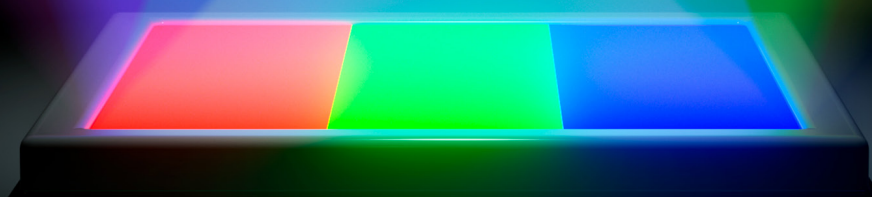


**DIRECTIONAL
PIXEL
TECHNOLOGY™**



INTERIM REPORT

1 JULY – 30 SEPTEMBER 2023

Realfiction Holding AB (publ) | 559110-4616

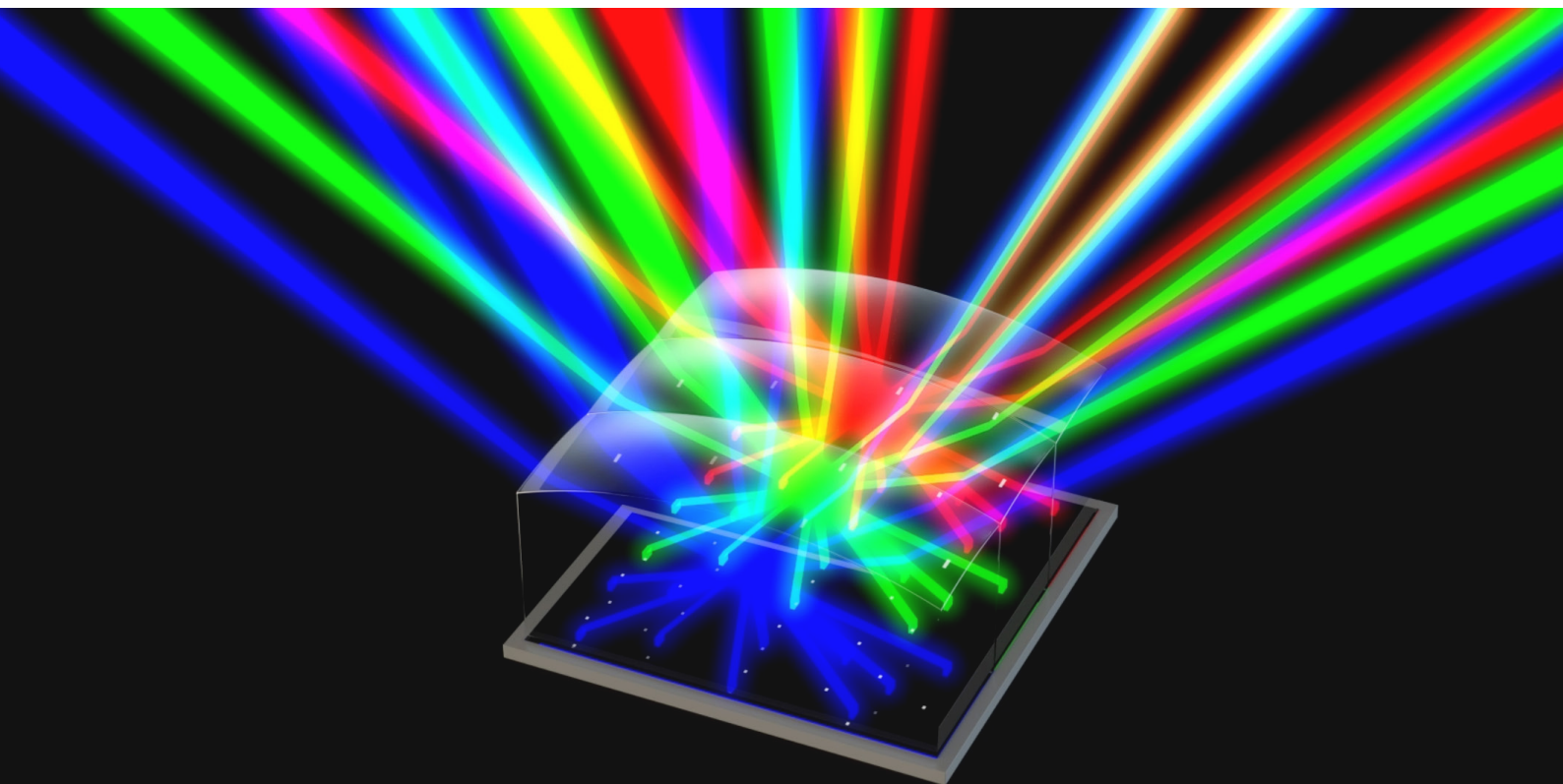
INTERIM REPORT

Q3-2023 (01-07-2023 – 30-09-2023)

