



FINGERPRINTS

YOU ARE THE KEY TO EVERYTHING

FINGERPRINTS ANNUAL REPORT 2021

OVERVIEW

This is Fingerprint Cards	03
2021 in summary	05
Fingerprints as an investment.....	06
Message from the CEO.....	07

STRATEGY & OPERATIONS

Market and global trends.....	09
Strategy	12
Product development	14
Four product segments	15
Mobile	16
PC	19
Access	21
Payments	23

SUSTAINABILITY

Sustainability at Fingerprints	26
Sustainability targets	27
Focus areas	30
Auditor's opinion regarding the Statutory sustainability report.....	39
Focus on stakeholders	40
Risks and risk management.....	41

THE SHARE & GOVERNANCE

The share	42
Message from the Chairman.....	44
Corporate governance report.....	45
The Board of Directors.....	51
Group Management	53

FINANCIAL REPORTS

Message from the CFO	55
Administration report	56
Group accounts.....	61
Parent company accounts.....	65
Notes.....	69
Assurance by the Board.....	88
Auditors report.....	89
10 year summary and definitions.....	93

OTHER

GRI index & sustainability information ..	95
Shareholder information	99
Glossary.....	99

THIS IS FINGERPRINTS

Fingerprints is the leading global biometrics company with solutions that make everyday life easier for users throughout the world by offering secure and convenient identification and authentication.

Fingerprint Cards AB, or Fingerprints, is the leading global biometrics company with Swedish roots. Our solutions are integrated into over a billion devices and applications and are used billions of times every day. We deliver secure and convenient identification and authentication and create value by facilitating the everyday lives of our global user base.

Fingerprints develops biometric systems comprising sensors, algorithms, software and packaging technologies. The company's success is built on product development with leading-edge specialist competence

that spawns world-leading products in terms of security, user-friendliness and performance. The product range consists primarily of fingerprint sensors and the customers are manufacturers of smartphones. The use of biometrics is increasing in several application areas, and Fingerprints' solutions can be found in e.g. payment cards, PCs and door locks.

Fingerprints is listed on Nasdaq Stockholm. Its headquarters are located in Sweden, but the company also has offices in Denmark, China, India, Japan, Singapore, South Korea, Switzerland, Taiwan and the United States.



FIVE-YEAR SUMMARY

SEK M	2021	2020	2019	2018	2017
Revenues	1,355.8	1,255.7	1,458.6	1,535.1	2,966.0
Gross profit	396.9	275.2	331.1	2.4	988.9
Gross margin, %	29.3	21.9	23	0	33
Operating result	-7.6	-365.8	-14.4	-771.6	154.6
Operating margin, %	-0.6	-29.1	-1	-50	5
EBITDA	85.6	59.4	128.7	-505.2	234.0
Result before tax	-1.0	-381.2	-17.4	-796.7	141.8
Net result for the year	0.1	-340.8	-13.6	-630.7	120.3
Earnings per share, SEK	0.00	-1.10	-0.04	-2.01	0.38
Equity/assets ratio, %	57	75	80	77	66
Number of co-workers	310	276	261	263	558

YOU ARE THE KEY TO EVERYTHING

Fingerprints' security solutions make everyday life easier for users throughout the world by offering secure and convenient identification and authentication. This provides greater security while increasing user-friendliness.

Fingerprints' four security solutions segments



Mobile

Fingerprints is the market leader in capacitive fingerprint sensors for smartphones, a tried-and-tested technology in the mobile industry. Our strong position is based on renowned high product quality, security and biometric performance.



Payments

In 2021, Fingerprints continued to strengthen its world leading position in biometric payment cards, an emerging mass market for the company's solutions.



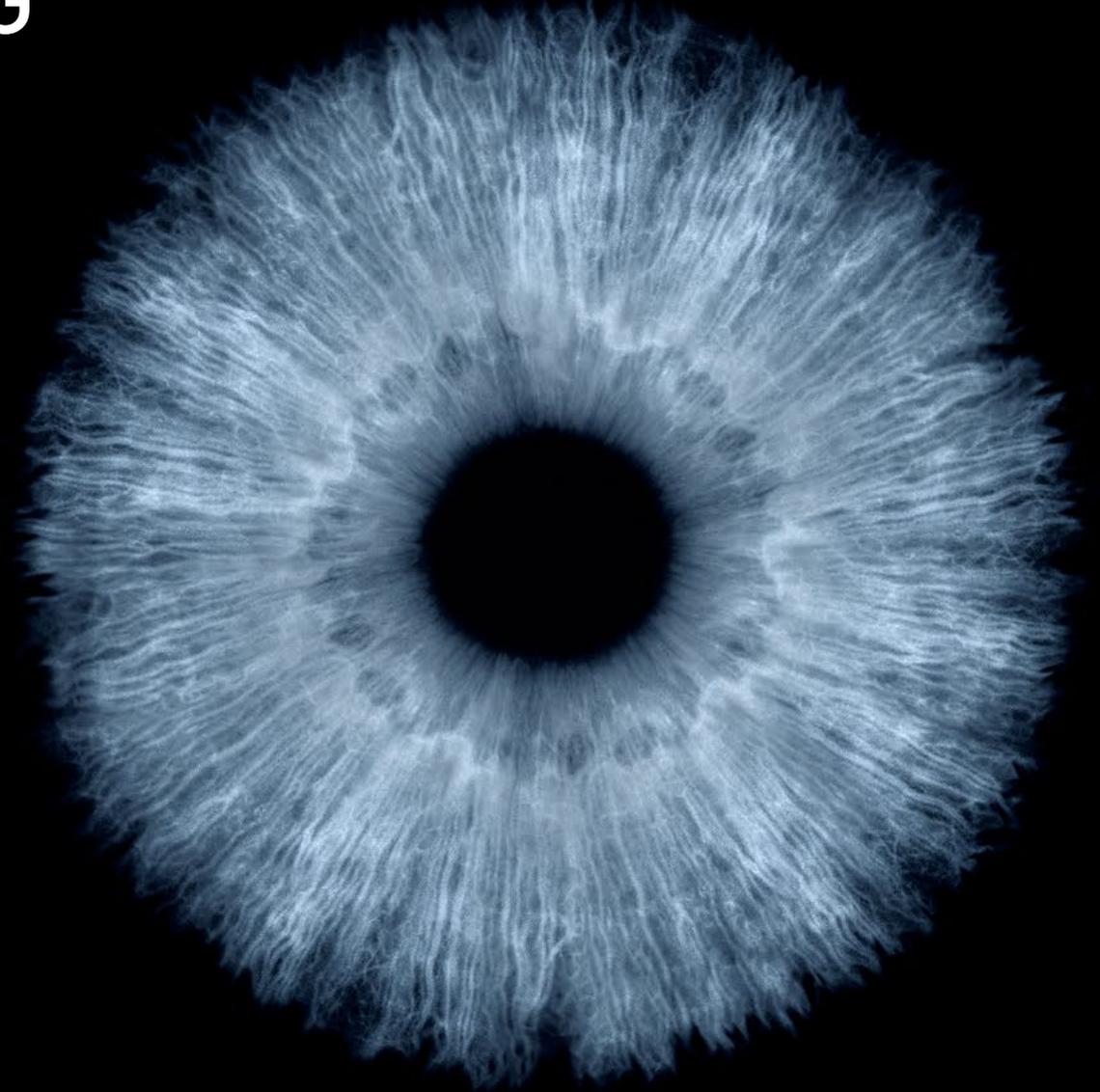
PC

In 2021, PC emerged as an important new product area for Fingerprints. We already dominate the market for fingerprint sensors in Chromebooks, while three of the world's five largest manufacturers of Windows PCs are already integrating our solution in their products.



Access

Biometric solutions for the access area – biometric access control – is a fragmented but growing market that includes such products as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys.



2021

IN SUMMARY

ULTRATHIN SENSORS

The world's first launches of smartphones featuring curved, side-mounted fingerprint sensors (FPC1542)



MORE LAUNCHES

An additional four commercial launches of biometric payment cards featuring Fingerprints' technology



FOR INCREASED GROWTH

Division of our business operations into two subsidiaries to accelerate growth



GROWTH IN PCS

Three of the world's five largest PC manufacturers integrated Fingerprints' new PC solution in their products



29%
GROSS MARGIN (22%)

MSEK 1,356
REVENUES (MSEK 1,256)

MSEK 24
CASH FLOW (MSEK 158)

MSEK 86
EBITDA (MSEK 59)

FINGERPRINTS AS AN INVESTMENT

Fingerprints occupies a leading market position in an expanding global industry.

Biometrics is an expanding global industry

Biometric solutions represent an industry of the future, which is being driven by an ever greater need for secure and user-friendly authentication, not least as increasing numbers of devices are being connected to the Internet. Biometrics have had a major impact on the mobile phone industry and this application area is expected to continue to be a growing market.

At the same time, interest in adopting biometric solutions in other sectors is growing. The area that offers the greatest potential for developing into the next mass market is the segment for biometric payment cards. Computers is another interesting segment where rapid growth is expected. Yet another example is the automotive industry, where biometrics can help to deliver personalized features that improve security and convenience.

[> Read more on pages 9-11](#)

Fingerprints occupies a leading market position

Fingerprints was one of the pioneers when biometrics achieved its global breakthrough in mobile telephony. We are currently a market leader in capacitive sensors and supply them to nine of the world's ten largest smartphone manufacturers. We are simultaneously expanding our **Mobile** product portfolio to new areas and we aim to further increase our market share.

Fingerprints is also very well positioned to capture a significant share of new, emerging global markets for biometric solutions. The prioritized areas are **Payments**, **PC** and **Access** (lock and access control systems). At the end of 2021, Fingerprints' technology had been used in six commercial launches and 24 market trials of biometric payment cards throughout the world.

[> Read more on pages 12-13 and 15-25](#)

Strong innovation capability

Continuous product development is crucial for maintaining and strengthening competitiveness in an industry that is characterized by rapid technological progress. Fingerprints is renowned for being an innovative, high-tech and entrepreneurial company that provides solutions with a very high level of security. The company's innovativeness is strong, with access to specialist expertise in biometrics, electronics, materials technology, coding and production technology.

Our research and development (R&D) organization accounts for almost 40 percent of the total workforce. Fingerprints always endeavors to have a balanced and fast growing patent portfolio extending from algorithms, through biometric image processing to sensors and hardware packaging technology.

[> Read more on pages 14 and 16-25](#)

Capital-light, cost-effective and cash generative business model

Flexibility, short decision-making routes and proximity to customers are essential in managing intense competitive pressure and rapidly changing market conditions. Since its inception, Fingerprints has supplied more than one billion sensors and, for many years, it has been building an efficient and reliable global supply chain. Fingerprints does not have any proprietary production capacity. Instead, hardware production is conducted using a network of external suppliers.

Optimizing working capital through efficient management of inventories and accounts receivable is an important focus area for Fingerprints, with the aim of freeing up capital for financing growth-generating investments.

[> Read more on pages 55-60](#)

MESSAGE FROM THE CEO

BACK TO GROWTH

Continued product innovation drove growth and an expansion of margins, while the revenue streams were broadened to new areas at a significantly higher pace than before.

During 2021, Fingerprint Cards delivered sales growth of 16 percent in constant currency terms while the gross margin strengthened by 7 percentage points to 29 percent. I am delighted that this positive result could be achieved despite inadequate availability of production capacity throughout the year due to the global shortage of semiconductors. This demonstrates the strength and stability of our operations, which also began to expand into new attractive areas during the year at a significantly higher pace than previously. We expect continued favorable revenue growth, which is reflected in the previously communicated revenue forecast of SEK 1,600–2,000 M for the 2022 fiscal year.

INCREASED ACCESS TO PRODUCTION CAPACITY

Although the prevailing global shortage of semiconductors will also affect us during 2022, our access to production capacity continues to improve. This applies to the large semiconductor manufacturers and to the module suppliers that are responsible for the integration and packaging of various components into modules that are ready for assembly. We continue to work with our existing providers to ensure as large volumes as possible from them, while we are simultaneously making a continuous effort to establish collaboration with new producers to increase our access to additional capacity on reasonable terms and conditions. In 2021, we added yet another semiconductor manufacturer as a supplier to Fingerprints.

WORLD LEADER IN CAPACITIVE SENSORS

Our Mobile operations developed strongly during the year. Following a weak 2020, when many consumers postponed upgrading their smartphones due to the coronavirus pandemic, we saw higher demand in 2021. The global smartphone market expanded by approximately 5 percent compared with 2020, which also drove the market for fingerprint sensors. Capacitive sensors, in which Fingerprints is the world leader, dominate. Fingerprints' strong position in this segment is based on renowned high product quality, security and biometric performance. Our latest generation of ultrathin sensors, designed for side mounting, continued to increase its share of the market. We have a highly competitive offering in this application area, which we continue to develop. At the end of the year, we made our first volume deliveries of an upgraded sensor version. To strengthen our position of market leadership, we will continue to focus on developing innovative products, broadening the supplier base and ensuring a competitive cost structure.

DIVERSIFICATION OF REVENUE STREAMS

We also made significant progress in 2021 in terms of diversifying the revenue streams to new areas. We received the first volume orders for our new biometric PC solution, and this market is rapidly emerging as an attractive application area for our fingerprint sensors. Our sales to the PC



industry have all the prerequisites to outgrow the Access area in the next 12 months and thereby develop into the second largest application area for our products, after smartphones. Fingerprints has a strong starting position. We already dominate the market for fingerprint sensors in Chromebooks, while three of the world’s five largest manufacturers of Windows PCs are already working on integrating our technology in their products. To date, we have been able to announce Windows PC launches with our sensors by Dell, Honor, Huawei, Lenovo and Xiaomi. The market outlook is bright. About 350 million PCs were shipped in 2021, compared with approximately 300 million in 2020 and 270 million in 2019. External market analyses indicate that the global PC market will stabilize over the coming years at approximately the levels we noted in 2021, a significant increase in relation to the volumes seen before the pandemic. At the same time, the proportion of PCs equipped with fingerprint sensors is increasing. Perhaps one fifth of the PCs currently delivered are equipped with some form of biometric solution. We estimate that this figure will move towards at least four fifths. We also expect that fingerprint recognition will become the dominant biometric modality in the PC segment, as in the mobile industry, and that up to two thirds of all PCs will have a touch fingerprint sensor.

INCREASED FOCUS ON SECURITY

Alongside this development in the PC segment, we saw in 2021 that the increased focus on security also started to have an impact on access cards/entry cards.

Biometric access cards are ideally suited to the integrated security approach that is becoming increasingly

commonplace and that is addressing physical and digital security in a significantly more coordinated way than before. Biometric access cards can combine logical and physical access control, enabling the use of the same card to access IT systems and to unlock doors. An example of this is SentryCard™, a biometric card developed by Sentry Enterprises and intended for physical and logical access. In 2021, we received an order from Sentry Enterprises for several hundred thousand T-Shape® sensor modules. This order confirms the positive demand trend for biometric authentication for access control, and illustrates the synergies that exist between our access and payment card operations. Many of our partners in the payment area, with whom we engage in product and business development initiatives, are also active in access cards.

BIOMETRIC PAYMENT CARDS – NEXT MASS MARKET

In 2021, we started to see commercial launches of biometric payment cards on a somewhat larger scale, not least by two of Europe’s largest banks: BNP Paribas and Crédit Agricole. Fingerprint sensors for payment devices, including smart cards, wearables and USB devices, represent a considerable potential market for our products and we expect to see an increasing number of launches in 2022. At the end of 2021, Fingerprints’ technology had been used in six commercial launches in various parts of the world and we are continuing to drive development forward by scaling up the business, in collaboration with several of the world’s leading payment card players. Together, we have the coverage, size and deep technological knowhow to ensure that contactless biometric cards will become the next global mass market for biometrics.

The fact that the world’s three largest suppliers of secure chips for payment cards have chosen Fingerprints’ technology for their reference designs illustrates this point well. During 2021, we made important progress within the framework of these partnerships. An example of this is STPay-Topaz-Bio, an advanced platform for biometric payment cards developed by STMicroelectronics in collaboration with Fingerprint Cards and Linxens. The solution was acknowledged in early January 2022 when it received a CES 2022 Innovation Award. In 2021, we also demonstrated, in collaboration with Infineon, that our latest generation of T-Shape sensor modules (T2) enables biometric authentication to be executed entirely within the secure element on a payment card, with retained performance and higher security. With this solution, a separate micro-controller unit (MCU) is no longer needed, thus making it cheaper and easier for card manufacturers to develop and roll out biometric payment cards on a large scale. At the end of 2021, we received an order for the latest generation of the T-Shape sensor module (T2) from one of the world’s three largest card manufacturers, to be used for the commercialization of the next generation of biometric payment cards. In January 2022, we announced that this T-Shape sensor module (T2) meets Mastercard’s updated security requirements for fingerprint sensors.

Let me finish by thanking all employees for your hard work and dedication during a successful year. I look forward, together with you, to continuing to generate value for our customers, business partners and shareholders.

Christian Fredrikson, President and CEO

“ During the year, Fingerprints strengthened its position in the market for capacitive fingerprint sensors for smartphones, at the same time as demand is now increasing in new application areas”

SALES AND GROSS MARGIN

16%

Sales growth in constant currency terms.



MARKET AND GLOBAL TRENDS

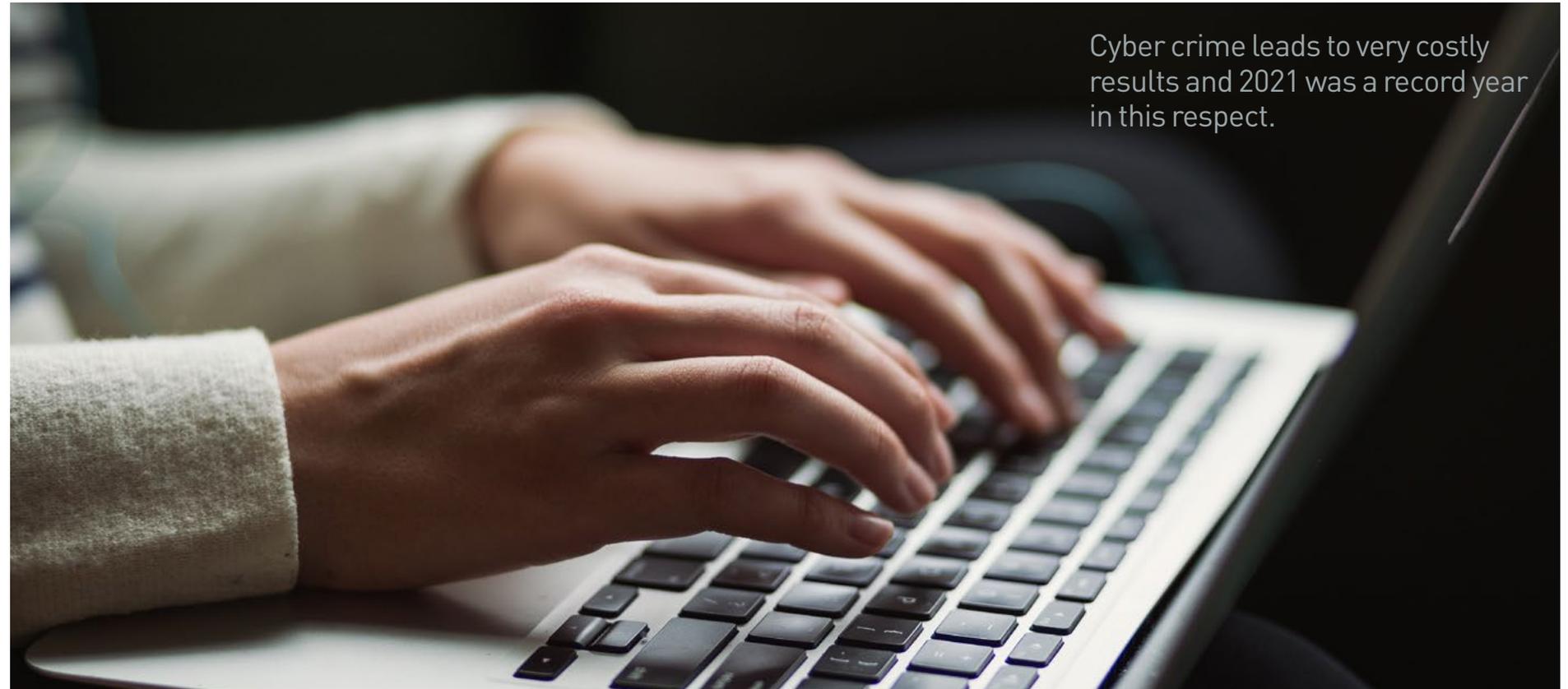
BIOMETRICS FOR INCREASED SECURITY

In the wake of the coronavirus pandemic, the focus has ended up on security, which in turn is increasing interest in implementing biometrics in a number of areas.

INCREASED FOCUS ON SECURITY ISSUES

While many companies successfully switched to remote working during the pandemic, this trend also resulted in greater IT security risks. The result of cyber crime is often very costly and, according to a survey conducted by IBM, 2021 was a record year in this respect. The average cost of a cyber crime during the year was USD 4.24 M, the highest figure noted to date during the 17 years that the report has been compiled. In those cases where the cyber crime was facilitated by the users being online outside the office, the cost was more than USD 1 M higher, compared with events where the attacks occurred in a controlled company network.

A number of serious cyber attacks in 2021 have resulted in IT security issues attracting significantly greater attention among both company directors and politicians. This has made alternative authentication methods interesting, since approximately 80 percent of computer hackings and cyber crimes were the result of passwords being compromised. Most of us think that there are too many passwords to remember, and it is very common to reuse the same – often far too simple – log-in details for private and professional accounts.



Cyber crime leads to very costly results and 2021 was a record year in this respect.

BIOMETRICS IS A PART OF THE SOLUTION

Many companies and organizations are now implementing security solutions based on the “Zero Trust” concept. They quite simply assume breaches all the time. This approach means that devices are not casually regarded as being trustworthy, even if they are connected to a managed company network and even if they have previously been verified. The human factor has long been regarded as the weakest link in IT security, and passwords are a part of the problem. Biometrics could play an important role in the solution, either independently or as an integrated part of multi-factor authentication. This was adequately illustrated when, in September 2021, Microsoft made a decision that means that all users of the company’s products are permitted to entirely do away with their passwords in favor of biometric authentication and authentication apps. Gartner predicts that 60 percent of large and 90 percent of midsize companies will implement password-free authentication during 2022.

BROADENING OF APPLICATION AREAS FOR BIOMETRICS

Most smartphone users are already very accustomed to biometrics and use their fingerprint or facial recognition on a daily basis as the primary method of protecting their devices and applications against unauthorized access. In pace with the fact that PC manufacturers are now implementing the same smooth and secure authentication method that has long been used in mobile phones, we are seeing a significant increase in the use of fingerprint sensors in this segment.

MARKET POTENTIAL FOR FINGERPRINTS’ PRODUCTS

The addressable market potential for the company’s biometric products in 2026 and beyond is estimated at **4.7 billion units per year**



Mobile

~1.4 BILLION
UNITS PER YEAR



PC

~170 MILLION
UNITS PER YEAR



Payments

~3 BILLION
UNITS PER YEAR



Access

>100 MILLION
UNITS PER YEAR



Fingerprints anticipates continued favorable growth in the short and long term, partly due to considerably more computers being sold now compared with the volumes that applied prior to the pandemic, but primarily because the share of computers with fingerprint sensors is expected to grow considerably from today's levels.

Increased interest is also being noted among many companies and organizations when it comes to biometric access cards and security keys, now that the same key can be used to facilitate uniform, secure access to PCs and systems, as well as to physical spaces. Biometric access cards and keys are ideally suited to the integrated approach to security that is becoming increasingly commonplace; i.e. addressing physical security and systems security in a more coordinated manner than before. Biometrics will become an increasingly important aspect in making the modern workplace more secure, while saving time and giving employees greater flexibility in terms of how, when and where they work.

TOUCHLESS SOLUTIONS ATTRACTIVE

The pandemic has resulted in a clear upswing in contactless payments because consumers want to avoid touching surfaces in public environments as far as possible. Contactless payment caps during the pandemic have been raised sharply, not least in the UK where the limit is now GBP 100. At the same time as this entails smoother payments, the possibility of fraud and theft is causing considerable concern, since anyone can use a contactless card without a pin code. Due to this, two of Europe's very largest banks have launched biometric payment cards, since the increased security offered by fingerprint

authentication means that the payment caps that would otherwise apply to contactless card payments can be completely removed. Accordingly, the banks can offer their customers a secure and easy way of paying, regardless of the amount. Even before the pandemic broke out, we noted increased market activity, and it is now clear that biometrics are about to make their presence felt even more in a global mass market.

By year-end 2021, six commercial launches of biometric payment cards had been carried out in various parts of the world, and more banks are expected to launch biometric cards in 2022. France has spearheaded the introduction of this new technology in the payment area and, to date, we have also seen launches in Switzerland, Poland, Mexico and Jordan. Consumer feedback has been positive; for example, in a study conducted by Thales, 88 percent of the respondents considered that biometric payment cards offer a more convenient payment experience. In another study, conducted by Fingerprints in collaboration with Kantar, 52 percent of the respondents said that they were prepared to switch banks to gain access to a biometric payment card. In some parts of France, this number was as high as 64 percent. In addition, 55 percent were willing to pay an average of EUR 3.20 per month extra in card fees for a biometric card, an increase of 5 percentage points since 2020.

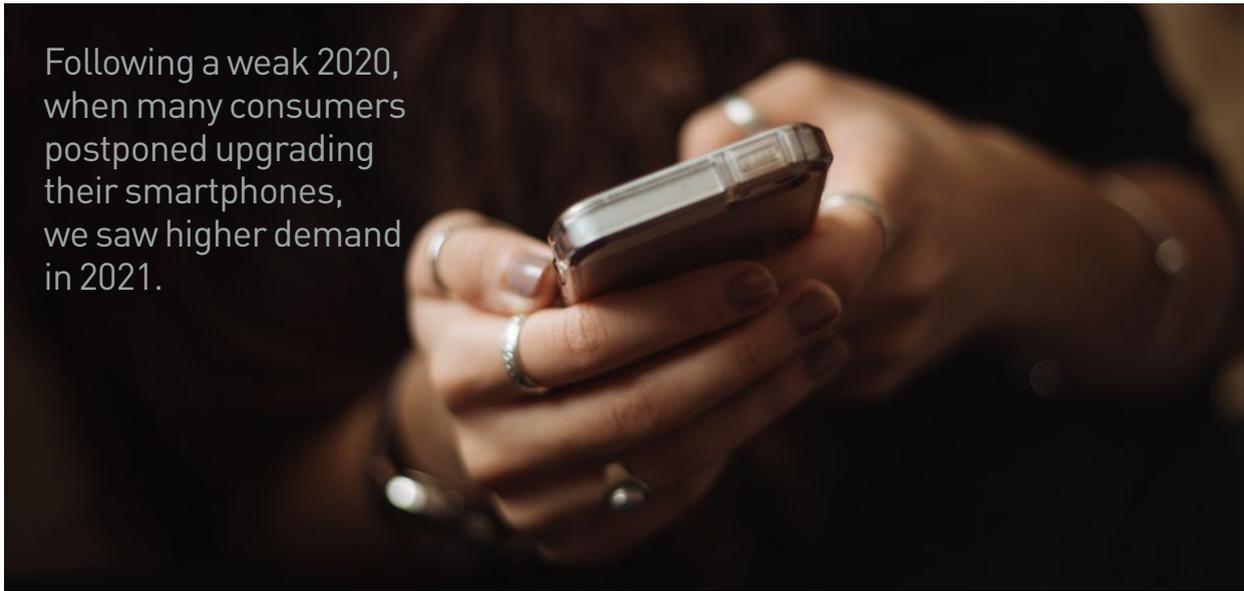
INCREASING DEMAND FOR CAPACITIVE FINGERPRINT SENSORS

The pandemic has also impacted the mobile industry, the largest global market for fingerprint sensors. Following a weak 2020, when many consumers postponed upgrading

their smartphones, we saw higher demand in 2021. At the same time, the prevailing component shortage has limited the manufacturers' ability to meet demand. However, global deliveries of smartphones increased approximately 5 percent compared with 2020. Demand for capacitive fingerprint sensors, for which Fingerprints is the global market leader, also increased. The capacitive sensor is still the most common biometric modality in the mobile industry. New innovations are an important explanation, not least the thin, side-mounted capacitive sensors that can be integrated in the unit's volume controls or in the power button. These new sensor models continued to expand their share of the market during the

year. In 2021, just over 60 percent of smartphone models launched by the ten largest manufacturers of Android mobile phones featured a capacitive fingerprint sensor. The corresponding share for under-display sensors was nearly 30 percent.

Over the next five years, Fingerprints expects continued strong growth for biometrics in a number of application areas. The company estimates that the total addressable market (TAM) for the company's products could total approximately 4.7 billion units annually in 2026 and beyond.



Following a weak 2020, when many consumers postponed upgrading their smartphones, we saw higher demand in 2021.

STRATEGY

CONTINUED INNOVATION AND DIVERSIFICATION

Fingerprints will create profitable growth by assuming a leading position in selected segments, and by being recognized as a supplier of solutions offering a very high level of security.

STRATEGY

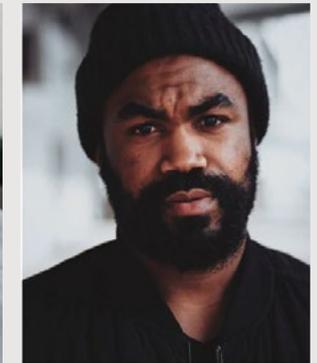
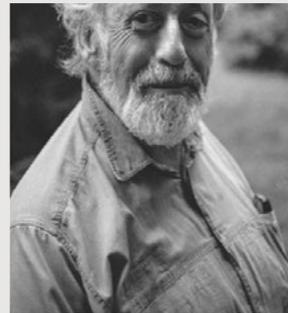
Fingerprints' strategy is based on defending and building on our strong position in the smartphone segment while diversifying the business into prioritized areas outside the mobile industry.

The most important strategic priority in the **mobile industry** is to strengthen the company's market-leading position by continuing to drive innovation, broaden the supplier base and ensure a competitive cost structure.

In the **PC segment**, we shall gain a leading position by offering a comprehensive range of solutions and by continuing to raise the level of added value.

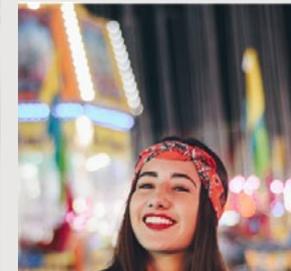
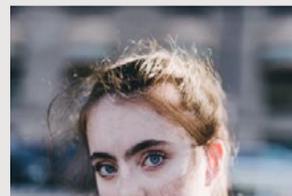
In **payments**, biometric smart cards are the application that Fingerprints believes has the greatest potential in the years ahead. Fingerprints has a very strong starting point from which to be able to secure undisputed global leadership in this area.

Biometrics are expanding in an array of other areas where secure and user-friendly authentication is critical. Outside of the mobile industry, PCs and payments, however, the biometrics market is fragmented and Fingerprints has chosen to prioritize **access control systems**, where the short-term potential is deemed to be greatest.



VISION
A secure and seamless universe, where you are the key to everything

MISSION
To provide secure and convenient identification and authentication with a human touch.



