



XMReality AB (publ) carries out fully secured unit issue

XMReality AB (publ) carries out fully secured unit issue of about SEK 20 million and directed issue of about SEK 6 million and resolves upon a long-term bank loan of SEK 5 million

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The board of directors of XMReality AB (publ) ("XMReality" or the "Company") has today, subject to subsequent approval by an extraordinary general meeting, resolved to carry out a fully secured new issue of units, consisting of shares and warrants, with preferential rights for existing shareholders (the "Rights issue") amounting to about SEK 20.3 million initially and a directed issue of units (the "Directed issue") amounting to about SEK 5.9 million), before issue costs. The subscription price has been set at SEK 0.55 per unit. If all warrants are exercised, the Company can receive an additional maximum of approximately SEK 23.8 million. Furthermore, XMReality has resolved to take out a long-term bank loan of SEK 5.0 million, which further strengthens XMReality's liquidity and financial flexibility.

Summary

The Rights issue and the Directed issue, if fully subscribed, will initially bring XMReality around SEK 26.2 million before issue costs. In the event of full exercise of all warrants, XMReality can be added to a maximum of approximately SEK 23.8 million¹. The total issue proceeds, including both the Rights issue and the Directed issue and that all the attached warrants are exercised, amounts to approximately SEK 49.9 million¹, before issue costs, which are estimated to amount to approximately SEK 4 million.

For each share held on the record date, one (1) unit right is obtained. Ten (10) unit rights entitle the holder to subscribe for nine (9) units, at a subscription price of SEK 0.55 per unit. Each unit contains one (1) new share and one (1) free warrant of series TO1. The subscription period in the Rights Issue runs from and including December 7, 2022 to and including December 21, 2022.

In connection with the Rights Issue, the Company has received subscription commitments from a number of existing shareholders totaling approximately SEK 7.9 million, corresponding to approximately 39.1 percent of the Rights Issue. In addition, XMReality has entered into an agreement on underwriting guarantees in the form of a so-called bottom guarantee of

approximately SEK 8.3 million and a so-called top guarantee of SEK 4.0 million. Through the bottom guarantee, provided that subscription takes place to an amount at least equivalent to the subscription commitments, approximately 80 percent of the issue proceeds in the Rights issue is secured. Through the top guarantee, provided that subscription takes place to an amount at least equivalent to the subscription commitments and the bottom guarantee, 100 percent of the issue proceeds in the Rights Issue is secured.

The Directed issue of units of SEK 5.9 million is carried out at the same subscription price as the Rights issue, SEK 0.55 per unit, and is aimed at a limited number of external investors. Each unit contains one (1) new share and one (1) free warrant of series TO1. The Directed Issue is agreed to in advance through subscription commitments

Chairman of the Board, Björn Persson, comments:

"Through the issues, we can now intensify the work to move towards our communicated goals, to start generating positive cash flow by the end of 2024 at the latest, and to reach an ARR of SEK 75 million in 2025 with an associated EBITDA of 15 percent."

During the year, the company has significantly broadened the product, which culminated in a major launch this autumn. The new product increases the available market with new customers, but above all it increases the possibility of additional sales with our 125 existing customers. After building up the organization in the USA during the year, we now see a growing offer backlog and have strong hopes of being able to convert this into orders. The AR market is predicted to have a high growth rate and this technology will in the foreseeable future be widespread in a number of sectors around us."

CEO, Jörgen Remmelg, comments:

"With the secured financing, we can focus on carrying out the activities linked to our financial goals and taking advantage of the opportunities opened up with the launch of our new product. With the organization in Europe and the US in place, we are really ready to put the plan into action."

Background and motive in summary

XMReality develops and sells solutions that revolutionize knowledge transfer via so-called Augmented Reality (AR). The company is the market leader in Remote Guidance, where you can guide a person on the spot via AR to solve problems or prevent them from occurring. The product is used globally in more than 60 countries. Nestlé, Electrolux, Sidel, Heineken and Saab are some of the more than 125 customers.