- Revenue: TSEK 2,539 (Q3-2022: TSEK 2,481)
- Gross profit: TSEK 1,647 (Q3-2022: TSEK 1,781)
- Gross profit margin: 64.9% (Q3-2022: 71.8%)
- Result after financial items: TSEK -1,529 (Q3-2022: TSEK -1,191)
- Earnings per share: SEK -0.08 (Q3-2022: -0.01)
- Cash flow from operating activities: TSEK -243 (Q3-2022: TSEK -1,530)
- Equity: TSEK 69,979 (Q3-2022: TSEK 74,603)

Q1-Q3, 2023 (01-01-2023 – 30-09-2023)

- Revenue: TSEK 7,131 (Q1-Q3 2022: TSEK 9,410)
- Gross profit: TSEK 4,587 (Q1-Q3 2022: TSEK 6,117)
- Gross profit margin: 64.3% (Q1-Q3 2022: 65.0%)
- Result after financial items: TSEK -5,812 (Q1-Q3 2022: TSEK -1,858)
- Earnings per share: SEK -0.29 (Q1-Q3, 2022: 0.03)
- Cash flow from operating activities: TSEK -5,489 (Q1-Q3 2022: TSEK -2,540)
- Equity: TSEK 69,979 (Q1-Q3 2022: TSEK 74,603)



Picture on front page: As Project ECHO goes from development project to commercially available technology, it will now be referred to as our "Directional Pixel Technology™".

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

SIGNIFICANT EVENTS DURING Q3-2023

- 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.

- On September 5, the United States Patent and Trademark Office issued the first ECHO technology related patent to Realfiction that secures IP protection of our technology which enables glasses-free 3D experiences for multiple viewers in OLED displays. The term of the patent is until 2040.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On November 11, Realfiction was pleased to invite its shareholders to the first ever public showcase of its ECHO 3D holographic display technology at the Company’s office in Copenhagen in December. This will be a unique opportunity to be one of the first to experience Realfiction’s groundbreaking directional pixel technology with your own eyes. Three demonstrations will be shown: a 17-inch multiview LCD display demo, a 17-inch 3D multiuser LCD display demo and a 2-inch proof-of-concept HybridScan MicroLED display previously demonstrated at Display Week.
- On November 29, Realfiction announced that it will demonstrate four versions of its groundbreaking Directional Pixel Technology™ (formerly known as Project ECHO), enabling home cinema-sized glasses-free 3D displays for up to 5 persons (10 views) at the same time with 4K resolution, during the Consumer Electronics Show (CES) in Las Vegas in January 2024. In addition to the three versions to be demonstrated in Denmark in December, the Company will also for the first time demonstrate a small segment of a 65-inch OLED 3D Multiuser display (scalable to large TV sizes/home cinema). All technologies are ready for licensing, and Realfiction is currently pursuing commercial licensing deals and/or collaborations to enable mass manufacturing.

CEO COMMENTS

EXCITING DIRECTIONAL PIXEL TECHNOLOGY™ MILESTONES ACHIEVED

In the third quarter of 2023, we were able to present two important milestones in the development of our Directional Pixel Technology™ (DPT, previously and up until this report also known as Project ECHO). We are really excited about this progress, as we believe that these achievements will strengthen our position as a world-class IP supplier in the 3D display field, both in the short and longer term.

In the first half of August, we announced that Realfiction has entered into a commercial license agreement with the Hong Kong University of Science and Technology, which means that we now hold the exclusive rights to use their patented and super-fast ferroelectric liquid crystal technology (FLC) in future production of 3D displays larger than 9 inches. This technology is an excellent addition to our DPT platform as it provides us with the IP to produce large, immersive social 3D displays based on microLED technology. A small proof-of-concept of such a display was exhibited at DisplayWeek in Los Angeles, USA in May, where we received a lot of interest from companies in the display industry. MicroLED is widely considered to be the most promising next-gen high-quality display technology for medium and large sized display, so it is of great importance that we future-proof our DPT platform to include this display technology.

In the second half of August, we were pleased to confirm the first patent grant for DPT, which was received from the patent office in the US and covers OLED based display versions. This grant confirms the patentability of our DPT platform, which is important in current and future discussions on licensing and/or collaboration deals with potential commercial partners. Later in August, we were also able to announce the notice of allowance from the

US patent office for our 2D multiview DPT display version aimed at the automotive industry, and the 2D multiview patent was finally granted in October. As we believe that this type of DPT display has the shortest route to a commercially available product, having a specific patent is important when we continue to progress in this area together with our collaboration partner AmTRAN (a large LCD display manufacturer as well as a major Realfiction shareholder).

STRONG INTEREST IN OUR UPCOMING DPT DISPLAY PRESENTATION

As announced in November, after the end of the period, we are now finally ready to present our range of DPT versions to a wider audience, and we are excited to start with a series of demonstrations for our valued shareholders. They will be held on December 1 and December 4 at our offices in Copenhagen, Denmark. Three demonstrations we will show: a 17-inch multiview LCD display demo, a 17-inch 3D multiuser LCD display demo and a 2-inch proof-of-concept HybridScan MicroLED display. As it is impossible to truly understand what DPT can do without experiencing it with your own eyes, we are pleased and humbled by the very strong interest in attending these demonstrations. We are confident that many will like what they see and spread the word about DPT to other potential investors, and we look forward to getting lots of valuable feedback.

