



INTERIM REPORT

1 APRIL – 30 JUNE 2023

Realfiction Holding AB (publ) | 559110-4616



INTERIM REPORT

Q2-2023 (01-04-2023 – 30-06-2023)

- Revenue: TSEK 1,643 (Q2-2022: TSEK 3,691)
- Gross profit: TSEK 1,053 (Q2-2022: TSEK 2,242)
- Gross profit margin: 64.1% (Q2-2022: 60.7%)
- Result after financial items: TSEK -2,935 (Q2-2022: TSEK -547)
- Earnings per share: SEK -0.15 (Q2-2022: 0.01)
- Cash flow from operating activities: TSEK -1,964 (Q2-2022: TSEK -79)
- Equity: TSEK 72,844 (Q2-2022: TSEK 73,993)

H1-2023 (01-01-2023 – 30-06-2023)

- Revenue: TSEK 4,592 (H1-2022: TSEK 6,929)
- Gross profit: TSEK 2,940 (H1-2022: TSEK 4,336)
- Gross profit margin: 64.0% (H1-2022: 62.6%)
- Result after financial items: TSEK -4,283 (H1-2022: TSEK -667)
- Earnings per share: SEK -0.22 (H1-2022: 0.04)
- Cash flow from operating activities: TSEK -5,246 (H1-2022: TSEK -1,010)
- Equity: TSEK 72,844 (H1-2022: TSEK 73,993)



Picture on front page: Illustration of an ECHO display used as an infotainment display in a car.

Picture above: Illustrations from a video describing the benefits of ECHO Multiview in cars. Video can be seen [here](#).

SIGNIFICANT EVENTS DURING Q2-2023

- On April 27, Realfiction announced that it has received a notice of allowance for the patent protection for the US patent application 17/439,033 regarding the Company's ECHO directional OLED display technology from the US Patent Office (USPTO). The Company announced the submission of the patent application in a press release on 18 March 2019.

The notice of allowance is a formal communication from the patent authority in which it indicates that the patent application has reached the status where it is allowed for issuance as a patent. The USPTO examiner concludes that the directional OLED display technology is novel and non-obvious. The patent will be valid until 2040.

- On May 22, Realfiction announced that it will exhibit its recently invented and patent pending 2-inch microLED ECHO proof-of-concept display in the Innovation Zone ("I-Zone") area of Display Week 2023 in Los Angeles Convention Center 23-25 May after being selected by The Society for Information Display. The invention combines microLED and ferroelectric liquid crystals (FLC) in a configuration together with Realfiction's proprietary driving system and directional pixel technology. The invention can also be based on a combination of OLED and FLC. Such configurations enable many simultaneous users to see different 2D or 3D on the same display without any loss of resolution.

A public demonstration of the 17-inch full-HD LCD display is still planned to take place during the second half of 2023.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On August 7, Realfiction announced it has entered a commercial license agreement with the Hong Kong University of Science and Technology ("HKUST") that secures Realfiction the exclusive rights to use HKUST's patented and super-fast ferroelectric liquid crystal ("FLC") technology in future production of 3D displays larger than 9-inches for the lifetime of the patents (approximately until 2041).

The combination of Realfiction's underlying directional pixel technology in the patent-pending driving system and super-fast FLC technology unlocks the holy grail of 3D by enabling multiuser glasses-free viewing without any loss of resolution and is set to enable many sought-after use cases for the display industry. Realfiction's invention has the potential of empowering the display industry with a real alternative to the competition from AR/VR glasses that are limited to one-user scenarios.

- On August 30, Realfiction announced that it has received a notice of allowance for the US patent application 18/309,143, regarding a specific version of the Company's ECHO display technology aimed at the automotive industry, from the US Patent Office (USPTO). The patent application addresses a simpler version of an ECHO LCD display with no 3D image and no eye-tracking. Instead, the main feature of such a display is its capability to show either the same video image to all or two different video images in very specific directions, which in a car are well defined as the seating positions. This allows for improved personal safety by reducing distractions for the driver.

- On August 30, Realfiction announced its plan to exhibit its 17-inch ECHO holographic 3D display at the Consumer Electronics Show (CES) in Las Vegas in January 2024. CES is the most influential tech event in the world and provides a great opportunity to showcase ECHO to potential commercial partners and build awareness in many relevant segments.

