

## **Board of Directors of Fingerprint Cards AB (publ) reports pursuant to Chapter 19, Section 22 of the Swedish Companies Act**

With reference to the Board of Directors motion for a resolution on authorizing the Board of Directors to repurchase and transfer the company's own shares of series B at the AGM on 20 April 2017, the Board of Directors in Fingerprint Cards AB (publ), reg. no. 556154-2381, hereby render the following reports pursuant to 19, Section 22 of the Swedish Companies Act (2005:551).

### *The nature, scope and risks of the business*

The nature and scope of the company's and the group's business is set forth in the company's articles of association and the submitted annual report for the financial year 2016. The business carried out by the company and the group does not entail greater risks than risks that exist or is likely to exist in the industry or such risks which are generally associated with running a business.

### *The financial position of the company and the group*

The financial position of the company and the group as of 31 December 2016 is stated in the latest submitted annual report. The annual report also states which accounting principles that have been applied in the valuation of assets, allocations and liabilities.

The non-restricted equity in the company and the group's retained profits as of 31 December 2016 amounted to SEK 1 597 861 454 and SEK 1 358 271 000 respectively.

As of 31 December 2016, the company's equity/assets ratio amounted to 63 per cent and the group's equity/assets ratio amounted to 64 per cent.

The full utilization of the proposed authorization to acquire the company's own shares of series B does not jeopardize the investments which are deemed necessary. The company's and the group's financial position does not give rise to any other conclusion than that the company can continue its business and that the company and the group can be expected to fulfill its obligations on both a short and long-term basis.

### *Justification of the proposals*

Taking into account the financial position of the company and of the group, it is the opinion of the Board that the proposal regarding authorization to repurchase own shares of series B is justifiable with respect to the requirements imposed by the nature, scope and risks of the business in relation to the size of the company's and the group's equity, as well as the consolidation needs, liquidity and general position of the company and the group.

The Board therefore considers the proposed authorization to be justifiable with respect to the requirements stipulated pursuant to Chapter 17, Section 3, Paragraph 2 and 3 of the Swedish Companies Act.

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Gothenburg, March 2017  
*The Board of Directors*