FIRST DPT OLED PRESENTATION DURING CES IN JANUARY

In addition to presenting DPT in Denmark in December, we are planning a series of demonstrations at the Consumer Electronics Show (CES) in Las Vegas in January 2024. As this is the world's leading event for consumer electronics, it will be an excellent opportunity to showcase DPT to potential commercial partners in the display industry and relevant consumer and professional

industries, as well as to other interested parties that want to see what DPT is capable of with their own eyes. As recently announced in a press release, this will be the first time we show a OLED DPT backplane proof-of-concept, demonstrating a segment of a 65-inch DPT OLED display. This is important as OLED is the leading display technology for high-end TV sets and home cinema use. With our DPT IP, we have the keys to unlock a new generation of incredible social 3D experiences without the limitations of attempts using glasses, or the drawbacks of competing technologies such as single user limitations, lower resolution or high manufacturing costs.

EXCITING OPPORTUNITIES IN 2024 AND BEYOND

Even though we have a strong focus on our DPT technology in 2023, our MaaS for Exhibition and Hardware sales segments continue to provide us with important revenue streams. The total revenue for Q3-2023 was slightly higher compared to the same period last year, and we are also seeing an encouraging trend so far in Q4. In October and November, revenue from our

Sales Activities exceeded 2.7 MSEK, which is 0.2 MSEK higher than the total revenue for Q2. The revenue is however still significantly lower than in Q4-2022. In total, we continue to be very pleased with the DPT progress achieved during the year, and the company expects to have the liquidity necessary to sustain all its operations, including the development and execution of the go-to-market strategy for DPT, at least until May 2024. This estimate does not factor in any income resulting from licensing of the DPT. We are in discussions with companies in the display industry, but we cannot be certain that these discussions will result in collaborations that generate revenue from DPT during the first half of 2024. To mitigate the risk that such income is potentially received later than May 2024, the company has initiated a process to secure a loan that potentially will finance the company until mid-2025, thereby avoiding dilution of its shareholders.



Clas Dyrholm
CEO, Realfiction Holding AB



REALFICTION'S BUSINESS AND CONCEPT

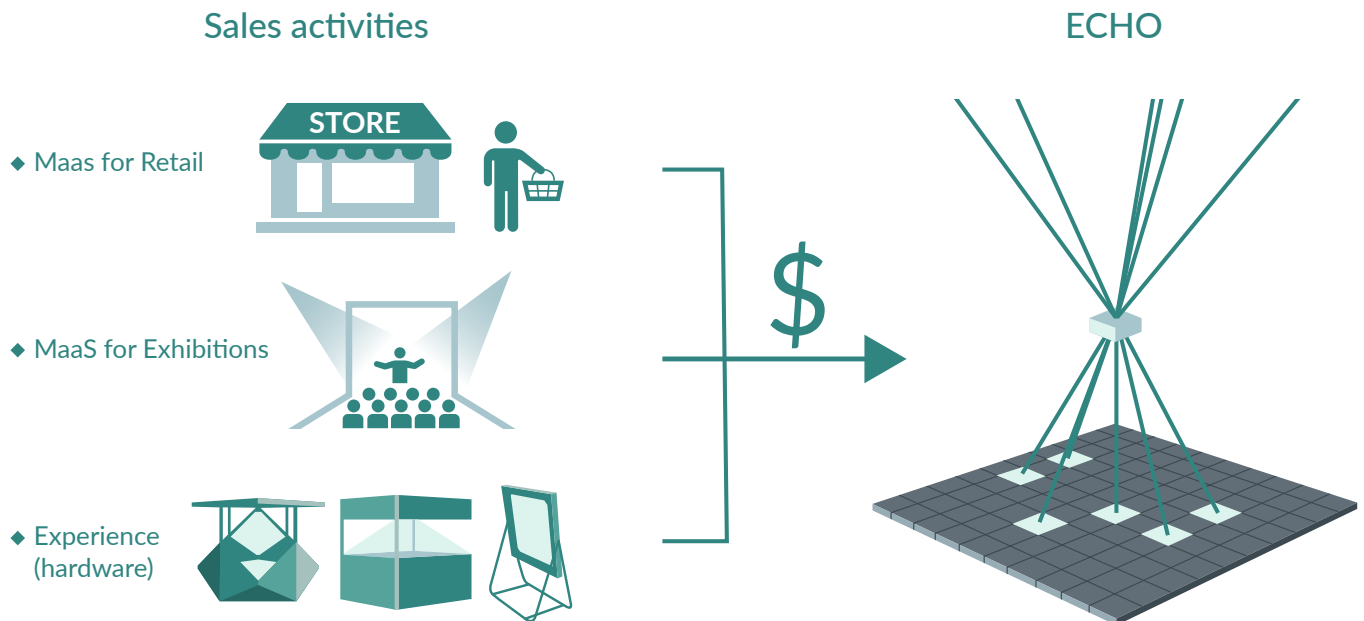
LEADING MIXED REALITY PRODUCTS AND SERVICES