	STRATEGIC PRIORITIES	PROGRESS IN 2021	ADDRESSABLE MARKET IN 2026
 Mobile	Defend and capitalize on Fingerprints' strong position <ul style="list-style-type: none"> Defend our market share and margins in capacitive fingerprint sensors by continuing to drive innovation, broaden the supplier base and ensure a competitive production cost. Capture a significant share of the market for under-display sensors. Further develop our iris recognition technology to offer a more secure and cost-effective alternative to advanced facial recognition. 	<ul style="list-style-type: none"> The FPC1542, our thin, curved capacitive sensor, set a new highest standard in the market. Development of the second generation of curved sensor designed for side mounting. Work to establish a position in the market for under-display sensors continued. 	<p style="text-align: center;">~1.4 BILLION UNITS PER YEAR</p>
 PC	Secure a leading position in this growing market <ul style="list-style-type: none"> Continue to climb up the value chain by developing attractive complete offerings. 	<ul style="list-style-type: none"> Three of the world's five largest PC manufacturers integrated Fingerprints' new biometric solution into their products. We expect to be able to announce a number of product launches in 2022. PC models from Dell, HONOR, Huawei and Xiaomi featuring Fingerprints' PC solution were launched in 2021. In March 2022, Lenovo launched two laptop models featuring Fingerprints' solution. 	<p style="text-align: center;">~170 MILLION UNITS PER YEAR</p>
 Payments	Secure a position as leading supplier of biometric solutions <ul style="list-style-type: none"> Collaborate with players throughout the smartcard ecosystem to promote the acceleration of this new global market for biometrics. Secure an undisputed global leadership position within contactless biometric cards, the next mass market for biometrics. 	<ul style="list-style-type: none"> Fingerprints' T-Shape sensor is being used in all six commercial launches of biometric payment cards worldwide. In 2021, BNP Paribas and Crédit Agricole initiated nationwide roll outs of biometric payment cards in France. During 2021, commercial launches were implemented in France, Mexico, Poland and Jordan In January 2022, STPayBio, the biometric payment card platform developed by STMicroelectronics in collaboration with Fingerprints and Linxens, won the CES 2022 Innovation Award. In collaboration with Infineon, Fingerprints developed a solution that enables biometric authentication to be fully executed in the secure element on a payment card, with retained performance and higher security. With this solution, there is no longer any need for a separate micro-controller unit (MCU). Fingerprints and MoriX Co., Ltd established cooperation to develop and launch biometric payment cards in Japan. 	<p style="text-align: center;">~3 BILLION UNITS PER YEAR</p>
 Access	Grow in prioritized segments of a fragmented market <ul style="list-style-type: none"> Maintain our leading position in selected areas of application. Initial focus on biometric solutions for logical and physical access. Capture a significant share of the market for iris recognition in Aadhaar devices in India. 	<ul style="list-style-type: none"> Fingerprints received a volume order for several hundred thousand T-Shape® sensor modules, which will be integrated into the SentryCard™ product, a biometric card for physical and logical access. CardLab and TrustSec launched a biometric FIDO2 card that integrates Fingerprints' T-Shape sensor module. ekey, a leading Austrian company within biometric doors, launched a new intelligent door system named ekey dLine, which integrates a fingerprint sensor from Fingerprints. Cooperation entered into with the global distributor Mouser Electronics with the aim of expansion into new markets and application areas within Access and the IoT areas globally. 	<p style="text-align: center;">~100 MILLION UNITS PER YEAR</p>

PRODUCT DEVELOPMENT

PRODUCT DEVELOPMENT ESSENTIAL

SYSTEM DEVELOPMENT ACROSS FOUR DIMENSIONS

Product development is essential for Fingerprints' operations and the results of the product development process will ultimately have a considerable impact on the company's performance. At the end of 2020, the research and development (R&D) organization accounted for

almost 40 percent of the workforce. Product development is based on several technologies to create user-friendly solutions. These comprise both touch, which is based on touching a sensor, and touchless, whereby authentication occurs without requiring any touch by the user.

Fingerprints' product development is integrated across

four dimensions: algorithm development, software development, development of biometric sensors and packaging. Development is based on scanning and recognition of fingerprints, the iris and the face. The development of various solutions generally occur in close cooperation with customers or partners.

ALGORITHMS**– reading the unique biometric pattern**

Algorithms are the software that optimizes image quality and executes image processing; i.e. the information in the image of, for example, a fingerprint or an iris. Our in-house algorithm competence enables partnerships with customers, and thus addresses their requirements for biometric development.

**SOFTWARE DEVELOPMENT****for improved end-user experience**

Software development focuses on Fingerprints' biometric systems solutions in smartphones or a biometric card, for example. In a mobile phone, the software handles the sensor's communication with the mobile platform for verification in a secure platform combined with user-friendly functionality. In a biometric payment card, we design our software solution to maximize transaction speed, user-friendliness and security.

**HARDWARE DEVELOPMENT****Fingerprint sensor functionality**

Hardware development primarily involves fingerprint sensors and focuses on functionality and design solutions in the creation of the sensor. For capacitive fingerprint sensors, this translates to chip area and thickness, power consumption and the capability to detect images through different types of material.

**PACKAGING****– the physical integration**

Packaging focuses on integrating the sensor with other materials, as well as complete system solutions with processes for plug-and-play functionality. Complete system solutions of this type are primarily developed for applications outside the smartphone and payment segments.



FINGERPRINTS' FOUR PRINCIPAL PRODUCT SEGMENTS

Through four product segments, Fingerprints offers a broad product portfolio with biometric system solutions that increase both security and user-friendliness in everyday life.

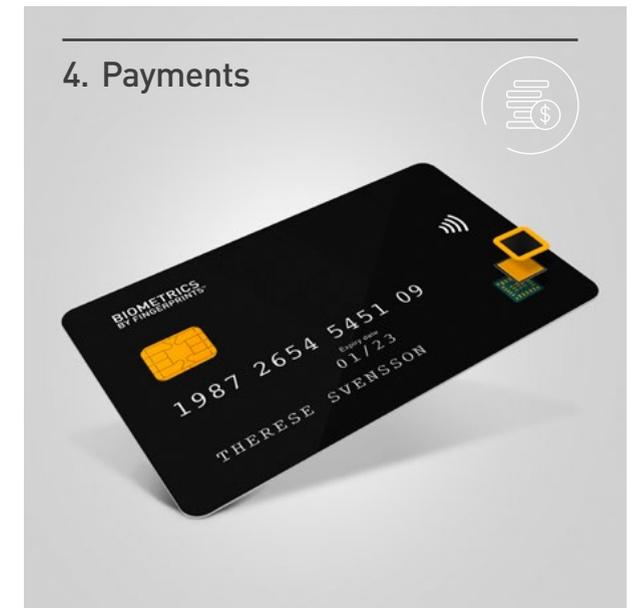
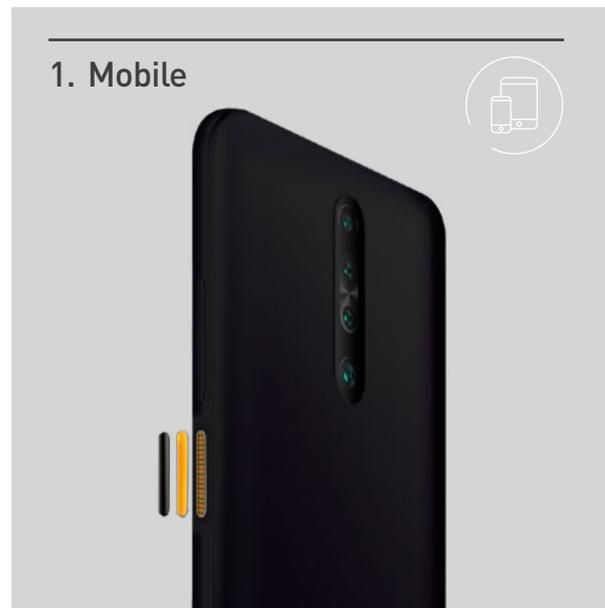
Fingerprints' business is based on the development and sale of complex biometric systems comprising a combination of high value-added hardware and software. For a long time, we have been building mutually value-creating relationships with key players across complex value chains.

Fingerprints' solutions are suitable for multiple product segments. In addition to smartphones, currently the largest application area, the company's products are also found in such applications as PCs, payment cards, door locks, authentication keys, vehicles and the IoT.

The company's products and solutions are protected by extensive patents. We always endeavor to obtain a balanced and growing patent portfolio extending from algorithms and biometric image processing to sensors and hardware packaging technology. Although the mobile

industry still accounts for the majority of Fingerprints' sales, in 2021, the revenue streams started to diversify to new areas at a faster pace than before.

> Read more about Fingerprints' product areas on pages 16-25.



Mobile



Making smartphones smarter





Fingerprints is currently the market leader in capacitive fingerprint sensors for smartphones, a tried-and-tested technology in the mobile industry.

Capacitive sensors are the most common biometric modality by far in the mobile industry, largely because of their reliability, performance and cost efficiency. During 2021, the latest generation of ultrathin capacitive sensors designed for side mounting continued to increase its share of the market. Fingerprints is leading the development in this area and the growing share of new products in our mix contributed to the positive gross margin trend.

INNOVATIVE SOLUTIONS

Capacitive fingerprint sensors

Fingerprints is a pioneer in capacitive fingerprint sensors, and was the first company in the world to integrate a touch fingerprint sensor into an Android phone in 2014. The market then expanded rapidly and Fingerprints succeeded in building a dominant position. Over the subsequent years, the competition intensified and the industry developed into a mature mass market. By continuously developing the product portfolio, Fingerprints has succeeded in maintaining a leading position with a market share of approximately one-third. This strong position is based on renowned high product quality, security and biometric performance.

In 2021, Fingerprints strengthened its leading position by continuing to introduce innovative new products to the market. We launched the FPC1552, the latest generation

of ultrathin sensors with a curved shape, designed for side mounting. This product builds further upon our highly successful FPC1542 sensor, which was launched in 2020. These products meet customers' demands for solutions that function well with the most recent smartphone models, such as foldable devices and mobiles with borderless fronts. At the end of the year, we made our first volume deliveries of the FPC1552 and the first smartphone featuring this new sensor was launched in February 2022: Redmi K50 from Xiaomi.

We will continue to focus on strengthening our leading position in capacitive sensors by ensuring that we have a comprehensive, competitive product portfolio for all relevant segments.

Under-Display

Under-display sensors, also referred to as in-display, are an alternative to capacitive sensors for integrating fingerprint sensors into a smartphone's display. Fingerprints expects the capacitive sensor to continue to dominate the market, but simultaneously has an objective of also establishing a position in the market for under-display sensors.



Capacitive sensors are the dominant biometric modality in Android smartphones



Touchless

Since Apple launched iPhone X featuring facial recognition in 2017, interest in touchless technologies has increased, even though fingerprint recognition still dominates the market for Android devices. Fingerprints' Touchless 2.0 platform combines the user-friendliness of facial recognition with the high security level of iris recognition. Touchless 2.0 offers a more secure and more cost-effective alternative to advanced facial recognition, not only for smartphones but also for a range of applications in various industries.

VALUE CHAIN

Semiconductor manufacturers

Fingerprints manufactures its hardware using external contractors. The company's largest procurement item in volume terms is our silicon chips, the core of the sensor, which are sourced from semiconductor manufacturers. Sensors are manufactured in the form of silicon wafers in standard formats.

Demand for Fingerprints' products remained favorable in 2021, while the year was again characterized by insufficient access to production capacity due to the prevailing global semiconductor shortage. Accordingly, securing additional suppliers, both in and outside of mainland China, is a key priority, and we added an additional semiconductor manufacturer as a provider to Fingerprints during the year. Our access to capacity continues to improve, even though we will continue to be impacted also during 2022.

Distributors

Distributors are an established part of the electronics industry and the party that Fingerprints delivers its hardware to. Fingerprints' revenues arise when the products are delivered to the distributor.

Module suppliers

The manufacturing of smartphones is conducted through the assembly of modules sourced from a range of subcontractors. In the mobile industry, they are largely produced by module suppliers, with each OEM having selected module provision partners. Module suppliers account for the assembly and packaging of various components into modules that are ready for assembly in a smartphone.

Fingerprints has established close collaborations with a number of module suppliers, which can be viewed as both partners and customers, because they set standards, while also serving as collaborative partners in Fingerprints' product customization process.

OEM

Smartphone manufacturers (OEMs and ODMs, the latter: original design manufacturers, who manufacture products sold under other parties' brands) make decisions on, and specify constituent components in their technical specifications. For selected providers, these decisions mean a design win. Customization of hardware and software then commences, and a large batch of sensors is then shipped for production and functional testing. Assuming these tests are successful, mass production commences.

FPC 1552

Fingerprints' ultrathin capacitive fingerprint sensors, intended for side mounting, have set a new highest standard in the market. At the end of 2021, volume deliveries of an upgraded version, the FPC1552, an even thinner sensor with a curved shape, were initiated.

The first mobile phone featuring this sensor was launched in February 2022: Redmi K50 from Xiaomi.



PC



Making PCs personal





In 2021, PC emerged as an important new product area for Fingerprints. We anticipate favorable growth in the short and long term, partly due to considerably more computers being sold now compared with the volumes that applied prior to the coronavirus pandemic, but primarily because the share of computers with fingerprint sensors is expected to grow considerably from today's levels.

In early 2021, we received the first volume orders for our new biometric PC solution. Fingerprints already dominates the market for fingerprint sensors in Chromebooks, while three of the world's five largest manufacturers of Windows PCs are already working to integrate our technology into their products. To date, we have been able to announce Windows PC launches with our sensors in products from Dell, HONOR, Huawei, Lenovo and Xiaomi.

INNOVATIVE SOLUTIONS

To meet the rising demand for biometric solutions in the PC segment, Fingerprints launched a new biometric solution in 2020 that is specifically adapted to this application area. It can be used in many different types of PCs and peripherals. The product builds on our long experience of implementation of patented capacitive sensor technology for smartphones, and is optimized for integration into PCs. Our tried-and-tested capacitive sensors, combined with customized software and algorithms, deliver lightning-fast biometric matching within the framework of the highest security standards.

Our offering in the PC segment is continuously being developed, and is now offered in two different versions. In

PCs intended for private use, the biometric authentication often occurs in the computer's CPU, so-called Match on Host. In business computers, it is much more common to use so-called Match on Chip, which is even more secure since the biometric data is stored on a separate chip. Fingerprints' solution is compatible with Microsoft Enhanced Sign-In Security.

MATCH-ON-CHIP

In early 2022, Fingerprints' Match-on-Chip biometric PC solution was added to Microsoft's approved vendor list (AVL) for Windows Hello Enhanced Sign-in Security. This means that we can now efficiently address the entire PC market: both business computers and PCs for private use. Match-on-Chip solutions for business computers have a higher average selling price (ASP) and currently account for about half of our addressable market in the PC area.



During 2021, we received the first volume orders for our new biometric PC solution.

Access



Worryless Access





By combining security, flexibility and user-friendliness, biometrics can facilitate secure access to a multitude of devices and data.

Biometric solutions for the Access area – biometric access control – is a fragmented but growing market that includes such products as access cards, door locks, cars, remote and gaming console controls, smart household appliances and authentication keys. Fingerprints is also the market leader in this segment and aims to defend this position when the market expands.

INNOVATIVE SOLUTIONS

Fingerprints offers software and biometric sensors specifically customized for the Access segment, comprising both modules for fingerprint recognition and solutions based on iris recognition. Our portfolio of touch fingerprint sensors for Access includes the FPC1025, which is smaller than the other products in the series and is optimized for devices in which every millimeter counts.

There is significant synergies with other product segments, not least payments. We have, for example, further developed our biometric software platform for payments, the FPC-BEP, so that it can now also be used in a variety of Access applications. Our T-Shape sensor module, developed for the payment area, can also be used favorably in access cards. During the year, Fingerprints received a volume order from Sentry Enterprises for several hundred thousand T-Shape sensor modules, for integration into SentryCard, a biometric card for physical

and logical access. This order illustrates the positive trend in progress in access cards, which gained additional momentum in 2021.

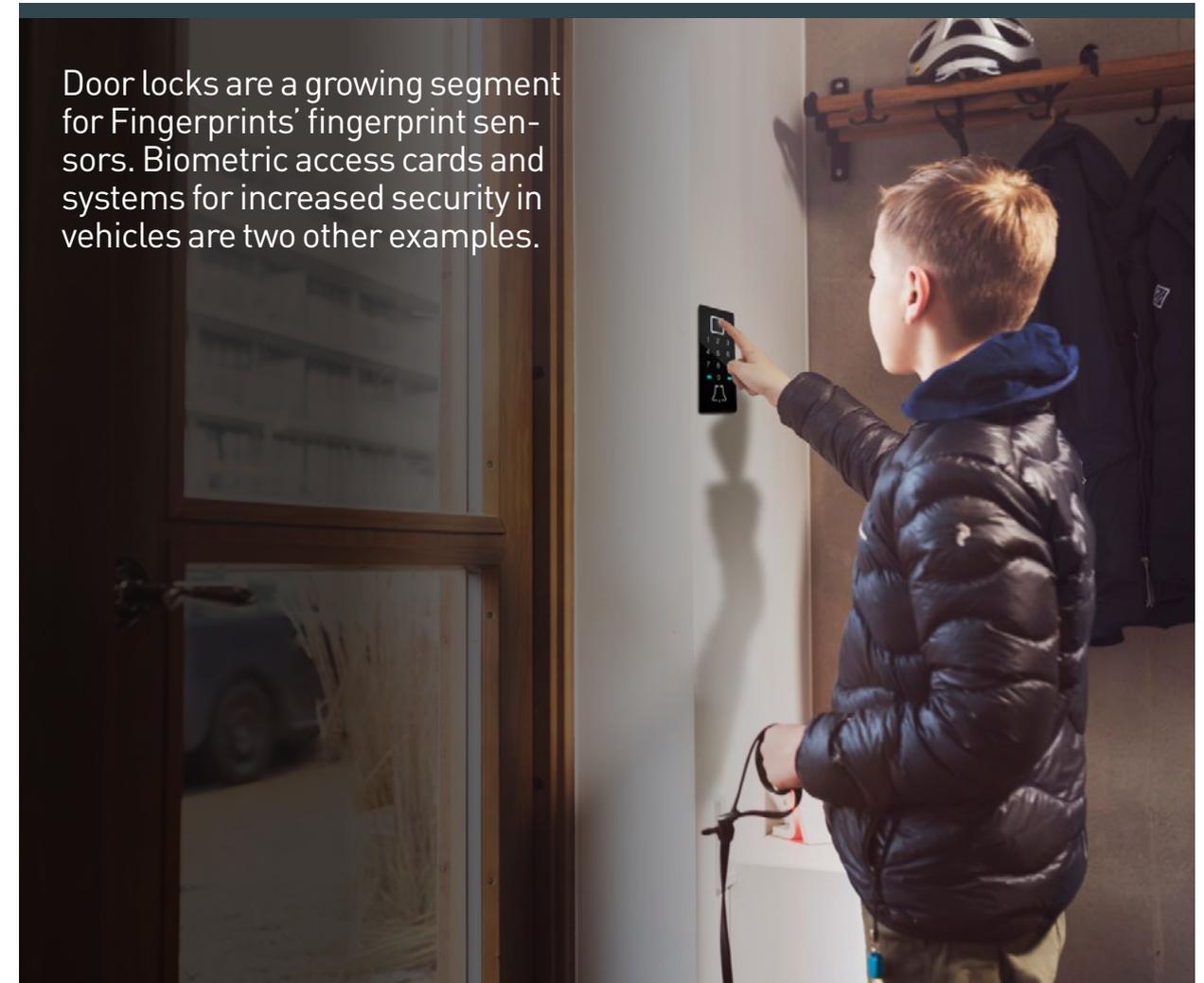
Iris recognition is also suitable for certain applications in the access area, such as touchless entry and exit control systems in public environments, something that has come into sharper focus since the outbreak of the coronavirus. During 2021, Fingerprints entered into an agreement with the Indian company Mantra Softech India Pvt Ltd, regarding a solution for iris recognition that will be integrated in a number of different devices in the next few years.

The automotive industry is another area with considerable potential. We are continuing to invest in product and business development in this area, both in fingerprint sensors and iris recognition. We see a clear increase in interest from automotive companies in biometric authentication.

VALUE CHAIN

Since the market for biometrics in access solutions is fragmented, the supply chain can differ depending on application and industry. Marketing and sales usually occur via module providers and subcontractors, who in turn deliver products that are included in, for example, smart door locks, access cards or vehicles. The supply chain partly overlaps with that for payments. Many of our partners in Payments are also active in access cards.

Door locks are a growing segment for Fingerprints' fingerprint sensors. Biometric access cards and systems for increased security in vehicles are two other examples.



Payments

Worryless Payments





Payments

Fingerprint sensors for payment devices, including payment and credit cards, wearables and USB devices, represent a considerable potential market and is an important growth area for Fingerprints.

In 2021, we continued to strengthen our world-leading position in this emerging mass market for biometric solutions. By year-end, we had noted six commercial launches of biometric payment cards in different parts of the world, all featuring Fingerprints' technology. To continue driving development forward, we are focusing on scaling up our operations with the right business partners. We have well-established collaboration with several of the world's leading players within payment cards. Together, we have the coverage, size and deep technological expertise to ensure that contactless biometric cards will become the next global mass market for biometrics.

INNOVATIVE SOLUTIONS

Fingerprints' technology – in the form of the fingerprint sensor module T-Shape – is being used in the world's first biometric payment card, delivered by Thales, which has been certified by both Mastercard and Visa. These certifications have facilitated commercial launches on a larger scale. We continuously conduct development work aimed at further sharpening our offering in the payment area and, in January 2022, we announced that our latest generation of the T-Shape sensor module (T2) meets Mastercard's updated security requirements for

fingerprint sensors. This new product offers even better performance than its predecessor, while it is also world-leading in terms of cost efficiency.

During the year, we also made progress within the framework of our strategic partnerships with key players in payment card manufacturing. The world's three largest suppliers of secure elements for payment cards – Infineon, NXP and STMicroelectronics – have all chosen Fingerprints' technology for their reference designs. In September 2021, we announced that we, together with Infineon, have taken a very significant step forward by enabling execution of full biometric authentication in the secure element on a payment card, with retained performance and higher security. With this solution, there is no longer any need for a separate microcontroller unit (MCU). This milestone, which many in the industry have regarded as impossible to achieve, makes it less expensive and easier for card manufacturers to develop and roll out biometric payment cards on a large scale. At the beginning of 2022, STMicroelectronics received a CES 2022 Innovation Award for STPayBio, an advanced platform for biometric payment cards that was developed in collaboration with Fingerprint Cards and Linxens.



Fingerprints continues to drive development forward, in collaboration with several of the world's leading payment card players.



Payments

VALUE CHAIN

The value chain in the smartcards market (all cards with chips, mainly payment cards) differs from the smartphone value chain in many respects. But there are also fundamental similarities, because both sectors feature mass production by a limited cluster of global manufacturers that are part of complex value chains with multiple players. The dominant card manufacturers are based in Europe.

Subcontractors

Subcontractors in various segments deliver products and solutions to card manufacturers, such as secure chips, and in Fingerprints' case, fingerprint sensor modules.

Manufacturers and issuers

Charge/credit cards are issued by banks who have contracts with the card brands. The leading brands are Visa, Mastercard and China UnionPay.

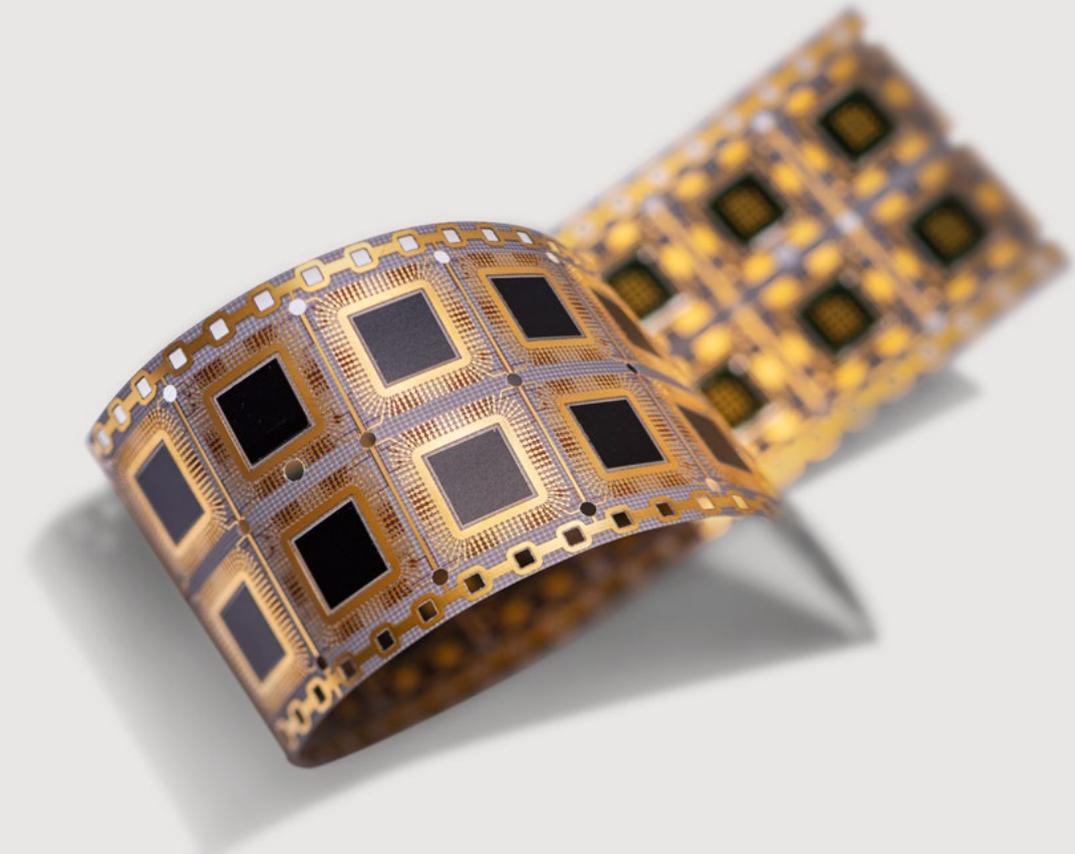
Standardization and certification

Payments and cards are a sector characterized by regulations and a high degree of standardization. Certification and standardization of charge/credit cards featuring fingerprint sensors occur under the auspices of the certification body EMVCo. The international association Eurosmart is another important player, which is developing smart security standards.

FIRST ORDER FOR T-SHAPE GEN 2 (T2) In 2021, we received the first order for our latest generation of the T-Shape sensor module (T2) from one of the world's three largest card manufacturers, to be used for the commercialization of the next generation of biometric payment cards.

The latest generation of T-Shape, which fulfills Mastercard's updated security requirements for fingerprint sensors, yields increased image quality and transaction speed, as well as even higher energy efficiency. It will be an important feature in the further development of biometric payment cards, since it is smaller, quicker and more cost-effective than its predecessor, while it also further strengthens the already market-leading user-friendliness and security.

T-Shape 2 is even easier to integrate into standardized card manufacturing processes, which leads to higher production efficiency and lower costs.



Sustainability

“Fingerprints’ operations contribute to sustainable development and have a positive impact on society, not least because our product portfolio adds value for customers, users and society at large, with secure identification and authentication in an increasingly vulnerable digital environment.”

Christian Fredrikson, President and CEO

SUSTAINABILITY REPORT

SUSTAINABILITY AT FINGERPRINTS

We are working to strengthen and illuminate the benefits that our products create from a sustainability perspective and to reduce the negative impact of our operations, products and supply chain.

BUSINESS-INTEGRATED SUSTAINABILITY FRAMEWORK

Sustainability work in Fingerprints is carried out within the company’s framework, which comprises a vision, core values and policies, including the Code of Conduct and sustainability targets. Fingerprints wholeheartedly supports the UN’s 17 Sustainable Development Goals (SDGs). Connected to our specific operations and material focus areas, we have decided to focus on seven of these goals.

We have defined a number of core sustainability targets, connected to our focus areas; see pages 30–34. We reviewed the targets in 2021 and some of them were updated, with a particular focus on improving reporting and follow-up in the environmental area. The continuous implementation of the targets represents the core of the company’s sustainability work and is part of our company-wide balanced scorecard, which contributes to giving sustainability aspects the same status as the company’s other objectives. The targets have been broken down to each business area and function to determine exactly how they can contribute to target fulfilment. In our opinion, this enhances both commitment and participation.

The visibility and integration of the sustainability targets also makes it easier for managers to follow up the work. To integrate sustainability into our internal processes, we have been inspired by the Global Reporting Initiative (GRI).

Vision

A secure and seamless universe, where you are the key to everything

Business concept

Fingerprints develops and sells biometric solutions to companies globally that develop products and services interfacing with people.

UN Sustainable Development Goals



Measurable sustainability targets

(see pages 30-34)

The goals are based on

- Fingerprints’ **policies** including our Code of Conduct
- Fingerprints’ **core values**: Smart, Brave, Open, United

Our environmental and quality management systems are certified in accordance with ISO 14001 and ISO 9001. A working method has been rolled out to manage our overall policies and Code of Conduct, with the aim of managing all policy areas equally. One area of major importance is our work on responsible sourcing, and all direct suppliers must thus sign our Code of Conduct for Suppliers.

INITIATIVES AND PARTNERSHIPS

We believe that companies working collectively on sustainability challenges is the best way to achieve long-term results. In order to ensure the security and functionality of both mobile payments and card payments, we have worked for some time with key payment system players. Fingerprints is a member of Eurosmart, a sector

organization for businesses active in smart security, such as digital identities, data security, cyber security, Internet of Things (IoT), payment solutions and border control. Another example is EMVCo, a global technological body that facilitates worldwide interoperability and acceptance of secure payments by handling and developing what are known as EMV® specifications and related test processes. As consumers authenticate ever larger numbers of payments via their mobile phones, it is becoming increasingly important to establish standards that ensure security, reliability and user-friendliness. Fingerprints' FPC1540/1541 sensor is the first fingerprint sensor for mobile phones that fulfills requirements according to EMVCo (EMV® Consumer Device Cardholder Verification Methods Security Requirements).

EXPANDED REPORTING REQUIREMENTS

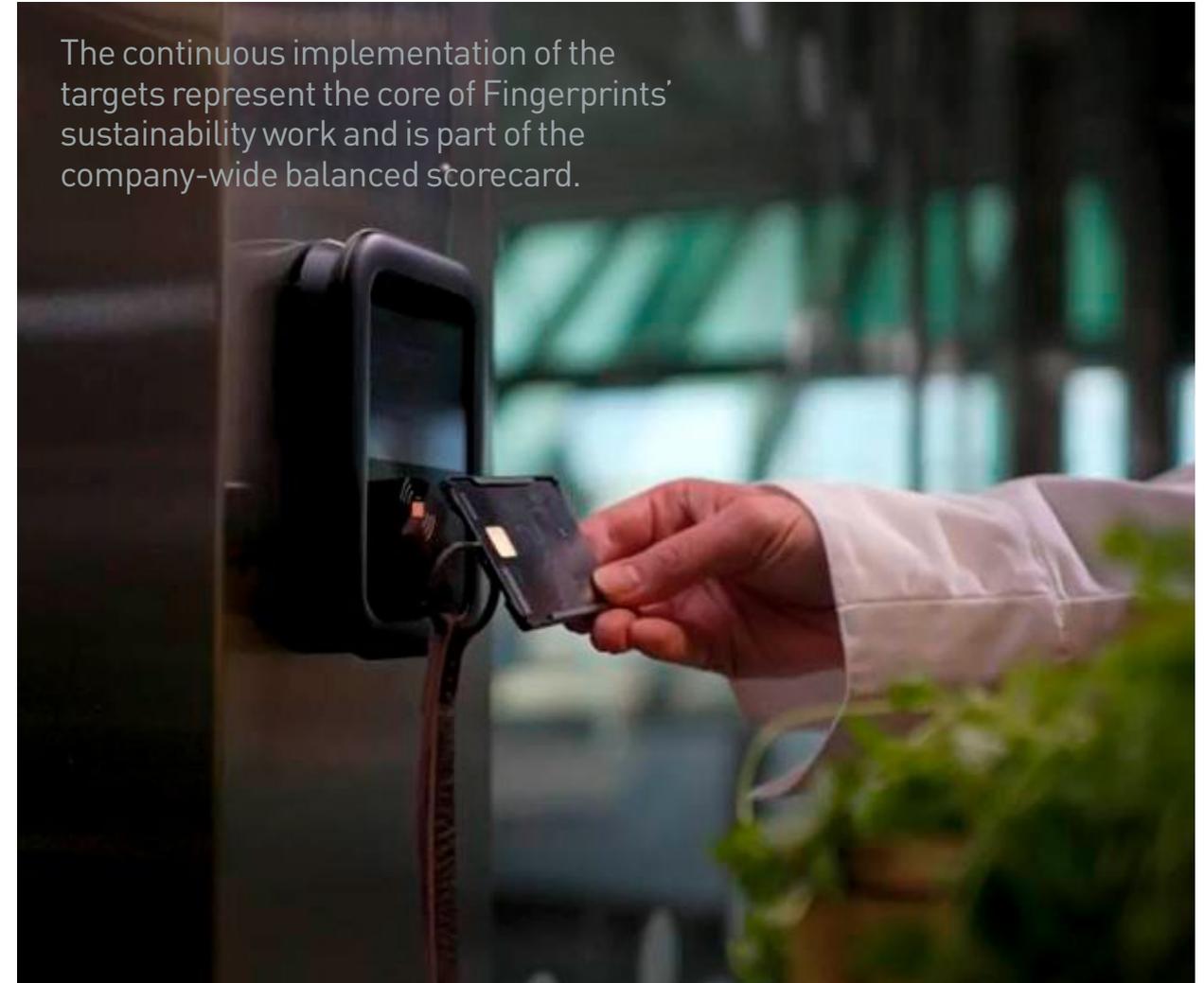
We keep ourselves continuously updated concerning existing and new reporting requirements that could affect Fingerprints.

