



# YEAR-END REPORT

1 JANUARY – 31 DECEMBER 2020

Realfiction Holding AB (publ) | 559110-4616

# YEAR-END REPORT

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## Q4, 2020 (01-10-2020 – 31-12-2020)

- Revenue: TSEK 2,070 (Q4, 2019: TSEK 4,212)
- Gross profit: TSEK 880 (Q4, 2019: TSEK 2,267)
- Gross profit margin: 42.5% (Q4, 2019: 53.8%)
- Result after financial items: TSEK -1,949 (Q4, 2019: TSEK -3,891)
- Earnings per share: SEK -0.10 (Q4, 2019: -0.23)
- Cash flow from operating activities: TSEK -369 (Q4, 2019: TSEK -2,350)

## Q1-Q4, 2020 (01-01-2020 – 31-12-2020)

- Revenue: TSEK 9,501 (Q1-Q4, 2019: TSEK 21,357)
- Gross profit: TSEK 4,985 (Q1-Q4, 2019: TSEK 11,367)
- Gross profit margin: 52.5% (Q1-Q4, 2019: 53.2%)
- Result after financial items: TSEK -9,749 (Q1-Q4, 2019: TSEK-14,792)
- Earnings per share: SEK -0.52 (Q1-Q4, 2019: -1.00)
- Cash flow from operating activities: TSEK -3,162 (Q1-Q4, 2019: TSEK -11,013)



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## SIGNIFICANT EVENTS DURING Q4 2020

- On 19 November, Realfiction announced its plan for completion of the ECHO integration license package. The completion phase is planned to last 13-16 months in collaboration with a couple of leading European research institutes and facilities. By spring 2021, Realfiction will also actively seek a co-development agreement with a commercial display manufacturer to speed up time to market. The ECHO integration license package shall enable mass production of full-sized, multi-user ECHO display products at a price point affordable for a broad audience of consumers, as the anticipated demand will enable scaling of the production volume. A version of the first ECHO 3D display could potentially reach the market in 2023.

- On 27 November, Realfiction announced that the Company had carried out a heavily oversubscribed directed issue of 400,000 units. The investors in the directed issue were Tamarind Limited and Formue Nord Markedsneutral A/S. Each unit in the issue consisted of five shares and two warrants. Additionally, the company resolved to issue and allocate one warrant to current shareholders for every twenty-two shares owned on the applicable record date. The subscription price was set to SEK 89.50 per unit, corresponding to SEK 17.9 per share. The warrants were issued free of charge. The Company initially received SEK 35.8 million from the directed issue before deduction of transaction costs. The directed issue entails an initial dilution of 11.1 percent of the number of shares and votes in the Company.

Each warrant will give the holder the right to subscribe for one new share in Realfiction during

the period 9 November 2021 until and including 22 November 2021 to a subscription price corresponding to the following: 70 percent of the volume weighted average price of the Company's share during the period 25 October 2021 until and including 5 November 2021. The subscription price shall never be determined to a higher amount than SEK 26.85. Warrants will, upon full exercise, provide the company additional funds of a maximum of approximately 41.0 MSEK.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On 29 January, Realfiction announced positive results from the ECHO backplane feasibility study, which was announced in November 2020. The simplified ECHO fabrication approach pre-validated during the 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. The positive results were produced by Realfiction's development team with important contribution from Aalborg University, Denmark, and other collaboration partners.

- On 26 February, Realfiction announced that the company had completed the strategic review of its Sales Activities, which was announced in September 2020. The recommended course of action is to maximize shareholder value by continuing to run these parts of the company inhouse together with its global partner network. Realfiction's Board has decided to follow this recommendation, and it has a positive outlook for these parts of the company in H2 2021 and thereafter as coronavirus restrictions are expected to be further reduced in key markets.

# CEO COMMENTS

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## OVERSUBSCRIBED DIRECTED ISSUE SUPPORTS THE ECHO DEVELOPMENT

In the fourth quarter, we were able to complete a heavily oversubscribed directed issue of 35.8 MSEK. We also issued warrants to new and existing shareholders that could provide the company with an additional up to 41.0 MSEK in November 2021. I am humbled by the strong confidence in our business, and especially in the development of our ECHO 3D display technology, that was shown during this financing round. Crucially, we are now able to finance the continued development of ECHO and the rest of our business.

