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Precise Biometrics AB resolves on a directed issue to Egis Technology of up to SEK 25.5 million as well as a rights issue of up to SEK 42.5 million (with an over-allotment option of up to SEK 15.1 million)

The Board of Directors of Precise Biometrics AB has today, on the basis of the authorization from the Annual General Meeting held on 19 May 2022, resolved on a directed issue of up to 3,959,639 ordinary shares, corresponding to 10 percent of outstanding shares in the company, to Egis Technology Inc. Furthermore, subject to subsequent approval by the Extraordinary General Meeting, the Board of Directors has resolved on a rights issue of up to 6,599,399 ordinary shares as well as resolved to submit a proposal for an issue authorization linked to an over-allotment option of up to 2,339,787 ordinary shares. Egis Technology Inc. has committed to subscribe for the shares in the directed issue, guarantee approximately a fourth of the rights issue free of charge and to subscribe for shares in the over-allotment option to the extent necessary for Egis Technology Inc.'s ownership in the company to amount to approximately 12.0 percent of the shares in the company after the issues. Notice of an Extraordinary General Meeting, scheduled for 5 September 2022, will be announced by a separate press release.

Comment from Patrick Höijer, CEO of Precise Biometrics AB:

"Egis and Precise have collaborated since 2019 and jointly captured market share in a competitive market. Egis' willingness to invest in Precise is evidence of our strong customer offering and our global excellence in biometric solutions. This will further strengthen our ability to deliver on our growth strategy. The deepened level of cooperation that the investment entails will further strengthen our existing product development and our opportunities to expand our business within Algo over time, also to new verticals. Furthermore, the investment will enable us to capitalize on the growing market for Digital Identity, including by allowing Egis to contribute to the development of our commercial and technical customer offering.

With a significantly strengthened financial position, I look forward to welcoming Egis as a new shareholder in Precise and I am at the same time very pleased that we enable our existing shareholders to be part of the next phase of the company's journey through the rights issue on the same terms as Egis."

Comment from Howard Ro, CEO of Egis Technology Inc:

"We have enjoyed a strong business relationship with Precise since 2019, where we together have provided our customers with world-leading fingerprint recognition technology. We continue to see great potential in Precise's technology and product portfolio and believe that the next natural step in our partnership involves an even closer cooperation on technology and product development. It is my belief that this close cooperation will further accelerate the business of both companies, increase return on equity, and generate more value for both our shareholders.

In parallel, demand for digital services requiring user identification will continue to grow, making the market for digital identity solutions very interesting. We see that Precise has established a compelling offering around this and want to be a part of that journey. Egis can support Precise's continued growth, providing the necessary expertise in hardware, funding for continued investment, and by being a strong partner in Asia. We therefore see it as a natural next step to invest in Precise, and we look forward to continuing to work with the Precise team, from now on also as a shareholder."

Summary of the share issues

- The directed issue comprises up to 3,959,639 ordinary shares, where the right to subscribe, with deviation from the shareholders' preferential rights, shall belong to Egis Technology ("Egis Technology" or "Egis") (the "Directed Issue"). The purpose of the deviation from the shareholders' preferential rights is, among other things, to strengthen Precise Biometrics AB's ("Precise Biometrics", "Precise" or the "Company") institutional investor base and to enable a deeper collaboration with Egis Technology, a commercial partner to Precise Biometrics since 2019.
- The Rights Issue comprises up to 6,599,399 ordinary shares (The "Rights Issue"). The purpose of the Rights Issue is to ensure the continued and successful implementation of the Company's growth strategy.
- Upon full subscription in the Directed Issue, the Rights Issue and the Over-allotment Option (as defined below), the Company will receive approximately SEK 83.1 million before issue costs.
- Any person who is registered as a shareholder of Precise Biometrics on the record date as of 8 September 2022 will, in the Rights Issue, receive one (1) subscription right for each share held in Precise Biometrics. The subscription right entitles the holder to subscribe for new shares with preferential rights, whereby six (6) subscription rights entitle the holder to subscribe for one (1) new share. The participant in the Directed Issue will not receive the new shares before the record date and will therefore not receive subscription rights for participation in the Rights Issue.
- The subscription period for the Rights Issue will run from 12 September 2022 until 26 September 2022.
- Egis Technology has undertaken to guarantee approximately a fourth of the Rights Issue without compensation and thus subscribe up to 1,649,849 ordinary shares in the Rights Issue. In addition, all shareholding members of the Board of Directors and Management in Precise