In April 2021, the European Commission proposed that the Corporate Sustainability Reporting Directive (CSRD) would replace and build further upon the Non-Financial Reporting Directive (NFRD) by introducing more detailed reporting requirements and expanding the number of companies that are encompassed.

Fingerprints' operations are listed in the taxonomy regulation that is part of the EU's Green Deal growth strategy. The regulation was adopted in 2020, became effective on January 1, 2022 and constitutes a collective classification system for determining which financial operations are to be considered environmentally sustainable. Fingerprints is currently not encompassed by the reporting requirements but may eventually be subject to the regulation.

The EU's Sustainable Finance Disclosure Regulation (SFDR) imposes requirements on finance companies to disclose how sustainability aspects are integrated and taken into account in investment decisions and consultancy processes. It is therefore important for us to be transparent in how we address sustainability issues.

The continuous implementation of the targets represent the core of Fingerprints' sustainability work and is part of the company-wide balanced scorecard.



STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Fingerprints' materiality analysis forms the foundation for the sustainability targets, presented on pages 30-34. Our targets are aligned with the UN SDGs.

The Global Reporting Initiative (GRI) and stipulations of the Swedish Annual Accounts Act on non-financial information (Ch. 6 Sect. 10) have served as the starting point for producing our materiality analysis, which is integrated into the company's overall risk-management process.

All business lines and functions were involved in the work to produce the materiality analysis.

Fingerprints has identified the following stakeholder groups:

- End users
- Module houses and distributors
- Coworkers
- Investors
- Financial analysts
- Suppliers
- Business partners
- Non-Governmental Organizations (NGOs)
- Media
- Consumers
- Political decision-makers

As a result of the stakeholder dialogue and materiality analysis, the following sustainability issues have been judged to be the most material areas for Fingerprints. These have been categorized under the key focus areas established in Fingerprints' sustainability framework.

Key stakeholders' issues

SOCIAL ASPECTS

- Secure access to the right competence and attract, develop and retain talented individuals
- Diversity
- Occupational health & safety
- Conflict minerals
- Accessing citizens' rights and social insurance systems through official identities
- Biometric integrity

ENVIRONMENTAL ASPECTS

- Carbon emissions
- Environmental impact of suppliers
- Recycling
- Utilization of materials

FINANCE/GOVERNANCE

- Corruption
- Reduced risk of fraud
- Product quality
- Entry barriers for biometrics.

Fingerprints' key focus areas

1. Ethical and transparent business methods
2. Environmental protection and efficient use of resources
3. Smarter and safer solutions
4. Respect and reward our people

FOCUS AREA 1

ETHICAL AND TRANSPARENT BUSINESS METHODS

Fingerprints' success is based on the operations being conducted ethically, transparently and legally since we otherwise risk losing the faith of our stakeholders.

Our Code of Conduct summarizes the areas that are of particular importance to building the confidence of customers and other stakeholders:

- Correct reporting and documentation
- Protect the company's assets
- Responsible communication
- Protection of sensitive information
- Comply with competition laws
- Secure responsible trade
- Zero tolerance of bribes and corruption

All coworkers must confirm that they have read and understood the Code of Conduct. New employees undergo a review of the Code during their introductory training and refresher courses are implemented for all coworkers every second year.

RESPONSIBLE PURCHASES OF MINERALS

Through the global association of industry associations, the World Semiconductor Council (WSC), the global semiconductor industry has undertaken to use procured minerals responsibly in its semiconductor products. In 2018, the WSC updated its policy concerning the responsible purchasing of minerals and simultaneously recommended that its local members use the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The semiconductor industry has been involved in the

Targets and target fulfillment

HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Fingerprints' solutions reduce risks of fraud and enable secure authentications and payments. During the year, Fingerprints received an A rating in MSCI ESG Ratings, which means that we are above the sector average in ESG.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2021
Acceptance and compliance with the Code of Conduct 	The Code of Conduct confirmed in writing by all employees.	All employees have confirmed the Code of Conduct. The Code of Conduct is part of the on-boarding process for employees and consultants.
	In addition to the introductory training for new employees, Refresher courses are to be arranged for all employees every other year.	During the autumn of 2021, compulsory training initiatives were implemented, covering threats and security with a focus on operations and compliance, where parts of the Code of Conduct are integrated.

 Target achieved
  Target proceeding as planned/Target partly achieved
  Target not achieved

development of compliance tools in this area, such as the OECD's roadmap, and they have subsequently also been adopted by other major industrial sectors.

RISKS AND RISK MANAGEMENT

Suspicious purchases of conflict minerals in the supply chain can lead to a negative impact resulting from rumors and financial consequences for Fingerprints. Accordingly, Fingerprints evaluates its suppliers through the Responsible Minerals Initiative. Fingerprints works actively on implementing its Code of Conduct, which

encompasses anti-corruption. Regular refresher courses are an important part of this work, with the focus on the content of the Code. The company's anti-corruption policy is evaluated and updated whenever required.

FOCUS AREA 2

ENVIRONMENTAL PROTECTION AND EFFICIENT USE OF RESOURCES

The efficient use of resources and protecting the environment are an important feature of Fingerprints' sustainability framework for minimizing our climate impact. We are determined to steadily improve our performance and our reporting in this area.

Fingerprints has the score B- in the annual survey of CDP because of the coordinated measures it has implemented in climate matters. This rating positions Fingerprints in line with the performance average for its industry as well as for all the companies covered by the survey. CDP operates a global environmental reporting system and helps companies, cities, regions and states to measure their risks and opportunities connected to climate change, water supply and deforestation.

Since Fingerprints does not have any proprietary production capacity, it thus has no direct emissions (Scope 1) to report. Our climate-related sustainability targets and reporting in the sustainability reports and to CDP have historically focused on aspects of the operations that we can directly influence, such as consumption of energy in our offices (Scope 2) and business travel (Scope 3). During 2020, we started work on quantifying climate impact along our supply chain (Scope 3), in order to enable our stakeholders to better understand the company's total climate impact and our initiatives to reduce our impact. The implementation of a new calculation method was completed in 2021, and we are now, for the first time, reporting the company's CO₂ emissions in Scope 3 (see p. 32).

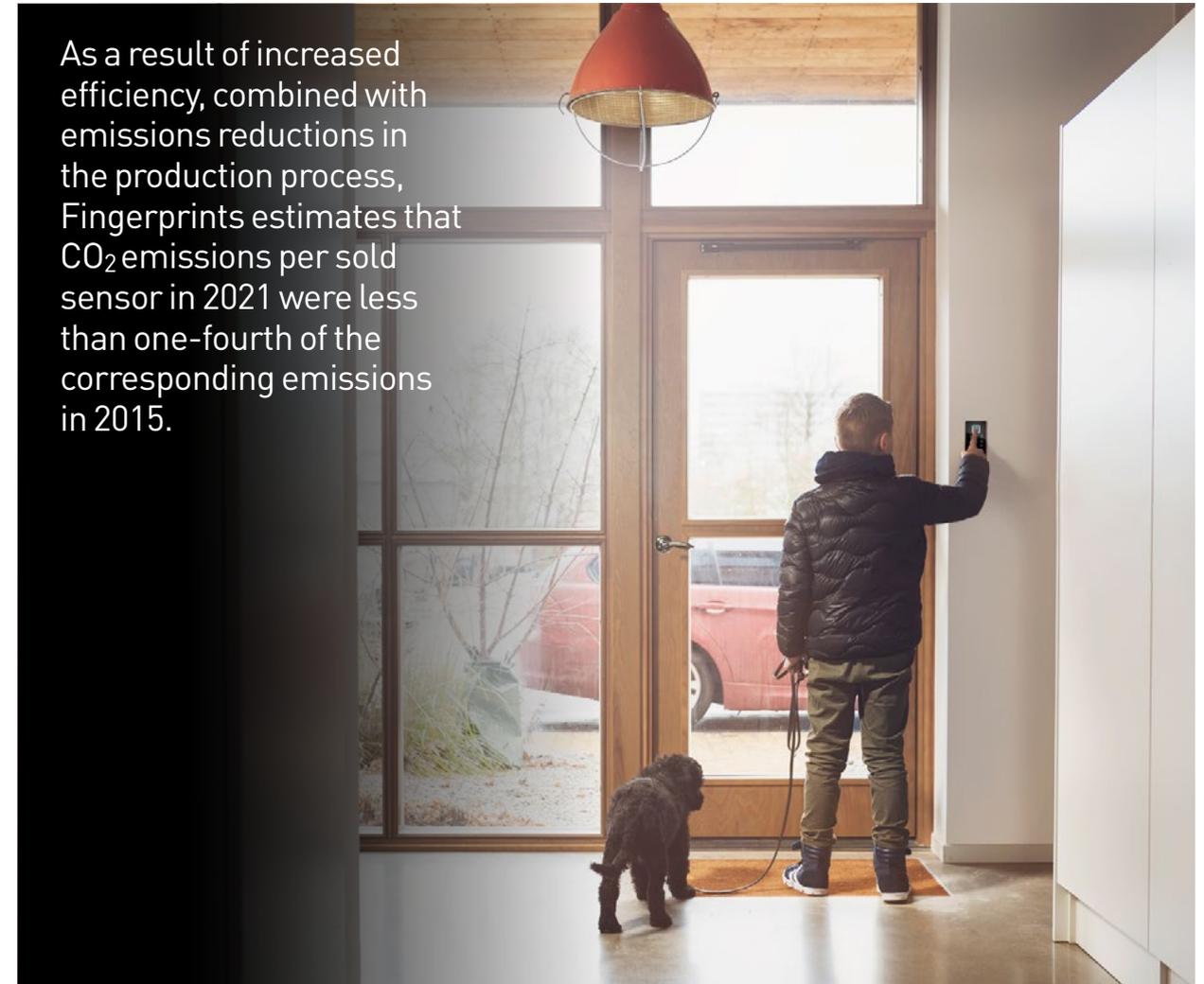
ENVIRONMENTAL IMPACT IN FINGERPRINTS' SUPPLY CHAIN

Fingerprints' most important suppliers, in terms of purchasing value, are producers of semiconductors. Although the semiconductor industry accounts for a relatively small part of the world's overall CO₂ emissions, it has been working determinedly for a long time to reduce climate impact. A key part of this work has been voluntary reductions in PFC gas emissions. As early as 1999, each regional member organization in WSC undertook to reduce their PFC gas emissions by 10 percent by the end of 2010. This goal was comfortably surpassed, with the reduction over this ten-year period amounting to 32 percent, according to WSC. In 2011, a new target was adopted for the coming ten-year period, through 2020, expressed in terms of NER, Normalized Emission Rate, of carbon equivalents per square centimeter of manufactured wafer. The target was set at 0.22 kilos CO₂e/cm², corresponding to a 30-percent reduction compared with the base year of 2010. The WSC also published guidelines (best practices) for new semiconductor plants (updated in 2017). According to WSC, a reduction of 22.9 percent was achieved in 2020, in relation to the base year 2010.

During 2021, WSC worked to establish a new ten-year emissions-reduction target, whereby emissions are to be estimated with the help of the latest methods for our sector from the UN Intergovernmental Panel on Climate Change (IPCC).

The size of the sensors developed and sold by Fingerprints has decreased over the years. The fact is that today we can fit four times as many sensors per silicon wafer than we could five years ago. As a result of this

As a result of increased efficiency, combined with emissions reductions in the production process, Fingerprints estimates that CO₂ emissions per sold sensor in 2021 were less than one-fourth of the corresponding emissions in 2015.



increased efficiency, combined with emissions reductions in the production process, we estimate that CO₂ emissions per sold sensor in 2021 were less than one-fourth of the corresponding figure in 2015.

RISKS AND RISK MANAGEMENT

A negative environmental impact from Fingerprints or our suppliers risk adversely affecting our brand reputation among customers and markets. We therefore work actively to achieve our environmental objective for CO₂ emissions with the focus on our indirect emissions (Scope 3) and the environmental performance of suppliers.

SCOPE 3

During 2020, we started implementing a measurement system for quantifying our indirect CO₂ emissions in all relevant Scope 3 categories along the supply chain. The implementation was completed in 2021. Fingerprints’ largest impact on the climate is in the supply chain, particularly connected to semiconductor manufacturing. Approximately 93 percent of Fingerprints’ carbon footprint is accounted for by the manufacturing of silicon wafers and the integration and packaging of various components into modules that are ready for assembly. Measurement of our indirect emissions is an important step toward better understanding of our total climate impact, and for being able to engage in a dialogue with suppliers and trade organizations about the potential to reduce emissions over time.

For 2021, a more precise methodology was used to calculate Fingerprints’ climate footprint compared with the past, which was then only based on the use of materials.

Targets and target fulfillment

HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)



All employees and suppliers of Fingerprints must sign the company’s Code of Conduct. Our quality and environmental management systems are certified according to ISO 9001 and ISO 14001



During the year, Fingerprints completed the implementation of the system for measuring Scope 3 emissions along our supply chain.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2021
Reduce carbon emissions 	Reduce Scope 2 CO ₂ emissions for all offices according to the market-based method with 2021 as base year (target updated). Previously, scope 2 was only reported for Scandinavian offices. 50 percent reduction achieved in 2025 through guarantees of origin.	530 tCO₂e
	Work continuously to reduce CO ₂ emissions from business travel (scope 3). Reduction by 20 percent compared to the base year 2019 (323.5 tCO ₂ e).	117 tCO₂e
	Continuous work to reduce CO ₂ emissions from freight transport by air (scope 3).	252 tCO₂e
	Implement system for reporting CO ₂ emissions at the supplier level (wafer and sensor production) and, in dialogue with suppliers, identify opportunities to reduce emissions over time. System for calculating CO ₂ emissions in all relevant scope 3 categories at the supplier level in place during 2021.	12 514 tCO₂e
Utilization of resources in production 	Continuous work to improve material utilization. At least 98 percent of sensors produced must be usable (utilization rate).	Average utilization of resources in production (%) 97.2%

Target achieved Target proceeding as planned/Target partly achieved Target not achieved

FOCUS AREA 3

SMARTER AND SAFER SOLUTIONS

Fingerprints aims to supply its customers with products that fulfill or exceed their expectations to ensure that the company is not outmaneuvered by our competitors. To succeed, we have to ensure that our solutions are modern, innovative and secure.

We are determined to deliver high-quality products and services that are safe, reliable and satisfy statutory requirements. We always have the experiences, comfort and integrity of the end users in mind when we develop biometric solutions, and we work to avoid potential negative environmental or health effects during the use of our products.

We annually arrange a comprehensive customer satisfaction survey, and continuously develop our methods for collecting data on the needs of customers and end users.

RISKS AND RISK MANAGEMENT

Fraud in the payment area risks having a negative impact on consumers. Fingerprints' biometric solutions can reduce the risk of payment fraud and we work continuously to develop new security solutions. Public confidence in biometric solutions also influences confidence in our operations. We are transparent in our communication about the secure usage of our solutions, about risks and about Fingerprints' risk-mitigating activities.

Biometrics is now also beginning to be adopted in payment cards, where security requirements are extremely high. In January 2022, we announced that our latest-generation T-Shape sensor module (T2) for payment

Targets and target fulfillment

HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Fingerprints' Aadhaar-certified products contribute to supporting people's right to an official identity.



Index-based surveys regarding customer satisfaction are conducted annually to better understand the end users' needs.



Since 2017, Fingerprints has been a member of Eurosmart, a sector organization for businesses active in smart security, such as digital identities, data security, cyber security, Internet of Things (IoT), payment solutions and border controls.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2021											
<p>Customer satisfaction</p> <div style="text-align: center; color: green; font-size: 24px;">●</div>	<p>Drive active improvement work in key corporate functions with the objective of increasing the CSI (Customer Satisfaction Index). CSI should be above the industry benchmark.</p>	<p>Customer Satisfaction Index</p> <table style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">2019</td> <td style="width: 33%;">2020</td> <td style="width: 33%;">2021</td> </tr> <tr> <td style="font-size: 24px; font-weight: bold;">4.38</td> <td style="font-size: 24px; font-weight: bold;">4.50</td> <td style="font-size: 24px; font-weight: bold;">4.24</td> </tr> <tr> <td>(Benchmark: 4.38)</td> <td>(Benchmark: 4.38)</td> <td>(Benchmark: 4.20)</td> </tr> </table>			2019	2020	2021	4.38	4.50	4.24	(Benchmark: 4.38)	(Benchmark: 4.38)	(Benchmark: 4.20)
2019	2020	2021											
4.38	4.50	4.24											
(Benchmark: 4.38)	(Benchmark: 4.38)	(Benchmark: 4.20)											

● Target achieved
 ● Target proceeding as planned/Target partly achieved
 ● Target not achieved

cards meets Mastercard's updated security requirements for fingerprint sensors. Our technology is already integrated in the world's first biometric payment card, delivered by Thales, which has been certified by both Mastercard and Visa.

FOCUS AREA 4

RESPECT AND REWARD OUR PEOPLE

As coworkers of Fingerprints, we are expected to respect each other, make sure that everyone is given the opportunity to perform optimally and ensure that everyone is acknowledged and rewarded for their efforts and performance. This is significant for our success in retaining and attracting talented employees.

All of our coworkers are to have the same opportunities based on competencies, experience and performance regardless of gender, religion, age, functional impairment, sexual preference, nationality, political opinion, social background or ethnic origin. We offer our coworkers a safe, secure and inclusive workplace, where health and safety are prioritized in all respects, at our offices and during our business trips. We shall ensure that we do not violate human rights and that we respect international labor rights. Coworkers are expected to show the same respect and protect the rights of the people who work for suppliers, customers and others with whom we do business or collaborate.

RISKS AND RISK MANAGEMENT

If we do not succeed in attracting, recruiting and retaining the right skills, we risk not delivering on our goals. To safeguard the supply of competencies, we work actively with our employer brand and recruitment process. We focus on leadership and commitment within the organization and we implement regular employee surveys to follow up the staff's work situation and health.

If we do not succeed in creating an inclusive work environment characterized by diversity, we risk losing innovative power, productivity, creativity and customer satisfaction. We also risk not being seen as an attractive employer

Targets and target fulfillment

HOW FINGERPRINTS CONTRIBUTES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Fingerprints is working to fulfill the objective that the proportion of female employees will amount to 35 percent by 2025.



Fingerprints wants to promote decent labor standards so that our employees have a high sense of wellbeing and are encouraged to show commitment. The results of our weekly pulse measurement are to outperform the benchmark in all ten categories.

TARGET AREA	LONG-TERM DESCRIPTION OF GOALS 2025	OUTCOME 2021						
<p>Advance position as an attractive employer</p>	<p>Overall temperature and the eNPS is to show a positive trend compared with 2019 and outperform the benchmark. Overall temperature 2019: 7.7. eNPS 2019: -10.</p>	<p>Overall temperature</p> <p>8.1</p> <p>(Benchmark: 7.5)</p>	<p>eNPS</p> <p>11</p> <p>(Benchmark: 14)</p>	<p>Response rate</p> <p>82%</p>				
<p>Promote equal opportunities</p>	<p>We are committed to having a diverse workforce with equal opportunities for all. Our target is to reach 35 percent women in our organization (employees) by 2025. We work actively with our recruitment processes and Employer Brand to attract, retain and develop a diverse workforce. Our Policy for Equality, Diversity and Inclusion is included in our onboarding for all new employees and is to be confirmed by all employees annually.</p>	<p>Share of women among Fingerprints' employees</p> <table border="0"> <tr> <td>2020</td> <td>2021</td> </tr> <tr> <td>29%</td> <td>31%</td> </tr> </table>			2020	2021	29%	31%
2020	2021							
29%	31%							
<p>Health and safety</p>	<p>No serious work-related accidents.</p>	<p>No serious accidents occurred.</p>						
	<p>Not more than 1 percent of employees affected by work-related long-term sickness absence.</p>	<p>Less than 1 percent of coworkers affected by work-related long-term sickness absence.</p>						

Target achieved Target proceeding as planned/Target partly achieved Target not achieved

for current and future employees. We work to attract employees with different experiences and backgrounds, which gives us greater competitiveness, increased knowledge and a broader perspective. Working for an inclusive and sustainable work environment is a feature of the company's strategy.

THERE IS NO ONE LIKE YOU

The people who work at Fingerprints are from different parts of the world and have varying backgrounds and competencies. With a passion for innovative technical solutions, we create products for secure and smooth identification and authentication.

THE NEW NORMAL

Just like in 2020, 2021 was also characterized by remote working for many of our coworkers. At the same time, we were able to keep our offices open throughout the year for those who had a need to be in the office to perform their work. Fingerprints was already well equipped for reliable digital communication and, during the pandemic, our IT Department continued to secure access to user-friendly tools for efficient remote working. The past two years have shown that digital meetings and cooperation at a distance work well in most situations, but the physical meeting is hard to beat in terms of supporting innovation and ensuring a dynamic corporate culture. Accordingly, during the autumn, we initiated a gradual return to the office as the primary workplace for our coworkers. At the same time, our model encompasses a great deal of flexibility. During the year, we continued to focus on promoting communication and interaction, not least by increasing

We increased the frequency of our digital staff meetings in 2021.



the frequency of our digital staff meetings. Efficient cooperation between different teams is an important success factor and, accordingly, this area was assigned a separate category in 2021 in our regular so-called pulse surveys of coworkers. These surveys are implemented every week in the form of short questionnaires with the aim of continuously measuring employee commitment.

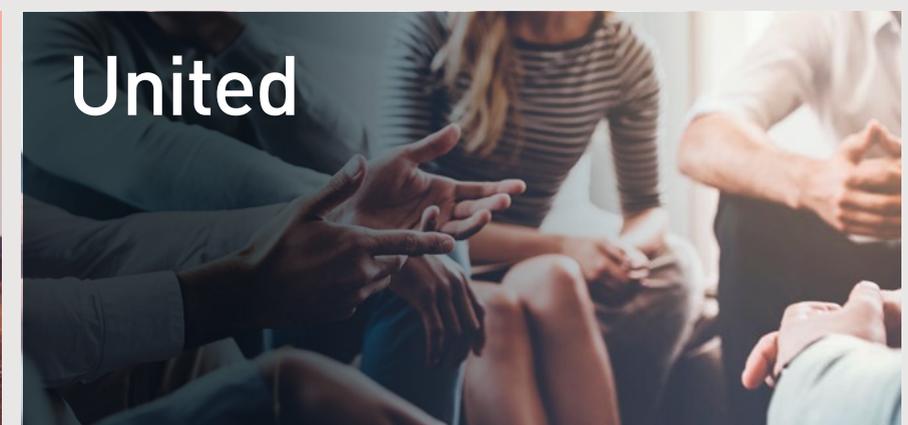
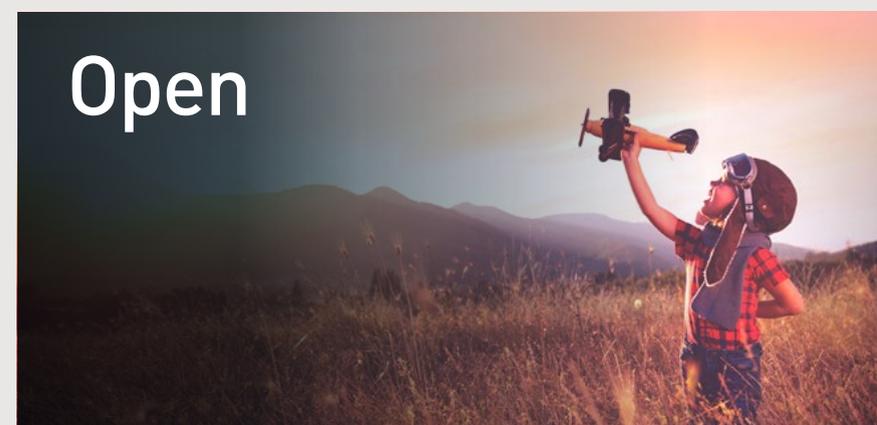
OUR CORE VALUES

Fingerprints' core values – Smart, Brave, Open, United – define who we are as a company. We are convinced that these values are critical for continued success, and they therefore, formed the foundation for a global management program implemented in 2021. Within the framework of this program, a number of global leadership forums are arranged to support our managers in their leadership and management. We also implemented a number of manager training programs to help develop the next generation of leaders. During the year, a number of colleagues were also acknowledged within the framework of the Fingerprints Value Awards initiative, whose purpose was to celebrate our core values, provide inspiration, and motivate by highlighting coworkers who especially give expression to our core values in their daily work.

AN ORGANIZATION IN CHANGE

To prepare the company for the next growth phase, a number of organizational changes were implemented in 2021 to streamline the structure and achieve a higher degree of decentralization. Since January 1, 2022, our Payments & Access operations are conducted by the subsidiary Fingerprint Cards Switzerland AG, based in Zug,

Our core values



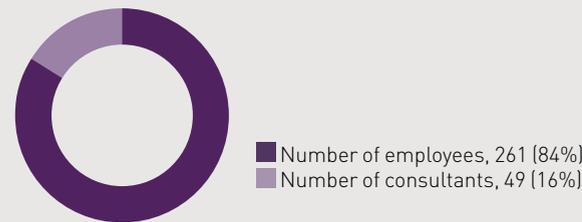
Switzerland. Our Mobile operations are being managed by the subsidiary Fingerprint Technology Company (FPC) in Shanghai, China. During the year, we worked to adapt the organization in a decentralized direction. Responsibility for research and development, customer support, product management and sales for the various operations rests with the two new separate companies, while central Group staff functions continue to comprise finance, HR, IT, indirect procurement, risk management and strategy. Key goals of the organizational changes have been to increase flexibility, agility and cost effectiveness, and to have a clearer focus on the two separate business areas. During the year, we continued to strengthen our organization in Asia in order to drive customer-centric innovation.

A SUSTAINABLE ORGANIZATION

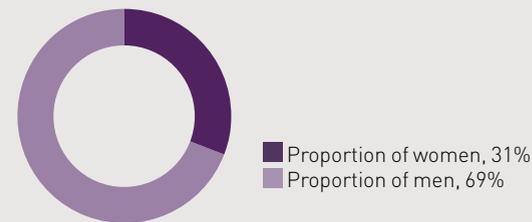
At Fingerprints, we attach considerable importance to monitoring the wellbeing of our coworkers and we work actively to create the best possible conditions for wellbeing and involvement. In addition to regular coworker dialogues between the immediate manager and coworker, we arrange weekly pulse meetings involving the entire workforce, with the focus on commitment. The coworkers are asked to give feedback on how they regard the current status in the categories of Leadership, Job Satisfaction, Meaningfulness, Autonomy, Work Situation, Participation, Personal Development, Team Spirit, Loyalty and Cooperation. The data that is collected is analyzed every week, enabling the company to identify trends and act quickly. Pulse measurements are managed via an app and the results are visible to all coworkers. The tool includes a feature for giving each other positive feedback,

Fingerprints' organization

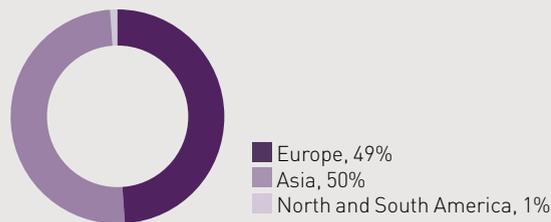
Employees, including consultants



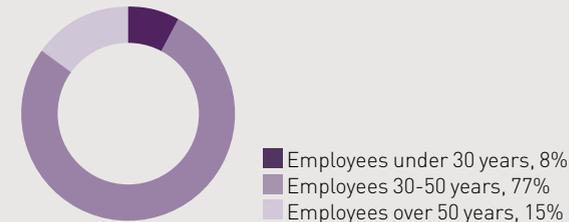
Employees, broken down by women and men



Employees, geographical breakdown



Employees, age breakdown



310
COWORKERS

41
AVERAGE AGE

180 / 81
MEN / WOMEN
(EMPLOYEES)

The Executive Management Group consists of seven men, of whom three are aged 30–50 years and the others are over 50 years.

which is part of efforts to continue to build an open and engaging culture. The results and active measures are discussed and presented in the various teams. At company level, we have made it a good habit to regularly review results and take the temperature at our global coworker meetings. Management also takes the temperature using the company-wide balanced scorecard.

The illustration on the right shows the average temperature for each category, together with a benchmark index for other technology companies. Viewed as a whole, Fingerprints' temperature outperformed the benchmark in all categories in 2021 and was better than the preceding year.

We are continuing to work to increase the proportion of women in the organization, both among our coworkers and at the managerial level. During the year, a network for women was launched with the aim of helping to create contacts and encourage learning and the sharing of experiences. We support an environment and a culture in which our employees learn from each other and contact their colleagues for advice, support and to share knowledge. With our core values as the point of departure, we encourage our coworkers to learn at work by daring to test new things, accepting new challenges, reserving time for reflection and sharing their experiences of successes and setbacks.

We routinely monitor the coworkers' perceived workload and stress. The issue of stress was highlighted during a global coworker meeting in 2021, and we also use our intranet to increase openness and stimulate discussions about how to prevent stress and burnout.

Outcome of Fingerprints' pulse measurements, 2021



The response rate for the temperature measurement for 2021 was 82 percent. The overall temperature was 8.1, an increase from the preceding year's temperature of 8.0. The industry averages for corresponding periods were 7.5 and 7.4, respectively. During 2021, the pulse measurement was expanded through the addition of the category Cooperation.

OVERALL TEMPERATURE

8.1
(7.5)

RESPONSE RATE

82%

THE TAXONOMY REGULATION

Non-financial companies of public interest and with more than 500 employees are expected to fully comply with the taxonomy regulation for reporting for 2022. To date, the technical screening criteria are only defined for the environmental objectives of Climate change mitigation and Climate change adaptation.

For non-financial companies, the regulation introduces requirements for partial disclosures already for the 2021 fiscal year. The companies whose operations are listed in the regulation must report on the extent to which their financial activities are environmentally sustainable on the basis of the key ratios of turnover, capital expenditure (Capex) and operating expenses (Opex).

Fingerprints is considered as a company of public interest and our financial activities are listed in the taxonomy.

Since we do not fulfill the criterion of having more than 500 employees, the company is not subject to NFRD1 (and the forthcoming CSRD2) and is therefore not required to report according to Article 8 of the taxonomy regulation. Accordingly, we do not need to report partial disclosures according to the regulation.

Although Fingerprints is formally not encompassed by the aforementioned directive and the taxonomy regulation, we will continuously keep ourselves informed of the development of the directives and regulations that arise.

Board of Directors

Gothenburg, on the date stated in the electronic signatures.

