

A practical example of Subscription Warrants Program 2019/2022

Background

Ahead of the Annual General Meeting 2019, the Board of Directors of Precise Biometrics AB (publ) (the “**Company**”) proposes that the Meeting shall resolve to adopt an incentive program for the Company’s CEO and CFO by way of issuance of subscription warrants¹ and sale of these to the CEO and the CFO (the “**Program**”). The purpose of this description is to give a practical illustration of the effects the Program could have for the Company and for its shareholders in case of various value development in the Company.

How does the Program work in practice?

We assume that the participants apply for purchase of 1,300,000 subscription warrants, which is the maximum number to purchase according to the proposal of the Program.

According to item 10 in the Program, the sale of the subscription warrants shall be made at a market value established by an independent valuation institute. Should we in this example assume a market value of SEK 0.20 per subscription warrant², it entails that the participants in total shall pay SEK 260,000 to the Company to buy the subscription warrants.

The Program runs for approximately three years and according to item 6 in the Program, the participants may thereafter exercise the subscription warrants for subscription of shares in the Company during the period 1 – 30 June 2022. According to item 7 in the Program, the participants shall then pay 150% of the average market value for one share in the Company during the period 16 – 29 May 2019. Should we in this example use the average price as per 5 April 2019, which was approximately SEK 1.3 per share, the participants must pay SEK 1.95 for each share in June 2022. In total, the participants must pay SEK 2,535,000 to the Company in exchange for 1,300,000 shares. This would be in addition to the SEK 260,000 they paid when purchasing the subscription warrants.

Value development and effect for shareholders and participants

With a price per share of SEK 1.3 on 5 April 2019, the Company has a value of approximately SEK 468,300,907. For the Program to be positive for the participants, the share price must increase to SEK 2.15, which corresponds to a Company value of approximately SEK 774,497,654. Thus, that would entail an increase of the shareholders’ investment in the Company by more than 60 percent.

In this case, the participants shareholding entails a dilution of approximately 0.4 percent for other shareholders in relation to the Company’s current share capital. If the share is not worth at least SEK 2.15, the subscription warrants are valueless and the participants will not exercise them and there will neither be any dilution.

¹ A subscription warrant entails a right to at a certain period of time and at a determined price, purchase one share in the Company.

² Only a preliminary internal estimation.