



# Q2 INTERIM REPORT

1 APRIL – 30 JUNE 2020

Realfiction Holding AB (publ) | 559110-4616



REALFICTION™

# Q2 INTERIM REPORT

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## Q2, 2020 (01-04-2020 – 30-06-2020)

- Revenue: TSEK 1,854 (Q2, 2019: TSEK 5,825)
- Gross profit: TSEK 1,067 (Q2, 2019: TSEK 3,189)
- Gross profit margin: 57.6% (Q2, 2019: 54.7%)
- Result after financial items: TSEK -2,592 (Q2, 2019: TSEK -2,875)
- Earnings per share: SEK -0.14 (Q2, 2019: -0.21)
- Cash flow from operating activities: TSEK -259 (Q2, 2019: TSEK -3,011)

## H1, 2020 (01-01-2020 – 30-06-2020)

- Revenue: TSEK 5,393 (H1, 2019: TSEK 12,849)
- Gross profit: TSEK 2,973 (H1, 2019: TSEK 7,131)
- Gross profit margin: 55.1% (H1, 2019: 55.5%)
- Result after financial items: TSEK -5,507 (H1, 2019: TSEK -6,084)
- Earnings per share: SEK -0.33 (H1, 2019: -0.44)
- Cash flow from operating activities: TSEK -1.631 (H1, 2019: TSEK -4,719)



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## SIGNIFICANT EVENTS DURING Q2 2020

- As announced on 26 March 2020, COVID-19 caused Realfiction to update its guidance and pause its test launch of MaaS for Retail in Germany. During Q2, 2020, COVID-19 has continued to significantly impact Realfiction's sales, thus resulting in limited revenues. 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.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On 2 July 2020, Realfiction announced that the company will develop a complete integration license package for its patent pending ECHO 3D display technology with all technology and software solutions needed for integration into LCD or OLED display products. The company is down to a one-digit number of sub-projects/modules to complete the full package. Certain use-cases may however be prioritized and offered sooner to display manufacturers. Realfiction will now discuss collaboration terms with potential research partners, including a leading international research institute in Organic Electronics, while also applying for relevant EU grants. The company expects to present an updated ECHO time frame in the early fall.



# CEO COMMENTS

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## CONTINUED ECHO PROGRESS

I am excited to report that the development of our groundbreaking ECHO 3D display technology continued to show strong progress in Q2 2020 and during the summer. As stated in the press release published in the beginning of July, we are now moving ahead with the process of overcoming the remaining challenges to facilitate mass production of OLED and LCD displays equipped with ECHO technology. To do so, we have identified a one-digit number of sub-projects/modules that need to be in place, while certain use-cases may be prioritized and offered to display manufacturers even sooner. We are in discussions or contract negotiations regarding the completion of these sub-projects with relevant research entities, including a leading international research institute in Organic Electronics, and we are still aiming to present an updated ECHO time frame in early fall.

At the same time, we are also strengthening our ECHO IP portfolio with 4 additional patent applications submitted so far in 2020. Where the 2019 patent applications were quite broad to prevent competitors from coming first and locking the field while we were maturing the technology, the 2020 applications comprise the work we have put into preferred embodiments to document the detailed inventive steps we believe we are the first to have overcome to enable future mass production.

## STRONG MAGIC-AS-A-SERVICE RELAUNCH WITH EDEKA IN GERMANY

After having been temporarily put on hold due to the COVID-19 pandemic, our test launch of a MaaS

Media Channel in Germany in 25 EDEKA stores was restarted in the beginning of July. We are now collecting data from campaigns and feedback from brand owners, and we will evaluate and respond to the information to ensure that all stakeholders are pleased. Campaigns on the 25 displays are fully booked until the end of October, and we have received requests for several of the slots available during the rest of the year. Even though our go-to-market plan in Germany is delayed due to the pause of the test launch, we are continuing to aim

“ I really look forward to soon being able to explain more in detail how ECHO holds the potential to fundamentally change flatscreens, and what we are aiming to achieve in the rest of 2020 and in 2021. I am certain that 2021 will become our most exciting year to date. ”

for an up-scaling of the media channel to include additional stores in 2021, and we are also in talks with brand owners on larger commitments in 2021.

## MAAS FOR EXHIBITIONS

We saw a significant negative COVID-19 impact in this segment in Q2, 2020, as most exhibitions

and promotional events were either cancelled, postponed or transformed into virtual events during the period. This has also led many of our global partners to temporarily reduce their workforces. However, we saw some positive signs in June and the rest of the summer with orders starting to come in from partners. Even so, the major turnaround is not to be expected until 2021, when most markets hopefully will have the COVID-19 situation firmly under control while brand owners and partners are eager to make up for lost time. Exactly when and how quickly this turnaround will happen is hard to predict as it depends on factors beyond our control, including if, where and to what extent COVID-19 vaccines will start to become available.