Auditor's opinion regarding the Statutory Sustainability Report

To the general meeting of shareholders of Fingerprint Cards AB (publ), Corp. Reg. No. 556154-2381

Engagement and responsibility

It is the Board of Directors that is responsible for the sustainability report for the year 2021 on pages 26-39 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report 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 opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, on the date stated in our electronic signature
BDO Mälardalen AB

Johan Pharmanson
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant

OUR STAKEHOLDERS IN FOCUS

Global trends

Digitization

Authentication

Sustainable solutions

Increased focus on security

Our resources

Human capital

- 310 coworkers
- 121 coworkers in R&D

Intellectual capital

- More than 460 registered patents

Financial capital

- Cash and cash equivalents: MSEK 374
- Development costs: MSEK 138
- Selling costs: MSEK 160

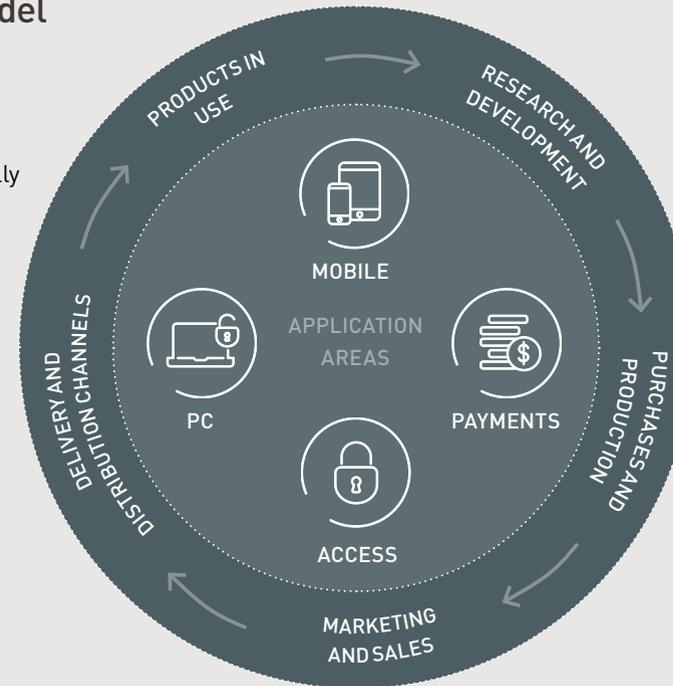
Relationship capital

- Customers throughout the world
- Users globally
- Suppliers and business partners
- Industry associations
- NGOs
- Shareholders/investors

Our operational model

Business concept

Develop and sell biometric solutions to companies globally that develop products and services interfacing with people.



Our value creation

Coworkers

- Jobs
- Safe and secure workplaces
- Development challenges
- Skills development

Users and society

- Elevated security for people and property, and prevention of fraud and ID theft.
- Taxes paid

Capital market

- Value growth
- Interest payments

Performance, financial value

MSEK **1,356**
CUSTOMERS, SALES

MSEK **959**
SUPPLIERS, OPERATING EXPENSES

MSEK **282**
EMPLOYEES, PERSONNEL COSTS

MSEK **+1**
INCOME TAX

MSEK **225**
SHAREHOLDER, DIVIDEND AND BUYBACKS

RISKS AND RISK MANAGEMENT

Like all business activities, Fingerprints' operations are associated with risk. By risks, Fingerprints refers to incorrect management and events or decisions beyond the company's control that could result in disruptions to operations, damage or losses with a material impact on

the company. Fingerprints' risk management is critical to the company's success. To anticipate risks and minimize their effects, Fingerprints has processes in place to continuously identify and manage risks that can affect its operations. This includes probability and consequence

assessments of operational risks, market risks, financial risks and legal risks. Sustainability risks are reported and commented on in the sustainability section.

NAME OF RISK	HOW FINGERPRINTS IS IMPACTED	RISK CONTROL AND RISK MANAGEMENT
OPERATIONAL RISKS		
Delivery capacity of contracted suppliers	Financial damage as a result of delivery disruption.	Maintaining a diversified supplier base of hardware and input materials.
Reduced technological leadership	Loss of competence.	Continuous product development and understanding of customer demands, increased R&D collaboration with customers.
Leaks and infringements regarding business secrets	Financial consequences and loss of reputation in connection with leaks of development information.	Implement IT Policy through training and integration in management system. Develop procedures for platforms, systems and cloud when managing high risk data.
Internal scalability	Growing pains when the company's infrastructure and work methods are not involved to the same extent as the financial development.	Investments made in Management system, processes development is ongoing. Investment in HR system, implementation is ongoing.
MARKET RISKS		
Geopolitical instability	Loss of business opportunities for local/regional political reasons.	Differentiate Fingerprints biometric solutions vis-à-vis low cost products with low biometric integrity.
Supplier costs	Reduced margins due to increase in supplier costs.	Ensure market-aligned pricing by using several suppliers. Continuous reviews of suppliers' pricing and market analysis.
Economic fluctuations	Reduced demand that impacts the company's profits, inventories and the valuation of intangible assets.	Reduce cyclicalities through diversifying to new markets and continuously analyze the whole value chain to foresee demand fluctuations. Broaden the product portfolio and customer base.
Currency risk	Negative financial impacts from currency fluctuations.	Fingerprints has elected not to hedge its net exposure in USD, since hedging may itself be viewed as currency speculation.
Loss of customers and price pressure due to increased competition	Sales revenues and market shares decline due to price pressure and customer requirements for a number of suppliers.	Aim to be a full solution provider. Increased focus on customer satisfaction, service, quality and quick response time. Maintain direct customer contacts. Cultivate new customers in new markets. Develop strategic partnerships.
FINANCE RISKS		
Credit risk	The counterparty does not fulfil his/her payment obligations.	Compliance with credit policy and established process for credit assessment and setting limits. Use of credit insurance.
Financing	Financing of capital requirements is made more difficult or more expensive.	Communicate proactively with the capital market and create conditions for implementing the necessary capital acquisition measures if required.
LEGAL RISKS		
Competitor IP	Patents held by others impede the applications of Fingerprints' technology.	Patent strategy and active patent monitoring. Close cooperation between patent manager and development department.
Value of Patent IP	Loss of revenue and earnings due to patent infringements.	Maintain well-protected patents and work actively to leverage proprietary IP.
Products defects and product liability	Financial consequences and impact on customer satisfaction.	Ensure the right product design and that all of Fingerprints' hardware products are tested prior to delivery. Work actively on resolving faults and product returns within the quality organization. Fingerprints has product liability insurance.

THE SHARE

Fingerprints' class B shares have been listed on Nasdaq Stockholm since 2000. Initially, Fingerprints was listed on the Stockholm "Nya Marknaden" list in 1998.

The share's ISIN code is SE0008374250 (Industrial Goods & Services sector). The company is traded under the ticker FING B. Fingerprint Cards is a CSD company, which means the company's share register is maintained by Euroclear Sweden AB.

As of 31 December 2021, the share capital of Fingerprint Cards AB amounted to SEK 12,975,667, divided between 6,000,000 class A shares and 292,000,000 class B shares, each with a quotient value of SEK 0.04. Class A shares carry ten votes and class B shares carry one vote, the total number of votes amounts to 352,000,000.

All shares carry equal participation in capital, but different voting rights, and are freely transferable. The class A shares corresponds to 17 percent of the votes and 2 percent of the capital of Fingerprints.

At year-end, the ten largest shareholders had total holdings corresponding to 38.4 percent of the votes. Foreign institutional shareholders had holdings corresponding to 18 percent of the share capital.

SHARE PRICE TREND

During 2021, the closing price of the class B share increased by 19 percent to SEK 20.68 kronor (17.41). During the same period, the OMXSPI index increased by 35 percent. In 2021, Fingerprints' class B share set a high of SEK 39.36 and a low of SEK 16.74. At year-end 2021, Fingerprints' market capitalization was approximately SEK 6,163 M (5,466).

FINGERPRINTS' SHARE TURNOVER

In 2021, 1,526 (1,544) million class B shares were traded. An average of 6.0 (6.1) million class B shares were traded per day.

SHAREHOLDERS

At the end of 2021, there were 51,416 (55,950) shareholders, which is a 8.1 percent decrease compared to the same time of the previous year. Institutional shareholders held 23.5 (18.8) percent of the share capital, Swedish individuals 44.7 (46.9) percent, other shareholders 21.1 (22.2) percent and anonymous shareholders held 9.4 (8.1) percent.

OPTIONS PROGRAMS

Fingerprints had no outstanding options programs at the end of the year.

DIVIDEND POLICY

The Board of Directors' top priority is to ensure that Fingerprints maintains a financial position that is strong enough to support both organic growth and selective acquisitions. Fingerprints also wishes to maintain a strong balance sheet.

Transfers of capital to shareholders should be adapted to Fingerprints' earnings trend and cash flow, while at the same time considering the company's growth potential and financial position.

DIVIDEND

The Board of Directors' proposes that no dividend be paid for the financial year 2021.

Share classes at 31 December 2021	Votes	No of shares	No of votes	Participation interest, %	Voting share, %
Class A	10	6,000,000	60,000,000	2.0	17.0
Class B	1	292,000,000	292,000,000	98.0	83.0
Total		298,000,000	352,000,000	100.0	100.0

Shareholder type	No of shares	Capital, %	Votes, %
Swedish private individuals	133,331,133	44.7	37.9
Swedish institutional owners	16,342,220	5.5	4.6
Foreign institutional owners	53,852,859	18.0	15.3
Other	62,822,602	21.1	33.2
Own holdings	3,800,000	1.3	1.1
Anonymous ownership	27,851,186	9.4	8.0
Total	298,000,000	100.0	100.0

SHARE REPURCHASES

During 2021, shares at a total value of SEK 225.4 M were repurchased at an average price of SEK 30.70 per share. Repurchased shares are held in own custody and they have no value as assets or as equity. The share capital is unchanged at SEK 12,975,667

INFORMATION DISCLOSURE

On November 22, 2021, Fingerprints announced that Group revenues for the full year 2022 are expected to be in the range of SEK 1,600-2,000 million, based on

the exchange rate SEK/USD 8.70, and that the EBITDA margin is expected to be in the range of 14-18 percent for the fourth quarter of 2022.

FINANCIAL ANALYSTS

In 2021, Fingerprints was covered by the following analysts:

- UBS, François-Xavier Bouvignies

10 largest shareholders at 31 December 2021	Class A shares	Class B shares	Capital, %	Votes, %
Johan Carlström, incl companies	6,000,000	15,000,000	7.0	21.5
Legal & General		18,323,182	6.1	5.3
ETF Managers Group LLC		11,420,431	3.8	3.3
Avanza Pension		8,942,797	3.0	2.6
BlackRock		7,011,133	2.4	2.0
Svenska Handelsbanken AB for PB		3,525,500	1.2	1.0
Handelsbanken Fonder		2,598,594	0.9	0.7
Swedbank Robur Fonder		2,348,631	0.8	0.7
Swedbank Försäkring		2,291,463	0.8	0.7
Erik Svenonius		2,208,000	0.7	0.6
Other		218,330,269	73.3	61.6
Total	6,000,000	292,000,000	100.0	100.0
of which Fingerprints holdings of own shares		3,800,000	1.3	1.1

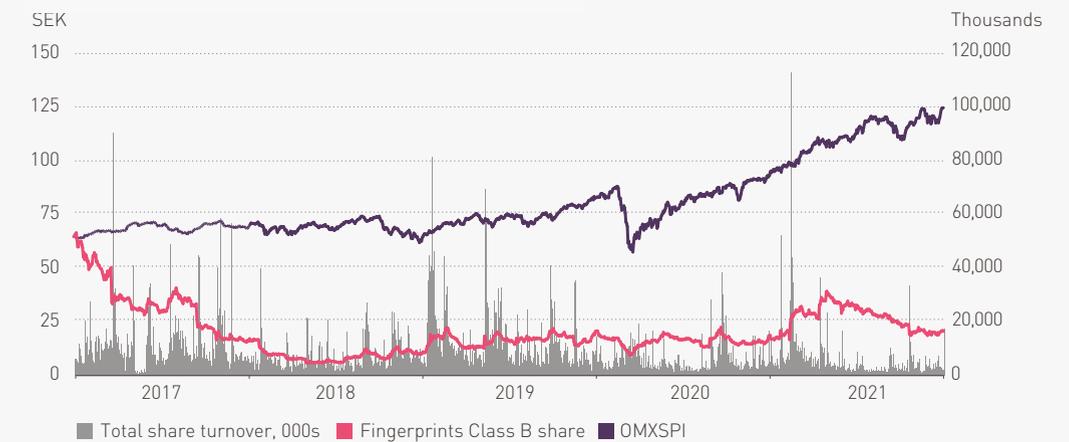
Allocation of holdings	No of shares	Capital, %	Votes, %	No of known shareholders	Proportion known shareholders, %
1-1,000	9,104,807	3.1	2.6	39,414	76.7
1,001-5,000	18,817,804	6.3	5.3	7,710	15.0
5,001-10,000	12,975,656	4.4	3.7	1,728	3.4
10,001-20,000	16,002,805	5.4	4.5	1,097	2.1
20,001-	213,247,742	71.5	75.9	1,467	2.9
Anonymous ownership	27,851,186	9.4	8.0		
Total	298,000,000	100.0	100.0	51,416	100.0

Source: Modular Finance

SHARE PRICE DEVELOPMENT 2021



SHARE PRICE DEVELOPMENT 2017-2021



MESSAGE FROM THE CHAIRMAN

A YEAR CHARACTERIZED BY A CLEAR GROWTH AGENDA

Dear shareholder,

Biometrics holds significant potential to add value for society and consumers in the form of increased security and more user-friendly products. And it is this that forms the foundation for Fingerprints' vision: A secure and seamless universe, where you are the key to everything. The value of our technology has already been clearly demonstrated in the mobile industry, where more than 90 percent of all Android smartphones are equipped with a fingerprint sensor. More than 80 percent of those who have access to biometric features in their smartphone use them on a daily basis. We see the same trend in other areas where biometrics is being embraced. In a study conducted by Thales, 71 percent of respondents considered that biometric payment cards offer a more convenient payment experience. This was even before they were given an opportunity to test the cards. After a period of use, customer satisfaction rose to a full 88 percent.

I believe that it is due to this broad consumer acceptance, combined with a sharply increased focus on security in 2021, that we are now seeing an accelerating positive trend in favor of biometric solutions in a number of areas. This trend is reflected in Fingerprints' sales, which increased by 16 percent in 2021 in constant currency terms. As a result of the company's focused investments

in technological and product development during recent years, we are well positioned to meet growing demand in a number of different segments.

Fingerprints has a distinct growth agenda, which permeated the Board of Directors' work in 2021. In July, the Board decided to initiate a strategic review aimed at evaluating and creating the best route to crystalize value for shareholders. This work resulted in the conclusion that the company and its stakeholders would benefit from a clearer organizational and legal separation of its business lines. If one looks at the industry prerequisites in Fingerprints' different areas, one can note considerable differences in terms of structure, regulatory environment, geography, customers and partners. This led to the decision to separate the company's business operations into two wholly owned subsidiaries in order to further increase the opportunities of driving profitable growth in the company's various focus areas. Since January 1, 2022, the company's Payments & Access business is therefore being run by the subsidiary Fingerprint Cards Switzerland AG, based in Zug, Switzerland, and our Mobile and PC operations are being managed by the subsidiary Fingerprint Technology Company (FPC) in Shanghai, China. This change also facilitates an even sharper focus on our two individual business lines, and

also gives us better possibilities to explore distinct and separate financing options and avenues of development for the different subsidiaries in our Group.

This year, Fingerprint Cards celebrates its 25th anniversary. I am proud of the company, its management and coworkers, who continue to pursue world-class innovation every day. Safety, security and user-friendliness are becoming increasingly important in a variety of areas, and I am looking forward to a year when the focus on biometrics will become even greater than before.

Johan Carlström

Chairman of the Board



CORPORATE GOVERNANCE REPORT

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

The corporate governance of Fingerprints is based on legislation and other regulations: the Swedish Companies Act, the Articles of Association, Nasdaq Stockholm’s Rulebook for Issuers, the Swedish Code of Corporate Governance, (the “Code”), other applicable laws and ordinances, and internal regulations.

Fingerprints strives to create long-term value for shareholders and other stakeholders. This involves ensuring an effective organizational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code. Its primary purpose is to describe corporate governance within Fingerprints. For this purpose, the Report will only be used to a lesser extent to report information that ensues from applicable regulation.

Fingerprint Cards’ auditors have read this report and a statement from the auditor has been appended to it.

SEGREGATION OF DUTIES

The shareholders exercise their influence at the General Meeting, which is the company’s chief decision-making body. Responsibility for the company’s organization and administration of the company’s affairs rests with the Board of Directors and the CEO in accordance with

applicable laws and regulations, and the Board of Directors’ internal control instruments.

SHAREHOLDERS

Fingerprints is a securities depository-registered company, and the company’s share register is maintained by Euroclear Sweden AB.

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

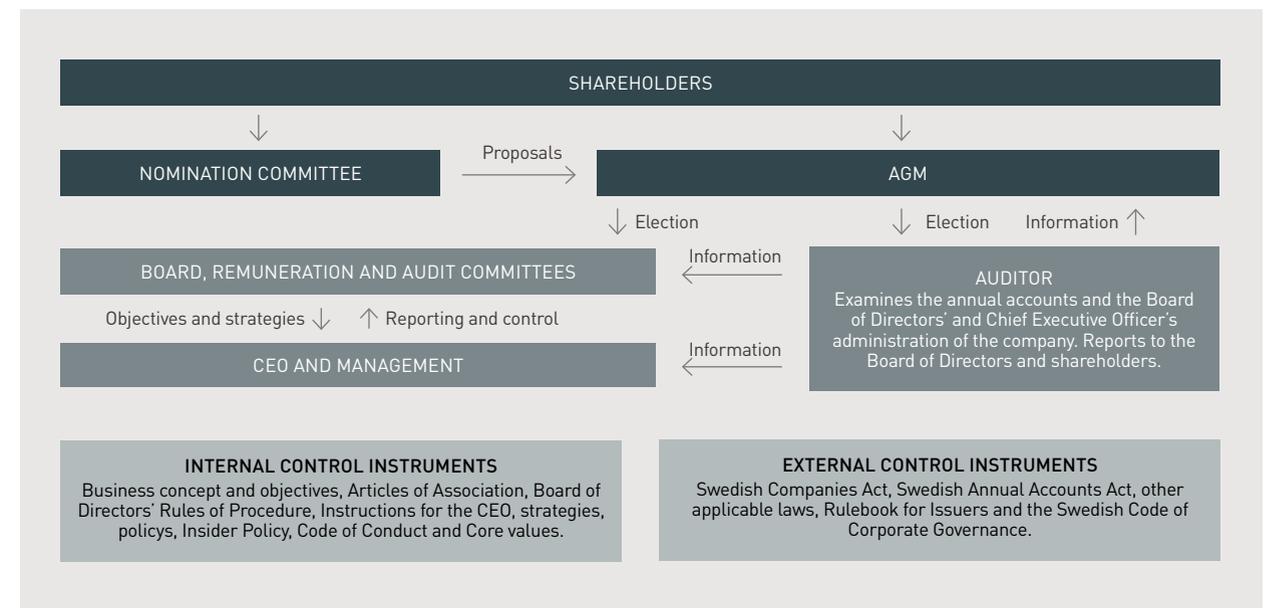
SHAREHOLDERS

The Annual General Meeting (AGM) approves the Income Statement and Balance Sheet for the previous

financial year for the Parent Company and the Group. The AGM also resolves on dividend and discharging the Directors and CEO from liability, elects the Board of Directors and the Chairman of the Board, and approves their fees, elects the auditor, and resolves on audit fees, and also deals with other statutory matters.

Resolutions are taken on the Nomination Committee and guidelines for remunerating senior executives, and other proposals from the Board of Directors and shareholders.

Notice of shareholders’ meetings shall be made through an announcement in the Swedish Official



Gazette and on the company's website. Notification that the invitation has been issued is announced in the daily newspaper Svenska Dagbladet. Notice of AGMs are issued at the earliest six and the latest four weeks prior to the AGM. Meeting invitations are to contain information on the procedure for the notification of attendance and the closing date for notification, entitlement to participate in and vote, a numbered agenda with business for consideration, information on appropriation of profits and an outline of other proposals.

Notice of an Extraordinary General Meeting (EGM), where an amendment to the Articles of Association is to be considered, are to be issued at the earliest six, and at the latest four, weeks prior to the EGM. Notifications of other EGMs are to be issued at the earliest six, and the latest three, weeks prior to the Meeting.

All shareholders recorded in the share register on the record date, and who have notified attendance on time, are entitled to participate in shareholders' meetings, and vote in accordance with the shares registered. Shareholders can attend via a proxy that has been issued with power of attorney. However, the shares must still be registered with information regarding the proxy, and presentation of the power of attorney. In order to exercise voting rights at shareholders' meetings, shareholders with nominee-registered holdings must temporarily re-register their shares in their own name, pursuant to the stipulations of the invitation to the Meeting.

Shareholders who wish to have a matter considered at the AGM shall provide a written proposal to

investrel@fingerprints.com or to Bolagssekreteraren, Fingerprint Cards AB, Box 2412, SE-403 16 Gothenburg, no later than seven weeks before the AGM, to guarantee that the matter can be included in the invitation to the AGM.

Most resolutions at shareholders' meeting are passed by a simple majority. In certain cases, the Swedish Companies Act stipulates resolutions require a qualified majority, for example resolutions on amending the Articles of Association, which require shareholders with at least two-thirds of both the votes cast and the votes represented at the Meeting to support the resolution. Resolutions regarding incentive programs require an even greater majority, with in certain cases, qualified majorities of up to 90 percent of the shares and votes represented at the Meeting.

AGM 2021

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

THE AGM PASSED RESOLUTIONS ON:

- Adopting the accounts for 2020 fiscal year.
- Approving the appropriation of profits with the earnings carried forward.
- Discharging the Board of Directors and CEO from liability for 2020 fiscal year.
- Approval of the remuneration report.

- That the number of Directors shall be seven, with no deputies.
- Election of Directors, Chairman of the Board and auditor.
- Approval of Directors' fees and fees to auditors.
- Nomination Committee instructions.
- Amendment of the articles of association.
- Authorization of the Board of Directors to repurchase and transfer treasury shares.
- Reduction of the share capital by way of cancellation of repurchased shares, and increase of the share capital by way of a bonus issue.

Additionally, the AGM resolved to authorize the Board of Directors to, up until the next AGM, on one or more occasions, with or without deviation from the shareholders' preferential rights, on new issues of Class B shares, warrants and/or convertibles entitling to subscription of Class B shares, corresponding to no more than twenty (20) per cent of the total number of outstanding shares in the Company as of the day of the notice of the AGM 2021.

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

ANNUAL GENERAL MEETING 2022

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

NOMINATION COMMITTEE

The AGM 2021 resolved that the Company is to have a Nomination Committee comprising four (4) members.

During the year, the Chairman of the Board is to convene a meeting of the three (3) largest shareholders of the Company in terms of voting power and ask them to each appoint one representative who, in addition to the Chairman of the Board, will constitute members of the Nomination Committee. Should one of the three largest shareholders choose to waive their right to appoint a representative of the Nomination Committee, the shareholder who is next in line in terms of size is to be given an opportunity to appoint a member of the Nomination Committee. The Nomination Committee may also decide, if this is regarded as appropriate, to appoint an additional representative of a group of major shareholders as a co-opted member of the Nomination Committee.

The Chairman of the Board is to convene the first meeting of the Nomination Committee. The member representing the largest shareholder in terms of voting power is to be appointed Chairman of the Nomination Committee, unless the members agree otherwise. The term of office of those appointed to the Nomination Committee extends until such time as a new Nomination Committee is appointed. The composition of the Nomination Committee is to be disclosed no later than six months before the AGM.

The Nomination Committee is to be constituted based on the largest shareholders in terms of voting power registered for the holder or known in some other manner as per the last banking day in August. If one or several

of the shareholders who have appointed members of the Nomination Committee no longer belong to the three largest shareholders, their representative/s is/are to step down, whereupon the/those shareholder/s who has/have been added to three largest shareholders will be entitled to appoint a new representative. However, marginal changes that have occurred in the number of voting rights need not be taken into account, assuming that no special circumstances prevail.

If a member steps down from the Nomination Committee before its work has been completed, the Nomination Committee is to urge the shareholder who appointed such a member to appoint a new representative to the Nomination Committee without undue delay. Should this shareholder refrain from appointing a new representative, the right to appoint a new member of the Nomination Committee will accrue to the next largest shareholder in terms of voting power who is not represented on the Nomination Committee. Any changes to the composition of the Nomination Committee must be disclosed as soon as they occur.

The Nomination Committee is to draft proposals on the following issues for resolution by the 2022 AGM:

- proposal concerning Chairman of the Meeting
- proposal concerning members of the Board
- proposal concerning Chairman of the Board
- proposal concerning auditor
- proposal concerning remuneration of Board members
- proposal concerning remuneration of the auditor
- proposal concerning guidelines for appointing the Nomination Committee

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

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

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

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

WORK OF THE NOMINATION COMMITTEE FOR THE AGM 2022

For the AGM 2022, the Nomination Committee held three meetings, and maintained regular intervening contact on various Nomination Committee matters. A Board evaluation was conducted through the Directors responding to a number of questions. The responses were compiled and presented by the Chairman of the Board, and discussed within the Board of Directors. In addition, Board Directors were interviewed by one of the members of the nomination committee, and results were reported back to the other members of the nomination committee.

Subsequently, in order to make an accurate assessment on matters regarding the composition of the Board of Directors, the Nomination Committee read and reviewed the Board evaluation and the work of the Board of Directors, as well as the Chairman of the Board's report on the company's operations, objectives and strategies, jointly with the Chairman of the Board.

The Nomination Committee is also of the opinion that it is important that the Board members can devote the time and care required to fulfill their duties as Board members in the Company and the Nomination Committee has therefore assessed the scope of the Board members' assignments outside the Company and the time required.

The Nomination Committee applies point 4.1 of the Code as its Diversity Policy, and continuously strives to satisfy the Code's standards for diversity, breadth and gender balance on the Board of Directors. In this respect, the Nomination Committee has struck a balance between achieving a more even gender distribution and changing a well-functioning board (see further below) and has come to the conclusion that this time no change will be made. However, the Nomination Committee believes that the work with a more even gender distribution needs to continue.

The Nomination Committee also had several contacts with the Audit Committee regarding the Audit Committee's recommendations on the election of an auditor.

In order to assess the requirements that will be placed on the Board with regard to the Company's operations, development stage and other conditions, the Nomination Committee has discussed the size and composition of the Board. Due to the well-functioning Board, combined with

the requirements on the Board's work in the future, the Nomination Committee considers that the Board should continue to consist of 7 members.

The Nomination Committee has analyzed the competence and experience of the Directors, and their gender division, and compared them with identified needs. The Nomination Committee's opinion is that the Directors possess the breadth and experience that the Company needs given the strategic challenges the Company faces.

In this context, the Nomination Committee considers that the proposed Board has extensive experience from e.g. business operations, technology, the financial markets, telecom and IT, the semiconductor industry, as well as from business law and M&A.

BOARD OF DIRECTORS AND CEO

Pursuant to the Articles of Association, Fingerprints' Board of Directors is to consist of four to ten Directors with a maximum of five deputies elected by the AGM for the period until the end of the following AGM. The Board of Directors and the Chairman of the Board are appointed at each AGM for the period until the following AGM, and accordingly, their term of office is one year.

Apart from the AGM, changes to the Board of Directors can be executed through an EGM resolution or by a Director choosing to resign his or her appointment in advance.

The AGM 2021 resolved to re-elect Sofia Bertling, Johan Carlström, Ted Elvhage, Alexander Kotsinas, Tomas Mikaelsson, Dimitrij Titov and Juan Vallejo as Directors. Johan Carlström was elected as Chairman of the Board.

BOARD OF DIRECTORS' WORK

Recurring matters at Board meetings include Group Management reporting of business conditions, operations, organization, results, financial position and liquidity.

Q1

Year-end report 2020.
One meeting focusing on strategy and achievements.

Q2

Interim report first quarter.
Annual General Meeting and following constituent meeting.

Q3

Interim report second quarter.
Strategy day.

Q4

Interim report third quarter.
Adoption of budget.

In the Nomination Committee's opinion, seven Directors of the Board are independent of the Company and management. Six Directors are independent of major shareholders. Accordingly, the Board of Directors satisfies the independence requirements stipulated by the Code.

The Board of Directors is responsible for Fingerprints' organization and administration, in the interests of both the company and its shareholders. The Board must regularly evaluate Fingerprints' financial situation and ensure that Fingerprints is organized so that its accounting, management of funds and the company's other accounting circumstances are controlled satisfactorily. The Board appoints the CEO and decides on issues regarding strategic direction of operations and the company's overall organization.

Each year, the Board adopts written Rules of Procedure that formalize the work of the Board and its internal segregation of duties, decision-making within the Board, the Board's meeting schedule and the duties of the Chairman. In addition, the Board has issued documents including written instructions regarding the segregation of duties between the Board and the CEO.

The Board also approves policies and instructions for operating activities. Operating activities are managed by the CEO. The CEO regularly provides the Board with information on events that are significant to the company's progress, results, financial position, liquidity or other information of such significance that the Board should be informed of. The Directors are presented on pages 51-52.

WORK OF THE BOARD OF DIRECTORS IN 2021

Pursuant to the current Articles of Association, the Board of Directors must meet on at least four scheduled occasions and one statutory meeting per year. Additional meetings can be held as required.

In 2021, there were 26 Board meetings. Scheduled agenda items at Board meetings during the year are Group Management's reporting of business conditions, operations, organizational resources, results of operations, financial position and liquidity. Special Board meetings with a focus on strategy are held in the spring and autumn. During the autumn, and before Christmas, Board meetings consider the budget and business plan for the following year.

Board meetings are held quarterly to reach decisions on publications of interim, half-year and annual financial statements. Meetings to decide on convening notice, annual accounts, corporate governance documentation and other matters for business are held prior to AGMs. Senior executives of Fingerprints participate in Board meetings as required.

REMUNERATION COMMITTEE

The Remuneration Committee evaluates and consults on matters regarding remuneration and employment terms, and makes proposals and guidelines for remuneration of the CEO and senior executives for approval by the AGM. The Remuneration Committee must ensure that remuneration is commensurate with prevailing market conditions for corresponding executives in other companies, and accordingly, that the company's offering to

its employees is competitive. The CEO's remuneration is approved by the Board.

Remuneration of other senior executives is decided by the CEO after consulting with the Remuneration Committee. In 2021, the Remuneration Committee's members were the Directors Juan Vallejo (Chairman), Sofia Bertling, and Ted Elvhage. During the fiscal year 2021, the Remuneration Committee met on two occasions.

AUDIT COMMITTEE

The Audit Committee's duty is to support the Board on ensuring high quality and efficiency within internal controls, financial reporting and external audits. This includes reviewing interim reports and annual financial statements prior to publication, and considering all critical accounting issues and judgments regarding assessments of risk. The Audit Committee meets the external auditor at least once per year and reviews and monitors the auditors' impartiality and independence, and identifies particularly whether the auditor is supporting the company on other services than auditing, and also provides support on proposals for AGM resolution and election of auditors.

In 2021, the Audit Committee's members were Alexander Kotsinas (Chairman), Johan Carlström and Dimitrij Titov. During 2021, the Audit Committee met on four occasions.

AUDITOR

The Articles of Association stipulate that Fingerprints must have one or two auditors with or without deputies, or one or two registered public accounting firms.

The AGM 2021 elected BDO Mälardalen AB as auditor until the 2022 AGM. BDO Mälardalen AB appointed Johan Pharmanson as Auditor in Charge. Carl-Johan Kjellman, BDO Mälardalen AB, was also elected auditor until the 2022 AGM. The duty of the auditor is to examine the company's annual accounts and accounting records, and the Board of Directors' and CEO's administration on behalf of the shareholders. The auditor also conducts a summary review of one quarterly financial statement and issues opinions regarding the Board of Directors' reporting in connection with such events as new share issues and decisions on warrant programs. Each year, the Board of Directors meets the auditor for a report on whether the company's organizational resources are structured so that bookkeeping, the management of funds and other circumstances can be controlled satisfactorily. The auditor has continuous contact with the Audit Committee and participates in at least one of the Audit Committee's meetings during the financial year. The auditor attended the 2021 AGM on May 26.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Swedish Annual Accounts Act stipulates that the Board of Directors shall submit a review of the material elements of the company's systems for internal control and risk management over financial reporting yearly. The Board of Directors is responsible for the company's internal controls, whose overall purpose is to ensure protection of the company's assets, and thus its owners' investments. The Board of Directors has adopted

attestation instructions, a finance policy and other policy documents comprising instructions and procedures for operations that must be monitored regularly and reported. The attestation instructions include instructions regarding company signatories as well as roles and authorizations regarding decision making and the approval of agreements, investments, expenses and other expenditure. The Finance Policy sets mandates for investments, management of liquidity, currency hedging and credit issuance on sales. Sales are subject to credit insurance as far as possible, when this is viable and where credit insurance is granted only if there are good grounds to expect the borrower to fulfill its commitments.

CONTROL ENVIRONMENT

The fundamental control environment for financial reporting consists of guidelines and policy documents, including the Board of Directors' Rules of Procedure and instructions for the CEO, and the segregation of duties and authorization regarding the organization of operations. Primarily, it is the CEO's responsibility to establish in daily operations the control environment instructed by the Board of Directors. The CEO reports regularly to the Board according to established procedures. The auditor also submits reports from audits conducted.

