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INFORMATION DOCUMENT RELATING TO RIGHTS ISSUE

Precise Biometrics AB (publ)

28 July 2026

INFORMATION ABOUT THE ISSUER

Precise Biometrics AB (publ) (Reg. No 556545-6596) ("**Precise Biometrics**" or the "**Company**") is a Swedish public limited company, formed and incorporated in Sweden in accordance with Swedish law. The Company was formed on 28 April 1997 and registered with the Swedish Companies Registration Office on 4 September 1997. Following completion of the Merger (as defined below), the Company is the parent company of 15 directly and indirectly wholly owned subsidiaries[1] (the "**Group**"). The Company's LEI code is 54930047Z8TEBJTKYX74. The address of the Company's website is www.precisebiometrics.com.

INFORMATION ABOUT THE SECURITIES AND ADMISSION TO TRADING

Shares in Precise Biometrics may be issued as ordinary shares and C shares. The Company's ordinary shares are listed on Nasdaq Stockholm. The shares are traded under the ticker PREC and have the ISIN code SE0018013849. The ISIN code for Precise Biometrics' C shares is SE0019177171. The ISIN code for the subscription rights is SE0029876259 and the ISIN code for the BTAs is SE0029876267. On 20 July 2026, the Company's board of directors, pursuant to the authorisation granted by the Annual General Meeting on 21 May 2026, resolved on a new issue of up to 134,508,376 ordinary shares with pre-emptive rights for the Company's shareholders (the "**Rights Issue**"). Trading in the new shares is expected to commence around 24 August 2026, provided that registration with the Swedish Companies Registration Office has taken place.

According to the Company's articles of association, the Company's share capital shall amount to not less than SEK 44,000,000 and not more than SEK 176,000,000, and the number of shares shall amount to not less than 146,000,000 and not more than 584,000,000. As of the date of this information document, the Company's registered share capital amounts to SEK 44,020,923, divided into 146,736,410 shares, of which 145,651,410 are ordinary shares and 1,085,000 are C shares. If the Rights Issue is fully subscribed, the registered share capital will amount to SEK 84,373,435.80, divided into 281,244,786 shares, of which 280,159,786 are ordinary shares and 1,085,000 are C shares. Each share has a quota value of SEK 0.3 per share. Each ordinary share in Precise Biometrics entitles the holder to one vote, whilst each C share in Precise Biometrics entitles the holder to one-tenth of a vote. C shares do not entitle the holder to a dividend. In the event of the Company's dissolution, C shares entitle the holder to an equal share in the Company's assets as the Company's ordinary shares, but not in an amount exceeding the share's quota value. Outstanding C shares in Precise Biometrics have been issued under incentive programmes and are held by the Company.

If the Company issues new shares, warrants or convertible bonds through a cash or set-off issue, shareholders generally have a pre-emptive right to subscribe for such securities in proportion to the number of shares they already hold. The shares issued in the Rights Issue entitle the holder to a dividend for the first time on the record date for dividends that falls immediately after the Rights Issue has been registered with the Swedish Companies Registration Office and the new shares have been entered in the register maintained by Euroclear Sweden. The rights attached to shares issued by the Company, including those set out in the Articles of Association, may only be amended in accordance with the provisions of the Swedish Companies Act (2005:551).

COMPETENT AUTHORITY

This document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to

[1] Directly wholly owned subsidiaries: EastCoast Solutions AB, Precise Biometrics Services Aktiebolag, Precise Biometrics Inc, Precise Biometrics Shanghai, Besökssystem Sverige AB, India Acquisition Holding Inc (US), Fingerprint Cards Switzerland AG, Fingerprint Cards Asia (Shanghai) and Fingerprint Cards IP AB (SE). Indirectly wholly owned subsidiaries: Delta ID Inc (US), Fingerprint Cards Sweden AB, Fingerprint Cards ApS (DK), Fingerprint Cards Inc (US), Fingerprint Cards Anacatum IP AB (SE) and Fingerprint Cards Singapore Ltd.

trading on a regulated market and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). This document has been prepared in accordance with Article 1.5 ba of the Prospectus Regulation and structured in accordance with the requirements set out in Annex IX to the Prospectus Regulation. The Swedish Financial Supervisory Authority, as the competent authority under the Prospectus Regulation, has neither reviewed nor approved this document. Investors should make their own assessment as to whether it is appropriate to invest in the Company's securities. This document is governed by Swedish law. Any dispute arising from this document shall be settled exclusively by a Swedish court of law. This document has been prepared in both a Swedish and an English language version. In the event of any discrepancies between the versions, the Swedish version shall prevail.

REPORTING OBLIGATIONS AND DISCLOSURE OF INFORMATION

The board of directors of Precise Biometrics hereby certifies that the Company has continuously complied with its reporting obligations and its obligation to disclose information throughout the period during which the Company's securities have been admitted to trading, including in accordance with Directive 2004/109/EC, where applicable, Regulation (EU) No 596/2014 and, where applicable, Delegated Regulation (EU) 2017/565. The board of directors hereby confirms that, at the time of the offer, the Company is not delaying the disclosure of inside information pursuant to Regulation (EU) No 596/2014. The mandatory information disclosed by the issuer in accordance with its obligations to disclose ongoing information, as well as the Company's most recent prospectus dated 11 May 2023, is available on the Company's website at www.precisebiometrics.com.