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

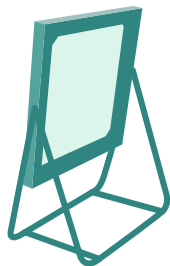
- After being founded by Peter Simonsen and Clas Dyrholm in October 2008, the company developed several commercially successful mixed reality displays for the retail segment within its Dreamoc product family.



REALFICTION™

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.



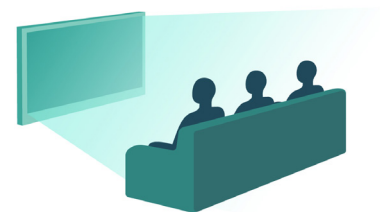
2020-2022 ECHO DEVELOPMENT PHASE

- 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.

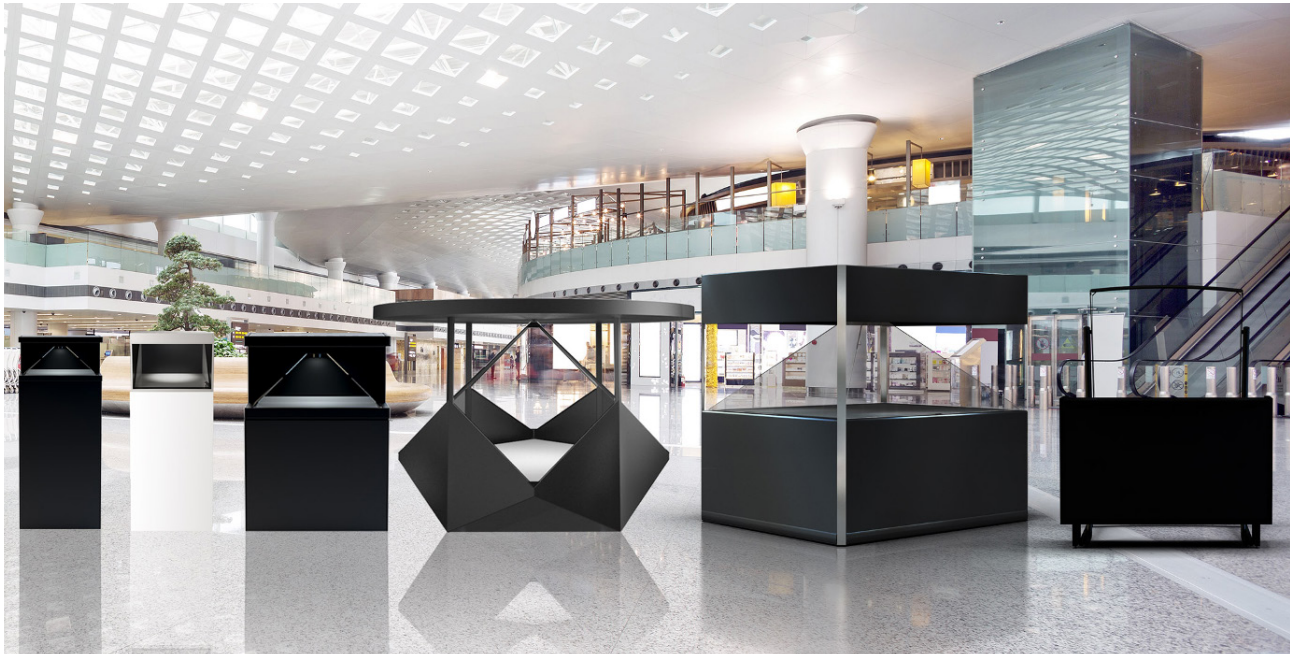


2023- EXPECTED ECHO COMMERCIALIZATION PHASE

- 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 Q3-2023

Group net revenue amounts to TSEK 2,539 for Q3-2023, representing an increase of 2% from Q3-2022 of TSEK 2,481. Revenue in Q3-2023 includes sales from our Magic-as-a-Service concept of TSEK 258 compared to TSEK 116 in Q3-2022. Adjusted for currency conversion effects, the Company's revenue in Q3-2023 decreased by 35% to TDKK 1,603 compared to the average quarterly revenue in 2022 of TDKK 2,477.

Cost of goods sold amounts to TSEK 892 for Q3-2023, compared to TSEK 700 for Q3-2022. Thus, our gross profit in Q3-2023 decreased to TSEK 1,647 from TSEK 1,781 in Q3-2022. This resulted in decreased gross profit margin in Q3-2023 of 64.9% compared to 71.8% in Q3-2022. The decrease was caused by a different sales mix.