CEO COMMENTS

CONTINUED ECHO PROGRESS WITH BROADER MARKET POTENTIAL

In the second quarter of 2023, we continued to advance our ECHO holographic 3D technology towards the market, with progress achieved on the first LCD ECHO display together with our strategic partner AmTRAN. As communicated in a recent press release, we will showcase our ECHO 17-inch full-HD 3D display to a broader audience at the world's most important technology event: the Consumer Electronics Show (CES) in Las Vegas in January 2024. This will be a great opportunity to present ECHO to more potential commercial partners in several relevant segments such as televisions, computer monitors and the car industry. At CES, many media representatives and technology influencers participate, so we can continue building awareness on the groundbreaking capabilities that we bring to the 3D display space.

During and after the world premiere of our next-gen microLED ECHO proof-of-concept display featuring ferroelectric liquid crystals (FLC) at Display Week 2023 in Los Angeles, USA, we received strong interest and valuable feedback. After the end of the period, we were then able to announce that we have signed an exclusive license agreement with our technology partner Hong Kong University of Science and Technology (HKUST) for lifetime use of their patented and super-fast ferroelectric liquid crystal (FLC) technology in future production of 3D displays larger than 9 inches. This is excellent news and a way of future-proofing ECHO, as we now have a clear path for commercializing ECHO together with the three major existing and upcoming display technologies: LCD, OLED and microLED.

In our discussions with potential commercial partners from the car industry, we have been able to confirm a specific interest regarding the use of ECHO's multi-view capabilities as a method to reduce driver distractions

and thus improve safety. This led us to invent a more cost-effective version of ECHO that does not have 3D capabilities, and instead focuses on providing separate 2D views for the driver and the passenger. As for all ECHO displays, this solution retains full resolution and excellent image quality due to our directional pixel technology. Just before the publication of this report, we were able to announce a notice of allowance for a US patent covering this version of ECHO. While this 2D multi-view solution is not at the core of our grand vision for ECHO, it is a great example of how we are constantly working to broaden the market potential for our directional pixel technology to create maximum shareholder value over time.

SLOW QUARTER FOR EXHIBITION AND HARDWARE SALES

In the second quarter, the revenue from our MaaS for Exhibition and Hardware sales segments was significantly lower than for the same period last year. The main reason for this is that in Q1 and Q2 of 2023, we focused most of our resources to meet ECHO-related milestones, including presentations of the technology to potential commercial partners and participation at Display Week in May. Additionally, Q2-2023 was a slower-than-usual quarter,

which happens from time to time due to various factors including timing of customer orders. We are now seeing a rebound after the summer holiday season, with preliminary figures for July and August above budget and above the first two months of Q3-2022.

STRONG ECHO MOMENTUM AND ENCOURAGING INDUSTRY ACTIVITY

In addition to the constant development of ECHO together with AmTRAN towards the launch of the first product, we will continue to focus on discussions with potential commercial partners and building awareness of ECHO's capabilities during the coming quarters. We

“As communicated in a recent press release, we will showcase our ECHO 17-inch full-HD 3D display to a broader audience at the world's most important technology event: the Consumer Electronics Show (CES) in Las Vegas in January 2024.”

are still aiming for a public demonstration later in 2023, and our presence in CES in Las Vegas in January 2024 is expected to create a new level of excitement in relevant segments. We also see Leia's acquisition of Dimenco as a sign that there is great interest in 3D displays, and that consolidating skills and technologies is a way for some to become successful in relevant segments. I finally want to mention that in Q2, we received an additional Innobooster

subsidy payment of 1 MSEK due to the continued progress with the ECHO development, thus assisting us in maintaining a strong financial position, despite lower revenue in Q2, which means that we will sustain all our current activities into 2024.



