



YEAR-END REPORT

1 JANUARY – 31 DECEMBER 2018

Realfiction Holding AB (publ) | 559110-4616



Year-End Report – Summary

Q4 2018 (01-10-2018 – 31-12-2018)

- Revenue totaled TSEK 5,819 (Q4 2017: TSEK 3,325)
- Gross profit totaled TSEK 3,064 (Q4 2017: TSEK 1,538)
- Gross profit margin* was 52.7% (Q4 2017: 46.3%)
- Result after financial items amounted to TSEK -3,389 (Q4 2017: TSEK -4,294)
- Earnings per share** SEK -0.26 (Q4 2017: -0.26)
- Cash flow from operating activities was TSEK -327 (Q4 2017: TSEK -2,366)

Q1-Q4 2018 (01-01-2018 – 31-12-2018)

- Revenue totaled TSEK 23,799 (2017: TSEK 16,319)
- Gross profit totaled TSEK 11,370 (2017: TSEK 7,474)
- Gross profit margin* was 47.8% (2017: 45.8%)
- Result after financial items amounted to TSEK -12,733 (2017: TSEK -10,226)
- Earnings per share** SEK -1.01 (2017: -0.87)
- Cash flow from operating activities was TSEK -14,323 (2017: TSEK -9,752)

* 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.

"Realfiction" or the "Company" means the Group, namely Realfiction Holding AB (registered under company registration number 559110-4616) and its wholly owned subsidiary Realfiction ApS. Realfiction ApS, the Group's operating subsidiary, was founded in 2008. 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.

SIGNIFICANT EVENTS DURING Q4 2018

- On 2 October 2018, Realfiction announced that the company received an order for a DeepFrame One Mixed Reality display to be used by one of the world's largest automotive companies. It will be one of the automotive company's centrepieces in several upcoming exhibitions in Asia.

- On 4 October 2018, Realfiction announced its "STEP-UP-19" strategy, which is a major push towards market leadership in the increasingly mature markets for Mixed Reality solutions. The essence is a more ambitious strategy for both current business activities and brand new Mixed Reality technologies. The company also announces that funding for the first part of the plan has been secured.

- On 1 November 2018, Realfiction announced that a DeepFrame system was installed at the LEGO flagship store located on Strøget in Copenhagen, the city's premier shopping street. Starting from today, the display will initially be used for 4-6 weeks as a unique window installation showing a LEGO Mixed Reality experience for people passing by the store.

- On 27 November 2018, Realfiction launched its Magic-as-a-Service concept with long-term placement of mixed reality displays inside hypermarkets and other major retailers. This represents the world's first

Mixed Reality media-channel and will offer unique exposure to 10's of millions of consumers each month with significant commercial impact not only to the brands but also to Realfiction.

- On 27 November 2018, Realfiction announced that Danske Spil, the #1 betting company in Denmark, chose to extend their Magic-as-a-Service campaign in all 19 Bilka hypermarkets.

- On 4 December 2018, Realfiction announced that the company received four individual Magic-as-a-Service orders in North America covering Mixed Reality solutions for four premium events in New York, Miami, Las Vegas and Toronto. With these orders, Realfiction and MaaS are gaining significant momentum in North America.

- On 13 December 2018, Realfiction announced that luxury car manufacturer Lexus used a DeepFrame Mixed Reality solution to present its new LF-1 Limitless Future Concept Vehicle at the Design Miami event on December 5-9.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On 23 January 2019, Realfiction announced that the company received several significant orders for its Mixed Reality solutions in the beginning of 2019. They include three Magic-as-a-Service retail campaigns in Denmark, three rental orders including usage at CES 2019 and two hardware orders covering the sale of a total of 39 smaller Dreamoc displays.
- On 12 February, Realfiction announced that Steen Iversen joined Realfiction as the company's Director of Advanced Display Technology. With prior positions including Technical Director and General Manager of IMAX Theatres International's European office, his new role at Realfiction will include leading the development of Realfiction's ground-breaking Mixed Reality platform Project Echo.
- On 5 March 2019, Realfiction announced that the company received several new significant orders

from customers in Europe and the United States. These orders include one DeepFrame and three Dreamoc Diamond Mixed Reality displays.