In Q3-2023 the Company has continued to capitalize development expenditure relating to ECHO that fulfils the requirements of the capitalization accounting principle. As such, the Q3-2023 Income Statement includes income from the capitalization of own work performed of TSEK 2,450 compared to TSEK 1,344 in Q3-2022 from the capitalization of salaries and internal expenses relating to ECHO.

Other external costs increased to TSEK 916 in Q3-2023 from TSEK 763 in Q3-2022. 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 1,205 to TSEK 4,490 in Q3-2023 (TSEK 126 of the personnel cost is non-cash costs related to warrant programs) compared to TSEK 3,285 in Q3-2022. The increase is due to the addition of 4 employees in Q3-2023 compared to Q3-2022 and salary increases due to inflation.

All in all, we increased our cash-based net operating cost by TSEK 192 in Q3-2023 to TSEK 3,063 from TSEK 2,871 in Q3-2022 (exclusive of non-cash costs of TSEK 137 in Q3-2023 and TSEK 33 i Q3-2022 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 Q1-Q3 2023

Group net revenue amounts to TSEK 7,131 for Q1-Q3 2023, representing a decline of 24% from Q1-Q3 2022 of TSEK 9,410. Revenue in Q1-Q3 2023 includes sales from our Magic-as-a-Service concept of TSEK 1,088 compared to TSEK 1,353 in Q1-Q3 2022.

Cost of goods sold amounts to TSEK 2,544 for Q1-Q3 2023, compared to TSEK 3,293 for Q1-Q3 2022. Thus, our gross profit in Q1-Q3 2023 decreased to TSEK 4,587 from TSEK 6,117 in Q1-Q3 2022. This resulted in marginally decreased gross profit margin in Q1-Q3 2023 of 64.3% compared to 65.0% in Q1-Q3 2022. This decrease was achieved due to a different sales mix.

Other income was significantly reduced from TSEK 730 in Q1-Q3 2022 to TSEK 161 in Q1-Q3 2023 as Q1-Q3 2022 income included receipt of COVID-19 compensation from the Danish authorities.

Q1-Q3 2023 Income Statement includes income from the capitalization of own work performed of TSEK 7,380 compared to TSEK 4,854 in Q1-Q3 2022 from the capitalization of salaries and internal expenses relating to ECHO.

Other external costs increased to TSEK 3,490 in Q1-Q3 2023 from TSEK 2,719 in Q1-Q3 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 3,723 to TSEK 13,673 in Q1-Q3 2023 (TSEK 266 of the personnel cost is non-cash costs related to warrant programs) compared to TSEK 9,950 in Q1-Q3 2022. The increase is due to the addition of 3 employees in Q1-Q3 2023 compared to Q1-Q3 2022 and salary increases due to inflation.

All in all, we increased our cash-based net operating cost by TSEK 2,425 in Q1-Q3 2023 to TSEK 10,096 from TSEK 7,671 in Q1-Q3 2022 (exclusive of non-cash costs of TSEK 266 in Q1-Q3 2023 and TSEK 98 i Q1-Q3 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 September 2023 amount to TSEK 92,467 compared to TSEK 92,328 at 31 December 2022.

Investments

In Q3-2023, the Company has capitalized additional development expenditure of TSEK 4,186 (TSEK 4,352 in Q3-2022), 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 2023 amounts to TSEK 14,352 compared to TSEK 30,806 at 31 December 2022. Cash flow from operating activities for Q3-2023 improved to TSEK -243 compared to TSEK -1,530 for Q3-2022. The primary reason for this is an increase in timing of decline in accounts payable on 30 September 2023 compared to 30 September 2022.

The Company expects to have the liquidity necessary to sustain all its operations, including the development and execution of the go-to-market strategy for DPT, at least until May 2024. This estimate does not factor in any income resulting from licensing of the DPT. We are in discussions with companies in the display industry, but we cannot be certain that these discussions will result in collaborations that generate revenue from DPT during the first half of 2024. To mitigate the risk that such income is potentially received later than May 2024, the Company has initiated a process to secure a loan that potentially will finance the Company until mid-2025, thereby avoiding dilution of its shareholders.

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 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 - 29/11/2023 (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 2021 Annual Report.

OWNERSHIP STRUCTURE

The table below shows key shareholders in Realfiction Holding AB at 30 september 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 | 1,093,335 | 5.53 |
| Other shareholders (more than 3,200) | 9,007,888 | 45.58 |
| 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 Q3 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:

| | |
|------------------------------|---------------|
| Year-end Report 2023: | 21 March 2024 |
| Annual Report 2023: | 7 May 2024 |
| Annual General Meeting 2024: | 24 June 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 Q3 Interim Report 2023 presents a fair view of the financial position of the Company at 30 September 2023 as well as of the results of the Group operations and cash flows for the periods 1 July – 30 September 2023 and 1 January – 30 September 2023.

