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## PRECISE CONVENES ANNUAL GENERAL MEETING 2022

**The Board of Directors of Precise proposes that the Annual General Meeting 2022 resolves to implement a long-term performance-based incentive program for all employees. The Board also proposes that Patrick Höijer, taking office as CEO of Precise on June 1, 2022, should be given the opportunity to acquire warrants. A shareholder proposal regarding a consolidation of the company's shares 1:10 has been submitted.**

To support the company's continued growth, the Board of Precise proposes that the Annual General Meeting 2022 resolves to implement a long-term performance-based incentive program for all employees. In the proposal, all employees are given the opportunity to participate in the program by investing in Precise shares during 2022. Based on the number of shares acquired by the participant and on certain revenue criteria of up to MSEK 800 during the period 2022–2027 with a positive EBIT result achieved, the participant is entitled to, in 2028, receive up to three new Precise shares per own invested share.

Patrick Höijer, taking office as CEO of Precise on June 1, 2022, has informed the Board that he intends to participate in the program with a private investment of 2,000,000 Precise shares. Other members of the management team have the opportunity to participate with their own investment of up to 100,000 shares, and other employees with up to 10,000 shares.

The Board also proposes that the incoming CEO Patrick Höijer may acquire, at market price, up to 1,000,000 warrants in 2022. After a three-year period, each warrant entitles to subscription for one Precise share at a price corresponding to 130% of the volume-weighted average trading price for the Precise share during the last five trading days prior to subscription of the warrants. The Board intends to propose a similar program in coming years.

The shareholder Maida Vale Capital AB has submitted a proposal regarding a consolidation of the company's shares 1:10.

The complete notice is set out below.

### CONVENING NOTICE FOR 2022 ANNUAL GENERAL MEETING IN PRECISE BIOMETRICS AB (publ)

The shareholders of Precise Biometrics AB (publ), reg. no. 556545-6596, are invited to attend the Annual General Meeting to be held on Thursday 19 May 2022 at 2 p.m. CEST at Scheelevägen 27, second floor, in Lund. Registration for the Annual General Meeting begins at 1.30 p.m. CEST.

#### **A. REGISTRATION AND NOTIFICATION FOR THE ANNUAL GENERAL MEETING**

A person who wishes to participate in the Annual General Meeting must:

- i) be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB regarding circumstances on Wednesday 11 May 2022; and

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- ii) notify the company of their intention to attend the Annual General Meeting at the address Precise Biometrics AB (publ), Scheelevägen 27, 8 tr SE-223 63 Lund, Sweden or by email to [arsstamma@precisebiometrics.com](mailto:arsstamma@precisebiometrics.com), no later than Friday 13 May 2022, preferably before 4:00 p.m. CEST. When giving notice of attendance, the shareholder shall state name, personal identity or corporate registration number, address and telephone number and the number of any representatives (no more than two).

If the shareholder is represented by proxy, a written and dated power of attorney signed by the shareholder must be issued to the proxy. Proxy forms in Swedish and in English are available upon request and also on the company's website [www.precisebiometrics.com](http://www.precisebiometrics.com). A power of attorney is valid (1) year from its issue date or such longer time period as set out in the power of attorney, however not more than (5) years. If the shareholder is a legal person, a registration certificate or other authorization document, not older than one (1) year, must be attached to the form, listing the authorized signatories. In order to facilitate the registration process at the Annual General Meeting, a proxy together with registration certificate and any other authorization documents shall be received by the company at the above address, no later than Friday 13 May 2022.

In order to be entitled to participate in the Annual General Meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the Annual General Meeting, register its shares in its own name so that the shareholder is listed in the presentation of the share register as of Wednesday 11 May 2022. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee, in accordance with the nominee's routines, at such a time in advance as decided by the nominee. Voting rights registrations that have been made by the nominee no later than Friday 13 May 2022 will be taken into account in the presentation of the share register.

## **B. AGENDA**

Proposal for agenda

1. Opening of the meeting
2. Election of chairman of the meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to approve the minutes.
6. Determination of whether the meeting has been duly convened.
7. The Managing Director's report.
8. Presentation of
  - (a) the Annual Report and the Auditor's Report and the Consolidated Financial Statements and the Group Auditor's Report,
  - (b) the statement by the auditor on the compliance with the guidelines for remuneration to senior management applicable since the last Annual General Meeting, and
  - (c) the Board of Directors' proposals under items 14-15 and 17-19.

