



XMReality has resolved on a directed share issue of approximately SEK 5.95 million at a subscription price of SEK 0.43

The Board of Directors of XMReality AB (publ) (“XMReality” or the “Company”) has, with authorization from the annual general meeting held on May 4, 2023, resolved on a directed share issue of 13 834 884 shares at a subscription price of SEK 0.43 per share to Investment AB Spiltan, Rotakorn Electronics Holding AB, Rambas AB and certain other existing well-capitalized and reputable shareholders (the “Directed Share Issue”). Through the Directed Share Issue, XMReality will be provided with approximately SEK 5.95 million before transaction costs.

The Directed Share Issue comprises 13 834 884 new shares issued at a subscription price of SEK 0.43 per share, which means that XMReality will raise approximately SEK 5.95 million before deduction of transaction costs. The proceeds will be used primarily to finance the Company’s expansion of sales in the US and Europe as well as continued operations.

The subscription price in the Directed Share Issue has been determined after negotiations on arms’ length basis with the investors. It corresponds to the volume-weighted average price (“**VWAP**”) of the Company’s share on Nasdaq First North Growth Market (“**First North**”) during the last 10 trading days preceding the Board of Directors’ resolution on the Directed Share Issue. Thus, the subscription price does not entail a discount compared to the quoted value of the Company’s share measured in this manner. The assessment of the Board of Directors is that the 10-day VWAP is a more accurate way of measuring the share’s quoted value than a closing price at a certain trading day or the average price during only one trading day. In the opinion of both the Board of Directors and the Company’s financial adviser, there is no reason to believe that the quoted value of the Company’s shares measured through a 10-day VWAP would not reflect the market value of the shares.

Investors participating in the Directed Share Issue, who together have committed to subscribe for all shares in the Directed Share Issue, are Investment AB Spiltan, Rotakorn Electronics Holding AB, Rambas AB and certain other existing well-capitalized and reputable shareholders with pronounced long-term interests in the Company.

After investigating the conditions and carefully considering the possibility of carrying out a rights issue to raise the required capital, the board has decided to carry out the Directed Share Issue. When choosing the type of issue, the board has considered, and assessed it as positive, being able to secure the interest of existing capital-strong and reputable shareholders through the Directed Share Issue. None of these investors have demanded a discount which regularly occurs in this type of transaction.

The reason for deviating from the shareholders’ preferential rights is that less than a year ago the Company carried out a preferential rights issue of so-called units, which required a substantial discount of the subscription price as well as costly guarantor fee to guarantors. The Board of Directors assesses that the current financial market situation are in any case not better and therefore, the Company are unable to carry out a capital raise to strengthen the

Company's financial position in another form on more favourable terms for the Company and its shareholders.

Another consideration is that the size of the transaction is so limited that the costs of a preferential rights issue would be disproportionately high in relation to the acquired capital. The decision to conduct a directed share issue will result in a larger proportion of the proceeds benefiting the Company.

In addition, a preferential rights issue would entail a significantly longer completion period, which negatively affects the Company's financial position and ability to act, which would entail a higher level of risk in the current, volatile, capital market.

The Board of Director's overall assessment is thus that the reasons for conducting the Directed Share Issue in this manner outweighs the reasons that justify the main rule of issuing shares with preferential rights for existing shareholders. The Board of Director's conclusion is that an issue with deviation from the shareholders' preferential rights is thus in the interest of the Company and all shareholders. Furthermore, the Board of Directors assess that the subscription price is well within the framework of what is considered market-based in the current market.

Dilution

Through the Directed Share Issue, the Company's share capital will increase by SEK 691 744.20, from SEK 4 557 652.35 to SEK 5 249 396.55, through the issuance of 13 834 884 shares, which means that the total number of shares will increase from 91 153 047 to 104 987 931 shares. The Directed Share Issue will result in a dilution of approximately 13.2 percent for existing shareholders based on the total number of shares and votes in the Company after the Directed Share Issue.

Advisor

XMReality has engaged Erik Penser Bank AB as advisor and issuing agent and Ramberg Advokater KB as legal advisor in connection with the Directed New Issue.

XMReality's Certified Adviser is Redeye AB
www.redeye.se

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This information is information that XMReality is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 CET, on November 14, 2023.

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This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision to acquire or subscribe for shares in connection with the Directed Share Issue must be made on the basis of all publicly available information relating to the Company and the Company's shares. The information in this press release is only disclosed as background information and does not claim to be complete. Accordingly, an investor should not rely solely on the information in this press release or its accuracy or completeness.

This press release does not constitute a recommendation for any investors' decisions regarding the Directed Share Issue. Each investor or potential investor should conduct a self-examination, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

This press release has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group 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 and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake 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 the rules of Nasdaq First North Growth Market.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in the Company have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Share Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.

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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 135 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