



# Q3 INTERIM REPORT

1 JULY – 30 SEPTEMBER 2021

Realfiction Holding AB (publ) | 559110-4616



REALFICTION™

# Q3 INTERIM REPORT

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## Q3, 2021 (01-07-2021 – 30-09-2021)

- Revenue: TSEK 6,709 (Q3, 2020: TSEK 2,038)
- Gross profit: TSEK 3,753 (Q3, 2020: TSEK 1,132)
- Gross profit margin: 55.9% (Q3, 2020: 55.5%)
- Result after financial items: TSEK 1,512 (Q3, 2020: TSEK -2,293)
- Earnings per share: SEK 0.11 (Q3, 2020: -0.12)
- Cash flow from operating activities: TSEK -1,095 (Q3, 2020: TSEK -2,873)

## Q1-Q3, 2021 (01-01-2021 – 30-09-2021)

- Revenue: TSEK 10,101 (Q1-Q3, 2020: TSEK 7,431)
- Gross profit: TSEK 5,461 (Q1-Q3, 2020: TSEK 4,105)
- Gross profit margin: 54.1% (Q1-Q3, 2020: 55.2%)
- Result after financial items: TSEK -3,276 (Q1-Q3, 2020: TSEK -7,800)
- Earnings per share: SEK -0.06 (Q1-Q3, 2020: -0.42)
- Cash flow from operating activities: TSEK -2,465 (Q1-Q3, 2020: TSEK -2,793)



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Picture on front page: Visualization of an ECHO television being used for explaining and teaching Space Exploration. Picture above: Shimano making excellent use of Dreamoc HD3 displays at the Eurobike exhibition, Germany - September 2021.

[Link](#) to Case Study.

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## **SIGNIFICANT EVENTS DURING Q3 2021**

- No significant events have been reported during the period.

## **SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

- On October 14, Realfiction announced that Innovation Fund Denmark has awarded an Innobooster grant of up to 5 MDKK (6.8 MSEK) in future cash payments to its 100% owned subsidiary Realfiction Lab ApS. The grant will co-fund the company's development of an OLED TFT display panel together with its collaboration partners, as well as associated holographic conversion and playback software, all of which are part of Realfiction's patent pending ECHO technology.



# CEO COMMENTS

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## DISPLAY ENGINEERING EXPERTISE AND NON-DILUTIVE GRANT ADDED TO THE ECHO DEVELOPMENT

Since the release of our Q2 interim report, we have presented some encouraging news regarding the development of our ECHO holographic display technology. From a financial and timeline standpoint, the highlight was that we were awarded a 5 MDKK (6.8 MSEK) non-dilutive grant from Innovation Fund Denmark. Taking the future cash payments from this grant into consideration, we will now be able to develop the hardware and software side of ECHO in parallel. This is expected to speed up the process of creating the full ECHO hardware and software ecosystem that we are aiming for, and we do think that this will make us even more attractive as we intensify the commercial dialogues with large display manufacturers during the coming months.

When looking specifically at the hardware development, we continue to make strong progress according to plan. As mentioned in a recent press release, we have attracted two Electro-Optical Engineering experts in Taiwan with a combined 21 years of display experience from large successful electronics companies like Foxconn, Innolux and others. We have set up offices for them on the premises of our large shareholder Amtran, which is a major LCD display OEM manufacturer. This is a perfect location as these engineers will be working on the backplane for the LCD version of ECHO, and Amtran is highly supportive of this effort. In addition to bringing hard-to-acquire technical expertise to our team, we are also getting access to a

**“As is evident in our Q3 2021 figures, the positive summer trend in our MaaS for Exhibitions and Experience (hardware) segments continued in the third quarter with several deliveries to North America, Europe, the Middle East and Asia.”**

wide people network in the display manufacturing industry that most likely includes our future license and manufacturing partners. At the same time, we continue to work on the backplane for the OLED version of ECHO with Germany-based Fraunhofer FEP and Interuniversity Microelectronics Centre (imec), Belgium. We are thrilled to be working together with these world leading research organizations and that they share our excitement about ECHO. This means that we can progress simultaneously with both the LCD and OLED path for

ECHO without creating bottlenecks in our development team. We are also progressing with the next phase of the patent application process, which is to pursue country-specific patents based on our PCT applications.

## INTERESTING VERTICALS SHOW INTEREST IN SMALLER FORM FACTOR ECHO DISPLAYS

While our main vision for ECHO remains focused on large TVs and displays to enable truly immersive and social holographic experiences, there are several other verticals where smaller ECHO displays could be very useful. This includes the automotive segment, and we are currently pursuing some requests from this segment to potentially deliver a smaller ECHO display in a favorable timeframe. Such a smaller display could spark excitement for ECHO ahead of a broader, consumer-focused launch of larger displays. We still believe that a first ECHO display product could potentially reach the market in 2023.

