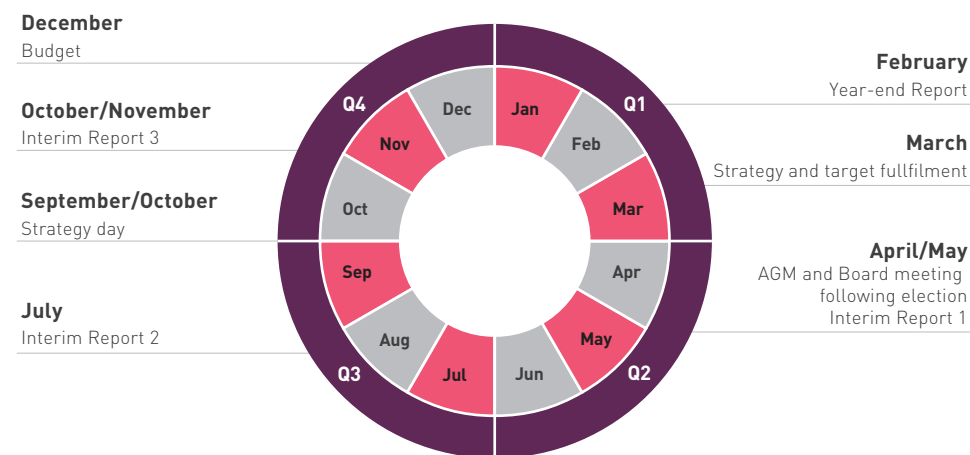
tors, a proposal on the Chairman of the Board, a proposal on the auditor, a proposal on Directors' fees, a proposal on audit fees, a proposal for guidelines for appointing the Nomination Committee.

Fingerprint Cards' Nomination Committee had the following members for the AGM 2018:

- Johan Carlström (personal holdings), Chairman
- Dimitrij Titov (Velociraptor Ltd.)
- Jan Wäreby (Chairman of the Board)

Clas Romander, representing Ola Rollén, served on the Nomination Committee but

Board of Directors' work



At all meetings—CEO's status report, investment decisions

put his seat at the Committee's disposal on 13 February 2018. Consequently, and due to the Nomination Committee consisting of a majority of Directors as of 13 February 2018, the company is departing from the Swedish Code of Corporate Governance. The Nomination Committee has approached the next-largest shareholder in terms of votes, offering it the opportunity to appoint a member, but it declined to participate. The Nomination Committee's work is continuing as planned.

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

WORK OF THE NOMINATION COMMITTEE FOR THE AGM 2018

For the AGM 2018, the Nomination Committee held five meetings where minutes were taken, maintained regular intervening contact on various Nomination Committee matters, and held meetings with candidates for Directorships. A Board appraisal was conducted through the Directors responding to a number of questions on the work of the Board. These responses were then compiled and reviewed 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 conducted measures including reading and reviewing

the appraisal of the Board of Directors and the work of the Board of Directors, and 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 also 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 considerable breadth and extensive experience of activities including business operations, technology and the financial markets, telecom and IT, and of the semiconductor industry. At present, the Board of Directors consists of two women and six men. The Nomination Committee is endeavoring to achieve even gender balance on the Board of Directors. The Nomination Committee applies point 4.1 of the Code as its Diversity Policy, and continuously endeavors to satisfy the Code's standards for diversity, breadth and gender balance on the Board of Directors. The Nomination Committee also made several contacts with the Audit Committee regarding the Audit Committee's recommendations on the election of an auditor.

BOARD OF DIRECTORS AND CEO

Pursuant to the Articles of Association, Fingerprint Cards' Board of Directors should consist of four to ten Directors with a maximum of five deputies elected by a shareholders' meeting for the period until the end

of the following AGM. The Board of Directors and the Chairman of the Board are appointed by the shareholders 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 by resolution by an EGM or by a Director choosing to resign his or her appointment in advance.

