

# Annual Report 2021



# 2021

XMReality serves the global market with our product Remote Guidance that connects people regardless of where they are. XMReality Remote Guidance is a 'see-what-I-see' software powered by Augmented Reality that connects workers with a remote expert to plan, assess and solve different scenarios. Our solution is used all over the world by some of the top industry leaders and Fortune 500 companies. We believe in creating lasting value for our customers at the same time as we contribute to a more sustainable business climate.



During the second half of 2021 XMReality was once again able to attend events, here at Forum Labo in Paris.



Tim Koepl joins the management team in his role as President of XMReality Inc.



XMReality goes into 2022 with several new faces in the management team

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*"The 2021 growth rate was still positive, but obviously below expectations. The exception is the growth of the Order Backlog, which shows the long-term demand for our offering as multi-year contracts. We are executing the right activities, we have good focus and an underlying progress that significantly increases our competitiveness. In many ways 2021 has been a transitional year. With the right team now in place, I have strong expectations that 2022 will bring better financial growth and scalability."*

**JÖRGEN REMMELG**  
CEO OF XMREALITY

Read more on page 6.

## Highlights from 2021

- ◆ The world's largest brewing company, ABInBev, signs Master Agreement with XMReality for the European zone
- ◆ XMReality signs a three-year contract with Heineken, the second largest brewery in the world
- ◆ XMReality signs Global Framework Agreement with Danone, a global food company

## New customer highlights

Heineken | Danone | ABInBev | Tritium  
Tekniska verken | Kongsberg

Read more about XMReality's work with sales and customer experience on page 14.

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# 2021 – A transitional year for XMReality

## The customers and the market

During 2021 XMReality has closed framework agreements with a number of large corporations within the food and beverage vertical that will be especially important moving forward;

- Danone, the world's tenth largest food producer
- Heineken, the world's second largest brewery
- ABInbev, the world's largest brewery

XMReality continues to be strong within the packaging industry, which together with the food and beverage sector becomes a prioritized ecosystem for the company. During the first half of 2021 there was a large contraction from Nestlé which caused the drop in Annual Recurring Revenues, ARR, during Q2. However, we have recovered this loss and have in addition seen success with municipalities and affiliated energy companies. Even if the contraction during 2021 was too high, churn was well below the target of 10 percent.

## The operations in Europe

During the year a large portion of the management team has changed and expanded to include more functions. XMReality has also implemented a dedicated Customer Experience (CX) team with the purpose of maximizing net retention, i.e. maximize up-sales and minimize contraction as well as churn. CX will systematically assist customers in their implementation phase and support customers in the subscription phase. About 90 percent of the company's contracts are now handled by CX, including the renewals of these contracts.

XMReality's Management Team. From the left: Alexander Widerberg, Johanna Edepil, Alexander Sandström, Andreas Jonsson, Lotta Ekerbring, Jörgen Rimmelg och Matilda Pasanen.

## The operations in the U.S.

With the objective to grow the business in the U.S., XMReality has rebuilt the North American organization during 2021. There is now a new and strong leader for the team (the President of our Inc), two Enterprise Sales Managers, one Inside Sales and a full-time equivalent lead generation resource in place. XMReality has about a dozen customer contracts directly with U.S. entities. These, as well as new ones, will now be much better supported by our local staff in the U.S., resulting in improved customer relationships.

## The product

In 2021 XMReality launched multi-participant calls, a web-based version with full functionality, eleven new languages, the possibility to guide on a recorded video, a Teams integration, a Salesforce integration and compatibility with Hololens 2 (Smart Glasses from Microsoft). Especially the web-based version will give the company substantial advantages going forward when developing new functionality, since we now only need to maintain compatibility with a few web-browsers instead of many different PC's, cell phones and tablets.



