

# ANNUAL REPORT 2021

EXTRACT OF THE OFFICIAL FINANCIAL  
STATEMENTS IN SWEDISH

Realfiction Holding AB  
559110-4616



REALFICTION™

# TABLE OF CONTENTS

|   |    |
|---|----|
| Summary of the year                             | 3  |
| CEO comments                                    | 4  |
| Selected events in 2021                         | 7  |
| Innovation                                      | 8  |
| Realfiction's business and concept              | 9  |
| Display Portfolio                               | 10 |
| Market overview and ECHO business opportunities | 11 |
| Competing technologies and companies            | 12 |
| Company development and future                  | 13 |
| Financial review                                | 14 |
| Financial statements                            | 18 |

# SUMMARY OF THE YEAR

Total revenue amounted to 12.6 MSEK (2020: 9.5 MSEK)

Result after financial items amounted to -4.6 MSEK (2020: -9.7 MSEK)

Gross profit totaled 6.8 MSEK (2020: 5.0 MSEK)

Gross profit margin was 54.5 % (2020: 52.5 %)

Earnings per share was -0.05 SEK (2020: -0.52 SEK)

The solvency ratio was 87.2 % at the end of the year (2020: 84.0 %)

Cash flow from operating activities amounted to 0 MSEK (2020: -3.2 MSEK)

Equity was 71.5 MSEK (2020: 54.9 MSEK)



Picture on front page: Visualization of an ECHO television being used for explaining and teaching Space Exploration. Video can be seen [here](#).

Picture above: Shimano making excellent use of Dreamoc HD3 displays at the Eurobike exhibition, Germany - September 2021. [Link](#) to Case Study.



## CEO COMMENTS

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In 2021, we achieved significant progress towards creating an integration license package for ECHO together with our partners Fraunhofer FEP and Interuniversity Microelectronics Centre (imec). This crucial milestone was then reached after the end of the year, in April 2022.

### **Strong hardware and software progress for our ECHO 3D display technology**

In 2021, we achieved significant progress towards creating an integration license package for ECHO together with our partners Fraunhofer FEP and Interuniversity Microelectronics Centre (imec). This crucial milestone was then reached after the end of the year, in April 2022. We now also have a clear path for the further development and manufacturing of specific ECHO LCD display products together with the large LCD display manufacturer and major Realfiction shareholder AmTRAN, as presented in January 2022. This means that we are firmly on track towards our goal to have the first ECHO product on the market in 2023.

Looking specifically at the hardware development side, the year started on a strong note with positive results from our ECHO backplane feasibility study presented in January. The study was conducted with important contribution from Aalborg University, Denmark, and other collaboration partners. The simplified ECHO fabrication approach pre-validated in this study aims for easier integration, a slimmer form factor and even lower manufacturing costs for both the LCD and OLED version of the ECHO 3D holographic display. Building on this important achievement, we were able to progress to the completion of the remaining parts needed to finalize the integration license package for ECHO, and this phase was a key focus for Realfiction throughout the rest of the year. To successfully complete this phase, we continued to strengthen the ECHO

development team by adding two experts in Taiwan, with a combined 21 years of display experience from large successful electronics companies like Foxconn, Innolux and others. Their experience relates to OEM tasks for mobile phones, tablets and TV displays, including display technologies with large and smaller pixels.

On the software side, we presented our HoloWize solution for easy conversion of 3D films into holographic films. This exciting invention, with a patent application filed in April 2021, has the potential to become an industry standard and thus facilitate a flow of exciting holographic content to ECHO displays from day one.

We are also grateful for the Innobooster grant of up to 5 MDKK (6.8 MSEK) in future cash payments, which was presented in October. This grant will co-fund our development of an OLED TFT display panel together with collaboration partners, as well as associated holographic conversion and playback software, all of which are part of our ECHO technology.

### **MaaS for Exhibitions and Experience (Hardware): Positive trend due to more in-person events**

With the gradual reduction of pandemic-related restrictions in Asia, Europe and the US, we saw an increasing number of requests and orders for our holographic displays during especially the second half of the year. The third quarter was the strongest due to a few major hardware orders from end-customers and partners. Our total revenue for 2021 was significantly higher compared to 2020 because of this trend, and we hope this continues to be the case in 2022, as in-person events are expected to become more common.

### **MaaS for Retail: Mainly servicing existing contracts**

Due to the pandemic-related uncertainty in the market, this segment was not a key focus for us in 2021 even though we still see strong potential in the concept. We had a meeting with our German partner EDEKA in September, and while still being positive to the concept, they are currently refraining from pursuing an expansion due to shifted internal priorities. We will not invest further in expanding this market model going forward as our primary focus is on succeeding with ECHO, but we will evaluate MaaS for Retail opportunities when they arise and continue to service existing agreements.

### **Excellent outlook for Realfiction as ECHO approaches the market**

Even though 2021 became another year with a lot of international turmoil, with the effects of the horrible situation in Ukraine preventing a full normalization after the pandemic, we continue to receive strong support from our shareholders. This was evident in November, as our TO1 warrants were subscribed to around 96 percent, which added almost 17 MSEK to our financial position. As I write these lines, we are well into 2022 and thus rapidly approaching the expected launch of the first ECHO display product in 2023. With the integration license package completed, we are now in a position to reveal more about the ECHO technology to potential commercial partners, and I feel really optimistic about our chances to attract more such partners in addition to the one we already have in AmTRAN for specific LCD versions of ECHO.



**Clas Dyrholm**  
CEO, Realfiction Holding AB



Picture above: Visualization of a large format ECHO display.