The AGM 2017 resolved to re-elect Jan Wäreby, Urban Fagerstedt, Michael Hallén, Åsa Hedin, Tomas Mikaelsson and Carl-Johan von Plomgren Directors, and to elect Alexander Kotsinas, Ann-Sofie Nordh and Dimitrij Titov. Jan Wäreby was re-elected as Chairman of the Board. Michael Hallén voluntarily left the Board in November 2017.

The Nomination Committee judges that eight Directors are independent of the company and management. Seven Directors are independent of major shareholders. Accordingly, the Board of Directors satisfies the requirements of independence as stipulated by the Code.

The Board of Directors is responsible for Fingerprint Cards' organization and administration, in the interests of the company and its shareholders. The Board should regularly evaluate Fingerprint Cards' financial situation and ensure that Fingerprint Cards is organized so that its accounting, management of funds and the company's other accounting circumstances are controlled satisfactorily. The Board appoints the Chief Executive Officer, 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 Chief Executive Officer.

The Board also approves policies and instructions for operating activities. Operating activities are managed by the Chief Executive Officer. The Chief Executive Officer provides the Board with regular information on events that are significant to the company's progress, results of operations, financial position, liquidity or other information of such significance that the Board should be informed of. The Directors are presented separately on pages 56–57 of the Annual Report.

WORK OF THE BOARD OF DIRECTORS IN 2017

Pursuant to the current Articles of Association, the Board of Directors should meet on at least four scheduled occasions and one meeting following election per year. Additional meetings can be held for special issues as required. In 2017, there were 24 Board meetings. The Board's work in the year featured supporting management in adapting operations to the fundamental and

rapid change in business conditions on the mobile side. Meanwhile, strategy issues have taken up more time.

Regular items on the agenda of Board meetings in the year are Group Management's reporting of business conditions, operations, organization, results of operations, financial position and liquidity. During the fall, and before Christmas, Board meetings consider the budgets and business plan for the following year.

Board meetings are held at quarter-ends to reach decisions on publications of interim, half-year and annual financial statements. Meetings to decide on invitations, annual accounts, corporate governance documentation and other matters for business are held prior to AGMs.

The senior executives of Fingerprint Cards have participated at Board meetings as required, and presented reports on special issues.

REMUNERATION COMMITTEE

The Remuneration Committee evaluates and consults on matters regarding remuneration and employment terms, and considers proposals and guidelines for compensation to the Chief Executive Officer and senior executives for approval by the AGM. 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 Chief Executive Officer's compensation is approved by the Board of Directors.

Compensation to other senior executives is decided by the Chief Executive Officer after consulting with the Remuneration Committee. The Remuneration Committee members are Jan Wäreby (Chairman), Urban Fagerstedt and Åsa Hedin.

AUDIT COMMITTEE

The Audit Committee's duty is to support the work of 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 judgements 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 where the auditor is supporting the company on other services than auditing, and provide support on proposals for AGM resolution and election of auditors.

In 2017, the Audit Committee's members were the Directors Alexander Kotsinas (Chairman) Carl-Johan von Plomgren and Ann-Sofie Nordh. (Ann-Sofie Nordh replaced Michael Hallén after his departure as a Director in November 2017.)

AUDITOR

The Articles of Association stipulate that Fingerprint Cards should have one or two auditors with or without deputies, or one or two registered public accounting firms. The AGM 2017 re-elected KPMG AB as auditor until the AGM 2018. KPMG AB has appointed Joakim Thilstedt as Auditor in Charge. The duty of the auditor is to review the company's annual accounts and accounting records, and the Board of Directors' and Chief Executive officer'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 tandem with events such as new share issues and decisions on warrant programs. Each year, the Board of Directors meets the company's auditor for a report on whether the company's organizational resources are structured so that book-keeping, the management of funds and other circumstances can be controlled satisfactorily. In the financial year 2017, the auditor reported to the Board of Directors on one occasion, and to the Audit Committee on four occasions. The auditor attended the AGM on 20 April.