- On 18 March 2019, Realfiction announced that it submitted patent applications for its new directional pixel technology, referred to as Project Echo. The purpose is to bring displays to market that present 3D to audiences without glasses or other lenses between the human eye and the effect, and where 3D objects become solid and can be viewed and interacted with from different angles.
- On 19 March 2019, Realfiction announced that it established a development cooperation with Ibsen Photonics A/S and works with their optical designer M.Sc-EE, Optics, Michael Rasmussen regarding the development of Project Echo.

CEO comments



Q4-18 results: I am pleased to report that for the fourth quarter in a row, revenues are significantly higher compared to the same period last year, resulting in a cumulated growth in revenue year to date of 46% over last year. The other, and even more important, key point is that our Magic-as-a-Service (MaaS) business is continuously growing to become an even larger part of the sales mix. As a result, we are experiencing an improved gross profit margin, from 46.3% in Q4 2017 to 52.7% this past quarter, which again is an increase from 50.9% in Q3 2018. The combination of topline growth of TSEK 2,494 to 5,819 in Q4 2018 and the gross profit margin

improvement translates into a 99% increase in gross profit for Q4 2018 of TSEK 1,526 to 3,064 from 1,538 in Q4 2017.

Year end results: Throughout 2018, we have been working with our business model, going from sales of hardware to adding content creation services and rental models to the full solution principles of our MaaS concept, and I am happy to say that the customer reactions have been great. While developing our model we have performed a significant growth in revenue and improved our gross profit margin. Our annual revenue grew by TSEK 7,480 to a total of

CEO COMMENTS

TSEK 23,799. With an overall improvement of our gross profit margin by 2%, we improved our gross profit with TSEK 3,896 to a total of TSEK 11,370.

Projections: Our MaaS business model is growing significantly in 2019. With the implementation of the first Mixed Reality media channel in Hypermarket outlets, we have begun a journey towards a highly scalable recurring revenue stream, where we can utilize our innovative technology and our knowhow efficiently. We are still in the first phase where Denmark is the focus area, but we are already getting interest from other countries. Our event solutions have really taken off, and we are expecting a healthy growth from this category as well. In both the retail and event solutions, we utilize the power of our technology instead of selling it, and therefore we will continue to see an improvement on the gross profit margin going forward. We maintain our forecast that the core operations (excluding development costs) will become cashflow positive during 2019.

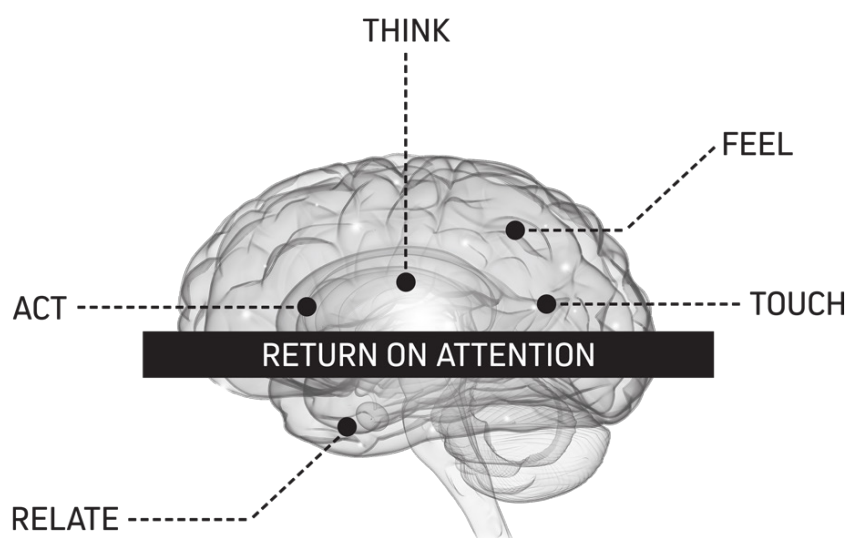
Innovation: Project Echo is now entering its second phase. The technology is now patent pending and we have begun development collaborations with several industry leading experts on the core components. Enabling full 3D displays with look around capability, without the bothersome headsets and glasses, in a neat and well-known flat screen body, will open up many hugely interesting segments. Especially because our technology approach allows for much higher resolution than other attempts. I am confident that once we are ready to demonstrate the first prototypes of the core technology to the large industry manufacturers, they will be busy analyzing the potential advantages of utilizing this technology. Please refer to page 9 for further information about Project Echo.