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## EXPERIENCE (HARDWARE)

As in our MaaS for Exhibitions segment, we saw a substantial drop in hardware sales in Q2 due to the COVID-19 pandemic. The hardware sales have however started to show more strength in June and during the summer as promotional events are being rescheduled. This has led to some substantial direct sales orders, and we are hoping that this trend will lead to more business also in additional markets during the autumn. It is obvious that our strong global customer base is intact and waiting for opportunities to use Realfiction hardware again.

## ENCOURAGING FINANCIAL OUTLOOK

In addition to the positive sales trend from June, we are also starting to see a contribution to our bottom line from the substantial cost savings initiatives that we implemented before and in light of the COVID-19 pandemic. In addition to reducing our loss in Q2, the full extent of these initiatives will become visible in Q3. As stated earlier, we have the liquidity needed to continue our business activities into 2021 when we expect a strong post-COVID-19 turnaround.

## ECHO WILL LEAD THE WAY INTO 2021

While it is encouraging to see that our MaaS media channel in Germany is back on track, and that we are starting to pick up speed again in our Experience segment (and to some extent also in MaaS for Exhibitions), the most substantial progress in Q2 and during the summer has definitely been achieved in our ECHO development process. I really look forward to soon being able to explain more in detail how ECHO holds the potential to fundamentally change flatscreens, and what we are aiming to achieve in the rest of 2020 and in 2021. I am certain that 2021 will become our most exciting year to date.



**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 2020

**ECHO:** Having already delivered a basic laboratory proof-of-concept, we are now focused on proving and specifying the scalability and manufacturability necessary for a future mass production, which is the inherent strength of our technology and where previous attempts in the history of 3D have failed. We have identified a one-digit number of sub-projects/modules that need to be in place to be able to finalize a complete integration license package that we can offer to LCD and OLED display manufacturers. Certain use-cases may however be prioritized and offered sooner. To complete these sub-projects/modules, we are pursuing collaboration with potential research partners, including a leading international research institute in Organic Electronics. In 2020, we have added 4 updated patent applications to our ECHO IP portfolio of now 6 pending patents with more to come. Where the

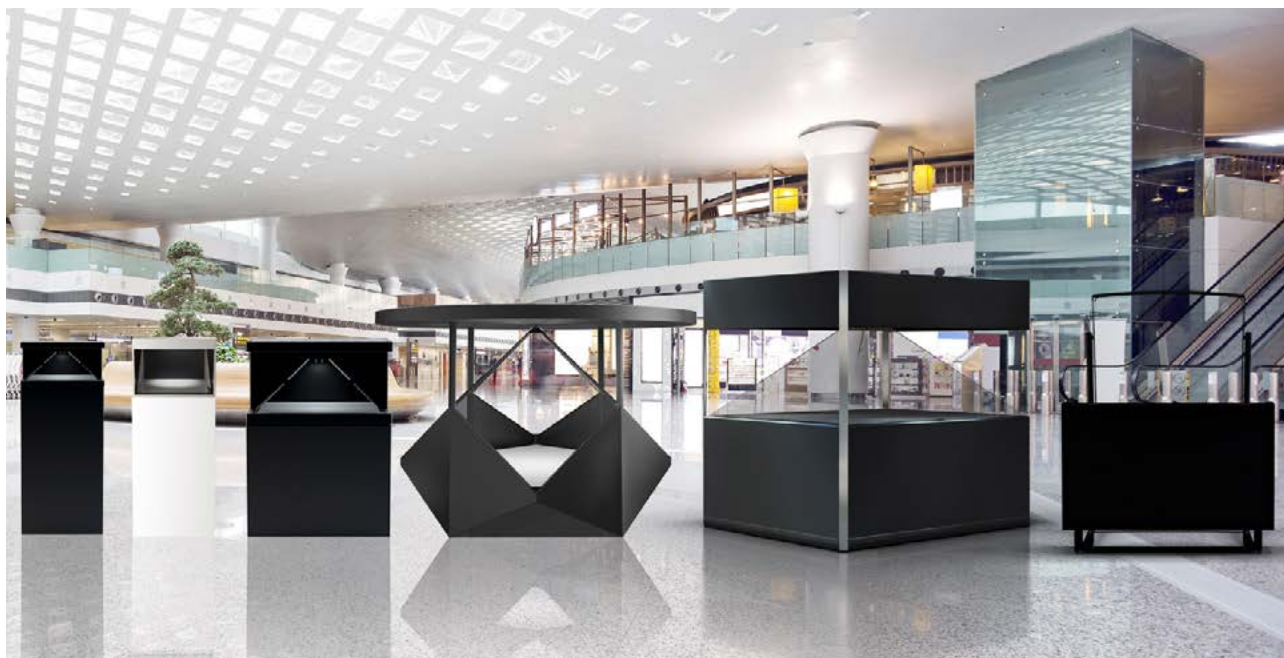
2019 patent applications are a "plug in the bath tub", comprising a large set of potential variations described in broader terms, preventing competitors from coming first and locking the field while we are maturing the technology, the 2020 applications comprise the work we have put into preferred embodiments to document the detailed inventive steps we believe we are the first to have overcome to enable future mass production.

