

## Precise Biometrics resolves on fully secured rights issue of about SEK 50 million

Precise Biometrics AB ("Precise Biometrics" or the "Company") announces that the Company's board of directors today has resolved on a new share issue of about SEK 50 million with preemptive rights for existing shareholders (the "Rights issue"). The Rights issue is contingent upon approval at the annual general meeting on May 10, 2023. The record date for participation in the Rights issue is May 12, 2023. According to the terms and conditions in the Rights issue, three (3) existing ordinary shares in Precise Biometrics entitle to subscribe for two (2) new ordinary shares to the subscription price of SEK 1.6 per ordinary share. The Rights issue is secured up to 100 percent through subscription commitments and underwriting agreements in the form of bottom underwriting and top underwriting. In connection to the Rights issue, existing shareholders has entered subscription commitments corresponding to 4.1 percent of the Rights issue. In addition to subscription commitments, existing shareholders and external investors has entered underwriting agreements corresponding to 75.9 percent of the Rights issue ("Bottom underwriting"). Through the Bottom underwriting, provided that subscription takes place to an amount at least equivalent to the subscription commitments, the proceeds in the Rights issue is secured to 80 percent. Furthermore, Maida Vale Capital AB has entered a top underwriting agreement corresponding to 20 percent of the Rights issue ("Top underwriting"). Through the Top underwriting, provided that subscription takes place to an amount at least equivalent to the subscription commitments and the Bottom underwriting, the proceeds in the Rights issue is secured to 100 percent. For commitments in the Bottom underwriting, a compensation of 12 percent is payable, for commitments in the Top underwriting, a compensation of 14 percent is payable. Due to the Rights issue, the Company has decided to advance the Q1 report 2023 to May 9, 2023 and advance the Annual General Meeting to May 10, 2023. Notice to the Annual General Meeting will be published through a separate press release.

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### **Comment from the CEO, Patrick Höijer**

*"The company's focus is on increased revenue and improved margins and this capital injection will accelerate our ability to deliver on our growth strategy and further diversify our revenue streams."*

*Perhaps the most exciting thing that the capital injection enables is an increased investment in Digital Identity in the US. There is a great need for secure systems for access and visitor management, for example, in hospitals, commercial properties and gyms, and in 2023 we therefore intend to accelerate our international expansion efforts.*

*With the capital injection, we also strengthen our existing product development and our opportunities to expand our business on the mobile phone side within the Algo business area to new verticals such as laptops and the automotive industry."*

### **Background and motive for the Rights issue**

Precise Biometrics is a global software provider specializing in biometric identification. The Company's software is licensed for hardware products and in system solutions that enable convenient and secure identification via, for example, fingerprints and faces. The Company has two business areas, Digital Identity with solutions for physical access and visitor management and Algo with software in fingerprint reading.

Within Digital Identity, Precise Biometrics is intensifying its international investment with a focus on the US market. The Company sees long-term great potential for its technology for access management via facial recognition in several sectors in the US such as commercial properties, gyms, hospitals, construction sites and more. The market for this type of security solution is estimated for high growth globally in the coming years, and Precise Biometrics' ambition is to establish itself as a company and gain market share on the US market.

Within the Algo business area, the mobile manufacturer ecosystem has experienced weaker demand in late 2022 due to large mobile manufacturer inventories and lower end customer demand. Precise Biometrics assessment is that the Company will see a return to more normal order volumes in the second half of 2023. Furthermore, the Company has started a number of interesting collaborations with sensor manufacturers in new verticals, for example laptops, smart door locks and the automotive industry, which are predicted to accelerate the Company's growth within Algo in the near term.

With the proceeds from the issue, the Company can take advantage of growth opportunities in new verticals for the Algo business area and accelerate sales efforts in the Digital Identity business area, with a focus on the US market according to the current business plan and strategy. As the Company judges that the working capital is not sufficient to fulfill the current business plan and goals during the coming twelve-month period, strengthening working capital is also a motive for the issue.

