

Press release
25 May 2022



Notice of the Annual General Meeting in Realfiction Holding AB (publ)

The shareholders of Realfiction Holding AB (publ), reg. no 559110-4616 ("the Company") are hereby summoned to the Annual General Meeting on Monday, 27 June 2022. The Annual General Meeting will be carried out through advance voting (postal voting) only pursuant to temporary legislation and the Company welcomes all shareholders to exercise their voting rights at this Annual General Meeting through advance voting according to the procedure set out below. Information on the resolutions passed at the Annual General Meeting will be published on 27 June 2022, as soon as the result of the voting has been finally confirmed.

RIGHT TO PARTICIPATE

Those wishing to participate in the Annual General Meeting must be registered as shareholders in the share register maintained by Euroclear Sweden AB as of Thursday, 16 June 2022.

NOTIFICATION TO THE COMPANY

Notification of participation in the Meeting is completed by submitting an advance voting form in accordance with the instructions set forth in the section "Advance voting" below. In order to participate in the Annual General Meeting, shareholders whose shares are registered in the name of a trustee must register the shares into their own name. Such registration, which may be temporary, must be completed by Thursday, 16 June 2022. Voting rights registrations that have been made by the nominee no later than Monday, 20 June 2022 will be taken into account in the presentation of the shareholders' register for the Meeting.

ADVANCE VOTING

The shareholders may exercise their voting rights at the Annual General Meeting only by voting in advance, so called postal voting in accordance with section 22 of the Act (2022:121) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form shall be used for advance voting. The advance voting form is considered as the notification of participation at the Annual General Meeting. The completed advance voting form must be received by the company no later than Thursday, 23 June 2022. The completed form, in original, shall be sent to Realfiction Holding AB, c/o Mazars AB, Terminalgatan 1, 252 78 Helsingborg, Sweden. The completed form may alternatively be submitted electronically to investor@realfiction.com. If the shareholder votes in advance by proxy, a power of attorney shall be enclosed with the form. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed with the form. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote (i.e. the advance vote in its entirety) is invalid. Further instructions and conditions are included in the form for advance voting.

PROPOSED AGENDA FOR THE ANNUAL GENERAL MEETING

1. Election of a chairman of the Annual General Meeting
2. Preparation and approval of the voting list
3. Approval of the agenda
4. Election of one or two persons to verify the minutes
5. Determination of whether the Annual General Meeting was duly convened
6. Presentation of the annual report and the auditor's report as well as the consolidated financial statements and auditor's report for the Group
7. Resolutions on
 - a) adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet
 - b) appropriation of the Company's earnings according to the adopted balance sheet
 - c) discharging the Board members and the CEO from liability vis-à-vis the Company
8. Determination of fees to the Board members and auditor
9. Election of Board members, Chairman of the Board and auditor
10. Resolution on authorization for the Board regarding new issues
11. Resolution on (A) option program for a key consultant in subsidiary; and (B) directed issue of warrants and approval of transfer of warrants
12. Conclusion of the Annual General Meeting

PROPOSED RESOLUTIONS, ETC.

ITEM 1 - ELECTION OF A CHAIRMAN OF THE ANNUAL GENERAL MEETING

The Board proposes that the Chairman of the Board, Michael Kjær, is elected Chairman of the Annual General Meeting.

ITEM 2 - PREPARATION AND APPROVAL OF THE VOTING LIST

The voting list proposed for approval under item 2 on the agenda is the voting list prepared by the company, based on the shareholders' register and advance votes received, and verified by the persons elected to approve the minutes.

ITEM 4 – ELECTION OF ONE OR TWO PERSONS TO VERIFY THE MINUTES

Søren Jørgensen and Clas Dyrholm or, to the extent both or any of them are prevented, the person or persons assigned by the Board, are proposed as persons to approve the minutes. The assignment for the persons to approve the minutes includes verifying the voting list and confirming that advance votes received are correctly reflected in the minutes of the Annual General Meeting.

ITEM 7B - RESOLUTION ON APPROPRIATION OF THE COMPANY'S EARNINGS ACCORDING TO THE ADOPTED BALANCE SHEET

The Board proposes that no dividend be paid to the shareholders for the financial year 2021, and that the result for the year be carried forward.

ITEM 8 - DETERMINATION OF FEES TO THE BOARD MEMBERS AND AUDITOR

Shareholders representing 15.22 per cent of the votes in the Company propose that fees paid to each of the Board members shall amount to DKK 75,000 per year and for the Chairman of the Board DKK 150,000 per year. The beforementioned shareholders furthermore propose that fees to the auditor be paid in accordance with approved invoices.

