

Press release
1 June 2021



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 Wednesday, 30 June 2021. In light of the coronavirus, the Annual General Meeting is conducted through advance voting pursuant to temporary regulations. Therefore, it will not be possible to attend this year's Meeting in person or by proxy.

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 Monday, 21 June 2021.

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 Monday, 21 June 2021. Voting rights registrations that have been made by the nominee no later than Wednesday, 23 June 2021 will be taken into account in the presentation of the share register.

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 (2020:198) 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 Tuesday, 29 June 2021. 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 implementation of a warrant program for the CFO by way of (A) directed issue of warrants; and (B) approval of transfer of warrants
12. Resolution on implementation of a warrant program for a consultant and proposed board member by way of (A) directed issue of warrants; and (B) approval of transfer of warrants
13. Resolution on (A) option program for members of the board of directors in subsidiary; and (B) directed issue of warrants and approval of transfer of warrants
14. 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 2020, and that the result for the year be carried forward.

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

Shareholders representing 16.47 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 16.47 per cent of the votes in the Company propose the re-election of Board members Michael Kjær, Søren Jørgensen, Clas Dyrholm and Peter Simonsen and the election of Sune Alstrup and Lars Bentsen Møller.

Sune Alstrup, born 1974, is Master of Science in IT, Usability, User Experience and User Centered Design. He co-founded and led The Eye Tribe that developed the world's leading eye-tracking technology for computing platforms of Virtual Reality and Augmented Reality. The Eye Tribe was acquired by Facebook in December 2016 with the aim of integrating eye tracking technology into future Oculus VR/AR products. After finalizing the post merger integration with Facebook, he has been active in the start-up community as investor and advisor.

Lars Bentsen Møller, born 1968, is the CFO (Private DK - Finance and Projects) at Tryg A/S and previously held positions at Tryg as Director of business support (investment, reinsurance, business controlling) and as Director of Investor Relations. He holds a Graduate Diploma in Business Administration (Financial and Management Accounting) from Copenhagen Business School.

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 Bengt Ekenberg will remain 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 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 IMPLEMENTATION OF A WARRANT PROGRAM FOR THE CFO BY WAY OF (A) DIRECTED ISSUE OF WARRANTS; AND (B) APPROVAL OF TRANSFER OF WARRANTS

The board of directors proposes that the annual general meeting resolves to implement a warrant program for the CFO based on issue and transfer of warrants ("CFO Warrant Program 2021").

To implement the CFO Warrant Program 2021, the board of directors proposes that the annual general meeting resolves on (A) directed issue of warrants; and (B) approval of transfer of warrants, on the following terms and conditions:

A. Directed issue of warrants

1. A maximum of 116,331 warrants shall be issued.
2. With deviation from the shareholders' preferential rights, the right to subscribe for the warrants shall only vest in the company's wholly owned subsidiary Realfiction ApS (the "**Subsidiary**"). The reason for the deviation from the shareholders' preferential rights is that the warrants shall be used within CFO Warrant Program 2021.
3. Subscription of the warrants shall be made on a separate subscription list no later than 15 July 2021.
4. Over-subscription cannot occur.
5. The warrants shall be issued to the 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.
6. Payment for the warrants from the Subsidiary shall be made against cash consideration no later than one week from the time of subscription.
7. Each warrant entitles to subscription of one share in the company at a subscription price of SEK 16.78 per share where the amount that exceeds 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.
8. The shares issued upon exercise of a warrant shall confer right to dividends as from the first time on the record date for dividends that occurs immediately following effectuation of subscription.
9. 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.
10. In case all warrants are exercised for subscription of new shares, the share capital will increase with SEK 11,633.10.
11. 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.

B. Approval of transfer of warrants

1. The Subsidiary shall have the right and obligation to transfer all issued warrants to the CFO.
2. The transfer shall be made without consideration.
3. The transfer shall take place no later than 15 July 2021.
4. The warrants shall not be subject to any "vesting schedule" and as noted above, the warrants will be exercisable closely after the issuance. 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 CFO has already been active in the Subsidiary for almost three years since August 2018 without being included in a formalized incentive program. The incentive program has however not been implemented until now. When determining the terms for the program, the board of directors has further considered that the program is targeting a Danish employee and has hence designed the program to comply with Danish market practice.