During the current summer and autumn, the Company launched new major product functions that enable the scheduling of group calls with the possibility of up to 20 participants for the purpose of training and certifying personnel. Furthermore, product features were added that make the product tailored to carry out planned activities such as inspections, audits and repairs remotely via step-by-step instructions with associated automatic report generation.

The new product enables better conditions for increasing additional sales to the 125 existing customers. Furthermore, the new product is adapted for use within both existing and new customers' purchasing process, quality process and production process, which increases the available market significantly.

In October 2022, XMReality announced overall financial goals. The Company aims to achieve a positive cash flow at the end of 2024 and an ARR amounting to SEK 75 million with an EBITDA of 15 percent by the year 2025. With the expanded product, the Company sees great potential to grow with existing customers and facilitated sales via partners as the new product fits better with their business models. The Company senses a growing market globally and with a new organization in place in the USA, the company sees several new businesses and a growth potential that needs to be exploited.

XMReality intends to use the net proceeds from the Rights issue and the Directed issue for the following.

- Working capital
- Marketing and sales in the US and in Europe
- Product development
- Partnership

Terms and conditions for the Rights issue

The board has today resolved, subject to the subsequent approval of the extraordinary general meeting, on the new issue of a maximum of 36,828,000 units, consisting of a maximum of 36,828,000 shares and a maximum of 36,828,000 warrants of series TO1, with preferential rights for existing shareholders. The subscription price in the Rights Issue is SEK 0.55 per unit. Upon full subscription, the Company will initially receive approximately SEK 20.3 million through the issue of the shares.

Anyone who is entered in the share register maintained by Euroclear Sweden AB on the record date of December 5, 2022 has preferential rights to subscribe for new shares in the Rights Issue in relation to previous holdings. One (1) existing share entitles to one (1) unit right and ten (10) unit rights are required to subscribe for nine (9) units. Each unit contains one (1) new share and one (1) warrant of series TO1.

Subscription of units with or without preferential rights must take place during the period 7 – 21 December 2022. Unit rights that are not used during the subscription period become invalid and lose their value. Trading in unit rights must take place on the Nasdaq First North Growth Market during the period 7 – 16 December 2022.

Trading in paid subscribed units (BTU) will take place on the Nasdaq First North Growth Market from and including December 7, 2022 until the Rights Issue is registered with the Swedish Companies Registration Office.

In the event that all units have not been subscribed with the support of unit rights, the board must, within the framework of the rights issue's maximum amount, decide on the allocation of units subscribed without the support of unit rights. Allocation without preferential rights shall primarily be made to such subscribers who have also subscribed for units with the support of unit rights, regardless of whether the subscriber was a shareholder on the record date or not, and in the event that allocation to these cannot take place in full, allocation shall be made in relation to the number of unit rights that have been used for subscription of units and, to the extent that this cannot be done, by lottery. Secondly, allocation of units subscribed without the support of unit rights must be made to others who subscribed without the support of unit rights, and in the event that allocation to these cannot take place in full, allocation must be made in relation to the number of units each subscribed and, to the extent that this cannot happen, by drawing lots. Thirdly and lastly, units must be allocated to underwriters in accordance with the terms of each underwriter's underwriting commitment.

Two (2) warrants of series TO1 entitle, during the period 8 – 19 May 2023, to the subscription of one (1) new share in XMReality at an exercise price corresponding to 70 percent of the volume-weighted average price paid for XMReality's share on the Nasdaq First North Growth Market during a period of 10 trading days that precedes the redemption period, however minimum SEK 0.55 and maximum SEK 1.00 per share. This means that XMReality, upon full utilization of the warrants, may receive a maximum of approximately SEK 18,4¹ million before issue costs.

In case of large interest in the subscription of units without the support of unit rights, the board intends to decide on the issuance of a further maximum of 5,524,200 units via an over-

allotment option of 15 percent (the "Over-allotment Option").

Full terms and conditions for the Rights Issue as well as other information about the Company will appear in the EU growth prospectus, which is expected to be published around December 2, 2022.