**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 has been implemented in a test launch in 25 EDEKA (Germany's largest department store company with over 11,000 stores) stores in Germany. Realfiction is confident that it is at the brink of realising the true potential of the Magic-as-a-Service concept, even with the COVID-19 outbreak. After the temporary pause of the test launch in the first half of 2020, we have restarted the test launch in July 2020 and we look forward to receiving more feedback from stakeholders during the remainder of 2020.

**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.

# 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

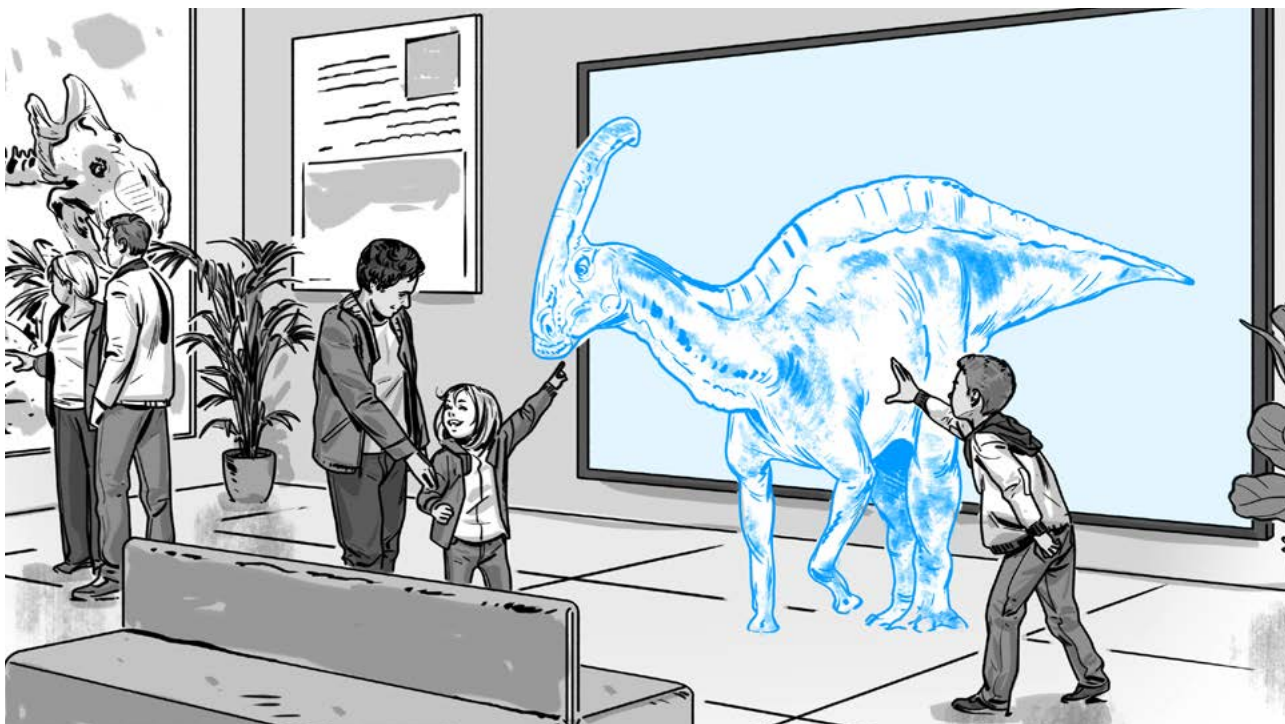
DeepFrame is the world's largest MR display and can create unbelievable real time experiences where holographic images and animations are projected over existing surfaces and objects. It was awarded the "CES 2018 Innovation Awards Honoree" title at CES, the world's largest consumer electronics show.