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### **MAGIC-AS-A-SERVICE FOR RETAIL**

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

### **MAAS FOR EXHIBITIONS AND EXPERIENCE (HARDWARE)**

As is evident in our Q3 2021 figures, the positive summer trend in our MaaS for Exhibitions and Experience (hardware) segments continued in the third quarter with deliveries to North America, Europe, the Middle East and Asia. These included solutions to a few events in September in North America and Europe and several Dreamoc XL4 and Diamond displays to an Asian and some European end-customers and partners. Our sales pipeline is getting closer to the pre COVID-19 level, and

there is still room for improvement as several parts of the world are still heavily impacted by COVID-19. It is becoming clear that an increasing number of regions and businesses are preparing to resume their physical event activities in the coming quarters, and that some will be using our solutions when they do so.

### **UPCOMING TO1 WARRANT EXERCISE PERIOD IN NOVEMBER**

Finally, I want to encourage all our shareholders with TO1 warrants (which were distributed to those who held Realfiction shares on 8 December 2020) to utilize them before the end of the exercise period – 22 November. As an alternative they can be sold until 15 November, so someone else can utilize them. The funds we receive will be used to further fuel our exciting ECHO development as we move into 2022.



**Clas Dyrholm**  
CEO, Realfiction Holding AB



# REALFICTION'S BUSINESS AND CONCEPT

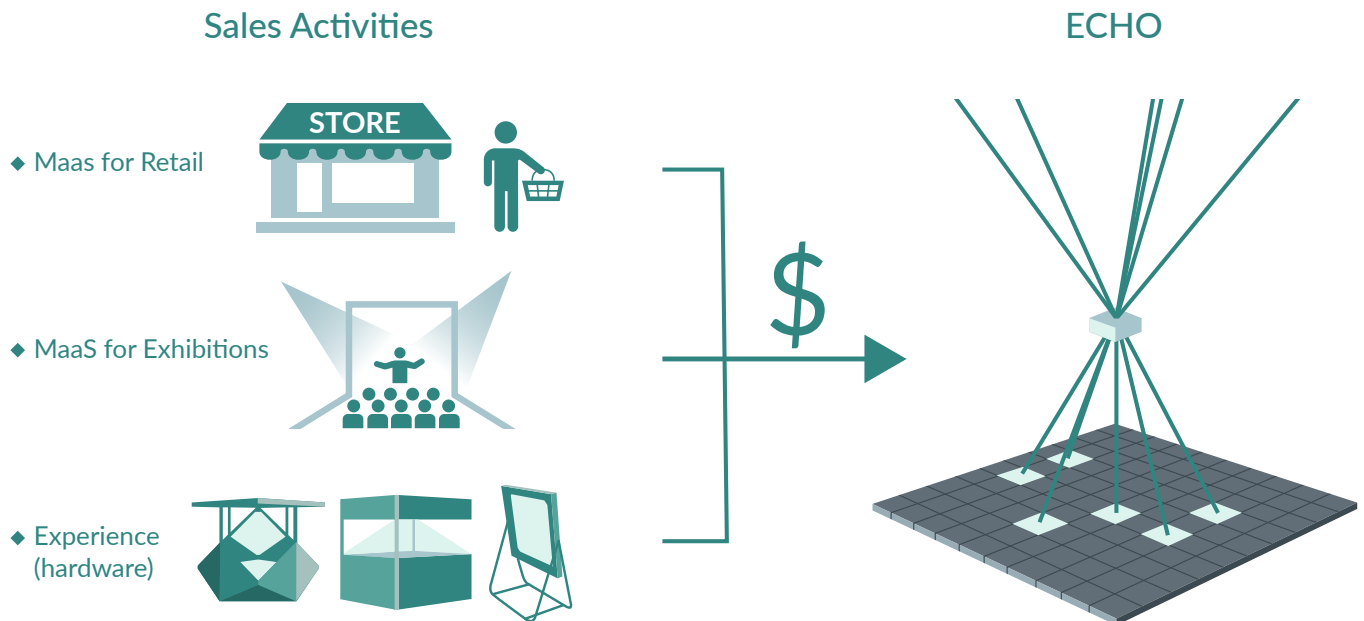
## LEADING MIXED REALITY PRODUCTS AND SERVICES

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

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

## ECHO – A GROUNDBREAKING HOLOGRAPHIC 3D TECHNOLOGY

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



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

# REALFICTION'S BUSINESS AND CONCEPT

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## FOCUS AREAS IN 2021

**ECHO:** In January 2021, Realfiction presented positive results from a feasibility study during which a simplified ECHO fabrication approach was pre-validated. The simplified approach aims for easier integration, a slimmer form factor and even lower manufacturing costs for both the LCD and OLED version of the ECHO 3D holographic display. During the rest of 2021, the company will focus on advancing the second step of the completion phase: finalizing the remaining subprojects of the ECHO integration license package no later than the end of Q1, 2022. This will be done in collaboration with leading European research institutes and facilities. The ECHO integration license package is expected to include specification of components, illustrations and diagrams needed for a multi-user ECHO display. Realfiction is seeking a parallel co-development agreement with a commercial display manufacturer for the ECHO backplane. Although the backplane will also be developed with European research institutes, a cooperation with a large manufacturer could speed up the process of bringing ECHO to commercialization. A first ECHO display product could potentially reach the market in 2023. Throughout the entire completion phase, the company will continue to focus on continuously strengthening and safeguarding its ECHO IP portfolio.