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 and approvals list, finance policy and other policy documents comprising instructions and procedures for operations that should be monitored regularly and reported. The approvals list includes 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 fulfil its commitments. Fingerprint Cards endeavors to maintain its historical minimum level of bad debt, and thus maintain good profitability and a healthy financial position.

During the year, the company evaluated the need for a special internal audit function, and the Board of Directors does not consider that such a function is required. The controller function and management's monthly follow-up are expected to meet the needs,

as the company's operations are essentially conducted within a single company. The Board of Directors reviews this issue on an annual basis.

CONTROL ENVIRONMENT

The fundamental control environment of financial reporting consists of guidelines and policy documents, including the Board of Directors' Rules of Procedure and instructions to the Chief Executive Officer, and the segregation of duties and authorization regarding the organization of operations. Primarily, it is the Chief Executive Officer's responsibility to establish the control environment instructed by the Board of Directors in daily operations. The CEO reports regularly to the Board according to established procedures. The company's 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 on 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 over financial reporting.

Control activities designed to prevent, discover and rectify misstatement and variances are evaluated. The segregation of duties and organization constitutes the structure of controls. Follow-ups are within each area of responsibility, and across all operations. Approvals and the segregation of authorization constitutes the structure of control activities, as do clear rules for decisions regarding investments, sales, procurement and contracts. 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 on a quarterly basis, and internal financial reporting is monthly. Financial controls are based on business plans that are broken down to yearly budgets. Budgets are reviewed through the year and constitute forecasts and supporting data for monitoring against results achieved. Reporting involves analysis and comments on progress in relation to established objectives. The management of

development projects is through ongoing project monitoring with reporting of part-projects. Efforts made and expenditure incurred in 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 on an ongoing basis with updates of forecasts and the resulting liquidity planning. The continuous analysis of financial reports at various levels is central for ensuring that financial reporting does not contain material misstatement. Control activities and the division of various functions is embedded in the whole financial reporting process.

REMUNERATION GUIDELINES FOR THE BOARD OF DIRECTORS

The AGM 2017 decided on unchanged remuneration of the Board of Directors, with total fixed Directors' fees of SEK 4,050,000, of which SEK 850,000 to the Chairman of the Board and SEK 400,000 per Director to the other Directors. Fees for committee work of SEK 460,000 would be payable, to be allocated as follows: Audit Committee: SEK 150,000 to the Chairman and SEK 75,000 to the other member. Remuneration Committee: SEK 80,000 to the Chairman and SEK 40,000 to the other member. If the tax circumstances for invoicing are in place, and providing it is cost neutral to the company,

Directors' fees may be invoiced from independent consulting practices. If a Director invoices for a Directors' fee via such firm, the fee shall be increased by an amount that corresponds to legislated social security contributions and value-added tax.

Directors that draw a salary from Fingerprint Cards 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 2017 approved the proposal that 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 with the Chief Executive Officer. Fundamental compensation levels should be on market terms. Compensation should consist of fixed basic salary, variable salary computed in accordance with established objectives set in advance,