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9. Resolutions regarding
  - (a) the adoption of the Statement of Income and the Balance Sheet and the Consolidated Statement of Income and the Consolidated Balance Sheet, as per 31 December 2021,
  - (b) the appropriation of the company's result according to the adopted Balance Sheet, and
  - (c) the discharge from liability of the Board members and the Managing Director.
10. Determination of the number of Board members.
11. Resolution regarding fees to the Board members and the auditor.
12. Election of members and chairman of the Board of Directors.
13. Election of auditor.
14. Resolution on approval of remuneration report.
15. Resolution regarding the Board of Directors' proposal for authorization of the Board of Directors to resolve on new issue of shares and/or convertible bonds.
16. Resolution regarding the shareholder Maida Vale Capital AB's proposal on (I) consolidation of the company's shares 1:10 and (II) amendment of the Articles of Association.
17. Resolution regarding the Board of Directors' proposal for amendment of the Articles of Association.
18. Resolution regarding the Board of Directors' proposal on incentive program for the CEO by way of directed issue of subscription warrants 2022/2025.
19. Resolutions regarding the Board of Directors' proposal on
  - (a) implementation of long-term incentive program LTI 2022/2028, and
  - (b) hedging arrangements in respect thereof, including (I) amendment of the Articles of Association, (II) authorization for the Board of Directors to issue shares of series C, (III) authorization for the Board of Directors to repurchase shares of series C, and (IV) approval of transfer of shares to participants.
20. Closing of the meeting

**Proposed resolutions**

**Proposal for election of chairman of the meeting (item 2)**

According to the principles for appointing the members of the Nomination Committee that were decided upon at the Annual General Meeting 2016, the chairman of the Board of Directors shall convene a Nomination Committee consisting, in addition to the chairman of the Board, of representatives from two or three of the company's major shareholders as per 31 August.

The Nomination Committee appointed for the Annual General Meeting 2022, consisting of Anna Sundberg (Handelsbanken Fonder AB) as chairman, Robert Vicsai (SEB Investment Management AB), David Ingvarsson (own and related parties holdings), and the chairman of the Board Torgny Hellström, have proposed Torgny Hellström as chairman of the meeting.

**Proposal for appropriation of result (item 9b)**

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The Board of Directors proposes that the parent company's funds for disposal of SEK 80,129,843, after the loss of the year of SEK 13,785,549, is carried forward. The Board of Directors proposes that no dividend is declared for the financial year.

**Proposal regarding number of Board members, fees, election of members and chairman of the Board and election of auditor (items 10-13)**

The Nomination Committee proposes that the number of Board members shall be six, with no deputy members, and that Board members Torbjörn Clementz, Torgny Hellström, Mats Lindoff, Åsa Schwarz and Synnöve Trygg shall be re-elected, and that Peter Gullander shall be elected as new Board member. Torgny Hellström shall be re-elected as chairman of the Board.

Peter Gullander (born 1968) holds a Master of Science in Engineering from Linköping University and an MBA from INSEAD, and conducts his own business Yellowtree Advisors within financing and corporate acquisitions. He is co-founder of the management company Gapyel. Peter has extensive experience from corporate acquisitions and financing of tech companies from e.g. Redstone, Inlandsinnovation, Verdane Capital Advisors and Intel Capital, and today has Board assignments in e.g. Curonova and Guldbrev.

The Nomination Committee proposes that the Board fees, excluding committee fees, up to and including the Annual General Meeting 2023 shall be SEK 1,495,000. The chairman of the Board shall receive SEK 545,000 and each of the other members of the Board, not employed by the company, shall receive SEK 190,000. Remuneration for committee work is proposed to amount to SEK 45,000 for members of the Audit Committee, SEK 90,000 for the chairman of the Audit Committee and SEK 25,000 for members and chairman of the Remuneration Committee.

The Nomination Committee proposes, in accordance with the recommendation of the Audit Committee, that the accounting firm EY is elected as auditor of the company for a further mandate period of one year and that the auditor's fees are to be paid as per approved invoice. In the event that EY is elected, the accounting firm has informed that the authorized public accountant Martin Henriksson will be auditor in charge.

**Approval of remuneration report (item 14)**

The Board of Directors proposes that the Annual General Meeting resolves to approve the Board of Directors' report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.

**Proposal for authorization of the Board of Directors to resolve on new issue of shares and/or convertible bonds (item 15)**

The Board proposes the Annual General Meeting to authorize the Board of Directors to resolve, on one or several occasions before the next Annual General Meeting, on an issue of shares and/or convertible bonds. Such issue may entail a deviation from the shareholders' preferential right to subscribe for new shares and/or convertible bonds and also entail that payment of the new shares and/or convertible bonds may be made in cash or by consideration

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in kind or by right of set-off. The number of shares and/or convertible bonds to be issued by virtue of the authorization shall not exceed 10% of the registered share capital (as per the date of the resolution on the issue of new shares and/or convertible bonds). The Board shall be entitled to establish remaining conditions of the issue, including the issue price. The issue price shall be determined in accordance with market practice.

The purpose of the authorization and the reason for the deviation from the shareholders' preferential right is to enable the company, by way of issues of new shares/convertible bonds for payment in cash, in kind or through set-off, to strengthen the company's capital base in connection with company acquisitions or strategic capital or other investments, and to obtain capital contributions from new owners that are considered strategically important from an operational, financial, structural or other perspective.