Biometrics have expressed an intent to enter into subscription undertakings representing up to their pro rata share of the Rights Issue, amounting to approximately 2.5 percent in total.

Assuming such subscription undertakings are entered into, the Rights Issue will thereby be guaranteed to approximately 27.5 percent.

- The Over-allotment Option comprises up to 2,339,787 ordinary shares and will be exercised, in whole or in part, in the event that the Rights Issue is subscribed to such an extent that Egis Technology does not receive an allocation within the Rights Issue corresponding to an ownership of at least 12.0 percent of the shares in the Company after the Directed Issue and the Rights Issue (the “**Over-allotment Option**”).
- The subscription price in the Directed Issue, the Rights Issue and the potential Over-allotment Option, is SEK 6.44. The Subscription Price corresponds to a discount of approximately 6.0 percent in relation to the closing price of the Company's share on Nasdaq Stockholm on 9 August 2022.
- Egis Technology has undertaken not to dispose of its shares in the Company for a period of 24 months after the resolution on the Directed Issue and the Rights Issue as well as to vote, at a future General Meeting of the Company, in favor of a possible directed issue, of a maximum of 20 percent of the share capital at the time of the General Meeting, in case this is proposed by the Board of Directors of the Company within 24 months from the resolution on the Directed Issue and the Rights Issue.
- All shareholding members of the Board of Directors and Management in Precise Biometrics have undertaken not to dispose of their shares in the Company for a period of 90 days after the end of the subscription period for the Rights Issue.
- The completion of the Rights Issue is subject to approval by an Extraordinary General Meeting. Furthermore, the exercise of the Over-allotment Option requires the Board of Directors to obtain an issue authorization from the General Meeting. Notice of an Extraordinary General Meeting, scheduled for 5 September 2022, will be announced by a separate press release.

Background and rationale

Precise Biometrics is a global supplier of identification software. The Company offers products in various areas of application that enable users – using their own biometrics – to identify themselves in a convenient and secure way. Precise Biometrics has two business areas; Algo and Digital Identity, and operates out of its offices in Lund, Sweden, Potsdam NY, USA and Shanghai, China.

Precise Biometrics has an established market position in the Algo business area and continues to win important projects together with their key partners, where BioMatch Mobile is integrated into various series from OEM manufacturers. The Company recently signed its first commercial licensing agreements with two ODM manufacturers to provide fingerprint technology, including the Company's proprietary fingerprint algorithm, Precise BioMatch, to the automotive industry. This is of strategic value to the Company as it provides a diversified revenue base within the Algo business and the BioMatch product segment, which in addition to the well-established BioMatch Mobile (mobile phones) is now also growing in new verticals through BioMatch Card (smart cards) and BioMatch Car (vehicles).

Digital Identity, The Company's second business area, continues to grow in interest and the Software as a Service (SaaS) model ensures stable recurring revenues with high margins. Through the acquisition of EastCoast Solutions, which was finalized in December 2021, Precise Biometrics has gained 600 new customers with future SaaS revenues and a broadened offering where the Company sees significant growth opportunities through cross-selling activities. Furthermore, the Company believes it can potentially further strengthen the Digital Identity product offering through future acquisitions. Such potential acquisitions, which are part of the Company's growth strategy, expand the addressable market by adding proven technology and domain expertise in new verticals.

The Company's growth strategy entails expanding geographically through local presence and partners, targeted marketing activities, adding SaaS solutions through company acquisitions, continue building sales channels, and commercialize the identification software.