THE BOARD'S DECLARATION OF RESPONSIBILITY

The board of directors of Precise Biometrics is solely responsible for the content of this document. To the best of the board's knowledge, the information provided in this document corresponds with the facts, and no information that could reasonably affect its meaning has been omitted.

BACKGROUND AND REASONS

On 23 March 2026, the boards of directors of Precise Biometrics and Fingerprint Cards AB (publ) ("**Fingerprint Cards**") adopted a merger plan (the "**Merger Plan**") relating to a merger between the two companies (the "**Merger**"). The Merger was carried out by way of absorption, with Precise Biometrics as the transferee company and Fingerprint Cards as the transferor company. The Merger was finally registered with the Swedish Companies Registration Office on 20 July 2026. In connection with the publication of the Merger Plan on 23 March 2026, Precise Biometrics announced its intention, following the Merger, to carry out the Rights Issue in order to accelerate growth, realise identified synergies and support continued expansion of the Company globally.

On 20 July, the Company's board of directors, pursuant to the authorisation granted by the Annual General Meeting on 21 May 2026, resolved on a new issue of a maximum of 134,508,376 ordinary shares with pre-emptive rights for the Company's shareholders. Provided that the Rights Issue is fully subscribed, the Company will raise approximately SEK 110.3 million before deduction of transaction costs amounting to approximately SEK 14.3 million, including costs related to guarantee commitments. The Company intends to use the net proceeds for (i) financing of transaction, integration and restructuring costs and repayment of bridge financing, (ii) measures to realise at least SEK 45 million in annual cost synergies, and (iii) product development and commercial initiatives within priority growth areas.
Through the Merger, a significantly larger Precise Biometrics is created, with a broader customer base, a stronger global presence and a more comprehensive offering within biometric security, access and identity management – which strengthens the Company's position in a market driven by several long-term trends. At the same time, new commercial opportunities are created through a broader offering combining biometric algorithms, sensors and systems with SaaS solutions, which creates better opportunities for both upselling to existing customers, cross-selling between the companies' customer bases, and a higher share of customers' total biometric investments. The trends include, among other things, continued digitalisation, a deteriorating security environment, rapid AI development, increasing identity fraud and stricter regulatory requirements, which together are driving the need for secure and user-friendly solutions for identity, authentication and access. The Company assesses that the combined Precise Biometrics, with a more comprehensive offering and a broader, global customer base, has a strong position to capitalise on these market opportunities.

Precise Biometrics is a global leader in biometrics and offers solutions for security, access and identity management. The Company's solutions enable organizations to deliver secure, seamless access across physical and digital environments while preventing fraud and identity threats. Trusted by enterprises, governments, technology partners, and OEMs worldwide, Precise Biometrics solutions power hundreds of millions of devices and enable billions of authentications every day. By combining biometric algorithms, sensors and systems with SaaS solutions, and deep domain expertise, Precise Biometrics offers one of the industry's most comprehensive portfolios for biometric security, access and identity management, helping organizations deliver secure, seamless access to people, places, devices, data, and digital services. The portfolio supports a broad range of use cases, from mobile devices and consumer electronics to physical and logical enterprise access, visitor management, and government identity programs.

As previously announced, Precise Biometrics has, on customary terms, received guarantee commitments from several guarantors, including DNB Bank ASA[2], regarding the Rights Issue totaling SEK 80 million. Since the announcement on 23 March 2026, these guarantee commitments have been increased and now amount to a total of SEK 100 million. Of the total guarantee amount, the original SEK 80 million constitutes bottom guarantees, for which a fee is paid at 11 percent of the guaranteed amount (as previously announced), and SEK 20 million consists of additional top guarantees (from SEK 80 million to SEK 100 million), for which a fee is paid at 13 percent of the guaranteed amount. Under the terms and conditions of each guarantee, top guarantors, where applicable, shall be allocated shares before bottom guarantors. In addition, the Company's CEO, Joakim Nydemark, and Fredrik André, Chief Marketing Officer, have undertaken to subscribe for their respective pro rata shares in the Rights Issue, corresponding to a total of approximately SEK 48 thousand. No fee is payable for the subscription commitments. Through the guarantee and subscription commitments, the Rights Issue is thus secured to approximately 91 percent. Neither the guarantee commitments nor the subscription commitments are secured by bank guarantees, blocked funds, pledges or similar arrangements. Consequently, there is a risk that one or more of the parties concerned may be unable to fulfil their respective obligations, either in whole or in part.