Speaking of ECHO, we continue to see great progress in our work towards the completion of a license integration package. With the feasibility study successfully completed in the beginning of 2021, paving the way for a slimmer and lower-cost product that will be easier to manufacture at scale, we now have an even stronger outlook for the project and a clear path forward with high hopes for both the OLED and LCD based versions of ECHO. It is still our intention to enter into a co-development agreement for the crucial backplane part of ECHO with a selected Asian display manufacturer during the spring of 2021. In addition to this, we will continue with the ongoing development work in collaboration with our academic partners. This means that we expect to see further progress in the months ahead, and possibly a little more clarity when it comes to how the manufacturing of ECHO will look like.

**“It is still our intention to enter into a co-development agreement for the crucial backplane part of ECHO with a selected Asian display manufacturer during the spring of 2021. In addition to this, we will continue with the ongoing development work in collaboration with our academic partners.”**

## EDEKA/MAAS FOR RETAIL

Following the completed test launch in 25 EDEKA stores, Realfiction will now follow the expected reductions of COVID-19-related restrictions due to ongoing vaccination programs, in Germany as well as in other potential markets, closely and discuss future plans for the Magic-as-a-Service concept with relevant stakeholders and partners.

## MAAS FOR EXHIBITIONS

Even though some markets gradually reopened for events in Q4 2020, we are still seeing a low order flow for this segment compared to last year. There are however some positive signs for the future, such as a stronger inflow of requests for quotes. This is likely due to customers starting to plan for the ramping up of their post-COVID-19 event activities, even though this period is still at least months away for most of them.

## EXPERIENCE (HARDWARE)

In line with our MaaS for Exhibitions segment, our hardware sales continued to progress at a low level compared to what we were used to before the pandemic. We are at the same time getting more requests for quotes on larger orders, in the magnitude of tens and even hundreds of systems,

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compared to six months ago. It will be interesting to see if this trend continues in the months to come, and also how the conversion rate will look like for these large requests when the market situation improves. I would advise against putting too much faith into these potential numbers, but we will be following up on these leads closely.

### **CONTINUED FOCUS ON ALL PARTS OF OUR BUSINESS IN 2021**

In light of the strong ECHO development progress in 2020, we initiated a strategic review of our Sales activities, including Magic-as-a-Service for Retail and Exhibitions, and our Experience hardware sales business, in September 2020. The outcome of this

review was recently presented, and the bottom line was that we should continue to push all parts of Realfiction going forward, and this is what we will do. With large-scale COVID-19 vaccination programs making steady progress, I think this makes perfect sense as we have a very promising mid-term and long-term outlook for the sales part of our business. With the heavily oversubscribed financial round in November, we are also in great financial shape to support all of Realfiction until and beyond the post-COVID-19 point going forward.



**Clas Dyrholm**  
CEO, Realfiction Holding AB



# REALFICTION'S BUSINESS AND CONCEPT

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## 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.

## 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.

## FOCUS AREAS IN 2021

**ECHO:** In January 2021, Realfiction presented positive results from a feasibility study during which a simplified ECHO fabrication approach was pre-validated. The simplified approach 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. During the rest of 2021, the company will focus on advancing the second step of the completion phase: finalizing the remaining subprojects of the ECHO integration license package no later than the end of Q1, 2022. This will be done in collaboration with leading European research institutes and facilities. The ECHO integration license package is expected to include specification of components, illustrations and diagrams needed for a multi-user ECHO display. During the spring of 2021, Realfiction will seek a parallel co-development agreement with a commercial display manufacturer for the ECHO backplane. Although the backplane will also be developed with European research institutes, a cooperation with a

large manufacturer could speed up the process of bringing ECHO to commercialization. A first ECHO display product could potentially reach the market in 2023. Throughout the entire completion phase, the company will continue to focus on continuously strengthening and safeguarding its ECHO IP portfolio.

**Magic-as-a-Service:** Realfiction's go-to market model has been revised through learnings from the initial roll-out in Denmark and Sweden, and the Company has refocused its energy and operational model into a leaner and simpler organisational setup that utilises external collaborating partners and industry agents. The revised Magic-as-a-Service concept was implemented throughout 2020 in a test launch in 25 EDEKA (Germany's largest department store company with over 11,000 stores) stores in Germany. In the first half of 2021, Realfiction will follow the expected reductions of COVID-19-related restrictions due to ongoing vaccination programs, in Germany as well as in other potential markets, closely and discuss future plans for the Magic-as-a-Service concept with relevant stakeholders and partners.