RISK ASSESSMENT

Risk assessment is an ongoing process encompassing the identification and management of risks that can impact operations and financial reporting. The primary risk within the auspices of financial reporting consists of material misstatement in accounting. Risk

management is a part of operational processes and various methodologies are applied to ensure that risks are managed pursuant to regulation, instructions and procedures with the aim of making accurate disclosures.

CONTROL ACTIVITIES

Control activities are designed to manage the risks that the Board and company management consider material to internal controls of financial reporting.

Control activities designed to prevent, discover and rectify misstatement and deviations are evaluated. The segregation of duties and organization constitutes the structure for controls. Follow-ups are conducted within each area of responsibility, and across all operations. Approvals and the segregation of authorization constitute the structure of control activities, as do clear rules for decisions regarding investments, sales, procurement and contracts. Control activities also proceed from the business concept, strategies and objectives, and mission-critical activities. A high level of IT security is a prerequisite for good internal controls over financial reporting. Fingerprints' IT strategy emphasizes security and functionality, with security being more important because without security, functionality is compromised.

External financial reporting with the ensuing controls is conducted on a quarterly basis, and internal financial reporting on a monthly basis. Financial controls are based on business plans that are broken down to yearly budgets. Budgets are reviewed and constitute forecasts and supporting data for monitoring against results achieved. Reporting involves analyses and comments

on progress in relation to established objectives. Development projects are managed through ongoing project monitoring with reporting of subprojects. Efforts made and expenditures incurred are related to plans and budgets, and expected remaining project expenditure until project completion are also reported.

Operational control is supplemented by monitoring of the quality and performance of suppliers, customers and internal processes.

Monitoring of liquidity and cash flow is conducted on an ongoing basis with updates of forecasts and the resulting liquidity planning. The continuous analysis of financial reports at various levels are central for ensuring that financial reporting does not contain material misstatement. Control activities and the division of various functions are embedded throughout the financial reporting process.

The company has no dedicated internal audit function, as the board has made the assessment that internal functions and processes within finance, law and quality meet the needs for review and control.

REMUNERATION OF THE BOARD OF DIRECTORS

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

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

THE BOARD - FUNCTION, ATTENDANCE AND REMUNERATION

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

the year receive fees in relation to the remaining period until the following AGM

REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES

The AGM 2020 approved the proposal that the Remuneration Committee is to prepare guidelines in respect of pay and other employment terms for the CEO and senior executives and present the Board with proposals. The guidelines are presented in the Administrative report, page 59.

ARTICLES OF ASSOCIATION

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

cedure for convening shareholders' meetings, matters for consideration at the AGM and where meetings are held, as well as share classes, preferential rights and pre-emption rights regarding the company's class A shares. The Articles of Association are available at the website: www.fingerprints.com

INFORMATION AND COMMUNICATION

Fingerprints' policies and guidelines are especially important for accurate accounting, reporting and corporate communication. Information shall increase knowledge of Fingerprints, increase confidence in Fingerprints, its management and employees, and promote business activities. A Corporate Communication Policy is in place for communication with internal and

external parties, containing guidelines for the company's corporate communication. The purpose is to ensure compliance with the communication obligation in an accurate and comprehensive manner.

MONITORING

Compliance with the Rules of Procedure, instructions, policies and procedures are monitored by the Board of Directors and Group Management. Board meetings consider business conditions and the financial position. The Board of Directors reviews financial statements, and decides on publication of financial reports. The Board of Directors appraises its own work, and the CEO's work, yearly. At least one interim or half-year report, and all annual financial reports are audited. The CEO provides monthly reports to the Board of Directors, involving all parts of operational functions. Management meets frequently and monitors business development, financial performance and position, and significant events. The Board of Directors meets the auditor during the year to review the audit of internal controls and other assignments. Forecasting and budgeting work is conducted continuously with a rolling, forward-looking forecast based on updated information on sales, procurement, operating expenses and product development and technology development.

Board of Directors

Gothenburg, on the date stated in the electronic signatures

Auditor's statement on the Corporate Governance Report

To the General Meeting of shareholders in Fingerprint Cards AB (publ), corporate identity number 556154-2381

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 45-50 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance report*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

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

Stockholm, on the date stated in our electronic signature
BDO MÄLARDALEN AB

Johan Pharmanson
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant

BOARD OF DIRECTORS



JOHAN CARLSTRÖM

Chairman of the Board since 2018.
Board member since 2018.
Born 1963.

Employment and other Board assignments: Private investing activities in own companies. Owner Velociraptor Ltd.

Education: Economics program at Uppsala University and Stockholm University.

Background: CEO of Fingerprint Cards AB, 2009-2015. Member of the Board, Fingerprint Cards AB, 2013-2014. Salesperson, business developer and entrepreneur for 20 years in the Telecom & IT business.

Shareholding in Fingerprint Cards: 6,000,000 Class A shares via the company Velociraptor Ltd. and 15,000,000 Class B shares*.

Independent in relation to the company and its executive management but dependent in relation to the company's major shareholders.

* As per December 30, 2021.



SOFIA BERTLING

Board member since 2019.
Born 1970.

Other positions and Board assignments: Chairman of the Board and CEO of ReachIT Consulting AB and UTILizer AB. Board member of SAM Nordic, LSI Beta, Magis Salutem AB and Zigned AB.

Education: Master of Science in Material Science, and Doctor of Science (Technology), KTH Royal Institute of Technology.

Background: General Manager of SECTRA Medical Education and member of Group Management, 2018-2020. CEO, HERMES Medical Solutions AB, 2015-2017. Researcher, business developer and investor with experience of Swedish manufacturing and medtech companies.

Shareholding in Fingerprint Cards: 56,482 Class B shares*.

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



TED ELVHAGE

Board member since 2018.
Born 1968.

Employment and other Board assignments: Private investing activities in own companies. Owner and Chairman of the Board of Keiretsu Forum Nordics AB. Owner and Board member of Stockholms Affärsänglar Management AB, E14 Invest AB and Gradientech AB.

Education: BSc Biochemistry & Business and Administration, Millersville University of Pennsylvania.

Background: Sales and management positions in manufacturing, IT, software and consulting, e.g. former Sales Manager in subsidiary of Indutrade, and later also Sales Manager in Sweden at HP Software, as well as advisor and investor in innovative growth companies via his own company.

Shareholding in Fingerprint Cards: 902,270 Class B shares*.

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



ALEXANDER KOTSINAS

Board member since 2017.
Born 1967.

Other positions and Board assignments: CFO, BioGaia AB.

Education: Master of Science, Engineering Physics, KTH Royal Institute of Technology, Stockholm. Bachelor of Science in Economics, Stockholm School of Economics.

Background: Finance Director Lowell Sverige AB 2017-2019, Partner Nexttobe 2011-2017, Vice President and CFO Q-Med AB 2008-2011, CFO Life Europe AB 2007, CFO mobile operator Tre (Hi3G Access AB) 2003-2006, Vice President Investor AB (publ) 2000-2003 and various positions in Ericsson 1994-2000.

Shareholding in Fingerprint Cards: 8,500 Class B shares*.

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



TOMAS MIKAELSSON

Board member since 2016.
Born 1956.

Other positions and Board assignments: Board member and CEO of ZetiQ AB, Board member of Itaros AB, Sourcingprovider Sweden AB and Board member of Scientific Freedom AB.

Education: Degree in Business Administration from IHM Business School in Stockholm.

Background: Expertise in marketing and sales. Longstanding experience and extensive knowledge of the Telecom and communications industry, where he has held senior executive positions in companies such as Omnipoint (TMobile) and Affinity Internet. Also has extensive marketing and sales experience from Europe.

Shareholding in Fingerprint Cards: –

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

* As per December 30, 2021.



DIMITRIJ TITOV

Board member since 2017.
Born 1962.

Employment: Lawyer and Partner, Advokatfirman Titov & Partners.

Education: Master of Laws (LL.M.), Stockholm University.

Other Board assignments: Chairman of the Board of Forsheda Gruppen AB, Real Fastigheter AB (publ), Italienska Handelskammaren i Sverige, Italienska Handelskammarens Service AB, Din Studio Sverige AB and Phantome de Genolier AB. Board member of Vrtcl Gaming Group Sweden AB and Järnlodet Fastigheter AB.

Background: 34 years of experience as a business lawyer. Attorney at law since 1993. Partner at Advokatfirman Fylgia 1995-2018, with main focus on M&A, corporate law and international contract law for industrial companies. Current Chairman of the Nomination Committee of Fingerprint Cards AB (publ).

Shareholding in Fingerprint Cards: 20,052 Class B shares*.

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



JUAN VALLEJO

Board member since 2018.
Born 1957.

Employment and other Board assignments: Chairman of the Board of ITS Energy Group AB. Board member of Mercuri International Group AB, TagMaster AB and Elajo Invest AB (publ).

Education: Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm.

Background:

2011-2014: CEO, Imtech Nordic
2006-2010: CEO, Niscayah Group
1992-2006: Securitas' Executive Management

Shareholding in Fingerprint Cards: 630,000 Class B shares*.

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

GROUP MANAGEMENT



CHRISTIAN FREDRIKSON

President and CEO since 2016.
Born 1964.

Education: Master of Science (MSc) in Engineering, Turku University.

Previous assignments: CEO of F-Secure 2012-2016. Christian also had a long career at Nokia Networks and Nokia Siemens Networks, 1994-2012, where he held several leading positions, including Head of Asia Region 2008-2010 and Global Head of Sales, Mobile Infrastructure 2010-2012. Board member of Stena AB 2017-2020.

Other assignments: Board member of Remedy Entertainment Ltd and SSH Communication Security Corporation. Member of the foundation for Åbo Akademi.

Shareholding in Fingerprints: 744,394 Class B shares*.



PER SUNDQVIST

CFO since 2018.
Born 1966.

Education: Bachelor of Science in Business Management, University of Umeå.

Previous assignments: CFO Driconeq 2014-2018, Interim CFO Solera Beverage Group 2012, Interim CFO Cybercom 2011, CFO HL Display 2008-2011, CFO Aura Light International AB 2002-2008, CFO Q-Med AB 2001-2002, CFO/CIO Stoneridge AB 2000-2001, Finance Director GE Healthcare 1997-2000, Controller Volvo AB 1994-1997.

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



CHARLES BURGEAT

Senior VP Corporate Strategy and Portfolio Management since 2019.
Born 1973.

Education: Master of Science (MSc) in Engineering, University of Paris, Ecole Nationale Supérieure des Télécommunications.

Previous assignments: Vice President Sales Mobile Fingerprints, Vice President Sales Business Unit Modems Ericsson, Sales Director ST-Ericsson, Sales Manager STMicroelectronics.

Shareholding in Fingerprints: 5,000*.



PONTUS JÄGEMALM

CTO since 2019. Previously Senior VP Research & Development, 2009-2018.
Born 1971.

Education: Master of Science and PhD in Engineering Physics, Chalmers University of Technology Gothenburg.

Previous assignments: Extensive international experience, including Technical Lead and Head of System Design at Display-tech Inc, USA.

Shareholding in Fingerprints: 800,125 Class B shares*.

* As per July 19, 2021.



TED HANSSON

Senior VP Business Line Mobile since 2017.
Born 1976.

Education: Master of Science 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: 20,000 Class B shares*.



THOMAS REX

Senior VP Special Projects since 2020.
Born 1963.

Education: Master of Science in Electrical Engineering, Lund Institute of Technology.

Previous assignments: Fingerprint Cards AB: Senior VP Business Line Smartcards, Automotive & Embedded 2018-2020, Senior VP Business Line Smartcards 2017-2018 and VP Sales 2011-2016. VP Sales Asia, Ericsson Mobile Platforms, VP Sales Nanoradio.

Other assignments: Chairman of the Board of Acconeer AB

Shareholding in Fingerprints: 1,000,000 Class B shares*.



MICHEL ROIG

Senior VP Business Line Payments & Access since 2020.
Born 1976.

Education: Master of Science in Electrical Engineering, Lund Institute of Technology.

Previous assignments: VP Sales & Customer Support Business Line Smartcards, Automotive & Embedded at Fingerprints. VP & General Manager UK & Nordics Aava Mibile Oy, VP Head of Sales & Marketing Terranet, several positions in the mobile and electronics industry, including at Flextronics and Ericsson.

Shareholding in Fingerprints: 6,000 Class B shares*.

* As per July 19, 2021.

MESSAGE FROM THE CFO

IMPROVED MARGINS

Our long-standing work to strengthen the manufacturing and supply-chain organization was of benefit to us during yet another year characterized by a global shortage of components. Although we were not able to satisfy all demand, we still delivered a 16-percent increase in sales in constant currency terms.

In 2021, we were able to add another producer of semi-conductors as a supplier to Fingerprints, and we are continuing the important work of broadening the supplier base to increase supply chain flexibility and reduce the risks, and to position Fingerprints for significant growth in the years ahead.

Also, in terms of the customer base, we saw a broadening of Fingerprints' operations during the year.

As a result of the adoption of biometrics in more areas, not least PCs, we have more legs to stand on. This drives growth, while increasing profitability and the stability of earnings. Growth in new segments, such as PCs and Access, contributed to improving the gross margin, which in total increased by seven percentage points to 29 percent.

In December 2021, Fingerprints issued senior secured bonds in an amount of SEK 300 M. Prior to this, the company had no interest-bearing liabilities. We have ambitious growth plans for 2022 and thereafter, which increase our need for working capital and investments in R&D. For this reason, it is the right time to supplement our funding with debt capital to further accelerate growth.

Per Sundqvist, CFO

“ The adoption of biometrics in more areas is driving growth, while increasing profitability and the stability of earnings.”



STATUTORY ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer (CEO) of Fingerprint Cards AB hereby present the Annual Accounts for the 2021 fiscal year.

FINGERPRINTS' OPERATIONS

Fingerprint Cards AB (publ) is a high-technology company that develops, manufactures and markets biometric technology, which by analyzing and matching people's unique biometric characteristics, verifies personal identities. This enables secure and convenient processing for the user, obviating the need for passwords or PINs. Fingerprints' technology and complete biometric systems deliver benefits including unique image quality, robustness and low power consumption. With these benefits, and in combination with low manufacturing costs, the technology can be implemented in volume products including smartphones, tablets and smart cards, such as payment cards, which are subject to extreme demands in these respects. Fingerprints' technology is already tested across a number of application areas.

GROUP AND PARENT COMPANY

The annual accounts cover the January 1–December 31, 2021 fiscal year. Fingerprint Cards AB (Publ) (Corp. Reg. No. 556154-2381) is the Parent Company of a Group including 14 subsidiaries. As of July 1, 2021, research

and development personnel in Sweden are employed in the company Fingerprints Card Sweden AB, while other Swedish personnel are employed in the Parent Company. The companies' operations consist of marketing and customer support.

The Parent Company has its registered office in the Municipality of Gothenburg in the county of Västra Götaland. The company's shares are listed on Nasdaq Stockholm since 2000.

SIGNIFICANT EVENTS DURING THE YEAR

The underlying market for Fingerprints' products developed positively during 2021. The global smartphone market expanded by approximately 5 percent, while the proportion of mobiles with fingerprint sensors continues to grow. Capacitive fingerprint sensors, for which Fingerprints is the world leader, remain by far the most common biometric modality in Android smartphones. In 2021, just over 60 percent of smartphone models launched by the ten largest manufacturers of Android mobile phones featured a capacitive fingerprint sensor. The corresponding share for under-display sensors was nearly 30 percent. Ultrathin fingerprint sensors intended for side mounting are increasing their share of the market, and Fingerprints continued to further develop its product portfolio in this area. In early 2021, Xiaomi

launched the Redmi K40, K40 Pro and K40 Pro+ phones featuring FPC1542. These smartphones were the first in the world equipped with a curved, side-mounted fingerprint sensor, an innovation enabled by Fingerprints' unique capacitive technology, combined with our advanced matching algorithm. At the end of the year, volume deliveries of an upgraded version, the FPC1552, were initiated.

Early in the year, Fingerprints received the first volume orders for the company's new PC biometric solution. Since then, a number of PCs have been launched with the company's technology, while three of the world's five largest manufacturers of Windows PCs are working to integrate Fingerprints' sensors in their products. This market is rapidly emerging as a highly interesting area of application for the company's fingerprint sensors. By year-end 2021, the company had announced Windows PC launches featuring Fingerprints' sensor in products from Dell, HONOR, Huawei and Xiaomi. Fingerprints expects the proportion of PCs equipped with fingerprint sensors to continue to increase.

The increased focus on IT security in 2021 also boosted demand for biometric access cards/entry cards. Biometric access cards can combine logical and physical access control, which enables the use of the same card to access IT systems and to unlock doors. An example of

this is SentryCard™, a biometric card developed by Sentry Enterprises. In 2021, Fingerprints received an order for several hundred thousand of T-Shape sensor modules from Sentry Enterprises. During the year, CardLab and TrustSec launched a biometric FIDO2 card that features Fingerprints' T-Shape sensor module. FIDO2 is a secure protocol for digital access. By integrating this in a biometric card, PIN-less authentication can be enabled, which protects individuals' identity and enterprises against unauthorized access. In addition, the UK company Freevolt Technologies launched a biometric access card during the year that integrates Fingerprints' T-Shape sensor module.

In 2021, the first commercial launches of biometric payment cards were implemented. To date, six launches have been carried out in different parts of the world, all featuring Fingerprints' technology. During the year, Fingerprints continued to drive development forward, in collaboration with several of the world's leading payment card players. An example of this is STPay-Topaz-Bio, an advanced platform for biometric payment cards developed by STMicroelectronics in collaboration with Fingerprint Cards and Linxens. This solution attracted attention in early January 2022 when it received a CES 2022 Innovation Award. In addition, Fingerprints, in collaboration with Infineon, demonstrated that the

company's latest generation of T-Shape sensor modules (T2) makes it possible to implement biometric authentication completely in the secure element on the payment card, while maintaining performance and with increased security. With this solution, there is no longer any need of a separate microcontroller unit (MCU), thus making it cheaper and easier for card manufacturers to develop and roll out biometric payment cards on a large scale. At the end of 2021, Fingerprints received an order for the latest generation of the T-Shape sensor module (T2) from one of the world's three largest card manufacturers, to be used for the commercialization of the next generation of biometric payment cards. In January 2022, Fingerprints was able to announce that this latest-generation T-Shape sensor module (T2) meets Mastercard's updated security requirements for fingerprint sensors.

To further expand the company's opportunities for driving profitable growth in the various focus areas, Fingerprints implemented a separation of the company's business operations into two wholly owned subsidiaries at the end of the year. The change came into force on January 1, 2022, and entails that the Payments & Access operations will be conducted by the Fingerprint Cards Switzerland AG subsidiary, based in Zug, Switzerland, and that our Mobile and PC operations will be managed by the subsidiary Fingerprint Technology Company (FPC) in Shanghai, China. This change enables an even sharper focus on the company's two individual business operations, which have industry conditions that differ regarding structure, geography, customers, partners and regulations. The new organization also provides better possibilities to explore distinct and separate avenues of

development and financing options for the different subsidiaries in the Group.

EARNINGS TREND

The Group's revenues for 2021 increased 8 percent to SEK 1,356 M (1,256). The demand for Fingerprints' products remained healthy in the mobile segment, at the same time as our revenue streams started to be diversified during the year into new areas at a higher pace than previously. Fingerprints' access to production capacity improved, but it remains insufficient due to the global semiconductor shortage.

Gross profit for the year amounted to SEK 397 M (275) and the gross margin to 29 percent (22).

The operating result for the year was SEK -8 M (-366). The operating result 2021 was impacted by non-cash write-downs of SEK 341 M. Exchange-rate effects are recognized in operating profit under the item Other external income, alternatively under Other external expenses.

The result before tax for the year was SEK -1 M (-381), while tax revenue of SEK 1 M (40) was recognized. In total, the Group's full-year result was SEK 0 M (-341). The Group's earnings per share for 2021 amounted to SEK 0.00 (-1.10).

FINANCIAL POSITION

Shareholders' equity amounted to SEK 1,027 M (1,183), and the equity/assets ratio was 57 percent (75).

Fixed assets increased to SEK 923 M (838). The share of fixed assets in relation to total assets declined to 51 percent (53).

Inventories increased to SEK 159 M (136) and outstanding accounts receivable increased to SEK 280 M (196).

Accounts payable at year-end amounted to SEK 222 M (201) and other current liabilities increased to SEK 218 M (148).

Long-term liabilities amounted to SEK 304 M (10). In December 2021, the company issued senior secured bonds in an amount of SEK 300 M, with a three-year tenor and at a floating rate of interest of Stibor 3 months +9 percent per year.

Cash and cash equivalents amounted to SEK 374 M (377) at year-end. During 2021, own shares were bought back for SEK 225 M.

INVESTMENTS, DEPRECIATION/AMORTIZATION AND IMPAIRMENT LOSSES

During 2021, total net investments amounted to SEK 91 M (119). Of this total, SEK 86 M (118) was invested in capitalized development and intangible fixed assets, while SEK 4 M (1) was invested in property, plant and equipment and SEK 1 M (-) in financial fixed assets.

Total depreciation/amortization according to plan amounted to SEK -93 M (-84) in 2021. Of this total, amortization of intangible fixed assets accounted for SEK -72 M (-55) and depreciation of property, plant and equipment for SEK -5 M (-29).

In total, the carrying amount of intangible fixed assets in 2021 was SEK 838 M (759), while property, plant and equipment amounted to SEK 6.5 M (7) and right-of-use assets pertaining to the leasing of premises amounted to SEK 24.2 M (24.8).

CASH FLOW

Cash flow from changes in working capital components was impacted by an increase in capital tied-up in current receivables in the amount of SEK -107 M (1), and an increase in inventories in the amount of SEK -39 M (97). Cash flow provided by operating activities amounted to SEK 24 M (158).

Cash flow from investing activities was SEK -91 M (-119).

Cash flow from financing activities was SEK 58.4 M (-209).

The overall net change in cash and cash equivalents for full-year 2021 was SEK -3 M (-187). Net cash assets amounted to SEK 59 M at year-end 2021, compared with SEK 354 M at the end of 2020. Interest-bearing liabilities in 2021 comprise the bonds issued in December 2021 of SEK 292.6 M and lease liabilities pertaining to office premises of SEK 22.9 M (16.2), recognized in accordance with IFRS 16.

FINANCE POLICY

Fingerprints' Finance Policy regulates and clarifies responsibilities, and states guidelines in specific areas within financing, credit insurance, investment and currency management with the aim of supporting operations, managing financial risks and controlling the impact on financial position, results of operations and cash flow. The most important net currency flow is in USD, whereupon a significant portion of Fingerprints' finance activities were in formulating a strategy for selling USD and buying SEK. The increasing net surplus from sales, which is denominated in USD, and the increasing

Shareholder	Shares and share capital, %		Votes at year-end, %	
	2021	2020	2021	2020
Velociraptor LTD	2.0	1.9	17.0	16.3

Class of share	Number of shares		Number of votes	
	2021	2020	2021	2020
A	6,000,000	6,000,000	60,000,000	60,000,000
B	292,000,000	307,967,675	292,000,000	307,967,675
Total	298,000,000	313,967,675	352,000,000	367,967,675

Shareholdings of at least one-tenth of the voting rights for all shares at December 31, 2021

Velociraptor LTD	17,0 %
------------------	--------

operating expenses that are predominantly denominated in SEK generate a continuous need to convert USD to SEK. Materials procurement, manufacture and sales are essentially denominated in USD only. Fluctuations in other exchange rates have an insignificant impact on earnings.

According to the Finance Policy, currency hedging using derivative instruments is not permissible. See Note 25, for more information on financial risks.

ORGANIZATION AND COWORKERS

There were 261 (240) employees as of December 31, 2021, comprising 180 (170) men and 81 (70) women. Accordingly, including employees and consultants, Fingerprints employed a total of 310 (276) people on December 31, 2021.

RESEARCH AND DEVELOPMENT OPERATIONS

Through continuous initiatives to enhance biometric technology, Fingerprints has attained leadership in fingerprint recognition. At the end of 2021, the research and development organization accounted for approximately 40 percent of the workforce.

Together with engineers in our business lines and in Customer Engineering in Asia, Fingerprints' overall engineering expertise accounted for approximately 60 percent of all of the coworkers.

Expenditure for technology development is partly recognized as a cost in the Consolidated Statement of Comprehensive Income (Parent Company Income Statement) under the development costs heading, and partly through capitalization in the Consolidated Statement of Financial Position (Parent Company

Balance Sheet), and capitalized development expenditure, under intangible fixed assets.

Capitalization is affected after an assessment of factors such as each project's commercial, financial and technical potential, its future value for the Group, disposal over rights to the product/solution, the potential for completing development and the presence of a market for the product. The rate of amortization is determined on the basis of the technical and commercial lifespan of the product/solution related to the existing market. Accordingly, the amortization term varies between products and projects.

In 2021, the Group's expenses for technological development and patents amounted to SEK 224 M (202), of which SEK 86 M (107) has been capitalized in the Consolidated statement of financial position and the remaining SEK 138 M (95) has been expensed in the Consolidated statement of comprehensive income.

SUSTAINABILITY REPORT

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Fingerprints has decided to prepare a statutory Sustainability Report as a separate document from the Annual Report.

Fingerprints' Sustainability Report, which also constitutes Fingerprints' statutory Sustainability Report, has been prepared pursuant to GRI Standards, Core option, and satisfies the Swedish Annual Accounts Act's requirements for sustainability reporting. The report is presented on pages 26-39. The scope of the Sustainability Report is stated in the GRI index on pages 95-98.

OWNERSHIP STRUCTURE

In 2021, the number of shareholders declined to 51,416 on December 31 from 55,950 at the beginning of the year.

At the end of 2021, Velociraptor LTD held all 6,000,000 Class A shares.

EXPECTATIONS REGARDING FUTURE PERFORMANCE

Fingerprints announced on November 22, 2021, that the company expects Group revenues for the full-year 2022 to be in the range of SEK 1,600-2,000 million, based on the exchange rate SEK/USD 8.70, and that the EBITDA margin is expected to be in the range of 14-18 percent for the fourth quarter of 2022.

At the same time as demand for the company's products remains healthy in the mobile industry, the revenue streams are now being diversified at a higher pace than previously into areas with attractive margins. The healthy sales growth in 2022 is primarily expected to be generated in the areas of Mobile, PC and Access. This is despite the fact that the company expects the prevailing shortage of semiconductors in the world to persist throughout 2022. When the supply of semiconductors and production capacity normalize, there will be additional scope for significant sales increases. The launches of biometric payment cards by BNP Paribas, Europe's largest bank, and Cr dit Agricole, number three in Europe, entail that another global mass market for the company's products is now about to be opened up. Interest in biometric payment cards has increased sharply after the initial launches, all featuring Fingerprints' technology.

SEASONAL VARIATION

As penetration of fingerprint sensors in the smart-phone segment has increased, the company's market is increasingly tracing the same patterns and seasonality as the rest of the mobile phone sector, albeit with a time lag. There is a tendency for the fourth quarter to generate a very high share of yearly mobile phone volumes, and the second quarter is usually the weakest. For component suppliers to mobile phone manufacturers, such as Fingerprints, volumes in the third quarter tend to be the year's highest and the first quarter is the weakest.

REMUNERATION OF THE BOARD OF DIRECTORS

The 2021 AGM resolved on a total fixed Directors' fee of SEK 2,320,000, of which SEK 640,000 to the Chairman of the Board and SEK 280,000 per Director to the other Directors. In addition, fees for work on committees will be payable in an amount of SEK 420,000, to be distributed as follows: Audit Committee: SEK 130,000 to the Chairman and SEK 65,000 to other members. Remuneration Committee: SEK 80,000 to the Chairman and SEK 40,000 to other members.

REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES

The 2020 AGM decided in accordance with the proposal that the Remuneration Committee shall prepare guidelines for compensation and employment terms for the CEO and other senior executives and put forward proposal to the Board for decision.

The guidelines are valid for four years.

REMUNERATION COMMITTEE

The Remuneration Committee evaluates and considers matters regarding remuneration and employment terms and prepares proposals for guidelines for compensation to the CEO and Executive Management.

The Board of Directors shall evaluate remuneration guidelines at least every fourth year and submit a proposal to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting.

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 CEO's remuneration is approved by the Board of Directors. Compensation to other senior executives is decided by the CEO after consulting with the Remuneration Committee.

The members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of the Executive Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration related matters in so far as they are affected by such matters.

PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Fingerprint Cards aims to attract, engage, develop and retain the right people to drive our business result in line with the company's business strategy. In order to support

this, the design and implementation of our remuneration structure shall be performance based; affordable; sustainable; market driven and clear. Remuneration shall reflect the scope and complexity of each role, as well as the actual performance of the individual. Fingerprint Cards does not tolerate any form of discrimination and we perform annual reviews to make sure we do not have any salary misalignments based on any discriminating factors such as gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation and age.

Variable remuneration covered by these guidelines shall aim at promoting Fingerprint Cards' business strategy and long-term interests, including its sustainability.

For more information concerning the company's business strategy, see pages 12-13 of this Annual Report.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, the overall purpose of these guidelines.

REMUNERATION PRINCIPLES

Performance-based

There shall be a strong link between performance (individual - and business result) and remuneration. Base salary will depend on the employee's performance against objectives, development progress and living our company values.

Competitive and sustainable

We must create value to secure our present and future capability to pay competitive remuneration and we must

earn the means for our remuneration. It is important to have a balance between our company earnings and our remuneration levels.

Market driven

Our salaries shall reflect the scope and complexity of the work. It is our objective to compare our base salaries with relevant market data for the applicable country. Each country forms its own market. The remuneration principles are also applicable to the rest of the employees at Fingerprint Cards. In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment terms for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Total remuneration

The total remuneration to Executives consists primarily of monthly base salary, short-term incentives, pension, and insurances.

If decided in the Annual General Meeting, the total remuneration may also include – irrespective of these guidelines – long-term incentive programs.

Short Term Incentive (STI)

STI shall be linked to predetermined and measurable criteria. The STI includes company measures such

as Revenue, Operating Profit and Cash Balance. For Executives, 80-90 percent of the STI is based on company measures, and 10-20 percent is based on individual performance, with predetermined targets on an annual basis. The criteria shall be designed so as to contribute to Fingerprint Cards' business strategy and long-term interests, including its sustainability.

The satisfaction of criteria for awarding STI shall be measured over a period of one or several years. The STI is capped at 100 percent of the total fixed base salary during the measurement period.

For financial objectives, the evaluation shall be based on financial information made public by the company.

Pension

Pension plans are based on defined-contribution models, where a premium is paid amounting to not more than 30 percent of the executive's fixed annual base salary.

Insurance

Executives are provided insurance coverage in accordance with local market practice. Such benefits shall be customary and be of limited amount.

Termination of employment

Upon termination of an employment, the notice period may not exceed six months. During the notice period of not more than six months, full base salary and other employment benefits will be payable.

Upon termination by the company, severance payment could be paid and may not exceed 12 months' base salary. When termination is made by the executive, the notice

period may not exceed six months, without any right to severance pay. Additionally, remuneration may be paid for non-compete undertakings. Such remuneration, if applicable, shall amount to a maximum of 60 percent of the monthly base salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions.

The Board of Directors' right to deviate from the principles of remuneration

In certain cases, the Board of Directors may decide to deviate from these guidelines, in part or in total, if there are special reasons to do so in an individual case and a deviation is necessary to fulfill the company's long term interest, including in relation to sustainability, or to safeguard the company's financial position.

As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

EVENTS AFTER THE BALANCE-SHEET DATE

On February 10, 2022, the company announced a bond prospectus and applied for the bonds to be accepted for trading on Nasdaq Stockholm.

During the first quarter of 2022, we saw extensive covid-19-related shutdowns in China. This had a dampening effect on the development of sales, due to restrictions in our supply chains.

Fingerprints currently makes the assessment that the company is not significantly affected, directly or indirectly,

of Russia's war of aggression against Ukraine, which began in February 2022.

DESCRIPTION OF THE WORK OF THE BOARD OF DIRECTORS DURING THE YEAR

Scheduled agenda items at Board meetings during the year are Group Management's reporting of business conditions, operations, organizational resources, results of operations, financial position and liquidity. During the autumn, and before Christmas, Board meetings consider the budget and business plan for the following year.