# SELECTED EVENTS IN 2021

## January



Realfiction announces positive results from the ECHO backplane feasibility study, paving the way for an even slimmer form factor and a lower price point.

## July



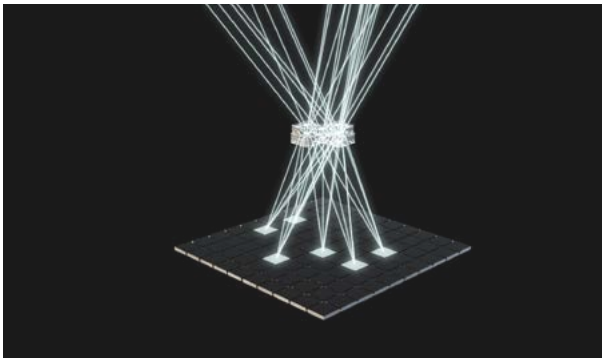
The company presents ECHO development progress, including the invention of HoloWize, a software solution for conversion of 3D films into holographic films.

## October



Realfiction is awarded a 5 MDKK grant from Innovation Fund Denmark for the continued hardware and software development of its ECHO technology.

## October



The company announces that it is working to complete its integration license package for ECHO, with a dual path including OLED and LCD versions, together with Fraunhofer FEP and imec.

## January 2022



Realfiction forms a strategic alliance with the large LCD manufacturer and major Realfiction shareholder AmTRAN for specific LCD display versions of ECHO.

## April 2022



The company announces the successful completion of its integration license package for ECHO, and that a complete LCD ECHO display is expected to be completed in H1 2023.



## INNOVATION

Since the beginning of our journey more than a decade ago, our vision has always been about creating experiences that bring people together. At the heart of this vision sits our innovation team, a group of dedicated, like-minded individuals all sharing the belief that our technology should be about enabling magical moments that can be collectively experienced and shared with others. Positioned in the so-called Mixed Reality field, Realfiction is on the verge of taking the next step beyond the current approach of head-mounted wearables, that we believe is just the first, primitive stage.

### ECHO – TRANSFORMING SCIENCE FICTION INTO REALITY

We have intensified our investment in innovation – and we now believe that we have found the technology that will allow us to invent the holy grail of 3D experiences; free-floating holograms that require no glasses, devices or other lenses between the human eye and the effect, and where 3D objects can be viewed and interacted with from different angles. This display has for many years existed purely as an item of science fiction, deemed improbable to ever surface in our present lifetime. However, with our patent pending directional pixel technology, referred to as ECHO, Realfiction is finally on the path to materialize this dream and bring it to market. ECHO is currently the main focus of our development department, with potential to provide significant licensing and joint cooperation opportunities in the future.

Picture above: An artist's impression of an ECHO television being used for gaming.

[Video can be found here.](#)



# REALFICTION'S BUSINESS AND CONCEPT

## LEADING MIXED REALITY PRODUCTS AND SERVICES

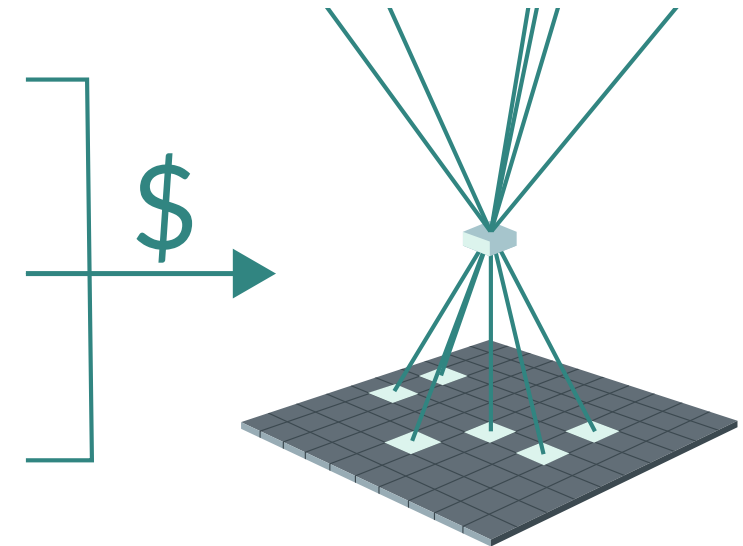
Realfiction develops, sells and rents out market leading Mixed Reality (MR) products and services based on innovative, as well as patent and design protected, hardware platforms that have been developed over more than a decade. The Company's MR displays are especially well-suited for social environments as they do not require special glasses or other accessories.

Realfiction's MR solutions can create interest for a brand or a specific product in a very visual and engaging way. Based on this attention, concrete value can be delivered, for example in the form of increased sales of a product and/or the conversion of visitors into members of bonus or loyalty programs.