The Company does not believe that its working capital will be sufficient to make the long-term investments required to continue to grow Algo as well as strengthen its product offering geographically and to make acquisitions in Digital Identity, in line with the Company's growth strategy.

Given this background, the Board of Directors of Precise Biometrics has resolved to carry out the Rights Issue in order to ensure the continued and successful implementation of the Company's growth strategy. Furthermore, the Board of Directors of Precise Biometrics has resolved on the Directed Issue and the potential Over-allotment Option to strengthen Precise Biometrics' institutional investor base and to enable a deeper collaboration with Egis Technology, a commercial partner to Precise Biometrics since 2019.

The Directed Issue

The Board of Directors has, on the basis of the authorization from the Annual General Meeting held on 19 May 2022, resolved on a directed issue of up to 3,959,639 ordinary shares to Egis Technology. Egis Technology has undertaken to subscribe for all shares in the Directed Issue.

The subscription price in the Directed Issue of SEK 6.44 corresponds to the subscription price in the Rights Issue and has been determined through negotiation between Egis Technology and Precise Biometrics in consultation with financial advisors and through an analysis several market factors. The Board of Directors is therefore of the opinion that the subscription price is in line with market conditions. The Directed Issue will raise approximately SEK 25.5 million for the Company before issuing costs.

As described under "Background and rationale" above, the reason for the deviation from the shareholders' preferential rights is that it is beneficial to the Company's continued development to strengthen the ownership structure with a long-term shareholder and to enable a deeper collaboration with Egis Technology. The Board of Directors' overall assessment is that the reasons for carrying out the Directed Issue with deviation from the shareholders' preferential rights, together with the Rights Issue, are most beneficial for the Company and its shareholders.

The subscription period for the Directed Issue will run from 12 September 2022 until 26 September 2022 (the same as the Rights Issue), and the newly issued shares in the Rights Issue are expected to be admitted to trading on Nasdaq Stockholm at the same time as the shares from the Rights Issue. The shares subscribed and issued in the Directed Share Issue will therefore not be eligible for participation in the Rights Issue.

The Rights Issue

The Board of Directors has resolved, subject to a subsequent approval by the Extraordinary General Meeting, to issue up to 6,599,399 ordinary shares with preferential rights for existing shareholders of the Company. The subscription price amounts to SEK 6.44 per share, which means that the Company will receive approximately SEK 42.5 million before issue costs in the Rights Issue.

The right to subscribe for shares in the Rights Issue shall belong to the Company's shareholders, whereby each existing share in the Company shall entitle to one (1) subscription right. Six (6) subscription rights shall entitle the holder to subscribe for one (1) new ordinary share. In the event that not all shares are subscribed for with subscription rights, the Board of Directors shall, within the maximum amount of the Rights Issue, decide on the allocation of shares subscribed for without subscription rights. In such case, shares shall be allocated firstly to those who have also subscribed for shares with subscription rights, whether or not they were shareholders on the record date, pro rata to the number of subscription rights each has exercised for subscription, secondly to others who have expressed an interest in subscribing for shares without subscription rights, pro rata to their expressed interest, and thirdly to those who have guaranteed the Rights Issue, pro rata to the issue guarantees provided. To the extent that the above allocation cannot be made pro rata, the allocation shall be made by drawing lots.

The record date for the right to participate in the Rights Issue is 8 September 2022 and the subscription period runs from 12 September 2022 until 26 September 2022. The last day for trading in the Company's share including the right to participate in the Rights Issue is 6 September 2022. Trading in subscription rights will take place on Nasdaq Stockholm during the period from 12 September 2022 until 21 September 2022 and trading in BTA (Paid Subscribed Shares) will take place during the period from 12 September 2022 until the Rights Issue has been registered with the Swedish Companies Registration Office and the BTA has been converted into shares. The last day of trading in the BTA is expected to occur in week 41, 2022.