In case of full subscription, the Company receives net cash of approximately SEK 40.5 million. The net cash is meant to be used for the following areas of use, in order of priority:

- *Geographical expansion to the US*
- *Processing and in-depth collaborations within new verticals for the Algo business area*
- *Product development towards new customer groups within Digital Identity*
- *Continued improvements to Precise algorithms to ensure Algo's world-leading position in the mobile phone market*
- *Strengthening of working capital, ongoing operations*

## Summary of the Rights issue[1]

- One (1) existing ordinary share in Precise Biometrics held on the record date of May 12, 2023 entitles to one (1) subscription right. Three (3) subscription rights entitle the holder to subscribe for two (2) newly issued ordinary shares.
- The subscription price amounts to SEK 1.60 per share. Payment must be made in cash.
- Through the Rights issue, Precise Biometrics can raise a maximum of SEK 49.5 million before issue costs, which are estimated to amount to about SEK 9,0 million.
- The subscription period runs during the period May 15 – 29, 2023.
- Subscription rights that are not exercised during the subscription period become invalid and lose their value. Trading in subscription rights is planned to take place on Nasdaq Stockholm during the period May 15 – 24, 2023.
- The rights issue means that the Company's share capital increases by a maximum of SEK 9,285,519, corresponding to a maximum of 30,951,730 shares and a maximum dilution of 40 percent.
- In the event that all shares are not subscribed for with preferential rights (i.e. with the support of subscription rights), the board must, within the framework of the Rights issue's maximum amount, decide on the allocation of shares subscribed without the support of subscription rights, whereby the allocation must primarily be made to those who also subscribed for shares with the support of subscription rights and, in the event that these cannot receive full allocation, allocation takes place in relation to their subscription with the support of subscription rights and, if this is not possible, by lottery, and allocation in second place takes place to another who subscribed shares in the Rights issue without the support of subscription rights and, in the event that these cannot receive full allocation, allocation takes place in relation to the number of shares that each has subscribed for and, if this is not possible, by lottery. In the last instance, allocation must be made to underwriters and then in relation to the underwriting agreements made.
- The Board's decision on the Rights Issue is conditional on the Annual General Meeting of the Company on May 10, 2023 deciding to approve the Rights Issue. Notice of the annual general meeting is published separately in connection with the publication of this press release.
- The rights issue is covered by subscription commitments and underwriting agreements from existing owners and external investors corresponding to 100 percent of the Rights issue. The subscription commitments amount to approximately SEK 2,0 million, corresponding to 4.1 percent of the Rights issue, the Bottom underwriting amounts to approximately SEK 37.6 million, corresponding to 75.9 percent of the Rights issue and the Top underwriting amounts to approximately SEK 9.9 million, corresponding to 20.0 percent of the Rights issue. The subscription commitments and the underwriting have been agreed in writing and amount to a total of approximately SEK 49.5 million, corresponding to 100 percent of the Rights issue. For the Bottom underwriting, an underwriting commission of twelve (12) percent of the guaranteed amount is paid and the investors can choose to take the compensation in cash or in shares. For the Top underwriting, an underwriting commission of fourteen (14) percent is paid in cash compensation. The commitments and guarantees are not secured by bank guarantee, escrow funds, pledging or similar arrangements.

Complete terms and conditions for the Rights Issue as well as other information about the Company will appear in the prospectus which is expected to be published around May 11, 2023. The timetable is preliminary and may change.

### **Preliminary schedule for the Rights Issue**

May 10, 2023 Last trading day including the right to receive subscription rights

May 11, 2023 First trading day excluding the right to receive subscription rights

May 11, 2023 Publication of prospectus

May 12, 2023 Record date for participation in the Rights Issue

May 15 – 29, 2023 Subscription period

May 15 – 24, 2023 Trading in subscription rights at Nasdaq Stockholm

May 30, 2023 Publication of the outcome of the Rights Issue

### **Change in share capital, number of shares and dilution**

Through the Rights Issue, the share capital in the Company increases by a maximum of SEK 9,285,519, from SEK 14,253,779.10 to SEK 23,539,298.10, through the issuance of a maximum of 30,951,730 ordinary shares. The number of ordinary shares thus increases from 46,427,597 to a maximum of 77,379,327 ordinary shares. For existing ordinary shareholders who do not participate in the Rights Issue, this implies a dilution effect of 40 percent in the case of full subscription.