**18.6  
MSEK**

+6 PERCENT

**ARR**

**26.0  
MSEK**

+/-0 PERCENT

**Order Intake**

**22.0  
MSEK**

+6 PERCENT

**Net Sales**

**17.1  
MSEK**

+34 PERCENT

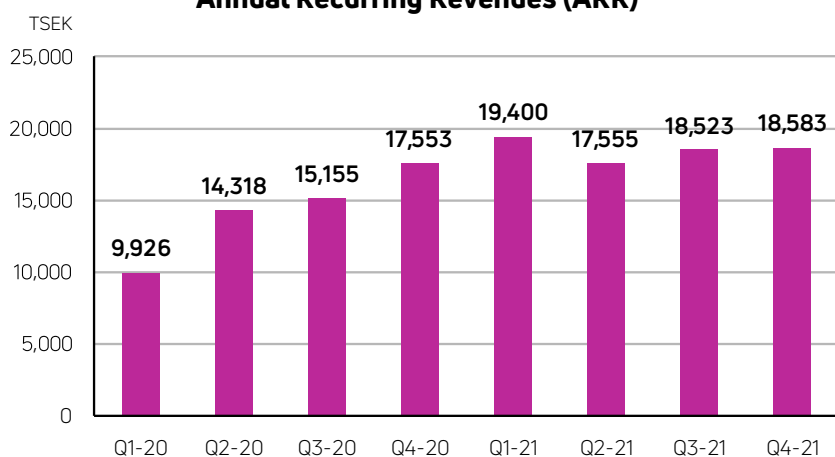
**Order Backlog**

## Building the foundation for growth

During 2021 XMReality has strengthened the organization as well as the product offering, which I believe will increase the value we bring to our customers. We have seen that Remote Guidance is becoming a more strategic solution for many of our customers, which also means that the need for integrations have increased. The strategic importance of Remote Guidance as a solution is not only seen in several multi-year contracts, but also in our sales process where new customers involve a larger number of decision makers in the procurement process. The pandemic has continued to impact the business during 2021 by causing a slight delay in recruitments and strengthening of our US presence. Entering 2022 we have a great team in place which gives us the ability to work closely with existing customers as well as bringing on new customers.

/Björn Persson

### Annual Recurring Revenues (ARR)



#### BJÖRN PERSSON

CHAIRMAN OF THE BOARD AND REPRESENTATIVE FOR INVESTMENT AB SPILTAN, XMREALITY'S LARGEST OWNER.

# The direction forward

*We now have more than 100 enterprise customers, including larger corporations such as Nestlé, Heineken, Danone, ABInbev, Electrolux and ABB. With a significantly improved product and a better offering we are now well positioned for 2022. The 2021 growth rate was still positive, but obviously insufficient. The exception is the growth of the Order Backlog, which shows the long-term demand for our offering as multi-year contracts are seen here. However, I expect that we are through the downsizing of the number of licenses that a handful customers did during 2021. This is now a stable foundation looking ahead.*



*“For XMReality this has been a year of transition. 2021 was not a strong financial year, but we have made significant improvement within the organization to be better positioned for future growth.*

**JÖRGEN REMMELG**  
CEO

## A growing market and prioritized verticals

The Augmented Reality enterprise software market continues to grow. Gartner expects that by 2026, 75 percent of capital-equipment-intensive industries will use AR as a key component for cost reduction/avoidance among frontline workers. This is in line with what we see at XMReality and it is also where we put our priority with a focus on the verticals below, in which we all already now have multiple customers and a good collection of use-cases.

- Food and Beverage
- The Packaging industry
- Industrial Manufacturing
- Energy Production, including Oil&Gas
- Medical Equipment aftermarket service
- Facility Management

## A strong Business Model

We continue to apply and focus on selling the Software as a Service (SaaS). 2020 Lessons Learned prompted the implementation of a dedicated Customer Experience (CX) team in 2021. Although the ideal scenario for maximized scalability would be little or no on-boarding of a new customer, we have learned that most customers want our support with their internal implementation project since it entails an element of change management. Also, as CX will manage the renewals, this setup will free time for our Enterprise Sales Managers to increase focus on generating new business.

Some 80 percent of our business today is pure software subscriptions. The remaining 20 percent are hardware or Proof Of Concepts (Pilot Projects).



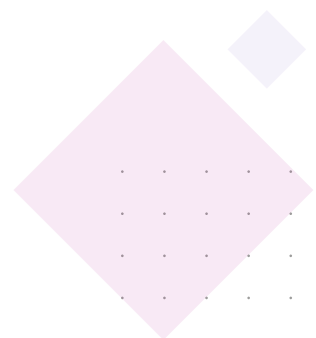
## Additional use within existing customers

Our current customer base use our product mainly to support the aftermarket business and for intermittent problem resolution somewhere in the production process. Hence, we see a large untapped potential in the typical industry core processes where we are less represented today. However, our product has historically not been targeted for the corresponding use cases. So here we have a product heritage that has slowed us down, but during 2021 we focused a lot of effort on changing this through our strengthened development resources. So we have started the work to tap into this potential broadened usage inside our existing customer base. I believe there is significant potential here moving forward.