**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.



## 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: Illustration of ECHO in a museum



# FINANCIAL REVIEW

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## DEVELOPMENT IN Q2 AND H1, 2020

### Income Statement

COVID-19 has caused a significant decline in sales during Q2 and H1 of 2020. 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 1,854 for Q2, 2020, representing a decline of 68% from Q2, 2019 (TSEK 5,825), while TSEK 5,393 for H1, 2020 (TSEK 12,849) represent a decline of 58% compared to H1, 2019. The major part of net revenue in Q2 and H1, 2020 consists of product sales from the Dreamoc and DeepFrame category, while sales from our Magic-as-a-Service concept account for TSEK 137 (TSEK 1,115) and TSEK 893 (TSEK 2,310) respectively. Adjusted for currency conversion effects, the Company's revenue in the second quarter of 2020, declined by 66% to TDKK 1,309 compared to the average quarterly revenue of 2019 (TDKK 3,776).

Cost of goods sold amounts to TSEK 787 and 2,420 for Q2, 2020 and H1, 2020 respectively, compared to TSEK 2,636 for Q2, 2019 and 5,718 for H1, 2019. Thus, our gross profit in Q2, 2020 decreased to TSEK 1,067 from 3,189 in Q2 2019 and resulted in an increased gross profit margin in Q2, 2020 of 57.6% (54.7%) and steady gross profit margin in H1, 2020 of 55.1% (55.5%). The increase in the gross profit margin in Q2, 2020 is attributable to the decrease in sales combined with a few more profitable orders.

In Q2, 2020 the Company has capitalized development expenditure relating to ECHO that fulfils the requirements of the capitalization accounting principle. As such, the Q2, 2020 operating result is positively impacted by TSEK 683 (TSEK 1,262) from the capitalization of salaries and

internal expenses relating to ECHO, while the H1, 2020 result is positively impacted by TSEK 1,886 (TSEK 1,262).

Other external costs decreased to TSEK 1,227 in Q2, 2020 from 2,256 in Q2 2019 and to TSEK 3,135 in H1, 2020 from 4,869 in H1, 2019. The decrease is primarily due to the simplified and low cost go-to-market model for our MaaS concept, and due to lower development costs as the focus of our innovation department is to succeed with the ECHO technology.

The simplified go-to-market model for our MaaS concept entails that we have reduced the workforce from December 19 to the end of June 20. Thus resulting in significantly lower personnel costs of TSEK 3,195 in Q2, 2020 (TSEK 4,666) and TSEK 6,855 (TSEK 8,775) in H1, 2020.

All in all, we reduced our net operating cost by TSEK 2,255 in Q2, 2020 to TSEK 3,579 from TSEK 5,834 in Q2, 2019 and by TSEK 4,317 in H1, 2020 to TSEK 8,357 from TSEK 12,674 in H1, 2019.

Group net financial costs consist of interest on the loan with Vækstfonden, while the H1, 2019 financial costs include interest on a bridge loan.

The net result for the Group in Q2, 2020 amounts to TSEK -2,167 (TSEK -2,467) and TSEK 4,589 (TSEK -5,310) in H1, 2020.

### Supplementary Income Statement

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

In Q2, 2020, we continued investing in Innovation & Development Activities, with the primary focus on ECHO. The ECHO technology aims at inventing the

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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 1,234 in Q2, 2020 compared to TSEK 1,729 in Q2, 2019 and TSEK 2,686 in H1, 2020 compared to TSEK 3,251 in H1, 2019. The Q2, 2020 operating result from our Sales Activities improved to a loss of TSEK 1,961 compared to a loss of TSEK 2,194 in Q2, 2019, while the H1, 2020 result declined to a loss of TSEK 4,592 from a loss of TSEK 3,582 in H1, 2019. The improvement in Q2, 2020 was primarily due to cost savings from the simplified go-to-market model, while the decline in H1, 2020 was caused by the sales decline in Q1, 2020.

### Balance Sheet

Realfiction's total assets at 30 June 2020 amount to TSEK 34,355 compared to TSEK 37,834 of 31 December 2019. Inventory at 30 June 2020 amounts to TSEK 7,282 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 increased to TSEK 7,982 at 30 June 2020 compared to TSEK 6,519 at 31 December 2019 due to financial support from governmental COVID-19 support packages.