Other information regarding the CFO Warrant Program 2021

The reasons for the implementation of the CFO Warrant Program 2021 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 CFOs 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 Warrant Program 2021 will be accounted for in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Advice BFAR 2012:1 (K3) that stipulates that the warrants shall be expensed as costs over the vesting period and will be accounted for directly against equity. Costs from warrants accounted for in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Advice BFAR 2012:1 (K3) do not affect the company's cash flow. The board of directors has made the assessment that the CFO Warrant Program 2021 will not trigger any social costs for the company. All costs related to the CFO Warrant Program 2021 will be accounted for during 2021. The board of directors has calculated a theoretical value of the warrants using the Black & Scholes formula. Assuming a share price at the time of allocation of the warrants of SEK 20, the value of each warrant has been calculated to SEK 9.67 and the total cost for the CFO Warrant Program 2021 in 2021 is estimated to approximately SEK 1,125,000 before tax. It shall be noted that the calculations are based on preliminary assumptions (a share price at the time of the allocation of the warrants of SEK 20, a risk-free interest of 0 per cent, an expected dividend of SEK 0 and an assumed volatility of 45 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 18,241,442. In addition, there are in the aggregate 1,527,789 outstanding warrants series TO1 that were issued in relation to the unit issue in the end of 2020 and upon full exercise of these warrants, in the aggregate 1,527,789 new shares will be issued resulting in a new total number of shares of 19,769,231.

Currently, there is also one incentive program outstanding in the company in the form of a warrant program resolved at the extraordinary general meeting on 3 May 2017. In this program, 538,100 warrants are still outstanding. In addition, it is also proposed that the annual general meeting resolves to implement two additional incentive programs based on warrants to a consultant and proposed board member and to board members in a subsidiary in relation to which in the aggregate 79,600 additional warrants are proposed to be issued. Upon full exercise of all warrants issued in relation to the outstanding and the three proposed additional incentive programs, in the aggregate 734,031 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 116,331 new shares will be issued, which corresponds to a dilution of approximately 0.57 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, all warrants series TO1 and all warrants issued in relation to existing and additionally proposed incentive programs. The dilution would only have had a marginal impact on relevant key figures for the full year 2020.

In case all warrants outstanding in relation to outstanding incentive programs as well as the warrants proposed to be issued upon resolution by this annual general meeting are exercised for subscription of shares, a total of 734,031 new shares will be issued, which corresponds to a dilution of approximately 3.58 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, all warrants series TO1 and all warrants issued in relation to existing and additionally proposed incentive programs.

The above calculations regarding dilution and impact on key ratios are subject to re-calculation 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 with assistance from external advisors.

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.

ITEM 12 - RESOLUTION ON IMPLEMENTATION OF A WARRANT PROGRAM FOR A CONSULTANT AND PROPOSED BOARD MEMBER BY WAY OF (A) DIRECTED ISSUE OF WARRANTS; AND (B) APPROVAL OF TRANSFER OF WARRANTS

The shareholder Paltoft Holding ApS (the “**Proposer**”) proposes that the annual general meeting resolves to implement a warrant program for Sune Alstrup based on issue and transfer of warrants (“**Consultancy Services Warrant Program 2021**”).

Sune Alstrup, that is proposed to be elected as board member in the company at the annual general meeting, has since February 2021 provided consultancy services to the company’s wholly owned subsidiary Realfiction Lab ApS (the “**Lab Subsidiary**”) related to the strategic positioning of the Lab Subsidiary in its commercial discussions with technology companies and will continue to provide such services until 29 June 2021. The agreed remuneration for the consultancy services is a number of warrants in the company to be determined on the basis of a fee of DKK 2,000 per hour (excluding VAT). Sune Alstrup has agreed to receive such remuneration in the form of 13,600 warrants as opposed to cash remuneration.

To implement the Consultancy Services Warrant Program 2021, the Proposer proposes that the annual general meeting resolves on (A) directed issue of warrants; and (B) approval of transfer of warrants, on the following terms and conditions:

A. Directed issue of warrants

1. A maximum of 13,600 warrants shall be issued.
2. With deviation from the shareholders’ preferential rights, the right to subscribe for the warrants shall only vest in the Lab Subsidiary. The reason for the deviation from the shareholders’ preferential rights is that the warrants shall be used within Consultancy Services Warrant Program 2021.
3. Subscription of the warrants shall be made on a separate subscription list no later than 15 July 2021.
4. Over-subscription cannot occur.
5. 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.
6. Payment for the warrants from the Lab Subsidiary shall be made against cash consideration no later than one week from the time of subscription.
7. Each warrant entitles to subscription of one share in the company at a subscription price of SEK 1 per share where the amount that exceeds 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.
8. The shares issued upon exercise of a warrant shall confer right to dividends as from the first time on the record date for dividends that occurs immediately following effectuation of subscription.
9. Subscription of shares by virtue of the warrants may be made from 1 June 2022 up to and including 31 December 2024.