## Resources to execute in place

With the strengthened development team, a better support to existing customers through the CX team, the stepwise improvement of both capabilities and headcount of the US team, a very favorable cash position, we have all the resources in place to execute. I really look forward to the coming year!

/Jürgen Rimmelg



# A maturing market landscape

*As the demand for remote guidance solutions is growing, the market and competitive landscape is maturing. Solutions and implementations are moving from proof of concepts and smaller rollouts, to global deployments at scale. And as remote work has become accepted and embraced over the past few years, many organizations have also started to understand the value of a dedicated remote guidance solution. But not everyone is there yet.*

## Organizations evaluating alternative solutions

There are two types of organizations that evaluate alternative solutions to a dedicated remote guidance software. The first type of organization evaluates the overall need for enterprise software, while the second type recognizes the need for enterprise software but questions the need for a dedicated remote guidance software.

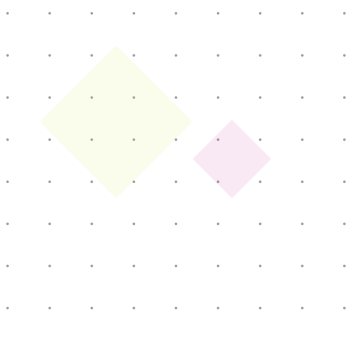
The first type evaluates remote guidance solutions against consumer tools, such as WhatsApp and Apple's FaceTime, or more likely does not evaluate tools at all. The second type instead evaluates and compares against standard video conferencing tools such as Zoom, Google Meet or Microsoft Teams. The first group is quickly shrinking, as most organizations have now started formalizing how they work remotely. The second group is often driven primarily by the IT departments' wish to keep the number of vendors and tools low, rather than addressing the needs of actual users and stakeholders. However, when a structured evaluation of tools is carried out, the users often identify superior value from a dedicated tool, such as XMReality Remote Guidance.

## Organizations evaluating direct competitors

Once an organization is looking to evaluate dedicated remote guidance solutions, they either compare XMReality to visual assistance built-in to software tools that they already use, or they compare XMReality to other standalone visual assistance solutions.

Built-in visual assistance capabilities, as a part of for example a service management system, are often limited with basic capabilities and no possibility to use them outside of that system. On the other hand, such solutions are easily accessible by the users and are commercially very easy to purchase as the organization already has a commercial relationship in place with the vendor.

Standalone tools tend to be more capable than those built-in to other systems, and when comparing XMReality with direct competitors our differentiators vary by competitor. But common for all of our direct competitors is that they lack the level of ease of use, intuitiveness and zero start-up time that only XMReality currently provides.





# +56.1%

CAGR 2021-2027

Cloud Based AR Remote  
Collaboration Software Market

# +43.8%

CAGR 2021-2028

Overall AR Market

# 11

*MarketsandMarkets points out that investments related to smart manufacturing will create a huge opportunity for enterprise AR applications.*

## Enterprise Augmented Reality software

Augmented Reality, AR, has since 2016 become more common for industrial solutions due to maturing hardware and software offerings and now lately the COVID-19 pandemic<sup>1</sup>. As a result, the overall AR market is expected to have a CAGR of 43.8% between 2021-2028<sup>2</sup> while the Enterprise AR software market has a forecasted CAGR of approximately 28.3% between 2021-2026. For enterprise software the growth rate is expected to be highest in Asia Pacific during this period<sup>3</sup>. On Premise solutions represented 62% of the Enterprise AR market and Cloud Based 38% in 2020, Cloud Based being the category that XMReality falls within, and this distribution will stay roughly the same

when the market grows<sup>4</sup>. Cloud Based AR is expected to have a CAGR of 56.1% between 2021-2027.

Despite the robust growth rate, the Enterprise AR software market is still only moderately competitive. More players are however expected to enter the market when the use cases among different industries are increasing<sup>5</sup>. As the market maturity increases, so do the demands on the solutions and the AR industry is facing a challenge when it comes to security and privacy. Being able to secure user identity and privacy will be a key component for players that aim to succeed in the AR market<sup>6</sup>. Security and Privacy is one of the focus areas for XMReality.