*Voting majority*

Under the Swedish Companies Act, the resolution of the general meeting on authorization for the Board of Directors to resolve on new issue of shares and/or convertible bonds requires the support of shareholders representing at least two-thirds of both the number of votes cast and the shares represented at the meeting in order to be valid.

**Proposal from the shareholder Maida Vale Capital AB for resolution on (I) consolidation of the company's shares 1:10 and (II) amendment of the Articles of Association (item 16)**

For the purpose of achieving an appropriate number of shares in Precise Biometrics AB (publ) (the "**Company**"), Maida Vale Capital AB ("**Maida**") proposes that the Annual General Meeting 2022 resolves on consolidation of shares in accordance with item (I) below. Maida's view is that the current number of shares and the in real terms low share price results in speculative and short-term trading and negatively affects both long-term and potential new shareholders, and that a consolidation of shares will improve the Company's prospects. In order to execute the consolidation, Maida also proposes that the limits on the number of shares set forth in the Articles of Association are amended in accordance with item (II) below.

*(I) Proposal for resolution on consolidation of the Company's shares 1:10*

Maida proposes that the Annual General Meeting resolves on consolidation of the Company's shares, whereby ten (10) existing shares shall be consolidated into one (1) new share (consolidation 1:10).

If a shareholder's holding of shares does not correspond to a full number of new shares, the excessive shares will be passed on to the Company at the record date for the consolidation of shares. Excessive shares will thereafter be sold at the Company's expense by a securities institution appointed by the Company, whereby concerned shareholders will receive their part of the sales proceeds.

Maida further proposes that the Annual General Meeting authorizes the Board of Directors to determine the record date for the consolidation of shares. The record date may not occur prior to the registration of the resolution on consolidation with the Swedish Companies Registration Office.

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Following completion of the consolidation of shares, the number of shares in the Company will decrease from 395,963,940 to 39,596,394. The proposed consolidation will result in a change of the quota value of the share from SEK 0.03 to SEK 0.3.

*(II) Proposal for resolution on amendment of the Articles of Association*

In order to enable the consolidation of the Company's shares in accordance with Maida's proposal under item (I), Maida proposes that the Annual General Meeting resolves to amend § 5 of the Articles of Association in accordance with the following:

	<b>Current wording</b>	<b>Proposed wording</b>
<b>§ 5</b>	The number of shares shall be not less than one hundred million (100,000,000) and not more than four hundred million (400,000,000)	The number of shares shall be not less than <i>thirty million (30,000,000)</i> and not more than <i>one hundred twenty million (120,000,000)</i>

Maida also proposes that the Annual General Meeting authorizes the Board of Directors, or any person appointed by the Board of Directors, to make such minor adjustments to the Annual General Meeting's resolutions in items (I) and (II) in order to enable registration with the Swedish Companies Registration Office (Sw: *Bolagsverket*) or Euroclear Sweden AB's administration.

The resolution on consolidation of shares in accordance with item (I) requires amendment of the Articles of Association according to item (II). Maida proposes that the resolution of the Annual General Meeting in accordance with Maida's proposals under items (I) and (II) shall be adopted as a joint resolution. The resolution of the general meeting according to the above is valid only if it has been approved by shareholders representing at least two-thirds of the votes cast and the shares represented at the meeting.

**Proposal for amendment of the Articles of Association (item 17)**

Provided that the Annual General Meeting does not resolve on consolidation of the company's shares 1:10 in accordance with Maida Vale Capital AB's proposal under item 16 on the agenda, and for the purpose of adjusting the limits on the number of shares set forth in the Articles of Association, the Board of Directors proposes that the Annual General Meeting resolves to amend § 5 in the Articles of Association in accordance with the following:

	<b>Current wording</b>	<b>Proposed wording</b>
<b>§ 5</b>	The number of shares shall be not less than one hundred million (100,000,000) and not more than four hundred million (400,000,000)	The number of shares shall be not less than <i>three hundred million (300,000,000)</i> and not more than <i>one billion two hundred million (1,200,000,000)</i>

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### *Authorization*

The Board of Directors proposes that the CEO shall be authorized to make the minor amendments to the above proposal that could be deemed necessary in relation to the registration with the Swedish Companies Registration Office.

### *Voting majority*

Under the Swedish Companies Act, the resolution of the general meeting on amendment of the Articles of Association requires the support of shareholders representing at least two-thirds of both the number of votes cast and the shares represented at the meeting in order to be valid.

### **Proposal for resolution on incentive program for the CEO by way of directed issue of subscription warrants 2022/2025 (item 18)**

The Board of Directors of Precise Biometrics AB (the "**Company**") proposes that the Annual General Meeting 2022 resolves on approval of a long-term share based incentive program for the Company's incoming CEO Patrick Höijer in the form of subscription warrants. The number of subscription warrants in the proposal is stated before a potential consolidation of shares in accordance with the proposal under item 16 on the agenda, and, where applicable, the alternative number of subscription warrants that the proposal comprises after a potential consolidation of shares is stated in the footnotes.

