

**CONVENING NOTICE FOR 2019 ANNUAL GENERAL MEETING IN PRECISE BIOMETRICS AB (publ)**

Welcome to attend the Annual General Meeting (the "AGM") of Precise Biometrics AB, Reg. No. 556545-6595, to be held at 4.00 p.m. on Wednesday May 15, 2019 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 Thursday May 9, 2019; 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 [arslamms2019@precisebiometrics.com](mailto:arslamms2019@precisebiometrics.com), no later than Thursday May 9, 2019, 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 (no more than two). A proxy form is available on the company website [www.precisebiometrics.com](http://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 Thursday May 9, 2019 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 Chairman of the Board'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 14-17.
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 December 31, 2018,
- (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 regarding the Board of Directors' proposal for resolution on guidelines for remuneration to management.
15. Resolution regarding 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. Resolution regarding:
  - (I) amendment to the articles of association and
  - (II) reverse share split 1:10.
17. Resolution regarding the Board of Directors' proposal for
  - (A) resolution on an incentive program for the company's CEO and CFO by way of a directed issue of subscription warrants entitling to subscription for new shares in the company provided that the AGM resolves on reverse share split 1:10, alternatively
  - (B) resolution on an incentive program for the company's CEO and CFO by way of a directed issue of subscription warrants entitling to subscription for new shares in the company provided that the AGM does not resolve on reverse share split.
18. 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 2019, consisting of Hans Ek (SEB Fonder) as chairman, Torgils Knutsson Bonde (own holding), 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 92 415 565, after the loss of the year of SEK 21 234 017, 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 five, with no deputy members, and that Board members Torbjörn Clementz, Torgny Hellström, Mats Lindöf and Synnöve Trygg shall be re-elected, and that Åsa Schwarz shall be elected as new Board member. Anna Almlöf and Matts Lilja have declined re-election. Torgny Hellström shall be elected as chairman of the Board.

Åsa Schwarz is security specialist and author and was named the Safety Profile of the year 2017. Åsa has twenty years' experience of cyber security and has worked in the industry in many different positions: as consultant, company founder and sales manager. Today she is business development manager for Knowlits' services within cyber security and law.

The Nomination Committee proposes that the fees to the Board up to and including the AGM 2020 shall be SEK 1,305,000. 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 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 possibly 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 months' 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 number of shares and/or convertible bonds to be issued by virtue of the authorisation 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.

**Proposal for (I) amendment of the articles of association and (II) reverse share split 1:10 (item 16)**

For the purpose of achieving an appropriate number of shares in the company, the Board of Directors proposes that the annual general meeting 2019 resolves on reverse share split according to item (II) below. In order to carry out the reverse share split in accordance with the Board of Directors' proposal (II), the limits for the number of shares set forth in the articles of association must be adjusted in accordance with item (I) below.

**(I) Proposal for resolution on amendment of the articles of association**

To enable the reverse share split of the company's shares in accordance with the Board of Directors' proposal under item (II), the Board of Directors proposes that the annual general meeting resolves on amendment of the articles of association in accordance with the following:

The limits for the number of shares are changed from a minimum of 100,000,000 and a maximum of 400,000,000 shares to a minimum of 20,000,000 and a maximum of 80,000,000 shares, whereby § 5 of the articles of association shall be worded as follows:

§ 5

"The number of shares shall be not less than twenty million (20,000,000) and not more than eighty million (80,000,000)."

**(II) Proposal for resolution on reverse share split of the company's shares 1:10**

The Board of Directors proposes that the annual general meeting resolves on reverse share split of the company's shares, whereby ten (10) existing shares will be consolidated into one (1) new share (Sw. *sammanläggning 1:10*). If a shareholders' holding of shares does not correspond to a full number of new shares, the excessive shares will pass to the company at the record date of the reverse share split. Excessive shares will thereafter be sold by a securities institution appointed by the company at the company's expense, whereby concerned shareholders will receive their part of the sales proceeds.

The Board of Directors proposes that the annual general meeting authorises the Board of Directors to determine the record date for the reverse share split. The record date may not occur prior to the registration of the reverse share split with the Swedish Companies Registration Office.

Following the reverse share split, the number of shares in the company will decrease from 360,231,467 to 36,023,146. The proposed reverse share split will result in a change of the share's par value from SEK 0.03 to approximately SEK 0.3.

