

LUND APRIL 4, 2017

CONVENING NOTICE FOR 2017 ANNUAL GENERAL MEETING IN PRECISE BIOMETRICS AB (publ)

Welcome to attend the Annual General Meeting (the "AGM") of Precise Biometrics AB, to be held at 4.00 p.m. on Tuesday May 16, 2017 at Mobile Heights, Mobilvägen 10 in Lund, Sweden. Registration for the meeting will start at 3.30 p.m.

A. PARTICIPATION

Shareholders who wish to attend the AGM must:

- i) be recorded in the share register maintained by Euroclear Sweden AB, on Wednesday May 10, 2017; and
- ii) notify the company of their intention to attend the AGM at the address Precise Biometrics AB (publ), Mobilvägen 10, SE-223 62 LUND, Sweden or by email to arsstamma2017@precisebiometrics.com, no later than Wednesday May 10, 2017, preferably before 4.00 p.m. 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. A proxy form is available on the company website www.precisebiometrics.com and will be sent by mail to shareholders informing the company of their address. Proxies and representatives of legal entities shall submit documents of authorization prior to the AGM.

In order to be able to vote at the AGM, shareholders with nominee-registered shares must have the shares temporarily owner-registered with Euroclear Sweden AB. Such registration must be completed on Wednesday May 10, 2017 and should be requested in due time before said date.

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 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 AGM, and
 - (c) the Board of Directors' proposals under items 14-16.
9. Resolutions regarding

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- (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 December 31, 2016,
 - (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. The Board of Directors' proposal for resolution on guidelines for remuneration to management.
 - 15. The Board of Directors' proposal for resolution on authorization of the Board of Directors to resolve on new issue of shares and/or convertible bonds with deviation from the shareholders' preferential right.
 - 16. The Board of Directors' proposal for resolution on an incentive program for the company's employees by way of a directed issue of subscription warrants entitling to subscription for new shares in the company.
 - 17. 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 AGM 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 August 31.

The Nomination Committee appointed for the AGM 2017, consisting of Hans Ek (SEB Fonder AB) as chairman, Carina Lundberg Markow (Folksam and KPA), and the chairman of the Board Torgny Hellström, has proposed Torgny Hellström as chairman of the meeting.

Proposal for appropriation of result (item 9b)

The Board of Directors proposes that the parent company's funds for disposal of SEK 145 016 231, including the earnings of the year of SEK 33 581 381, 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 (unchanged), with no deputy members, and that Board members Anna Almlöf, Torbjörn Clementz, Torgny Hellström, Matts Lilja, Mats Lindoff and Synnöve Trygg shall be re-elected. Torgny Hellström shall be elected as chairman of the Board.

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The Nomination Committee proposes that the fees to the Board up to and including the AGM 2018 shall be SEK 1,495,000 (unchanged). 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 35,000 for members of the Audit Committee, SEK 70,000 for the chairman of the Audit Committee and SEK 25,000 for members and chairman of the Remuneration Committee.

Last, 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 Johan Thuresson will be auditor in charge.

Proposal for guidelines for remuneration to management (item 14)

The Board of Directors proposes that the levels of remuneration and other employment terms for management shall be in accordance with the market and provide both short-term and long-term incentives.

The short-term incentives shall consist of both a fixed salary and a variable salary. The variable salary shall be based on the company's result and on individual goals. The variable part of the salary may amount to a maximum of 75 per cent of the fixed salary for the Managing Director and 50 per cent of the fixed salary for the other members of management.

Long-term incentives may consist of options or other share-based compensation programs.

For the Managing Director, a mutual notice period of 6 months shall apply, and 3-6 months for the other management members. In addition, the Managing Director may be entitled to severance payment amounting to a maximum of 6 month salary, if the employment is terminated by Precise Biometrics. Other members of management shall not be entitled to severance payment.

The retirement age for all members of management shall be 65 years. Pension premiums are calculated in accordance with the company's pension scheme, which imitates the ITP2 pension scheme, and may amount to maximum 25 per cent of the fixed salary.

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

The Board of Directors proposes the AGM to authorize the Board to resolve, on one or several occasions before the next AGM, 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 in kind or by right of set-off. The issue may result in an aggregate increase in the share capital corresponding to the issue of a maximum of 36,023,146 shares and/or convertible bonds to be converted into a maximum of 36,023,146 shares.

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Full exercise of the authorization, and where applicable full conversion, is equivalent to a dilution of approximately 10 per cent of the current share capital and votes. 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.

Proposal for an incentive program for the company's employees by way a directed issue of subscription warrants entitling to subscription for new shares in the company (item 16)

The Board of Directors of Precise Biometrics AB (the "Company") proposes that the general meeting resolves on an incentive program for the Company's employees. The purpose of the proposed program is to ensure a long-term commitment among the participants through an incentive connected to the Company's future value growth.