The purpose of the proposed program is to ensure an incentive that is directly connected to the future value growth of the Company's share and increased shareholder value. The program is also part of strengthening the Company's ability to recruit and retain qualified personnel and contribute to the Company offering a competitive total remuneration. The proposed program supports Precise Biometrics' business strategy and long-term interests, including its sustainability, by providing the CEO with a distinct connection between increased shareholder value and remuneration.

Subject to the annual evaluation to be made of variable remuneration and incentive programs, it is the intention of the Board of Directors to propose corresponding incentive programs also to future Annual General Meetings.

To implement the incentive program, the Board of Directors proposes that the General Meeting resolves on an issue of subscription warrants to the Company's incoming CEO Patrick Höijer, on the following terms and conditions.

1. A maximum of one million (1,000,000) subscription warrants (before consolidation<sup>1</sup>) shall be issued.
2. The right to subscribe for the subscription warrants shall, with deviation from the shareholders' pre-emptive rights, be granted to Patrick Höijer. Over-subscription may not occur.
3. The subscription price for each subscription warrant shall correspond to the market value at the time of subscription, to be established immediately before subscription by

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<sup>1</sup> 100,000 subscription warrants following potential consolidation.

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Öhrlings PricewaterhouseCoopers AB as an independent valuation institute, calculated in accordance with the Black Scholes valuation method. Based on the conditions at the time of this proposal, the market value corresponds to approximately SEK 0.24 (assuming a share price of SEK 1.00, an exercise price of SEK 1.30 per share, a risk-free interest rate of 1.04 percent and a volatility of approximately 45 percent).

4. Subscription for the subscription warrants shall be made on a separate subscription list on 30 June 2022 at the latest. The Board of Directors shall have the right to extend the subscription period. Payment must be made upon subscription. The intention is for subscription and allotment to take place as soon as possible following the Annual General Meeting 2022 and Patrick Höijer's entry.
5. Each subscription warrant entitles to subscription for one (1) new share in the Company.
6. Subscription for shares by virtue of the subscription warrants may be effected during the period from 1 July 2025 up to and including 30 September 2025.
7. The subscription price shall be equivalent to 130% of the volume weighted average price according to Nasdaq Stockholm's official price list for share in the Company during a period of five trading days prior to subscription of the warrants (but no lower than the share's quota value), rounded to the nearest SEK 0.01, whereby SEK 0.005 shall be rounded upwards.
8. Shares subscribed for by virtue of the subscription warrants shall entail the right to dividend the first time on the first record date after the subscription for shares by exercise of the subscription warrants has been effected.
9. In the event that the subscription price for the new shares exceeds the quota value of the previous shares, the excess amount shall be added to the unrestricted share premium reserve.
10. Additional terms and conditions for the subscription warrants are set forth in "*Terms and conditions for subscription warrants 2022/2025*". The terms and conditions entail that the subscription price and the number of shares that each subscription warrant entitles to may be subject to re-calculation as a consequence of bonus issue, consolidation (other than the consolidation 1:10 proposed under item 16 on the agenda) or share split, rights issue and similar actions, whereby customary re-calculation terms shall be applied.

#### *Dilution and other ongoing programs*

Assuming that all 1,000,000 subscription warrants (before consolidation<sup>2</sup>) are exercised to subscribe for new shares, the Company's share capital will increase with a maximum of SEK 30,000, corresponding to approximately 0.25% of the Company's share capital after full exercise.

At the Annual General Meeting 2019, it was resolved to issue a maximum of 1,300,000 subscription warrants to the Company's then CEO and CFO. All of these 1,300,000

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<sup>2</sup> 100,000 subscription warrants following potential consolidation.



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subscription warrants have been repurchased by the Company and canceled by the Swedish Companies Registration Office, and can thereby not result in any dilution.

The Board of Directors has also proposed that the Annual General Meeting 2022 resolves on a long-term share based incentive program in the form of Performance Share Rights. This program is proposed to include all employees in the Company and may comprise a maximum of 10,850,000 new shares of series C (before consolidation<sup>3</sup>). Assuming full allotment in the program, the Company's share capital will increase with a maximum of SEK 325,500, corresponding to approximately 2.67 % of the Company's share capital after full exercise.

*Reasons for the deviation from the shareholders' pre-emptive rights*

The reasons for the deviation from the shareholders' pre-emptive rights are that the Board of Directors is of the opinion that an incentive program which offers the Company's incoming CEO an opportunity to take part of the Company's value growth entail an enhanced commitment and motivation to work for a favorable financial development of the Company.

*Miscellaneous*

The incentive program is not expected to entail any considerable costs to the Company. Therefore, no measures to secure the program have been taken. The program is neither expected to have any material effect on significant key figures.