**Experience (hardware sales):** Realfiction's global partner network continues to deliver in the hardware sales segment. Partner sales remains as a high priority for the Company and an important way to create global visibility.

# INNOVATION

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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.

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Picture above: An artists impression of an ECHO television being used for gaming. [Video can be found here.](#)

# DISPLAY PORTFOLIO

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## 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 XL3, XL4** 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.

## 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.

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Picture above: Realfiction's display portfolio



# FINANCIAL REVIEW

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## DEVELOPMENT IN Q4 AND Q1-Q4, 2020

### Income Statement

COVID-19 continues to cause significant decline in sales during Q4. However, due to cost savings from the simplified go-to-market model and governmental financial support packages, the impact on the result and liquidity of the Group is not as negative as if we had not implemented such measures.

Group net revenue amounts to TSEK 2,070 for Q4, 2020, representing a decline of 51% from Q4, 2019 (TSEK 4,212), while TSEK 9,501 for Q1-Q4, 2020 (TSEK 21,357) represent a decline of 56% compared to Q1-Q4, 2019. The major part of net revenue in Q4 and Q1-Q4, 2020 consists of product sales from the Dreamoc and DeepFrame category, while sales from our Magic-as-a-Service concept account for TSEK 404 (TSEK 977) and TSEK 1,857 (TSEK 3,819) respectively. Adjusted for currency conversion effects, the Company's revenue in the fourth quarter of 2020 declined by 60% to TDKK 1,495 compared to the average quarterly revenue of 2019 TDKK 3,776).

Cost of goods sold amounts to TSEK 1,190 and 4,516 for Q4, 2020 and Q1-Q4, 2020 respectively, compared to TSEK 1,945 for Q4, 2019 and 9,990 for Q1-Q4, 2019. Thus, our gross profit in Q4, 2020 decreased to TSEK 880 from 2,267 in Q4, 2019 and resulted in a decreased gross profit margin in Q4, 2020 of 42.5% (53.8%) and in Q1-Q4, 2020 of 52.5% (53.2%). The decrease in the gross profit margin in Q4, 2020 is attributable to the decrease in sales combined with additional cost in our Magic-as-a-Service business in Germany as a result of additional processes due to COVID-19.

In Q4, 2020 the Company has capitalized development expenditure relating to ECHO that fulfils the requirements of the capitalization accounting principle. As such, the Q4, 2020 operating result is positively impacted by TSEK 2.391 (TSEK 1,185) from the capitalization of salaries and internal expenses relating to ECHO, while the Q1-Q4, 2020 result is positively impacted by TSEK 4,970 (TSEK 3,427).

Other external costs decreased to TSEK 2,047 in Q4, 2020 from 2,307 in Q4, 2019 and to TSEK 6,336 in Q1-Q4, 2020 from 9,899 in Q1-Q4, 2019. The decrease is primarily due to the simplified and low cost go-to-market model for our MaaS concept.

The simplified go-to-market model for our MaaS concept entails that we have reduced the workforce from December, 2019 to the end of 2020. Thus resulting in significantly lower personnel costs of TSEK 2,885 in Q4, 2020 (TSEK 4,671) and TSEK 12,364 (TSEK 18,149) in Q1-Q4, 2020.

All in all, we reduced our net operating cost by TSEK 3,361 in Q4, 2020 to TSEK 2,739 from TSEK 6,100 in Q4, 2019 and by TSEK 11,040 in Q1-Q4, 2020 to TSEK 14,426 from TSEK 25,466 in Q1-Q4, 2019.

Group net financial costs consist of interest on the loan with Vækstfonden, while the Q1-Q4, 2019 financial costs include interest on a bridge loan.

The net result for the Group in Q4, 2020 amounts to TSEK -1,714 (TSEK -3,287) and TSEK -8,195 (TSEK -12,947) in Q1-Q4, 2020.

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### Supplementary Income Statement

On page 17 we present our supplementary income statement with our two main activities; Innovation & Development and Sales.

In Q4, 2020, we continued investing in Innovation & Development Activities, with the primary focus on ECHO. The ECHO technology aims at inventing 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.