To implement the incentive program, the Board proposes that the general meeting resolves on (i) an issue of subscription warrants with a deviation from the shareholders' preferential right, and (ii) an approval of transfer of subscription warrants to senior management and other employees on the following terms and conditions:

1. A maximum of five million (5,000,000) subscription warrants shall be issued.
2. The right to subscribe for the subscription warrants shall, with a deviation from the shareholders' preferential right, vest in the wholly-owned subsidiary of the Company, Precise Biometrics Services AB.
3. The subscription warrants shall be issued free of charge.
4. Subscription for the subscription warrants shall be made on a separate subscription list on 31 December 2017 at the latest. The Board shall have the right to extend the subscription period.
5. Each subscription warrant shall entitle to subscription for one (1) new share in the Company.
6. Subscription for shares by virtue of the subscription warrants may be effected as from 1 July 2020 up to and including 31 December 2020.
7. The subscription price shall be equivalent to 200% of the volume weighted average price according to Nasdaq Stockholm's official price list for share in the Company during the period from 17 May 2017 up to and including 31 May 2017. The subscription price and the number of shares that each subscription warrant entitle to may be subject to re-calculation as a consequence of bonus issue, share split, rights issue and similar actions, whereby customary re-calculation terms shall be applied.

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8. Shares subscribed for by virtue of the subscription warrants shall entitle to dividend the first time on the first record date after the subscription for shares through the exercise of the subscription warrants has been effected.
9. The subscription warrants shall be transferred by Precise Biometrics Services AB, against payment, on one or several occasions, to senior management and other employees within Precise Biometrics group, in accordance with the guidelines stated in section 11.
10. Transfer of subscription warrants according to section 9 shall be made at market value at the time of transfer, to be established by Öhrlings PricewaterhouseCoopers AB, as an independent valuation institute, by application of the Black & Scholes valuation method.
11. Allotment of subscription warrants shall be made in accordance with the following guidelines:

Position	Number of Subscription Warrants
CEO	maximum 1,000,000
Other senior management, currently 4 persons	maximum 300,000 per person
Other employees	maximum 100,000 per person

There will be no guaranteed allotment. There will be no over-subscription. The first allotment is expected to take place in June 2017.

12. Subscription warrants remaining after the first allotment may be allotted to future employees at market value, applicable from time to time, according to the allotment principles stated above. Transfer of subscription warrant to future employees may not occur after the annual general meeting 2018.
13. The other terms and conditions of the subscription warrants are set forth in "*Terms and conditions for subscription warrants 2017/2020*".

Increase of the share capital and dilution

Assuming that all 5,000,000 subscription warrants are exercised to subscribe for new shares, the Company's share capital will increase with a maximum of SEK 150,000, which would result in a dilution of approximately 1.4% in relation to the Company's current share capital. The Company also has an ongoing subscription warrants program, resolved by the annual general meeting 2014, comprising a total of 8,000,000 subscription warrants, of which 2,610,000 warrants were allotted. In aggregate, the ongoing, considering the number of subscription warrants that were allotted, and the proposed subscription warrant programs will, at full exercise, result in a dilution of approximately 2.1% in relation to the Company's current share capital.

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Reasons for the deviation from the shareholders' preferential right

The reasons for the deviation from the shareholders' preferential right are that the Board is of the opinion that an incentive program which offers the Company's employees the opportunity to take part in an increase in value of the Company will enhance the commitment and motivation of the employees to work for a favorable financial development of the Company. An incentive program is also expected to improve the possibilities to recruit and retain competent employees.

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 proposes 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 proposal has been prepared by the Board's Remuneration Committee in consultation with the Board. Board members are not included in the program.

Majority requirement

The proposal of the Board 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 Nomination Committee's reasoned statement on its proposal for members of the Board of Directors is available on the company's website, www.precisebiometrics.com. The Annual Report and the Auditor's Report, the statement by the auditor on the compliance with the guidelines for remuneration to senior management applicable since the last AGM and the complete proposals of the Board of Directors according to items 14-16 will be available at the company and on its website no later than on April 25, 2017. Copies of the documents will also be sent to shareholders who so request and state their address, and will be available at the meeting.

D. NUMBER OF SHARES AND VOTES IN THE COMPANY

As per the date of this notice, the total number of shares and votes in the company amounts to 360,231,467. All shares are of the same class.

E. INFORMATION AT THE ANNUAL GENERAL MEETING

At the AGM, the Board of Directors and the Managing Director shall, if a shareholder so requests and the Board considers that this can be done without significant harm for the

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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.

Lund in April 2017
The Board of Directors
PRECISE BIOMETRICS AB (publ)

PRESS RELEASE