Name	**Subscription commitment**
Joakim Nydemark	SEK 27,332.24
Fredrik André	SEK 20,500.00
Total	**SEK 47,832.24**

Name	**Guarantee commitment, share of the Rights Issue (approx.)**	
DNB Bank ASA[1)]	SEK 45,000,000	40.9 %
Schonfeld Global Master Fund LP[2)]	SEK 25,000,000	22.7 %
Anavio Capital Partners LLP[3)]	SEK 20,000,000	18.2 %
Maven Investment Partners Ltd[3)]	SEK 10,000,000	9.1 %
Total	**SEK 100,000,000**	**90.9 %**

1) Top guarantor as regards SEK 10 000 000 and bottom guarantor as regards SEK 35 000 000.
2) Top guarantor as regards SEK 10 000 000 and bottom guarantor as regards SEK 15 000 000.
3) Bottom guarantor.

TERMS AND CONDITIONS

Event	Date
Record date for participation in the Rights Issue	27 July 2026
Trading in subscription rights on Nasdaq Stockholm	29 July – 7 August 2026
Subscription period	29 July – 12 August 2026
Trading in BTAs (Paid Subscribed Shares)	29 July – 18 August 2026
Estimated date for the announcement of the outcome of the Rights Issue	13 August 2026
Estimated first day of trading in new shares on Nasdaq Stockholm	24 August 2026

Pre-emptive rights

Any person who, on the record date of 27 July 2026, is registered as a shareholder in Precise Biometrics has pre-emptive rights to subscribe for new shares in the Rights Issue and will receive one (1) subscription right for each share held in Precise Biometrics. Twelve (12) subscription rights entitle the holder to subscribe for eleven (11) new shares. Only whole numbers of new shares may be subscribed for (i.e., no fractions). In addition, investors are offered the opportunity to apply to subscribe for shares without the support of subscription rights.

Dilution and shareholding following the Rights Issue

[2] DNB Bank ASA is the parent company of DNB Carnegie Investment Bank AB. DNB Bank ASA has entered into put option agreements for a predetermined consideration with a number of physical and legal persons according to which DNB Bank ASA has the right to sell any shares subscribed for in the Rights Issue at a price corresponding to the subscription price in the Rights Issue.

Provided that the Rights Issue is fully subscribed, the share capital will increase by SEK 40,352,512.80, from SEK 44,020,923 to SEK 84,373,435.80, through the issue of 134,508,376 new ordinary shares, meaning that the total number of shares will increase from 146,736,410 shares to 281,244,786 shares (of which 1,085,000 C shares are held by Precise Biometrics as part of the Company's incentive programmes). Shareholders who choose not to participate in the Rights Issue will have their shareholding diluted by approximately 48 percent in the event of full subscription to the Rights Issue, based on the total number of shares in the Company following the Rights Issue. Shareholders who choose not to participate in the Rights Issue may receive financial compensation through the sale of subscription rights.

Subscription price

The new shares will be issued at a subscription price of SEK 0.82 per new share, corresponding to a discount to TERP[3] of approximately 35 percent based on the closing price of the Precise Biometrics share on Nasdaq Stockholm on 20 July 2026. No brokerage fee will be charged.

Subscription for shares

Pre-printed issue statements with payment slips will be sent to directly registered shareholders. Subscription for new shares is made through simultaneous cash payment and notification using the pre-printed payment slip or a special application form. VP notices regarding the registration of subscription rights in VP/service accounts will not be sent out. If all subscription rights according to the issue statement from Euroclear Sweden are to be exercised, the pre-printed payment slip must be used. Directly registered shareholders abroad who cannot use the pre-printed payment slip for payment can pay in SEK in accordance with the following instructions:

DNB Carnegie Investment Bank AB (publ), Transaction Support, SE-103 38 Stockholm, Sweden
SWIFT/BIC: ESSESESS; IBAN: SE3850000000052211000363; Bank account number: 5221 10 003 63

Payment must be received by DNB Carnegie no later than 3:00 p.m. Swedish time on 12 August 2026. When making payment, the subscriber's name, address, VP/service account number, and the reference from the issue statement must be stated.

If the subscription relates to a different number of shares than stated in the issue statement, the application form marked "*Subscription for shares with subscription rights*" must be used instead; this can be ordered from DNB Carnegie during office hours by telephone on 08-5886 94 82 or downloaded from DNB Carnegie's website, www.dnbcarnegie.se. Payment must be made in accordance with the above instructions, using the VP account number where the subscription rights are held as a reference. The application form and payment must be received by DNB Carnegie no later than 3:00 p.m. Swedish time on 12 August 2026.

Applications for subscription of new shares without subscription rights must be made on the designated application form entitled "*Subscription without subscription rights*". It is permitted to submit more than one application form, but only the most recently dated application form will be considered.

If the application concerns another person than the signatory, the signatory must also complete a special form entitled "*Guardian and proxy holder*" and send it together with the application form "*Subscription without subscription rights*".

Application forms and forms can be obtained from any of DNB Carnegie's offices in Sweden or downloaded from DNB Carnegie's website, www.dnbcarnegie.se, and from Precise Biometrics' website. Application forms can be sent by mail to DNB Carnegie Investment Bank AB, Transaction Support, 103 38 Stockholm, handed in at any of DNB Carnegie's offices in Sweden, or sent by email to transactionsupport@dnbcarnegie.se. The application form must be received by DNB Carnegie, Transaction Support, no later than 3:00 p.m. Swedish time on 12 August 2026.