<sup>1</sup>Verdantix, Smart Innovators: Augmented Reality Solutions for Remote Assistance, 2020

<sup>2</sup>Grand View Research - Augmented Reality Market Size & Share Report, 2021-2028, 2021

<sup>3</sup>Mordor Intelligence - Enterprise AR software market, growth, trends, covid-19 impact and forecasts (2022-2027), 2021

<sup>4</sup>Fior Market Research, Global AR Remote Collaboration Software Market-2027, 2021

<sup>5</sup>Mordor Intelligence - Enterprise AR software market, growth, trends, covid-19 impact and forecasts (2022-2027), 2021

<sup>6</sup>MarketsandMarkets, Augmented Reality Market, 2021



# XMReality's Vision and Strategies

*Our vision and strategy help us identify and execute the right activities going forward. They are the foundation of what we do as a company.*

**XMReality's vision and four supporting strategies:**

**XMReality is the World's most used Remote Guidance**

**1**

**Easy-to-use**

Our products are easy to use, have low entry barriers, simple scaling and competitive functionality

**2**

**Customer Centric**

Our products create best customer value with short ROI, we understand how

**3**

**Off-the-shelf platforms**

Our products are compatible with commercial-off-the-shelf browsers and hardware

**4**

**SaaS**

We generate Net Sales primarily through sales of recurring S/W

**Owners and company stakeholders**

*In early 2020 we set a new vision and strategic direction for the company in general, and corresponding strategies in each of the company disciplines. The objective is to get each of the activities right and timely drive the company forward with all departments in sync. With a good foundation in place, we have only made minor adjustments during 2021 as part of our annual and systematic Strategic Review. As part of the 2021 Strategy Review*

*we performed and documented a competitive analysis with the main objective to map the competition deeper. This work encouraged us to maintain our position in the marketplace, and also to only make minor adjustments to our product roadmap. However, for 2022 we will complement our strategy work with an improved Value Proposition framework.*

## Company vision

The vision 'the world's most used Remote Guidance' makes us focused on selling and distributing recurring software licenses as opposed to selling hardware or hours. This in turn will keep the gross margin at a very high level of around 90 percent.



### 1

#### Easy-to-use

The first strategy, easy-to-use, will result in a low threshold in terms of cost and time for implementation. Each user shall need a minimum of training and the use shall be intuitive. The benchmark availability will allow our solution to be used in operationally critical industrial processes, which in turn will mean a redundant back-end.

### 2

#### Customer Centric

The second strategy, customer centric, will allow us to collect industrial use cases that we condense into a functional specification for the single software package. Hence, a package that solves the majority of the use cases and do create superior customer value.

### 3

#### Off-the-shelf platforms

The third strategy, compatibility with commercially off the shelf platforms, will allow us to use the existing iPhones, Androids and PC's already available to the industries. This in turn will result in easy deployment, fast Return-on-Investment and easy scalability. This is why we also ensure backwards compatibility between the software and the hardware.

### 4

#### SaaS

The fourth strategy, SaaS – Software as a Service, tells us to as quickly as possible convert new customers to an annual subscription contract with automatic renewal. This is why we push smaller customers to our online offering and also offer two and three year enterprise contracts. It tells us also to focus on Net Retention of existing customers.

We will now push forward in this direction with the clear ambition to grow the top line in excess of the market growth.

# Product development strategy

XMReality is continuously investing in product development to make sure we maintain our position as a leading vendor within remote guidance. Based on our vision to be the world's most used remote guidance solution we focus our development on a few prioritized areas:

