

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 invited to the Annual General Meeting on Wednesday, 21 June 2023 at 14:00 at the Company's premises with the address Terminalgatan 1, c/o Mazars AB in Helsingborg. Registration will begin at 13.30.

RIGHT TO PARTICIPATE

Those wishing to attend the Annual General Meeting must

- be registered as shareholders in the share register maintained by Euroclear Sweden AB as of Tuesday, 13 June 2023, and
- notify the Company of their intention to attend no later than Thursday, 15 June 2023.

NOTIFICATION TO THE COMPANY

Registration of participation shall be provided by email to: investor@realfiction.com. Registration may also be provided in writing to Realfiction Holding AB, c/o Mazars AB, Terminalgatan 1, 252 78 Helsingborg. When registering, shareholders are asked to state their name or business name, personal ID or company registration number, number of shares held, address, daytime telephone number and, if applicable, information about deputies or advisors (maximum two).

PROXY AND PROXY FORM

Shareholders not attending the Annual General Meeting in person may exercise their rights at the Annual General Meeting by proxy, by providing a written, signed and dated proxy (original). Proxies must not be more than one year old unless a longer period of validity, not exceeding five years, is stated in the proxy. If a proxy is issued by a legal entity, a copy of the entity's registration document or similar authorisation document must be attached. A proxy form is available at the Company's website, www.realfiction.com. The proxy form can also be obtained from the Company by e-mail as above. To facilitate entry into the Annual General Meeting, proxies, registration documents and other authorisation documents should be provided to the Company in connection with the registration of participation, i.e. in advance of the Annual General Meeting.

NOMINEE-REGISTERED SHARES

To have the right to attend the Annual General Meeting, shareholders whose shares are registered with a nominee must have their shares re-registered in their own name in the share register maintained by Euroclear Sweden AB well ahead of 13 June 2023. The re-registration may be temporary. The registration must be completed no later than 13 June 2023. Registrations made by the nominee by 15 June 2023 at the latest will be considered when preparing the share register for the Meeting.

PROPOSED AGENDA FOR THE ANNUAL GENERAL MEETING

1. Opening of the General Meeting
2. Election of a chairman of the Annual General Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda

5. Election of one or two persons to verify the minutes
6. Determination of whether the Annual General Meeting was duly convened
7. Presentation of the annual report and the auditor's report as well as the consolidated financial statements and auditor's report for the Group
8. 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
9. Determination of fees to the Board members and auditor
10. Election of Board members, Chairman of the Board and auditor
11. Resolution on authorization for the Board regarding new issues
12. Resolution on (A) option program for the CFO; and (B) directed issue of warrants and approval of transfer of warrants
13. Conclusion of the Annual General Meeting

PROPOSED RESOLUTIONS, ETC.

ITEM 2 - 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 3 - PREPARATION AND APPROVAL OF THE VOTING LIST

The voting list proposed for approval under item 3 on the agenda is the voting list prepared by the Company, based on the shareholders' register for the Annual General Meeting, and verified by the persons elected to approve the minutes.

ITEM 5 – ELECTION OF ONE OR TWO PERSONS TO VERIFY THE MINUTES

Clas Dyrholm or, to the extent he is prevented, the person(s) assigned by the Board, is/are proposed to approve the minutes. The assignment for the person to approve the minutes includes verifying the voting list.

ITEM 8B - 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 2022, and that the result for the year be carried forward.

ITEM 9 - DETERMINATION OF FEES TO THE BOARD MEMBERS AND AUDITOR

Shareholders representing 15.21 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 10 - ELECTION OF BOARD MEMBERS, CHAIRMAN OF THE BOARD AND AUDITOR

Shareholders representing 15.21 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 11 - 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 Swedish Companies Act (2005: 551).

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 12 - RESOLUTION ON (A) OPTION PROGRAM FOR THE CFO; 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 the CFO (the "**CFO Option Program 2023**").

To implement the CFO Option Program 2023, the Board of directors proposes that the Annual General Meeting resolves on (A) option program for the CFO; and (B) directed issue of warrants and approval of transfer of warrants.

A. Proposal on option program for the CFO

The Board of directors proposes that the Annual General Meeting resolves to adopt the CFO Option Program 2023 in accordance with the following substantial guidelines:

1. The CFO Option Program 2023 shall comprise a maximum of 55,000 options.
2. Options can be granted by the Company or a subsidiary in the Company's group (the "**Group**").
3. Each option entitles the holder a right to acquire one new share in the Company against cash consideration at a subscription price amounting to SEK 13. The subscription price and the number of

shares that each option entitles right to may be subject to recalculation in the event of a bonus issue, split, rights issue etc., whereby the recalculation terms in the complete terms and conditions of the warrants shall be applied.