ITEM 9 - ELECTION OF BOARD MEMBERS, CHAIRMAN OF THE BOARD AND AUDITOR

Shareholders representing 15.22 per cent of the votes in the Company propose the re-election of the Board members Michael Kjær, Søren Jørgensen, Lars Bentsen Møller, Clas Dyrholm and Peter Simonsen.

It is furthermore proposed that Michael Kjær be re-elected as Chairman of the Board.

Finally, the beforementioned shareholders propose the re-election of the registered accountancy firm Mazars AB, who has notified that Anders O Persson will be chief auditor.

ITEM 10 - RESOLUTION ON AUTHORIZATION FOR THE BOARD REGARDING NEW ISSUES

The Board proposes that the Annual General Meeting resolves to authorize the Board to, at one or several occasions, during the time up until the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, resolve to issue shares, share option rights and/or convertibles. A new issue should be able to be made with or without provisions regarding contribution in kind, set-off or other conditions specified in chapter 13 § 5 first paragraph item 6, chapter 14 § 5 first paragraph item 6 and chapter 15 § 5 first paragraph item 4 in the ABL (Aktiebolagslagen).

If this authorization is used to issue new shares, share option rights and/or convertibles, the number of shares that can be issued or added in conjunction with exercise of share option rights or conversion may not exceed a total of 15 percent of the total number of outstanding shares in the Company on the day when the Board utilizes the authorization the first time. The subscription price is to be set according to market pricing (while reserving the right to use a market relevant discount when applicable). The aim of this authorization is to enable the Company to acquire operating capital, to conduct and finance business acquisitions and to facilitate share issues to industrial partners involved in collaborations and alliances.

The company's CEO shall be authorized to make such minor formal adjustments of the resolution as might be necessary in connection with registration with the Swedish Companies Registration Office and/or Euroclear Sweden AB.

Passing the resolution in accordance with the above requires the support of shareholders representing at least two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

ITEM 11 - RESOLUTION ON (A) OPTION PROGRAM FOR A KEY CONSULTANT IN SUBSIDIARY; AND (B) DIRECTED ISSUE OF WARRANTS AND APPROVAL OF TRANSFER OF WARRANTS

The board of directors proposes that the annual general meeting resolves to adopt an option program for a key consultant in Taiwan providing services to the Company's wholly owned subsidiary Realfiction Lab ApS (the "Lab Subsidiary"), (the "Consultant Option Program 2022").

To implement the Consultant Option Program 2022, the board of directors proposes that the annual general meeting resolves on (A) option program for a key consultant in subsidiary; and (B) directed issue of warrants and approval of transfer of warrants.

A. Proposal on option program for a key consultant in subsidiary

The board of directors proposes that the annual general meeting resolves to adopt the Consultant Option Program 2022 in accordance with the following substantial guidelines:

1. The Consultant Option Program 2022 shall comprise a maximum of 100,000 options.
2. Each option entitles the holder a right to acquire one new share in the Company against cash consideration at a subscription price of SEK 12 per share.
3. The Consultant Option Program 2022 shall only include one key consultant in Taiwan providing services to the Lab Subsidiary.

4. Allotment shall take place no later than 15 July 2022.
5. The allotted option shall be subject to both a time-based vesting and a performance-based vesting as follows.

A pre-condition for any options being vested is that the participant is still providing services to the Lab Subsidiary on 31 January 2024. In addition to the time-based vesting condition, vesting is further conditional upon that four performance-targets are met, where the fulfilment of each performance target will entitle to vesting of 25 per cent of the total number of options allotted. The four performance targets relate to development and manufacturing milestones of holographic displays using the Lab Subsidiary's ECHO technology. Vesting upon fulfilment of a performance target is also conditional upon that the participant is still providing services to the Lab Subsidiary at the date when the relevant performance target is met. However, due to the time-based vesting condition, the first vesting will in no event occur earlier than 31 January 2024 irrespective of whether a performance target is met before such date.

The performance targets will be resolved by the board of directors prior to offering the Consultant Option Program 2022 to the participant. The board of directors intends to present the determined performance targets in connection with the expiration of Consultant Option Program 2022 at the latest.