Subscription for new shares must be made during the subscription period. The board of Precise Biometrics has the right to extend the subscription period. Any extension will be announced in a press release. Subscription for new shares is irrevocable, and the subscriber cannot cancel or modify a subscription for new shares.

Legal Entity Identifier (LEI number) & National Client Identifier (NID number)

Legal Entity Identifier (LEI) is a global identification code for legal entities that is mandatory for securities transactions. Please remember to apply for registration of an LEI code in good time if you do not already have one, as the code must be stated on the application form. More information about LEI requirements is available on the Swedish Financial Supervisory Authority's website, www.fi.se. In order to participate in the Rights Issue and be allocated new shares subscribed for without subscription

[3] Theoretical share price after the separation of subscription rights in the Rights Issue.

rights, legal entities must hold and provide their LEI number. A National ID or National Client Identifier (NID number) is a global identification code for private individuals that is mandatory for securities transactions. If you only have Swedish citizenship, your NID number consists of the designation "SE" followed by your personal identity number. If you have multiple or other than Swedish citizenship, your NID number may be a different type of number. For more information on how to obtain an NID number, please contact your bank. Remember to find out your NID number in good time, as the number must be stated on the application form.

Nominee-registered shareholders
Shareholders in Precise Biometrics whose holdings on the record date are nominee-registered must follow the instructions from their respective nominee for subscription and payment.

Shareholders in certain unauthorised jurisdictions
Shareholders who have their existing shares directly registered in VP/service accounts with registered addresses in Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, South Korea, Switzerland, the United Kingdom, the United States or any other jurisdiction in which it would not be permitted to participate in the Rights Issue, will not receive any subscription rights nor be permitted to subscribe for new shares. The subscription rights that would otherwise have been delivered to these shareholders will be sold, and the proceeds from the sale, less costs, will be paid to such shareholders. Amounts of less than SEK 100 will not be paid out.

Trading in subscription rights
Subscription rights received must either be used for subscription by 12 August 2026 at the latest or be sold by 7 August 2026 at the latest on Nasdaq Stockholm in order not to expire without value. No compensation will be paid to holders whose subscription rights expire as a result of not being exercised or sold.

Paid subscribed shares (BTA)
Shares subscribed for with subscription rights will, after payment and subscription, be recorded as BTAs in the VP/service account until the new shares have been registered with the Swedish Companies Registration Office. Delivery of the new shares is expected to take place around 24 August 2026. No VP notice will be sent out in connection with the transfer from BTA to shares.

Allocation of new shares subscribed for without subscription rights
In the event not all shares are subscribed for based on subscription rights, the remaining shares within the Rights Issue's maximum amount shall be allocated:

- firstly, to those who have subscribed for shares without using subscription rights, but also subscribed for shares through subscription rights, regardless of whether the subscriber was a shareholder on the record date or not, and if allocation to these cannot be made in full, allocation shall be made pro rata in relation to the number of subscription rights used for subscription of shares,
- secondly, to others who subscribed without using subscription rights, and if allocation to these cannot be made in full, allocation shall be made pro rata in relation to the shares that each have subscribed for, and
- thirdly, to those who have entered into guarantee agreements relating to subscription for shares, in proportion to the size of the guarantee commitments. According to the terms of each guarantee, so-called top guarantors shall be allocated shares prior to so-called bottom guarantors.

To the extent allocation above cannot be made pro rata, allocation shall be decided through drawing of lots.

As confirmation of the allocation of new shares subscribed for without subscription rights, a settlement note will be sent to purchasers around 14 August 2026. Subscribed and allocated new shares shall be paid for in cash in accordance with the instructions on the settlement note, but no later than two banking days from the date of dispatch of the settlement note. Nominee-registered shareholders will receive notification of allocation in accordance with the procedures of their respective nominees. Applications for subscription of new shares are binding. Delivery of the new shares is expected to take place around 24 August 2026. Please note that, depending on the individual procedures of banks and nominees, trading may commence before or after this date.

Entitlement to dividends
The new shares entitle the holder to dividends for the first time on the record date for dividends that occurs immediately after the new shares have been entered in the share register maintained by Euroclear Sweden and the Rights Issue has been registered with the Swedish Companies Registration Office.

Information on the processing of personal data

Parties who subscribe for, or apply to subscribe for, new shares will submit personal data to DNB Carnegie. Personal data that is submitted to DNB Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the offer, is processed by DNB Carnegie, as controller of the personal data, for the administration and execution of the Rights Issue. Processing of personal data also takes place to enable DNB Carnegie to comply with its statutory duties. Personal data may, for a defined purpose – in observance of bank secrecy rules – occasionally be disclosed to other companies within the DNB Carnegie Group or to undertakings which co-operate with DNB Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases, DNB Carnegie is also under a statutory duty to provide information, e.g., to the Swedish Financial Supervisory Authority and the Swedish Tax Agency. You may read more about how the bank processes personal data at https://www.carnegie.se/en/personaldata/.