Our gross expenditure in Innovation & Development Activities amounted to TSEK 2,874 in Q4, 2020 compared to TSEK 1,719 in Q4, 2019 and TSEK 6,659 in Q1-Q4, 2020 compared to TSEK 5,937 in Q1-Q4, 2019. The Q4, 2020 operating result from our Sales Activities improved to a loss of TSEK 1,376 compared to a loss of TSEK 3,316 in Q4, 2019, while the Q1-Q4, 2020 result improved to a loss of TSEK 7,760 from a loss of TSEK 11,651 in Q1-Q4, 2019. The improvements in Q4 and Q1-Q4, 2020 were primarily due to cost savings from the simplified go-to-market model.

### Balance Sheet

Realfiction's total assets at 31 December 2020 amount to TSEK 65,348 compared to TSEK 37,834 of 31 December 2019. Inventory at 31 December 2020 amounts to TSEK 6,438 compared to TSEK 7,242 at 31 December 2019.

Trade receivables are lower than last year due to the decrease in sales.

Other short-term receivables are lower than last year and current liabilities decreased to TSEK 5,956 at 31 December 2020 compared to TSEK 6,519 at 31 December 2019 due to a combination of an extension of an installment deferral on the loan with Vækstfonden and financial support from governmental COVID-19 support packages and a change in the vacation payment legislation in Denmark resulting in an increase in non-current liabilities.

### Investments

In Q4, 2020 and Q1-Q4, 2020, the Company has capitalized additional development expenditure of TSEK 2,369 (TSEK 2,424) and TSEK 7,177 (TSEK 5,603) respectively, relating to the patent-pending ECHO technology. Development projects that fulfil the requirements of the capitalization accounting principle are presented as intangible assets and are measured at cost (or fair value if lower) until the project has been completed.

### Cash Flow and Liquidity

Realfiction's liquidity at 31 December 2020 amounts to TSEK 42,372 compared to TSEK 17,240 at 31 December 2019. Cash flow from operating activities for Q4, 2020 improved to TSEK -369 compared to TSEK -2,350 for Q4, 2019 and improved to TSEK -3,162 in Q1-Q4, 2020 from TSEK -11,013 in Q1-Q4, 2019. The improvements in Q4 and Q1-Q4, 2020 are primarily caused by the investments in the ECHO technology, cost savings due to the simplified go-to-market model, governmental COVID-19 support packages and a new vacation pay legislation in Denmark that defers payment of certain vacation accruals.

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 beyond 2021.

### 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. On 31 December 2020, the number of shares in Realfiction Holding AB amounts to 18,241,442 inclusive of fully paid but not yet registered/issued share issues. The Company has one share class. All shares have equal dividend rights.

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### Group structure

Realfiction Holding AB has two fully owned subsidiaries, Realfiction ApS and Realfiction Lab ApS. All business activities are carried out in the subsidiaries. In early January 2020, Realfiction Lab ApS purchased the ECHO technology from Realfiction ApS. Realfiction Holding AB does not own shares in other companies.

### Operational risks & uncertainties

The risks and uncertainties that Realfiction's operations are exposed to are concentrated in the categories of competition, technology development, patents, government requirements, capital requirements, currencies and interest rates. During the current period, no significant changes regarding risk or uncertainty factors have occurred. For more detailed reporting of risks and uncertainties, refer to the previously published Company description, published in the 2019 Annual Report.

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## OWNERSHIP STRUCTURE

The table below shows key shareholders in Realfiction Holding AB at 31 December 2020 inclusive of fully paid but not yet registered/issued share issues.

Name	Number of shares	Ownership (in %)
Ceranco Equity S.C.S <sup>1</sup>	3,194,447	17.51
CLAPE HOLDING ApS <sup>2</sup>	3,005,000	16.47
AmTRAN Technology Co. LTD <sup>3</sup>	1,983,768	10.88
Formue Nord Markedsneutral A/S <sup>1</sup>	1,450,000	7.95
Tamarind Limited <sup>1</sup>	1,204,509	6.60
Other shareholders (more than 4,100)	7,403,718	40.59
<b>Total</b>	<b>18,241,442</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 owned 50 percent by CEO and board member Clas Dyrholm and 50 percent by board member Peter Simonsen.

3. AmTRAN Technology Co. Ltd. is a large OEM producer of LCD TV's and other consumer electronics.

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### Audit/review

The Year-end Report 2020 has not been audited or reviewed by the Company's independent auditors. The Annual Report 2019 for Realfiction ApS has been audited.