4. The CFO Option Program 2023 shall only include the Company's CFO.

5. Allotment shall take place no later than 15 July 2023.

6. The allotted options will vest with 1/36 each month after the date of allotment. If the number of allotted options is not evenly divisible with 36, the number of vested options shall be rounded downwards to the nearest whole number and any excess options shall be considered vested on the last vesting date.

7. Vesting is conditional upon that the participant continues to be employed within the Group and has not terminated the employment as of the date when the respective vesting occurs. If the participant ceases to be employed or terminates its employment within the Group before a vesting date, the already vested options may be exercised on the ordinary date of exercise in accordance with the below, but further vesting will not occur. However, if the participant's employment is terminated due to dismissal or due to personal reasons/breach of contract, vested options shall also lapse.

8. 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.

9. The options shall be allotted without consideration.

10. The holder can exercise allotted and vested options during 30 days from the day following after the announcement of the Company's quarterly reports, the first time after the announcement of the quarterly report for the second quarter of 2026 and the last time after the announcement of the quarterly report for the first quarter of 2030. 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 first time in September 2026 and the last time in June 2030.

11. 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.

12. The options shall be governed by a separate agreement with the participant. The Board of directors shall be responsible for the preparation and management of the CFO Option Program 2023 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 delivery of shares under the CFO Option Program 2023, 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 55,000 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 Company's wholly owned subsidiary Realfiction ApS (the "**Subsidiary**"). The reason for the deviation from the shareholders' preferential rights is that the warrants are issued as part of the implementation of the CFO Option Program 2023. 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

CFO is offered to participate in the CFO Option Program 2023.

2. Subscription shall be made no later than 15 July 2023.
3. Over subscription cannot occur.
4. The warrants shall be issued to the Subsidiary at a subscription price corresponding to the fair market value of the warrants calculated in accordance with the Black & Scholes formula as of 20 June 2023.
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 SEK 13. 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. The subscription of shares by virtue of the warrants may be made from registration with the Swedish Companies Registration Office up to and including 30 June 2030.
8. The shares issued upon utilization of a warrant shall confer right to dividends from the first record date for dividends that occurs following effectuation of the subscription to such extent that the share has been recorded as interim share in the Company's share ledger.
9. If all warrants are exercised for subscription of new shares, the share capital will increase with SEK 5,500.

Further, the Board of directors proposes that the Annual General Meeting resolves to approve that the Subsidiary may transfer warrants to the participant in the CFO Option Program 2023 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 Subsidiary's commitments and costs in relation to the CFO Option Program 2023.

Other information regarding the CFO Option Program 2023

The reasons for the implementation of the CFO Option Program 2023 and the deviation from the shareholders' preferential rights are to be able to create possibilities for the Company to retain a competent CFO through the offering of a long-term ownership engagement for the CFO. Such ownership engagement is expected to increase the CFO's long-term commitment to the Company's operations, strengthen the loyalty to the Company and be beneficial for the Company as well as its shareholders.

The CFO Option Program 2023 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 CFO Option Program 2023 will not trigger any social costs for the Company. Costs related to the CFO Option Program 2023 will be accounted for during the vesting period of 3 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 21.00, the value of each option has been calculated to SEK 12.00 and the total cost for the CFO Option Program 2023 is estimated to approximately SEK 660,248 before tax during the period 2023 - 2026. 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 21.00, an exercise price of SEK 13.00, a risk-free interest of 2.50 per cent, an expected dividend of SEK 0.00 and an assumed volatility of 35.48 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 19,762,847. In addition, there are five incentive programs for employees, consultants and board members outstanding in the Company in the form of three warrant programs and two option programs. Upon full exercise of all warrants issued in relation to the five outstanding incentive programs, in the aggregate 766,531 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 55,000 new shares will be issued, which corresponds to a dilution of approximately 0.28 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. The dilution would only have had a marginal impact on relevant key figures for the full year 2022.

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 821,531 new shares will be issued, which corresponds to a dilution of approximately 3.99 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 together with external consultants. 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.

SHAREHOLDERS' RIGHT TO REQUEST INFORMATION

The shareholders are reminded of their right, in accordance with Chapter 7 Section 32 of the Swedish Companies Act (2005:551), to request information from the Board of Directors and the CEO at the Meeting. Shareholders are welcome to send questions in advance to the Company's email address: investor@realfiction.com.

DOCUMENTS AND PROXY FORMS

The Company's Annual Report for the financial year 2022 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 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 31 May 2023. All documents will also be sent to the shareholders who so request and provide their postal address. Copies of the documents will also be available at the Annual General Meeting.

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 2023

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.

Attachments

[Notice of the Annual General Meeting in Realfiction Holding AB \(publ\)](#)