## 1 Low barriers

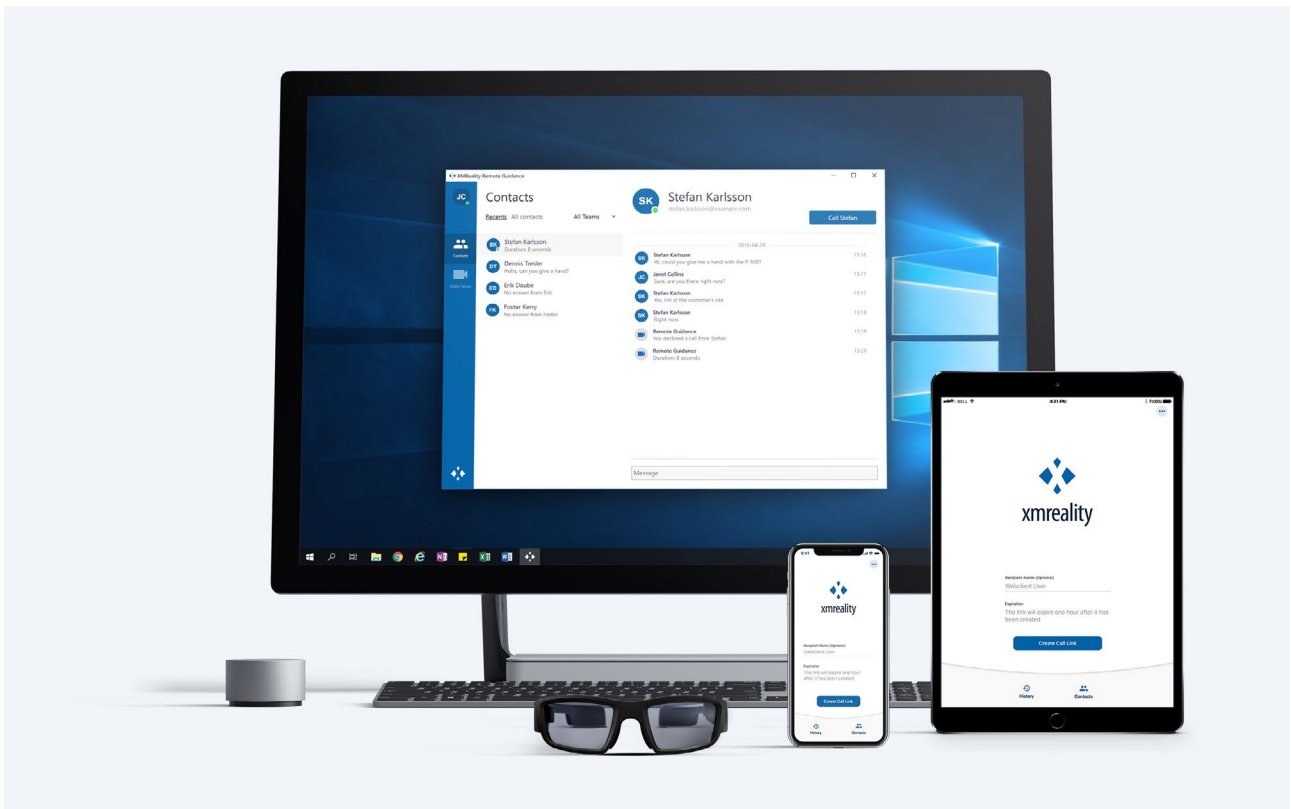
Implementing a new concept such as remote guidance that changes how you interact internally, with customers and perhaps your partners can be a daunting experience. New or changed processes and ways of working are often needed. To enable a smooth transition towards these new ways of working, it is important that the solution itself is as easy as possible to roll out. At XMReality we therefore focus a lot on ease-of-use of our product and a smooth onboarding experience. Both for the individual users and for the organization as a whole.

## 2 In-call experience

This is of course where the real customer value is created. We firmly believe in providing a simple user experience and a balanced set of features that lets the user get on with the business at hand, help them solve their problem fast, and not focus too much on the tool itself. Since our solution is often used to connect with someone who has never before used XMReality Remote Guidance it's imperative that it's also an intuitive experience for that person.

## 3 Integration

Our solution is often used as an integrated part of our customers' processes. It is therefore important that XMReality can easily be integrated with other systems used to support these processes and be part of the overall solution used by the customer. We deliver selected off-the-shelf integrations, but also provide our customers all the tools they need to build their own custom integrations.



# 2021 in retrospect

ALEXANDER SANDSTRÖM, CHIEF TECHNOLOGY OFFICER AT XMREALITY



Beginning of the year we further lowered the barriers of entry by introducing a new web based app, removing the need for registered XMReality users to download any software to their device. Throughout the year the web app was given additional capabilities to be on par with downloadable apps for Windows and mobile devices, making it easier than ever before to introduce XMReality without distributing software to devices and users.

During the second half of 2021 we became a Microsoft partner, by joining their partner network as an Independent Software Vendor (ISV). Following this, we launched an integration with Microsoft Teams and added support for the enterprise smart glasses Microsoft HoloLens 2. The Microsoft Teams integration reduces friction for Microsoft Teams users to initiate an XMReality call, while support for Microsoft HoloLens 2 makes it easy for HoloLens users to both initiate and join XMReality calls from their smart glasses.

In addition to the Microsoft Teams integration, we also launched an off-the-shelf integration with Salesforce Service Cloud. This makes it easy for organizations that use Salesforce for service management to quickly introduce XMReality as an integrated part of their established service processes.