10. In case all warrants are exercised for subscription of new shares, the share capital will increase with SEK 1,360.
 11. 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.
- B. Approval of transfer of warrants**
1. The Lab Subsidiary shall have the right to transfer all issued warrants to Sune Alstrup.
 2. The transfer shall be made without consideration.
 3. The transfer shall take place no later than 15 July 2021.
 4. The Lab Subsidiary shall enter into an agreement with Sune Alstrup pursuant to which Sune Alstrup shall undertake not to transfer any warrants prior to 1 June 2022. The warrants shall however not be subject to any "vesting schedule" and as noted above, the warrants will be exercisable approximately one year after the issuance. 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 issue and transfer is made as consultancy remuneration as opposed to being made solely in relation to a customary incentive program. When proposing the terms, the Proposer has also considered the fact that Sune Alstrup is active in Denmark and that market practice for incentive programs in Denmark differs from market practice in Sweden.

Other information regarding the Consultancy Services Warrant Program 2021

The reasons for the implementation of the Consultancy Services Warrant Program 2021 and the deviation from the shareholders' preferential rights is to support the liquidity situation in the Lab Subsidiary and to be able to create possibilities for the Lab Subsidiary to hire a competent consultant through the offering of a long-term ownership engagement for the consultant. Furthermore, the Proposer believes the warrants also serve the purpose to stimulate Sune Alstrup in his future capacity as board member to perform his utmost in order to maximize long-term value creation for all shareholders. Such ownership engagement is expected to increase the long-term commitment of the consultant and board member to the company's operations, strengthen the loyalty to the company and be beneficial for the company as well as its shareholders.

The Consultancy Services Warrant Program 2021 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 warrants shall be expensed as costs over the vesting period and will be accounted for directly against equity. Costs from warrants 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 Proposer has made the assessment that the Consultancy Services Warrant Program 2021 will not trigger any social costs for the company. All costs related to the Consultancy Services Warrant Program 2021 will be accounted for during 2021. The Proposer has calculated a theoretical value of the warrants using the Black & Scholes formula. Assuming a share price at the time of allocation of the warrants of SEK 20, the value of each warrant has been calculated to SEK 19 and the total cost for the Consultancy Services Warrant Program 2021 in 2021 is estimated to approximately SEK 258,000 before tax. It shall be noted that the calculations are based on preliminary assumptions (a share price at the time of the allocation of the warrants of SEK 20, a risk-free interest of 0 per cent, an expected dividend of SEK 0 and an assumed volatility of 45 per cent) and are only intended to provide an illustration of the outcome.

On this basis, the Proposer considers that 13,600 warrants represent the fair market value of the consultancy services provided.

Information on existing incentive programs and total dilution effects are presented above in the proposal under item 11.

In case all warrants issued in connection with this proposal are exercised for subscription of new shares, a total of 13,600 new shares will be issued, which corresponds to a dilution of approximately 0.07 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, all warrants series TO1 and all warrants issued in relation to existing and additionally proposed incentive programs. The dilution would only have had a marginal impact on relevant key figures for the full year 2020.

This proposal has been prepared by the Proposer.

The proposals in accordance with Sections A-B above shall be resolved upon as one resolution by the annual general meeting. In view of that Sune Alstrup is proposed to be elected as board member in the company at the 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.

ITEM 13 - RESOLUTION ON (A) OPTION PROGRAM FOR MEMBERS OF THE BOARD OF DIRECTORS IN SUBSIDIARY; AND (B) DIRECTED ISSUE OF WARRANTS AND APPROVAL OF TRANSFER OF WARRANTS

The Proposer proposes that the annual general meeting resolves to adopt an option program for members of the board of directors in the Lab Subsidiary, excluding the non-founding members, i.e. Clas Dyrholm and Peter Simonsen (the "**Subsidiary Board Option Program 2021**"). The board of directors in the Lab Subsidiary will be identical to the board of directors in the company and hence assuming the annual general meeting elects the board members proposed in the notice, the persons to be included in Subsidiary Board Option Program 2021 are Michael Kjær, Lars Bentsen Møller, Søren Jørgensen and Sune Alstrup.

The Proposer notes that the work that the board members performs in the company is remunerated through the cash board remuneration resolved by the annual general meeting. In addition to the work in the company, the board members however also conducts significant additional work in the Lab Subsidiary in connection with setting and executing the strategy of the development and commercial licensing of the Lab Subsidiary's ECHO Holographic display technology. The Proposer considers that a share based incentive program is a central part of an attractive and competitive remuneration package in order to attract, retain and motivate experienced members of the board of directors and to incentivize the members of the board of directors to perform their outmost on delivering maximal value growth for all shareholders. The Proposer hence considers that the proposed Subsidiary Board Option Program 2021 will increase and strengthen the board of directors' dedication to the company's business, improve the loyalty towards the company and be beneficial for the company as well as its shareholders. The details of the Subsidiary Board Option Program 2021 are set out under Section A below.

