

ANNUAL REPORT 2023

EXTRACT OF THE OFFICIAL FINANCIAL
STATEMENTS IN SWEDISH

Realfiction Holding AB
559110-4616



REALFICTION™

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SUMMARY OF THE YEAR

Total revenue amounted to 9.9 MSEK (2022: 14.2 MSEK)

Result after financial items amounted to -8.1 MSEK (2022: -2.1 MSEK)

Gross profit totaled 6.5 MSEK (2022: 9.2 MSEK)

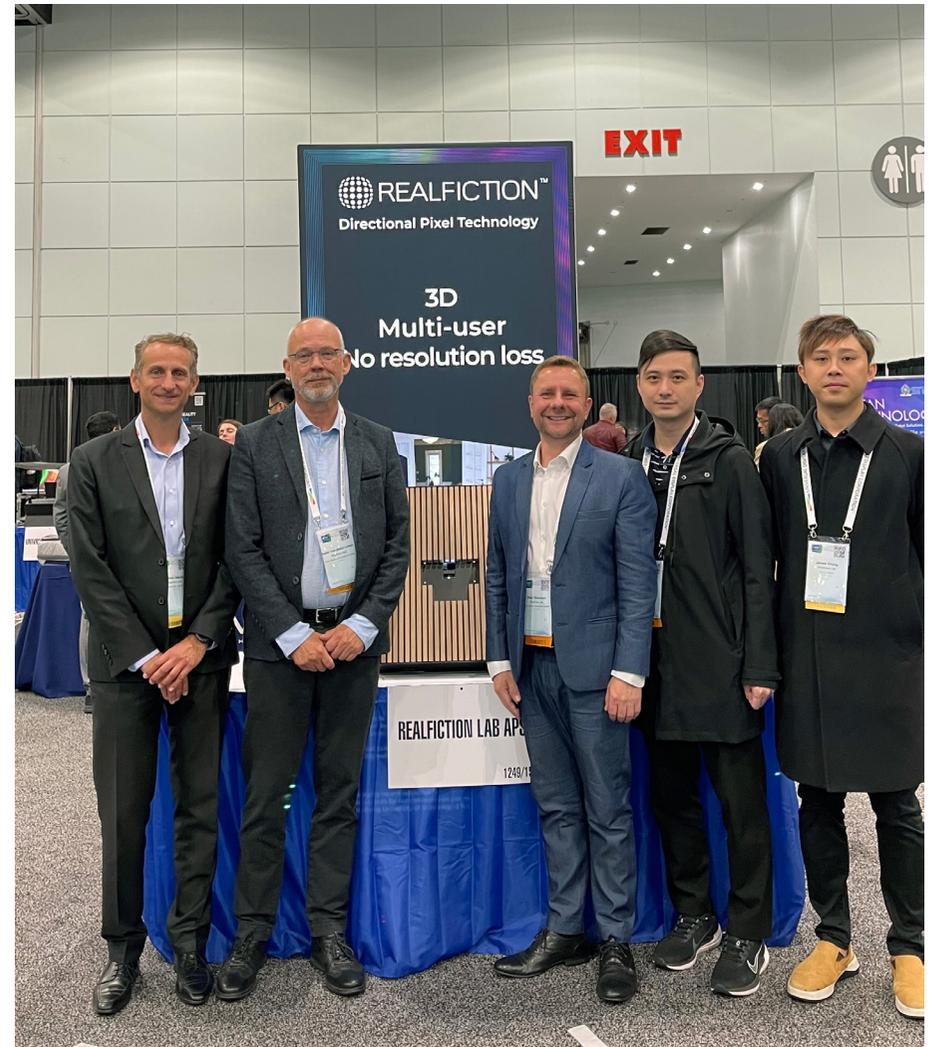
Gross profit margin was 65.8% (2022: 64.6%)

Earnings per share was -0.31 SEK (2022: -0.07 SEK)

The solvency ratio was 75.4% at the end of the year (2022: 79.9%)

Cash flow from operating activities amounted to -2.3 MSEK (2022: 4.5 MSEK)

Equity was 67.5 MSEK (2022: 73.8 MSEK)



Picture on front page: Illustration of a DPT display being used for collaborative 3D product design processes.

Picture above: Next-gen microLED ECHO proof-of-concept display premiered at Display Week in Los Angeles, May 2023.



CEO COMMENTS

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With the company now ready to license a world-class IP portfolio to commercial partners, several ongoing discussions with such potential partners, and financing secured into 2025, the whole Realfiction team is excited to push forward towards making DPT display products a reality by signing commercial agreements before the end of 2024.

2023 became a transformative year for Realfiction, as we completed the development phase for our groundbreaking Directional Pixel Technology™ (DPT) platform, thus moving into the DPT commercialization phase where we focus on signing license agreements for the DPT platform.