Further information

DNB Carnegie is issuing institution in connection with the Rights Issue. The fact that DNB Carnegie is the issuing institution does not mean that DNB Carnegie views any party that applies to subscribe under the Rights Issue as a customer of DNB Carnegie. If a larger amount than necessary has been paid by a subscriber for new shares, Precise Biometrics will arrange for the excess amount to be refunded. No interest will be paid on excess amounts. Incomplete or incorrectly completed application forms may be disregarded. If the subscription payment is made late, is insufficient or is paid incorrectly, the subscription application may be disregarded entirely or allotment may be for a lower amount, in which case, any excess amount will be refunded. No interest will be paid on any such excess amount. Amounts less than SEK 100 will not be refunded.

RISK FACTORS

An investment in Precise Biometrics' securities involves various risks. The risk factors set out below are limited to those risks which Precise Biometrics considers to be material and specific to Precise Biometrics. The risk factors presented below are based on the Company's assessment and available information as at the date of publication of this document.

Operational and industry-related risks relating to the Company

Integration risks and synergy risks arising from the Merger

Precise Biometrics considers that the Merger will bring benefits to the Company, as it directly addresses the structural dynamics prevailing in the market and the growing competitive advantages afforded by economies of scale, by bringing together two companies that complement each other in terms of expertise and market presence. The Merger is expected to create a combined company with a stronger offering and an expanded market presence, realise significant synergies, and lay the foundations for profitability with the scale necessary for future organic growth and consolidation. However, there is a risk that some or all of the expected benefits of the Merger may not materialise or may not occur within the expected timeframe. The effective integration of Precise Biometrics' and Fingerprint Cards' operations and the realisation of related cost and revenue synergies are expected to improve the Company's results in both the long and short term, but there is a risk that this may not occur. Unexpected difficulties regarding the integration or management of the combined operations may result in the Company's management diverting its attention from existing operations and may also mean that the expected benefits are not realised within the anticipated timeframe, or at all. If the Company continues to fail to manage the integration successfully, this could have a material adverse effect on the Company's operations, financial position and results.

Risks relating to major key customers and partners

Over a number of years, Precise Biometrics and Fingerprint Cards have built up a customer base, and thereby a number of major key customers and partners. If any of these major key customers and partners were to terminate their cooperation with the Company, for example as a result of so-called change of control clauses in material commercial agreements in connection with the Merger, or if they for other reasons would be unable to sell their respective products to their customers, there is a risk that the Company's sales will be affected. This could have a negative impact on the Company's revenues, and thereby results of operations and financial position.

Risks related to product development

Precise Biometrics is active in the biometrics market. The biometrics market is characterized by the rapid development of new players, products, services and technologies as well as customer demands for the products, services and technologies. This means that the Company must keep itself up to date with these developments, which can be challenging, partly because some players in the market may have more resources than the Company, and partly because customer needs are changing. There is a risk that investments in product development will not yield the desired or expected results. New products and features may fail to appeal to, retain and expand the Company's customer base, or it may take time for customers to understand and adopt the new technology that the Company brings. As the market grows and the number of players increases, there is a risk that alternative technologies will be developed and that the price of comparable products will therefore decrease. If the Company's investments in product development do not accurately anticipate customer demand, or if the Company fails to develop its products or features in a manner that meets customer needs in a timely and cost-effective manner, there is a risk that the Company will lose existing customers or fail to attract new customers, which could have a negative impact on the Company's growth and profitability.

Risks relating to future sales

The biometrics market is still in a development phase. Assessments and decisions in a rapidly evolving industry must be made subject to several uncertainties. Some of these uncertainties are the availability of strategic partners, competitors' development, market and societal acceptance of biometrics, and the speed of development and penetration of the services in which biometric solutions are to be used. The Company's development is dependent on the continued expansion of the biometrics market, and a delayed penetration into additional applications and markets may affect the Company's future sales, and consequently its results. Competition in the biometrics market is also partly fierce. The competing companies may have significantly greater financial and industrial resources at their disposal than the Company has or may have. There is a risk that competition from this type of players may lead to a reduced market share and/or lower profitability for the Company, among other things as a result of price pressure. The use of biometrics is still considered new in some areas. Authorities in the various countries in which Precise Biometrics operates therefore do not yet have complete legislation or clear policies to act by, which creates some uncertainty regarding the exercise of public authority in these countries, e.g. in the area of GDPR.

Risks related to geopolitical and macroeconomic factors

Precise Biometrics' operations are subject to risks related to geopolitical and macroeconomic factors such as high inflation, high interest rates, the changed security policy situation in Europe and the world, and indirect long-term effects on the world economy. The Company is also affected by other geopolitical conflicts. For example, the United States has introduced licensing requirements for the export of certain technology used in Huawei's products, a former major customer of Fingerprint Cards based in China. If the existence of similar export or import restrictions were to increase in the United States or in other geographic markets where the Company operates, it could result in material adverse effects on the Company's total sales volumes and results. There is also a risk that China may impose retaliatory measures, such as restrictions on exports to Western companies, which could have an adverse effect on the Company's ability to source materials from China, thereby disrupting the Company's value chains and forcing the Company to purchase materials from suppliers in other countries where costs may be higher. In addition, there is a risk that other countries may implement protectionist restrictions of various kinds and increase tariffs and customs duties, which may adversely affect the Company's sales and profit margins. If any of the above-mentioned risks were to materialise, it could have a material adverse effect on the Company's sales and costs and thereby also on operations and results.