I wish to thank all our investors for your valued support.



Clas Dyrholm
CEO, Realfiction Holding AB

Realfiction's business and concept



ABOUT THE COMPANY

Realfiction develops, sells and rents out market leading Mixed Reality (MR) products and services based on innovative, as well as patent and designed protected, hardware platforms that have been developed over more than a decade. All of the above is packaged into a simple profitable and powerful service concept that we call "Magic-as-a-Service". The company's MR displays are especially well-suited for social environments as they do not require special glasses or other accessories.

RELEVANT ACROSS MANY INDUSTRIES

Examples of customer groups that can benefit from the company's products and services are shopping centers and department stores, car manufacturers, experience-based businesses such as amusement parks and museums, natural meeting points such as airports and travel centers as well as sectors such as education, architecture, manufacturing and construction, where there is a strong demand for real-time 3D visualizing.

BRAND AWARENESS AND CUSTOMER CONVERSION

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. The company calls this method "Return on Attention".

ASTONISHING AND ENGAGING EXPERIENCES

For experience driven customer groups such as amusement parks, museums and event organizers, but also manufacturers of consumer products, Realfiction's MR platform serves as an opportunity to combine the physical and the digital world in new and ground-breaking ways.

FROM DISPLAY MANUFACTURER TO PROVIDER OF COMPLETE MR SOLUTIONS

Realfiction is repositioning the company from being a hardware provider to offering complete Mixed Reality solutions for truly magical experiences. This includes everything from the hardware (MR displays with client-specific features when needed) to the all-important 3D content and finally on-site installation and maintenance. This is an important paradigm shift that will enable the company to substantially increase its recurring revenues and thus building a stable cash flow that can be used to expand its line of leading products and solutions.



TRANSFORMING SCIENCE FICTION INTO REALITY

Ever since Realfiction was founded, our vision has been to one day 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 the recently submitted patent applications for the new directional pixel technology, referred to as Project Echo, Realfiction is finally on the path to materialize this dream and bring it to market.

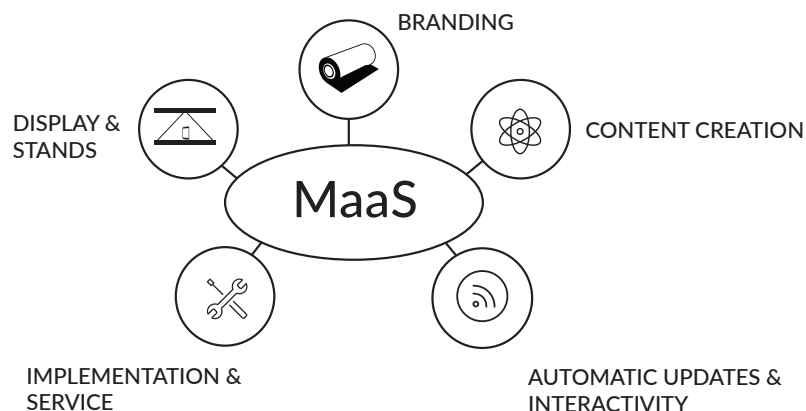
The new groundbreaking technology will make it possible to interact with 3D effects in a completely natural way, enhancing the real world with digital elements to create social interactions

between human beings. The potential impact of this disruptive technology extends to many key industries and sectors, where it can be applied and licensed. Imagine experiences in museums, social gaming at home, visualizing details in the medical industry or browsing in public areas. These are just some of the potential usage sectors where the new directional pixel technology could enable an enhanced social experience.