The Board of Directors propose that the Board, or anyone appointed by the Board, shall be authorized to make such minor adjustments of the resolutions of the General Meeting, including appendices, that may be necessary in connection with registration with the Swedish Companies Registration Office and Euroclear Sweden AB.

The Board of Directors' proposal has been prepared by the Company's Remuneration Committee in consultation with the Board. Within the terms and conditions stated above, the Board of Directors shall be responsible for the implementation and management of subscription warrants 2022/2025. All significant decisions related to subscription warrants 2022/2025 will be made by the Board of Directors in its entirety.

The proposal of the Board of Directors is subject to the resolution of the General Meeting being supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the General Meeting.

**Proposal for resolution on (a) implementation of long-term incentive program LTI 2022/2028 and (b) hedging arrangements in respect thereof, including (I) amendment of the Articles of Association, (II) authorization for the Board of Directors to issue shares of series C, (III) authorization for the Board of Directors to repurchase shares of series C, and (IV) approval of transfer of shares to participants (item 19)**

**A. Implementation of the program**

The Board of Directors of Precise Biometrics AB ("Precise Biometrics" or the "Company") proposes that the Annual General Meeting 2022 resolves on implementation of a long-term

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<sup>3</sup> 1,085,000 shares of series C following potential consolidation.

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share bonus program (“**LTI 2022/2028**”). The proposal is conditional upon the Annual General Meeting’s previous resolution on amendment of the limits on the number of shares in the Articles of Association, in accordance with the proposals in either item 16 or item 17 on the agenda. The number of Saving Shares, Performance Share Rights, shares of series C, etc. in the proposal is stated before a potential consolidation of shares in accordance with the proposal under item 16 on the agenda, and, where applicable, the alternative number of Saving Shares, Performance Share Rights, shares of series C, etc. that the proposal comprises after a potential consolidation is stated in the footnotes.

In short, LTI 2022/2028 is a share-based bonus program that, during a six-year period, entails the right to so-called Performance Share Rights (see below) when the Company achieves certain net sales targets, provided positive operating profit and own investment in so-called Saving Shares (see below). It is proposed that LTI 2022/2028 shall comprise all employees in Precise Biometrics, which currently consists of a maximum of approximately 40 persons in total.

The purpose of LTI 2022/2028 is to ensure an incentive for all employees in the group (the “**Participants**”) that is directly connected to future sales growth in the Company. The program is also a part of the strengthening of Precise Biometrics’ ability to recruit and retain qualified employees, and to enable the Company to offer a competitive total remuneration. The proposed program supports Precise Biometrics’ business strategy and long-term interests, including its sustainability, by providing a distinct connection between growth and remuneration for the Participants. In addition, a program period of more than six years generally contributes to sustainability.

*Description of LTI 2022/2028*

Investment requirement - Saving Shares

Participation in LTI 2022/2028 requires that the Participants make their own investment in shares in Precise Biometrics, and that these shares are allocated to LTI 2022/2028 (“**Saving Shares**”). Acquisition of Saving Shares must take place no later than 31 December 2022 (the “**Investment Period**”). However, the Board of Directors has the right to extend the period under special circumstances. Precise Biometrics shares that the Participants have acquired during 2022 can hereby be credited as Saving Shares.

The Participants in LTI 2022/2028 are divided into three categories: Category 1 consists of the Company’s CEO, category 2 of other persons in the management team, and category 3 of other employees. The maximum number of Saving Shares that the Participants may acquire under LTI 2022/2028 is stated below:

<b>Category 1</b> <b>CEO</b>	The CEO may acquire a maximum of 2,000,000 Saving Shares (before consolidation <sup>4</sup> ).
<b>Category 2</b> <b>Other management team</b>	Other persons in the management team may acquire a maximum of 100,000 Saving Shares per person (before consolidation <sup>5</sup> ).

<sup>4</sup> 200,000 Saving Shares following potential consolidation.

<sup>5</sup> 10,000 Saving Shares following potential consolidation.

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<b>Category 3</b> <b>Other employees</b>	Other employees may acquire a maximum of 10,000 Saving Shares per person (before consolidation <sup>6</sup> ).
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New employees who wish to participate in LTI 2022/2028 may be given the opportunity to acquire Saving Shares within a period of six months from the date of publication of a year-end report and may then only participate with regard to Sales Targets (in accordance with below) achieved after their entry in the program. Participation may be offered by the Board of Directors within the terms and conditions of LTI 2022/2028, however not after the end of 2025.

Performance Share Rights

The Participant has the opportunity to receive a maximum of three (3) performance share rights ("**Performance Share Rights**") in total for each Saving Share during the financial years 2022-2027 (the "**Program Period**"), in accordance with below. Each Performance Share Right entitles to acquisition of one (1) ordinary share in Precise Biometrics free of charge, pursuant to what is further described in item B. I-IV below.