Major DPT development milestone achieved

In January 2023, we proudly announced the completion of a first version of a DPT display, which was a major milestone achievement for the company. This version, a LCD-based 17-inch full-HD display capable of showing individual 3D and 2D for two simultaneous viewers, is exciting as it has great potential in specific use cases where there is a strong market demand. This includes in-car use, where car manufacturers are looking into methods of ensuring that the driver is not distracted by entertainment content when the car is moving. As it is based on LCD display technology, this DPT display version also has the shortest route to market, and we have a strategic alliance with the large LCD display manufacturer and major Realfiction shareholder AmTRAN which could be leveraged for volume production.

With the LCD version ready, we started to hold presentations for potential commercial partners and other parties of interest in our facilities in Taiwan in February 2023. As expected, these demonstrations were well received, with multiple priceless “wow” moments from prominent invitees. Following the presentations, we initiated continued discussions under NDA with several potential collaboration partners active in the display and consumer electronics industries.

Compatibility with all three major display technologies

While the LCD version of DPT has the shortest route to market, the proof-of-concept microLED version we presented at Display Week 2023 in Los Angeles in May confirmed that our DPT platform is truly future-proof as well. With the inclusion of this version, DPT is now compatible with all three major display technologies: LCD, OLED and microLED. As this DPT microLED display includes superfast ferroelectric liquid crystals (FLC) developed and patented by Hong Kong University of Science and Technology, we were pleased to announce in August 2023 that we secured the exclusive right to use their FLC technology in 3D displays larger than 9 inches.

Further strengthening of our DPT IP portfolio

It is also important to highlight that we continued the expansion of our DPT IP portfolio in 2023, with progress for both the hardware and software side of the DPT platform. We are continuously applying for and receiving grants for patents in several DPT patent families in relevant geographic regions, which means that we can offer complete and growing integration license packages for LCD, OLED and microLED versions of our DPT platform.

Strong shareholder attendance at first public showcase

In the beginning of December 2023, we were delighted to welcome 80 investors to the first public demonstrations of our DPT displays. The demonstrations included two LCD versions (with and without 3D) and the proof-of-concept microLED version we presented at Display Week 2023. It was great to finally let our shareholders experience our DPT displays with their own eyes, and judging by the feedback received the presentations were well received by this important audience.

Strong interest at CES 2024 in January 2024

For the OLED version of DPT, which is suitable for high-end home entertainment, cinema and gaming, we completed a segment of a 65-inch display in the latter part of the year. This meant that we could present all three DPT versions for potential commercial partners at CES 2024 week in Las Vegas in January. Our CES 2024 week was a great success, with no less than 38 meetings held with companies from various display-related industries, and subsequent follow-up meetings to more closely evaluate the technology.

Lower Mixed Reality display revenue due to our DPT focus

In addition to our DPT platform, we continue to offer our range of Mixed Reality displays to partners around the world. After the pandemic, the demand has risen for these solutions, but the revenue was not as strong as it could have been in 2023, especially in the important fourth quarter, due to our strong focus on planning and executing our DPT license go-to-market strategy. We are confident that this is a wise allocation of our resources, considering that DPT licensing has the potential to create much stronger cash flows compared to our Mixed Reality display related business.

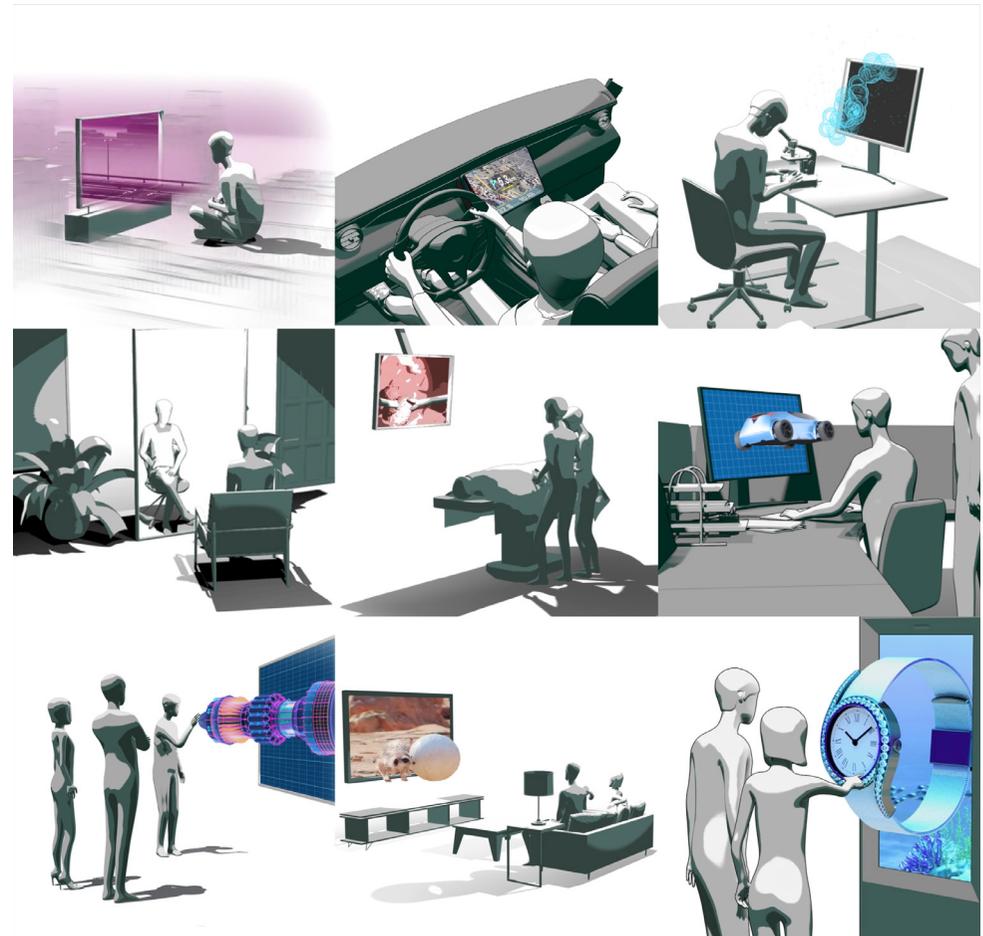
Focus on signing DPT license agreements in 2024