Subscription commitments and underwriting agreements

In connection with the Rights Issue, the Company has received subscription commitments from a number of existing shareholders totaling approximately SEK 7.9 million, corresponding to approximately 39.1 percent of the Rights Issue. No compensation is paid for these subscription commitments. In addition, XMReality has entered into an agreement on underwriting guarantees in the form of a so-called bottom guarantee of approximately SEK 8.3 million and a so-called top guarantee of SEK 4.0 million.

Through the bottom guarantee, provided that subscription takes place to an amount at least equivalent to the subscription commitments, approximately 80 percent of the issue proceeds in the Rights issue is secured. Through the top guarantee, provided that subscription takes place to an amount at least equivalent to the subscription commitments and the bottom guarantee, 100 percent of the issue proceeds in the Rights Issue is secured. Issue guarantees have been agreed in writing. For the issue guarantors who entered into a so-called bottom guarantee, a compensation of twelve (12) percent of the guaranteed amount is paid, for the issue guarantors who entered into a so-called top guarantee, a compensation of fourteen (14) percent of the guaranteed amount is paid. The guarantees are not secured by bank guarantee, blocking funds, pledging or similar arrangements. More detailed information regarding the parties that have entered into subscription commitments and guarantee undertakings will be found in the prospectus which is planned to be published around December 2, 2022.

Preliminary time plan for the Rights Issue

December 1, 2022: Last trading day including the right to receive unit rights

December 2, 2022: First trading day excluding the right to receive unit rights

December 2, 2022: Publication of prospectus

December 5, 2022: Record date for participation in the Rights Issue

December 7 – 16, 2022: Trading in unit rights at Nasdaq First North Growth Market

December 7 – 21, 2022: Subscription period

December 23, 2022: Publication of the outcome of the Rights Issue

Terms and conditions for the Directed issue

The board has also resolved, subject to the subsequent approval of the extraordinary general meeting, to carry out the Directed issue to a limited number of external investors. The Directed issue concerns a maximum of 10,727,269 units, consisting of a maximum of 10,727,269 shares and a maximum of 10,727,269 warrants of series TO1. The Directed Issue provides the Company with an additional approximately SEK 5.9 million through the issue of the shares. If all warrants are exercised, the Company can receive additionally approximately SEK 5.4¹ million in May 2023. Subscription of units in the Directed issue must take place no later than December 21, 2022. Two (2) warrants of series TO1 entitle, during the period May 8 – 19, 2023, to subscription of one (1) new share in XMReality at an exercise price corresponding to 70 percent of the volume-weighted average price paid for XMReality's share on the Nasdaq First North Growth Market during a period of 10 trading days preceding the exercise period, but

at least SEK 0.55 and at most SEK 1.00 per share.

The purpose of the Directed issue is to secure the interest of new capital-strong and reputable long-term investors, which balances and strengthens the Company's ownership image, to further ensure the Company's capital needs and a stronger balance sheet in the current market situation, and that the Directed issue can be carried out at a lower cost. The participation of the investors in the Directed issue is deemed to increase the possibilities of successfully carrying out the Rights Issue. With the Directed issue as a complement to the Rights issue, the possibility to ensure the Company's entire current capital needs for the implementation of necessary activities to achieve its own positive cash flow are increased.

The subscription price in the Directed issue is the same as in the Rights issue, i.e. SEK 0.55 per unit, corresponding to a subscription price of SEK 0.55 per share. Terms and pricing have been determined in arm's length negotiations with the investors and on the terms the board of directors deems that the issues can be carried out in accordance with the prevailing market situation.

The Company's board of directors has carefully considered the possibilities of raising the required capital through only a rights issue and has probed among existing major owners. It is the board's overall assessment, based on the above, that it is justified, and to the advantage of the Company and its shareholders in both the short and long term, to carry out the Directed issue as a complement to the Rights issue, instead of a more extensive unsecured new issue with preferential rights for the shareholders.

The Directed issue is agreed in advance through subscription commitments.

Change in share capital, number of shares and dilution

Based on the outstanding number of shares as of today, the share capital in the Company increases through the Rights Issue by a maximum of SEK 1,841,400.00, from SEK 2,046,000.00 to SEK 3,887,400.00, through the issuance of a maximum of 36,828,000 shares. The number of shares thus increases from 40,920,000 to a maximum of 77,748,000 shares. For existing shareholders who do not participate in the Rights Issue, this implies a dilution effect of 47.37 percent in the case of full subscription.