Precise Biometrics will not compensate for dividend payments and other value transfers (in both cases that are not extraordinary) during the Program Period. The number of shares in Precise Biometrics that each Performance Share Right entitles to, may be re-calculated as a result of e.g. bonus issue, consolidation (other than the consolidation 1:10 that is proposed in item 16 on the agenda) or share splits, new share issues, reductions of the share capital, extraordinary dividend payments, or similar actions. The transfer of shares may be accelerated as a result of merger, demerger, major acquisitions or divestments or similar actions.

Performance condition and allocation of Performance Share Rights

The vesting of Performance Share Rights depends on to what extent the performance conditions are fulfilled during a financial year (12-month period) during the Program Period. Allocation of Performance Share Rights takes place provided that Precise Biometrics' net sales during a certain financial year amount to or exceed one or several threshold values in accordance with below (the "**Sales Targets**"), and provided that the Company's operating profit (EBIT) is positive during the financial year when the Sales Targets are achieved<sup>7</sup>:

<b>Sales Target</b>	<b>Allocation of Performance Share Rights</b>
SEK 200,000,000	One (1) Performance Share Right per Saving Share
SEK 300,000,000	Half (0.5) a Performance Share Right per Saving Share
SEK 400,000,000	Half (0.5) a Performance Share Right per Saving Share
SEK 600,000,000	Half (0.5) a Performance Share Right per Saving Share
SEK 800,000,000	Half (0.5) a Performance Share Right per Saving Share

<sup>6</sup> 1,000 Saving Shares following potential consolidation.

<sup>7</sup> Net sales and operating profit (EBIT) according to the year-end report published by the Company for the respective financial year included in the Program Period.

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The conditions for allocation in combination with the maximum number of Saving Shares entail (before consolidation) that the CEO may receive a maximum of 6,000,000 Performance Share Rights (before consolidation<sup>8</sup>), other persons in the management team a maximum of 300,000 Performance Share Rights (before consolidation<sup>9</sup>) per person, and other employees a maximum of 30,000 Performance Share Rights (before consolidation<sup>10</sup>) per person.

If several Sales Targets are achieved during one financial year, the number of Performance Share Rights which the Participant is entitled to will be added up. If Performance Share Rights have been granted for a Sales Target achieved during a previous financial year included in the Program Period, no Performance Share Rights will be granted when the same Sales Target is achieved during later financial years included in the Program Period.

Allotment of Performance Share Rights takes place as soon as practically possible following the publication of the Company's year-end report regarding the financial year in which one or more of the Sales Targets have been achieved.

Payment of Performance Share Rights granted during the Program Period will take place after the Annual General Meeting's approval of the annual report 2027 and no later than 30 June 2028, and is conditional upon continued employment as stated below and that the Participant has retained all Saving Shares at the time of payment, unless the Board of Directors has otherwise decided. Prior to determining the final allotment of Performance Share Rights, the Board of Directors shall evaluate whether the allotment is reasonable considering the Company's financial results and position, conditions on the stock market and other circumstances. If the Board of Directors determines that is not the case, the Board shall reduce the number of Performance Share Rights to a lower level deemed appropriate by the Board of Directors. Further, the Board of Directors shall be entitled not to make payment of Performance Share Rights if the Participant has acted reprehensibly.

Participants shall undertake not to dispose of such shares obtained through the exercise of Performance Share Rights during the Program Period and one year thereafter, other than for coverage of tax amounting to the receipt of the Performance Share Rights and of the sale of shares resulting thereof.

Termination of employment, lock-up, etc.

In the event of termination by the employee within three years from the acquisition and allocation of the Saving Shares or in the event of dismissal or termination due to personal reasons, other than in the event of redundancy, the right for the Participant to receive Performance Share Rights immediately ceases. If the employment is terminated under other circumstances (including later than three years from the acquisition and allocation of the Saving Shares), the Participant shall receive such Performance Share Rights that expire within

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<sup>8</sup> A maximum of 600,000 Performance Share Rights following potential consolidation.

<sup>9</sup> A maximum of 30,000 Performance Share Rights following potential consolidation.

<sup>10</sup> A maximum of 3,000 Performance Share Rights following potential consolidation.

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one year from the last day of work, pro rata in relation to time worked during the Program Period. The same applies to termination of assignment.

Maximum allotment, etc.

The maximum allotment of Performance Share Rights to Participants pursuant to LTI 2022/2028 shall correspond to a total of 8,250,000 new shares of series C (before consolidation<sup>11</sup>), which may be reclassified to the corresponding number of ordinary shares in Precise Biometrics. Further, it is proposed that a maximum of 2,600,000 additional new shares of series C are issued (before consolidation<sup>12</sup>), which may be reclassified to the corresponding number of ordinary shares in Precise Biometrics, for the purpose of covering social security expenses.