Clas Dyrholm
CEO, Realfiction Holding AB



REALFICTION'S BUSINESS AND CONCEPT

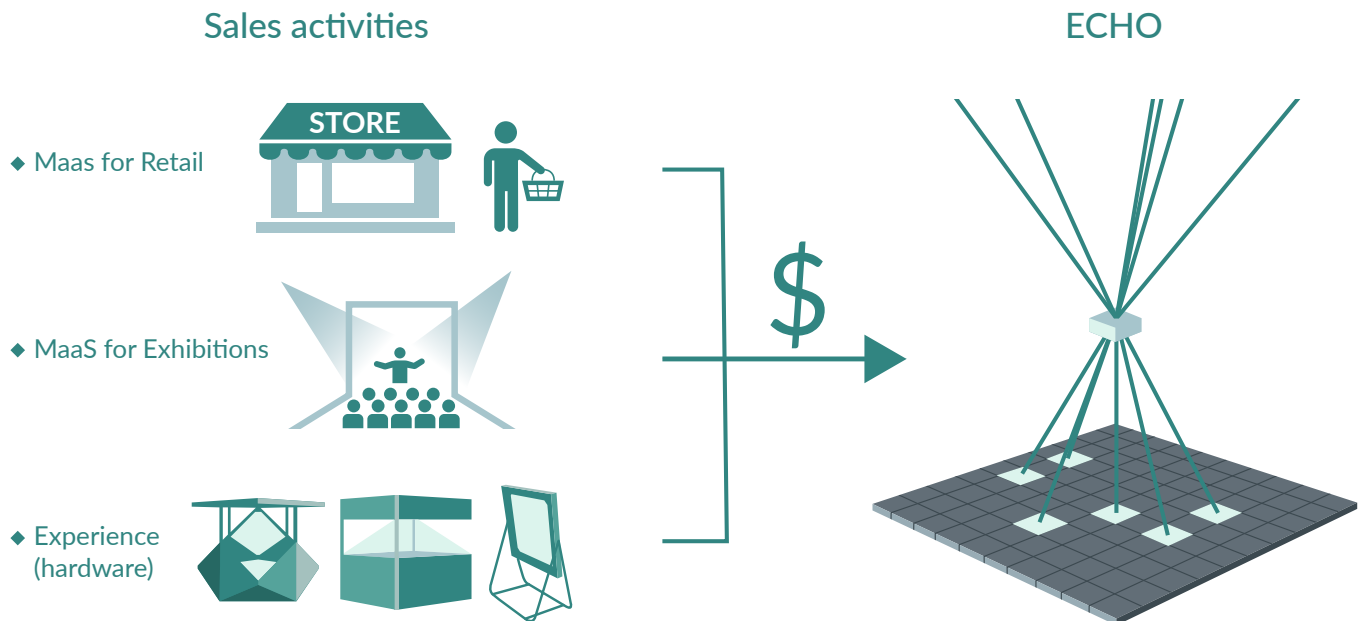
LEADING MIXED REALITY PRODUCTS AND SERVICES

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.



With signs of normalization and increased optimism in Realfiction's markets, the company sees 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.

ECHO HOLOGRAPHIC 3D TECHNOLOGY



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.

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

COMPANY DEVELOPMENT AND FUTURE

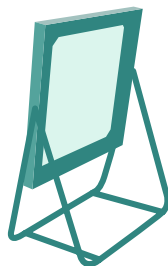
2008-2017 FIRST PHASE

- 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.



2017-2019 PRE-ECHO PHASE

- In 2017, Realfiction was listed on Nasdaq First North Growth Market.
- With increased funding and resources, the company launched DeepFrame, the world's largest mixed reality display, and in 2019 the company presented ECHO and completed a proof of concept for the technology.



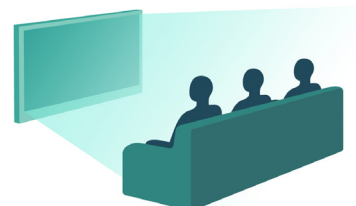
2020-2022 ECHO DEVELOPMENT PHASE

- In 2020, a beta version of an LCD ECHO 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 ECHO. This crucial milestone was achieved in April 2022.
- 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 ECHO to market.