6. The options shall not constitute securities and shall not be possible to transfer or pledge. However, in the event of death, the rights to vested options shall accrue to the beneficiaries of the holder of the options.
7. The options shall be allotted without consideration.
8. The holder can exercise allotted and vested options during 30 days from the day following after the announcement of the Company's quarterly reports. If the Company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested options may instead be exercised during the last month of the following calendar quarter. The options may in no event be exercised later than 31 December 2027.
9. In the event of a public take-over offer, asset sale, liquidation, merger or any other such transaction affecting the Company, the board of directors shall be entitled to resolve that the options shall vest and be exercisable (in whole or in part) on completion of such transaction. The board of directors will make this resolution based on the level of achievement of the performance targets at such time and any other factors deemed relevant by the board of directors.
10. The options shall be governed by a separate agreement with the participant. The Company's CEO shall be responsible for the preparation and management of the Consultant Option Program 2022 in accordance with the above-mentioned substantial terms and guidelines.

B. Proposal to resolution on a directed issue of warrants and approval of transfer of warrants

In order to enable the Lab Subsidiary's delivery of shares under the Consultant Option Program 2022, the board of directors proposes that the annual general meeting resolves on a directed issue of warrants and approval of transfer of warrants. The board of directors thus proposes that the annual general meeting resolves on a directed issue of a maximum of 100,000 warrants in accordance with the following terms and conditions:

1. With deviation from the shareholders' preferential rights, the warrants may only be subscribed for by the Lab Subsidiary. The reason for the deviation from the shareholders' preferential rights is that the warrants are issued as part of the implementation of Consultant Option Program 2022. In the light of what has been stated below, the board of directors considers that it is for the benefit of the Company and its shareholders that the key consultant is offered to participate in the Consultant Option Program 2022.
2. Subscription shall be made no later than 15 July 2022.
3. Over subscription cannot occur.
4. The warrants shall be issued to the Lab Subsidiary at a subscription price corresponding to the fair market value of the warrants at the time of subscription, which shall be determined in accordance with the Black & Scholes valuation formula.
5. Payment for the warrants shall be made against cash consideration no later than one week from the time of subscription.
6. Each warrant entitles to subscription of one share in the Company at a subscription price of SEK 12 per share. The part of the subscription price exceeding the share quotient value shall be added to the free share premium reserve. The subscription price and the number of shares that each warrant entitles right to may be subject to recalculation in the event of a bonus issue, split, rights issue etc.
7. Subscription of shares by virtue of the warrants may be made from registration with the Swedish Companies Registration Office up to and including 31 December 2027.
7. If all warrants are exercised for subscription of new shares, the share capital will increase with SEK 10,000.
8. The Company's CEO shall be entitled to make such minor adjustments of the issue resolution that might be necessary in connection with registration with the Swedish Companies Registration Office.

Further, the board of directors proposes that the annual general meeting resolves to approve that the Lab Subsidiary may transfer warrants to the participant in the Consultant Option Program 2022 without consideration in connection with the exercise of options in accordance with the terms and conditions under Section A above or otherwise dispose over the warrants to secure the Company's or the Lab Subsidiary's commitments and costs in relation to the Consultant Option Program 2022.

Other information regarding the Consultant Option Program 2022

The reasons for the implementation of the Consultant Option Program 2022 and the deviation from the shareholders' preferential rights are to be able to create possibilities for the Company to retain a competent key consultant through the offering of a long-term ownership engagement for the consultant. Such ownership engagement is expected to increase the consultant's commitment to the Company's operations, strengthen the loyalty to the Company and be beneficial for the Company as well as its shareholders.

The vesting schedule proposed for the Consultant Option Program 2022 means that full vesting can occur earlier than 3 years from the date of grant, where it is noted that the actual time of vesting is conditional upon if and when the performance targets are met. This constitutes a deviation from section III.1 in the

Swedish Corporate Governance Board's "Rules on Remuneration of the Board and Executive Management on Incentive Programs". The reasons for the deviation is that the board of directors considers that the proposed vesting schedule is adequate given the overall purpose to incentivize the participant in working towards achieving the performance target as soon as possible. When proposing the terms, the board of directors has also considered the fact that the participant is active in Taiwan and that market practice for incentive programs in Taiwan differs from market practice in Sweden.