### Sales Activities



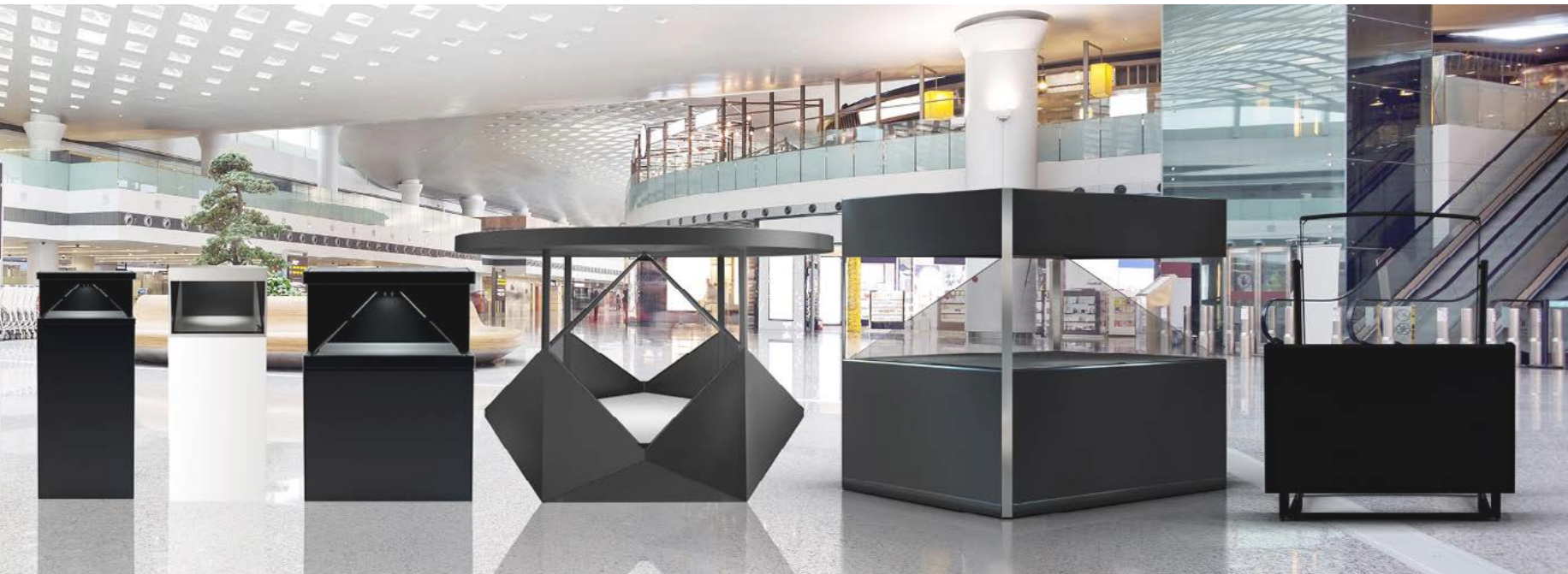
### ECHO



## ECHO - A GROUNDBREAKING HOLOGRAPHIC 3D TECHNOLOGY

Realfiction is developing ECHO, a groundbreaking patent pending technology that enables a new generation of 3D experiences through free-floating holograms that do not require glasses or any other type of lenses between the eye and the effect.

*Revenue from the Magic-as-a-Service (MaaS) activities has been negatively affected by COVID-19. However, there are now signs of a gradual normalization and increased optimism in Realfiction's markets, and the company expects that this will have a positive effect on the demand for MaaS as well as its hardware and other services. As shown in the illustration above, the profit from these activities can contribute positively to a partial financing of Realfiction's exciting ECHO development.*



## DISPLAY PORTFOLIO

### DREAMOC – WORLD CLASS HOLOGRAPHIC EFFECTS

Dreamoc is a series of MR displays with a diamond shaped glass chamber where pictures and 3D animations appear to be floating together with real products. The content can be seen either from the front or from several directions simultaneously. **Dreamoc HD3** is the smallest and most flexible model for single products that can be experienced from several directions simultaneously. **Dreamoc POP3** can only be experienced from the front and is especially well suited for displays on shelves and for displaying several objects together. **Dreamoc XL5** and **Dreamoc XXL3** are, as their names suggest, larger models that make it possible to create attention for really large objects, for instance at airports or in shopping malls. **Dreamoc Diamond** is one of Realfiction's biggest Dreamoc displays, and the most elegant. A Dreamoc Diamond creates an extraordinary experience that fits brilliantly into exclusive boutiques.

Picture above: Realfiction's display portfolio

### DEEPFRAME – THE WORLD'S LARGEST MIXED REALITY DISPLAY

DeepFrame is the world's largest MR display and can create unbelievable real time experiences where holographic images and animations are projected over existing surfaces and objects. It was awarded the "CES 2018 Innovation Awards Honoree" title at CES, the world's largest consumer electronics show.

**DeepFrame One** is a plug and play model in the DeepFrame series that makes it possible to create unforgettable experiences for shopping malls and showrooms, amusement parks, museums, conferences, events and car showrooms. Other possible use cases include visualization in education and research as well as in architecture, manufacturing and construction.

# MARKET OVERVIEW AND ECHO BUSINESS OPPORTUNITIES

**Whether referred to as MR, AR, VR, Metaverse, 3D or holograms, the awareness and demand for related products and services is growing rapidly. Some say that it is the fourth wave of computing following the PC, internet and mobile.**

This growing interest and demand is expected to continue during the following years as more usable solutions are launched on the market. Currently the market is limited by the need for head-mounted displays, which in many cases, especially in multiuser scenarios, presents a barrier as usability and comfort are still major issues to be solved. ECHO presents a much needed alternative by allowing flat-screen displays we use all the time, like TV's and computer monitors, to seamlessly allow multiple users to effortlessly experience the 3D realm of "virtual reality" or "metaverse" or "3D entertainment" if you will. Therefore, Realfiction expects this to spur additional demand from customers in a wide spectrum of segments from consumers to B2B segments like medical, automotive, education, architecture, design/construction, marketing and retail.