With plans to announce the proof of concept later this year, Realfiction will communicate co-development partnerships and other significant developments as they occur. It is expected that the first working displays will target certain B2B applications with very specific requirements. Project Echo represents a MUSD 100 licensing opportunity to Realfiction, due to materialize gradually, starting from 2021.



Sales and business model



NEW AND INNOVATIVE RETAIL BUSINESS MODEL WITH FIXED MONTHLY COSTS

With Realfiction's repositioning from being a hardware provider to deliver complete solutions, the company has created Magic-as-a-Service (MaaS) as a new business model, targeted directly at the retail industry. By providing full turnkey solutions, retailers and brand owners can access Realfiction's portfolio of displays in an easier and much more flexible way, eliminating the need for upfront investments or having to involve other external agencies.

As the company has recently established the first permanent MaaS placements in hypermarkets in Denmark, the new business model becomes even more attractive in the shape of a designated Mixed Reality media channel. New and existing suppliers to the hypermarkets can access this new media channel on a campaign basis, and ensure unique brand exposure to millions of customers each month. As there will be 1-3 Mixed Reality displays with adjustable placements in each hypermarket, suppliers and brand owners can essentially cut their time-to-market and deliver in-store experiences that drive attention and increase sales.

Currently, MaaS is available for the retail industry in Denmark and the Nordic countries, with a forthcoming roll-out in Germany and the UK during 2019.

CONTINUED SALES AND RENTING VIA A WORLDWIDE NETWORK OF PARTNERS

Realfiction's global network of partners consists of more than 150 resellers and/or content developers in Europe, North and South America, Asia, Australia, the Middle East and other regions. Despite the shift in business model and go-to-market, the company will continue to offer partners the option to purchase its range of Mixed Reality displays and accessories, as well as provide access to the portfolio of displays for short-term rental purposes.

The company continues to outsource the production of the displays to third-party manufacturers, thus enabling the company to continuously adapting the production to the current demand for products in different geographical markets.

Products

DREAMOC AND DEEPFRAME – MARKET LEADING MIXED REALITY (MR) DISPLAYS

All our products are sold individually and packaged into a simple and powerful service concept that we call “Magic-as-a-Service”. Realfiction’s line of Dreamoc and DeepFrame displays is at the center of the company’s MR solutions offered to end-clients through its worldwide partner network.

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. Different models have chambers of different size and design, and 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** 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.



Dreamoc XL3 at Ardbeg event 2018 in Holland

DEEPFRAME - THE WORLD'S LARGEST MIXED REALITY DISPLAY

With the patent pending product series DeepFrame, that was launched in 2017, Realfiction has once again broken the barriers for what can be achieved with Mixed Reality. 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 the first 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.

Realfiction is also developing a **DeepFrame model for outdoor use** that makes it possible to project content over kilometer wide spaces. This will open up even more use cases within the experience and tourism industries as well as for ongoing construction projects.

The DeepFrame technology also has potential to be **built into consumer products**, and Realfiction is cooperating with LEGO, among others, to evaluate the potential within this field. For instance, smaller products, all the way down to a mobile phone in size, could be developed and then connected to an app-based ecosystem.





Financial review

GROUP STRUCTURE & SHAREHOLDING

Realfiction Holding AB owns 100% of the shares in its subsidiary Realfiction ApS. All activities are carried out in the subsidiary, and Realfiction Holding AB's only operational activity is to own and manage the subsidiary Realfiction ApS. Otherwise, Realfiction Holding AB does not own any shares in other companies.

DEVELOPMENT IN Q4 AND Q1-Q4 2018

Income Statement

Group net revenue amounts to TSEK 5,819 and 23,799 for Q4 and Q1-Q4 2018 respectively. This is a significant increase of 75% compared to Q4 2017 and 46% compared to Q1-Q4 2017. The primary part of net revenue in Q4 and 2018 consists of product sales from the Dreamoc and DeepFrame category, however the pick up in sales from our MaaS concept in Q3 2018 has further increased in Q4 2018.

Cost of goods sold amounts to TSEK 2,755 and 12,429 for Q4 and Q1-Q4 2018, compared to TSEK 1,787 and 8,845 for Q4 and Q1-Q4 2017.