Participation in LTI 2022/2028 requires that such participation can take place legally, and with reasonable administrative costs and financial efforts as determined by the Company. The Board of Directors shall be entitled to implement an alternative incentive solution for employees in countries where participation in LTI 2022/2028 is not appropriate, whereby the alternative solution, as far as practically possible, is designed with similar terms and conditions as LTI 2022/2028.

*Costs, dilution and effects on important key ratios and other programs*

The total accounting cost for LTI 2022/2028 is estimated to amount to approximately MSEK 3, excluding social security expenses (maximum cost of MSEK 8.3). The costs for social security expenses are estimated to amount to approximately MSEK 3.3 based on the assumption of 31.42 percent in social security expenses (MSEK 9.1 at maximum total outcome). The calculation has been based on the assumption of an estimated annual employee turnover rate of 5 percent and a fulfillment of the Sales Targets of 50 percent. In addition, the costs for LTI 2022/2028 have been based on the program comprising a maximum of 31 Participants and that each Participant acquires the maximum number of Saving Shares allowed.

The expected annual costs of MSEK 1.1 million, including social security expenses, correspond to approximately 3.2 percent of Precise Biometrics' total personnel costs for the financial year 2021 (8.6 percent at maximum total outcome).

LTI 2022/2028 may comprise a maximum of 10,850,000 new shares of series C in Precise Biometrics (before consolidation<sup>13</sup>), which after reclassification to the corresponding number of ordinary shares corresponds to approximately 2.74 per cent of all shares and votes in the Company.

The impact on key ratios is only marginal.

At the Annual General Meeting 2019, it was resolved to issue a maximum of 1,300,000 subscription warrants to the Company's then CEO and CFO. All of these 1,300,000

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<sup>11</sup> Corresponding to 825,000 shares of series C following potential consolidation.

<sup>12</sup> Corresponding to 260,000 shares of series C following potential consolidation.

<sup>13</sup> Corresponding to 1,085,000 shares of series C following potential consolidation.

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subscription warrants have been repurchased by the Company and have been canceled by the Swedish Companies Registration Office, and can thereby not result in any dilution.

The Board of Directors has also proposed that the Annual General Meeting 2022 resolves on a subscription warrant program 2022/2025 for the CEO. This program is proposed to comprise a maximum of 1,000,000 subscription warrants (before consolidation<sup>14</sup>). Under the assumption that all subscription warrants are exercised for subscription of new shares, the Company's share capital will increase with a maximum of SEK 30,000, corresponding to approximately 0.25% of all shares and votes in the Company.

*Preparation of the proposal, etc.*

The proposal for LTI 2022/2028 has been prepared by the Company's Remuneration Committee and approved by the Company's Board of Directors.

Within the terms and conditions stated above, the Board of Directors will be responsible for the implementation and management of LTI 2022/2028. All significant decisions related to LTI 2022/2028 will be made by the Remuneration Committee with approval by the Board of Directors, in its entirety, when required.

## **B. Hedging arrangements**

In order to facilitate LTI 2022/2028 in a cost-efficient and flexible manner, the Board of Directors proposes that the Company's obligations for delivery of and costs attributable to the Performance Share Rights are primarily secured through a directed issue of convertible and redeemable shares of series C, with subsequent repurchase and conversion into ordinary shares, and resolution on transfer of ordinary shares to Participants, in accordance with the following.

### **I. Resolution on amendment of the Articles of Association**

An option to issue a new series of shares, called share of series C, which entails one tenth of a vote per share, is introduced in the Articles of Association. The share of series C do not entitle to dividends. In addition, the share of series C may be redeemed at the share's quota value on the initiative of the Company's Board of Directors. The share of series C can furthermore be converted into ordinary shares following a resolution by Precise Biometrics' Board of Directors. Proposal for addition to § 5 of the Articles of Association, in accordance with [Appendix A](#).

### **II. Authorization for the Board of Directors to resolve on directed issue of shares of series C**

Authorization for the Board of Directors to resolve on directed issue of convertible and redeemable shares of series C in Precise Biometrics, on the following terms and conditions.

1. The number of shares of series C that may be issued can amount to a maximum of 10,850,000 (before consolidation<sup>15</sup>).

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<sup>14</sup> Corresponding to 100,000 subscription warrants following potential consolidation.

<sup>15</sup> Corresponding to 1,085,000 shares of series C following potential consolidation.

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2. The authorization may be exercised on one or several occasions until the Annual General Meeting 2023.
3. The right to subscribe for the new shares shall, with deviation from the shareholders' pre-emptive rights, be granted only to an external party who has been informed in advance.
4. The amount to be paid for each new share (the subscription price) shall correspond to the share's quota value at the time of subscription.
5. The new shares of series C shall be subject to restrictions in accordance with Chapter 4, Section 6 of the Swedish Companies Act (conversion clause) and Chapter 20, Section 31 of the Swedish Companies Act (redemption clause).