### Accounting policies

Realfiction Holding AB applies the Annual Accounts Act and the Board of Directors' General Advice BFNAR 2012.1 (K3) in the preparation of its Swedish financial reports.

### Financial Calendar:

Annual Report 2020:	20 May 2021
Q1 Interim report 2021:	27 May 2021
Annual General Meeting 2021:	23 June 2021
Q2 Interim report 2021:	26 August 2021
Q3 Interim report 2021:	25 November 2021
Year-end report 2021:	24 March 2022
Annual Report 2021:	19 May 2022

The above reports will be available for download from the Company's website ([www.realfiction.com](http://www.realfiction.com)). A printed copy can be ordered via [investor@realfiction.com](mailto:investor@realfiction.com).

### Certified Adviser

Mangold Fondkommission AB is the Company's Certified Adviser and can be contacted via [ca@mangold.se](mailto:ca@mangold.se) or +46 8 503 015 50.

### For further information, please contact:

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Telephone: +45 70 20 64 90  
E-mail: [investor@realfiction.com](mailto:investor@realfiction.com)

*The Board of Directors and the CEO declare that to the best of their knowledge, the Year-end Report 2020 presents a fair view of the financial position of the Company at 31 December 2020 as well as of the results of the Group operations and cash flows for the period 1 January – 31 December 2020.*

**Helsingborg, 25 March 2021**  
**Realfiction Holding AB**  
**Board of Directors and CEO**

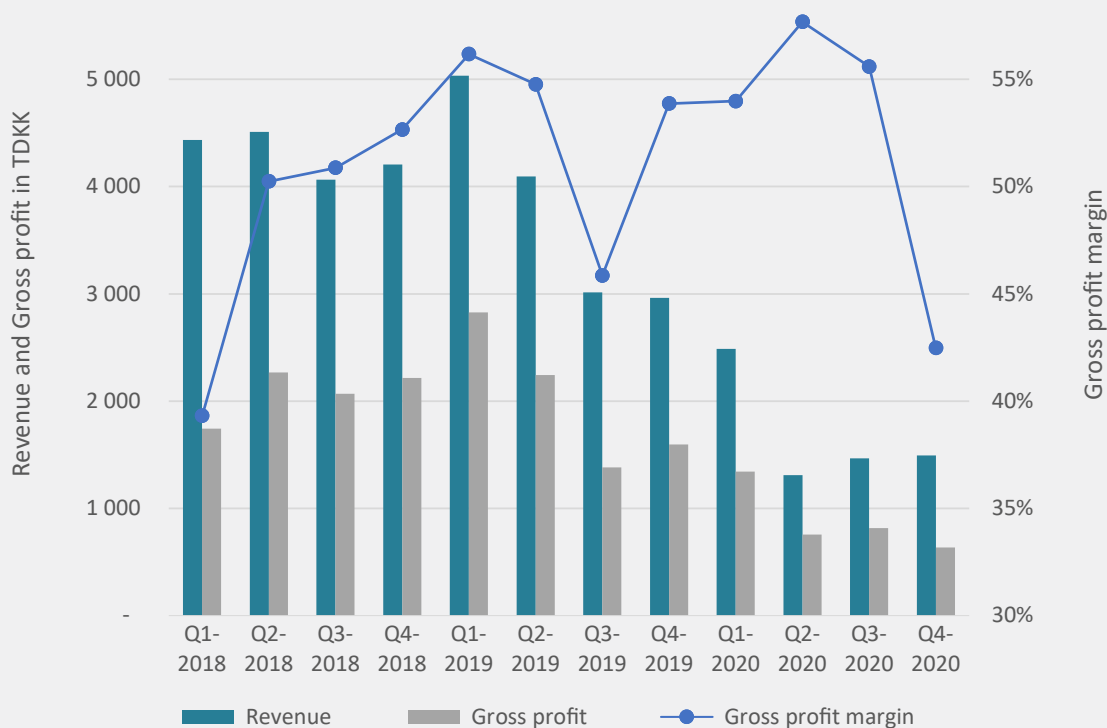
This information is information that Realfiction Holding AB is obliged to make public pursuant to the Swedish Securities Market Act (Lagen (2007:528) om värdepappersmarknaden). The information was submitted for publication, through the agency of the contact person set out above, on 25 March 2021.