### **Approval at the annual general meeting**

The board's issue decision needs to be approved at the company's annual general meeting, which is planned to be held on May 10, 2023. The notice of the annual general meeting is published in a separate press release.

### **Advance publication of quarterly report**

Due to the Rights Issue, the Company has decided to bring forward the Company's quarterly report for the first quarter of 2023 to May 9, 2023.

### **Advisors**

Precise Biometrics has engaged Erik Penser Bank AB and Advokatfirman Lindahl as financial and legal advisers in connection with the Rights Issue.

### **Important information**

*The information in this press release neither contains nor constitutes an offer to acquire, subscribe or otherwise trade in shares, warrants or other securities in Precise Biometrics. No action has been taken and no action will be taken to permit an offer to the public in any jurisdictions other than*

*Sweden. The invitation to interested persons to subscribe for shares in Precise Biometrics will only take place through the prospectus that Precise Biometrics expects to be able to publish around May 11, 2023. The information contained in this press release may not be disclosed, published or distributed, directly or indirectly, within or to the United States, Belarus, Russia, Australia, Hong Kong, Japan, Canada, New Zealand, Switzerland, Singapore, South Africa or any other jurisdiction where such action would be illegal, subject to legal restrictions or require measures other than those that follow from Swedish law. Actions contrary to this instruction may constitute a violation of applicable securities legislation. No shares or other securities of Precise Biometrics have been registered, and no shares or other securities will be registered, under the United States Securities Act of 1933 from time to time ("Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or to the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and pursuant to the securities laws of the relevant state or other jurisdiction in the United States. This communication is distributed to and directed solely to persons in the United Kingdom who are (i) professional investors falling within the scope of Article 19 (5) of the U.K. from time to time in force; Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("the Order") or (ii) high net worth subjects and other persons to whom this notice may lawfully be addressed, who are subject to Article 49(2)(a)-(d) in the Order (all such persons are collectively referred to as "Relevant Persons"). Persons who are not Relevant Persons may not act on or rely on the information in this communication. An investment or investment measure referred to in this communication is only possible for Relevant Persons and will only be completed with Relevant Persons. Persons who disseminate this communication must themselves ensure that such dissemination is permitted.*

### **Forward-looking statements**

*This press release contains forward-looking statements that refer to the Company's intentions, assessments or expectations regarding the Company's future results, financial position, liquidity, development, prospects, expected growth, strategies and opportunities as well as the markets in which the Company operates. Forward-looking statements are statements that do not relate to historical facts and can be identified by the inclusion of expressions such as "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "assumes", "should" "could" and, in each case, negations thereof, or similar expressions. The forward-looking statements in this press release are based on various assumptions, which in several cases are based on additional assumptions. Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, there can be no assurance that they will occur or that they are accurate. As these assumptions are based on assumptions or estimates and are subject to risks and uncertainties, the actual result or outcome may, for many different reasons, differ materially from what appears in the forward-looking statements.*

*Such risks, uncertainties, contingencies and other material factors may cause actual events to differ materially from the expectations expressed or implied in this press release through the forward-looking statements. The Company does not warrant that the assumptions underlying the forward-looking statements in this press release are correct and any reader of the press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements expressed or implied herein are provided only as of the date*

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*of this press release and are subject to change. Neither the Company nor anyone else undertakes to revise, update, confirm or publicly announce any revision of any forward-looking statement to reflect events that occur or circumstances that occur with respect to the contents of this press release, unless required by law or Nasdaq Stockholm's regulations for issuers.*

[1] Excluding shares owned by Precise Biometrics. Per April 3, 2023 the Company owns 1,085,000 own C-shares, which do not allow for participation in the Rights issue

## Contacts

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## About Us

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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](http://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 2023-04-03 19:13 CEST.*

## Attachments

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[Precise Biometrics resolves on fully secured rights issue of about SEK 50 million](#)