Egis Technology has undertaken to guarantee approximately a fourth of the Rights Issue without compensation and thus subscribe up to 2,339,787 ordinary shares in the Rights Issue. In addition, all shareholding members of the Board of Directors and Management in Precise Biometrics have expressed an intent to enter into subscription undertakings representing up to their pro rata share of the Rights Issue, amounting to approximately 2.5 percent in total. Assuming such subscription undertakings are entered into, the Rights Issue will thereby be guaranteed to approximately 27.5 percent. However, the undertakings are not and will not be secured by way of an advance transaction, bank guarantee, escrow, pledge or similar arrangement.

All shareholding members of the Board of Directors and Management in Precise Biometrics have undertaken not to dispose of their shares in the Company for a period of 90 days after the end of the subscription period for the Rights Issue, a so-called lock-up agreement.

Over-allotment option

The Company and Egis Technology have entered into an investment agreement under which it is the Company's intention that Egis Technology's ownership in the Company shall correspond to approximately 12.0 percent of the shares in the Company after the Directed Issue and the Rights Issue. The Board of Directors has therefore decided to propose that the General Meeting of the Company authorizes the Board of Directors to resolve on an issue of up to 2,339,787 newly issued ordinary shares under the Over-allotment Option.

The Over-allotment Option will be exercised, in whole or in part, in the event that the Rights Issue is subscribed to such an extent that Egis Technology does not receive an allocation in the Rights Issue corresponding to an ownership of at least 12.0 per cent of the shares in the Company after the Directed Issue and the Rights Issue. Egis Technology has undertaken to subscribe for all shares issued under the Over-allotment Option.

The Board of Directors' resolution to issue shares and Egis Technology's subscription in the Over-allotment Option will therefore amount to the number of shares that will result in Egis Technology's ownership amounting to 12.0 percent of the shares in the Company after the Directed Issue, the Rights Issue and the Over-allotment Option, corresponding to a minimum of 0 shares (assuming that Egis Technology receives full allotment in the Rights Issue and the Over-allotment Option thus does not need to be exercised) and a maximum of 2,339,787 shares (assuming that Egis Technology does not receive any allotment in the Rights Issue and the Over-allotment Option thus needs to be exercised in full).

The right to subscribe for new shares under the Over-allotment Option, with deviation from Precise Biometrics' shareholders' preferential right, shall belong to Egis Technology. The purpose of the deviation from the shareholders' preferential rights is the same as for the Directed Issue. The subscription price will be the same as in the Directed Share Issue and the Rights Issue, SEK 6.44 per share. Upon full exercise of the Over-allotment Option, the Company will raise approximately SEK 15.1 million before issue costs.

Dilution

Upon full subscription in the Rights Issue, the number of shares in the Company will increase by 6,599,399 ordinary shares, from 39,596,394 shares to 46,195,793 shares, resulting in a dilution effect of approximately 14.29 percent for those shareholders who refrain from subscribing shares in the Rights Issue. Shareholders are able to financially compensate for this dilution by selling their subscription rights.

In the event of full subscription in the Directed Issue, the number of shares in the Company will increase by 3,959,639 ordinary shares. Upon full exercise of the Over-allotment Option, the number of shares in the Company will increase by 2,339,787 ordinary shares.

In the event of full subscription in the Directed Issue and the Rights Issue and full exercise of the Over-allotment Option, the number of shares in the Company will thus increase by 12,898,825 shares, from 39,596,394 shares to 52,495,219 shares, and the share capital will increase by SEK 3,869,647.5, from SEK 11,878,918.2 to SEK 15,748,565.7, resulting in a dilution effect of approximately 24.6 percent for shareholders who refrain from subscribing for shares in the Rights Issue and a dilution effect of approximately 12.0 percent for shareholders who choose to use all of their subscription rights to subscribe for shares in the Rights Issue.

Other conditions

The implementation of the Rights Issue is subject to approval by an Extraordinary General Meeting and the potential Over-allotment Option is subject to the Board of Directors obtaining an issue authorization from the General Meeting. Notice of an Extraordinary General Meeting, scheduled for 5 September 2022, will be announced by a separate press release.