According to Global Market Insights<sup>1</sup>, the global industry size of 3D displays is expected to record more than 25% CAGR through 2026 to an annual projected value of 60 billion USD, owing to the application of AR in the healthcare sector and demand for advanced infotainment & safety systems in vehicles. The stereoscopic display segment (which technically would include ECHO products) dominated more than 70% of the market share in 2019, and it is anticipated to witness a 27% growth rate through 2026, owing to a surge in demand from gaming, stereoscopic cinema and home entertainment applications.

Also according to Global Market Insights<sup>2</sup>, the rising popularity of semi-autonomous cars worldwide will create a favourable environment for center stack displays. Center stack displays held around 45% of the automotive display market share in 2021, led by increasing demand for advanced infotainment systems and gesture controls. Industry participants are establishing strategic partnerships with display OEMs to enhance their service offerings.

1) <https://www.gminsights.com/industry-analysis/3d-display-market>

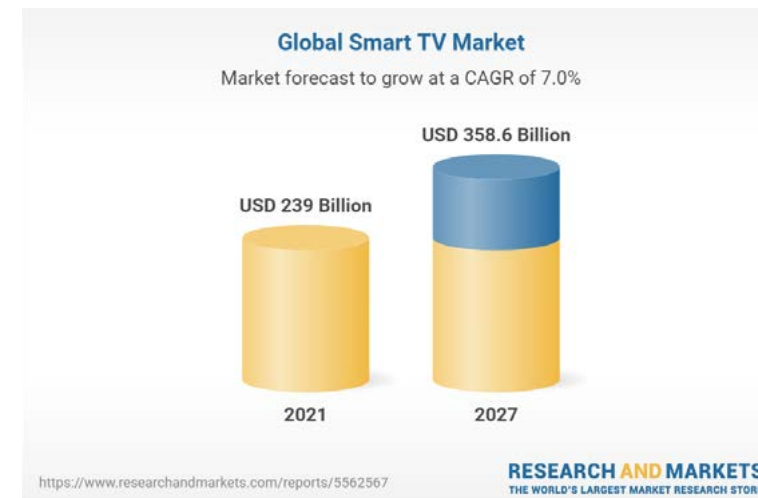
2) <https://www.gminsights.com/industry-analysis/automotive-display-market>

3) <https://www.imarcgroup.com/smart-tv-market>

## Market potential for ECHO in the large-sized television set segment

As ECHO has the potential to become an integrated part of a future iteration on flat-screen television production, Realfiction will also target the segment for large-sized television sets, defined as 48 inches and above. The focus on implementing ECHO in large television sets is due to the fact that this is the premium segment where the latest features are implemented first, and where consumers are prepared to pay a premium for these features. Additionally, the impact of immersive 3D experiences is greater when using a larger display size. Compared to other competing technologies, ECHO also has the advantage of not being limited by size or resolution constraints.

According to IMARC Group<sup>3</sup>, the global smart TV market reached a value of 239 billion USD in 2021. Looking forward, IMARC Group expects the market to reach 358.6 billion USD by 2027, exhibiting at a CAGR of 6.2% during 2022-2027.



# COMPETING TECHNOLOGIES AND COMPANIES

Currently, Microsoft (with its HoloLens and Mixed Reality platform) and Magic Leap are two major players in the mixed reality segment with solutions based on head-mounted displays. Because of this, only the person wearing the product will be able to experience the overlay of 3D objects and effects that blend with the physical reality.

When it comes to glasses-free 3D displays, there are some companies developing or to some extent offering single-user or multi-user display products. Single-user displays include Samsung's Holographic Displays and Sony's Spatial Reality Display, while examples of companies active in the multi-user display space include FoVI3D, JDI, Lightfield Labs, and Looking Glass.

Realfiction's foresees no direct competition from head-mounted display solutions and single-user displays due to their inability to be used in social settings. Furthermore, competing multi-user solutions are limited by one or more of the following factors: low perceived resolution, high manufacturing costs and an extremely high amount of data generation and transmission when used by multiple persons.

Compared to the competition, ECHO has key advantages such as a very high resolution for each user, low-manufacturing costs, lower bandwidth requirements and excellent scalability to large display sizes.



Microsoft HoloLens



Sony Spatial Reality Display



Looking Glass

# COMPANY DEVELOPMENT AND FUTURE

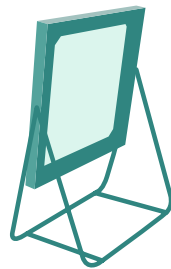
## 2008-2017 FIRST PHASE

- After being founded by Peter Simonsen and Clas Dyrholm in October 2008, the company developed several commercially successful mixed reality displays for the retail segment within its Dreamoc product family.



## 2017-2019 PRE-ECHO PHASE

- In 2017, Realfiction was listed on Nasdaq First North Growth Market.
- With increased funding and resources, the company launched DeepFrame One, the world's largest mixed reality display, and in 2019 the company presented ECHO and completed a proof of concept for the technology.



## 2020-2022 ECHO DEVELOPMENT PHASE

- In 2020, a beta version of an LCD ECHO display was created. This was followed by an ambitious development program with several international partners, including Fraunhofer FEP and imec, to complete an integration license package for ECHO. This crucial milestone was achieved in April 2022.
- The company also presented its Holowize 3D film to holographic film conversion technology in 2021, and formed a strategic alliance with the large LCD manufacturer AmTRAN in January 2022 to bring specific LCD versions of ECHO to market.



## 2023- EXPECTED ECHO COMMERCIALIZATION PHASE

- Realfiction aims to bring the first ECHO display product to market in 2023.
- While ECHO displays will be compatible with existing 3D content engines and thereby from start have a wealth of content availability, the company will also strive to make existing as well as new 3D movies available by utilising its Holowize film conversion technology.