Name	Function	Elected	Left	Committee	Independent of		Attendance at meetings 2017	Directors' fee 2017/18 (SEK 000)	Committee fee 2017/18 (SEK 000)
					Company	Major shareholders			
Jan Wäreby	Chairman of the Board (from 4 May 2016) Director	3 Jun 2015	-	Remuneration Committee	Yes	Yes	24/24	850	80
Urban Fagerstedt	Director Chairman of the Board (until 4 May 2016)	4 Jun 2009	-	Remuneration Committee	Yes	Yes	23/24	400	40
Katarina Bonde	Director	3 Jun 2015	20 Apr 2017		Yes	Yes	7/9	-	-
Carl-Johan von Plomgren	Director	3 Jun 2015	-	Audit Committee	Yes	Yes	22/24	400	75
Lars Söderfjell	Director	3 Jun 2015	23 Jan 2017		Yes	No	2/3	-	-
Michael Hallén	Director	4 May 2016	8 Nov 2017	Audit Committee (replaced by Ann-Sofie Nordh)	Yes	Yes	18/20	206	39
Tomas Mikaelson	Director	4 May 2016	-		Yes	Yes	24/24	400	-
Peter Carlsson	Director	4 May 2016	20 Apr 2017		Yes	Yes	7/9	-	-
Åsa Hedin	Director	4 May 2016	-	Remuneration Committee	Yes	Yes	22/24	400	40
Alexander Kotsinas	Director	20 Apr 2017	-	Audit Committee	Yes	Yes	15/15	400	150
Ann-Sofie Nordh	Director	20 Apr 2017	-	Audit Committee (replaced Michael Hallén)	Yes	Yes	15/15	400	36
Dimitrij Titov	Director	20 Apr 2017	-		Yes	No	15/15	400	-

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% 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. 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.

ARTICLES OF ASSOCIATION

The Articles of Association stipulate that 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 company's Articles of Association are available at Fingerprint Cards' website: www.fingerprints.com

INFORMATION AND COMMUNICATION

Fingerprint Cards' policies and guidelines are especially important for accurate accounting, reporting and corporate communication. Information should increase knowledge of Fingerprint Cards, increase confidence in Fingerprint Cards, 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 purposes to ensure compliance with the liability of communication on an accurate and comprehensive footing.

MONITORING

Compliance with the Rules of Procedure, instructions, policies and procedures is monitored by the Board of Directors and Group Management. Board meetings consider business conditions and the company's financial position. The Board of Directors reviews financial statements, and decides on publication prior to the publication of financial reports. The Board of Directors appraises its own work, and the Chief Executive Officer's work, yearly.

At least one interim and half-year report, and all annual financial reports with the associated financial statements, are audited. The CEO provides monthly reports to the Board of Directors, involving all parts of operational functions. Management meets frequently, basically weekly, 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 continuous 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, April 23, 2018

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

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 2017 on pages 48 - 55 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.

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 24 april 2018

KPMG AB, Joakim Thilstedt,
Authorized Public Accountant, KPMG AB

BOARD OF DIRECTORS



JAN WÄREBY

Chairman of the Board since 2016.
Chairman of the Remuneration Committee.
Board member since 2015.
Born in 1956.

Other directorships: Chairman of the Board of RISE AB and Obelixus AB. Board member of Tobii AB, Gapwaves AB, Incell International AB and Agapi Boating AB.

Education: M.Sc. from Chalmers Institute of Technology.
Professional background: SVP and Head of Sales Group Function at Ericsson 2015-2016. SVP and Head of Sales & Marketing Group Function at Ericsson 2011-2015. Formerly SVP and Head of Multimedia Business Unit, and Executive Vice President and Head of Sales & Marketing at Sony Ericsson Mobile Communications.

Holdings in Fingerprint Cards: 116,950*

Independent of major shareholders, the company and executive management.

* As of 31 December 2017.



ÅSA HEDIN

Board member since 2016.
Born in 1962.

Member of the Remuneration Committee

Other positions and directorships: Board member 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 University of Technology.

Education: M.Sc. in biophysics from the University of Minnesota, B.Sc. in physics from Gustavus Adolphus College.

Professional background: longstanding experience of senior executive positions in the medical devices sector from global corporations including Elekta, Gambro and Siemens Healthcare, also possesses in-depth microtechnology expertise.

Holdings in Fingerprint Cards: 5,500*

Independent of major shareholders, the company and management.



URBAN FAGERSTEDT

Board member since 2009.
Born in 1953.

Member of the Remuneration Committee

Other positions and directorships: Proprietor and Chairman of Fagerstedt Dynamics Radio AB, Fagerstedt Finance AB and Fagerstedt Dynamics UK Ltd. Director of Cuptronic AB and Crowdsoft AB.

