

THE BOARD OF DIRECTORS' 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

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 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:

Category 1 <i>CEO</i>	The CEO may acquire a maximum of 2,000,000 Saving Shares (before consolidation ¹).
Category 2 <i>Other management team</i>	Other persons in the management team may acquire a maximum of 100,000 Saving Shares per person (before consolidation ²).
Category 3 <i>Other employees</i>	Other employees may acquire a maximum of 10,000 Saving Shares per person (before consolidation ³).

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 achieved⁴:

Sales Target	Allocation of Performance Share Rights
SEK 200,000,000	One (1) Performance Share Right per Saving Share

¹ 200,000 Saving Shares following potential consolidation.

² 10,000 Saving Shares following potential consolidation.

³ 1,000 Saving Shares following potential consolidation.

⁴ 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.

Sales Target	Allocation of Performance Share Rights
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

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 consolidation⁵), other persons in the management team a maximum of 300,000 Performance Share Rights (before consolidation⁶) per person, and other employees a maximum of 30,000 Performance Share Rights (before consolidation⁷) 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

⁵ A maximum of 600,000 Performance Share Rights following potential consolidation.

⁶ A maximum of 30,000 Performance Share Rights following potential consolidation.

⁷ A maximum of 3,000 Performance Share Rights following potential consolidation.

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 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 consolidation⁸), 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 consolidation⁹), 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 consolidation¹⁰), 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 subscription

⁸ Corresponding to 825,000 shares of series C following potential consolidation.

⁹ Corresponding to 260,000 shares of series C following potential consolidation.

¹⁰ Corresponding to 1,085,000 shares of series C following potential consolidation.

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 consolidation¹¹). 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 consolidation¹²).

¹¹ Corresponding to 100,000 subscription warrants following potential consolidation.

¹² Corresponding to 1,085,000 shares of series C following potential consolidation.

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 consolidation¹³).
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.

¹³ 1,085,000 shares of series C following potential consolidation.

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.

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 consolidation¹⁴) 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.

Lund in April 2022
Styrelsen

¹⁴ 825,000 ordinary shares following potential consolidation.

Appendix A**Addition to § 5 of the Articles of Association**

Shares may be issued in two series, ordinary shares and shares of series C. Ordinary shares may be issued for a number of a maximum of 100% of all shares in the company and shares of series C for a number of a maximum of 5% of all shares in the company.

Ordinary shares have one vote and shares of series C have 1/10 vote.

Shares of series C do not entitle to any dividend. Upon the company's dissolution, share of series C entitles in the company's assets to the same extent as the company's ordinary shares, however, not with an amount higher than what corresponds to the share's quota value.

If the company decides to issue new ordinary shares and series C shares through a cash issue or set-off issue, owners of ordinary shares and owners of shares of series C shall have preferential right to subscribe for new shares of the same series in relation to the number of shares they previously own (primary preferential right). Shares that have not been subscribed for with primary preferential right shall be offered to all shareholders for subscription (subsidiary preferential right). If the offered shares are not sufficient for the subscription that takes place with subsidiary preferential right, the shares shall be distributed among the subscribers in proportion to the number of shares they previously own and, insofar as this cannot be done, by lottery.

If the company, through a cash issue or set-off issue, decides to issue only ordinary shares or shares of series C, all shareholders, regardless of whether their shares are ordinary shares or shares of series C, shall have the right to subscribe for new shares in proportion to the number of shares they previously own.

What has been said above shall not entail any restriction on the possibility to resolve on a cash issue or set-off issue with deviation from shareholders' preferential rights.

What has been prescribed above regarding shareholders' preferential rights shall apply correspondingly to such issue of warrants or convertibles that does not take place against payment with non-cash assets.

In the event of an increase in the share capital through a bonus issue, new shares shall be issued for each series of shares in relation to the number of shares of the same type that previously exist. In this case, old shares of a certain series shall carry the right to shares of the same series of shares. What has now been said shall not entail any restriction on the possibility of issuing shares of a new type through a bonus issue, following necessary amendment of the Articles of Association.

The company's Board of Directors has the right to resolve on a reduction of the share capital through redemption of all shares of series C. In the event of a redemption resolution, holders of shares of series C shall be obliged to have all their shares of series C redeemed at an amount corresponding to the quota value. When the redemption resolution is made, an amount corresponding to the reduction amount shall be transferred to the reserve fund, if necessary funds are available. Payment of the redemption amount shall be made as soon as possible.

Shares of series C which are held by the company itself must, at the request of the Board of Directors, be able to be converted into ordinary shares. The conversion must then be reported, without delay, for registration with the Swedish Companies Registration Office and is executed when it is registered in the companies register and entered in the record register.

Appendix B**The Board of Directors' statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act**

The Board of Directors' proposal to repurchase shares of series C affects the equity-assets ratio and liquidity only extremely marginally. The Board of Directors considers that the proposal to repurchase shares of series C in accordance with the submitted proposal is justified in view of the equity requirements arising from the type, scope and risks of the operations, as well as the parent company's and the group's consolidation requirements, liquidity and position in general.