# FINANCIAL REVIEW

The Board of Directors and the Chief Executive Officer of Realfiction Holding AB hereby publishes the annual report and the consolidated accounts for the financial year 2021.

**This is an extract from parts of the official Swedish Annual Report. The official report is available at the company's website under "Financial reports" and is called "Årsredovisning 2021 (PDF)".**

## Business operations

Realfiction develops, sells and rents out market leading products and services in holographic displays and Mixed Reality (MR) based on innovative, as well as patent and design protected hardware platforms. All offerings are also packaged in an easy and powerful service concept called "Magic-as-a-Service".

The parent company's registered address is in Helsingborg.

## Group structure & Shareholding

Realfiction Holding AB has two fully owned Danish subsidiaries, Realfiction ApS and Realfiction Lab ApS. All activities are mainly carried out in the subsidiaries. In addition to the above, Realfiction Holding AB does not own any shares in other companies.

## Income Statement

During H1, 2021 revenue was negatively impacted by COVID-19. In H2, 2021, COVID-19 eased its grip on the global event and retail market, and Realfiction saw an increase in sales and requests for proposals.

Group net revenue amounts to TSEK 12,575 in 2021 and TSEK 9,501 in 2020. This represents an increase of 32% compared to 2020. The primary part of net revenue in 2021 consists of product sales from the Dreamoc and DeepFrame category, while the sales of the company's Magic-as-a-Service concept amounts to TSEK 796 compared to TSEK 1,857 in 2020.

In note 15, we present the company's gross profit analysis. Cost of goods sold amounts to 5,727 TSEK (4,516 TSEK). The gross profit for 2021 can thus be established to 6,848 TSEK (4,985 TSEK), which resulted in a increased gross profit margin in 2021 of 54.5 % compared to 52.5 % in 2020. The increase in the gross profit margin in 2021 is attributable to the increase in sales combined with a different salesmix in 2021 compared to 2020.

In 2021 the Company capitalized development expenditure relating to ECHO that fulfils the requirements of the capitalization accounting principle. As such, the 2021 operating result is positively impacted by 6,268 (TSEK 4,970) from the capitalization of salaries and internal expenses relating to ECHO.

Other external costs decreased to TSEK 5,356 in 2021 from 6,336 in 2020. The decrease is primarily due to the simplified and low cost go-to-market model for our Magic-as-a-Service concept. The 2021 figure also includes a non-cash cost of TSEK 270 related to a warrant program for a consultant and legal fees in connection with the implementation of different incentive programs.

The simplified go-to-market model for our Magic-as-a-Service concept entails that we have reduced the workforce from December, 2020 to the end of 2021. Thus resulting in cash-based personnel costs to decrease to TSEK 10,934 in 2021 compared to TSEK 12,364 in 2020 as the 2021 personnel costs include TSEK 1,124 in non-cash costs related to a warrant program to the CFO and board members.

All in all, our cash flow from "Net operating cost" was reduced by TSEK 4,696 in 2021 to a cash flow impact of TSEK 9,730 from TSEK 14,426 in 2020 as per note 15.

Group net financial costs consist of interest on the loan with Vækstfonden.

The net result for the Group in 2021 amounted to TSEK -970 compared to TSEK -8,195 in 2020.

### Balance sheet

Realfiction's total assets at 31 December 2021 amounted to 81,966 TSEK compared to 65,348 TSEK at 31 December 2020.

The significant increase is primarily due to the continued investments in the ECHO technology and related licenses. In addition, inventory at 31 December 2021 decreased to TSEK 4,829 compared to TSEK 6,438 at 31 December 2020.

The Group's solvency ratio at 31 December 2021 was 87.2 % compared to 84.0 % at 31 December 2020.

Realfiction Holding AB issued a shareholder contribution of 18,545 TSEK to wholly owned subsidiaries. The premium was delivered on 31 December 2021 and will not entitle the shareholder to recover the supplement later. The contribution was made by reducing the company's loan receivable on the subsidiaries with the corresponding amount.

### Investments

In 2021, Realfiction invested 17,231 TSEK (7,177 TSEK) in intangible fixed assets related to the company's development of ECHO and licenses, with the aim to develop a new generation of 3D experiences – free-floating holograms without the need for glasses or other types of lenses between the eye and the effect, and the possibility to see and interact with 3D objects from different angles.

### Liquidity and funding

After completion of the exercise of warrants of series TO1 in November 2021, Realfiction received approximately SEK 16 million. As such, Realfiction's liquidity at 31

December 2021 amounts to TSEK 40,850 compared to TSEK 42,372 at 31 December 2020. Cash flow from operating activities for 2021 improved to TSEK -1 compared to TSEK -3,162 for 2020. Realfiction has a strong financial position and expects to have the liquidity necessary to sustain all its business operations, including the development of ECHO, well into 2023.

### The share

Realfiction Holding AB's share was listed on Nasdaq Stockholm First North 14 July 2017. The share is traded with the ticker REALFI and its ISIN-code is SE0009920994. At 31 December 2021, the number of shares in Realfiction Holding AB was 19,737,847 pieces (including fully paid but not yet registered share issue) compared to 18,241,442 pieces (including fully paid but not yet registered share issue) on 31 December 2020. The company has one share class. Each share entails equal rights to recognize the company's assets and results.