The Consultant Option Program 2022 will be accounted for in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Advice BFNAR 2012.1 (K3) that stipulates that the options shall be expensed as costs over the vesting period and will be accounted for directly against equity. Costs from options accounted for in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Advice BFNAR 2012.1 (K3) do not affect the Company's cash flow. The board of directors has made the assessment that the Consultant Option Program 2022 will not trigger any social costs for the Company. Costs related to the Consultant Option Program 2022 will be accounted for during the performance vesting period that is expected to be 2 years. The board of directors has calculated a theoretical value of the options using the Black & Scholes formula. Assuming a share price at the time of allocation of the options of SEK 10.98, the value of each option has been calculated to SEK 2.66 and the total cost for the Consultant Option Program 2022 is estimated to approximately SEK 266,000 before tax during the period 2022-2024. It shall be noted that the calculations are based on preliminary assumptions (a share price at the time of the allocation of the options of SEK 10.98, an exercise price of SEK 12, a risk-free interest of 1.254 per cent, an expected dividend of SEK 0 and an assumed volatility of 41.55 per cent) and are only intended to provide an illustration of the outcome.

As per the date of the notice, the number of shares in the Company amounts to 19,737,847. In addition, there are four incentive programs for employees, consultants and board members outstanding in the Company in the form of three warrant programs and one option program. Upon full exercise of all warrants issued in relation to the four outstanding incentive programs, in the aggregate 691,531 new shares will be issued.

In case all warrants issued in connection with this proposal are exercised for subscription of new shares, a total of 100,000 new shares will be issued, which corresponds to a dilution of approximately 0.48 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all warrants issued under this proposal and all warrants issued in relation to existing incentive programs. The dilution would only have had a marginal impact on relevant key figures for the full year 2021.

In case all warrants outstanding in relation to outstanding incentive programs as well as the warrants proposed to be issued in relation to this proposal are exercised for subscription of shares, a total of 791,531 new shares will be issued, which corresponds to a dilution of approximately 3.86 per cent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full utilization of all warrants issued under this proposal and all warrants issued in relation to existing incentive programs.

The above calculations regarding dilution and impact on key ratios are subject to recalculation of the warrants in accordance with the customary recalculation terms set out in the complete terms and conditions for the warrants.

This proposal has been prepared by the board of directors.

The proposals in accordance with Sections A-B above shall be resolved upon as one resolution by the annual general meeting. A valid resolution requires that the proposal is supported by shareholders with at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

QUESTIONS AND SHAREHOLDERS' RIGHT TO REQUEST INFORMATION

At the Annual General Meeting, if any shareholder should so request and the Board assesses that this can be done without significant damage to the company, the Board of Directors and the CEO shall provide information about circumstances that could affect the assessment of items on the agenda and circumstances that could affect the assessment of the company's or a subsidiary's financial situation and the company's relationship to other group companies. The request for such information shall be made by e-mail to investor@realfiction.com or by post to Realfiction Holding AB (publ), c/o Mazars AB, Terminalgatan 1, 252 78 Helsingborg, no later than 17 June 2022. The information is provided by being made available at the company and the company's website, no later than 22 June 2022. Furthermore, the information will be sent within the same time period to the shareholders who so request and provide their postal address.

DOCUMENTS AND PROXY FORMS

The Company's Annual Report for the financial year 2021 and the auditor's report for the same period are available on the Company's website (www.realfiction.com) and at the Company's office, Terminalgatan 1, c/o Mazars AB in Helsingborg. The Board's proposals in full, the advance voting form and the proxy form will be available on the Company's website (www.realfiction.com) and at the Company's office, Terminalgatan 1, c/o Mazars AB in Helsingborg no later than 6 June 2022. All documents will also be sent to the shareholders who so request and provide their postal address. The shareholders' register for the Meeting is also made available at the company.

NUMBER OF SHARES AND VOTES

The total number of shares and votes in the Company as of the issue date for the notice is 19,737,847. As of the same date, the Company is holding no shares in treasury.

PROCESSING OF PERSONAL DATA

Personal data obtained from the share register held by Euroclear Sweden AB, registration and participation at the Annual General Meeting, as well as information regarding deputies, proxies, and advisors will be used for registration, preparation of the voting list for the Annual General Meeting and, where applicable, the minutes of the Annual General Meeting. Information on how your personal information is processed can be found at <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Helsingborg, May 2022

The Board of Realfiction Holding AB (publ)

For more information about Realfiction Holding AB, please contact:

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Certified Adviser

Mangold Fondkommission AB is the company's Certified Adviser and can be contacted via ca@mangold.se or +46 8 503 015 50.

About Realfiction Holding AB

Founded in Denmark in 2008, Realfiction is a leading innovator and provider of Mixed Reality solutions and services, a market estimated to reach USD 80 billion by 2025. Realfiction continues to invent technologies within Mixed Reality, with an intention to disrupt the industry by pursuing the vision of converting science fiction into real fiction. Realfiction Holding AB's share is publicly traded on Nasdaq Stockholm First North under the symbol "REALFI". The share's ISIN code is SE0009920994.