Education: M.Sc. in electronic engineering, Faculty of Engineering, Lund University.

Professional background: Vice President and General Manager of Radio Networks design unit at Ericsson AB, Vice president R&D, Huawei Technologies Sweden AB.

Holdings in Fingerprint Cards: 32,000*

Independent of major shareholders, the company and executive management.



ALEXANDER KOTSINAS

Board member since 2017.
Born in 1967.

Chairman of the Audit Committee.

Other positions and directorships: Finance Director of Lindorff Sverige AB. Director of Intervacc AB (publ), Oasmia Pharmaceutical AB (publ) and Delta Projects AB. Partner of venture capital firm Nexttobe AB.

Education: M.Sc. (Eng. in engineering physics), the Royal Institute of Technology, Stockholm. MBA, Stockholm School of Economics.

Professional background: Vice President and CFO of Q-Med AB, CFO of Life Europe AB, CFO of mobile operator Tre (Hi3G Access AB), Vice President of Investor AB (publ), various positions at Ericsson.

Holdings in Fingerprint Cards: 3,500*
Independent of major shareholders, the company and executive management.



ANN-SOFIE NORDH

Board member since 2017.
Born in 1969.
Member of the Audit Committee.

Other positions: Vice President of Investor Relations at Sandvik AB.

Education: Diploma in marketing, IHM Business School, Stockholm. Chief Accountant program, FEI, Stockholm.

Professional background: 20 years' experience in the finance sector, based in London and Stockholm, including 11 years as an equity analyst focused on Swedish manufacturing with firms including Alfred Berg Fondkommission AB 3(4) (publ) and Nordea markets. The past three years, active within Sandvik, including serving as Vice President of Sandvik Investor Relations.

Holdings in Fingerprint Cards: 740*

Independent of major shareholders, the company and executive management.



TOMAS MIKAELSSON

Board member since 2016.
Born in 1956.

Other directorships: Board member and CEO of ZetiQ AB and Board member of Sourcingprovider Sweden AB.

Education: IHM Business School, Stockholm.

Professional background: experience of marketing & sales. Extensive knowledge of the telecom and mobile communications industry, where he held senior executive positions with companies including Omnipoint (T-Mobile) and Affinity Internet, as well as broad experience of marketing & sales in Europe.

Holdings in Fingerprint Cards: 3,000*

Independent of major shareholders, the company and management.



CARL-JOHAN VON PLOMGREN

Board member since 2015.
Born in 1961.
Member of the Audit Committee.

Other positions and directorships: Sales Director of 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: LL.B., Stockholm University.

Professional background: considerable professional experience from senior positions in the IT industry in 1987–2001 with companies including Dell, Compaq and WM-data, and subsequently, from 2001, with manufacturing and finance companies, such as General Electric, Havells Sylvania and Villeroy & Boch Gustavsberg. Member of various sector bodies such as Belysningsbranschen (the Swedish sector organization for lighting companies) in Sweden, and equivalents in Denmark, LWF, and Finland, FLIP, as well as Ecogaisma of Latvia.

Holdings in Fingerprint Cards: 88,825*

Independent of major shareholders, the company and executive management.



DIMITRIJ TITOV

Board member since 2015.
Born in 1962.

Other positions: Attorney and Partner, Advokatfirman Fylgia.

Education: LL.B., Stockholm University.
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Other directorships: Chairman of the Italian Chamber of Commerce in Sweden, Italienska Handelskammarens Service AB, Din Studio Sverige AB and Phantome de Genolier AB. Professional background: 29 years' experience as a business lawyer. Attorney since 1993, and Partner of Advokatfirman Fylgia since 1995, specializing in M&As, company law and international industrial contracts. Former Chairman of the Nomination Committee of Fingerprint Cards AB (publ) and Mr. Green & Co AB (publ).

Holdings in Fingerprint Cards: 3,300*

Independent of the company and management, but non-independent of major shareholders.