### Investments

In Q2, 2020 and H1, 2020, the Company has capitalized additional development expenditure of TSEK 1,392 (TSEK 1,676) and TSEK 3,390 (TSEK 1,676) 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 30 June 2020 amounts to TSEK 12,238 compared to TSEK 17,240 at 31 December 2019. Cash flow from operating activities for Q2, 2020 improved to TSEK -259 compared to TSEK -3,011 for Q2, 2019 and improved to TSEK -1,631 in H1, 2020 from TSEK -4,719 in H1, 2019. The improvement in Q2 and H1, 2020 is primarily caused by the investments in the ECHO technology, cost savings due to the simplified go-to-market model and governmental COVID-19 support packages.

Realfiction has a strong financial position and expects to have the liquidity necessary to sustain all its business operations, including the development of ECHO, into 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 30 June 2020, the number of shares in Realfiction Holding AB amounts to 15,610,613. 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.

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.

### Operational risks & uncertainties

The risks and uncertainties that Realfiction's operations are exposed to are concentrated in the

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## OWNERSHIP STRUCTURE

The table below shows key shareholders in Realfiction Holding AB at 30 June 2020.

Name	Number of shares	Ownership (in %)
Ceranco Equity S.C.S	3,194,447	20.46
Clape Holding ApS <sup>1</sup>	2,875,000	18.42
AmTRAN Technology Co. Ltd. <sup>2</sup>	1,999,961	12.79
Försäkringsaktiebolaget, Avanza Pension	866,985	5.55
Other shareholders (more than 1,800)	6,677,220	42.78
<b>Total</b>	<b>15,610,613</b>	<b>100.0</b>

1. 50 % owned by CEO and board member Clas Dyrholm and 50 % owned by board member Peter Simonsen.

2. AmTRAN is a large OEM producer of LCD TV's and other consumer electronics.

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### Audit/review

The Q2 Interim Report 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:

Interim Report Q3 2020:	19 November 2020
Year-end Report 2020:	25 March 2021
Annual Report 2020:	20 May 2021
Annual General Meeting 2021:	15 June 2021

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:

Clas Dyrholm, CEO  
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 Q2 Interim Report 2020 presents a fair view of the financial position of the Company at 30 June 2020 as well as of the results of the Group operations and cash flows for the period 1 January – 30 June 2020.*