With the completion of our DPT integration license packages in 2023, and many promising meetings with potential commercial partners held in 2023 and 2024, we now have a strong focus on converting on-going dialogues into license agreements. To be able to do this with our shareholders' best interest in mind, we secured a loan of 20 MSEK in February that extends our runway into 2025. We also completed the Innovation Fund Denmark development project, with the final grant of TDKK 740 received shortly after year-end.

With the company now ready to license a world-class IP portfolio to commercial partners, several ongoing discussions with such potential partners, and financing secured into 2025, the whole Realfiction team is excited to push forward towards making DPT display products a reality by signing commercial agreements before the end of 2024.



Clas Dyrholm
CEO, Realfiction Holding AB

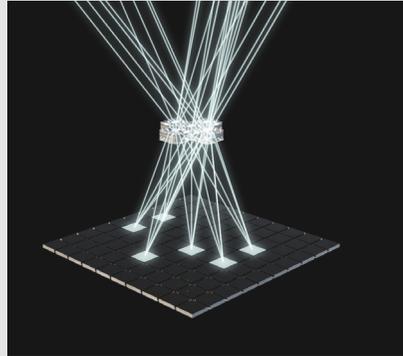


Picture above: Illustrations of different use cases for Realfiction's Directional Pixel Technology™.

SELECTED EVENTS IN 2023

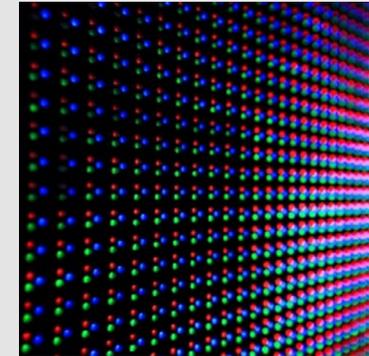
January 2023

Realfiction proudly announces the completion of a first version of a DPT holographic 3D display. Private presentations for potential commercial partners and other parties of interest are held at Realfiction's facilities in Taiwan from the end of February.



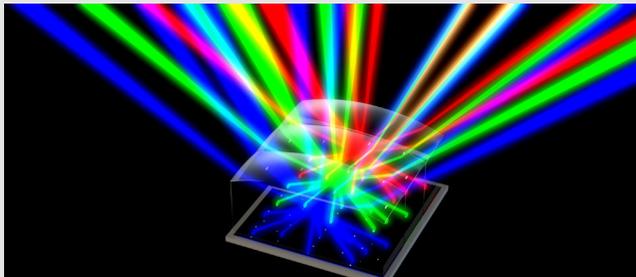
May 2023

The company presents a 2-inch proof-of-concept DPT microLED display at Display Week 2023 in Los Angeles. DPT is thus compatible with all of the three major display technologies: LCD, OLED and microLED.



November 2023

Realfiction announces that LCD, OLED and microLED demonstrators for its DPT platform will be shown during the Consumer Electronics Show (CES) in Las Vegas in January 2024. Due to great interest, no less than 38 meetings are conducted during the CES week.



February 2024

The company secures a loan facility of up to 35 MSEK and has a strong focus on signing license agreements for its DPT technology.



DIRECTIONAL PIXEL TECHNOLOGY™ (DPT)