**Magic-as-a-Service:** Realfiction's go-to market model has been revised through learnings from the initial roll-out in Denmark and Sweden, and the Company has refocused its energy and operational model into a leaner and simpler organisational setup that utilises external collaborating partners and industry agents. The revised Magic-as-a-Service concept was implemented throughout 2020 in a test launch in 25 EDEKA (Germany's largest department store company with over 11,000 stores) stores in Germany. While still being positive to the concept, EDEKA is currently refraining from pursuing an expansion due to shifted internal priorities. Realfiction will not invest further in expanding the MaaS for Retail market model going forward as our primary focus is on succeeding with ECHO, but we will evaluate MaaS for Retail opportunities when they arise and continue to service existing agreements. Our MaaS for Exhibitions segment is expected to improve from the negative COVID-19 impact, as an increasing number of regions and businesses are preparing to resume their physical event activities.

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

# INNOVATION

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Since the beginning of our journey more than a decade ago, our vision has always been about creating experiences that bring people together. At the heart of this vision sits our innovation team, a group of dedicated, like-minded individuals all sharing the belief that our technology should be about enabling magical moments that

can be collectively experienced and shared with others. Positioned in the so-called Mixed Reality field, Realfiction is on the verge of taking the next step beyond the current approach of head-mounted wearables, that we believe is just the first, primitive stage.

## ECHO – TRANSFORMING SCIENCE FICTION INTO REALITY

We have intensified our investment in innovation – and we now believe that we have found the technology that will allow us to invent the holy grail of 3D experiences; free-floating holograms that require no glasses, devices or other lenses between the human eye and the effect, and where 3D objects can be viewed and interacted with from different angles. This display has for many years existed purely as an item of science fiction, deemed improbable to ever surface in our present lifetime. However, with our patent pending directional pixel technology, referred to as

ECHO, Realfiction is finally on the path to materialize this dream and bring it to market. ECHO is currently the main focus of our development department, with potential to provide significant licensing and joint cooperation opportunities in the future.

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



# DISPLAY PORTFOLIO

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## DREAMOC – WORLD CLASS HOLOGRAPHIC EFFECTS

Dreamoc is a series of MR displays with a diamond shaped glass chamber where pictures and 3D animations appear to be floating together with real products. The content can be seen either from the front or from several directions simultaneously.

**Dreamoc HD3** is the smallest and most flexible model for single products that can be experienced from several directions simultaneously. **Dreamoc POP3** can only be experienced from the front and is especially well suited for displays on shelves and for displaying several objects together. **Dreamoc XL4** and **Dreamoc XXL3** are, as their names suggest, larger models that make it possible to create attention for really large objects, for instance at airports or in shopping malls. **Dreamoc Diamond** is one of Realfiction's biggest Dreamoc displays, and the most elegant. A Dreamoc Diamond creates an extraordinary experience that fits brilliantly into exclusive boutiques.

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

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

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

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Picture above: Realfiction's display portfolio

# FINANCIAL REVIEW

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## DEVELOPMENT IN Q3 AND Q1-Q3, 2021

### Income Statement

During H1, 2021 revenue was negatively impacted by COVID-19. In Q3, 2021, COVID-19 eased its grip on the global event and retail market, and Realfiction saw an increase in sales and requests for proposals. In Q3, 2021 Realfiction realized a positive operating result of TSEK 1,605 (-2,198) inclusive of other income from governmental COVID-19 support packages of TSEK 265 (TSEK 0), whereas the operating result for the period Q1-Q3, 2021 was negative with TSEK 3,048 (-7,582) inclusive of other income from governmental COVID-19 support packages of TSEK 467 (TSEK 348). The primary reasons for the improved operating result are a significant increase in revenue and cost savings from the simplified go-to-market model. All in all, Realfiction realized a positive operating result of TSEK 1,605 (-2,198) in Q3, 2021, whereas the operating result for the period Q1-Q3, 2021 was negative with TSEK 3,048 (-7,582).