Reliance on key personnel

Precise Biometrics is dependent on senior executives and other key individuals who possess skills and experience that are of material importance to the Company. It is also crucial for the future development of the Company that a high level of competence can continue to be ensured by attracting and retaining qualified employees. There is fierce competition for experienced personnel in the Company's areas of activity and the Company's direct and indirect competitors may have greater financial resources, which may result in the required personnel not being able to be recruited, or only being recruited on other than optimal terms for the Company. If the Company were to lose key employees or if the Company is unable to continue to retain and recruit qualified employees going forward, this could lead to delays or interruptions in the Company's projects, thereby reducing revenues, as well as increased costs.

Risks relating to IT and cyber security, as well as risks relating to system failures, downtime and other disruptions

The Company is dependent on its IT systems for, among other things, coordination of resource allocation, control of product inventories, maintenance of production levels and administration of purchases of raw materials such as silicon. There is also an increasing trend towards more sophisticated cyberattacks, including advanced techniques such as deepfakes. Although the Company has not been subject to any major incidents, the general societal trend indicates an increase in the complexity and frequency of such attacks. Interruptions or other disruptions to IT systems critical to the Company's business may result in the Company not being able to deliver its products on time to its customers. Prolonged or extensive network disruptions, server outages, cyberattacks (including viruses or other malware) or other disruptions to the Company's IT systems could have a material adverse effect on the Company's business and result in the leakage of confidential information and other trade secrets. If such information is unlawfully disclosed, distributed or used in violation of applicable laws and regulations, there is a risk that the Company will be subject to both legal sanctions and reputational damage. The failure of the Company to maintain and develop the functionality and operation of business-critical IT systems could have a material adverse effect on the Company's business.

Risks relating to public perception of biometric sensors

The Company's products include a wide range of biometric authentication solutions, which aim to verify the identity of registered individuals using fingerprints, iris identification, hand and/or facial recognition. Demand for the Company's products is therefore dependent on public perception of biometric sensors in society. As the Company's business model is largely based on licensing biometric software to global sensor manufacturers and on supplying packaged solutions for physical access control and visitor management systems, the Company's revenues are directly dependent on end-users' and end-customers' willingness to use biometric technology. If the general public, for example as a result of privacy concerns, security incidents, or negative media coverage regarding biometric surveillance, were to develop a more sceptical attitude towards biometric sensors in general, this could lead to reduced demand for products with biometric functionality. Such concerns are more likely to arise in the case of low-cost products with low biometric integrity. Although the Company's products are not considered low-cost products, there is a risk that the Company will fail to differentiate its products from such low-cost products and sensors with low biometric integrity, and that the public will therefore perceive all biometric authentication solutions in the same way. If the general perception of biometric sensors were to deteriorate, there is a risk that demand for the Company's products would decrease, which in turn could have a material adverse effect on the Company's business and future prospects.

Risks related to acquisitions

In recent years, Precise Biometrics has completed acquisitions, and the Company may carry out acquisitions in the future. There is a risk that company acquisitions do not produce the expected outcome, for example in terms of integration and profitability. Such an outcome could have a negative impact on the Company's rate of development. If sales and earnings do not develop according to plan, an impairment need for intangible assets may arise, for example. A due diligence conducted by the Company in connection with an acquisition may be inadequately conducted, which may result in risks and underlying problems not being identified. Acquisitions take up management's time, and if this is done to an excessive extent, this can lead to reduced time and resources being spent on existing operations. There is also a risk that estimated synergy effects or other goals of the acquisitions will not be realised. Acquisitions that entail entry into new markets also entail new types of risks for the Company, which has not previously operated in the current commercial, political or social environment.

Risks relating to suppliers and partners

Precise Biometrics is dependent on a number of suppliers, primarily consulting companies and suppliers of semiconductors. If any of the Company's suppliers should terminate their cooperation with the Company, or if they are otherwise unable to deliver their services, there is a risk that the Company will not be able to enter into agreements with new suppliers within the desired time to ensure delivery of the existing order backlog. Such a situation could make it difficult for the Company to offer its end customers complete security solutions, which could have a negative impact on the Company's revenues, and thereby its results and financial position.

If disruptions to the Company's suppliers occur, it could also result in the Company's suppliers not delivering on time, or at all, or the quality of deliveries not meeting the Company's expectations, which in turn could result in the Company not being able to manufacture its products at a sufficient pace to meet its delivery obligations to customers; and the late deliveries from suppliers may also result in the Company being subject to production stoppages. Delayed deliveries, production stoppages and subsequent delays in payments from customers may in turn have a negative impact on the Company's cash flow. There is also a risk that the Company will be required to compensate the affected customers in the event of production stoppages and delayed deliveries. If the Company's insurance does not cover all or part of the compensation paid, it could have a material adverse effect on the Company's margins and results.