### Financial risk management

The financial risks can primarily be divided in the following categories:

#### Currency risk

The Groups sales are made in local currency as well as in foreign currency, primarily USD and DKK. Purchases are primarily made in DKK and USD. When deemed necessary, future currency flows are hedged through financial instruments. The goal is to try to neutralize the currency effects when transactions are made in different currencies. At the end of the year, the company did not own any currency futures or warrants.

### Interest risk

The Group's interest rate risks are mainly connected to interest-bearing liabilities with floating interest rate, totaling 3,926 TSEK at the balance day compared to 3,845 TSEK at 31 December 2020.

### Credit risk

The Group tries to find business partners with the highest possible credit rating. The majority of the Group's sales can be made with low credit risk. Historically, the credit losses have been low.

### Liquidity risk and financing risk

The Group is constantly working to maintain and improve its liquidity and to plan and ensure access to long-term financing.

### Significant events after the end of the year

- On 25 January, Realfiction announced the signing of a Memorandum of Understanding to form a strategic alliance with OEM LCD display manufacturer and large Realfiction shareholder AmTRAN Technology Co. Ltd. ("AmTRAN"). The purpose is to co-operate on the development of holographic LCD displays based on Realfiction's patent pending ECHO technology.
- On 1 April, Realfiction announced the successful completion of the integration license package for its ECHO holographic display technology. With no red flags or issues detected, Realfiction is now ready to enter into technical due diligence discussions with potential partners for OLED ECHO display products, and to complete its first LCD ECHO display during the first half of 2023.



## MULTIPLE YEAR OVERVIEW (TSEK)

| Group                                     | 2021       | 2020       | 2019       | 2018       | 2017       |
|---|------------|------------|------------|------------|------------|
| Net revenue                               | 12,575     | 9,501      | 21,357     | 23,799     | 16,319     |
| Result after financial items              | -4,554     | -9,749     | -14,792    | -12,733    | -10,226    |
| Total Balance Sheet                       | 81,966     | 65,348     | 37,834     | 20,821     | 26,084     |
| Solvency ratio (%)*                       | 87.2       | 84.0       | 74.7       | 22.5       | 62.2       |
| Average number of employees               | 9          | 13         | 17         | 15         | 12         |
| Gross profit 1)**                         | 6,848      | 4,985      | 11,367     | 11,370     | 7,474      |
| Gross profit margin (%)***                | 54.5       | 52.5       | 53.2       | 47.8       | 45.8       |
| Earnings per share (SEK)****              | -0.05      | -0.52      | -1.00      | -1.01      | -0.87      |
| Average number of shares                  | 18,362,982 | 15,761,189 | 12,943,521 | 11,633,135 | 11,633,135 |
| Number of shares at the end of the period | 19,711,847 | 18,241,442 | 15,610,613 | 11,633,135 | 11,633,135 |

\*Solvency ratio: Equity as a percentage of the balance sheet total

\*\*Gross profit Net turnover after costs for goods sold

\*\*\*Gross profit margin: Gross profit as a percentage of Net revenue

\*\*\*\*Earnings per share: The net profit or loss for the period divided by the average number of shares

1) See note 17

| Parent company               | 2021    | 2020   | 2019   | 2018   | 2017 <sup>2</sup> |
|------------------------------|---------|--------|--------|--------|-------------------|
| Net revenue                  | 600     | 600    | 600    | 600    | 0                 |
| Result after financial costs | -1,192  | -861   | -1,226 | -1,203 | -702              |
| Total Balance Sheet          | 110,588 | 94,324 | 59,962 | 30,734 | 25,000            |
| Solvency ratio (%)           | 99.5    | 99.3   | 98.7   | 77.1   | 99.6              |
| Average number of employees  | 0       | 0      | 0      | 0      | 0                 |

2) The first fiscal year of the parent company is 2017, from 28 April 2017.

### Ownership structure

The table below shows shareholders in Realfiction Holding AB as of December 31, 2021. It was used in full paid but not yet registered / issued new share issue.

| Name  | Number of shares  | Ownership (in %) |
|---|-------------------|------------------|
| Ceranco Equity S.C.S <sup>1</sup>           | 3,194,447         | 16.18            |
| Clape Holding ApS <sup>2</sup>              | 3,005,000         | 15.22            |
| AmTRAN Technology Co. Ltd.                  | 2,065,123         | 10.46            |
| Tamarind Limited <sup>1</sup>               | 1,599,461         | 8.1              |
| Försäkringsaktiebolaget, Avanza Pension     | 963,245           | 4.88             |
| Formue Nord Markedsneutral A/S <sup>1</sup> | 884,366           | 4.48             |
| Other shareholders (more than 4,100)        | 8,026,205         | 40.68            |
| <b>Total</b>                                | <b>19,737,847</b> | <b>100.00</b>    |

1. Ceranco Equity S.C.S, Formue Nord Markedsneutral A / S and Tamarind Limited are investment companies with private investors.

2. CLAPE Holding ApS is 50 percent owned by the CEO and board member Clas Dyrholm and 50 percent by board member Peter Simonsen.