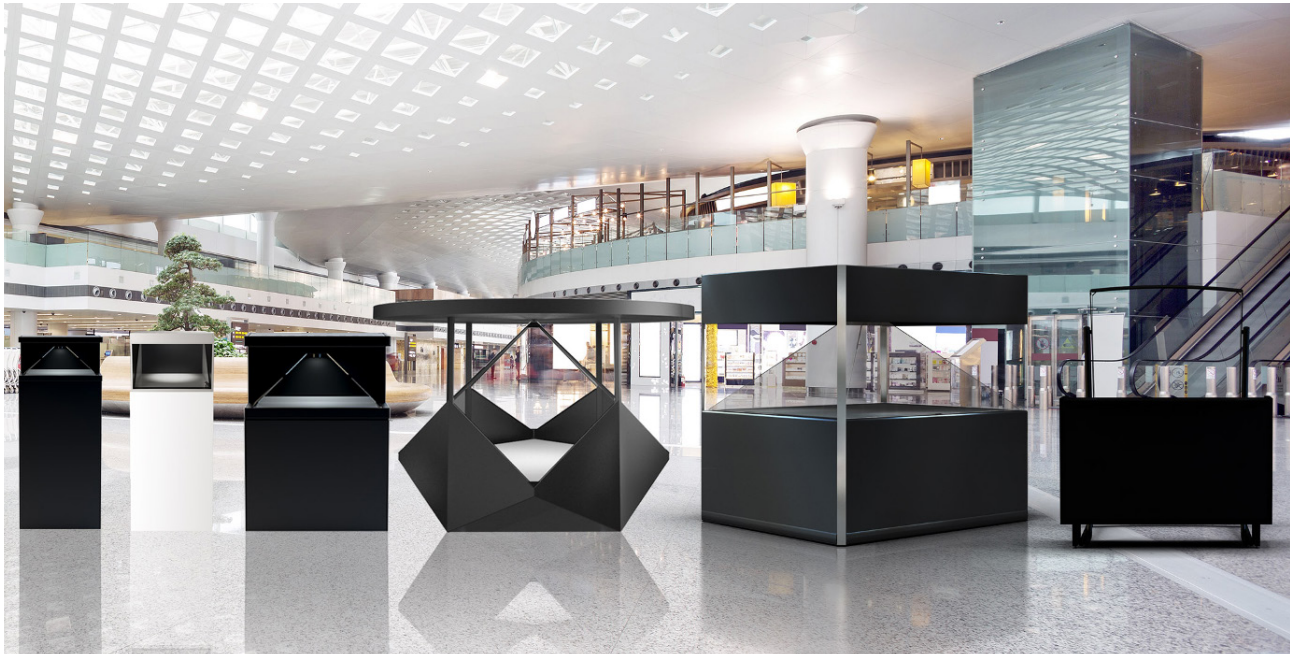


2023 → ECHO COMMERCIALIZATION PHASE

- In 2023, the first ECHO LCD display has been completed, demonstrating both multi-user 3D and 2D multi-view capabilities, and the company is in dialogue with potential commercial partners in several market segments. The directional ECHO display technology can be made in different versions and with different specifications. One example of this is a 2D multi-view LCD display version tailored to meet the demand in the car industry. Such a display is simpler and lower cost compared to the 3D versions, and hence planned to be the first ECHO product to be manufactured.
- ECHO displays will be compatible with both new and existing premade and real-time generated 2D and 3D content. But the company also has a pending patent application, referred to as Holowize, within the coming market for AI conversion of existing 2D and 3D content into multi-layered 3D content.



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.

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.

Picture above: Realfiction's display portfolio

FINANCIAL REVIEW

DEVELOPMENT IN 2023

Income Statement in Q2-2023

Group net revenue amounts to TSEK 1,643 for Q2-2023, representing a decline of 55% from Q2-2022 of TSEK 3,691. Revenue in Q2-2023 includes sales from our Magic-as-a-Service concept of TSEK 489 compared to TSEK 1,165 in Q2-2022. Adjusted for currency conversion effects, the Company's revenue in Q2-2023 decreased by 57% to TDKK 1,072 compared to the average quarterly revenue in 2022 of TDKK 2,477.

Cost of goods sold amounts to TSEK 590 for Q2-2023, compared to TSEK 1,449 for Q2-2022. Thus, our gross profit in Q2-2023 decreased to TSEK 1,053 from TSEK 2,242 in Q2-2022. This resulted in increased gross profit margin in Q2-2023 of 64.1% compared to 60.7% in Q2-2022. This increase was achieved due to a different sales mix.

In Q2-2023 the Company has continued to capitalize development expenditure relating to ECHO that fulfils the requirements of the capitalization accounting principle. As such, the Q2-2023 Income Statement includes income from the capitalization of own work performed of TSEK 2,311 compared to TSEK 1,952 in Q2-2022 from the capitalization of salaries and internal expenses relating to ECHO.

Other external costs increased to TSEK 1,267 in Q2-2023 from TSEK 939 in Q2-2022. The increase is primarily due to execution of the ECHO go-to market strategy with increased travel, selling and marketing expenses.

Cash-based personnel costs increased with TSEK 1,376 to TSEK 4,917 in Q2-2023 (TSEK 57 of the personnel cost is non-cash costs related to warrant programs) compared to TSEK 3,541 in Q2-2022. The increase is due to the addition of 3 employees in Q2-2023 compared to Q2-2022 and salary increases due to inflation.