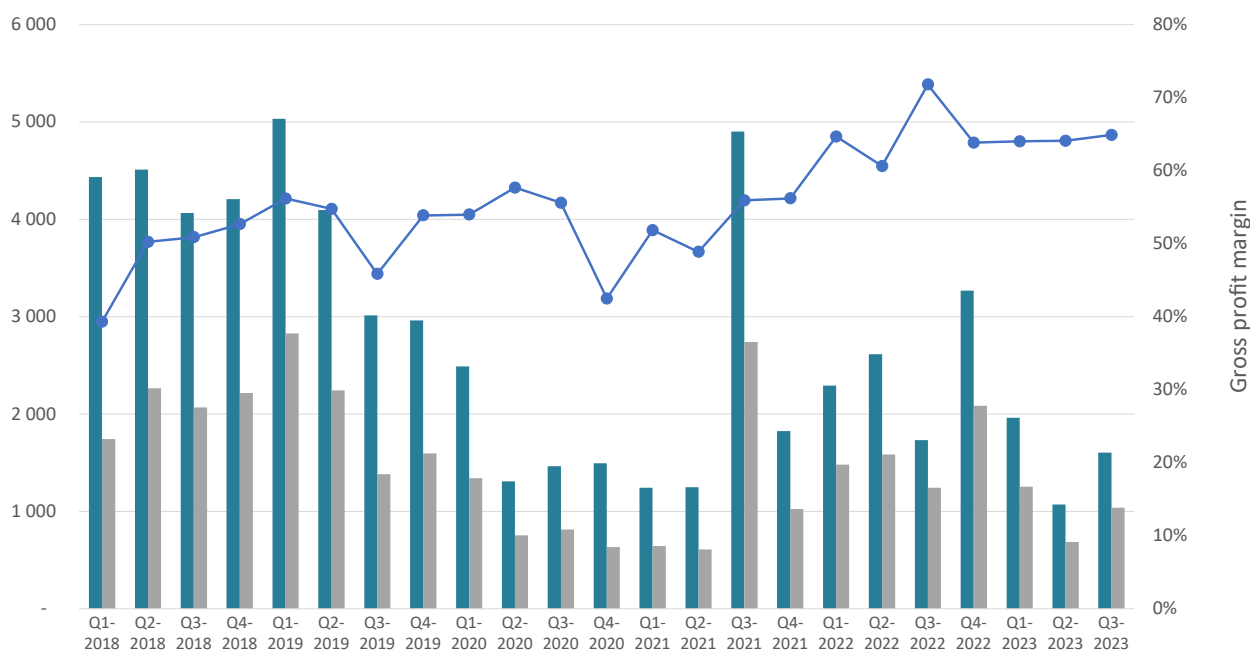
Helsingborg, 30 November 2023
Realfiction Holding AB
Board of Directors and CEO

FINANCIAL HIGHLIGHTS AND KEY RATIOS

Selected Financial Highlights and Key Ratios – Group

| SEK '000 | Q3-2023 01-07-2023 -30-09-2023 3 months | Q3-2022 01-07-2022 -30-09-2022 3 months | Q1-Q3 2023 01-01-2023 -30-09-2023 9 months | Q1-Q3 2022 01-01-2022 -30-09-2022 9 months | 2022 01-01-2022 -31-12-2022 12 months |
|---|--|--|---|---|--|
| Net revenue | 2,539 | 2,481 | 7,131 | 9,410 | 14,209 |
| Gross profit | 1,647 | 1,781 | 4,587 | 6,117 | 9,180 |
| Result after financial items | -1,529 | -1,191 | -5,812 | -1,858 | -2,066 |
| Total Assets | 92,467 | 86,657 | 92,467 | 86,657 | 92,328 |
| Cash flow from operating activities | -243 | -1,530 | -5,489 | -2,540 | 4,513 |
| Cash and bank | 14,352 | 28,516 | 14,352 | 28,516 | 30,806 |
| Equity | 69,979 | 74,603 | 69,979 | 74,603 | 73,787 |
| Solvency ratio (%) | 75.7 | 86.1 | 75.7 | 86.1 | 79.9 |
| Average number of employees | 15 | 11 | 14 | 11 | 11 |
| Gross profit margin (%) | 64.9 | 71.8 | 64.3 | 65.0 | 64.6 |
| Earnings per share (SEK) | -0.08 | -0.01 | -0.29 | 0.03 | -0.07 |
| Average number of shares | 19,762,847 | 19,737,847 | 19,762,847 | 19,736,609 | 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 | Q3-2023 | Q3-2022 | Q1-Q3 2023 | Q1-Q3 2022 | Q1-Q4 2022 |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| | 01-07-2023 -30-09-2023 3 months | 01-07-2022 -30-09-2022 3 months | 01-01-2023 -30-09-2023 9 months | 01-01-2022 -30-09-2022 9 months | 01-01-2022 -31-12-2022 12 months |
| Net revenue | 2,539 | 2,481 | 7,131 | 9,410 | 14,209 |
| Cost of goods sold | -892 | -700 | -2,544 | -3,293 | -5,029 |
| Gross profit | 1,647 | 1,781 | 4,587 | 6,117 | 9,180 |
| Capitalized own work performed | 2,450 | 1,344 | 7,380 | 4,854 | 7,096 |
| Other external costs | -916 | -763 | -3,490 | -2,719 | -3,796 |
| Personnel costs | -4,616 | -3,318 | -13,925 | -10,048 | -14,052 |
| Depreciation of tangible fixed assets | -151 | -210 | -474 | -586 | -800 |
| Other income and expenses | 44 | 43 | 161 | 730 | 787 |
| Operating result | -1,542 | -1,123 | -5,761 | -1,652 | -1,585 |
| Other financial income | 117 | 58 | 311 | 146 | 156 |
| Other financial costs | -104 | -126 | -362 | -352 | -637 |
| Result after financial items | -1,529 | -1,191 | -5,812 | -1,858 | -2,066 |
| Tax on the profit of the period | 0 | 974 | 0 | 2,363 | 678 |
| Net result for the period | -1,529 | -217 | -5,812 | 505 | -1,388 |