If existing suppliers were to terminate their cooperation with the Company, there is also a risk that the Company will only succeed in contracting new suppliers at a higher price, which would result in reduced margins for the Company and thereby a material adverse impact on the Company's results.

Risks relating to raw material prices

The prices of semiconductors that will be used in the Company's products are largely related to the prices of underlying raw materials, primarily silicon and, to a lesser extent, gold. Price fluctuations of silicon and/or gold may result in a higher unit production cost for the Company. The price paid by the Company for commodities is also affected by currency effects, primarily the exchange rate between SEK and USD. If the Company is unable to pass on cost increases to its customers, it could result in lower margins and a material adverse impact on the results of the Company.

Legal risks

Risks relating to intellectual property protection and reputation

Precise Biometrics' success depends to a large extent on the Company's ability to strengthen its brand and maintain its good reputation among its customers and the general public. The reputation of the Company may be tarnished if the Company encounters difficulties in providing new or existing products and services, whether due to technical failures, security breaches or otherwise. A material erosion of the reputation associated with the name of the Company could have a material adverse effect on the business, financial condition and results of the Company.

As Precise Biometrics is dependent on patents, it is important to protect its technology through patents or other intellectual property rights, thereby maintaining its technology edge and creating opportunities for future revenues. There is a risk that the Company will not obtain patents in the countries in which the Company applies for patents. There is also a risk that the Company's patents will be circumvented, by a third party developing alternative technology based on the Company's technology but without infringing its patents, or that the Company's technology will be used in countries where the Company lacks patent protection. To protect its intellectual property rights, the Company may need to devote significant resources to monitoring and protecting those rights. Litigation to protect and enforce the Company's intellectual property rights can be expensive and time-consuming, divert management's focus, and result in the write-down or loss of portions of the intellectual property rights. Further, the Company's actions to protect its intellectual property rights may be met with defences, counterclaims and countersuits that attack the validity and enforceability of the intellectual property rights. There is also a risk that third parties may claim that the Company infringes their intellectual property rights. Any claim or litigation could result in material costs to the Company and, if the claims are successful, the Company may be liable to pay substantial damages or ongoing royalty payments.

Risks relating to the GDPR and the processing of personal data

Precise Biometrics processes biometric personal data that according to the General Data Protection Regulation (GDPR) constitutes special categories of personal data, which entail stricter sanctions for non-compliance. Among other things, national data protection supervisory authorities (such as the Swedish Authority for Privacy Protection in Sweden) have the right to issue administrative fines of up to EUR 20 million, or four percent of the Company's annual worldwide turnover, whichever is higher, if certain rules are violated. Failure of the Company to comply with the GDPR may result in legal proceedings, civil or administrative penalties and adverse publicity that could have a material adverse effect on the reputation, financial condition and results of the Company.

Compliance risks

The Company's global operations expose it to risks in relation to sustainability factors and regulatory compliance, including in relation to human rights, employment conditions and corruption in the jurisdictions in which the Company operates. Violations of anti-corruption laws may result in substantial fines and other criminal, civil or administrative penalties and may have a material adverse effect on the reputation, operations, results of operations and financial condition of the Company. Corruption-related events or allegations against suppliers, employees, customers and other third parties with whom the Company has a commercial relationship may result in negative publicity, which may damage the reputation of the Company, even if the Company is not directly involved.

Precise Biometrics will also be subject to compliance by its employees, suppliers, customers and other third parties with their contractual obligations as well as with laws, regulations, internal governing documents and policies. Violations or non-compliance with these regulations could adversely affect the business and reputation of the Company. Among other things, there is a risk that the Company's subcontractors do not comply with laws and regulations and that they conduct their business in an unethical or environmentally unsustainable manner. There is, for example, an increased awareness of ethical sourcing of minerals (so-called conflict minerals, such as tin, tantalum, tungsten and gold), which have previously been used, and which may be used, in the Company's semiconductors. Furthermore, there is in general an increased awareness of environmental issues in society and among the Company's current and potential customers. If subcontractors to the Company conduct their business unethically or in violation of applicable laws and regulations, there is a risk that the public perception of the Company may be damaged and that the Company's customers will therefore choose to turn to other suppliers of biometric sensors, which would result in reduced market share and lower sales volumes for the Company.

Further, the political, economic and regulatory environment in which the Company operates may be subject to unexpected changes. Changes in economic development or in local, regional or political bodies as a result of, for example, elections or changes in government policies may also result in changes in applicable laws and regulations or changes in the application of applicable laws and regulations. Such changes may limit or prevent the Company's ability to conduct profitable business or enter new markets or increase the risk of non-compliance, which could result in increased operating costs for the Company and have a material adverse effect on the Company's future prospects. The Company may also be subject to additional regulatory requirements in connection with the Company developing new products in new markets.