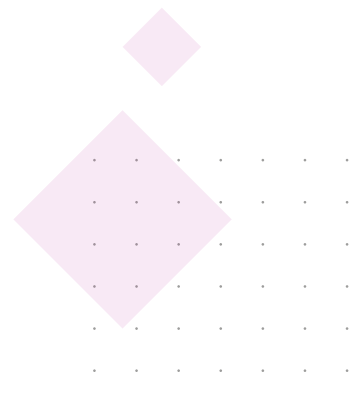
Finally, we introduced new in-call tools to easily both share and change between different types of content in a call. Expert guides are now fully in control of the entire experience, including switching between local and remote live video as well as local content, making it a lot easier to solve complex problems also with call participants that have never before used XMReality.

## Outlook 2022

In 2022 we will keep investing in our key focus areas; low barriers of entry, in-call experience and integrations. Inspired by the positive feedback we got from our Microsoft partnership, we will integrate further with

the Microsoft ecosystem and products. We will also deliver a brand new in-app experience for our computer based users, making XMReality even more intuitive for them. Furthermore, our users can expect additional in-call tools and capabilities that make XMReality more powerful, helping them address even more challenging use cases going forward.

/Alexander Sandström



# From Sales to Onboarding - a new team in place

*Get to know the people who are leading XMReality's sales team as they help steer global organizations towards a more efficient way of working.*

**Andreas, what are some customer highlights from last year?**

We had a lot of great things happening at XMReality last year. We can mention agreements with major companies such as Anheuser Busch InBev and Danone within the food and beverage sector. In the energy sector we have Tritium, a charging station provider, and local energy providers for municipalities in Sweden. For me, the most interesting thing about these relationships is that they are just beginning and we expect them to grow a lot going forward.

**In your opinion, which is the most important value that our solution delivers to our customers?**

The companies I have talked to, easily see a quick return of investment in financial terms with our product. I also believe that we should mention the increasing value with a reduced carbon footprint when you replace travels with remote guidance calls. Additionally, we take pride in designing the system for ease of use - making it effortless to understand even for first time users.

**You are also responsible for XMReality's business development, what will be your biggest focus here going forward?**

My focus will of course be to grow our business and expand our reach. One of the areas where we will increase our efforts significantly is the focus on our partners. We believe that the scalability of a partner outreach, and the additional channels they provide, will be beneficial in growing our business and spreading brand awareness.



**Tim, how did you first hear of XMReality?**

A mutual acquaintance introduced me to Jörgen Rimmelg since he thought I might be a good fit to work with XMReality on its U.S. expansion. I quickly realized how the product could have created value in several of my previous companies. Instead of traveling to fix a problem - you can remain at your desk and quickly provide your services and expertise to solve the problem.

**Where do you see the biggest potential for the U.S. market?**

As in Europe, we see great potential within the food and beverage segment and companies with significant service requirements. For example, in the U.S., we are experiencing the "clean food" trend which requires companies to introduce new high technology equipment into their production operations. This in turn creates a need for training and inevitably also service and repairs where remote guidance is a perfect fit, because it reduces the requirement of on-site technicians to solve issues that often lead to downtime and increased expense in manufacturing environments. And, of course, there is also great potential within industrial manufacturing in general!

# Customer experience is a win-win

During 2021 XMReality officially launched a Customer Experience (CX) team headed by Matilda Pasanen, who previously worked within the sales team. The main purpose was to offer existing customers better support during their implementation and share best practices to maximize value creation for the customers.

The team, who is right now three members but will soon be four, works with the following tasks:

- Offering tailored onboarding programs for new customers
- Ongoing support and user training
- Collecting user feedback for product development
- Collecting and sharing best practices for individual use cases and industry specific applications
- Identifying expansion possibilities

For many customers it becomes a change management process to introduce XMReality Remote Guidance, since it alters the way they work. Even if the solution is easy to deploy, and it's clear what value it creates, people tend to get stuck in their "old" way of carrying out their work. With the help of a structured onboarding process, followed by regular training sessions, user adoption increases and customers are able to maximize the value from using remote guidance.

## Happy customers scale up

One of the key metrics that XMReality looks at is Net Revenue Retention - NRR. Even though NRR is focused on monetary value it is also an important indicator if the customers are satisfied with the product and hence scaling up their usage.

With a dedicated CX team in place XMReality hopes to increase the NRR moving forward and realize the full potential within the existing customer base.