### Proposed appropriation of retained earnings

(Amount in SEK)

Proposition for the appropriating the company's retained earnings

At the proposal of the general meeting:

|                       |                    |
|-----------------------|--------------------|
| Share premium reserve | 109,301,705        |
| Loss for the year     | -1,191,639         |
|                       | <b>108,110,066</b> |

The board proposes to:

Adding to the share premium reserve: 108,110,066

## PROFIT AND LOSS

| TSEK  | Note | Group          |                |
|---|------|----------------|----------------|
|   |      | 2021           | 2020           |
| <b>Operating income</b>                             |      |                |                |
| Net revenue   |      | 12,575         | 9,501          |
| Capitalised work for own account                    |      | 6,268          | 4,970          |
| Other income  |      | 808            | 639            |
| <b>Total operating income</b>                       |      | <b>19,651</b>  | <b>15,110</b>  |
| <b>Operating expenses</b>                           | 15   |                |                |
| Cost of goods sold                                  |      | -5,727         | -4,516         |
| Other external costs                                |      | -5,356         | -6,336         |
| Personnel costs                                     | 4    | -12,058        | -12,364        |
| Depriciation of tangible and non-tangible assets    | 8    | -786           | -1,335         |
| <b>Total operating expenses</b>                     |      | <b>-23,927</b> | <b>-24,551</b> |
| <b>Operating result</b>                             | 15   | <b>-4,276</b>  | <b>-9,441</b>  |
| <b>Result from financial investments</b>            |      |                |                |
| Other interest income and similar profit/loss items | 5    | 149            | 54             |
| Interest costs and similar profit/loss items        | 6    | -427           | -362           |
| <b>Total financial items</b>                        |      | <b>-278</b>    | <b>-308</b>    |
| <b>Result after financial items</b>                 |      | <b>-4,554</b>  | <b>-9,749</b>  |
| Tax for result of the year                          | 7    | 3,584          | 1,554          |
| <b>Result of the year</b>                           |      | <b>-970</b>    | <b>-8,195</b>  |

## BALANCE SHEET

| TSEK                                 | Note | Group         |               |
|--------------------------------------|------|---------------|---------------|
|                                      |      | 31-12-2021    | 31-12-2020    |
| <b>Assets</b>                        |      |               |               |
| <b>Non-current assets</b>            |      |               |               |
| <b>Intangible assets</b>             |      |               |               |
| Development costs                    | 8    | 29,209        | 12,163        |
| Licenses                             |      | 351           | 0             |
| <b>Total intangible assets</b>       |      | <b>29,560</b> | <b>12,163</b> |
| <b>Tangible assets</b>               |      |               |               |
| Fixtures, tools and installations    | 8    | 640           | 948           |
| <b>Total tangible assets</b>         |      | <b>640</b>    | <b>948</b>    |
| <b>Financial assets</b>              |      |               |               |
| Other long-term receivables          | 10   | 309           | 264           |
| <b>Total financial assets</b>        |      | <b>309</b>    | <b>264</b>    |
| <b>Total Non-current assets</b>      |      | <b>30,509</b> | <b>13,375</b> |
| <b>Current assets</b>                |      |               |               |
| <b>Inventories etc.</b>              |      |               |               |
| Finished products and goods for sale |      | 4,829         | 6,438         |
| <b>Total inventories etc.</b>        |      | <b>4,829</b>  | <b>6,438</b>  |
| <b>Short-term receivables</b>        |      |               |               |
| Trade receivables                    |      | 479           | 583           |
| Current tax receivables              |      | 3,654         | 1,486         |
| Other receivables                    |      | 1,164         | 636           |
| Prepaid expenses                     |      | 481           | 458           |
| <b>Total short-term receivables</b>  |      | <b>5,778</b>  | <b>3,163</b>  |
| <b>Cash and bank</b>                 | 12   | <b>40,850</b> | <b>42,372</b> |
| <b>Total current assets</b>          |      | <b>51,457</b> | <b>51,973</b> |
| <b>Total assets</b>                  |      | <b>81,966</b> | <b>65,348</b> |

| TSEK  | Note | Group         |               |
|---|------|---------------|---------------|
|   |      | 31-12-2021    | 31-12-2020    |
| <b>Equity and liabilities</b>               |      |               |               |
| <b>Equity</b>                               |      |               |               |
| Share capital                               |      | 1,971         | 1,801         |
| Share capital under registration            |      | 3             | 23            |
| Other received capital                      |      | 111,097       | 95,354        |
| Other equity incl. the result of the period |      | -41,585       | -42,293       |
| <b>Total equity</b>                         |      | <b>71,486</b> | <b>54,885</b> |
| <b>Long-term liabilities</b>                | 11   |               |               |
| Liabilities to credit institutions          |      | 3,926         | 3,845         |
| Other liabilities                           |      | 763           | 662           |
| Prepaid income                              |      | 822           | 672           |
| <b>Total long-term liabilities</b>          |      | <b>5,511</b>  | <b>5,179</b>  |
| <b>Short-term liabilities</b>               |      |               |               |
| Accounts payable                            |      | 1,954         | 1,864         |
| Prepaid income                              |      | 832           | 487           |
| Other liabilities                           |      | 2,183         | 2,933         |
| <b>Total short-term liabilities</b>         |      | <b>4,969</b>  | <b>5,284</b>  |
| <b>Total liabilities</b>                    |      | <b>10,480</b> | <b>10,463</b> |
| <b>Total equity and liabilities</b>         |      | <b>81,966</b> | <b>65,348</b> |