Balance Sheet (condensed) - Group

| SEK '000 | 30-09-2023 | 30-09-2022 | 31-12-2022 |
|--|---------------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Development costs | 62,190 | 41,835 | 48,576 |
| Licenses | 1,987 | 582 | 594 |
| Total intangible assets | 64,177 | 42,417 | 49,170 |
| Fixtures, tools and installations | 787 | 1,193 | 1,192 |
| Total tangible assets | 787 | 1,193 | 1,192 |
| Other long-term receivables | 2,623 | 2,764 | 356 |
| Total financial assets | 2,623 | 2,764 | 356 |
| TOTAL NON-CURRENT ASSETS | 67,587 | 46,374 | 50,718 |
| Current assets | | | |
| Finished products and goods for sale | 4,425 | 5,042 | 5,063 |
| Total inventories | 4,425 | 5,042 | 5,063 |
| Trade receivables | 367 | 513 | 363 |
| Current tax receivables | 3,910 | 3,888 | 3,781 |
| Other receivables | 1,287 | 1,858 | 1,181 |
| Prepaid expenses | 539 | 466 | 416 |
| Total short-term receivables | 6,103 | 6,725 | 5,741 |
| Cash and bank | 14,352 | 28,516 | 30,806 |
| TOTAL CURRENT ASSETS | 24,880 | 40,283 | 41,610 |
| TOTAL ASSETS | 92,467 | 86,657 | 92,328 |
| Liabilities and Equity | | | |
| Equity | | | |
| Share capital | 1,976 | 1,974 | 1,976 |
| Other reserves incl. retained earnings | 68,003 | 72,629 | 71,811 |
| TOTAL EQUITY | 69,979 | 74,603 | 73,787 |
| Deferred tax liability | 5,319 | 0 | 2,985 |
| Total provisions | 5,319 | 0 | 2,985 |
| Liabilities to credit institutions | 1,483 | 2,156 | 2,851 |
| Other liabilities | 872 | 812 | 844 |
| Prepaid income | 7,430 | 2,679 | 3,996 |
| Total long-term liabilities | 9,785 | 5,647 | 7,691 |
| Liabilities to credit institutions | 1,857 | 2,021 | 1,419 |
| Accounts payable | 2,326 | 1,562 | 3,568 |
| Prepaid income | 198 | 490 | 263 |
| Other liabilities | 3,003 | 2,334 | 2,615 |
| Total short-term liabilities | 7,384 | 6,407 | 7,865 |
| TOTAL LIABILITIES | 17,169 | 12,054 | 15,556 |
| TOTAL LIABILITIES AND EQUITY | 92,467 | 86,657 | 92,328 |