Group net revenue amounts to TSEK 6,709 for Q3, 2021, representing an increase of 329% from Q3, 2020 TSEK 2,038, while revenue of TSEK 10,101 for Q1-Q3, 2021 represents an increase of 136% compared to Q1-Q3, 2020 TSEK 7,431. Revenue in Q3, 2021 and Q1-Q3, 2021 includes sales from our Magic-as-a-Service concept of TSEK 632 compared to TSEK 549 and TSEK 1,453 in Q3 and Q1-Q3, 2020. Adjusted for currency conversion effects, the Company's revenue in Q3, 2021 increased by 290% to TDKK 4,901 compared to the average quarterly revenue in 2020 of TDKK 1,690.

Cost of goods sold amounts to TSEK 2,956 and TSEK 4,640 for Q3 and Q1-Q3, 2021, compared to TSEK 906 and TSEK 3,326 for Q3 and Q1-Q3, 2020. Thus, our gross profit in Q3, 2021 increased to TSEK 3,753 from 1,132 in Q3, 2020 and increased to TSEK 5,461 in Q1-Q3, 2021 from TSEK 4,105 in Q1-Q3, 2020. This resulted in a slightly increased gross profit margin in Q3, 2021 of 55.9% (55.5%) and slightly decreased gross profit margin in Q1-Q3, 2021 of 54.1% (55.2%).

In Q3, 2021 the Company has continued to capitalize development expenditure relating to ECHO that fulfils the requirements of the capitalization accounting principle.

As such, the Q3 and Q1-Q3, 2021 Income Statement includes income from the capitalization of own work performed of TSEK 1,615 (TSEK 693) and TSEK 4,551 (TSEK 2,579) from the capitalization of salaries and internal expenses relating to ECHO.

Other external costs decreased to TSEK 1,031 in Q3, 2021 from 1,154 in Q3, 2020 and to TSEK 3,706 in Q1-Q3, 2021 from TSEK 4,289 in Q1-Q3, 2020. The decrease is primarily due to the simplified and low cost go-to-market model for our Magic-as-a-Service concept, whereas the Q1-Q3, 2021 figure also includes a non-cash cost of TSEK 270 related to a warrant program for a consultant and legal fees in connection with the implementation of different incentive programs.

The simplified go-to-market model for our Magic-as-a-Service concept entails that we have further reduced the workforce (FTEs) from Q3, 2020 to Q3, 2021 from 11 to 9 and from Q1-Q3, 2020 to Q1-Q3, 2021 from 14 to 9. Cash-based personnel costs increased to TSEK 2,769 in Q3, 2021 compared to TSEK 2,624 in Q3, 2020, while cash-based personnel costs decreased to TSEK 8,147 in Q1-Q3, 2021 (TSEK 9,479) as the Q1-Q3, 2021 personnel costs in the Income Statement include TSEK 1,062 in non-cash costs related to a warrant program to the CFO.

All in all, we reduced our cash-based net operating cost by TSEK 1,213 in Q3, 2021 to TSEK 2,117 from TSEK 3,330 in Q3, 2020, and by TSEK 4,541 in Q1-Q3, 2021 to TSEK 7,146 from TSEK 11,687 in Q1-Q3, 2020 (exclusive of non-cash based costs of TSEK 31 in Q3, 2021 and TSEK 1,363 in Q1-Q3, 2021 relating to warrant programs).

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

The net result for the Group in Q3, 2021 and Q1-Q3, 2021 amounts to TSEK 2,078 (TSEK -1,892) and TSEK -1,034 (TSEK -6,481).

## Supplementary Income Statement

On page 18 we present our supplementary income statement with our two main activities; Innovation & Development and Sales.

In Q3 and Q1-Q3, 2021, we continued investing in Innovation & Development Activities, with the primary focus on ECHO. The ECHO technology aims at inventing the holy grail of 3D experiences: Free-floating holograms that require no glasses, devices or other lenses between the human eye and the effect, and where 3D objects can be viewed and interacted with from different angles.

Our gross expenditure in Innovation & Development Activities amounted to TSEK 1,854 in Q3, 2021 compared to TSEK 1,099 in Q3, 2020 and TSEK 5,669 in Q1-Q3, 2021 compared to TSEK 3,785 in Q1-Q3, 2020. The Q1-Q3, 2021 expenditure include non-cash based costs of TSEK 270 related to a warrant program for a consultant. The Q3, 2021 operating result from our Sales Activities improved to a profit of TSEK 1,844 compared to a loss of TSEK 1,792 in Q3, 2020, while the Q1-Q3, 2021 operating result from our Sales Activities improved to a loss of TSEK 1,930 compared to a loss of TSEK 6,384 in Q1-Q3, 2020. The Q1-Q3, 2021 loss figures even include non-cash based costs of TSEK 1,061 related to a warrant program to the CFO. The improvements in Q3 and Q1-Q3, 2021 were primarily due to cost savings from the simplified go-to-market model and a increased focus on the development of the ECHO technology.