## CHANGES IN EQUITY

| Group   |               |                                  |                           |  |                     |
|---|---------------|----------------------------------|---------------------------|--|---------------------|
| TSEK  | Share capital | Share capital under registration | Other contributed capital | Other own capital incl profit for the year | Total amount equity |
| <b>Amount at the beginning of the year 01-01-2020</b> | <b>1,406</b>  | <b>155</b>                       | <b>60,245</b>             | <b>-33,534</b>                             | <b>28,272</b>       |
| Share issues 2019 registered 2020                     | 155           | -155                             | 0                         | 0  | 0                   |
| Share issues  | 240           | 23                               | 37,155                    | 0  | 37,418              |
| Share issue costs                                     | 0             | 0                                | -2,046                    | 0  | -2,046              |
| Exchange rate difference for the year                 | 0             | 0                                | 0                         | -564                                       | -564                |
| Result of the year                                    | 0             | 0                                | 0                         | -8,195                                     | -8,195              |
| <b>Amount at the end of the year 31-12-2020</b>       | <b>1,801</b>  | <b>23</b>                        | <b>95,354</b>             | <b>-42,293</b>                             | <b>54,885</b>       |
| Share issues 2020 registered 2021                     | 23            | -23                              | 0                         | 0  | 0                   |
| Share issues*   | 147           | 3                                | 16,754                    | 0  | 16,904              |
| Share issue costs                                     | 0             | 0                                | -1,011                    | 0  | -1,011              |
| Warrant program                                       | 0             | 0                                | 0                         | 1,394                                      | 1,394               |
| Exchange rate difference for the year                 | 0             | 0                                | 0                         | 284  | 284                 |
| Result of the year                                    | 0             | 0                                | 0                         | -970                                       | -970                |
| <b>Amount at the end of the year 31-12-2021</b>       | <b>1,971</b>  | <b>3</b>                         | <b>111,097</b>            | <b>-41,585</b>                             | <b>71,486</b>       |

\*) Share issues consists of the following 2 increases in equity that were fully paid in 2021:

- Exercise of subscription warrant of 147,040.50 shares that were registered on 29 November 2021
- Exercise of subscription warrant of 26,000 shares that were registered on 13 January 2022
- The number of shares amounts to 19,711,847 pieces and the quota value is 0.10 SEK/share. Additionally, there are 26,000 shares that were under registration on December 31 2021.
- The company has 512,100 outstanding warrants from the 2017 management program. Every warrant entitles the owner to subscribe for one Realfiction share. The warrants can be used until June 22, 2027, with an average subscription price of 1.62 SEK.

The company has 179,431 outstanding warrants from the 2021 management program. Every warrant entitles the owner to subscribe for one Realfiction share. 13.600 warrants can be used until 31 December 2024 while the remaining 165,831 warrants can be used until 31 December 2027. The warrants have an average subscription price of 16.61 SEK.

## CASH FLOW ANALYSIS

| TSEK   | Note | Group          |               |
|--|------|----------------|---------------|
|  |      | 2021           | 2020          |
| <b>Operating activities</b>  |      |                |               |
| Operating result   |      | -4,276         | -9,441        |
| Depreciation   |      | 786            | 1,335         |
| Received interest  |      | 153            | 54            |
| Warrant program (non-cash)   |      | 1,394          | 0             |
| Payed interest   |      | -409           | -364          |
| Received tax   |      | 1,486          | 1,819         |
| <b>Cash flow from operating activities before changes in operating capital</b> |      | <b>-866</b>    | <b>-6,597</b> |
| <b>Cash flow from changes in operating capital</b>                             |      |                |               |
| Decrease(+)/increase(-) in inventory   |      | 1,716          | 583           |
| Decrease(+)/increase(-) in current receivables                                 |      | -328           | 1,848         |
| Decrease(+)/increase(-) in current liabilities                                 |      | -523           | 1,004         |
| <b>Cash flow from operating activities</b>                                     |      | <b>-1</b>      | <b>-3,162</b> |
| <b>Investment activities</b>   |      |                |               |
| Purchase of intangible assets  |      | -17,231        | -7,177        |
| Purchase of tangible assets  |      | -484           | -214          |
| Sales of tangible assets   |      | 17             | 139           |
| Sales and purchase of financial assets   |      | -43            | 51            |
| <b>Cash flow from investment activities</b>                                    |      | <b>-17,741</b> | <b>-7,201</b> |
| <b>Financing activities</b>  |      |                |               |
| Share issue  |      | 15,893         | 35,372        |
| <b>Cash flow from financing activities</b>                                     |      | <b>15,893</b>  | <b>35,372</b> |
| <b>Cash flow for the year</b>  |      | <b>-1,849</b>  | <b>25,009</b> |
| Cash and cash equivalents at the beginning of the year                         |      | 42,372         | 17,240        |
| Foreign exchange difference in cash and cash equivalents                       |      | 327            | 123           |
| <b>Cash and cash equivalents at the end of the year</b>                        |      | <b>40,850</b>  | <b>42,372</b> |

## Note 15 Gross profit analysis

|  | Note | Group          |                |
|--|------|----------------|----------------|
|  |      | 2021           | 2020           |
| Net revenue                              |      | 12,575         | 9,501          |
| Cost of goods sold                       |      | -5,727         | -4,516         |
| <b>Gross profit</b>                      |      | <b>6,848</b>   | <b>4,985</b>   |
| Capitalised work for own account         |      | 6,268          | 4,970          |
| Other external costs                     |      | -5,356         | -6,336         |
| Personnel costs                          | 4    | -12,058        | -12,364        |
| Depreciation of tangible fixed assets    | 8    | -786           | -1,335         |
| Other income and expenses                |      | 808            | 639            |
| <b>Net operating cost</b>                |      | <b>-11,124</b> | <b>-14,426</b> |
| <b>Operating result</b>                  |      | <b>-4,276</b>  | <b>-9,441</b>  |
| <b>Net operating cost</b>                |      | <b>-11,124</b> | <b>-14,426</b> |
| Non-cash costs                           |      | 1,394          | 0              |
| <b>Cash flow from net operating cost</b> |      | <b>-9,730</b>  | <b>-14,426</b> |