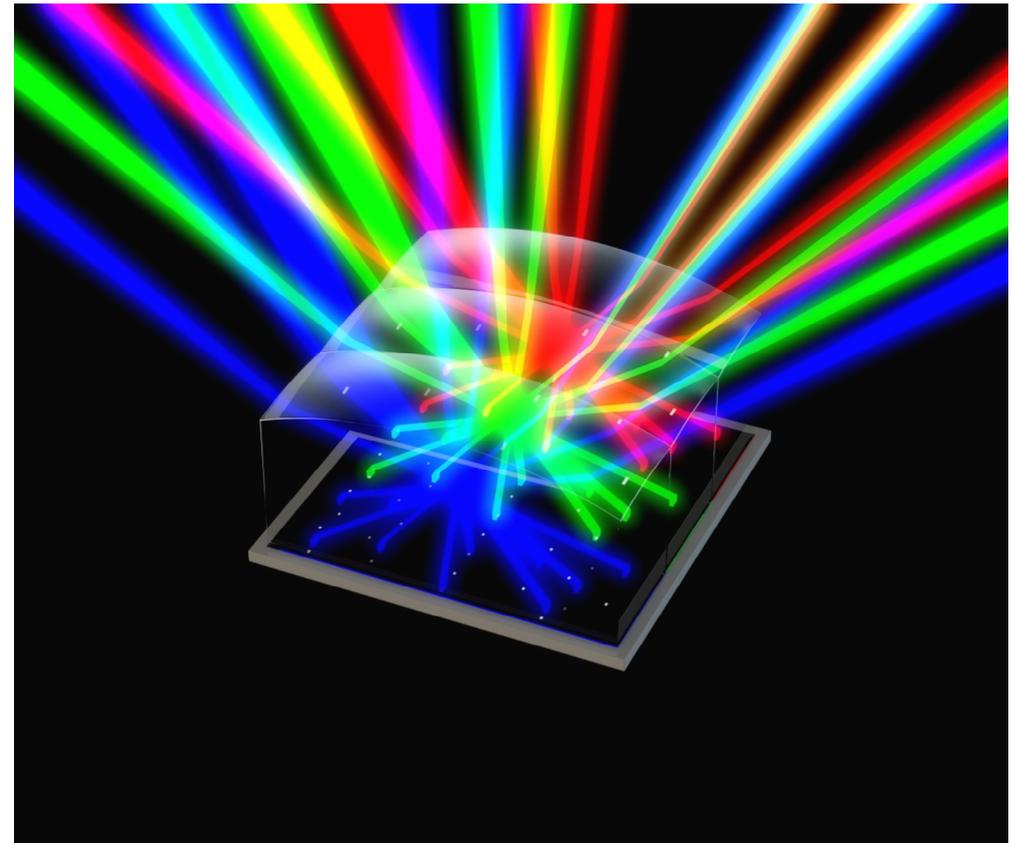
Since the beginning of our journey more than a decade ago, our vision has always been about creating experiences that bring people together. At the heart of this vision sits our innovation team, a group of dedicated, like-minded individuals all sharing the belief that our technology should be about enabling magical moments that can be collectively experienced and shared with others. Realfiction has developed its Directional Pixel Technology™, a next-generation approach beyond head-mounted wearables, that we believe is just the first, primitive stage.

DPT – A TRUE NEXT-GENERATION 2D AND 3D DISPLAY TECHNOLOGY

After many years of innovation and development, we have created an IP platform and licensing integration packages around DPT, a technology that enables 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 DPT, Realfiction has not only created an elegant solution for building such displays, it is also compatible with all three major display formats: LCD, OLED and microLED. Our DPT IP portfolio is constantly growing as we refine hardware and software aspects of the technology.

It is important to highlight that even though we come from a 3D experience perspective, DPT can do so much more. It is for example capable of providing multiple separate 2D or 3D views in full resolution from the same display, which is an attractive feature set for entertainment and gaming as well as safety applications, such as making sure that a driver is not distracted when a car is moving.

With successful demonstrations for potential commercial partners conducted in our Taiwan facilities from H1-2023, at Display Week 2023 in May, and during the CES week in January 2024, we are now advancing licensing discussions with several potential commercial partners in multiple industries, from display manufacturers and display IP providers to providers of display-based products and automotive companies.



Picture above: Illustration from a video illustrating how the amazing OLED version of DPT works.