The Board met on 26 occasions in 2021. A more detailed description of corporate governance in 2021, including regulations, general meetings, the Nomination Committee, the composition and work of the Board and internal governance processes and internal control, is presented in the separate Corporate Governance Report.

2022 ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, May 24, 2022.

PROPOSAL FOR APPROPRIATION OF THE COMPANY'S PROFIT

The following funds are at the disposal of the AGM, SEK:

Share premium reserve	79,059,431
Accumulated profit	134,916,450
Net result for the year	-15,065,582
Total	198,910,299

The Board of Directors proposes that net profit for the year, non-restricted reserves, as well accumulated profit or loss be appropriated as follows:

To be carried forward: SEK 198,910,299.

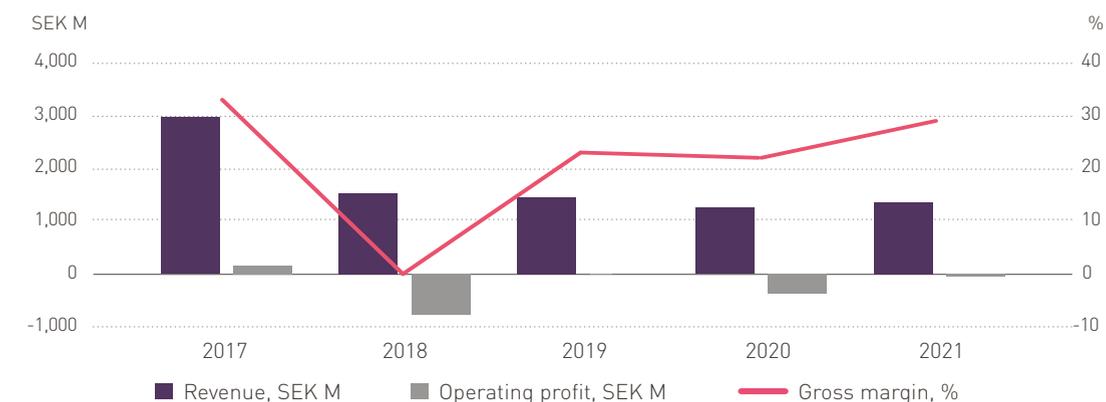
Regarding the company's results of operations and financial position in other respects, the reader is referred to the following financial statements, with the associated notes.

STATEMENT OF COMPREHENSIVE INCOME

GROUP

SEK M	Note	2021	2020
Revenues	2, 3	1,355.8	1,255.7
Cost of goods sold	5, 10	-958.9	-980.5
Gross profit		396.9	275.2
Selling expenses		-159.8	-130.4
Administrative expenses		-102.1	-84.4
Development costs	11	-138.2	-94.5
Other operating income	6	5.6	13.2
Other operating expenses	7	-10.0	-344.9
Operating profit/loss	3, 8, 9, 10, 16, 17, 26, 27	-7.6	-365.8
Financial income	12	7.0	0.1
Financial expenses	12	-0.4	-15.5
Profit/loss before tax		-1.0	-381.2
Tax	14	1.1	40.4
Net profit/loss for the year		0.1	-340.8
Earnings per share	15		
before dilution (SEK)		0.00	-1.10
after dilution (SEK)		0.00	-1.10
Other comprehensive income			
Net profit/loss for the year		0.1	-340.8
Translation differences for the year on translation of foreign operations		69.6	-84.8
Other comprehensive income		69.6	-84.8
Comprehensive income for the year		69.7	-425.6
Attributable to equity holders of the Parent Company		69.7	-425.6

REVENUE, OPERATING RESULT AND GROSS MARGIN

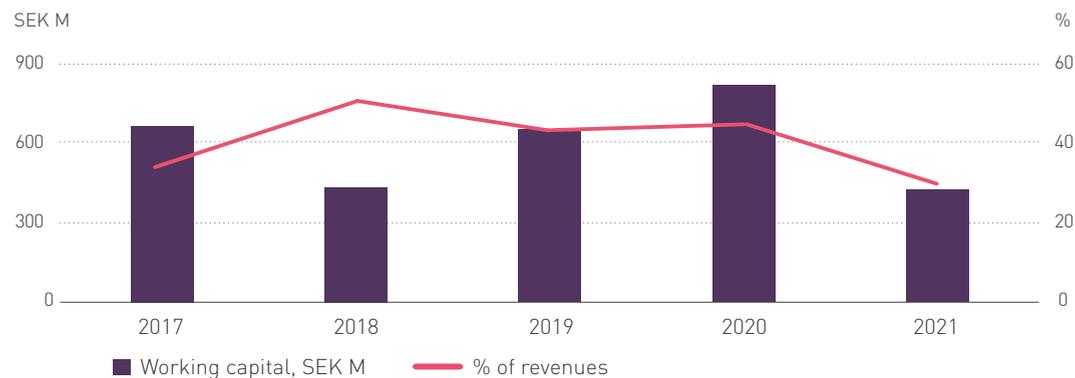


STATEMENT OF FINANCIAL POSITION

GROUP

SEK M	Note	31 Dec 2021	31 Dec 2020
Assets			
Intangible assets	16	838.5	759.3
Property, plant and equipment	17	6.5	7.0
Right-of-use assets	26	24.2	24.8
Financial assets	14	53.6	46.8
Total non-current assets		922.8	837.9
Current assets			
Inventories	18	159.3	136.3
Accounts receivable	19, 25	280.0	196.2
Other receivables		51.3	15.5
Prepaid expenses and deferred income	20	11.3	12.2
Cash and cash equivalents	19, 21	374.3	377.0
Total current assets		876.2	737.2
Total assets		1,799.0	1,575.1

WORKING CAPITAL



SEK M	Note	31 Dec 2021	31 Dec 2020
Shareholder's equity			
Share capital	15	13.0	13.0
Other paid-up capital		854.3	854.3
Translation reserve		82.3	12.7
Retained earnings including net profit for the year		77.6	302.9
Total shareholder's equity		1,027.2	1,182.9
Non-current liabilities			
Deferred tax liability	14	16.6	20.6
Long-term lease liabilities	22, 26	11.6	9.8
Bond loan	22	292.6	-
Total non-current liabilities		320.8	30.4
Current liabilities			
Short-term portion of long-term liabilities	22, 26	11.3	12.8
Accounts payable	22	221.8	200.7
Current tax liability		14.0	2.0
Other current liabilities	23	35.5	15.0
Accrued expenses and deferred income	24	168.4	131.3
Total current liabilities		451.0	361.8
Total shareholder's equity and liabilities		1,799.0	1,575.1

STATEMENT OF CHANGES IN EQUITY

GROUP

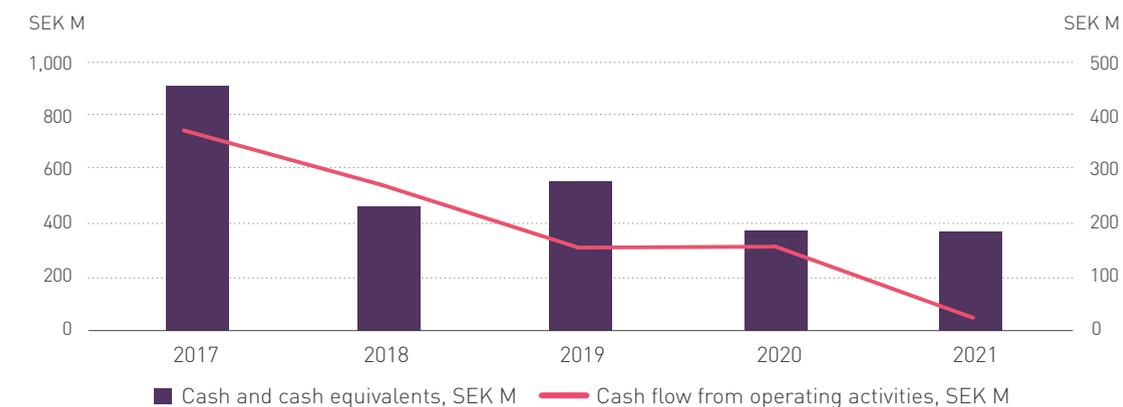
SEK M	Share capital	Other paid-up capital	Translation reserve	Retained earnings including profit for the year	Total shareholders' capital
Opening shareholders' equity 1 January 2020	13.0	854.3	97.5	834.1	1,798.9
Net profit for the year				-340.8	-340.8
Other comprehensive income for the year			-84.8		-84.8
Repurchase own shares				-190.4	-190.4
Closing shareholders' equity 31 December 2020	13.0	854.3	12.7	302.9	1,182.9
Opening shareholders' equity 1 January 2021	13.0	854.3	12.7	302.9	1,182.9
Net profit for the year				0.1	0.1
Other comprehensive income for the year			69.6		69.6
Repurchase own shares				-225.4	-225.4
Closing shareholders' equity 31 December 2021	13.0	854.3	82.3	77.6	1,027.2

STATEMENT OF CASH FLOWS

GROUP

SEK M	Note	2021	2020
Operating activities			
Profit/loss before tax		-1.0	-381.2
Adjustment for non-cash items	29	122.3	451.8
Income tax paid		-2.3	0.2
Cash flow from operating activities before changes in working capital		119.0	70.8
Cash flow from changes in working capital			
Changes in inventories		-38.9	97.1
Changes in operating receivables		-107.2	1.1
Changes in operating liabilities		51.4	-10.9
Cash flow from operating activities	3	24.3	158.1
Investing activities			
Purchase and internal development of intangible assets	16	-85.6	-117.6
Purchase of property, plant and equipment	17	-4.1	-1.5
Purchase of financial assets		-1.3	-
Cash flow from investing activities	3	-91.0	-119.1
Financing activities			
Återköp egna aktier		-225.4	-190.4
Obligationslån	22	292.6	-
Amortering av leasingsskulder		-8.8	-18.8
Cash flow from financing activities	3	58.4	-209.2
Cash flow for the year		-8.3	-170.2
Cash and cash equivalents at beginning of the year		377.0	563.9
Effect of translation differences on cash and cash equivalents		5.6	-16.7
Cash and cash equivalents at end of year	29	374.3	377.0

CASH AND CASH EQUIVALENTS AND CASH FLOW



INCOME STATEMENT

PARENT COMPANY

SEK M	Note	2021	2020
Revenues	2	1,144.7	1,251.7
Cost of goods sold	5, 10	-750.4	-952.3
Gross profit		394.3	299.4
Selling expenses		-112.1	-129.8
Administrative expenses		-105.1	-93.4
Development costs	11	-215.0	-94.0
Other operating income	6	4.1	12.0
Other operating expenses	7	-9.4	-77.3
Operating profit	3, 8, 9, 10, 16, 17, 26, 27	-43.2	-83.1
Financial income	12	19.3	26.3
Interest expenses etc	12	-0.8	-997.4
Profit after financial items		-24.7	-1,054.2
Appropriations	13	6.5	-
Profit before tax		-18.2	-1,054.2
Income tax	14	3.1	28.5
Net profit for the year		-15.1	-1,025.7

BALANCE SHEET

PARENT COMPANY

SEK M	Note	31 Dec 2021	31 Dec 2020
Assets			
Non-current assets			
Intangible assets	16	87.6	139.5
Property, plant and equipment	17	3.8	4.4
Shares and participations in subsidiaries	28	23.1	6.3
Non-current receivables from group companies	27	62.5	56.4
Deferred tax assets	14	49.9	46.8
Total non-current assets		226.9	253.4
Current assets			
Inventories	18	8.5	136.3
Receivables from group companies	27	288.0	1.8
Accounts receivable	19, 25	4.6	195.2
Tax receivables		3.8	2.9
Other receivables		32.6	6.8
Accrued expenses and deferred income	20	9.3	12.4
Cash and bank balances	19, 21	279.9	337.5
Total current assets		626.7	692.9
Total assets		853.6	946.3

SEK M	Note	31 Dec 2021	31 Dec 2020
Shareholders' equity			
Restricted equity			
Share capital	15	13.0	13.0
Statutory reserve		41.4	41.4
Fund for development expenditure		87.6	182.7
Non-restricted equity			
Share premium reserve		79.1	79.1
Accumulated profit or loss		134.9	1,290.9
Profit for the year		-15.1	-1,025.7
Total shareholders' equity		340.9	581.4
Long-term liabilities			
Long-term loans	22	,292.6	-
Total non-current liabilities		292.6	-
Current liabilities			
Accounts payable	22	32.0	199.7
Liabilities to group companies	27	105.7	38.0
Current tax liabilities	14	3.7	0.2
Other current liabilities	23	4.6	10.2
Accrued expenses and deferred income	24	74.1	116.8
Total current liabilities		220.1	364.9
Total equity and liabilities		853.6	946.3

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

SEK M	Restricted equity			Non-restricted equity			Total share- holders' equity
	Share capital	Statutory reserve	Fund for develop- ment expenditure	Share premium reserve	Accumulated profit or loss	Net profit for the year	
Opening shareholders' equity, 1 January 2020	13.0	41.4	112.4	79.1	1,512.2	39.5	1,797.6
Net profit for the year						-1,025.7	-1,025.7
Changes in fund for work performed by the company for its own use and capitalized			70.3		-70.4		-0.1
Repurchase own shares					-190.4		-190.4
Appropriation of profit					39.5	-39.5	0.0
Closing shareholders' equity, 31 December 2020	13.0	41.4	182.7	79.1	1,290.9	-1,025.7	581.4
Opening shareholders' equity, 1 January 2021	13.0	41.4	182.7	79.1	1,290.9	-1,025.7	581.4
Net profit for the year						-15.1	-15.1
Changes in fund for work performed by the company for its own use and capitalized			-95.1		95.1		-
Repurchase own shares					-225.4		-225.4
Resultatdisposition					-1,025.7	1,025.7	-
Closing shareholders' equity, 31 December 2021	13.0	41.4	87.6	79.1	134.9	-15.1	340.9

CASH FLOW STATEMENT

PARENT COMPANY

SEK M	Note	2021	2020
Operating activities			
Profit before tax		-18.2	-1,054.2
Adjustment for non-cash items	29	29.7	1,122.0
Cash flow from operating activities before changes in working capital		11.5	67.8
Income tax paid		2.6	3.1
Cash flow from changes in working capital			
Changes in inventories		126.2	97.1
Changes in operating receivables		-125.2	2.7
Changes in operating liabilities		-148.2	-28.5
Cash flow from operating activities		-133.1	142.2
Investing activities			
Purchase and internal development of intangible assets	16	-82.6	-117.6
Purchase of property, plant and equipment	17	-2.8	-1.1
Sales of intangible assets	16	105.9	0.0
Acquisitions of subsidiaries	28	-17.0	-
Cash flow from investing activities		3.5	-118.6
Financing activities			
Repurchase own shares		-225.4	-190.4
New bond loan	22	292.6	-
Cash flow from financing activities		67.2	-190.4
Cash flow for the year		-62.4	-166.8
Cash and cash equivalents at beginning of year		337.5	518.1
Effect of translation differences on cash and cash equivalents		4.8	-13.8
Cash and cash equivalents at end of year	29	279.9	337.5

NOTES

NOTE 1 CRITICAL ACCOUNTING POLICIES

All amounts in millions of Swedish kronor (SEK M) unless otherwise stated.

Basis of presentation

The consolidated accounts comprise Fingerprint Cards AB (Publ) (the Parent Company) and its subsidiaries (the Group). The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups) has also been applied.

The Parent Company applies recommendation RFR2 (Accounting for Legal Entities) issued by the Swedish Financial Reporting Board, whereby the Parent Company applies the same accounting policies as the Group; i.e. IFRS to the extent possible under Swedish law.

The annual accounts and consolidated accounts were approved for publication by the Board and the President on the date stated in the electronic signatures. The Consolidated Statement of Comprehensive Income and Statement of Financial Position and the Parent Company Income Statement and Balance Sheet will be adopted by the Annual General Meeting (AGM) on 24 May 2022.

The accounting policies are stated in the introduction of each note. The focus is on reviewing the accounting decisions the Group has made within the auspices of the applicable IFRS principle and avoiding repeating body text, unless considered of particular importance to understanding note content. Those accounting policies without a specific note are stated in note 1.

Consolidation principles

Subsidiaries

The consolidated accounts comprise Fingerprint Cards

AB (publ) (the Parent Company) and its subsidiaries (the Group). Subsidiaries are companies that are under the controlling influence of the Parent Company. A controlling influence is secured when the Parent Company has control over the investment, is exposed or entitled to a variable return from its holding in the company and can exercise control over the investment to influence the return. All subsidiaries are wholly owned through direct or indirect ownership, and accordingly, are considered to lie under the group's control.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-group transactions between Group companies are eliminated in their entirety when the consolidated accounts are prepared.

Translation to Swedish kronor on consolidation of companies in with different functional currencies

Subsidiaries prepare their financial statements in each entity's functional currency. Each Group company's functional currency is determined on the basis of the primary economic environment where the company conducts operations. The parent company's functional currency is Swedish kronor, which is also the presentation currency of the parent company and group. This means that the financial statements are presented in Swedish kronor. All amounts are in millions of Swedish kronor unless otherwise stated.

When preparing the Group's account closes, revenues and expenses in the Income Statement are translated at average rates of exchange for each year. Balance Sheet items are translated to Swedish kronor at closing day rates. Translation differences that are a result of this translation are recognized via other comprehensive income in the translation reserve in shareholders' equity. Such translation differences are recognized in profit or loss on the sale of the foreign operation.

Receivables and liabilities in foreign currency

Transactions in foreign currency are translated to the functional currency at the rate of exchange ruling on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at closing day rates. Non-monetary assets and liabilities recognized at their respective historical cost are translated at rates of exchange ruling on the transaction date. Non-monetary assets and liabilities measured at fair value are translated to the functional currency at the rate of exchange ruling on the date of fair value measurement.

Exchange rate differences are recognized in net profit for the year. Exchange rate differences on operating receivables and operating liabilities are recognized in operating profit and exchange rate differences on financial receivables and financial liabilities are recognized in net financial income/expense.

Critical estimates and judgements

With its Audit Committee, management has discussed the progress, selection and disclosure of the group's critical accounting policies and estimates, as well as the application of these principles and estimates.

Pursuant to IAS 1, the company should disclose the assumptions and other important sources of uncertainty in estimates, which if actual outcomes differ, can have a material impact on the financial statements. In cases where this occurs, estimates and judgements have been moved to the relevant note. A summary of the segments management considers to contain material estimates and judgements follow:

- Deferred tax (note 14)
- Capitalization of development costs (note 16)
- Impairment testing of goodwill and other intangible assets (note 16)
- Inventory valuation (note 18)

New accounting policies

New accounting policies for 2021

None of the new accounting policies that came into force 1 January, 2021 have any material impact on the Group.

New accounting policies 2022 and later

None of the other IFRS or IFRIC interpretations that have not yet taken effect are expected to have any material impact on the Group.

Parent Company accounting policies

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, the Parent Company should apply all IFRSs and statements endorsed by the EU in its annual accounts as far as possible within the auspices of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and with respect to the relationship between accounting and taxation. The recommendation stipulates the exemptions from, and supplements to, IFRS that are to be applied.

Differences between the group's and parent company's accounting policies

The main differences between the Group's and Parent Company's accounting policies are stated below. The accounting policies stated below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

New accounting policies

Those amendments applying for the financial year beginning 1 January 2021 did not have any material effect on the financial statements.

NOTE 1 CRITICAL ACCOUNTING POLICIES, CONT.

Subsidiaries

Shares and participations in subsidiaries are reported at cost in the Parent Company after deducting for impairment. On business combinations, the Parent Company includes expenditure relating to the acquisition in costs pursuant to RFR 2.

Leased assets

The standards on accounting for leasing agreements in accordance with IFRS 16 are not applied in the Parent Company. This means that leasing fees are reported as an expense on a straight-line basis over the leasing period and that right-of-use assets and leasing liabilities are not included in the Parent Company's balance sheet.

Intangible assets generated by the company

When development costs for intangible assets generated by the company are capitalized, the corresponding amount is transferred from retained earnings to the fund for development expenditure in restricted equity. This reserve is dissolved against retained earnings as the development expenditure is amortized. If the useful life of an intangible asset generated by the company cannot be measured reliably, this period is set at five years.

Untaxed reserves

The Parent Company recognizes the difference between depreciation and amortization according to plan and depreciation and amortization conducted for tax purposes as accumulated excess depreciation and amortization, which is included in untaxed reserves.

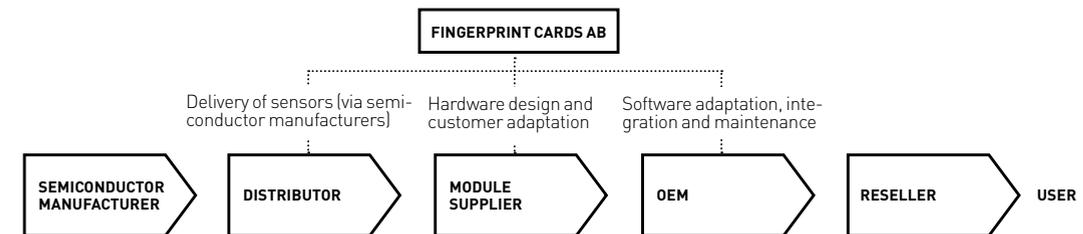
Classification and presentation formats

Earnings for the group are recognized in the Statement of Comprehensive Income, and for the Parent Company, in the Income Statement. In addition, the Parent Company uses the terms Balance Sheet and "Cash Flow Statement" for the statements the Group refers to as the Statement of Financial Position and Statement of Cash Flows respectively. The Parent Company Balance Sheet has been presented according to the format stipulated in the Swedish Annual Accounts Act, while the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement are based on IAS 1 Presentation of Financial Statements, and IAS 7 Statement of Cash Flows.

consists of hardware, with software included as an integrated component. The transaction price is calculated to the recognized revenue adjusted for discounts that are reported to the most likely amount. The revenue is reported when the purchaser gains control over the product and is determined by the terms of delivery.

NOTE 2 REVENUES, CONT.

Revenues SEK M	Group		Parent Company	
	2021	2020	2021	2020
Sale of goods	1,355.8	1,255.7	1,144.7	1,251.7



NOTE 3 OPERATING SEGMENTS

Accounting policy

Each operating segment is defined as a business activity that can give rise to revenue or expenses and its operating profit is regularly monitored by the group's chief operating decision maker, and for which independent financial information is available. In Fingerprints' case, the chief operating decision maker is defined as Group Management, which decides how resources are to be allocated between the different segments, and which also regularly evaluates earnings.

Because Group Management monitors the results of operations and decides on the allocation of resources based on the products manufactured and sold by the Group, these comprise the Group's operating segments. Accordingly, the Group's internal reporting is structured to enable Group Management to review performance and results. The Group's segments have been identified based on the internal reporting structure. Fingerprints reports one operating segment, which is Fingerprint sensors, primarily for mobile phones.

NOTE 3 OPERATING SEGMENTS, CONT.

Comprehensive income statement SEK M	Sensors		Total	
	2021	2020	2021	2020
Revenues from external customers	1,355.8	1,255.7	1,355.8	1,255.7
Operating profit	-7.6	-365.8	-7.6	-365.8
Profit before tax	-1.0	-381.2	-1.0	-381.2

Assets/liabilities and cash flow by segment SEK M	Sensors		Total	
	2021	2020	2021	2020
Assets	1,799.0	1,575.1	1,799.0	1,575.1
Liabilities	-771.8	-392.2	-771.8	-392.2
Cash flow from operating activities	24.3	158.1	24.3	158.1
Cash flow from investing activities	-91.0	-119.1	-91.0	-119.1
Cash flow from financing activities	58.4	-209.2	58.4	-209.2

Geographical regions SEK M	Revenue from external customers		Non-current assets*	
	2021	2020	2021	2020
Sweden	0.1	3.3	185.3	156.9
Asia	1,327.2	1,226.1	14.9	13.7
EMEA	18.0	9.9	2.7	0.8
South and North America	10.5	16.4	666.3	619.7
Total	1,355.8	1,255.7	869.2	791.1

* Non-current assets excluding financial instruments

Revenue from external customers has been assigned to geographical regions according to where the customer is domiciled.

NOTE 4 BUSINESS COMBINATIONS**Accounting policy**

The acquisition method has been applied, which means that an acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the sub-

sidar's assets and takes over its liabilities and contingent liabilities. In 2020 and 2021 no acquisitions were made.

NOTE 5 COST OF GOODS SOLD

Constituent items in cost of goods sold SEK M	Group		Parent Company	
	2021	2020	2021	2020
Materials	-869.4	-865.2	-697.9	-865.2
Amortization of capitalized development	-47.7	-23.5	-27.3	-23.5
Amortization of other intangible assets	-18.7	-28.1	-	-
Procurement and production overheads	-23.1	-63.7	-25.2	-63.6
Cost of goods sold	-958.9	-980.5	-750.4	-952.3

NOTE 6 OTHER OPERATING INCOME

SEK M	Group		Parent Company	
	2021	2020	2021	2020
Exchange rate gains on operating receivables and liabilities	0.0	8.1	0.0	8.2
Grants received	1.5	1.4	-	-
Leased offices	4.1	3.7	4.1	3.8
	5.6	13.2	4.1	12.0

NOTE 7 OTHER OPERATING EXPENSES

SEK M	Group		Parent Company	
	2021	2020	2021	2020
Loss on sale of property, plant and equipment	-	-0.6	-	-0.6
Exchange rate losses on operating receivables and liabilities	-4.7	-	-4.1	-
Write-down of capitalized development	-	-340.6	-	-72.9
Expenses leased offices	-5.3	-3.7	-5.3	-3.8
	-10.0	-344.9	-9.4	-77.3

NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES**Accounting policy****Pension benefits to employees**

The Group has defined-contribution pension plans. Defined-contribution pension plans are classified as plans whereby the company's obligation is limited to the contributions it has undertaken to pay. In such cases, the amount of the employee's pension depends on the contribution the company pays to the plan, or to an insurance company and the return on capital generated by the contributions. Consequently, the employee bears the actuarial risk and investment risk. The company's obligation regarding contributions to defined-contribution plans is recognized as an expense in profit or loss in line with contributions being vested by the employee rendering services for the company over a period of time.

Severance pay

An expense for severance pay when employees leave the company is recognized only if the company is demonstrably obligated, with-out a realistic possibility of withdrawing, by a formal detailed plan to terminate employment before the normal point in time.

Short-term remuneration

Short-term remuneration to employees is computed without discounting and is recognized as an expense when the related services are received. A provision is recognized for the expected cost of the profit-sharing and bonus payments when the Group becomes subject to a legal or constructive obligation to make such payments as a result of the services rendered by employees and the obligation can be measured reliably.

Remuneration guidelines for senior executives

The AGM 2021 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 together with the Chief Executive Officer. Fundamental compensation levels should be on market terms. Compensation should consist

NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES, CONT.

of fixed basic salary, variable salary computed in accordance with established objectives set in advance, 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 percent 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. The notice period for the Chief Executive Officer is six months on termination by the employee or the company.

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.

Expenses for employee benefits	Group		Parent Company	
	2021	2020	2021	2020
Salaries and benefits, etc.	205.6	195.0	47.2	72.7
Pension costs, defined contribution plans	26.3	24.5	9.5	20.0
Other social security contributions	32.8	28.2	13.7	18.7
Other employee benefits	17.1	9.0	6.0	4.2
	281.8	256.7	76.4	115.6

Gender balance in management	Group		Parent Company	
	31 Dec 2021 Share of women	31 Dec 2020 Share of women	31 Dec 2021 Share of women	31 Dec 2020 Share of women
Board of Directors	13%	13%	13%	13%
Other Senior Executives	0%	0%	0%	0%

NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES, CONT.**Average number of employees**

Group	Group						Parent Company					
	2021			2020			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Sweden	66	26	92	67	29	96	39	21	60	67	29	96
Denmark	22	4	26	22	4	26	-	-	-	-	-	-
Japan	1	-	1	-	-	-	-	-	-	-	-	-
China	62	37	99	55	30	85	-	-	-	-	-	-
Switzerland	1	1	2	-	-	-	-	-	-	-	-	-
South Korea	5	-	5	5	-	5	-	-	-	-	-	-
Taiwan	16	4	20	12	3	15	-	-	-	-	-	-
US	4	-	4	4	1	5	-	-	-	-	-	-
Other countries	-	1	1	-	-	-	-	1	1	-	-	-
Total group	177	73	250	165	67	232	39	22	61	67	29	96

There were 261 (240) employees as of 31 December 2021, of which 180 (170) men and 81 (70) women.

Salaries and other benefits allocated between senior executives and other employees, and social security contributions

SEK M	Group						Parent Company					
	2021			2020			2021			2020		
	Senior executives	Other employees	Total	Senior executives	Other employees	Total	Senior executives	Other employees	Total	Senior executives	Other employees	Total
Salaries and other benefits	21.3	184.3	205.6	21.1	173.9	195.0	12.0	35.2	47.2	19.2	53.5	72.7
Of which CEO	7.5	-	7.5	7.8	-	7.8	4.0	-	4.0	7.8	-	7.8
Of which Sweden	14.1	63.1	77.2	19.2	53.5	72.7	12.0	35.2	47.2	19.2	53.5	72.7
Of which foreign countries	7.2	121.2	128.4	1.9	120.4	122.3	-	-	-	-	-	-
Of which tantiem etc	0.7	15.4	16.1	4.0	13.9	17.9	0.7	1.4	2.1	4.0	2.3	6.3
Pension benefits	4.7	21.6	26.3	4.4	20.1	24.5	3.2	6.3	9.5	4.2	15.8	20.0
Of which pension benefits CEO	2.2	-	2.2	2.4	-	2.4	1.5	-	1.5	2.4	0.0	2.4
Of which pension benefits others	2.5	21.6	24.1	2.0	20.1	22.1	1.7	6.3	8.0	1.8	15.8	17.6

NOTE 8 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES, CONT.

Salaries and other benefits to senior executives Group and Parent Company	2021					2020				
	Basic salary, Directors' fee	Bonus, variable compensation	Benefits	Pension	Total	Basic salary, Directors' fee	Bonus, variable compensation	Benefits	Pension	Total
Chairman of the Board										
Johan Carlström	0.7	-	-	-	0.7	0.7	-	-	-	0.7
Directors of the Board										
Alexander Kotsinas	0.4	-	-	-	0.4	0.4	-	-	-	0.4
Dimitrij Titov	0.3	-	-	-	0.3	0.3	-	-	-	0.3
Juan Vallejo	0.3	-	-	-	0.3	0.3	-	-	-	0.3
Sofia Bertling	0.3	-	-	-	0.3	0.3	-	-	-	0.3
Ted Elvhage	0.3	-	-	-	0.3	0.3	-	-	-	0.3
Tomas Mikaelsson	0.3	-	-	-	0.3	0.3	-	-	-	0.3
Urban Fagerstedt, till 2020-05						0.2	-	-	-	0.2
Chief Executive Officer										
Christian Fredrikson	7,5	-	2.2	2.2	11.9	4.0	3.0	0.8	2.4	10.2
Other senior executives (7 people)	10.5	0,7	2.5	2.5	16.2	8.9	1.0		2.0	11.9
Total from Group and Parent Company	20.6	0.7	4.7	4.7	30.7	15.7	4.0	0.8	4.4	24.9

NOTE 9 FEES AND REIMBURSEMENT OF AUDITORS

SEK M	Group		Parent Company	
	2021	2020	2021	2020
Audit fee, BDO	2.7	0.0	1.9	0.0
Audit fee, MOORE KLN AB	0.6	2.6	0.6	2.6
Audit fee, other	0.1	0.1	0.0	0.0
Other services	0.3	0.4	0.1	0.1
Total fees	3.7	3.1	2.6	2.7

NOTE 10 OPERATING EXPENSES BY COST CLASS

SEK M	Group		Parent Company	
	2021	2020	2021	2020
Cost of materials	-869.4	-889.8	-697.9	-889.8
Personnel costs	-281.8	-256.3	-76.4	-114.8
Depreciation, amortization and impairment	-93.3	-425.1	-34.8	-107.3
Other operating expenses	-118.9	-50.3	-378.8	-222.8
Operating expenses	-1,363.4	-1,621.5	-1,187.9	-1,334.7

NOTE 11 DEVELOPMENT EXPENDITURE

The Group's expenses for technology development and patents in 2021 amounted to SEK 221.6 M (201.6) of which SEK 83.4 M (107.1) or 37% (53%) has been capitalized in the Consolidated Statement of Financial Position and the remaining SEK 138.2 M (94.5) has been expensed. The corresponding expenses for technology development and

patents 2021 for the Parent Company amounted to SEK 298.4 M (201.1), of which SEK 83.4 M (107.1) or 28% (53%) has been capitalized in the Parent Company's Balance Sheet, and the remaining SEK 215.0 M (94.0) has been expensed in the Parent Company's Income Statement.

