

**PROPOSAL OF THE BOARD OF DIRECTORS' OF PRECISE BIOMETRICS AB (PUBL) 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.**

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**(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 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. 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.

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.

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**(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.

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Lund in April 2019  
*The Board of Directors*