To implement the Subsidiary Board Option Program 2021, the Proposer proposes that the annual general meeting resolves (A) option program for members of the board of directors in Lab Subsidiary; and (B) directed issue of warrants and approval of transfer of warrants.

A. Proposal on option program for members of the board of directors in subsidiary

The Proposer proposes that the annual general meeting resolves to adopt the Subsidiary Board Option Program 2021 in accordance with the following substantial guidelines:

1. The Subsidiary Board Option Program 2021 shall comprise a maximum of 66,000 options.

2. Each option entitle the holders a right to acquire one new share in the company against cash consideration at a subscription price amounting to 100 per cent of the volume weighted average share price of the company's share on Nasdaq First North Growth Market during the ten trading days immediately prior to the annual general meeting on 30 June 2021. The thus calculated subscription price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards. The subscription price and the number of shares that each option entitles right to may be subject to re-calculation in the event of a bonus issue, split, rights issue etc., wherein the recalculation terms in the complete terms and conditions of the warrants shall be applied.
3. Each participant in the Subsidiary Board Option Program 2021 shall be allotted 16,500 options.
4. Allotment shall take place no later than 15 July 2021.
5. The allotted options will vest with 1/36 each month after the allotment date.

If the number of allotted options is not evenly divisible with 1/36, the number of vested options shall be rounded downwards and any excess options shall be considered vested on the last vesting date. Vesting is conditional upon that the participant still holds the position as member of the board of directors in the Lab Subsidiary each date when vesting occurs.
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 holders 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 options will vest in their entirety and be exercisable in connection with the relevant transaction.
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 Subsidiary Board Option Program 2021 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 Subsidiary Board Option Program 2021, the Proposer proposes that the annual general meeting resolves on a directed issue of warrants and approval of transfer of warrants. The Proposer thus proposes that the annual general meeting resolves on a directed issue of a maximum of 66,000 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 the Subsidiary Board Option Program 2021. In the light of what has been stated above, the Proposer considers that it is for the benefit of the company and its shareholders that the existing members of the board of directors in the Lab Subsidiary are offered to participate in the Subsidiary Board Option Program 2021.

2. Subscription shall be made no later than 15 July 2021.
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 amounting to 100 per cent of the volume weighted average share price of the company's share on Nasdaq First North Growth Market during the ten trading days immediately prior to the annual general meeting on 30 June 2021. The thus calculated subscription price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards. 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 shares issued upon exercise of a warrant shall confer right to dividends as from the first time on the record date for dividends that occurs immediately following effectuation of subscription.
8. 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.
9. If all warrants are exercised for subscription of new shares, the share capital will increase with SEK 6,600.
10. 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 Proposer proposes that the annual general meeting resolves to approve that the Lab Subsidiary may transfer warrants to the participants in the Subsidiary Board Option Program 2021 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 Subsidiary Board Option Program 2021.

Other information regarding the Subsidiary Board Option Program 2021

The Subsidiary Board Option Program 2021 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 Proposer has made the assessment that the Subsidiary Board Option Program 2021 will not trigger any social costs for the company. Costs related to the Subsidiary Board Option Program 2021 will be accounted for during 2021-2024. The Proposer 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 20, the value of each option has been calculated to SEK 8.68 and the total cost for the Subsidiary Board Option Program 2021 is estimated to approximately SEK 573,000 before tax during the period 2021-2024. 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 20, an exercise price of SEK 20, a risk-free interest of 0 per cent, an expected dividend of SEK 0 and an assumed volatility of 45 per cent) and are only intended to provide an illustration of the outcome.

Information on existing incentive programs and total dilution effects are presented above in the proposal under item 11.

In case all warrants issued in connection with this proposal are exercised for subscription of new shares, a total of 66,000 new shares will be issued, which corresponds to a dilution of approximately 0.32 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, all warrants series TO1 and all warrants issued in relation to existing and additionally proposed incentive programs. The dilution would only have had a marginal impact on relevant key figures for the full year 2020.

This proposal has been prepared by the Proposer.

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 mail to Realfiction Holding AB (publ), c/o Mazars AB, Terminalgatan 1, 252 78 Helsingborg, Sweden no later than 20 June 2021. The information is provided by being made available at the company and the company's website, no later than 25 June 2021. 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 2020 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 proposal 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 9 June 2021. 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 18,241,442. 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, June 2021

The Board of Realfiction Holding AB (publ)

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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.