All in all, we increased our cash-based net operating cost by TSEK 1,268 in Q2-2023 to TSEK 3,980 from TSEK 2,712 in Q2-2022 (exclusive of non-cash costs of TSEK 57 in Q2-2023 and TSEK 32 in Q2-2022 relating to warrant programs). The primary reason for this is the execution of the ECHO go-to market strategy with increased travel, selling and marketing expenses and salaries incurred in the commercialization process.

Group net financial costs consist of interest on the loan with Vækstfonden, while other financial income include interest from bank deposits .

Income Statement in H1-2023

Group net revenue amounts to TSEK 4,592 for H1-2023, representing a decline of 34% from H1-2022 of TSEK 6,929. Revenue in H1-2023 includes sales from our Magic-as-a-Service concept of TSEK 830 compared to TSEK 1,237 in H1-2022. Adjusted for currency conversion effects, the Company's revenue in H1-2023 decreased by 39% to TDKK 3,033 compared to the average semi-annual revenue in 2022 of TDKK 4,954.

Cost of goods sold amounts to TSEK 1,652 for H1-2023, compared to TSEK 2,593 for H1-2022. Thus, our gross profit in H1-2023 decreased to TSEK 2,940 from TSEK 4,336 in H1-2022. This resulted in increased gross profit margin in H1-2023 of 64.0% compared to 62.6% in H1-2022. This increase was achieved due to a different sales mix.

Other income was significantly reduced from TSEK 687 in H1-2022 to TSEK 117 in H1-2023 as H1-2022 income included receipt of COVID-19 compensation from the Danish authorities.

H1-2023 Income Statement includes income from the capitalization of own work performed of TSEK 4,930 compared to TSEK 3,510 in H1-2022 from the capitalization of salaries and internal expenses relating to ECHO.

Other external costs increased to TSEK 2,574 in H1-2023 from TSEK 1,956 in H1-2022. The increase is primarily due to execution of the ECHO go-to market strategy with increased travel, selling and marketing expenses.

Cash-based personnel costs increased with TSEK 2,518 to TSEK 9,183 in H1-2023 (TSEK 126 of the personnel cost is non-cash costs related to warrant programs) compared to TSEK 6,665 in H1-2022. The increase is due to the addition of 3 employees in H1-2023 compared to H1-2022 and salary increases due to inflation.

All in all, we increased our cash-based net operating cost by TSEK 2,233 in H1-2023 to TSEK 7,033 from TSEK 4,672 in H1-2022 (exclusive of non-cash costs of TSEK 126 in H1-2023 and TSEK 65 in H1-2022 relating to warrant programs). The primary reason for this is the decline in other income and the execution of the ECHO go-to market strategy with increased travel, selling and marketing expenses and salaries incurred in the commercialization process.

Group net financial costs consist of interest on the loan with Vækstfonden, while other financial income include interest from bank deposits .

Balance Sheet

Realfiction's total assets at 30 June 2023 amount to TSEK 94,010 compared to TSEK 92,328 at 31 December 2022. The increase is primarily due to the continued investments in the ECHO technology.

Investments

In Q2-2023, the Company has capitalized additional development expenditure of TSEK 3,739 (TSEK 3,763 in Q2-2022), relating to the patent-pending ECHO technology and TSEK 1,367 in license fees (TSEK 0 in Q2-2022) relating to ferroelectric liquid crystal 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

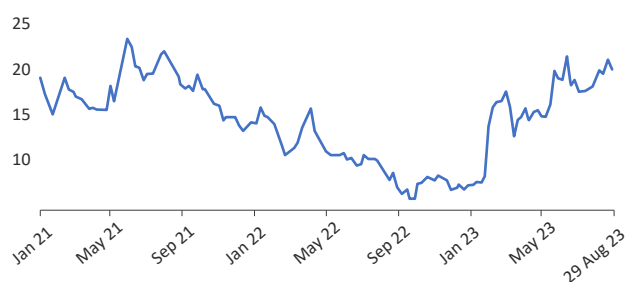
Realfiction's liquidity at 30 June 2023 amounts to TSEK 18,266 compared to TSEK 30,806 at 31 December 2022. Cash flow from operating activities for Q2-2023 declined to TSEK -1,964 compared to TSEK -79 for Q2-2022. The primary reason for this is the decline in revenue and the execution of the ECHO go-to market strategy with increased travel, selling and marketing expenses and salaries incurred in the commercialization process.

Realfiction has a sound financial position and expects to have the liquidity necessary to sustain all its business operations, including the development and execution of the go-to market strategy of the ECHO technology, into 2024.