Cash Flow Statement (condensed) – Group

| SEK '000 | Q3-2023 | Q3-2022 | Q1-Q3 2023 | Q1-Q3 2022 | 2022 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| | 01-07-2023 -30-09-2023 3 months | 01-07-2022 -30-09-2022 3 months | 01-01-2023 -30-09-2023 9 months | 01-01-2022 -30-09-2022 9 months | 01-01-2022 -31-12-2022 12 months |
| Operating result | -1,542 | -1,123 | -5,761 | -1,652 | -1,585 |
| Depreciation | 151 | 210 | 474 | 586 | 800 |
| Non-cash warrant program | 126 | 33 | 266 | 98 | 132 |
| Paid financial items | 14 | -68 | -50 | -205 | -466 |
| Tax payments | 0 | 0 | 0 | 0 | 3,915 |
| Cash flow from operating activities before changes in operating capital | -1,251 | -948 | -5,071 | -1,173 | 2,796 |
| Operating activities | | | | | |
| Change in inventories | 629 | 365 | 822 | 93 | 174 |
| Change in short term receivables | -46 | -89 | -153 | -565 | 357 |
| Change in short term liabilities | 425 | -858 | -1,087 | -895 | 1,186 |
| Cash flow from operating activities | -243 | -1,530 | -5,489 | -2,540 | 4,513 |
| Investing activities | | | | | |
| Purchase of tangible assets | -26 | -294 | -31 | -1,082 | -1,276 |
| Sale of tangible assets | 0 | 0 | 0 | 0 | 4 |
| Proceeds from financial assets | 0 | 0 | -23 | -20 | -20 |
| Purchase of intangible assets | -4,186 | -4,352 | -13,282 | -10,621 | -16,426 |
| Cash flow from investing activities | -4,212 | -4,646 | -13,336 | -11,723 | -17,718 |
| Financing activities | | | | | |
| Loan installment (Vækstfonden) | -364 | 0 | -1,072 | 0 | 0 |
| Innobooster grant | 940 | 1,075 | 3,277 | 1,751 | 2,996 |
| Capital increase, net of costs | 0 | -7 | 0 | -13 | 9 |
| Cash flow from financing activities | 626 | 1,068 | 2,205 | 1,738 | 3,005 |
| Cash flow for the period | -3,829 | -5,108 | -16,620 | -12,525 | -10,200 |
| Cash and cash equivalents at period start | 18,266 | 33,585 | 30,806 | 40,850 | 40,850 |
| Exchange rate recalculation difference – cash and cash equivalents | -85 | 39 | 166 | 191 | 156 |
| Cash and cash equivalents at period end | 14,352 | 28,516 | 14,352 | 28,516 | 30,806 |

Statement of Changes in Equity (condensed) - Group

| SEK '000 | Q3-2023 01-07-2023 -30-09-2023 3 months | Q3-2022 01-07-2022 -30-09-2022 3 months | Q1-Q3 2023 01-01-2023 -30-09-2023 9 months | Q1-Q3 2022 01-01-2022 -30-09-2022 9 months | 2022 01-01-2022 -31-12-2022 12 months |
|--------------------------------|--|--|---|---|--|
| Equity at period start | 72,844 | 73,993 | 73,787 | 71,486 | 71,486 |
| Exchange adjustments | -1,462 | 801 | 1,738 | 2,527 | 3,548 |
| Capital increase, net of costs | 0 | -7 | 0 | -13 | 9 |
| Warrant program | 126 | 33 | 266 | 98 | 132 |
| Net result for the period | -1,529 | -217 | -5,812 | 505 | -1,388 |
| Equity at period end | 69,979 | 74,603 | 69,979 | 74,603 | 73,787 |

Income Statement (condensed) – Parent company

| SEK '000 | Q3-2023 01-07-2023 -30-09-2023 3 months | Q3-2022 01-07-2022 -30-09-2022 3 months | Q1-Q3 2023 01-01-2023 -30-09-2023 9 months | Q1-Q3 2022 01-01-2022 -30-09-2022 9 months | 2022 01-01-2022 -31-12-2022 12 months |
|-------------------------------------|--|--|---|---|--|
| Operating income | | | | | |
| Net revenue (group internal) | 150 | 150 | 450 | 450 | 600 |
| Operating costs | | | | | |
| External costs | -200 | -195 | -791 | -795 | -1,024 |
| Personnel costs | -174 | -165 | -551 | -504 | -676 |
| Operating result | -224 | -210 | -892 | -849 | -1,100 |
| Financial items | 59 | 17 | 156 | 17 | 18 |
| Result after financial items | -165 | -193 | -736 | -832 | -1,082 |
| Net result for the period | -165 | -193 | -736 | -832 | -1,082 |

Balance Sheet (condensed) – Parent company

| SEK '000 | 30-09-2023 | 30-09-2022 | 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 | 13,959 | 9,033 | 0 |
| Other receivables | 167 | 55 | 28 |
| Prepaid expenses | 121 | 127 | 74 |
| Total short-term receivables | 14,247 | 9,215 | 102 |
| Cash and bank | 11,573 | 26,089 | 26,021 |
| TOTAL CURRENT ASSETS | 25,820 | 35,304 | 26,123 |
| TOTAL ASSETS | 109,463 | 109,765 | 109,766 |
| Liabilities and Equity | | | |
| Equity | | | |
| Share capital | 1,976 | 1,974 | 1,976 |
| Other reserves | 107,884 | 108,306 | 108,326 |
| Net result of the period | -736 | -832 | -1,082 |
| TOTAL EQUITY | 109,124 | 109,448 | 109,220 |
| Trade payables | 165 | 152 | 210 |
| Other payables | 174 | 165 | 336 |
| Total short-term liabilities | 339 | 317 | 546 |
| TOTAL LIABILITIES | 339 | 317 | 546 |
| TOTAL EQUITY AND LIABILITIES | 109,463 | 109,765 | 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: Realfiction will be exhibiting its Directional Pixel Technology™, formerly referred to as Project ECHO, at the Consumer Electronics Show in Las Vegas, January 9 - 12, 2024.



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