REALFICTION'S BUSINESS AND CONCEPT

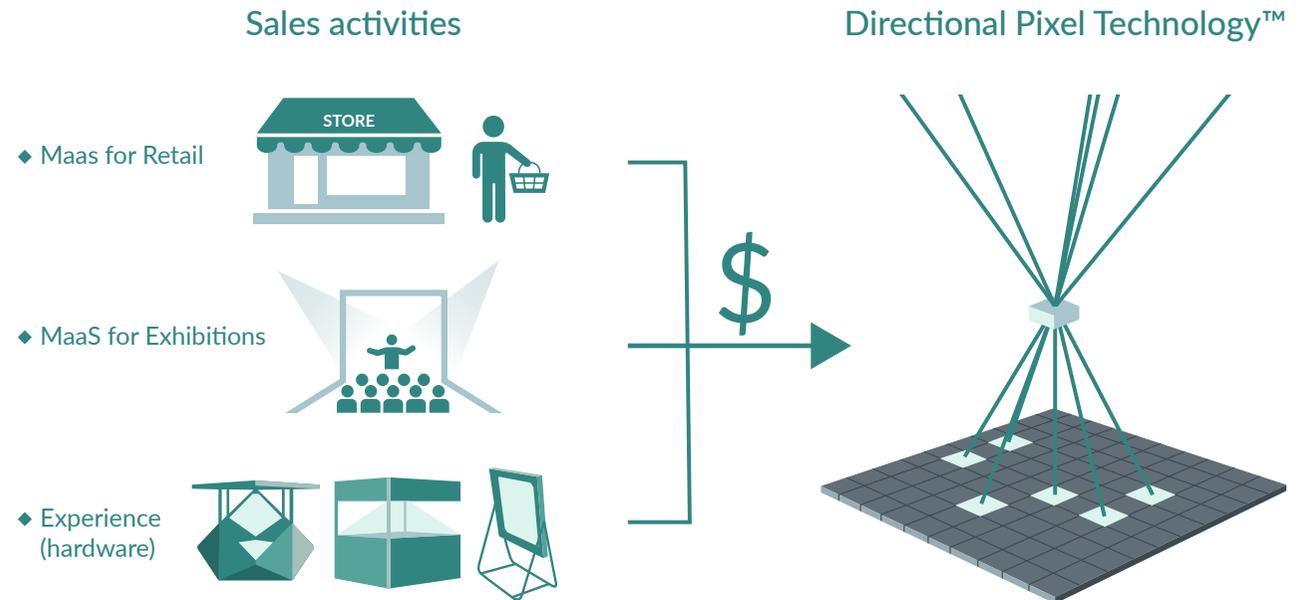
LEADING MIXED REALITY PRODUCTS

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.

DPT - A GROUNDBREAKING NEXT-GENERATION DISPLAY TECHNOLOGY

Realfiction has developed Directional Pixel Technology™, a groundbreaking display 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. DPT can also enable multiple separate 2D or 3D views in full resolution at the same display, which is an attractive feature set for both entertainment and safety applications, such as making sure that the driver is not distracted when a car is moving. DPT is compatible with LCD, OLED and microLED displays and is ready for licensing to commercial partners based on a growing IP portfolio.



As shown in the illustration above, the positive cash-flows from Mixed Reality display product sales contribute positively to a partial financing of Realfiction's commercialization of its DPT technology.

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.



2017-2018 PRE-DPT 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.



2019-2022 DPT DEVELOPMENT PHASE

- In 2019, the company presented DPT (previously named ECHO) and completed a proof of concept for the technology.
- In 2020, a beta version of an LCD DPT 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 DPT. This crucial milestone was achieved in April 2022.
- To enable licensing of the DPT IP platform to commercial partners, patent applications were filed to protect both hardware and software parts of the technology.
- 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 DPT to market.



2023- (ONGOING) DPT COMMERCIALIZATION PHASE

- In 2023, the company completed the first DPT LCD display, as well as demonstrators for an OLED version and a microLED version. DPT is thus compatible with all of the three major display technologies.
- The DPT IP portfolio was expanded with an exclusive license for super-fast ferroelectric liquid crystal (FLC) technology from Hong Kong University of Science and Technology. Two DPT patents were issued in 2023 and two more in 2024.
- Demonstrations in Taiwan were held for potential commercial partners, followed by the world premiere of the microLED version at Display Week 2023 in May, and a total of 38 meetings during the CES week in Las Vegas in January 2024.
- In 2024, the company has a strong focus on signing licensing agreements for DPT with commercial partners, while refining the technology and expanding the IP portfolio.



MARKET OVERVIEW AND DPT 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. DPT 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 Insights¹, 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 DPT 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 Insights², 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 DPT in the large-sized television set segment

As DPT 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 DPT 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, DPT also has the advantage of not being limited by size or resolution constraints.

According to IMARC Group³, 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.

ADRESSABLE MARKET



Royalty fees will be negotiated with our future customers.

Historically, disruptive technology has earned 1-5 % of product income.

This percentage differs between technologies on the basis of several factors such as, but not limited to the level of inventiveness, IP protection, demand.

Displays produced in 2023

Display types:	# of units:	Source:
TVs	253.800.000	Omdia
TV displays > 65"	33.337.220	Omdia and Applied Materials
Center stack displays > 10"	53.806.000	KDIA.org (Korea Display Industry)
Gaming monitors	20.800.000	Statista



COMPETING TECHNOLOGIES AND COMPANIES

Meta (with its Quest 3 and Quest Pro products) and Apple (with its Vision Pro product) 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, DPT 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.