The purpose of the authorization and the reason for deviation from the shareholders' pre-emptive rights is to secure Precise Biometrics' obligations pursuant to LTI 2022/2028 and to secure the payment of future social security expenses attributable to the transfer of ordinary shares based on allotted Performance Share Rights.

**III. Authorization for the Board of Directors to repurchase issued shares of series C**

Authorization for the Board of Directors to resolve on repurchase of all issued convertible and redeemable shares of series C in Precise Biometrics on the following terms and conditions.

1. Repurchase may be made through an acquisition offer addressed to all owners of shares of series C in Precise Biometrics.
2. The authorization may be exercised on one or several occasions until the Annual General Meeting 2023.
3. The number of shares of series C that may be repurchased can amount to a maximum of 10,850,000 (before consolidation<sup>16</sup>).
4. Repurchase shall be made at a price of a no less than 100 % and no more than 150 % of the quota value at the time of subscription for shares.
5. Payment for repurchased shares shall be made in cash.
6. The Board of Directors shall be entitled to determine the other terms and conditions for the repurchase.
7. It shall also be possible to repurchase so-called interim shares, referred to by Euroclear Sweden AB as Paid Subscribed Share (BTA), regarding shares of series C.

The Board of Directors has issued a statement in accordance with Chapter 19, Section 22 of the Swedish Companies Act, [Appendix B](#).

The purpose of the authorization is to secure Precise Biometrics' obligations pursuant to LTI 2022/2028 and to secure payment of future social security expenses attributable to allotted Performance Share Rights.

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<sup>16</sup> 1,085,000 shares of series C following potential consolidation.

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**IV. Proposal for resolution on transfer of own ordinary shares to Participants in LTI 2022/2028**

Resolution on transfer of own ordinary shares to Participants in LTI 2022/2028, on the following terms and conditions.

1. Transfer of Precise Biometrics shares may be made free of charge to Participants within LTI 2022/2028, whereby a maximum of 8,250,000 ordinary shares (before consolidation<sup>17</sup>) may be transferred.
2. The right to acquire ordinary shares free of charge shall – with deviation from the shareholders' pre-emptive rights – be granted to Participants in LTI 2022/2028, with the right for each of them to acquire no more than the number of shares that follows from the terms and conditions for LTI 2022/2028.
3. Transfer of ordinary shares shall be made free of charge at the time and on the other terms and conditions on which Participants in LTI 2022/2028 are entitled to be allotted Precise Biometrics shares.
4. The number of ordinary shares that may be transferred within LTI 2022/2028 shall be re-calculated as a result of intermediate bonus issue, consolidation (other than the consolidation 1:10 that is proposed in accordance with item 16 on the agenda), split, rights issue and/or similar corporate actions.

As LTI 2022/2028 is initially not expected to give rise to any social security expenses for Precise Biometrics (and that a transfer resolution is only valid until the next Annual General Meeting), the Board of Directors has decided not to propose that the Annual General Meeting 2022 resolves on transfers of own ordinary shares on a regulated market to hedge payment of social security expenses. Before any transfers of Precise Biometrics shares are made to participants in LTI 2022/2028, the Board of Directors however intends to propose to a later General Meeting to resolve on transfers of own ordinary shares on a regulated market to secure such payments.

*Majority requirements*

The resolutions according to items 18. A and 18. B are proposed to be made as a joint resolution. The proposal of the Board of Directors is subject to the resolution of the General Meeting being supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the General Meeting.

**C. AVAILABLE DOCUMENTS**

The Annual Report and the Auditor's Report, the auditor's statement pursuant to Chapter 8, section 54 of the Swedish Companies Act, the Board of Directors' remuneration report under Chapter 8, Section 53 a of the Swedish Companies Act and the complete proposals in accordance with 15-19 will be available at the company and on the company's website [www.precisebiometrics.com](http://www.precisebiometrics.com), no later than on 28 April 2022. The documents will also be distributed free of charge to shareholders upon request and notification of address, and will be available at the meeting. Information about proposed Board members and about the proposed

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<sup>17</sup> 825,000 ordinary shares following potential consolidation.



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auditor as well as the Nomination Committee's statement etc., can be found on the company's website, [www.precisebiometrics.com](http://www.precisebiometrics.com).

**D. NUMBER OF SHARES AND VOTES IN THE COMPANY**

As per the date of this convening notice, the total number of shares and votes in the company amounts to 395,963,940. All shares are of the same class.

**E. INFORMATION AT THE ANNUAL GENERAL MEETING**

At the Annual General Meeting, the Board of Directors and the Managing Director shall, if a shareholder so requests and the Board of Directors considers that this can be done without significant harm for the company, give information on circumstances that can affect the judgement of an item on the agenda, circumstances that can affect the assessment of the financial situation of the company or its subsidiaries and the company's relationship with another group company.

**F. PROCESSING OF PERSONAL DATA**

For information about the processing of your personal data, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Lund in April 2022  
*The Board of Directors*  
PRECISE BIOMETRICS AB (publ)