Thus our gross profit in Q4 2018 increased to TSEK 3,064 from 1,538 in Q4 2017 and resulted in an increased gross profit margin in Q4 2018 of 52.7% compared to 46.3% in Q4 2017. Our gross profit in Q1-Q4 2018 increased to TSEK 11,370 from 7,474 in Q1-Q4 2017 and resulted in an increased gross profit margin in Q1-Q4 2018 of 47.8% compared

to 45.8% in Q1-Q4 2017. The significant increase in the gross profit margin is primarily attributable to the increase in sales from our MaaS concept.

Other external costs decreased to TSEK 1,573 in Q4, 2018 from 3,447 in Q4, 2017, and to TSEK 9,184 in Q1-Q4 2018 from 10,338 in Q1-Q4 2017. The decrease is primarily due to decreased innovation and development expenditure in 2018 compared to 2017.

Personnel costs are at a high level in Q4 and Q1-Q4 2018 due to onboarding of sales resources and continuous investments in product and market development.

Other income and expenses as presented in a separate line item consisting of development grants, rent and subsidies amounts to TSEK -7 in Q4 and 1,126 in Q1-Q4 2018 compared to TSEK 195 and 1,274 in Q4 and Q1-Q4 2017. Group net financial costs consist of interest on the loan with Vækstfonden and the new bridge loan which is further described below.

The net result for the Group in Q4 and Q1-Q4 2018 amounts to TSEK -3,200 and -11,923 compared to TSEK -3,055 and -8,729 in Q4 and Q1-Q4 2017.

Supplementary Income Statement

On page 22 we present our supplementary income statement with our two main activities; sales and innovation & development. The supplementary income statement allows us to illustrate our investment in innovation & development, and the underlying performance of our sales activities. With increasing gross

profit margin from our MaaS business, and continued revenue growth, the road towards ensuring profitability from our sales activities is shorter than before.

Realfiction will capitalize development projects that fulfill the requirements of the capitalization accounting principle. In 2017 and 2018, the company did not have processes in place to allow for such capitalization.

In 2017 and the first part of 2018, our primary expenditures in innovation and development are within the DeepFrame and Dreamoc Diamond categories. In the last part of 2018, we launched Project Echo, which 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 object can be viewed and interacted with from different angles.

Balance Sheet

Realfiction's total assets at 31 December 2018 amounts to TSEK 20,821. Inventory at 31 December 2018 amounts to TSEK 8,909 compared to TSEK 4,804 at 31 December 2017. The increase in inventory compared to 31 December 2017 is a result of preparing the capacity to the increased sales and rental forecast to support the new "STEP-UP-2019" strategy as presented in a press release and at a webinar on 27 November. Since 30 September 2018, inventory has decreased by TSEK 1,805. A major portion of this decrease is caused by the roll-out of our Magic-as-a-Service platform as described under "Investments".

Trade receivables remain higher than last year due to the increase in sales during Q4 2018.

Other payables increased to TSEK 10,922 at 31 December 2018 compared to 2,659 at 31 December 2017. The increase is primarily due to the bridge loan obtained in the beginning of October 2018. The bridge loan carries interest and Realfiction has the option to pay the lenders in Realfiction shares. The bridge loan amounts to TSEK 6,406 at 31 December 2018.

The Group's solvency ratio at 31 December 2018 was 22.5% compared to 62.2% at 31 December 2017.

Realfiction Holding AB issued a shareholder contribution of TDKK 5,748 (equivalent to TSEK 7,911) to its wholly owned subsidiary Realfiction ApS. The premium was received on 31 December 2018 and will not entitle the shareholder to recover the supplement later. The contribution was made by reducing the company's loan receivable from the subsidiary with the corresponding amount.

Investments

In Q4 2018, Realfiction rolled out our Magic-as-a-Service platform and we designated additional displays that will be rolled out as part of our Magic-as-a-Service platform in early 2019. These displays have been capitalized as tangible assets which increased to TSEK 1,707 at 31 December 2018 compared to 163 at 31 December 2017.