## Balance Sheet

Realfiction's total assets at 30 September 2021 amount to TSEK 65,419 compared to TSEK 65,348 at 31 December 2020. Inventory at 30 September 2021 amounts to TSEK 4,891 compared to TSEK 6,438 at 31 December 2020.

Trade receivables increased to TSEK 2,735 at 30 September 2021 compared to TSEK 583 at 31 December 2020. The increase in trade receivables is due to a significant sale that has been paid by the customer after 30 September 2021.

## Investments

In Q3, 2021, the Company has capitalized additional development expenditure of TSEK 2,687 (TSEK 1,418), 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 September 2021 amounts to TSEK 28,943 compared to TSEK 42,372 at 31 December 2020. Cash flow from operating activities for Q3, 2021 improved to TSEK -1,095 compared to TSEK -2,873 for Q3, 2020. The improvement is primarily caused by the increase in revenue.

Realfiction has a strong financial position and expects to have the liquidity necessary to sustain all its business operations, including the development of ECHO, well into 2022.

## 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 September 2021, the number of shares in Realfiction Holding AB amounts to 18,241,442. The Company has one share class. All shares have equal dividend rights.

Share price development in Q1-Q3, 2021 (SEK)



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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. Realfiction Holding AB does not own shares in other companies.

## Operational risks & uncertainties

The risks and uncertainties that Realfiction's operations are exposed to are concentrated in the categories of competition, technology development, patents, government requirements, capital requirements, currencies and interest rates. During the current period, no significant changes regarding risk or uncertainty factors have occurred. For more detailed reporting of risks and uncertainties, refer to the previously published Company description, published in the 2020 Annual Report.

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## OWNERSHIP STRUCTURE

The table below shows key shareholders in Realfiction Holding AB at 30 September 2021.

Name	Number of shares	Ownership (in %)
Ceranco Equity S.C.S <sup>1</sup>	3,194,447	17.51
CLAPE HOLDING ApS <sup>2</sup>	3,005,000	16.47
AmTRAN Technology Co. LTD <sup>3</sup>	1,983,768	10.88
Tamarind Limited <sup>1</sup>	1,204,509	6.60
Formue Nord Markedsneutral A/S <sup>1</sup>	919,643	5.04
Other shareholders (more than 3,400)	7,934,075	43.50
<b>Total</b>	<b>18,241,442</b>	<b>100.00</b>

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

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

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

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## Audit/review

The Q3 Interim Report has not been audited or reviewed by the Company's independent auditors. The Annual Report 2020 for Realfiction ApS has been audited.

## Accounting policies

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

## Financial Calendar:

Year-end report 2021:	24 March 2022
Annual Report 2021:	19 May 2022
Annual General Meeting 2022:	30 June 2022

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

## Certified Adviser

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

## For further information, please contact:

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 Q3 Interim Report 2021 presents a fair view of the financial position of the Company at 30 September 2021 as well as of the results of the Group operations and cash flows for the periods 1 July – 30 September 2021 and 1 January – 30 September 2021.*