Risks related to judicial and administrative proceedings

Precise Biometrics has from time to time been involved in legal and administrative proceedings. Such proceedings may relate to customer agreements, supplier agreements, partnership agreements, employment law issues, intellectual property rights or other matters relating to the obligations and rights of the Company. Legal and administrative proceedings may also arise in connection with acquisitions. In addition, the Company may be subject to investigations and legal proceedings by authorities, including with respect to data protection, competition or other regulatory authorities, in the jurisdictions in which the Company operates. Judicial and administrative proceedings and related investigative procedures can be costly and time-consuming, thus disrupting the regular running of the business. The financial, reputational and legal consequences of material disputes are uncertain and pose a very significant risk to the Company. An unfavourable outcome of such disputes or investigations would have a material adverse effect on the Company's business and reputation.

Tax-related risks

Precise Biometrics has outstanding tax losses carried forward from previous years, which as of 31 December 2025 amounted to approximately SEK 785.8 million. In connection with Precise Biometrics' acquisition of EastCoast Solutions AB in November 2021, SEK 662.6 million of the deficit in Precise Biometrics was blocked from group contributions until 31 December 2026. Accumulated losses may in the future reduce any taxable profits made by the Company. The tax legislation contains certain blocking rules that are relevant in the event of changes in ownership and in the event of a composition with creditors in companies with tax losses and entail a risk that existing losses cannot be fully utilized after such a change of ownership (which applies, for example, to the group contribution blocking of SEK 662.6 million) – or that a limitation in time for when the deficit can be utilized is actualized. As of 31 December 2025, Precise Biometrics had not recognized any deferred tax assets attributable to these tax losses; however, Fingerprint Cards had recognized deferred tax assets (attributable to portions of Fingerprint Cards' tax losses) which as of 31 December 2025 amounted to SEK 54.9 million. The blocking rules regarding changes of ownership meant, among other things, that Fingerprint Cards' tax losses were forfeited in connection with the Merger. The tax losses cannot therefore be utilised by Precise Biometrics. Consequently, the deferred tax assets recognised in relation to these tax losses no longer have any value. If the tax loss carry-forwards cannot be used to reduce future profits, this means that the Company's tax expenses will be higher. There is also a risk of future changes to tax legislation that may affect the ability to utilise the Company's accumulated tax losses.

Financial risks

Risks related to future performance and capital needs

Precise Biometrics has historically been operated at a loss and there is a risk that the Company may operate at a loss in the future. A failure to generate sufficient profits could adversely affect the market value of the Company. There is therefore a risk that the Company may in the future be forced to seek new external capital, for example through the issuance of shares and equity-related instruments, or various types of debt financing. For example, Precise Biometrics announced in connection with the announcement of the Merger Plan on 23 March 2026 that the Company, following completion, intends to carry out the Rights Issue in order to accelerate growth, realise identified synergies and support the Company's continued global expansion.

Precise Biometrics has received guarantee commitments, on customary terms and in accordance with what is stated above, totalling SEK 100 million from several guarantors for purposes of the Rights Issue. Of the total guarantee amount, the SEK 80 million constitutes bottom guarantees and SEK 20 million consists of top guarantees. In addition, the Company's CEO, Joakim Nydemark, and Fredrik André, Chief Marketing Officer, have undertaken to subscribe for their respective pro rata shares in the Rights Issue, corresponding to a total of approximately SEK 48 thousand. Through the guarantee and subscription commitments, the Rights Issue is thus secured to approximately 91 percent. However, the commitments are not secured by bank guarantees, blocked funds, pledges or similar arrangements, so there is a risk that such commitments will not be honoured. If this risk materialises, it could have a negative impact on the completion of the Rights Issue.

Furthermore, future capital raising measures may result in dilution of ownership in the Company for those shareholders who choose not to participate in any future share issues. There is also a risk that the Company will then not be able to obtain the necessary financing or that such financing cannot be obtained on terms favourable to existing shareholders. Failure to obtain additional financing at the right time may result in the Company having to postpone, downsize, or terminate operations, which in turn could adversely affect the Company's development opportunities and earning capacity.

Risks related to impairment

As of 31 December 2025, Precise Biometrics reported goodwill of approximately SEK 84.8 million and Fingerprint Cards a goodwill of approximately SEK 118.4 million in the balance sheet, totalling SEK 203.2 million. In the pro forma accounts prepared in connection with the Merger, write-downs have been made of goodwill, patents and other surplus values attributable to Fingerprint Cards. A final acquisition analysis (PPA) will be prepared following the completion of the Merger, which means that final surplus values, including goodwill, patents and other intangible assets, will be determined and may deviate from the preliminary values reported in the pro forma financial statements.

The valuation of goodwill and other intangible assets arising from the acquisition analysis is highly dependent on estimates of future cash generation and other assumptions. Goodwill is tested for impairment at least once a year or more often when there are indicators of an impairment need. Other intangible assets with a definite useful life, such as patents and technology-related surplus values, are also tested for impairment when indicators of impairment are available. If the Company is required to recognize any significant impairment with respect to goodwill, patents or other intangible assets in the future, it could, depending on the amounts that are written down, have a material adverse effect on the results and financial condition of the Company.