**Helsingborg, 27 August 2020**  
**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 27 August 2020.

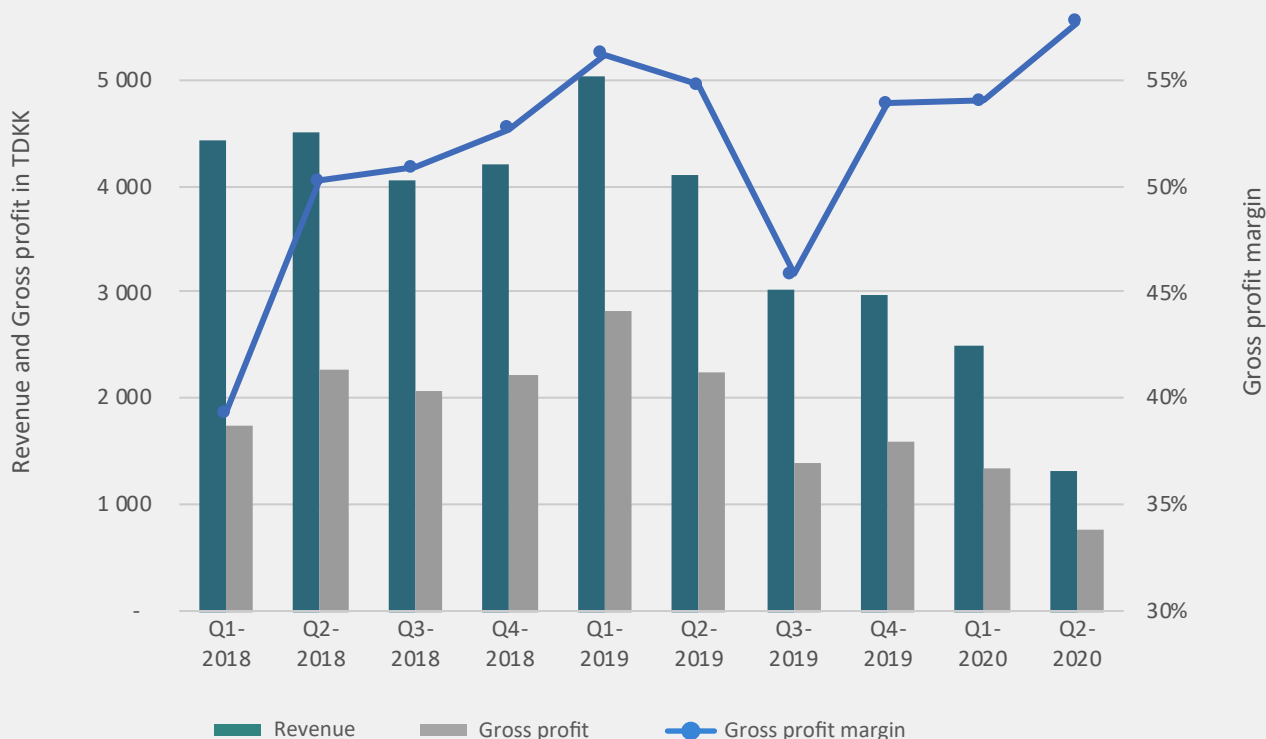


# FINANCIAL HIGHLIGHTS AND KEY RATIOS

## Selected Financial Highlights and Key Ratios – Group

SEK '000	Q2-2020 01-04-2020 -30-06-2020 3 months	Q2-2019 01-04-2019 -30-06-2019 3 months	H1-2020 01-01-2020 -30-06-2020 6 months	H1-2019 01-01-2019 -30-06-2019 6 months	2019 01-01-2019 -31-12-2019 12 months
Net revenue	1,854	5,825	5,393	12,849	21,357
Gross profit	1,067	3,189	2,973	7,131	11,367
Result after financial items	-2,592	-2,875	-5,507	-6,084	-14,792
Total Assets	34,355	31,192	34,355	31,192	37,834
Cash flow from operating activities	-259	-3,011	-1,631	-4,719	-11,013
Cash at bank and in hand	12,238	13,581	12,238	13,581	17,240
Solvency ratio (%)	68.9	69.4	68.9	69.4	74.7
Average number of employees	15	17	16	16	17
Gross profit margin (%)	57.6	54.7	55.1	55.5	53.2
Earnings per share (SEK)	-0.14	-0.21	-0.33	-0.44	-1.00
Average number of shares	15,610,613	11,986,240	15,526,437	11,810,663	12,943,521
Number of shares at the end of the period	15,610,613	14,057,908	15,610,613	14,057,908	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	Q2-2020 01-04-2020 -30-06-2020 3 months	Q2-2019 01-04-2019 -30-06-2019 3 months	H1-2020 01-01-2020 -30-06-2020 6 months	H1-2019 01-01-2019 -30-06-2019 6 months	2019 01-01-2019 -31-12-2019 12 months
Net revenue	1,854	5,825	5,393	12,849	21,357
Cost of goods sold	-787	-2,636	-2,420	-5,718	-9,990
<b>Gross profit</b>	<b>1,067</b>	<b>3,189</b>	<b>2,973</b>	<b>7,131</b>	<b>11,367</b>
Capitalized own work performed	683	1,262	1,886	1,262	3,427
Other external costs	-1,227	-2,256	-3,135	-4,869	-9,899
Personnel costs	-3,195	-4,666	-6,855	-8,775	-18,149
Depreciation of tangible fixed assets	-375	-292	-817	-519	-1,334
Other income and expenses	535	118	564	227	489
<b>Operating result</b>	<b>-2,512</b>	<b>-2,645</b>	<b>-5,384</b>	<b>-5,543</b>	<b>-14,099</b>
Other financial income	4	11	43	49	91
Other financial costs	-84	-241	-166	-590	-784
<b>Result after financial items</b>	<b>-2,592</b>	<b>-2,875</b>	<b>-5,507</b>	<b>-6,084</b>	<b>-14,792</b>
Tax on the profit of the period	425	408	918	774	1,845
<b>Net result for the period</b>	<b>-2,167</b>	<b>-2,467</b>	<b>4,589</b>	<b>-5,310</b>	<b>-12,947</b>