*One example of our existing initiatives is a relaunch program within one customer's company to increase awareness and usage. We've covered everything from "What's the business value from XMReality" to "How to get started using XMReality" and the customer is now scaling up their usage - which is great to see!*

**MATILDA PASANEN**, CHIEF EXPERIENCE OFFICER (CXO)



XMReality's Customer Experience team. From the left: Philip Micklin, Matilda Pasanen, Rasmus Wetterhed

## NRR - Net Revenue Retention

NRR is the percentage of recurring revenue retained from existing customers over a given time period. Depending on if the NRR has a value over or under 100% it shows the evolution of existing customers. When the NRR is above 100% it means the business is growing even without acquiring new customers. At XMReality we are now as a start internally tracking NRR. Once the measurement stabilizes we will start communicating the metric.

$$\text{NRR} = \frac{\text{Annual Recurring Revenue} + \text{Revenue gained through upsell} - \text{Revenue lost in contraction} - \text{Revenue lost due to churn}}{\text{Annual Recurring Revenue}}$$

# Supporting sustainable business practices

*Even though XMReality is a small company, we believe that we can have a big impact by helping companies globally when they develop and adopt more sustainable business models. For us, a sustainable business model creates and delivers value to all its stakeholders - without depleting the natural, economic and social capital that it's built upon.*

Around 16 percent of the global greenhouse gas emissions comes from transportation and travel.

For many companies business travels can represent up to 50 percent of their greenhouse gas emissions. **Cutting down on travels** is therefore one important action we can take to reduce CO2 emissions.

For example **a round-trip flight from London to New York emits around 980 kg of CO2**. There are about 60 countries in the world where the average person emits less carbon dioxide than this in a whole year – from Burundi in Africa to Paraguay in South America.

Replacing part of business travels, especially international flights, with Remote Guidance calls is therefore a very effective way to cut down CO2 emissions for companies. Based on our customers' input **our solution replaces at least 25 000 travels per year**. If we assume that the average travel is a two hours flight, and then return, this corresponds to more than 10 000 tonnes of reduced CO2 emission annually\*. Not too bad contribution from a 30 people company in Linköping!

\*calculated using [https://co2.myclimate.org/en/flight\\_calculators/](https://co2.myclimate.org/en/flight_calculators/)

## How we at XMReality help support sustainable business models:

### ◆ Contribution to a better environment

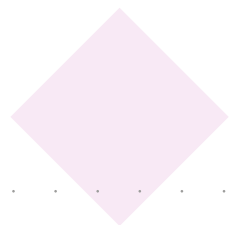
Many of our resources are finite and a business model is not truly sustainable if it has a negative impact on our overall global environment. Apart from contributing to less travels, and hence CO2 emissions, XMReality's solution also helps with areas such as inventory optimization and pro-longed machine lifetime through better support. By minimising production downtime we also help increase utilisation of existing resources..

### ◆ Businesses need to be profitable over time

For most businesses, at least privately owned, being profitable is a must for long term survival. Here XMReality Remote Guidance can contribute to profitability both by cutting operating costs and also by adding new service revenues.

### ◆ Human capital, the most important resource

Behind every successful company is a team of skilled individuals. Having employees with the right skills and competence is central, but often also a challenge. XMReality Remote Guidance makes it easier to connect people across distances and facilitates knowledge transfer and training.





# XMReality People – the starting point for everything we do

*Being an upscaling, innovative tech company, delivering an excellent customer product and experience in a changing world takes a solid competence base, high motivation and continuous learning. The starting point for everything we do is our people.*

## Competence sharing and development

All our employees need to have a deep understanding of the market needs - irrespective of which role they have - and work with these needs in mind. As we have grown as a company, and welcomed new colleagues in all teams, 2021 has been a year of competence sharing and development.

In addition to competence exchange within the teams, and a sharper onboarding process and role specific introduction, we have focused on building a good foundation for sharing information across teams. With structured involvement throughout the teams we increase the understanding of the whole picture, which leads to accuracy in what we deliver, how we do it, and ensures organizational learning.

We are convinced that our process of connecting the detailed team activities to our top level vision – The world's most used Remote Guidance – is a winner. This way of working will be continued and further developed during the years to come.

## Team structure and organization

To be able to keep growing, 2021 has also been a year of developing our organizational set-up to make us more efficient. New roles have been established and the teams have fine-tuned their ways of planning and working. To be able to attract and recruit the right people, we continuously improve our employer branding and recruitment activities through both social media and higher education/university cooperation. But most important of all; a true employer brand comes from the inside, and the people who form and tell their stories about the company. This is why we emphasize a great employee experience, from start to finish.