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 2023, the number of shares in Realfiction Holding AB amounts to 19,762,847. The Company has one share class. All shares have equal dividend rights.

Share price development in 01/01/2021 - 29/8/2023 (SEK)



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 2022 Annual Report.

OWNERSHIP STRUCTURE

The table below shows key shareholders in Realfiction Holding AB at 31 March 2023 inclusive of fully paid but not yet registred/issued share issues.

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 3)	1,862,716	9.43
Tamarind Limited 1)	1,599,461	8.09
Försäkringsaktiebolaget, Avanza Pension	1,061,498	5.37
Other shareholders (more than 3,200)	9,039,725	45.74
Total	19,762,847	100.00

1. Ceranco Equity S.C.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.

Audit/review

The Q2 Interim Report 2023 has not been audited or reviewed by the Company's independent auditors. The Annual Report 2022 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:

Q3 Interim Report 2023:	30 November 2023
Year-end Report 2023:	28 March 2024
Annual Report 2023:	16 May 2024

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

Certified Adviser

Mangold Fondkommission AB is the Company's Certified Adviser and can be contacted via 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

The Board of Directors and the CEO declare that to the best of their knowledge, the Q2 Interim Report 2023 presents a fair view of the financial position of the Company at 30 June 2023 as well as of the results of the Group operations and cash flows for the periods 1 April – 30 June 2023 and 1 January – 30 June 2023.

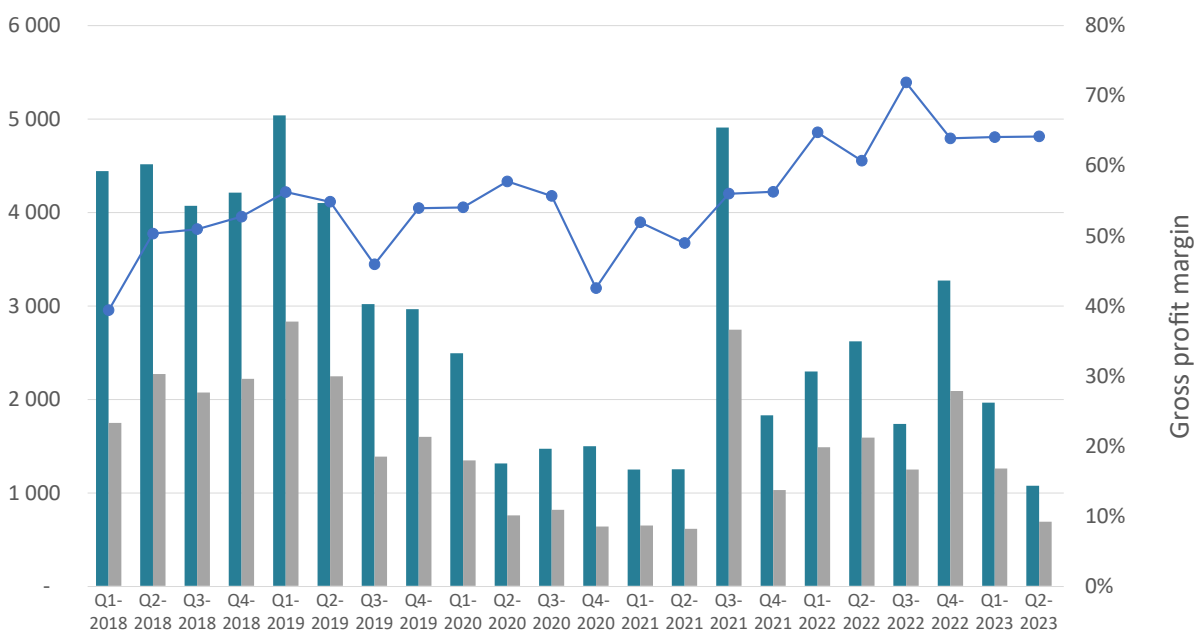
Helsingborg, 31 August 2023
Realfiction Holding AB
Board of Directors and CEO