Cash Flow and Liquidity

Realfiction's liquidity at 31 December 2018 amounts to TSEK 5,140. Cash flow from operating activities for Q4 and Q1-Q4 2018 amounts to TSEK -327 and -14,323 compared to TSEK -2,366 and -9,752 for Q4 and Q1-Q4 2017.

Cash flows from operating activities in Q4 2018 are significantly improved compared to Q4 2017 and previous quarters in 2018. The improvement is primarily caused by the positive impact from increased MaaS business – a trend which is forecasted to continue in 2019. Cash flows from operating activities in Q1-Q4 2018 are negatively impacted by the increase in inventory and tangible assets and continuous investments in product- and market development. The additional inventory will have a positive impact on the future cash-flows as products in inventory are gradually sold and paid.

As communicated in our Q1-Q3 Interim Report, on 4 October 2018, Realfiction secured funding of MSEK 6.1 to allow the first part of our “STEP-UP-2019” strategy to be carried out. As such Realfiction had positive cash flow from financing activities in Q4 2018 and Q1-Q4 2018 of TSEK 5,003 and 3,723 compared to TSEK -475 and 22,911 in Q4 2017 and Q1-Q4 2017 (the latter due to the IPO in May 2017).

The Shares

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 30 September 2018, the number of shares in Realfiction Holding AB amounts to 11,633,135. The Company has one share class. All shares have equal dividend rights.

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 2017 Annual Report.

OWNERSHIP STRUCTURE

The table below shows key shareholders in Realfiction Holding AB at 30 September 2018.

Name	Number of shares	Ownership (in %)
Ceranco Equity S.C.S ¹	3,195,747	27.47
Clape Holding ApS ²	2,875,000	24.71
AmTRAN Technology Co. Ltd.	1,308,838	11.25
Nordnet Pensionsförsäkring AB (custodian)	798,046	6.86
Other shareholders (more than 950)	3,455,504	29.71
Total	11,633,135	100.0

1. Ceranco Equity S.C.S is an investment company with private investors, with board member Søren Jonas Bruun as its general partner and main owner of the associated management company.

2. 50 % owned by CEO and board member Clas Dyrholm and 50 % owned by board member Peter Simonsen.

Audit review

The Year-End Report has not been audited or reviewed by the Company's independent auditors. The Annual Report 2017 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 2018:	20 May 2019
Interim Report Q1:	29 May 2019
Annual General Meeting:	11 June 2019
Interim Report H1:	29 August 2019
Interim Report Q1-Q3:	28 November 2019
Year-End Report 2018:	26 March 2020

The above reports will be available for download from the company's website (www.realfiction.com). A printed copy can be ordered via investor@realfiction.com.

Certified Adviser

Sedermåra Fondkommission is Realfiction Holding AB's Certified Adviser.

For further information, please contact:

Clas Dyrholm, CEO

Telefon: +45 70 20 64 90

E-mail: investor@realfiction.com

The Board of Directors and the CEO declare that to the best of their knowledge, the Year-End Report 2018 presents a fair view of the financial position of the Company at 31 December 2018 as well as of the results of the group operations and cash flows for the periods 1 October – 31 December 2018 and 1 January – 31 December 2018.

Helsingborg, 21 March 2019
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 21 March 2019.

Financial Highlights and Key Ratios

Selected Financial Highlights and Key Ratios – Group

SEK '000	Q4-2018 01-10-2018 -31-12-2018 3 months	Q4-2017 01-10-2017 -31-12-2017 3 months	Q1-Q4-2018 01-01-2018 -31-12-2018 12 months	Q1-Q4-2017 01-01-2017 -31-12-2017 12 months
Net revenue	5,819	3,325	23,799	16,319
Gross profit	3,064	1,538	11,370	7,474
Result after financial items	-3,389	-4,294	-12,733	-10,226
Total Assets	20,821	26,084	20,821	26,084
Cash flow from operating activities	-327	-2,366	-14,323	-9,752
Cash at bank and in hand	5,140	17,137	5,140	17,137
Solvency ratio (%)	22.5	62.2	22.5	62.2
Average number of employees	16	14	15	12
Gross profit margin (%)	52.7	46.3	47.8	45.8
Earnings per share (SEK)	-0.26	-0.26	-1.01	-0.87
Average number of shares	11,633,135	11,633,135	11,633,135	10,028,838

Definitions

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 margin: Gross profit as a percentage of Net revenue.