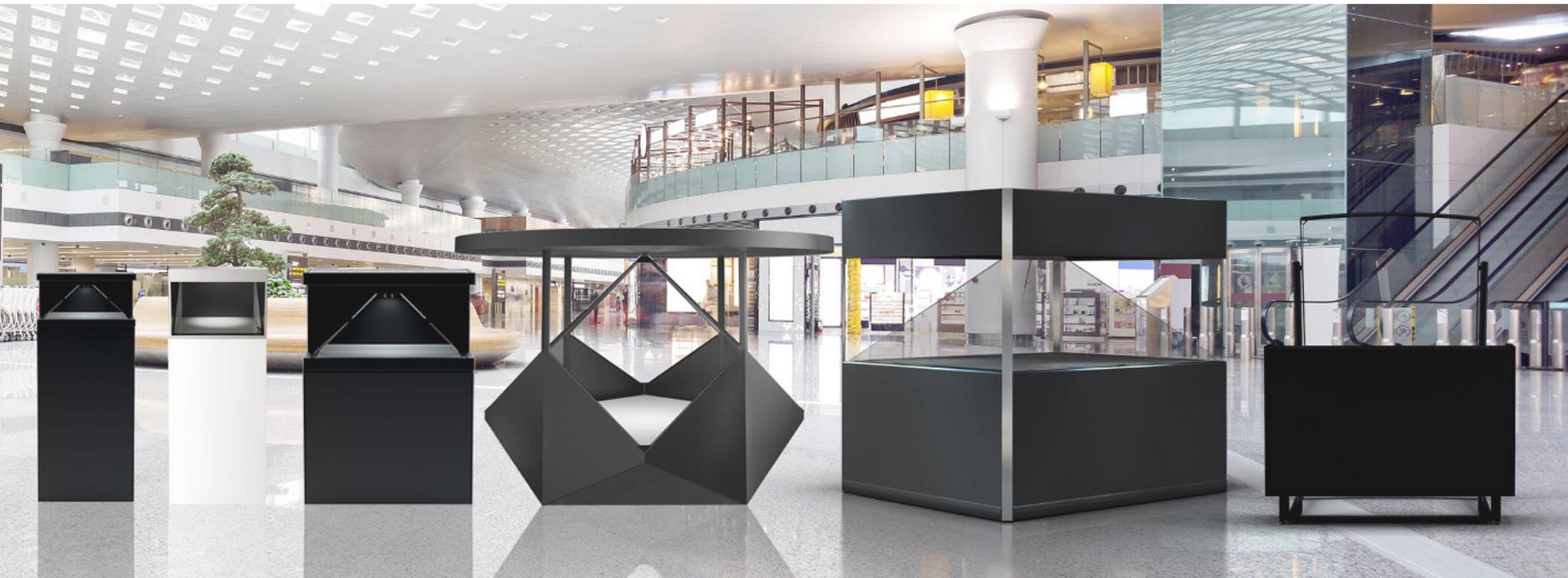
Apple Vision Pro



Acer SpatialLabs-laptop



Looking Glass



MIXED REALITY 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.

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 2023.

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 "Annual Report 2023 (PDF) Swedish".

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 for the Group

Group net revenue amounts to 9,923 TSEK in 2023 and 14,209 TSEK in 2022. This represents a decrease of 30% compared to 2022. Revenue in 2023 includes sales from our Magic-as-a-Service concept of 1,411 TSEK compared to 3,143 TSEK in 2022.

In note 17, we present the company's gross profit analysis. Cost of goods sold amounts to 3,398 TSEK (5,029 TSEK). The gross profit for 2023 can thus be established to 6,525 TSEK (9,180 TSEK), which resulted in an increased gross profit margin in

2023 of 65.8% compared to 64.6% in 2022. The increase in the gross profit margin in 2023 was achieved due to a different sales mix.

In 2023 the Company capitalized development expenditure relating to Directional Pixel Technology™ that fulfils the requirements of the capitalization accounting principle. As such, the 2023 operating result is positively impacted by 9,601 TSEK (7,096 TSEK) from the capitalization of salaries and internal expenses relating to Directional Pixel Technology™.

Other external costs increased to 4,836 TSEK in 2023 from 3,796 in 2022. The increase was primarily due to the implementation of the Directional Pixel Technology™ go-to market strategy with increased travel, sales and marketing expenses.

Personnel costs increased to 18,908 TSEK in 2023 compared to 14,052 TSEK in 2022. The increase is due to the addition of three new employees and salary increases due to the inflation.

All in all, our cash flow to cover "Net operating cost" increased by 3,514 TSEK in 2023 to a cash flow impact of 14,147 TSEK from 10,633 TSEK in 2022 as per note 17.

Group net financial costs consist of interest on the loan with Vækstfonden, interest income from banks as well as currency losses due to the fluctuation of USD.

The net result for the Group in 2023 amounted to -6,099 TSEK compared to -1,388 TSEK in 2022.

Balance sheet for the Group

Realfiction's total assets at 31 December 2023 amounted to 89,491 TSEK compared to 92,328 TSEK at 31 December 2022. The Group's solvency ratio at 31 December 2023 was 75.4% compared to 79.9% at 31 December 2022.

Realfiction Holding AB issued a shareholder contribution of 16,585 TSEK to wholly owned subsidiaries. The premium was delivered on 31 December 2023 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 2023, Realfiction invested 18,300 TSEK (16,426 TSEK) in intangible fixed assets related to the Company's Directional Pixel Technology™ 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

Realfiction's liquidity at 31 December 2023 amounts to TSEK 12,523 compared to TSEK 30,806 at 31 December 2022. Cash Flow from operating activities for 2023 was -2,295 TSEK compared to 4,513 TSEK for Q1-Q4 2022. The deterioration is mainly due to reduced revenue and increased costs for the implementation of the Directional Pixel Technology™ go-to market strategy. The development of the Directional Pixel Technology™ is co-financed by an up to 5 MDKK Innobooster grant from Innovation Fund Denmark that was announced in a press release on 14 October, 2021. Realfiction received 3,277 TSEK in 2023 compared to 2,996 TSEK in 2022, and the Company expects to receive a final tranche in Q1 2024 of approximately 1.1 MSEK.