GROUP MANAGEMENT



CHRISTIAN FREDRIKSON

CEO since 2016.

Born in: 1964

Education: M.Sc. in Engineering, Turku University.

Previous assignments: CEO of F-Secure, 2012–2016, Christian also had a long career with Nokia Networks and Nokia Siemens Networks (1994–2012), holding several senior positions including VP of Asia (2008–2010) and Global Sales VP of Mobile Infrastructure (2010–2012) for Nokia Siemens Networks.

Other assignments: Board member of Stena AB and Remedy Entertainment Ltd. Board member of the Åbo Akademi University Foundation.

Shareholding in Fingerprints: 32,750 class B shares. *



HASSAN TABRIZI **

Interim CFO since 2017

Born in 1965

Education: B.Sc. in business management, Ain Shams University, Cairo.

Professional background: Interim CFO of Transmode (publ), 2015–2016. Interim CFO of Birdstep Technology (publ), 2014–2015. Head of Enterprise Development at G&D, 3S division, 2011–2014. Prior to that, CFO of SmartTrust (private equity), 2007–2010.

Shareholding in Fingerprints: 0*



PONTUS JÄGEMALM

CTO, Senior VP Research & Development since 2009.

Born in: 1971.

Education: M.Sc. and Ph.D. 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.*



TED HANSSON

Senior VP Mobile business line since 2017

Born in: 1976.

Education: M.Sc. in electrical engineering, Blekinge Institute of Technology.

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

Shareholding in Fingerprints: 20,000 class B shares.*



NIKLAS STRID

Senior VP of PC & Embedded business line since 2017

Born in: 1972.

Education: M.Sc. in electronic engineering, Faculty of Engineering, Lund University.

Previous assignments: Interim SVP of Smart Cards business line in 2017, VP of Customer Projects at Fingerprints, 2014–2016. Senior Project Manager and Program Manager of Ericsson BU Modems, ST-Ericsson.

Shareholding in Fingerprints: 5,000 class B shares.*



JONAS SPANNEL

Senior VP Operations & Quality since 2013.
Born in: 1963

Education: officer 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 of Strategic Sourcing at Sony Mobile.

Shareholding in Fingerprints: 50,000 class B shares



JAN JOHANNESSON

Senior VP Strategy & Corporate Development since 2013.

Born in: 1969

Education: M.Sc. in electronic engineering, Faculty of Engineering, Lund University. Consumer Marketing Strategy, Kellogg School of Management at Northwestern University.

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

Shareholding in Fingerprints: 26,250 class B shares*



PETER BERGSON

General Counsel since 2017
Born in 1965

Education: LL.M., University of Uppsala.

Previous assignments: General Counsel of Bisnode AB, 2012-2017, General Counsel of Orc Group AB (publ), 2007-2012, Legal Director of Sun Microsystems Inc., 1996-2007, Senior Associate of Schagers law firm, 1992-1996, Assistant Counsel EuroCredit AB, 1990-1992.

Shareholding in Fingerprints: 1,500.*



THOMAS REX

Senior VP of Smart Cards business line since 2017. Prior to that, VP of Sales at Fingerprints, November 2011-October 2016.
Born in 1963

Education: M.Sc. in electrical engineering, Faculty of Engineering, Lund University.

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

Shareholding in Fingerprints: 1,000,000 class B shares*
These shares are held through endowment insurance.



MATTIAS HAKERÖD

Senior VP of Human Resources since 2017
Born in 1974

Education: B.S., international working life, University of Gothenburg HR program, Mid-Sweden University.

Previous assignments: Global Vice President of HR Mölnlycke Commercial, 2017, Global HR Director of Mölnlycke Commercial, 2014-2017, HR Director of Mölnlycke Surgical Division, 2009-2014, Global Business Partner of AstraZeneca R&D, 2008, Regional HR Business Partner of AstraZeneca R&D, 2003-2008.

Shareholding in Fingerprints: 33,500 class B shares.*