Income Statement (condensed) – Group

SEK '000	Q4-2018 01-10-2018 -31-12-2018 3 months	Q4-2017 01-10-2017 -31-12-2017 3 months	Q1-Q4-2018 01-01-2018 -31-12-2018 12 months	Q1-Q4-2017 01-01-2017 -31-12-2017 12 months
Net revenue	5,819	3,325	23,799	16,319
Cost of goods sold	-2,755	-1,787	-12,429	-8,845
Gross profit	3,064	1,538	11,370	7,474
Other external costs*	-1,573	-3,447	-9,184	-10,338
Personnel costs	-4,375	-2,759	-14,768	-8,351
Depreciation of tangible fixed assets	-189	-12	-290	-18
Other income and expenses*	-7	195	1,126	1,274
Operating result	-3,080	-4,485	-11,746	-9,959
Other financial income	31	191	219	0
Other financial costs	-340	0	-1,206	-267
Result after financial items	-3,389	-4,294	-12,733	-10,226
Tax on the profit of the period	319	1,239	940	1,497
Net result for the period	-3,070	-3,055	-11,793	-8,729

*Other income and expenses in periods prior to Q4-2018 have been reclassified from "Other external costs" to a separate line item titled "Other income and expenses".

Balance Sheet (condensed) - Group

SEK '000	31-12-2018	31-12-2017
Assets		
Non-current assets		
Tangible assets		
Other property, plant and equipment	1,707	163
Total tangible assets	1,707	163
Other long-term receivables	317	237
Total financial assets	317	237
TOTAL NON-CURRENT ASSETS	2,024	400
Current assets		
Inventories	8,909	4,804
Total inventories	8,909	4,804
Trade receivables	1,551	460
Other short-term receivables	648	1,477
Prepaid expenses	1,610	940
Tax receivable	939	866
Total short-term receivables	4,748	3,743
Cash at bank and in hand	5,140	17,137
TOTAL CURRENT ASSETS	18,797	25,684
TOTAL ASSETS	20,821	26,084
Liabilities and Equity		
Equity		
Share capital	1,163	1,163
Other reserves incl. retained earnings	3,517	15,060
TOTAL EQUITY	4,680	16,223
Credit institutions	2,051	3,799
Non-current liabilities	2,051	3,799
Short-term of non-current liabilities	1,848	1,587
Trade payables	1,320	1,816
Other payables	10,922	2,659
Total current liabilities	14,090	6,062
TOTAL LIABILITIES	16,141	9,861
TOTAL LIABILITIES AND EQUITY	20,821	26,084

Cash Flow Statement (condensed) – Group

SEK '000	Q4-2018 01-10-2018 -31-12-2018 3 months	Q4-2017 01-10-2017 -31-12-2017 3 months	Q1-Q4-2018 01-01-2018 -31-12-2018 12 months	Q1-Q4-2017 01-01-2017 -31-12-2017 12 months
Operating result	-3,080	-4,485	-11,746	-9,959
Exchange adjustments	0	-83	0	-78
Depreciation	189	12	290	18
Operating result after exchange adjustments	-2,891	-4,556	-11,456	-10,019
Operating activities				
Change in trade receivables	461	422	-1,062	-9
Change in inventories	192	-50	-3,940	2,176
Change in other receivables	975	-1,483	929	-1,188
Change in short-term part of long-term payables	0	73	11	542
Change in other payables	894	553	1,430	1,179
Change in trade payables	-375	1,141	-59	-3,999
Cash flow from ordinary activities	-744	-3,900	-14,147	-11,318
Paid financial costs	-486	191	-1,079	-267
Tax payments	903	1,343	903	1,833
Cash flow from operating activities	-327	-2,366	-14,323	-9,752
Purchase of financial assets	-63	-15	-70	0
Purchase of tangible assets	-38	0	-1,831	-181
Cash flow from investing activities	-101	-15	-1,901	-181
Financing activities				
Payment of long-term liabilities	-444	-475	-1,724	-1,685
Bridge loan	5,447	0	5,447	0
Share issue	0	0	0	24,596
Cash flow from financing activities	5,003	-475	3,723	22,911
Cash flow for the period	4,574	-2,856	-12,501	12,978
Cash and cash equivalents at period start	506	19,948	17,137	4,159
Exchange rate recalculation difference – cash and cash equivalents	59	45	504	0
Cash and cash equivalents at period end	5,140	17,137	5,140	17,137