In February 2024, the Company entered into a loan agreement of up to 35 MSEK to extend the Company's financial runway until 31 August 2025. Of this, a first tranche of 20 MSEK was received in February 2024, and a second tranche of 15 MSEK can be drawn between August and November 2024 at the Company's discretion under the condition that the Company's market capitalization exceeds 350 MSEK at the time. With the cash received in February, the Company expects to have the liquidity necessary to sustain all its business operations, including the execution of

its go-to-market strategy for its Directional Pixel Technology™ into 2025. Realfiction also has the right to repay the loan at any time without any early repayment fee when new licensing agreements for the Directional Pixel Technology™ result in positive cash flows.

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 2023, the number of shares in Realfiction Holding AB was 19,762,847 pieces compared to 19,762,847 pieces on 31 December 2022. 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 2,868 TSEK at the balance day compared to 4,270 TSEK at 31 December 2022.

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 February 5, Realfiction announced that the Company has entered into a loan agreement of up to 35 MSEK with Formue Nord Fokus A/S and extends its financial runway until 31 August 2025. The first tranche of 20 MSEK is paid out upon signing of the loan agreement, and the second tranche, 15 MSEK, can be drawn between August and November 2024, at Realfiction's discretion under the condition that Realfiction's market capitalization exceeds 350 MSEK at the time. The loan matures for payment on 31 August 2025. The loan is subject to a set-up fee of 5 percent of the loan facility and carries an annual interest rate of STIBOR 3M + 11 percent of the outstanding loan amount and will be paid at the end of each calendar quarter.

MULTIPLE YEAR OVERVIEW (TSEK)

Group	2023	2022	2021	2020	2019
Net revenue	9,923	14,209	12,575	9,501	21,357
Result after financial items	-8,120	-2,066	-4,554	-9,749	-14,792
Total Balance Sheet	89,491	92,328	81,966	65,348	37,834
Solvency ratio (%)*	75.4	79.9	87.2	84.0	74.7
Average number of employees	14	11	9	13	17
Gross profit 1)**	6,525	9,180	6,848	4,985	11,367
Gross profit margin (%)***	65.8	64.6	54.5	52.5	53.2
Earnings per share (SEK)****	-0.31	-0.07	-0.05	-0.52	-1.00
Average number of shares	19,762,847	19,740,483	18,362,982	15,761,189	12,943,521
Number of shares at the end of the period	19,762,847	19,762,847	19,711,847	18,241,442	15,610,613

*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	2023	2022	2021	2020	2019
Net revenue	600	600	600	600	600
Result after financial costs	-888	-1,082	-1,192	-861	-1,226
Total Balance Sheet	109,518	109,766	110,588	94,324	59,962
Solvency ratio (%)	99.5	99.5	99.5	99.3	98.7
Average number of employees	0	0	0	0	0

Ownership structure

The table below shows shareholders in Realfiction Holding AB as of December 31, 2023.

Name	Number of shares	Ownership (in %)
Ceranco Equity S.C.S ¹	3,194,447	16.16
Clape Holding ApS ²	3,005,000	15.21
AmTRAN Technology Co. Ltd.	1,862,716	9.43
Tamarind Limited ¹	1,599,461	8.09
Försäkringsaktiebolaget, Avanza Pension	1,156,763	5.85
Other shareholders (more than 3,100)	8,944,460	45.26
Total	19,762,847	100.00

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	107,884,050
Loss for the year	-888,292
	106,995,758

The board proposes that unrestricted equity be allocated as follows:

Balanced in new account:	106,995,758
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INCOME STATEMENT

TSEK	Note	Group	
		2023	2022
Operating income			
Net revenue		9,923	14,209
Capitalised work for own account		9,601	7,096
Other income		248	787
Total operating income		19,772	22,092
Operating expenses	17		
Cost of goods sold		-3,398	-5,029
Other external costs		-4,836	-3,796
Personnel costs	4	-18,908	-14,052
Depreciation of tangible and non-tangible assets	8	-627	-800
Total operating expenses		-27,769	-23,677
Operating result	17	-7,997	-1,585
Result from financial investments			
Other interest income and similar profit/loss items	5	392	156
Interest costs and similar profit/loss items	6	-515	-637
Total financial items		-123	-481
Result after financial items		-8,120	-2,066
Tax for result of the year	7	2,021	678
Result of the year		-6,099	-1,388