## Balance Sheet (condensed) - Group

SEK '000	30-06-2020	30-06-2019	31-12-2019
<b>Assets</b>			
<b>Non-current assets</b>			
Development projects under construction	8,820	1,643	5,451
<b>Total intangible assets</b>	<b>8,820</b>	<b>1,643</b>	<b>5,451</b>
Other property, plant and equipment	1,425	2,085	2,225
<b>Total tangible assets</b>	<b>1,425</b>	<b>2,085</b>	<b>2,225</b>
Other long-term receivables	1,169	1,100	323
<b>Total financial assets</b>	<b>1,169</b>	<b>1,100</b>	<b>323</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>11,414</b>	<b>4,828</b>	<b>7,999</b>
<b>Current assets</b>			
Inventories	7,282	7,545	7,242
<b>Total inventories</b>	<b>7,282</b>	<b>7,545</b>	<b>7,242</b>
Trade receivables	938	2,935	2,275
Other short-term receivables	179	747	930
Prepaid expenses	469	591	327
Tax receivable	1,835	965	1,821
<b>Total short-term receivables</b>	<b>3,421</b>	<b>5,238</b>	<b>5,353</b>
<b>Cash at bank and in hand</b>	<b>12,238</b>	<b>13,581</b>	<b>17,240</b>
<b>TOTAL CURRENT ASSETS</b>	<b>22,941</b>	<b>26,364</b>	<b>29,835</b>
<b>TOTAL ASSETS</b>	<b>34,355</b>	<b>31,192</b>	<b>37,834</b>
<b>Liabilities and Equity</b>			
<b>Equity</b>			
Share capital	1,516	1,406	1,406
Other reserves incl. retained earnings	22,101	20,237	26,866
<b>TOTAL EQUITY</b>	<b>23,662</b>	<b>21,643</b>	<b>28,272</b>
Credit institutions	2,711	3,081	3,043
<b>Non-current liabilities</b>	<b>2,711</b>	<b>3,081</b>	<b>3,043</b>
Short-term part of non-current liabilities	1,280	930	918
Trade payables	462	1,229	1,648
Other payables	6,240	4,309	3,953
<b>Total current liabilities</b>	<b>7,982</b>	<b>6,468</b>	<b>6,519</b>
<b>TOTAL LIABILITIES</b>	<b>10,693</b>	<b>9,549</b>	<b>9,562</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>34,355</b>	<b>31,192</b>	<b>37,834</b>

## Cash Flow Statement (condensed) – Group

SEK '000	Q2-2020 01-04-2020 -30-06-2020 3 months	Q2-2019 01-04-2019 -30-06-2019 3 months	H1-2020 01-01-2020 -30-06-2020 6 months	H1-2019 01-01-2019 -30-06-2019 6 months	2019 01-01-2019 -31-12-2019 12 months
<b>Operating result</b>	<b>-2,512</b>	<b>-2,645</b>	<b>-5,384</b>	<b>- 5,543</b>	<b>-14,099</b>
Depreciation	375	292	817	519	1,334
Paid financial costs	-80	-201	-124	-513	-695
Tax payments	0	0	0	0	979
<b>Cash flow from operating activities before changes in operating capital</b>	<b>-2,217</b>	<b>-2,554</b>	<b>-4,691</b>	<b>-5,537</b>	<b>-12,481</b>
<b>Operating activities</b>					
Change in inventories	10	952	16	1,627	1,842
Change in current receivables	606	-502	2,007	-403	303
Change in current liabilities	1,342	-907	1,037	-406	-677
<b>Cash flow from operating activities</b>	<b>-259</b>	<b>-3,011</b>	<b>-1,631</b>	<b>-4,719</b>	<b>-11,013</b>
<b>Investing activities</b>					
Purchase of tangible assets	-30	-430	-30	-854	-1,845
Sale of tangible assets	0	0	40	0	0
Proceeds from financial assets	59	0	0	0	0
Purchase of intangible assets	-1,392	-1,676	-3,390	-1,676	-5,603
<b>Cash flow from investing activities</b>	<b>-1,363</b>	<b>-2,106</b>	<b>-3,321</b>	<b>-2,530</b>	<b>-7,448</b>
<b>Financing activities</b>					
Bridge loan	0	-6,405	0	-6,405	-6,405
Capital increase, net of costs	-26	22,085	-66	22,085	36,691
<b>Cash flow from financing activities</b>	<b>-26</b>	<b>15,680</b>	<b>-66</b>	<b>15,680</b>	<b>30,286</b>
<b>Cash flow for the period</b>	<b>-1,648</b>	<b>10,563</b>	<b>-5,018</b>	<b>8,431</b>	<b>11,825</b>
<b>Cash and cash equivalents at period start</b>	<b>14,009</b>	<b>3,042</b>	<b>17,240</b>	<b>5,140</b>	<b>5,140</b>
Exchange rate recalculation difference – cash and cash equivalents	-123	-24	17	10	275
<b>Cash and cash equivalents at period end</b>	<b>12,238</b>	<b>13,581</b>	<b>12,238</b>	<b>13,581</b>	<b>17,240</b>