NOTE 12 FINANCIAL INCOME/EXPENSE

SEK M	Group		Parent Company	
	2021	2020	2021	2020
Dividend from group companies	-	-	0.8	1.8
Exchange rate gains financial receivables and liabilities	4.7	-	11.0	-
Interest income attributable to group companies	-	-	5.2	24.5
Other interest income	2.3	0.1	2.3	-
Financial income	7.0	0.1	19.3	26.3
Loss from write-down of shares in subsidiaries	-	-	-	-914.4
Exchange rate losses financial receivables and liabilities	-	-13.9	-0.2	-82.2
Other interest expenses	-0.3	-1.0	-0.5	-0.3
Other financial expenses	-0.1	-0.6	-0.1	-0.5
Financial expenses	-0.4	-15.5	-0.8	-997.4

NOTE 13 APPROPRIATIONS

SEK M	Parent Company	
	2021	2020
Appropriations		
Group contribution	6.5	-
Total appropriations	6.5	-
Untaxed reserves	-	-

The Parent Company has received a group contribution from Fingerprint Anacatum IP AB.

NOTE 14 TAXES**Accounting policy**

The group's tax for the period consists of current tax and deferred tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or by the tax authorities based on the tax rates and the tax legislation that is enacted or substantively enacted on the reporting date. Current tax is tax pertaining to taxable profit for the period. Deferred tax is recognized on all temporary differences that arise between the taxable value and carrying amount of assets and liabilities, and on deductible loss carry-forwards.

Current and deferred tax is recognized in profit or loss with the exception of transactions recognized in other comprehensive income and shareholders' equity. Tax attributable to items recognized in other comprehensive income is also recognized in other comprehensive income

and tax accruing on transactions recognized in shareholders' equity is recognized in shareholders' equity. Deferred tax assets are recognized in the Balance Sheet to the extent it is likely that they can be utilized to offset future taxable surpluses. When calculating the Group's deferred tax assets and tax liability, the tax rate applicable in the country concerned is applied.

Estimates and judgements

Management especially considers the likelihood of whether deferred tax assets can be offset against services in future taxation. Deductible deficits are not recognized because they relate to a subsidiary with limited operations, and accordingly, there is uncertainty as to whether the deficit can be offset against future surpluses.

SEK M	Group		Parent Company	
	2021	2020	2021	2020
Current tax expense	-10.0	-3.0	-	-
Deferred tax expense	11.1	43.4	3.1	28.5
Total reported tax expense	1.1	40.4	3.1	28.5

Reconciliation of effective tax

SEK M	Group				Parent Company			
	2021	%	2020	%	2021	%	2020	%
Profit before tax	-1.0		-381.2		-18.2		-1,054.2	
Theoretical tax at applicable tax rate for Parent Company	0.2	-20.6	81.6	-21.4	3.8	-20.6	225.6	-21.4
Differences in tax rates for foreign subsidiaries	0.7	71.1	2.9	-0.8	0.0	0.0	0.0	0.0
Non-deductible expenses	-1.9	190.4	-37.7	9.9	-0.6	3.1	-191.2	18.1
Non-deductible revenues	0.5	-45.8	0.0	0.0	0.6	-3.5	0.4	0.0
Restatement of deferred tax	2.5	-249.2	-6.3	1.7	0.0	0.0	-6.3	0.6
Tax attributable to previous year	-0.9	85.0	-0.1	0.0	-0.7	4.1	0.0	0.0
Reported effective tax	1.1	-111.1	40.4	-9.9	3.1	-16.9	28.5	-2.7

NOTE 14 TAXES, CONT.**Unreported deferred tax assets**

Deductible loss carry-forwards for which deferred tax assets have not been recognized in the Statement of Financial Position:

SEK M	Group		Parent Company	
	2021	2020	2021	2020
Deductible deficits	-	12.4	-	-

Deferred tax assets and tax liabilities are divided as follows:

Deferred tax assets, SEK M	Group		Parent Company	
	2021	2020	2021	2020
Deferred tax assets to be settled after more than 12 months	52.1	46.8	49.9	46.7
Total deferred tax assets	52.1	46.8	49.9	46.7

Deferred tax liabilities, SEK M	Group		Parent Company	
	2021	2020	2021	2020
Deferred tax liabilities to be settled after more 12 months	16.6	20.6	-	-
Total deferred tax liabilities	16.6	20.6	-	-

Changes in deferred tax assets and tax liabilities are stated below:

Group

Tax losses forward, SEK M	Current assets	Total
As of 1 January, 2020	18.3	18.3
Reported in Income Statement	28.5	28.5
As of 31 December, 2020	46.8	46.8
Reported in Income Statement	5.3	5.3
As of 31 December, 2021	52.1	52.1

Group

Temporary tax difference Immaterial assets, SEK M	Other	Total
As of 1 January, 2020	38.6	38.6
Revaluation deferred tax	-3.1	-3.1
Reported in Income Statement	-14.9	-14.9
As of 31 December, 2020	20.6	20.6
Revaluation deferred tax	1.9	1.9
Reported in Income Statement	-5.9	-5.9
As of 31 December, 2021	16.6	16.6

NOTE 15 SHAREHOLDERS' EQUITY AND NUMBER OF SHARES**Accounting policy**

Earnings per share before and after dilution is calculated as the year's net profit attributable to equity holders of the Parent Company divided by the average number of outstanding shares. Repurchased shares in own custody are not included in outstanding shares.

Weighted average number of repurchased shares as from when the repurchase was carried out. In accordance with decision at the 2021 AGM, cancellation of repurchased shares as well as the bonus issue, was recorded

by Bolagsverket in June 2021. Fingerprint Cards ABs registered share capital has not been changed but the number of shares and votes have decreased.

After cancellation of 15,967,675 class B shares, repurchased after decision by the 2020 AGM, the number of shares total 298,000,000, of which 6,000,000 class A shares and 292,000,000 class B shares. The total number of votes are 352,000,000. The share capital is unchanged after the bonus issue at a total amount of 12,975,667 SEK.

Kr	Before dilution		After dilution	
	2021	2020	2021	2020
Earnings per share	0.00	-1.10	0.00	-1.10

Net profit for the year attributable to ordinary shareholders of the parent company before dilution

SEK M	2021	2020
Net profit for the year attributable to equity holders of the Parent Company	0.1	-340.8

Weighted average number of outstanding shares before and after dilution

Number of shares	2021	2020
Class A shares at beginning of the year	6,000,000	6,000,000
Total number of class A shares	6,000,000	6,000,000
Class B shares at beginning of the year	307,967,675	307,967,675
Number of cancelled shares	-15,967,675	-
Number of repurchased shares	-3,800,000	-12,423,665
Total number of class B shares	288,200,000	295,544,010
Total number of outstanding shares	294,200,000	301,544,010
Weighted average number of ordinary shares in the year before dilution	295,351,356	308,828,873
Weighted average number of ordinary shares in the year after dilution	295,351,356	308,828,873
Quotient value, SEK per share	0.04	0.04

As of 31 December 2021, registered share capital amounted to 298,000,000 ordinary shares (313,967,675), of which 3,800,800 (12,423,665) shares were held in own custody.

Holder of common shares are entitled to receive dividends, and entitles the holder to vote at the shareholders' meetings, with one vote per share.

NOTE 16 INTANGIBLE ASSETS

Accounting policy

Intangible assets are recognized at original cost after deducting for accumulated amortization and potential impairment.

Research and development

Development expenditure, aimed at achieving new or improved products or processes, is recognized as an asset in the Statement of Financial Position, if the product or process is technically and commercially viable, and the company has sufficient resources to complete the development process and subsequently use or sell the intangible asset. The carrying amount includes directly attributable expenses, such as materials and services used and consumed in connection with processing and registering legal rights. Other development expenditure is recognized in profit or loss as an expense when it arises. Research expenses aimed at obtaining new scientific or technical knowledge are recognized as an expense when they arise. Since all research originates from products and market demand, no research arises.

Patents

Acquired patents are capitalized as intangible assets.

Goodwill

Goodwill is recognized as an intangible asset with indefinite useful life. Over and above indication, non-amortizable assets such as goodwill are subject to annual impairment tests by measuring the asset's recoverable amount. If the estimated recoverable amount is less than the carrying amount, the asset is impaired to its recoverable amount.

Amortization and impairment

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite. Useful lives are determined on the basis of expected commercial potential, earnings and the patent's remaining term of validity and technical significance. Useful lives are

reviewed at least yearly. Intangible assets with definite useful lives are amortized from the date when they are available for use. Amortizable assets are tested for impairment, if at the reporting date, there is an indication that a non-current asset is impaired. Intangible assets with an indefinite useful life or that are not ready for use are tested for impairment every year and as soon as there is an indication of impairment. The recoverable amount of goodwill is measured through a value in use measurement according to the discounted cash flow method.

If it is not possible to associate materially independent cash flows with an individual asset, and the asset's fair value less selling expenses cannot be used, for impairment testing, the assets are grouped at the lowest level from which it is possible to identify significant independent cash flows, known as a cash-generating unit. An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

Estimated useful lives are:

Products	1.5–4 years
Platforms	1.5–10 years
Customer relations	10 years
Patents	4–5 years

Useful lives are reviewed yearly.

Estimates and judgements

Capitalized development expenditure
Significant estimates by management are necessary to determine whether expenses during the development phase should be capitalized as intangible assets, and which useful life these assets should have. These estimates focus on determining how long earnings potential exists for the products, and in turn, these estimates are based on the progress of markets, competitors and technology.

Impairment of goodwill and other intangible assets

To identify whether there is impairment of a non-current asset with definite useful life at the reporting date, man-

agement judges each asset's commercial potential. No indication has been identified for patents, and accordingly, no impairment test has been conducted for patents. The remaining portion of other intangible assets have been tested jointly with goodwill below.

For impairment tests, the recoverable amount of the cash-generating unit Delta ID Inc. has been measured based on its value in use. Value in use is measured as the present value of expected future cash flows in accordance with management's forecast.

The critical assumptions in this forecast are sales and operating margins, as well as the discount rate. Sales have been estimated in the short term based on estimated customer needs, from third-party research and global

market progress for iris recognition for the medium term, and based on assumptions of a normalized growth rate for the long term. Initially, the operating margin has been estimated on the basis of current margins, and then based on sector experience.

A nine-year cash flow forecast has been applied, the term of the period justified by the expectation that it will take many years before operations enter a mature developmental phase. After the end of the forecast period, a growth rate of 2% has been adopted.

The discount rate has been estimated based on the operation's estimated weighted average cost of capital (WACC). The WACC after tax has been estimated at 15.1%.

Goodwill impairment test

	2021	2020
Recoverable amount SEK M	704	599
Carrying amount SEK M	666	599
Interest rate, % (WACC), before tax	15.1	15.9
Interest rate, % (WACC), after tax	15.1	14.5

NOTE 16 INTANGIBLE ASSETS, CONT.

SEK M	Group								Parent Company					
	Goodwill		Capitalized development expenditure		Patents & other acquired intangible assets		Intangible assets		Capitalized development expenditure		Patents & other acquired intangible assets		Intangible assets	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accumulated cost														
Opening balance	739.6	842.7	665.5	558.3	287.6	309.4	1,692.8	1,710.4	659.8	552.6	56.6	46.2	716.4	598.8
Internally developed assets	-	-	85.4	107.2	-	-	85.4	107.2	82.6	107.2	-	-	82.6	107.2
Purchases	-	-	-	-	0.1	10.4	0.1	10.4	-	-	0.1	10.4	0.1	10.4
Divestments	-	-	-	-	-	-	-	-	-641.6	-	-45.7	-	-687.3	-
Translation difference	79.0	-103.1	-	-	-15.1	-32.1	63.9	-135.2	-	-	-	-	-	-
Closing balance	818.6	739.6	751.0	665.5	272.6	287.6	1,842.2	1,692.8	100.9	659.8	10.9	56.6	111.7	716.4
Accumulated amortization														
Opening balance	0.0	0.0	-309.3	-285.8	-145.6	-129.1	-454.9	-414.9	-303.6	-280.1	-32.7	-29.1	-336.3	-309.2
Amortization for the year	-	-	-47.7	-23.5	-23.9	-31.8	-71.5	-55.3	-27.3	-23.5	-4.2	-3.6	-31.5	-27.1
Divestments	-	-	-	-	-	-	-	-	313.5	-	30.1	-	343.6	-
Translation difference	-	-	-	-	17.1	15.4	17.1	15.4	-	-	-	-	-	-
Closing balance	0.0	0.0	-357.0	-309.3	-152.4	-145.6	-509.3	-454.9	-17.4	-303.6	-6.8	-32.7	-24.1	-336.3
Accumulated impairment														
Opening balance	-238.0	0.0	-231.0	-167.7	-9.6	-	-478.6	-167.7	-231.0	-167.7	-9.6	-	-240.6	-167.7
Write-downs for the year	0.0	-267.7	0.0	-63.3	0.0	-9.6	0.0	-340.6	-	-63.3	-	-9.6	-	-72.9
Divestments	-	-	-	-	-	-	-	-	231.0	-	9.6	-	240.6	-
Translation difference	-25.4	29.7	-	-	9.6	0.0	-15.8	29.7	-	-	-	-	-	-
Closing balance	-263.4	-238.0	-231.0	-231.0	-	-9.6	-494.4	-478.6	-	-231.0	-	-9.6	-	-240.6
Carrying amount														
At beginning of year	501.6	842.7	125.2	104.8	132.4	180.3	759.3	1,127.8	125.3	104.8	14.2	17.1	139.5	122.0
At end of year	555.2	501.6	163.0	125.3	120.3	132.5	838.4	759.3	83.5	125.3	4.1	14.2	87.6	139.5
Amortization is included in the Statement of Comprehensive income	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cost of goods sold	-	-	-47.7	-23.5	-18.7	-28.1	-66.4	-51.6	-27.3	-23.5	-	-	-27.3	-23.5
Development costs	-	-	-	-	-5.2	-3.7	-5.2	-3.7	-	-	-4.2	-3.6	-4.2	-3.6

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment are recognized in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and any expenses that are directly attributable to the asset to put it in place and in the condition to be utilized for the purpose for which it was acquired.

Assets leased through finance leases are recognized as non-current assets in the Statement of Financial Position and recognized initially at the lower of the item's fair value and the present value of minimum lease payments on entering the arrangement.

Depreciation and impairment

Depreciation is on a straight-line basis over the estimated useful life of the asset. Leased assets are depreciated over their estimated useful life, or if it is shorter, the contracted lease term. Depreciation is recognized in each function the assets belong to. Impairment testing of depreciable assets is conducted if there is an indication of impairment of the non-current asset at the reporting date. If there is an indication of impairment, the asset's recoverable amount is measured. The recoverable amount is the greater of the asset's net selling price and its value in use, which is based on management's estimate of future cash

flows. If it is not possible to associate significant independent cash flows with an individual asset, and the asset's fair value less selling expenses cannot be used, the assets are grouped for impairment testing at the lowest level from which it is possible to identify significant independent cash flows, known as a cash-generating unit. An impairment loss is recognized when an asset's carrying amount exceeds its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

Estimated useful lives:

Machinery and other technical plant	5 years
Equipment, tools, fixtures and fittings	3–5 years

Estimates and judgements

Impairment of property, plant and equipment

Estimated future cash flows, which are based on internal business plans and forecasts, are used to determine value in use. Even if management considers an estimated future cash flows are reasonable, other assumptions regarding cash flows can have a material impact on measurements. No indication that property, plant and equipment is impaired has been identified, and accordingly, no impairment tests have been conducted.

	Group		Parent Company	
	Machinery and equipment	Machinery and equipment	Machinery and equipment	Machinery and equipment
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accumulated cost, SEK M				
Opening balance	52.3	70.0	38.0	56.0
Sales/retirements	-6.5	-19.1	-6.5	-19.1
Purchases	4.8	1.4	2.8	1.1
Closing balance	50.6	52.3	34.3	38.0
Accumulated depreciation				
Opening balance	-45.3	-54.2	-33.6	-44.8
Reversed depreciation on sales and retirements	6.5	18.5	6.5	18.5
Depreciation for the year	-4.6	-9.6	-3.4	-7.3
Closing balance	-43.1	-45.3	-30.5	-33.6
Carrying amounts				
At beginning of year	7.0	15.8	4.4	11.2
At end of year	6.5	7.0	3.8	4.4

	Group		Parent Company	
	2021	2020	2021	2020
Depreciation is included in the following lines in the Statement of Comprehensive income				
Cost of goods sold	0.0	-2.3	0.0	-2.3
Administrative expenses	-0.6	-6.4	-0.6	-4.1
Selling expenses	-3.6	0.0	-2.8	0.0
Development expenses	0.0	-0.9	0.0	-0.9
Total	-4.2	-9.6	-3.4	-7.3

NOTE 18 INVENTORIES

Accounting policy

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is measured by applying the first-in, first-out method (FIFO) and includes expenses arising in conjunction with the purchase of inventory items and transportation to their current location and condition. Net realizable value is defined as sales price less expenses for completion and selling expenses.

Estimates and judgements

Individual judgements regarding potential to sell products are necessary to determine net sales value. An impairment loss has been recorded due to net realizable value.

NOTE 19 FINANCIAL ASSETS

Accounting policy

A financial asset is recognized in the Statement of Financial Position when the group becomes party to the terms of the instrument's agreement. A receivable is recognized when the company has delivered and there is a contracted obligation for the counterparty to pay, even if no invoice has been sent. Accounts receivable are recognized in the Statement of Financial Position when an invoice has been sent and the company has an unconditional right of payment.

The Financial assets are in the category of amortized cost. Loan receivables and accounts receivable are non-derivative financial assets that have determined or determinable payments and that are not listed on an active marketplace. These assets are measured at amortized cost. Amortized cost is determined on the basis of the effective interest calculated at acquisition. Cash and cash equivalents and accounts receivable are recognized at the amount expected to be received, i.e. after impairment of expected bad debt.

Conversion to SEK is at the closing rate on the reporting date. Book value less impairment is an approximate fair value of accounts receivable.

Impairment losses (mainly the reserve for bad debt) are taken if management considers that there is sufficient objective evidence indicating that an asset's carrying amount will not be recoverable. Impaired accounts receivable are recognized at the present value of expected future

cash flows. However, receivables with short maturities are not discounted. Impairment of saleable financial assets is recognized in net profit for the year in net financial income/expense.

Exchange rate fluctuations on operating receivables and liabilities are recognized in operating profit, while exchange rate fluctuations on financial receivables and liabilities are recognized in net financial income/expense.

Financial assets are derecognized from the Balance Sheet when the contracted rights to cash flows cease, or are transferred, and when essentially, the risks and rewards associated with ownership of the financial assets have been transferred.

SEK M	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Raw material inventory	120.4	118.6	4.2	118.6
Finished goods	38.9	17.7	4.3	17.8
Total	159.3	136.3	8.5	136.3

Impairment of inventories amounts to SEK 23.8 M (20.0) in 2021.

Fair value and book value of financial assets by balance sheet item and category

SEK M	Group				Parent Company			
	31 Dec 2021		31 Dec 2020		31 Dec 2021		31 Dec 2020	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS								
Current financial assets								
Financial assets at amortized cost								
Accounts receivable	280.0	280.0	196.2	196.2	4.6	4.6	195.2	195.2
Cash and cash equivalents	374.3	374.3	377.0	377.0	279.9	279.9	337.5	337.5
Financial assets, total	654.2	654.2	573.2	573.2	284.5	284.5	532.7	532.7

SEK M	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Total accounts receivable	280.4	196.6	4.9	195.6
Reserve for doubtful debt	0.4	0.4	0.4	0.4
Carrying amount	280.0	196.2	4.6	195.2

The expense for bad debt and doubtful debt for the Group amounted to SEK 0.0 M (0.0).

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

SEK M	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Premises	4.0	1.8	2.7	3.0
Insurance expenses	1.5	2.9	1.4	2.8
License costs	2.0	4.4	2.0	4.4
Other operating expenses	3.8	3.0	3.2	2.3
Total	11.3	12.2	9.3	12.4

NOTE 21 CASH AND CASH EQUIVALENTS**Accounting policy**

Cash and cash equivalents consist of cash funds and immediately available balances with banks and corresponding institutions, as well as short-term liquid invest-

ments that are exposed to only insignificant risk of value fluctuation.

SEK M	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Cash and bank balances	374.3	377.0	279.9	337.5
Total recognized in the Statement of Financial Position/ Balance sheet	374.3	377.0	279.9	337.5

NOTE 22 FINANCIAL LIABILITIES**Accounting policy**

A financial liability is recognized in the Statement of Financial Position when the Group becomes a party to the terms of the instrument's contract. Liabilities are recognized when the counterparty has delivered and there is a contractual obligation for the company to make a payment without an invoice having yet been received. Accounts payable are recognized when the invoice has arrived.

Financial liabilities, such as Accounts payable are mea-

sured at amortized cost.

Exchange rate fluctuations on operating liabilities are recognized in operating profit while exchange rate fluctuations on financial liabilities are recognized in financial net.

The company has issued senior secured bonds at SEK 300 M, with a maturity of three years and a floating interest of Stibor 3 months + 9% annually under a SEK 500 M framework.

Book value of financial liabilities by balance sheet items and category

SEK M	Group				Parent Company			
	31 Dec 2021		31 Dec 2020		31 Dec 2021		31 Dec 2020	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Non-current financial liabilities								
Long-term bond loan	292.6	292.6	-	-	292.6	292.6	-	-
Long-term leasing liabilities	11.6	11.6	9.8	9.8	-	-	-	-
Current financial liabilities								
Short-term leasing liabilities	11.3	11.3	12.8	12.8	-	-	-	-
Accounts payable	221.8	221.8	200.7	200.7	32.0	32.0	199.7	199.7
Financial liabilities, total	537.4	537.4	223.3	223.3	324.6	324.6	199.7	199.7
By category								
Financial liabilities at amortized cost	537.4	537.4	223.3	223.3	324.6	324.6	199.7	199.7
Financial liabilities, total	537.4	537.4	223.3	223.3	324.6	324.6	199.7	199.7

Maturity analyses, financial liabilities, SEK M	Group				Parent Company			
	3		3		3		3	
	0-3 months	months-1 year	1-2 years	2-3 years	0-3 months	months-1 year	1-2 years	2-3 years
Accounts payable	221.8	0.0	-	-	32.0	-	-	-
Leasing liabilities	2.8	8.5	11.3	0.3	-	-	-	-
Total	224.6	8.5	11.3	0.3	32.0	-	-	-

NOTE 23 OTHER CURRENT LIABILITIES

SEK M	Group		Parent Company	
	31 Dec 2021	2020-12-31	31 Dec 2021	2020-12-31
Employee withholding tax	4.9	6.4	0.8	2.5
Other	30.6	8.6	3.8	7.7
Total	35.5	15.0	4.6	10.2

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	Group		Parent Company	
	31 Dec 2021	2020-12-31	31 Dec 2021	2020-12-31
Salaries	24.5	29.4	6.5	15.9
Social security contributions	5.1	4.5	1.9	4.4
Material and production expenses	6.2	1.4	0.0	1.4
Directors' fees and company expenses	0.2	0.1	0.0	0.1
Commissions	126.7	84.3	61.5	84.3
Audit	1.7	1.0	1.4	0.9
Restructuring expenses	0.0	8.7	0.0	8.7
Other overheads	4.0	1.9	2.8	1.1
Total	168.4	131.3	74.1	116.8

NOTE 25 FINANCIAL RISKS AND RISK MANAGEMENT**Group and Parent Company**

The Group's activities expose it to a variety of financial risks.

Financial risks mean fluctuations in the company's earnings and cash flow due to variations in exchange rates, interest rates and risks relating to refinancing and credit issuance. The Group's financial policy for managing financial risks has been prepared by the Board and comprises a framework of guidelines and rules in the form of risk mandates and limits for financing activities. Financial transactions and risks are managed by the Parent Company's Finance function. The objectives are to:

- Manage and control financial risks
- Minimize the negative earnings impact of market changes in currencies and interest rates.
- Plan and ensure adequate liquidity for operating activities.
- Optimize the use of capital and cash flows.

Financing risk

Financing risk is the risk of access to financing capital, and the price of financing capital varying, with the risk of unfavorable terms.

Liquidity risk

Liquidity risk is the risk that the Group encounters problems meeting its obligations associated with financial liabilities. The Group has rolling liquidity planning, which is updated monthly. The Group's forecasts cover a minimum of six months of rolling liquidity planning over the medium term. Liquidity planning is used to manage liquidity risk and the cost of financing the Group.

The aim is that the Group should be able to meet its financial commitments and have the necessary contingency well in advance. It should be possible to offset upturns and downturns without incurring significant unforeseen costs. Available liquidity in the Group at year end amounted to SEK 374.3 M (377.0). In accordance with the Finance Policy, there should always be sufficient cash and cash equivalents and confirmed credit lines to cover short-term liquidity requirements.

The company's financial liabilities consist of supplier

credits, totaling SEK 221.8 M (200.7) at year-end, with a short maturity of within one to two months.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will vary due to changes in market prices. IFRS divides market risks into three types; currency risk, interest rate risk and other price risk. The market risks that primarily impact the Group are currency risk and commodity price risk, while the interest rate risk has less of an impact since the company has no deposits.

The Group's aim is to manage and control market risks within specific parameters and simultaneously optimize the results of risk-taking within specific parameters. These parameters are established with the aim of ensuring that market risks have only a marginal impact on the Group's earnings and financial position in the short term (6–12 months). However, protracted changes in exchange rates and interest rates will impact consolidated earnings in the longer term.

Raw materials price risk

The raw materials cost of products may be affected by price variations, mainly silicon. Silicon is the largest constituent part of products. Historically, the price of silicon has not fluctuated significantly, and supply is good. If the supply of silicon on the global market were to reduce, there would be a risk of price increases. Accordingly, the company's purchasing from external suppliers could increase in per unit prices. There is no guarantee that in turn, Fingerprints is able to pass on increased costs to its customers. The inability to pass on increased costs to the company's customers may have negative consequences for the company's operations, results of operations and financial position.

Currency risk

The risk that the fair value and cash flows of financial instruments will fluctuate when the value of foreign currencies changes. The Group is exposed to various types of currency risk. The main exposure is derived from the Group's sales

NOTE 25 FINANCIAL RISKS AND RISK MANAGEMENT, CONT.

and purchases in foreign currencies. These currency risks comprise the risk of fluctuations in the value of financial instruments, accounts receivables and accounts payable and the currency risk inherent in expected and contractual payment flows. Such risks constitute transaction exposure.

According to the Finance Policy, exchange risks should not be hedged. USD-denominated net surpluses are exchanged to SEK on a continuous basis. Net profit for the year includes exchange rate differences of SEK -4.8 M (8.1) in operating profit and SEK 4.7 M (-13.9) in the financial net.

Transaction exposure

The Group's transaction exposure for sales and materials on the reporting date is in USD:

SEK M	Net flows
2021	
USD-exposure expressed in SEK and total	514.6
2020	
USD-exposure expressed in SEK and total	692.1

The transaction exposure has not been hedged.

Sensitivity analysis

A 10% appreciation of the Swedish krona against other currencies as of 31 December 2021, would imply shareholders' equity and net profit for the period changing by SEK 51 M (69). The sensitivity analysis is based on all other factors remaining unchanged.

Credit risk

The company has a credit insurance for all receivables and therefore don't do any reservations for bad debts.

Net flows SEK M	Group		Parent Company	
	2021	2020	2021	2020
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Non-overdue accounts receivable	241.6	160.4	2.8	159.4
Overdue accounts receivable 0 – 30 days	35.4	35.2	1.5	35.2
Overdue accounts receivable 30 – 90 days	2.7	0.4	0.0	0.4
Overdue accounts receivable > 90 days	0.7	0.6	0.7	0.6
Reserve for doubtful debt	-0.4	-0.4	-0.4	-0.4
Total	280.0	196.2	4.6	195.2

Sales per year	Group						Parent Company					
	2021			2020			2021			2020		
	Number of customers	% of total number of customers	% of value	Number of customers	% of total number of customers	% of value	Number of customers	% of total number of customers	% of value	Number of customers	% of total number of customers	% of value
< SEK 1 M	68	76	0.3	68	69	0.3	64	76	0.6	67	69	0.2
SEK 1 – 10 M	13	15	1.7	21	21	1.7	12	14	2.4	20	21	1.8
> SEK 10 M	8	9	98.0	10	10	98.0	8	10	97.0	10	10	98.0
Total	89	100	100	99	100	100	84	100	100	97	100	100

NOTE 26 LEASES**Accounting policy**

Information regarding existing accounting policies and classifications are presented in Note 1 Critical Accounting

Policies. Statement regarding leasing liabilities are presented in Statement of financial position.

Right-of-use assets

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Lease arrangements where the company is the lessee, SEK M				
Irrevocable lease payments amount to:				
Within one year	11.3	22.3	10.8	14.5
Between one year and five years	11.6	20.9	3.8	11.5
Total	22.9	43.2	14.6	26.0

	Group		Parent Company	
	2021	2020	2021	2020
Lease payment made for operating leases in the year, SEK M				
Minimum lease payments	24.4	19.1	10.6	8.7
Total lease expenses	24.4	19.1	10.6	8.7

	Group	
	2021	2020
Lease agreements, in balance sheet, SEK M		
Right-of-use assets, 1 January	24.8	32.9
Added right-of-use assets	16.3	11.5
Depreciation	-16.9	-19.6
Right-of-use assets, 31 December	24.2	24.8

	Group	
	2021	2020
Lease agreements, in income statement, SEK M		
Depreciation use-of rights assets	-16.9	-11.9
Interest costs leasing liabilities	-0.1	-0.1
Expenses for short-term leases and leases of low value	-7.2	-3.7
Total leasing expenses	-24.2	-15.7

NOTE 27 TRANSACTIONS WITH RELATED PARTIES

	Group		Parent Company	
	2021	2020	2021	2020
Purchases of goods and services, SEK M				
Sales of goods to subsidiaries			249.3	-
Licence income			154.6	-
Purchases of goods from subsidiaries	-	-	-53.8	-
Purchases of group-wide services from subsidiaries	-	-	-294.9	-188.1
Total	-	-	55.2	-188.1

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Receivables and liabilities at the end of the period, SEK M				
Long-term loans to subsidiaries	-	-	62.5	56.4
Receivables from subsidiaries	-	-	288.0	1.8
Liabilities to subsidiaries	-	-	-105.7	-38.0

Transactions with related parties are priced on an arm's length basis. Transactions with key individuals in management positions are limited to individual, clearly delineated, small-scale consulting assignments, which require specific competence.

NOTE 28 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

SEK M	Parent Company		The Parent Company's holdings in subsidiaries	Subsidiary, reg office country	Share- holders equity	Net profit	Participating interest 2021, %	Participating interest 2020, %
	2021-12-31	2020-12-31						
Accumulated cost								
Opening balance	949.4	466.8	Fingerprint Cards Anacatum IP AB **	Sweden	9.6	4.1	-	100
The year's investments	18.0	482.6	Fingerprint Cards Sweden AB **	Sweden	0.0	0.0	-	-
The year's divestments	-1.2	-	Fingerprint Card Korea Co, Ltd	South Korea	6.6	0.6	100	100
Closing balance, book value	966.2	949.4	Fingerprint Cards ApS**	Denmark	27.4	3.1	-	100
Accumulated impairment			Fingerprint Cards (Shanghai) Co., Ltd**	China	17.0	2.9	-	100
Opening balance	-943.1	-28.8	Fingerprint Cards Asia	China	49.3	15.4	100	100
Impairment for the year	-	-914.3	Fingerprint Cards Inc**	US	9.3	0.9		100
Closing balance, book value	-943.1	-943.1	Fingerprint Cards Taiwan Ltd	Taiwan	1.3	0.9	100	100
Redovisade värden			Fingerprint Security System Databärare AB	Sweden	2.2	0.0	100	100
At beginning of year	6.3	438.0	Fingerprint Cards Switzerland	Switzerland	2.1	1.0	100	-
At end of year	23.1	6.3	Fingerprint Cards Singapore PTE Ltd	Singapore	7.7	7.3	100	-
			India Aquisition Holding Inc	US	-0.1	0.0	100	100
			Delta ID Inc*	US	593.0	-13.9	-	-
			Fingerprint Cards Japan K.K.	Japan	2.2	0.2	100	100

* Indirect holding through subsidiary 2020 and 2021

** Indirect holding 2021

NOTE 28 SHARES AND PARTICIPATIONS IN SUBSIDIARIES, CONT.