BALANCE SHEET

TSEK	Note	Group	
		31-12-2023	31-12-2022
Assets			
Non-current assets			
Intangible assets			
Development costs	8	64,481	48,576
Licenses		2,160	594
Total intangible assets		66,641	49,170
Tangible assets			
Fixtures, tools and installations	8	657	1,192
Total tangible assets		657	1,192
Financial assets			
Other long-term receivables	10	377	356
Total financial assets		377	356
Total Non-current assets		67,675	50,718
Current assets			
Inventories etc.			
Finished products and goods for sale		3,589	5,063
Total inventories etc.		3,589	5,063
Short-term receivables			
Trade receivables		100	363
Current tax receivables		3,229	3,781
Other receivables		1,887	1,181
Prepaid expenses		488	416
Total short-term receivables		5,704	5,741
Cash and bank		12,523	30,806
Total current assets		21,816	41,610
Total assets		89,491	92,328

TSEK	Note	Group	
		31-12-2023	31-12-2022
Equity and liabilities			
Equity			
Share capital		1,976	1,976
Other received capital		111,104	111,104
Other equity incl. the result of the period		-45,609	-39,293
Total equity		67,471	73,787
Provisions	12		
Deferred tax liability		4,268	2,985
Total provisions		4,268	2,985
Long-term liabilities	13		
Liabilities to credit institutions		1,291	2,851
Other liabilities		875	844
Prepaid income	14	8,252	3,996
Total long-term liabilities		10,418	7,691
Short-term liabilities			
Liabilities to credit institutions		1,577	1,419
Accounts payable		997	1,068
Other liabilities		2,944	2,615
Accrued costs and prepaid income		1,816	2,763
Total short-term liabilities		7,334	7,865
Total liabilities		17,752	15,556
Total equity and liabilities		89,491	92,328

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
Amount at the beginning of the year 01-01-2022	1,971	3	111,097	-41,585	71,486
Share issues 2021 registered 2022	3	-3	0	0	0
Share issues*	2	0	49	0	51
Share issue costs	0	0	-42	0	-42
Warrant program	0	0	0	132	132
Exchange rate difference for the year	0	0	0	3,548	3,548
Result of the year	0	0	0	-1,388	-1,388
Amount at the end of the year 31-12-2022	1,976	0	111,104	-39,293	73,787
Warrant program	0	0	0	389	389
Exchange rate difference for the year	0	0	0	-606	-606
Result of the year	0	0	0	-6,099	-6,099
Amount at the end of the year 31-12-2023	1,976	0	111,104	-45,609	67,471

*) Share issues consists of the following increase in equity that was fully paid in 2022:

- Exercise of subscription warrant of 26,000 shares that were registered on 9 November 2022

The number of shares amounts to 19,762,847 pieces and the quota value is 0.10 SEK/share.

The company has 487,100 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 1.59 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.

The company has 100,000 outstanding warrants from the 2022 consultant option program. Every warrant entitles the owner to subscribe for one Realfiction share. The warrants can be used until 31 December 2027. The warrants have an average subscription price of 12.00 SEK.

The company has 55,000 warrants from the 2023 option program for senior executives outstanding. Every warrant entitles the owner to subscribe for one share in Realfiction Holding AB. The warrants can be used until 31 December 2030 at an average subscription price of 13.00 SEK.

CASH FLOW ANALYSIS

TSEK	Note	Group	
		2023	2022
Operating activities			
Operating result		-7,997	-1,585
Depreciation		627	800
Received interest		392	156
Warrant program (non-cash)		389	132
Payed interest		-515	-622
Received tax		3,957	3,915
Cash flow from operating activities before changes in operating capital		-3,147	2,796
Cash flow from changes in operating capital			
Decrease(+)/increase(-) in inventory		1,513	174
Decrease(+)/increase(-) in current receivables		607	357
Decrease(+)/increase(-) in current liabilities		-1,268	1,186
Cash flow from operating activities		-2,295	4,513
Investment activities			
Purchase of intangible assets		-18,300	-16,426
Purchase of tangible assets		-81	-1,276
Sales of tangible assets		0	4
Sales and purchase of financial assets		-23	-20
Cash flow from investment activities		-18,404	-17,718
Financing activities			
Loan installment		-1,395	0
Inno booster grant		3,277	2,996
Share issue		0	9
Cash flow from financing activities		1,882	3,005
Cash flow for the year			
Cash and cash equivalents at the beginning of the year		30,806	40,850
Foreign exchange difference in cash and cash equivalents		534	156
Cash and cash equivalents at the end of the year	18	12,523	30,806

Note 17 Gross profit analysis

		Group	
	Not	2023	2022
Net revenue		9,923	14,209
Cost of goods sold		-3,398	-5,029
Gross profit		6,525	9,180
Capitalised work for own account		9,601	7,096
Other external costs		-4,836	-3,796
Personnel costs	4	-18,908	-14,052
Depreciation of tangible fixed assets	8	-627	-800
Other income and expenses		248	787
Net operating cost		-14,522	-10,765
Operating result		-7,997	-1,585
Net operating cost		-14,522	-10,765
Non-cash costs		375	132
Cash flow from net operating cost		-14,147	-10,633

Note 18 Cash on hand

	Group	
	31-12-2023	31-12-2022
The following component is included in cash on hand:		
Bank balance	12,523	30,806
	12,523	30,806