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

SEK '000	Q2-2020 01-04-2020 -30-06-2020 3 months	Q2-2019 01-04-2019 -30-06-2019 3 months	H1-2020 01-01-2020 -30-06-2020 6 months	H1-2019 01-01-2019 -30-06-2019 6 months	2019 01-01-2019 -31-12-2019 12 months
Equity at period start	26,645	1,922	28,272	4,680	4,680
Exchange adjustments	-790	103	45	188	-152
Capital increase, net of costs	-26	22,085	-66	22,085	36,691
Net result for the period	-2,167	-2,467	-4,589	-5,310	-12,947
Equity at period end	23,662	21,643	23,662	21,643	28,272

## 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.

### Innovation & Development Activities

SEK '000	Q2-2020 01-04-2020 -30-06-2020 3 months	Q2-2019 01-04-2019 -30-06-2019 3 months	H1-2020 01-01-2020 -30-06-2020 6 months	H1-2019 01-01-2019 -30-06-2019 6 months	2019 01-01-2019 -31-12-2019 12 months
Capitalized own work performed	683	1,262	1,886	1,262	3,427
Other external costs	-229	-474	-505	-941	-1,138
Personnel costs	-999	-1,249	-2,169	-2,298	-4,775
Depreciation of tangible fixed assets	-6	-6	-12	-12	-24
Other income and expenses	0	16	8	28	62
Operating result	-551	-451	-792	-1,961	-2,448

### Sales Activities

SEK '000	Q2-2020 01-04-2020 -30-06-2020 3 months	Q2-2019 01-04-2019 -30-06-2019 3 months	H1-2020 01-01-2020 -30-06-2020 6 months	H1-2019 01-01-2019 -30-06-2019 6 months	2019 01-01-2019 -31-12-2019 12 months
Gross profit	1,067	3,189	2,973	7,131	11,367
Other external costs	-998	-1,782	-2,630	-3,928	- 8,761
Personnel costs	-2,196	-3,417	-4,686	-6,477	- 13,374
Depreciation of tangible fixed assets	-369	-286	-805	-507	- 1,310
Other income and expenses	535	102	556	199	427
Operating result	-1,961	-2,194	-4,592	-3,582	- 11,651

## Income Statement (condensed) – Parent company

SEK '000	Q2-2020 01-04-2020 -30-06-2020 3 months	Q2-2019 01-04-2019 -30-06-2019 3 months	H1-2020 01-01-2020 -30-06-2020 6 months	H1-2019 01-01-2019 -30-06-2019 6 months	2019 01-01-2019 -31-12-2019 12 months
<b>Operating income</b>					
Net revenue (group internal)	150	150	300	300	600
<b>Operating costs</b>					
External costs	-328	-182	-487	-365	- 767
Personnel costs	-52	-152	-146	-283	- 649
<b>Operating result</b>	<b>-230</b>	<b>-184</b>	<b>-333</b>	<b>-348</b>	<b>-816</b>
Other financial costs	0	-117	0	-393	- 410
<b>Net result for the period</b>	<b>-230</b>	<b>-301</b>	<b>-333</b>	<b>-741</b>	<b>- 1,226</b>

## Balance Sheet (condensed) – Parent company

SEK '000	30-06-2020	30-06-2019	31-12-2019
<b>Non-current assets</b>			
<b>Financial assets</b>			
Shares in subsidiary	44,842	26,911	44,842
<b>Total financial assets</b>	<b>44,842</b>	<b>26,911</b>	<b>44,842</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>44,842</b>	<b>26,911</b>	<b>44,842</b>
<b>Current assets</b>			
Intercompany receivables	4,924	6,873	0
Other receivables	72	164	63
Prepaid expenses	155	130	82
<b>Total short-term receivables</b>	<b>5,151</b>	<b>7,167</b>	<b>145</b>
<b>Cash at bank and in hand</b>	<b>9,838</b>	<b>12,116</b>	<b>14,975</b>
<b>TOTAL CURRENT ASSETS</b>	<b>14,989</b>	<b>19,283</b>	<b>15,120</b>
<b>TOTAL ASSETS</b>	<b>59,831</b>	<b>46,194</b>	<b>59,962</b>
<b>Liabilities and Equity</b>			
<b>Equity</b>			
Share capital	1,561	1,406	1,406
Other reserves	57,538	44,379	58,985
Net result of the period	-333	-741	-1,226
<b>TOTAL EQUITY</b>	<b>58,766</b>	<b>45,044</b>	<b>59,165</b>
Trade payables	156	0	0
Other payables	909	1,150	797
<b>Total short-term liabilities</b>	<b>1,065</b>	<b>1,150</b>	<b>797</b>
<b>TOTAL LIABILITIES</b>	<b>1,065</b>	<b>1,150</b>	<b>797</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>59,831</b>	<b>46,194</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: Dreamoc XL3 at Mercedes in Malmö





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