Egis Technology has undertaken not to dispose of its shares in the Company for a period of 24 months after the resolution on the Directed Issue and the Rights Issue and to vote in favor of a possible directed issue, at a future General Meeting of the Company, of a maximum of 20 percent of the share capital at the time of the Meeting, in case this is proposed by the Board of Directors of the Company within 24 months of the resolution on the Directed Issue and the Rights Issue.

The full terms and conditions of the Rights Issue and other information about Precise Biometrics will be set out in the prospectus that the Company expects to publish with reason hereof on or about 6 September 2022 (will only be available in Swedish).

Preliminary time plan for the Rights Issue

5 September 2022	Extraordinary General Meeting
6 September 2022	Publication of the prospectus
6 September 2022	Last day of trading including the right to receive subscription rights
7 September 2022	First day of trading excluding the right to receive subscription rights

8 September 2022	Record date for participation in the Rights Issue with preferential rights, that is, shareholders who are registered in the share register kept by Euroclear Sweden AB as of this day will receive subscription rights that entitle to participation in the Rights Issue with preferential rights
12 September 2022 – 21 September 2022	Trading in subscription rights
12 September 2022 – 26 September 2022	Subscription period
12 September 2022 – until further notice	Trading in BTA ("Paid Subscribed Share") on Nasdaq Stockholm
28 September 2022	Publication of the outcome of the Rights Issue

Advisors

Vator Securities AB acts as financial advisor and issuing agent to Precise Biometrics in connection with the share issues and Advokatfirman Lindahl KB is the Company's legal advisor in connection with the share issues.

About Egis Technology Inc.

As a leading provider of fingerprint biometrics, Egis Technology Inc. (6462.TWO), specializes in providing a total turnkey solution with superior sensor performance and software functionality. Its products offer one of the best FAR/FRR performances in the current market while providing maximum security and convenience. Egis' leading edge fingerprint technology is the ideal choice for implementation in mobile devices. Egis is headquartered in Taipei, Taiwan with branch offices located in China and Japan. For more information, please visit www.egistec.com.

Important information

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Any offer of securities in the Company mentioned in this press release will be made through a prospectus or with an applicable exemption in accordance with the Prospectus Regulation. This press release is not a prospectus according to Regulation (EU) 2017/1129 and Directive 2003/71 / EC (together with relevant implementations and delegated regulations "Prospectus Regulation").

No securities described herein have been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws in any other state or jurisdiction in the USA and no securities may be offered or transferred (as defined in Regulation S under the Securities Act), directly or indirectly, in or into the USA other than pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the USA. This press release does not constitute an offer or invitation to acquire or subscribe for shares or other securities in the USA. No securities will be offered to the public in the United States.

In the United Kingdom, this release is only being distributed to persons who are "Qualified Investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") who are (i) investment professionals within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) persons who falls within Article 49(2)(a) to (d) of the Order, or (iii) other persons to whom this release may lawfully be communicated.

Within the European Economic Area ("EEA"), no public offering of securities is made in other countries than Sweden. In other member states of the EU, such an offering of securities may only be made in accordance with an applicable exemption in the Prospectus Regulation (EU) 2017/1129.

The press release contains certain forward-looking statements that reflect the Company's current views or expectations with respect to future events and financial and operational performance. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

Contacts

Patrick Höjjer, CEO
E-mail: patrick.hojjer@precisebiometrics.com

About Us

Precise Biometrics AB (publ) ("Precise") is a global supplier of identification software. The company offers products in various areas of application that enable users – using their own biometrics – to identify themselves in a convenient and secure way. Precise has two business areas; Digital Identity and Algo, and operates out of its offices in Lund, Sweden, Potsdam NY, USA and Shanghai, China. The Precise share is listed at Nasdaq Stockholm (PREC). For more information, please visit www.precisebiometrics.com

This information is information that Precise Biometrics is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-08-10 17:31 CEST.

Attachments

[Precise Biometrics AB resolves on a directed issue to Egis Technology of up to SEK 25.5 million as well as a rights issue of up to SEK 42.5 million \(with an over-allotment option of up to SEK 15.1 million\)](#)