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

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

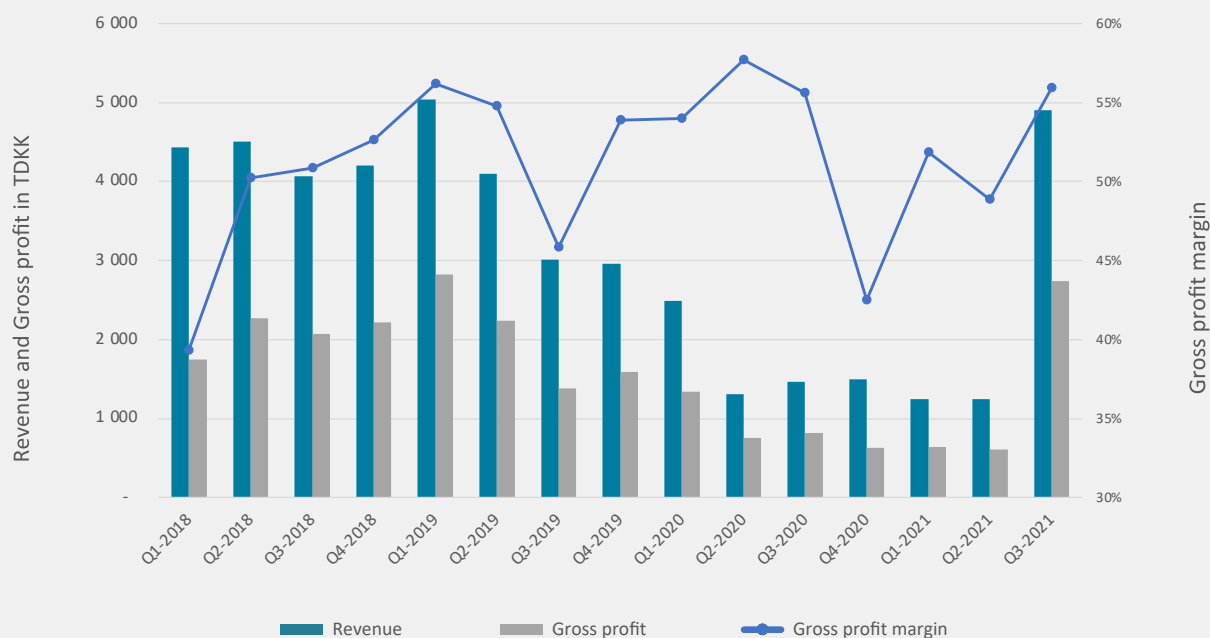


# FINANCIAL HIGHLIGHTS AND KEY RATIOS

## Selected Financial Highlights and Key Ratios – Group

SEK '000	Q3-2021	Q3-2020	Q1-Q3-2021	Q1-Q3-2020	2020
	01-07-2021 -30-09-2021 3 months	01-07-2020 -30-09-2020 3 months	01-01-2021 -30-09-2021 9 months	01-01-2020 -30-09-2020 9 months	01-01-2020 -31-12-2020 12 months
Net revenue	6,709	2,038	10,101	7,431	9,501
Gross profit	3,753	1,132	5,461	4,105	4,985
Result after financial items	1,512	-2,293	-3,276	-7,800	-9,749
Total Assets	65,419	32,079	65,419	32,079	65,348
Cash flow from operating activities	-1,095	-2,873	-2,465	-2,793	-3,162
Cash at bank and in hand	28,943	9,738	28,943	9,738	42,372
Solvency ratio (%)	84.4	68.1	84.4	62.9	84.0
Average number of employees	9	11	9	14	13
Gross profit margin (%)	55.9	55.5	54.1	55.2	52.5
Earnings per share (SEK)	0.11	-0.12	-0.06	-0.42	-0.52
Average number of shares	18,241,442	15,610,613	18,241,442	15,554,700	15,761,189
Number of shares registered at the end of the period	18,241,442	15,610,613	18,241,442	15,610,613	18,011,363

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	Q3-2021	Q3-2020	Q1-Q3-2021	Q1-Q3-2020	2020
	01-07-2021 -30-09-2021 3 months	01-07-2020 -30-09-2020 3 months	01-01-2021 -30-09-2021 9 months	01-01-2020 -30-09-2020 9 months	01-01-2020 -31-12-2020 12 months
Net revenue	6,709	2,038	10,101	7,431	9,501
Cost of goods sold	-2,956	-906	-4,640	-3,326	-4,516
<b>Gross profit</b>	<b>3,753</b>	<b>1,132</b>	<b>5,461</b>	<b>4,105</b>	<b>4,985</b>
Capitalized own work performed	1,615	693	4,551	2,579	4,970
Other external costs	-1,031	-1,154	-3,706	-4,289	-6,336
Personnel costs	-2,800	-2,624	-9,209	-9,479	-12,364
Depreciation of tangible fixed assets	-197	-246	-612	-1,063	-1,335
Other income and expenses	265	1	467	565	639
<b>Operating result</b>	<b>1,605</b>	<b>-2,198</b>	<b>-3,048</b>	<b>-7,582</b>	<b>-9,441</b>
Other financial income	18	7	62	50	54
Other financial costs	-111	-102	-290	-268	-362
<b>Result after financial items</b>	<b>1,512</b>	<b>-2,293</b>	<b>-3,276</b>	<b>-7,800</b>	<b>-9,749</b>
Tax on the profit of the period	566	401	2,242	1,319	1,554
<b>Net result for the period</b>	<b>2,078</b>	<b>-1,892</b>	<b>-1,034</b>	<b>-6,481</b>	<b>-8,195</b>