# FINANCIAL HIGHLIGHTS AND KEY RATIOS

## Selected Financial Highlights and Key Ratios – Group

SEK '000	Q4-2020	Q4-2019	Q1-Q4-2020	Q1-Q4-2019
	01-10-2020 -31-12-2020 3 months	01-10-2019 -31-12-2019 3 months	01-01-2020 -31-12-2020 12 months	01-01-2019 -31-12-2019 12 months
Net revenue	2,070	4,212	9,501	21,357
Gross profit	880	2,267	4,985	11,367
Result after financial items	-1,949	-3,891	-9,749	-14,792
Total Assets	65,348	37,834	65,348	37,834
Cash flow from operating activities	-369	-2,350	-3,162	-11,013
Cash at bank and in hand	42,372	17,240	42,372	17,240
Solvency ratio (%)	84.0	74.7	84.0	74.7
Average number of employees	10	18	13	17
Gross profit margin (%)	42.5	53.8	52.5	53.2
Earnings per share (SEK)	-0.10	-0.23	-0.52	-1.00
Average number of shares	16,376,165	14,057,908	15,761,189	12,943,521
Number of shares at the end of the period	18,011,363	14,057,908	18,011,363	14,057,908

The development in the Company's quarterly revenue, gross profit and gross profit margin is illustrated below::



The Group's revenue and gross profit is fully earned in the Danish subsidiary Realfiction ApS. As such, and to avoid that currency fluctuations between DKK and SEK distort the presentation of revenue and gross profit, the above illustration is prepared on the basis of Realfiction ApS' DKK figures.

## Income Statement (condensed) – Group

SEK '000	Q4-2020	Q4-2019	Q1-Q4 2020	Q1-Q4 2019
	01-10-2020 -31-12-2020 3 months	01-10-2019 -31-12-2019 3 months	01-01-2020 -31-12-2020 12 months	01-01-2019 -31-12-2019 12 months
Net revenue	2,070	4,212	9,501	21,357
Cost of goods sold	-1,190	-1,945	-4,516	-9,990
<b>Gross profit</b>	<b>880</b>	<b>2,267</b>	<b>4,985</b>	<b>11,367</b>
Capitalized own work performed	2,391	1,185	4,970	3,427
Other external costs	-2,047	-2,307	-6,336	-9,899
Personnel costs	-2,885	-4,671	-12,364	-18,149
Depreciation of tangible fixed assets	-272	-443	-1,335	-1,334
Other income and expenses	74	136	639	489
<b>Operating result</b>	<b>-1,859</b>	<b>-3,833</b>	<b>-9,441</b>	<b>-14,099</b>
Other financial income	4	15	54	91
Other financial costs	-94	-73	-362	-784
<b>Result after financial items</b>	<b>-1,949</b>	<b>-3,891</b>	<b>-9,749</b>	<b>-14,792</b>
Tax on the profit of the period	235	604	1,554	1,845
<b>Net result for the period</b>	<b>-1,714</b>	<b>-3,287</b>	<b>-8,195</b>	<b>-12,947</b>

## Balance Sheet (condensed) - Group

SEK '000	31-12-2020	31-12-2019
<b>Assets</b>		
<b>Non-current assets</b>		
Development projects under construction	12,163	5,451
<b>Total intangible assets</b>	<b>12,163</b>	<b>5,451</b>
Other property, plant and equipment	948	2,225
<b>Total tangible assets</b>	<b>948</b>	<b>2,225</b>
Other long-term receivables	264	323
<b>Total financial assets</b>	<b>264</b>	<b>323</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>13,375</b>	<b>7,999</b>
<b>Current assets</b>		
Inventories	6,438	7,242
<b>Total inventories</b>	<b>6,438</b>	<b>7,242</b>
Trade receivables	583	2,275
Other short-term receivables	636	930
Prepaid expenses	458	327
Tax receivable	1,486	1,821
<b>Total short-term receivables</b>	<b>3,164</b>	<b>5,353</b>
<b>Cash at bank and in hand</b>	<b>42,372</b>	<b>17,240</b>
<b>TOTAL CURRENT ASSETS</b>	<b>51,974</b>	<b>29,835</b>
<b>TOTAL ASSETS</b>	<b>65,348</b>	<b>37,834</b>
<b>Liabilities and Equity</b>		
<b>Equity</b>		
Share capital	1,801	1,406
Other reserves incl. retained earnings	53,084	26,866
<b>TOTAL EQUITY</b>	<b>54,885</b>	<b>28,272</b>
Credit institutions	3,845	3,043
Other payables	662	0
<b>Non-current liabilities</b>	<b>4,507</b>	<b>3,043</b>
Short-term part of non-current liabilities	0	918
Trade payables	1,864	1,648
Prepaid income	1,159	504
Other payables	2,933	3,449
<b>Total current liabilities</b>	<b>5,956</b>	<b>6,519</b>
<b>TOTAL LIABILITIES</b>	<b>10,463</b>	<b>9,562</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>65,348</b>	<b>37,834</b>