Specification of Parent Company's direct holdings of participations in subsidiaries

Subsidiary / Corporate identity number	Participations, number	Proportion, %	31 Dec 2021	31 Dec 2020
Anacatum Design AB, 556779-5371	24,466,668	100	-	1.0
Fingerprint Card Korea Co., Ltd.	20,000	100	0.8	0.8
Fingerprint Cards ApS	800	100	-	0.1
Fingerprint Cards Asia	-	100	19.0	-
Fingerprint Cards (Shanghai) Co., Ltd	-	100	-	2.4
Fingerprint Cards Switzerland	-	100	0.9	-
Fingerprint Cards Singapore PTE Ltd	-	100	0.5	-
Fingerprint Cards Inc	100	100	-	0.1
Fingerprint Cards Taiwan Ltd	-	100	0.1	0.1
Fingerprint Security System Databärare AB, 556239-5938	1,000	100	0.7	0.7
India Acquisition Holding Inc	1,000	100	-	-
Fingerprint Cards Japan K.K.	100	100	1.1	1.1
Carrying amount, 31 December			23.1	6.3

- Fingerprint Cards Anacatum IP AB: All the shares of this entity were acquired in 2014. In 2021, the company has taken over the IP-rights from Fingerprint Cards AB.
- Fingerprint Cards Korea Ltd: The company was incorporated in 2015. Operations consist of marketing and technical customer support on the Korean market. All staff in South Korea are employees of the Korean company.
- Fingerprint Cards Aps in Denmark: The company was incorporated in 2013. Operations consist of technology development on assignment from the Swedish operation. All staff in Denmark are employees of Fingerprint Cards Aps.
- Fingerprint Cards (Shanghai) Co., Ltd in China: The company was incorporated in 2016. Operations consist of marketing and customer support on the Chinese market. All staff in China are employees of the Chinese company.
- Fingerprint Inc. in the US: The company was incorporated in 2014. Operations consist of marketing and technical customer support on the US market. All staff in the US are employed in the American company.
- Fingerprint Cards Taiwan Ltd in Taiwan: The company was incorporated in 2016. Operations consist of marketing and customer support on the Taiwanese market. All staff in Taiwan are employees of the Taiwanese company.
- Fingerprint Security System Databärare AB: The company has been a subsidiary since 1998. This company conducts no operations.

- India Aquisition Holding Inc.: Incorporated to serve as a holding company for Delta ID Inc.
- Fingerprint Cards Japan K.K.: The company was incorporated in 2017. Operations consist of marketing and customer support on the Japanese market.
- Fingerprint Cards Singapore PTE Ltd: The company was incorporated in 2020. During 2021 the company took over responsibility for distribution and inventories from the Parent Company.

NOTE 29 STATEMENT OF CASH FLOWS

Accounting policies

The Cash Flow Statement has been prepared in accordance with the indirect method. Foreign group companies' cash flows are translated at average rates of exchange.

SEK M	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
The following components are included in cash and cash equivalents:				
	374.3	377.0	279.9	337.5
Total in Statement of Financial Position	374.3	377.0	279.9	337.5
Total in Statement of Cash Flow	374.3	377.0	279.9	337.5

Adjustments for non-cash items

SEK M	Group		Parent Company	
	2021	2020	2021	2020
Depreciation according to plan and write-downs	93.3	347.0	34.8	989.0
Impairment of inventories	23.8	20.0	1.6	20.0
Currency revaluation	5.2	84.8	-6.7	113.0
Total	122.3	451.8	29.7	1,122.0

NOTE 30 INFORMATION ON PARENT COMPANY

Fingerprint Cards AB (publ) (the Parent Company), corporate ID no. 556154-2381, is a limited liability company, with its registered office in Gothenburg, Västra Götaland, Sweden. The Parent Company's shares are listed on Nasdaq Stockholm.

The address of the head office is Box 2412, SE-403 16 Gothenburg, Sweden and the visiting address is Kungsgatan 20, Gothenburg, Sweden.

The consolidated accounts for 2021 comprise the Parent Company and its subsidiaries, jointly designated "the Group".

NOTE 31 POST BALANCE SHEET DATE EVENTS

On February 10, 2022, the company announced a bond prospectus and applied for admission to trade bonds at Nasdaq Stockholm.

During the first quarter of 2022, we saw extensive covid-19-related shutdowns in China. This had a dampening

effect on the development of sales, due to restrictions in our supply chains.

Fingerprints currently makes the assessment that the company is not significantly affected, directly nor indirectly, of Russia's war of aggression against Ukraine, which began in February 2022.

NOTE 32 ASSETS PLEDGED**Moderbolaget. SEK M**

Assets pledged for operating credit;
bank balances

	31 Dec 2021	31 Dec 2020
Assets pledged for operating credit; bank balances	0	216

NOTE 33 PROPOSED APPROPRIATIONS OF PROFIT**Proposal for appropriations of the company's profits:**

The following funds are at the disposal of the AGM, SEK:

Share premium reserve	79,059,431
Accumulated profit or loss	134,916,450
Net profit for the year	-15,065,582
Total	198,910,299

The Board of Directors proposes that net profit for the year, non-restricted reserves, as well accumulated profit or loss are appropriated as follows:

Carried forward:	198,910,299
------------------	-------------

ASSURANCE BY THE BOARD

The Board of Directors and Chief Executive Officer hereby give their assurance that the annual accounts have been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council

of 19 July, 2002, on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports of the Parent Company and the Group give a true and fair view of the progress of the Parent Company's and the Group's opera-

tions, financial position and results of operations, and state the significant risks and uncertainties faced by the Parent Company and the companies included in the Group. The annual accounts and consolidated accounts were approved for issuance by the Board of Directors and the CEO on the dates stated in the electronic signatures. The Consolidated Statement of Comprehensive Income and

Consolidated Statement of Financial Position and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption by the Annual General Meeting May 24, 2022.

Gothenburg, on the date stated in the electronic signatures

Johan Carlström
Chairman of the Board

Sofia Bertling
Board member

Ted Elvhage
Board member

Alexander Kotsinas
Board member

Tomas Mikaelsson
Board member

Dimitrij Titov
Board member

Juan Vallejo
Board member

Christian Fredrikson
Chief Executive Officer

Stockholm, on the date stated in our electronic signature
BDO Mälardalen AB

Johan Pharmasnsn
Authorized Public Accountant

Carl-Johan Kjellman
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Fingerprint Cards AB (publ), corporate identity number 556154-2381

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Fingerprint Cards AB (publ) for the financial year 2021. The annual accounts and consolidated accounts of the company are included on pages 56-88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

We conducted our audit in accordance with International

Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other matters

The audit of the report for the financial year 2020 has been performed by another auditor, who has issued an auditor's report dated April 23th 2021, with unqualified opinions in the Report of annual accounts and consolidated accounts..

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of intangible fixed assets including goodwill

Goodwill and intangible assets constitute a significant amount of the balance sheet. Goodwill and other intangible assets such as acquired technology, patents and customer relationships as well as capitalized development costs amount to SEK 838 million of the Group's total assets. In

note 16, Intangible fixed assets Fingerprint Cards AB describes their valuation of these assets and goodwill. Since these assets are not amortized on an ongoing basis, an impairment test must be performed, at least annually. The company performed an impairment test during Q4 2021 and in early 2022. An impairment test contains a number of assumptions, including future market development, the possibility of achieving growth, profitability development and the discount factor. It is thus complex assumptions and estimates that the company management and the board must make. As intangible fixed assets, including goodwill, constitute a significant amount and the required assumptions include assessments and estimates, each of which can be of decisive importance for the valuation, this has been a particularly key audit matter in the audit.

How our audit addressed the Key audit matter

Our audit procedures included but were not limited to: Initially we and BDO's valuation specialists reviewed, whether the established impairment tests per cash generating unit, including group companies, had been carried out in accordance with accepted principles and methods. In our review, we checked the most important assumptions for impairment testing applied by company management and the board such as growth, profitability and discount rates. We assessed these assumptions by comparing them against each company's budget and also against historical outcomes. We carried out an independent assessment based on market economy conditions for the various cash generating units included in the Group companies. We reviewed the discount rates applied per Group company against observable market data. In addition we examined that the starting point for determining the significant assumptions were consistent with previous year. We reviewed the simulations and sensitivity analyzes conducted by the company management and the board. These tests have also formed a basis for our control of the information provided in note 1, 11 and 16 in the annual report.

Valuation of inventory

The Group recognized inventory of SEK 159 million on December 31, 2021. The inventory balance consists of raw materials, work in progress and finished goods. The market for these products is constantly evolving and highly competitive. New products are continuously being launched to the market. We have identified this area as a key audit matter since the assessment of whether the inventory may be sold for more than the initial cost is complex and involves significant levels of judgment regarding whether the products may be sold as components in current of future constellations. The obsolescence reserve is based on individual assessments based on management's judgements. For further judgements see note 18 Inventories.

How our audit addressed the Key audit matter

Our audit procedures included but were not limited to: Initially we evaluated the group's routines and internal controls for managing inventory. We examined management's assessment of the inventory's valuation with a focus on ensuring that the correct inputs have been used in the valuation model and that it fairly reflects reality in view of the valuation of obsolete merchandise. In addition, we verified the inventory's existence by the participating in a selection of physical inventory counts of various warehouses and verified the inventory pricing by sample tests of the prices.

Revenue recognition

Revenues from agreements with customers, net sales, for the year 2021 amount to SEK 1,356 million in the statement of comprehensive income for the Group and to SEK 1,145 million in the income statement for the Parent Company. A description of the assumptions on which the Group companies' revenue recognition is based can be found in Note 2 on page 70. There, Fingerprint Cards AB (publ) describes how revenue is reported in the Group. The recognition of income from agreements with customers

requires that the group has the required routines for identifying performance commitments, and for ensuring that the revenues are reported as performance commitments are performed. Revenue recognition linked to agreements that include performance commitments requires in certain cases that the management make assessments regarding the distribution of the transaction price between different performance commitments. The revenue from agreements with customers constituted a significant area in our audit considering the significance of the reported amounts and that it includes significant elements of estimations.

How our audit addressed the Key audit matter

Our audit procedure included but were not limited to: Initially, we reviewed the accounting principles and routines for the sales process and revenue recognition in each Group company. We have reviewed the company's and the respective group companies' processes for revenue recognition and carried out a review of agreements with customers on a random basis. Our examination have included a review of the identification of performance commitments and the distribution of the transaction price between them. We have evaluated the reasonableness of the assumptions underlying the distribution of the transaction price. We have also examined whether the performance commitments identified have been met.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-39 The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general,

among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates

and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the Board of Directors and the Managing Director and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Fingerprint Cards AB (publ) for the financial year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities

under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree

of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors'

reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Fingerprint Cards AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Fingerprint Cards AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accor-

dance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 require us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judg-

ment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation [EU] 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

BDO Mälardalen AB was appointed auditor of Fingerprint Cards AB (publ) by the general meeting of the shareholders on 26 May 2021 and has been the company's auditor since 2021

Stockholm, date as per electronic signature

BDO Mälardalen AB

Johan Pharmanson Carl-Johan Kjellman
Authorized Public Accountant Authorized Public Accountant

TEN-YEAR SUMMARY AND DEFINITIONS

Income Statement	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues, SEK M	1,355.8	1,255.7	1,458.6	1,535.1	2,966.0	6,638.3	2,900.5	233.6	95.4	10.3
Gross profit, SEK M	396.9	275.2	331.1	2.4	988.9	3,165.3	1,255.3	71.6	39.2	-5.7
Gross margin, %	29.3	21.9	22.7	0.2	33.3	47.7	43.0	31.0	41.0	-55.0
Operating profit, SEK M	-7.6	-365.8	-14.4	-771.6	154.6	2,578.5	910.3	-145.2	-34.0	-38.7
Operating margin, %	-0.6	-29.1	-1.0	-50.3	5.2	38.8	31.0	-62.0	-36.0	-375.0
Profit for the year, SEK M	0.1	-340.8	-13.6	-630.7	120.3	2,034.7	798.3	-144.0	-32.9	-38.1
Profit margin, %	0.0	-27.1	-0.9	-41.1	4.1	30.7	28.0	-62.0	-35.0	-375.0
Depreciation and amortization, SEK M	-93.2	-84.6	-141.3	-117.8	-79.4	-48.6	-43.4	-32.1	-12.6	-10.8
Impairment, SEK M	0.0	-340.6	0.0	-148.6	-	-	-	-29.5	-	-
EBITDA, SEK M	85.6	59.4	128.7	-505.2	234.0	2,627.1	953.7	-83.6	-21.4	-27.9
Financial position – Balance Sheet	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Intangible assets, SEK M	838.5	759.3	1,127.8	1,102.7	1,188.3	71.4	49.7	69.8	54.3	29.1
Property, plant and equipment, SEK M	6.5	7.0	15.8	30.2	46.6	29.2	20.6	18.8	5.4	4.8
Financial assets, SEK M	53.6	46.9	18.3	27.8	-	-	1.0	-	-	-
Inventories, SEK M	159.3	136.3	253.4	347.5	646.1	672.7	153.0	98.8	19.9	11.4
Accounts receivable, SEK M	280.0	196.2	197.3	232.7	437.5	1,132.1	617.9	115.8	31.1	6.2
Other receivables + prepaid expenses, SEK M	62.6	27.5	27.7	37.8	313.1	435.4	36.6	19.5	10.1	3.1
Cash and cash equivalents + investments in securities, SEK M	374.3	377.0	563.9	540.5	920.2	1,162.2	1,031.3	101.9	211.7	60.6
Shareholders' equity, SEK M	1,027.2	1,182.9	1,798.9	1,775.5	2,330.8	2,226.1	1,146.8	301.1	289.7	101.9
Deferred tax, SEK M	16.6	20.6	38.6	51.9	189.8	136.3	-	-	-	-
Non-current liabilities, SEK M	304.2	9.7	11.8	-	221.9	-	-	0.2	0.4	0.7
Current liabilities, SEK M	451.0	361.9	387.8	491.8	809.3	1,140.6	763.2	123.3	42.3	12.7
Working capital, SEK M	425.2	375.2	654.5	666.7	1,507.6	2,261.8	1,075.6	212.7	230.5	68.6
Total assets, SEK M	1,799.0	1,575.1	2,237.1	2,319.2	3,551.8	3,503.0	1,910.1	424.6	332.5	115.3
Inventory turnover rate, days	55.5	71.5	95.9	116.7	120.0	43.0	29.0	132.0	94.0	181.0
Average credit period days	63.2	56.4	53.1	78.6	95.0	47.0	46.0	113.0	99.0	1,035.0
Return on capital employed, %	-0.1	-30.7	-0.8	-43.5	6.0	117.0	126.0	-48.0	-12.0	-44.0
Return on equity, %	-1.6	-1.2	-1.0	-38.8	5.0	121.0	110.0	-48.0	-12.0	-44.0
Return on total capital, %	0.0	-23.2	-0.6	-33.3	4.0	75.0	78.0	-34.0	-10.0	-38.0
Equity/assets ratio, %	57.1	75.1	80.4	76.6	66.0	63.5	60.0	71.0	87.0	87.0

Definitions

Most of these key figures are Alternative Performance Measures according to ESMA's definition. How these key figures are used is described below, as is how they are calculated. The alternative performance measures are used to provide a more comprehensive description of how operational activities are developing, such as gross margin, gross profit, operating margin, EBITDA and revenue increase, while other alternative performance measures focus on the owner perspective, such as return on equity, and cases where certain balance sheet items or cash flow items are placed in relation to the number of shares. In addition, the equity/assets ratio is provided to describe the financial position and long-term financial sustainability.

Average credit period Average value of accounts receivable over the period in relation to net sales, multiplied by 360 days.

Average number of shares Average number of shares in the period.

Average number of shares after dilution Average number of shares plus an increase by the average number of shares that could be issued as a result of current remuneration and personnel programs.

Capital employed Total assets minus non-interest bearing liabilities.

Cash flow from operating activities/share Cash flow from operating activities after changes in working capital/average number of shares before and after dilution.

Cost of goods sold Cost of materials, production expenses and amortization according to plan of capitalized development expenditure.

Cash flow	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Cash flow from operating activities, SEK M	24.3	158.1	160.4	274.6	376.9	1,130.3	910.4	-174.2	-28.8	14.5
Cash flow from investing activities, SEK M	-91.0	-119.1	-115.4	-162.6	-1,071.0	-78.3	-26.0	-90.6	-38.3	-11.4
Cash flow from financing activities, SEK M	58.4	-209.2	-19.7	-507.7	481.7	-955.7	47.4	155.0	220.5	34.5
Cash flow for the year, SEK M	-8.3	-170.2	25.3	-395.7	-212.4	96.3	931.8	-109.8	151.1	37.6
The share	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Earnings per share, SEK	0.00	-1.10	-0.04	-2.01	0.38	6.40	2.53	-0.49	-0.12	-0.17
Earnings per share after dilution, SEK	0.00	-1.10	-0.04	-2.01	0.38	6.33	2.48	-0.49	-0.12	-0.17
Cash and cash equivalents + investments at year-end / share, SEK	1.27	1.25	1.80	1.72	2.93	3.70	3.26	0.35	0.83	0.17
Equity per share, SEK	3.49	3.92	5.73	5.66	7.42	7.11	3.63	1.03	1.06	0.47
Equity per share after dilution, SEK	3.49	3.92	5.73	5.66	7.42	7.09	3.57	0.97	1.04	0.47
Cash flow from operating activities per average number of shares, SEK	0.08	0.51	0.51	0.87	1.20	3.56	2.86	-0.61	-0.11	0.14
Number of shares at end of the year, 000	294,200	301,544	313,967	313,967	313,967	313,967	316,196	292,106	270,806	239,041
Average number of shares during the year, 000	295,351	308,829	313,967	313,967	313,967	317,726	315,349	287,574	254,470	228,841
Number of shares after dilution, 000	295,351	308,829	313,967	313,967	313,967	321,408	321,372	310,306	276,441	230,362
Dividend per share, SEK	-	-	-	-	-	-	-	-	-	-
Share price at end of the year, SEK	20.68	17.41	18.88	10.13	15.81	62.85	118.20	7.00	10.90	2.50
Market capitalization at end of the year, SEK M	6,084.1	5,249.9	5,927.7	3,180.5	4,963.88	19,732.8	37,374.0	2,033.0	2,938.0	559.0
Number of employees at year-end	261	240	225	220	415	306	150	104	48	19

Earnings per share after dilution Earnings per share plus adjustment for the number of shares and the paid exercise price resulting from current remuneration and personnel programs. Earnings per share after dilution can never exceed earnings per share before dilution.

Earnings per share for the period Profit for the period/ number of shares outstanding at period end.

EBITDA Earnings before interest, taxes, depreciation and amortization. Operating profit before financial income/expense, taxes, depreciation/amortization and impairment losses.

Equity/assets ratio Shareholders' equity divided by total assets.

Gross margin Gross profit as a percentage of net sales.

Gross profit Revenues less cost of goods sold.

Inventory turnover rate, days Average value of inventory over the period in relation to cost of goods sold, multiplied by 360 days.

Net cash Cash and cash equivalents less interest-bearing debt.

Net margin Profit for the period as a percentage of revenues.

Number of shares outstanding at period end Number of shares less bought back shares held in treasury.

Operating margin Operating profit as a percentage of revenues.

Operating profit Operating profit before financial income/ expenses and tax.

Profit for the year Profit after financial income/expenses and tax.

Return on capital employed Operating profit + financial income as a percentage of capital employed.

Return on equity Profit for the period in relation to average shareholders' equity for the period. Average shareholders' equity is defined as shareholders' equity at the start of the period plus shareholders' equity at the end of the period divided by two.

Revenue increase The increase in revenues compared to the corresponding period one year previously, and expressed as a percentage.

Return on total capital Operating profit + financial income as a percentage of total capital.

Shareholders' equity per share Shareholders' equity attributable to equity holders of the Parent Company divided by the number of shares outstanding, before dilution, at the end of the period.

Shareholders' equity per share after dilution See "Shareholders' equity per share" plus adjustment for the number of shares and the paid exercise price in current remuneration and personnel programs.

Working capital Current assets less current non-interest-bearing provisions and liabilities.

GRI-INDEX AND SUSTAINABILITY INFORMATION

Fingerprints' sustainability report is the yearly reporting of how we create value for the customer, the end-user and the society in general. The sustainability report also describe how we work with ethics as well as our environ-

mental and social impact. The report is found in its entirety on pages 26-40. The sustainability report, prepared in accordance with Global Reporting Initiatives Standards, Core option, pertains to the fiscal year 2021.

The report satisfies the standards on sustainability reporting stipulated by the Swedish Annual Accounts Act and the auditor's statement that a sustainability report has been prepared is found on page 39.

For information on Fingerprints' governing policies, see page 98.

GRI-INDEX – GENERAL DISCLOSURES

ORGANIZATIONAL PROFILE	PAGE	COMMENT	FULFILLMENT
102-1 Name of the organization		Cover/Fingerprint Cards AB.	Achieved
102-2 Activities, brands, products, and services	13-25	Products and solutions/Fingerprints' range does not include any products prohibited on any market.	Achieved
102-3 Location of headquarters		Rear cover	Achieved
102-4 Location of operations	3	Cover inside/Fingerprints in brief	Achieved
102-5 Ownership and legal form	42-43	Cover inside/Fingerprints in brief The share	Achieved
102-6 Markets served	16-25	Fingerprints' principle product segments	Achieved
102-7 Scale of the organization	56-60	Statutory Administration Report	Achieved
102-8 Information on employees and other workers	37	Human resource <ul style="list-style-type: none"> • All data as of 31 December 2020 • Employees; individuals with a direct employment contract • Coworkers; employees and consultants on assignment with at least of 50 percent of an FTE position • Fingerprints' operations are not affected by seasonality 	Achieved
102-9 Supply chain	18, 22, 24, 25	Fingerprints' principle product segments	Achieved
102-10 Significant changes to the organization and its supply chain	7-8	Message from the CEO	Achieved
102-11 Precautionary Principle or approach	26-39	Sustainability report <ul style="list-style-type: none"> • Fingerprints' Code of Conduct and Environmental Policy apply the Precautionary Principle • Fingerprints' Sustainability Framework has specific environmental goals linked to the Precautionary Principle. 	Achieved
102-12 External initiatives	27, 28, 29, 30, 32	Sustainability report	Achieved
102-13 Membership of associations	28	Sustainability report/Fingerprints is a member of Eurosmart.	Achieved

GRI-INDEX – GENERAL DISCLOSURES, CONT.

STRATEGY	PAGE	COMMENT	FULFILLMENT
102-14 Statement from senior decision-maker	26	Sustainability report	Achieved
ETHICS AND INTEGRITY			
102-16 Values, principles, standards, and norms of behavior	20-40 36	Sustainability report /Sustainability Framework, Corporate Responsibility. Sustainability report /Fingerprint has four core values: Smart, Brave, United and Open	Achieved
GOVERNANCE			
102-18 Governance structure	45-50 27-28	Corporate Governance Report • Governance of Fingerprints as a company. Sustainability report • Governance of sustainability is governed through the Sustainability Forum. • Corporate responsibility governs all Policies and the Code of Conduct	Achieved
STAKEHOLDER ENGAGEMENT			
102-40 List of stakeholder groups	24	Sustainability report	Achieved
102-41 Collective bargaining agreements		Fingerprints does not apply collective bargaining agreements but encourages its employees to join trade unions	Achieved
102-42 Identifying and selecting stakeholders	29	Sustainability report	Achieved
102-43 Approach to stakeholder engagement	29	Sustainability report • Fingerprints' management system is certified according to ISO 9001 and ISO 14001 • Our materiality analysis is included in our management system and is followed up annually	Achieved
102-44 Key topics and concerns raised	29 41	Sustainability report • Stakeholder dialogue and risk analysis are the foundation for producing the materiality analysis Risks and risk management • Material issues that involve risks to operations are dealt with pursuant to Fingerprints' risk management procedures	Achieved
REPORTING PRACTICE			
102-45 Entities included in the consolidated financial statements	27-28	Sustainability report	Achieved
102-46 Defining report content and topic boundaries	26-39	Sustainability report • Report contents and its boundaries are presented jointly with sustainability goals	Achieved
102-47 List of material topics	29 41	Sustainability report • Materiality analysis Risks and risk management • Other risks	Achieved
102-48 Explanation of the material topic and its Boundary		No restatements made since the previous year	Achieved
102-49 Changes in reporting		CO2 emissions according to scope 2 including all offices as from 2021. From 2021 Fingerprints is reporting CO2 emissions according to scope 3	Achieved
102-50 Reporting period		1 January – 31 December 2021	Achieved
102-51 Date of most recent report		Reporting is yearly	Achieved

GRI-INDEX – GENERAL DISCLOSURES, CONT

REPORTING PRACTICE, CONTD.	PAGE	COMMENT	FULFILLMENT
102-52 Reporting cycle		Reporting is yearly	Achieved
102-53 Contact point for questions regarding the report		Stefan Pettersson, Head of Investor Relations. Email: investrel@fingerprints.com	Achieved
102-54 Claims of reporting in accordance with the GRI Standards		GRI Standards, Core level	Achieved
102-55 GRI-index	95-98	See this index.	Achieved
102-56 External assurance		Fingerprints does not apply external examination of the sustainability information in its Annual Report. Certain information has been examined as part of certification according to ISO 14001, ISO 9001 and reporting to the CDP	Achieved
MANAGEMENT APPROACH			
103-1 Explanation of the material topic and its Boundary	29	Sustainability report • Stakeholder analysis • Materiality analysis	Achieved
	41	Risks and risk management • Other Sustainability Risks, see in-depth review of each identified risk	
103-2 The management approach and its components	26-39	Generally; Policies have been produced for material segments under Corporate Responsibility (including a speak-up policy for escalating sensitive issues) and specific targets related to each material segment are under sustainability targets. Sustainability report • Stakeholder analysis • Materiality analysis • Corporate Responsibility • Sustainability Framework • Sustainability targets	Achieved
	41	Risks and risk management • Other Sustainability Risks, see in-depth review of each identified risk	
103-3 Evaluation of the management approach	89-91	Auditor's report	Achieved

GRI-INDEX – SPECIFIC DISCLOSURES

ECONOMIC	PAGE	COMMENT	FULFILLMENT
Anti-corruption			
205-1 Operations assessed for risks related to corruption	41	Risks and risk management • A risk assessment for corruption is conducted at an overall level.	Partial
205-2 Communication and training about anti-corruption policies and procedures	30	Sustainability report • All employees have confirmed the Code of Conduct. Code of Conduct is part of onboarding for new employees and consultants. In the autumn of 2019, mandatory training efforts were conducted in the organization regarding safety and compliance, where Code of Conduct was an integral part.	Achieved
205-3 Confirmed incidents of corruption and actions taken		Fingerprints did not have any corruption incidents in 2021	Achieved

GRI-INDEX – SPECIFIC DISCLOSURES, CONT.

ENVIRONMENT	PAGE	COMMENT	FULFILLMENT
Materials			
Industry-specific targets for measuring spoilage levels in production	32	Sustainability report Measures spoilage of silicon wafers and employs a target of continuous improvement	
Emissions			
305-2 Total amount of indirect GHG emissions, in weight	32	Sustainability report The sustainability targets state a reduction of CO2 emissions pursuant to scope 2 and scope 3	Achieved
Supplier environmental assessments			
308-2 Negative environmental impacts in the supply chain and actions taken	31-32	Sustainability report	Partial
SOCIAL IMPACT			
Occupational Health and Safety			
403-1 Workers representation in formal joint management-worker health and safety committees		Sustainability report Health & safety councils and health & safety representatives in place at all Swedish offices	Partial
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	34	Sustainability report • Under health & safety	Achieved
Diversity and Equal Opportunity			
405-1 Diversity of governance bodies and employees	37	Sustainability report Fingerprints does not record the minority origin of its staff, and accordingly does not disclose this item, only gender, age group, and region	Partial
	51-54	Board of Directors/Group Management	
Human rights assessment			
412-1 Operations that have been subject to human rights reviews or impact assessments.		Fingerprints judges that the impact of human rights can primarily be on purchasing raw materials for plants if conflict minerals are utilized. Also through biometric integrity being protected in the usage of Fingerprints' products. Impact has not been analyzed by country	Partial

SUSTAINABILITY AREA	POLICY	RESULTS OF POLICY
Environment	Environmental Policy	See targets and achievement on page 32
Social impact	Code of conduct; Equality, Diversity & Inclusion Policy; Occupational Health & Safety Policy	See targets and achievement on page 34
Personel	Code of conduct; Equality, Diversity & Inclusion Policy; Occupational Health & Safety Policy	See targets and achievement on page 34
Respecting human rights	Code of conduct	No known incidents of breaches against policy
Anti-corruption	Anti-corruption Policy	No known incidents of bribes or corruption

SHAREHOLDER INFORMATION

GLOSSARY

Fingerprint's IR website

Updated corporate, share and insider information, and an archive of financial reports and press releases, is available at www.fingerprints.com. For environmental and cost reasons, Fingerprints has decided not to distribute physical Annual Reports to shareholders. Annual and Quarterly Reports, and Press releases, are available from the company's investor website.

Reporting dates

- Interim Report January–June 2022, 18 July 2022
- Interim Report January–September 2022, 19 October 2022

Annual General Meeting 2022

The Annual General Meeting (AGM) will be held on Tuesday, 24 May 2022.

Contact information

Fingerprint Cards AB (publ)
P.O Box 2412
SE-403 16 Gothenburg
Visitors:
Kungsgatan 20
Gothenburg
Sweden

Phone: +46 (0)31 60 78 20
Fax: +46 (0)31 13 73 85
E-mail: investrel@fingerprints.com
Website: fingerprints.com

Algorithm

A systematic procedure for how to conduct calculation or solve a problem in a given number of steps. In Fingerprints' specific case, the method refers to the comparison of two fingerprints with each other.

Authentication

Control process for a particular entity; in conjunction with logging on, for example. The word is synonymous with verification.

Biometric system

A pattern recognition system that identifies or verifies an individual by studying a physiological characteristic of that individual, such as a fingerprint.

Chip

A piece of silicon that an integrated circuit is embedded in, such as a sensor chip. Normally, a silicon wafer is divided into a number of chips, with each chip being essentially identical.

Design Win

Decision by a customer (OEM or ODM) to start developing one or several commercial products using Fingerprints' technology integrated into one or more of its products.

Identification

Comparison of compiled biometric data with all stored templates for the purpose of identifying one of these templates (and thus an individual) from many.

Internet of Things

Internet-connected devices that are linked to the Internet and can thus communicate with/be controlled via the Internet.

Matching

The process of comparing an image of a fingerprint with a pre-processed template, and assessing whether or not they are similar.

Modality

Type of biometric feature, such as fingerprint sensors and iris sensors.

ODM

Original Design Manufacturer, a company that develops and manufactures products sold under the trademarks of other companies.

OEM

Original Equipment Manufacturers, companies that manufacture the end product that is sold on an open market.

Smart card

Plastic card with an embedded chip containing information about the card and its owner.

Smartphone/tablet

A combined mobile phone and hand-held computer linked to the Internet via mobile broadband. A smartphone has a complete mobile operating system that is transferable between multiple devices enabling the user to easily install mobile apps, which are small third-party programs that increase the phone's functionality.

Template

An arrangement of unique data that represents a specific fingerprint.

Touch sensor

A sensor that scans a fingerprint directly when a fingertip touches the sensor surface; compare to swipe sensor.

Verification

The comparison of compiled biometric data with a given template for the purpose of verifying that the two match. This enables the authentication of an individual with a high degree of certainty.

Wafer

A thin circular slice of silicon containing a number of integrated circuits such as sensor chips.



FINGERPRINTS

Postal address: P.O Box 2412, SE-403 16 Gothenburg, Sweden
Visiting adress: Kungsgatan 20, SE-411 19 Gothenburg, Sweden
Phone: + 46 (0)31 60 78 20
fingerprints.com