## Balance Sheet (condensed) - Group

SEK '000	30-09-2021	30-09-2020	31-12-2020
<b>Assets</b>			
<b>Fixed assets</b>			
Development costs	22,777	10,334	12,163
<b>Total intangible fixed assets</b>	<b>22,777</b>	<b>10,334</b>	<b>12,163</b>
Fixtures, tools and installations	662	1,089	948
<b>Total tangible fixed assets</b>	<b>662</b>	<b>1,089</b>	<b>948</b>
Other long-term receivables	2,601	1,594	264
<b>Total financial fixed assets</b>	<b>2,601</b>	<b>1,594</b>	<b>264</b>
<b>TOTAL FIXED ASSETS</b>	<b>26,040</b>	<b>13,017</b>	<b>13,375</b>
<b>Current assets</b>			
Finished products and goods for sale	4,891	7,098	6,438
<b>Total inventories</b>	<b>4,891</b>	<b>7,098</b>	<b>6,438</b>
Trade receivables	2,735	1,298	583
Current tax receivables	1,451	508	1,486
Other receivables	985	420	636
Prepaid expenses	374	0	458
<b>Total short-term receivables</b>	<b>5,545</b>	<b>2,226</b>	<b>3,163</b>
<b>Cash and bank</b>	<b>28,943</b>	<b>9,738</b>	<b>42,372</b>
<b>TOTAL CURRENT ASSETS</b>	<b>39,379</b>	<b>19,062</b>	<b>51,973</b>
<b>TOTAL ASSETS</b>	<b>65,419</b>	<b>32,079</b>	<b>65,348</b>
<b>Liabilities and Equity</b>			
<b>Equity</b>			
Share capital	1,824	1,561	1,801
Other reserves incl. retained earnings	53,383	20,299	53,084
<b>TOTAL EQUITY</b>	<b>55,207</b>	<b>21,860</b>	<b>54,885</b>
Liabilities to credit institutions	2,002	4,039	3,845
Other liabilities	737	706	662
<b>Total long-term liabilities</b>	<b>2,739</b>	<b>4,745</b>	<b>4,507</b>
Liabilities to credit institutions	1,887	0	0
Accounts payable	2,296	1,089	1,864
Other liabilities	2,252	975	2,933
Accrued costs and prepaid income	1,038	3,410	1,159
<b>Total short-term liabilities</b>	<b>7,473</b>	<b>5,474</b>	<b>5,956</b>
<b>TOTAL LIABILITIES</b>	<b>10,212</b>	<b>10,219</b>	<b>10,463</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>65,419</b>	<b>32,079</b>	<b>65,348</b>

## Cash Flow Statement (condensed) – Group

SEK '000	Q3-2021	Q3-2020	Q1-Q3-2021	Q1-Q3-2020	2020
	01-07-2021 -30-09-2021 3 months	01-07-2020 -30-09-2020 3 months	01-01-2021 -30-09-2021 9 months	01-01-2020 -30-09-2020 9 months	01-01-2020 -31-12-2020 12 months
<b>Operating result</b>	<b>1,605</b>	<b>-2,198</b>	<b>-3,048</b>	<b>-7,582</b>	<b>-9,441</b>
Depreciation	197	246	612	1,063	1,335
Non-cash warrant program	31	0	1,363	0	0
Paid financial costs	-94	-95	-228	-219	-310
Tax payments	0	1,819	0	1,819	1,819
<b>Cash flow from operating activities before changes in operating capital</b>	<b>1,739</b>	<b>-228</b>	<b>-1,301</b>	<b>-4,919</b>	<b>-6,597</b>
<b>Operating activities</b>					
Change in inventories	757	239	1,617	255	583
Change in short-term receivables	-2,090	-596	-2,362	1,389	1,848
Change in short-term liabilities	-1,501	-2,288	-419	482	1,004
<b>Cash flow from operating activities</b>	<b>-1,095</b>	<b>-2,873</b>	<b>-2,465</b>	<b>-2,793</b>	<b>-3,162</b>
<b>Investing activities</b>					
Purchase of tangible fixed assets	-272	0	-315	-30	-214
Sale of tangible fixed assets	0	96	0	136	139
Proceeds from financial fixed assets	275	-8	-38	51	51
Purchase of intangible fixed assets	-2,687	-1,418	-10,502	-4,808	-7,177
<b>Cash flow from investing activities</b>	<b>-2,684</b>	<b>-1,330</b>	<b>-10,855</b>	<b>-4,651</b>	<b>-7,201</b>
<b>Financing activities</b>					
Capital increase, net of costs	-26	0	-107	-66	35,372
<b>Cash flow from financing activities</b>	<b>-26</b>	<b>0</b>	<b>-107</b>	<b>-66</b>	<b>35,372</b>
<b>Cash flow for the period</b>	<b>-3,805</b>	<b>-4,203</b>	<b>-13,427</b>	<b>-7,510</b>	<b>25,009</b>
Cash and cash equivalents at period start	32,720	13,950	42,372	17,240	17,240
Exchange rate recalculation difference – cash and cash equivalents	28	-9	-2	8	123
<b>Cash and cash equivalents at period end</b>	<b>28,943</b>	<b>9,738</b>	<b>28,943</b>	<b>9,738</b>	<b>42,372</b>

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

SEK '000	Q3-2021	Q3-2020	Q1-Q3-2021	Q1-Q3-2020	2020
	01-07-2021 -30-09-2021 3 months	01-07-2020 -30-09-2020 3 months	01-01-2021 -30-09-2021 9 months	01-01-2020 -30-09-2020 9 months	01-01-2020 -31-12-2020 12 months
<b>Equity at period start</b>	<b>53,023</b>	<b>23,662</b>	<b>54,885</b>	<b>28,272</b>	<b>28,272</b>
Exchange adjustments	101	90	100	135	-564
Capital increase, net of costs	-26	0	-107	-66	35,372
Warrant program	31	0	1,363	0	0
Net result for the period	2,078	-1,892	-1,034	-6,481	-8,195
<b>Equity at period end</b>	<b>55,207</b>	<b>21,860</b>	<b>55,207</b>	<b>21,860</b>	<b>54,885</b>