## Cash Flow Statement (condensed) – Group

SEK '000	Q4-2020	Q4-2019	Q1-Q4-2020	Q1-Q4-2019
	01-10-2020 -31-12-2020 3 months	01-10-2019 -31-12-2019 3 months	01-01-2020 -31-12-2020 12 months	01-01-2019 -31-12-2019 12 months
<b>Operating result</b>	<b>-1,859</b>	<b>-3,833</b>	<b>-9,441</b>	<b>-14,099</b>
Depreciation	272	443	1,335	1,334
Paid financial costs	-91	-89	-310	-695
Tax payments	0	979	1,819	979
<b>Cash flow from operating activities before changes in operating capital</b>	<b>-1,678</b>	<b>-2,500</b>	<b>-6,597</b>	<b>-12,481</b>
<b>Operating activities</b>				
Change in inventories	328	604	583	1,842
Change in current receivables	459	324	1,848	303
Change in current liabilities	522	-778	1,004	-677
<b>Cash flow from operating activities</b>	<b>-369</b>	<b>-2,350</b>	<b>-3,162</b>	<b>-11,013</b>
Purchase of tangible assets	-184	-860	-214	-1,845
Sale of tangible assets	3	0	139	0
Proceeds from financial assets	0	0	51	0
Purchase of intangible assets	-2,369	-2,424	-7,177	-5,603
<b>Cash flow from investing activities</b>	<b>-2,550</b>	<b>-3,284</b>	<b>-7,201</b>	<b>-7,448</b>
<b>Financing activities</b>				
Bridge loan	0	0	0	-6,405
Capital increase, net of costs	35,438	14,716	35,372	36,691
<b>Cash flow from financing activities</b>	<b>35,438</b>	<b>14,716</b>	<b>35,372</b>	<b>30,286</b>
<b>Cash flow for the period</b>	<b>32,519</b>	<b>9,082</b>	<b>25,009</b>	<b>11,825</b>
Cash and cash equivalents at period start	9,738	7,912	17,240	5,140
Exchange rate recalculation difference – cash and cash equivalents	115	246	123	275
<b>cash and cash equivalents</b>	<b>42,372</b>	<b>17,240</b>	<b>42,372</b>	<b>17,240</b>



## Statement of Changes in Equity (condensed) - Group

SEK '000	Q4-2020	Q4-2019	Q1-Q4 2020	Q1-Q4 2019
	01-10-2020 -31-12-2020 3 months	01-10-2019 -31-12-2019 3 months	01-01-2020 -31-12-2020 12 months	01-01-2019 -31-12-2019 12 months
<b>Equity at period start</b>	<b>21,860</b>	<b>17,292</b>	<b>28,272</b>	<b>4,680</b>
Exchange adjustments	-699	-449	-564	-152
Capital increase, net of costs	35,438	14,716	35,372	36,691
Net result for the period	-1,714	-3,287	-8,195	-12,947
<b>Equity at period end</b>	<b>54,885</b>	<b>28,272</b>	<b>54,885</b>	<b>28,272</b>

## Supplementary Income Statement (condensed) - Group

Key figures from the income statement for the Group are presented below on the basis of the underlying activities. Realfiction has two main activities; 1) Innovation & Development activities, including all directly related expenses incurred in connection with the Innovation & Development activities in the Group and 2) Sales activities, including all other activities in the Group.