Statement of Changes in Equity (condensed) - Group

SEK '000	Q4-2018 01-10-2018 -31-12-2018 3 months	Q4-2017 01-10-2017 -31-12-2017 3 months	Q1-Q4-2018 01-01-2018 -31-12-2018 12 months	Q1-Q4-2017 01-01-2017 -31-12-2017 12 months
Equity at period start	7,928	19,413	16,223	509
Exchange adjustments	-178	-135	250	-163
Share issues	0	0	0	27,408
Costs of share issues	0	0	0	-2,802
Net result for the period	-3,070	-3,055	-11,793	-8,729
Equity at period end	4,680	16,223	4,680	16,223

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.

Sales Activities	Q4-2018 01-10-2018 -31-12-2018 3 months	Q4-2017 01-10-2017 -31-12-2017 3 months	Q1-Q4-2018 01-01-2018 -31-12-2018 12 months	Q1-Q4-2017 01-01-2017 -31-12-2017 12 months
SEK '000				
Gross profit	3.064	1.538	11.370	7.474
Other external costs	-1.331	-2.971	-7.750	-8.279
Personnel costs	-3.689	-2.140	-12.026	-6.203
Depreciation of tangible fixed assets	-189	-12	-290	-18
Other income and expenses	-7	139	315	536
Operating result	-2.152	-3.446	-8.381	-6.490

Innovation & Development Activities	Q4-2018 01-10-2018 -31-12-2018 3 months	Q4-2017 01-10-2017 -31-12-2017 3 months	Q1-Q4-2018 01-01-2018 -31-12-2018 12 months	Q1-Q4-2017 01-01-2017 -31-12-2017 12 months
SEK '000				
Other external costs	-242	-476	-1.434	-2.059
Personnel costs	-686	-619	-2.742	-2.148
Other income and expenses	0	56	811	738
Operating result	-928	-1.039	-3.365	-3.469

Income Statement (condensed) – Parent company

SEK '000	01-10-2018 -31-12-2018 3 months	01-10-2017 -31-12-2017 3 months	01-01-2018 -31-12-2018 12 months	28-04-2017 -31-12-2017 Appr. 8 mth.
Operating income				
Net revenue (group internal)	150	0	600	0
Operating costs				
External costs	-252	-62	-1,145	-1,001
Personnel costs	-127	0	-516	0
Operating result	-229	-62	-1,061	-1,001
Other financial income	84	187	133	306
Other financial costs	-275	-7	-275	-7
Net result for the period	-420	118	-1,203	-702

Balance Sheet (condensed) – Parent company

SEK '000	31-12-2018	31-12-2017
Non-current assets		
Financial assets		
Shares in subsidiary	26,911	19,000
Total financial assets	26,911	19,000
TOTAL NON-CURRENT ASSETS	26,911	19,000
Current assets		
Intercompany receivable	0	247
Other receivables	76	198
Prepaid expenses	810	154
Total short-term receivables	886	599
Cash at bank and in hand	2,937	5,401
TOTAL CURRENT ASSETS	3,823	6,000
TOTAL ASSETS	30,734	25,000
Liabilities and Equity		
Equity		
Share capital	1,163	1,163
Other reserves	23,740	24,442
Net result of the period	-1,203	-702
TOTAL EQUITY	23,700	24,903
Trade payables	11	2
Other payables	7,023	95
Total short-term liabilities	7,034	97
TOTAL LIABILITIES	7,034	97
TOTAL EQUITY AND LIABILITIES	30,734	25,000