FINANCIAL HIGHLIGHTS AND KEY RATIOS

Selected Financial Highlights and Key Ratios – Group

SEK '000	Q2-2023	Q2-2022	H1-2023	H1-2022	2022
	01-04-2023 -30-06-2023 3 months	01-04-2022 -30-06-2022 3 months	01-01-2023 -30-06-2023 6 months	01-01-2022 -30-06-2022 6 months	01-01-2022 -31-12-2022 12 months
Net revenue	1,643	3,691	4,592	6,929	14,209
Gross profit	1,053	2,242	2,940	4,336	9,180
Result after financial items	-2,935	-547	-4,283	-667	-2,066
Total Assets	94,010	85,640	94,010	85,640	92,328
Cash flow from operating activities	-1,964	-79	-5,246	-1,010	4,513
Cash and bank	18,266	33,585	18,266	33,585	30,806
Equity	72,844	73,993	72,844	73,993	73,787
Solvency ratio (%)	77.5	86.4	77.5	86.4	79.9
Average number of employees	15	12	14	11	11
Gross profit margin (%)	64.1	60.7	64.0	62.6	64.6
Earnings per share (SEK)	-0.15	0.01	-0.22	0.04	-0.07
Average number of shares	19,762,847	19,737,847	19,762,847	19,735,980	19,740,483
Number of shares at the end of the period	19,762,847	19,737,847	19,762,847	19,737,847	19,762,847

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	Q2-2023	Q2-2022	H1-2023	H1-2022	Q1-Q4 2022
	01-04-2023 -30-06-2023 3 months	01-04-2022 -30-06-2022 3 months	01-01-2023 -30-06-2023 6 months	01-01-2022 -30-06-2022 6 months	01-01-2022 -31-12-2022 12 months
Net revenue	1,643	3,691	4,592	6,929	14,209
Cost of goods sold	-590	-1,449	-1,652	-2,593	-5,029
Gross profit	1,053	2,242	2,940	4,336	9,180
Capitalized own work performed	2,311	1,952	4,930	3,510	7,096
Other external costs	-1,267	-939	-2,574	-1,956	-3,796
Personnel costs	-4,974	-3,573	-9,309	-6,730	-14,052
Depreciation of tangible fixed assets	-150	-205	-323	-376	-800
Other income and expenses	43	21	117	687	787
Operating result	-2,984	-502	-4,219	-529	-1,585
Other financial income	170	82	194	88	156
Other financial costs	-121	-127	-258	-226	-637
Result after financial items	-2,935	-547	-4,283	-667	-2,066
Tax on the profit of the period	0	838	0	1,389	678
Net result for the period	-2,935	291	-4,283	722	-1,388

Balance Sheet (condensed) - Group

SEK '000	30-06-2023	30-06-2022	31-12-2022
Assets			
Non-current assets			
Development costs	59,539	36,988	48,576
Licenses	2,037	368	594
Total intangible assets	61,576	37,356	49,170
Fixtures, tools and installations	931	1,090	1,192
Total tangible assets	931	1,090	1,192
Other long-term receivables	1,883	1,752	356
Total financial assets	1,883	1,752	356
TOTAL NON-CURRENT ASSETS	64,390	40,198	50,718
Current assets			
Finished products and goods for sale	5,168	5,330	5,063
Total inventories	5,168	5,330	5,063
Trade receivables	65	984	363
Current tax receivables	4,008	3,827	3,781
Other receivables	1,430	1,133	1,181
Prepaid expenses	683	583	416
Total short-term receivables	6,186	6,527	5,741
Cash and bank	18,266	33,585	30,806
TOTAL CURRENT ASSETS	29,620	45,442	41,610
TOTAL ASSETS	94,010	85,640	92,328
Liabilities and Equity			
Equity			
Share capital	1,976	1,974	1,976
Other reserves incl. retained earnings	70,868	72,019	71,811
TOTAL EQUITY	72,844	73,993	73,787
Deferred tax liability	4,646	0	2,985
Total provisions	4,646	0	2,985
Liabilities to credit institutions	1,886	2,813	2,851
Other liabilities	894	799	844
Prepaid income	6,620	1,553	3,996
Total long-term liabilities	9,400	5,165	7,691
Liabilities to credit institutions	1,904	1,298	1,419
Accounts payable	2,255	1,844	3,568
Prepaid income	279	982	263
Other liabilities	2,682	2,358	2,615
Total short-term liabilities	7,120	6,482	7,865
TOTAL LIABILITIES	16,520	11,647	15,556
TOTAL LIABILITIES AND EQUITY	94,010	85,640	92,328