## Supplementary Income Statement (condensed) - Group

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

SEK '000	Q3-2021	Q3-2020	Q1-Q3-2021	Q1-Q3-2020	2020
	01-07-2021 -30-09-2021 3 months	01-07-2020 -30-09-2020 3 months	01-01-2021 -30-09-2021 9 months	01-01-2020 -30-09-2020 9 months	01-01-2020 -31-12-2020 12 months
<b>Innovation &amp; Development Activities</b>					
Capitalized own work performed	1,615	693	4,551	2,579	4,970
Other external costs	-326	-163	-1,411	-668	-2,148
Personnel costs	-1,522	-930	-4,240	-3,099	-4,487
Depreciation of tangible fixed assets	-6	-6	-18	-18	-24
Other income and expenses	0	0	0	8	8
<b>Operating result</b>	<b>-239</b>	<b>-406</b>	<b>-1,118</b>	<b>-1,198</b>	<b>-1,681</b>

SEK '000	Q3-2021	Q3-2020	Q1-Q3-2021	Q1-Q3-2020	2020
	01-07-2021 -30-09-2021 3 months	01-07-2020 -30-09-2020 3 months	01-01-2021 -30-09-2021 9 months	01-01-2020 -30-09-2020 9 months	01-01-2020 -31-12-2020 12 months
<b>Sales Activities</b>					
Gross profit	3,753	1,132	5,461	4,105	4,985
Other external costs	-705	-991	-2,295	-3,621	-4,188
Personnel costs	-1,278	-1,694	-4,969	-6,380	-7,877
Depreciation of tangible fixed assets	-191	-240	-594	-1,045	-1,311
Other income and expenses	265	1	467	557	631
<b>Operating result</b>	<b>1,844</b>	<b>-1,792</b>	<b>-1,930</b>	<b>-6,384</b>	<b>-7,760</b>



## Income Statement (condensed) – Parent company

SEK '000	Q3-2021 01-07-2021 -30-09-2021 3 months	Q3-2020 01-07-2020 -30-09-2020 3 months	Q1-Q3-2021 01-01-2021 -30-09-2021 9 months	Q1-Q3-2020 01-01-2020 -30-09-2020 9 months	2020 01-01-2020 -31-12-2020 12 months
<b>Operating income</b>					
Net revenue (group internal)	150	150	450	450	600
<b>Operating costs</b>					
External costs	-241	-378	-902	-865	-1,105
Personnel costs	-166	-68	-423	-214	-356
<b>Operating result</b>	<b>-257</b>	<b>-296</b>	<b>-875</b>	<b>-629</b>	<b>-861</b>
<b>Net result for the period</b>	<b>-257</b>	<b>-296</b>	<b>-875</b>	<b>-629</b>	<b>-861</b>

## Balance Sheet (condensed) – Parent company

SEK '000	30-09-2021	30-09-2020	31-12-2020
<b>Non-current assets</b>			
<b>Financial assets</b>			
Shares in subsidiary	55,916	44,842	55,916
<b>Total financial assets</b>	<b>55,916</b>	<b>44,842</b>	<b>55,916</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>55,916</b>	<b>44,842</b>	<b>55,916</b>
<b>Current assets</b>			
Intercompany receivables	14,227	4,932	0
Other receivables	44	65	80
Prepaid expenses	134	118	89
<b>Total short-term receivables</b>	<b>14,405</b>	<b>5,115</b>	<b>169</b>
<b>Cash at bank and in hand</b>	<b>24,352</b>	<b>8,966</b>	<b>38,239</b>
<b>TOTAL CURRENT ASSETS</b>	<b>38,757</b>	<b>14,081</b>	<b>38,408</b>
<b>TOTAL ASSETS</b>	<b>94,673</b>	<b>58,923</b>	<b>94,324</b>
<b>Liabilities and Equity</b>			
<b>Equity</b>			
Share capital	1,824	1,561	1,801
Other reserves	93,451	57,538	92,736
Net result of the period	-875	-629	-861
<b>TOTAL EQUITY</b>	<b>94,400</b>	<b>58,470</b>	<b>93,676</b>
Trade payables	119	163	293
Other payables	154	290	355
<b>Total short-term liabilities</b>	<b>273</b>	<b>453</b>	<b>648</b>
<b>TOTAL LIABILITIES</b>	<b>273</b>	<b>453</b>	<b>648</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94,673</b>	<b>58,923</b>	<b>94,324</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 HD3 used in the Sci-Fi movie "ARCHIVE" starring Theo James. [Link](#) to official trailer.



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