The Board of Directors also proposes that the annual general meeting authorises 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 Board of Directors proposes that the resolution of the annual general meeting according to the Board of Directors' proposals under items (I) and (II) shall be adopted in one single resolution. The resolution of the annual 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 annual general meeting.

**Proposal for:**

**(A) resolution on an incentive program for the company's CEO and CFO by way of a directed issue of subscription warrants entitling to subscription for new shares in the company provided that the annual general meeting resolves on reverse share split 1:10, alternatively**

**(B) resolution on an incentive program for the company's CEO and CFO by way of a directed issue of subscription warrants entitling to subscription for new shares in the company provided that the annual general meeting does not resolve on reverse share split (item 17)**

**(A)**

Should the annual general meeting 2019 resolve on reverse share split 1:10, the Board of Directors of Precise Biometrics AB (the "Company") proposes the following:

At the annual general meeting 2017, it was resolved to implement a long-term incentive program comprising subscription warrants for the Company's employees. It should be noted that Precise Biometrics has invoked the pre-emption clause in the 2017 program for the persons in the management that participated in the program but subsequently have left the company, with the consequence that their warrants have been returned to the company. Thus, the management employees which have left the company after the implementation of the 2017 program, do not hold any warrants issued under the 2017 program.

The Board of Directors of the Company believes that it is of great importance that the Company's CEO Stefan K Persson and CFO Ulrik Nilsson who have been employed after the implementation of the 2017 program, are given an opportunity to invest in a corresponding warrants program and therefore proposes that the general meeting resolves on incentive program 2019/2022. The purpose of the proposed program is to ensure a long-term commitment with the Company's CEO and CFO through an incentive connected to the Company's future value growth.

To implement incentive program 2019/2022, 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 the Company's CEO and CFO on the following terms and conditions:

1. A maximum of one hundred thirty thousand (130,000) 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 30 June 2019 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 June 2022 up to and including 30 June 2022.
7. The subscription price shall be equivalent to 150% of the volume weighted average price according to Nasdaq Stockholm's official price list for share in the Company during the period from 16 May 2019 up to and including 29 May 2019, but no lower than the share's quota value. If the meeting resolves on reverse share split, the subscription price per share shall be adjusted accordingly. 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.

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, according to the following.

CEO	One hundred thousand (100,000) subscription warrants
CFO	Thirty thousand (30,000) subscription warrants

There will be no guaranteed allotment. There will be no over-subscription. The allotment is expected to take place in June 2019.

10. Transfer of subscription warrants according to section 8 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. The other terms and conditions of the subscription warrants are set forth in "Terms and conditions for subscription warrants 2019/2022".

**Increase of the share capital and dilution**

Assuming that all 130,000 subscription warrants are exercised to subscribe for new shares, the Company's share capital will increase with a maximum of SEK 39,000.01, which would result in a dilution of approximately 0.36% in relation to the Company's current share capital. The Company also has an ongoing subscription warrants program, resolved by the annual general meeting 2017, under which subscription warrants corresponding to 2,230,000 shares (before re-calculation due to the potential resolution on reverse share split) have been issued. In aggregate, the ongoing program and the proposed subscription warrant program will, at full exercise, result in a dilution of no more than approximately 0.62% in relation to the Company's current share capital.

**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 CEO and CFO the opportunity to take part in an increase in value of the Company will enhance the commitment and motivation of these senior executives 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 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.

**(B)**

Secondly, should the annual general meeting 2019 not resolve on reverse share split, the Board of Directors proposes that the incentive program should have the same format as in item (A) above, with the following amendments in order to be adjusted to the Company's current share structure.

**Item one (1):** A maximum of one million three hundred thousand (1,300,000) subscription warrants shall be issued.

**Item nine (9):** The subscription warrants shall be transferred by Precise Biometrics Services AB, against payment, on one or several occasions, according to the following.

CEO	One million (1,000,000) subscription warrants
CFO	Three hundred thousand (300,000) subscription warrants

There will be no guaranteed allotment. There will be no over-subscription. The allotment is expected to take place in June 2019.

**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](http://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 14-17 will be available at the company and on its website no later than on April 24, 2019. 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.

LUND APRIL 5, 2019

**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 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 2019  
*The Board of Directors*  
PRECISE BIOMETRICS AB (publ)

PRESS RELEASE