Upon full participation in the Directed issue, the number of shares will increase by a further 10,727,269 to 88,475,269 shares and the share capital by SEK 536,363.45 to SEK 4,423,763.45. The two New Issues, including full participation in the Rights issue and full participation in the Directed issue, correspond to a total dilution effect of 53.75 percent without the Over-allotment option.

If the board decides on full utilization of the Overallotment Option, the number of shares in XMReality will increase by a further maximum of 5,524,200 and the share capital by a maximum of SEK 276,210.00.

In the event that all outstanding warrants in the Rights issue are fully exercised for the subscription of new shares in XMReality, the number of shares will increase by a further 18,414,000 to a total of 106,889,269 shares and the share capital will increase by 920,700.00 to a total of 5,344,463.45 SEK. In the event that all outstanding warrants in the Directed issue are fully exercised for the subscription of new shares in XMReality, the number of shares will increase by a further 5,363,634 to a total of 112,252,903 shares and the share capital will increase by 268,181.70 to a total of 5,612,645.15 SEK. In the event that all outstanding warrants in the Overallotment Option are fully exercised for the subscription of new shares in XMReality, the number of shares will increase by a further 2,762,100 and the share capital will increase by SEK 138,105.00. The dilution effect, in the event that the Directed issue, the Rights issue and attached warrants are fully subscribed, amounts to approximately 63.5 percent, without the Over-allotment option.

Extraordinary general meeting

The board's resolution on the Rights issue and the Directed issue are subject to approval at the extraordinary general meeting on December 1, 2022. The notice of the extraordinary general meeting will be published through a separate press release.

Loan of SEK 5 million

XMReality has resolved, in connection with the board's resolution on the Rights issue and the Directed issue, to take out a long-term bank loan of SEK 5.0 million, which further strengthens XMReality's liquidity and financial flexibility.

Note

¹ Based on highest strike price on warrants of SEK 1.00.

XMReality's Certified Adviser is Redeye AB

www.redeye.se

Advisers

XMReality has hired Erik Penser Bank AB and Ramberg Advokater KB as financial advisers as well as legal advisers in connection to the New Issues.

The information in this release is such that XMReality AB (publ) is required to make public in accordance with the Market Abuse Regulation issued by the EU. The information was released by the below mentioned contact person for publication on October 31 2022, 23:57 CET.

For more information, please contact:

Jörgen Rimmelg, CEO XMReality

Phone: +46 739 822 409

E-mail: jorgen.rimmelg@xmreality.se

About XMReality

XMReality AB (publ) develops and sells solutions that revolutionize knowledge transfer through so-called Augmented Reality (AR). The company is a market leader in remote guidance where you guide a person on site via AR to solve problems or prevent them from occurring. The product is used globally in more than 60 countries. Nestlé, Electrolux, Sidel, Heineken and Saab are examples of the more than 125 customers. XMReality is based in Linköping and in the U.S. and is listed on the Nasdaq First North Growth Market (ticker: XMR). For more information, visit: www.xmreality.com

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This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction. A prospectus will be published on the Company's website after the approval of the Swedish Financial Supervisory Authority (sw. Finansinspektionen). XMReality has not authorized any offer to the public of shares or rights in any other jurisdiction than in Sweden.

An offer to the investors to subscribe for units in XMReality will only be made through the Prospectus, which will be disclosed by the Company around December 2, 2022 on XMReality's website, www.xmreality.com. Any investment decision should, in order for an investor to fully understand the potential risks and benefits associated with the decision to participate in the Rights Issue, be made solely based on the information in the Prospectus. An investor is therefore advised to read the entire Prospectus. This press release constitutes advertising in accordance with article 2 k) of the Prospectus Regulation.

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This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release or any obligation to update or revise the statements in this press release to reflect subsequent events. Undue reliance should not be placed on the forward-looking statements in this press release. The information, opinions and forward-looking statements contained in this press release speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Stockholm rule book for issuers.