Cash Flow Statement (condensed) – Group

SEK '000	Q2-2023	Q2-2022	H1-2023	H1-2022	2022
	01-04-2023 -30-06-2023 3 months	01-04-2022 -30-06-2022 3 months	01-01-2023 -30-06-2023 6 months	01-01-2022 -30-06-2022 6 months	01-01-2022 -31-12-2022 12 months
Operating result	-2,984	-502	-4,219	-529	-1,585
Depreciation	150	205	323	376	800
Non-cash warrant program	71	32	140	65	132
Paid financial costs/income	49	-42	-64	-137	-466
Tax payments	0	0	0	0	3,915
Cash flow from operating activities before changes in operating capital	-2,714	-307	-3,820	-225	2,796
Operating activities					
Change in inventories	202	579	193	-272	174
Change in short term receivables	-409	79	-107	-476	357
Change in short term liabilities	957	-430	-1,512	-37	1,186
Cash flow from operating activities	-1,964	-79	-5,246	-1,010	4,513
Investing activities					
Purchase of tangible assets	-5	-442	-5	-788	-1,276
Sale of tangible assets	0	0	0	0	4
Proceeds from financial assets	-23	-20	-23	-20	-20
Purchase of intangible assets	-5,106	-3,763	-9,096	-6,269	-16,426
Cash flow from investing activities	-5,134	-4,225	-9,124	-7,077	-17,718
Financing activities					
Loan installment (Vækstfonden)	-363	0	-708	0	0
Innobooster grant	1,036	676	2,287	676	2,996
Capital increase, net of costs	0	-6	0	-6	9
Cash flow from financing activities	673	670	1,579	670	3,005
Cash flow for the period	-6,425	-3,634	-12,791	-7,417	-10,200
Cash and cash equivalents at period start	24,494	37,115	30,806	40,850	40,850
Exchange rate recalculation difference – cash and cash equivalents	197	104	251	152	156
Cash and cash equivalents at period end	18,266	33,585	18,266	33,585	30,806

Statement of Changes in Equity (condensed) - Group

SEK '000	Q2-2023	Q2-2022	H1-2023	H1-2022	2022
	01-04-2023 -30-06-2023 3 months	01-04-2022 -30-06-2022 3 months	01-01-2023 -30-06-2023 6 months	01-01-2022 -30-06-2022 6 months	01-01-2022 -31-12-2022 12 months
Equity at period start	73,108	72,154	73,787	71,486	71,486
Exchange adjustments	2,600	1,522	3,200	1,726	3,548
Capital increase, net of costs	0	-6	0	-6	9
Warrant program	71	32	140	65	132
Net result for the period	-2,935	291	-4,283	722	-1,388
Equity at period end	72,844	73,993	72,844	73,993	73,787

Income Statement (condensed) – Parent company

SEK '000	Q2-2023	Q2-2022	H1-2023	H1-2022	2022
	01-04-2023 -30-06-2023 3 months	01-04-2022 -30-06-2022 3 months	01-01-2023 -30-06-2023 6 months	01-01-2022 -30-06-2022 6 months	01-01-2022 -31-12-2022 12 months
Operating income					
Net revenue (group internal)	150	150	300	300	600
Operating costs					
External costs	-369	-381	-591	-600	-1,024
Personnel costs	-202	-180	-377	-339	-676
Operating result	-421	-411	-668	-639	-1,100
Other financial income	97	0	97	0	18
Result after financial items	-324	-411	-571	-639	-1,082
Net result for the period	-324	-411	-571	-639	-1,082

Balance Sheet (condensed) – Parent company

SEK '000	30-06-2023	30-06-2022	31-12-2022
Non-current assets			
Financial assets			
Shares in subsidiary	83,643	74,461	83,643
Total financial assets	83,643	74,461	83,643
TOTAL NON-CURRENT ASSETS	83,643	74,461	83,643
Current assets			
Intercompany receivables	13,170	4,595	0
Other receivables	178	69	28
Prepaid expenses	164	179	74
Total short-term receivables	13,512	4,843	102
Cash and bank	13,499	31,115	26,021
TOTAL CURRENT ASSETS	27,011	35,958	26,123
TOTAL ASSETS	110,654	110,419	109,766
Liabilities and Equity			
Equity			
Share capital	1,976	1,974	1,976
Other reserves	107,884	108,103	108,326
Net result of the period	-571	-639	-1,082
TOTAL EQUITY	109,289	109,438	109,220
Trade payables	652	332	210
Other payables	713	649	336
Total short-term liabilities	1,365	981	546
TOTAL LIABILITIES	1,365	981	546
TOTAL EQUITY AND LIABILITIES	110,654	110,419	109,766

DEFINITIONS

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

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

Gross profit: 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.



Picture above: The Realfiction Team exhibiting next-generation ECHO technology at Display Week, Los Angeles, May 2023.



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