SEK '000	Q4-2020	Q4-2019	Q1-Q4 2020	Q1-Q4 2019
	01-10-2020 -31-12-2020 3 months	01-10-2019 -31-12-2019 3 months	01-01-2020 -31-12-2020 12 months	01-01-2019 -31-12-2019 12 months
<b>Innovation &amp; Development Activities</b>				
Capitalized own work performed	2,391	1,185	4,970	3,427
Other external costs	-1,480	-419	-2,148	-1,138
Personnel costs	-1,388	-1,294	-4,487	-4,775
Depreciation of tangible fixed assets	-6	-6	-24	-24
Other income and expenses	0	17	8	62
<b>Operating result</b>	<b>-483</b>	<b>-517</b>	<b>-1,681</b>	<b>-2,448</b>

SEK '000	Q4-2020	Q4-2019	Q1-Q4 2020	Q1-Q4 2019
	01-10-2020 -31-12-2020 3 months	01-10-2019 -31-12-2019 3 months	01-01-2020 -31-12-2020 12 months	01-01-2019 -31-12-2019 12 months
<b>Sales Activities</b>				
<b>Gross profit</b>	<b>880</b>	<b>2,267</b>	<b>4,985</b>	<b>11,367</b>
Other external costs	-567	-1,888	-4,188	-8,761
Personnel costs	-1,497	-3,377	-7,877	-13,374
Depreciation of tangible fixed assets	-266	-437	-1,311	-1,310
Other income and expenses	74	119	631	427
<b>Operating result</b>	<b>-1,376</b>	<b>-3,316</b>	<b>-7,760</b>	<b>-11,651</b>

## Income Statement (condensed) – Parent company

SEK '000	Q4-2020	Q4-2019	Q1-Q4-2020	Q1-Q4-2019
	01-10-2020	01-10-2019	01-01-2020	01-01-2019
	-31-12-2020	-31-12-2019	-31-12-2020	-31-12-2019
	3 months	3 months	12 months	12 months
<b>Operating income</b>				
Net revenue (group internal)	150	150	600	600
<b>Operating costs</b>				
External costs	-240	-165	-1,105	-767
Personnel costs	-142	-172	-356	-649
<b>Operating result</b>	<b>-232</b>	<b>-187</b>	<b>-861</b>	<b>-816</b>
Other financial costs	0	0	0	-410
<b>Net result for the period</b>	<b>-232</b>	<b>-187</b>	<b>-861</b>	<b>-1,226</b>

## Balance Sheet (condensed) – Parent company

SEK '000	31-12-2020	31-12-2019
<b>Non-current assets</b>		
<b>Financial assets</b>		
Shares in subsidiary	55,916	44,842
<b>Total financial assets</b>	<b>55,916</b>	<b>44,842</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>55,916</b>	<b>44,842</b>
<b>Current assets</b>		
Other receivables	80	63
Prepaid expenses	89	82
<b>Total short-term receivables</b>	<b>169</b>	<b>145</b>
<b>Cash at bank and in hand</b>	<b>38,239</b>	<b>14,975</b>
<b>TOTAL CURRENT ASSETS</b>	<b>38,408</b>	<b>15,120</b>
<b>TOTAL ASSETS</b>	<b>94,324</b>	<b>59,962</b>
<b>Liabilities and Equity</b>		
<b>Equity</b>		
Share capital	1,801	1,406
Other reserves	92,736	58,985
Net result of the period	-861	-1,226
<b>TOTAL EQUITY</b>	<b>93,676</b>	<b>59,165</b>
Trade payables	293	0
Other payables	355	797
<b>Total short-term liabilities</b>	<b>648</b>	<b>797</b>
<b>TOTAL LIABILITIES</b>	<b>648</b>	<b>797</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94,324</b>	<b>59,962</b>

## DEFINITIONS

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**Solvency ratio:** Equity as a percentage of the balance sheet total. Key ratios of equity are presented to provide a better understanding of Realfiction's long-term ability to pay its debt.

**Earnings per share:** Net result of the period divided with average number of shares for the period. Earnings per share for periods are negative, therefore no dilution.

**Gross profit:** Net turnover after costs for goods sold.

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

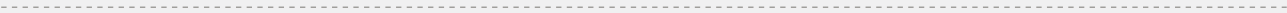
**Net operating cost:** Items between Gross profit and Operating result in the income statement.

**"Realfiction" or the "Company"** refers to the Group, namely Realfiction Holding AB (registered under company registration number 559110-4616) and its wholly owned subsidiaries Realfiction ApS and Realfiction Lab ApS. Realfiction ApS and Realfiction Lab ApS, the Group's operating subsidiaries, were founded in 2008 and 2019. Realfiction Holding AB was formed in April 2017 by way of a non-cash issue in which the shares in Realfiction ApS were exchanged for shares in Realfiction Holding AB, which resulted in the Group relationship.



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Picture above: Visualization of a large format ECHO display.



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