## A great employee experience and high motivation

We measure the Employee motivation index (MMI) and Employee Net Promoter Score (eNPS) annually. During 2021, we have already reached our long-term goal of a MMI index of 4,2 out of 5 and an eNPS of 50, which is a terrific result! This means our people are highly motivated, with a strong drive to recommend XMReality as an employer. By continuing what we have started, we are dedicated to keep building on this solid foundation, because motivated people reach great business results.



# Board of Directors



## Björn Persson

Chairman since 2020.  
Before that Director between 2014–2018 and 2019

**Born:** 1975

**Education and experience:**  
Björn Persson has an

MSc in Industrial Engineering and Management from Linköping University. He is currently an investment manager at Investment AB Spiltan. Previously, he served as the CEO of Invest Östra Mellansverige AB. As an investor and company director, Björn has wide-ranging experience working with Swedish SaaS companies that are establishing multinational operations, with particular focus on the US. He has an international network of investors and companies working in the B2B SaaS segment.

**Holdings in XMReality:** 1,112,755 shares held through Klösen AB, a wholly owned company, 81,463 shares owned privately and 160,000 warrants.



## Anders Ferntoft

Director since 2014

**Born:** 1960

**Education and experience:**  
Anders Ferntoft has a licentiate degree in economics and an MSc in

Industrial Engineering and Management from Linköping University. He is currently business coach at the LEAD start-up incubator and provides consultancy services to small and growing tech companies in the areas of business development, management, and corporate governance. Anders also served previously as business development manager at Agama Technologies AB and as CEO of Anelda AB. He has previously worked for XMReality as a business development consultant.

**Holdings in XMReality:** 140,001 shares held through A Ferntoft Consulting AB, a wholly owned company and 80,000 warrants.



## Tommy Johansson

Director since 2019

**Born:** 1956

**Education and experience:**  
Tommy Johansson has an MSc in Industrial Engineering and Management from

Linköping University. He has held senior positions with companies including Saab, Ericsson and Nokia Data and is the former deputy CEO of IFS AB. For the past 12 years, Tommy has been CEO of two successful start-ups: C3 Technologies AB and AMRA Medical AB. He has strong experience with building high-growth companies for a global market in the software sector.

**Holdings in XMReality:** 95,988 shares held through TopSolutions AB, a wholly owned company and 80,000 warrants.



## Åsa Arvidsson

Director since 2020

**Born:** 1972

**Education and experience:**  
Åsa Arvidsson has a Master's degree in Information Science and a MBA

from Henley Management College. She has extensive experience within IT and Telecom and has held CEO positions at Iver, portfolio companies within EQT and the Swedish branch of Avanade. Åsa has more than 10 years of experience from leading roles at IBM and today works at Microsoft with focus on ERP systems and transformation.

**Holdings in XMReality:** 80,000 warrants.



## Peter Gille

Director since 2020

**Born:** 1962

**Education and experience:**  
Peter Gille has a Bachelor's degree in Computer Science from Uppsala

University and an Executive MBA from Paris/Edinburgh University. He is currently CEO at Cambio Healthcare Systems and was before that CEO at Nexus. Peter has held several leading positions at fast growing IT companies, including Oracle. He is passionate about sales, innovation and product development, and coaching his team members.

**Holdings in XMReality:** 80,000 warrants.

# Management



## Jörgen R Emmelg

Chief Executive Officer (CEO) since 2020

**Born:** 1964

### **Education and experience:**

Jörgen R Emmelg has a MSc from the Swedish

Royal Institute of Technology, KTH. He has headed various industrial business units since 2000. In his most recent role before joining XMReality, he was senior vice president of Ruag, responsible for business units in Austria, Germany, Switzerland, and the United States, and for operations and business with major companies including Airbus, Boeing, Lockheed-Martin, Space-X, and Thales. He was also responsible for business with companies in the automotive industry, semiconductor industry, and medical devices industry.

**Holdings in XMReality:** 134,201 shares and 250,000 warrants.



## Alexander Sandström

Chief Technology Officer (CTO) since 2021

**Born:** 1984

### **Education and experience:**

Alexander Sandström has a Master of Science

in Engineering from Linköping University. Alexander brings strong international business experience and over a decade of expertise in both live video technology and mobile solutions at global tech companies such as Amazon, Ericsson and Net Insight.

**Holdings in XMReality:** 19,000 shares.



## Tim Koepl

President of XMReality Inc. since 2022

**Born:** 1969

### **Education and experience:**

Tim has a B.A. from Marquette University and a J.D. from the University of San Diego. Earlier in his career, Tim practiced law with a global 100 law firm, worked with compliance in the defense sector and has also served as an officer in the United States Marine Corps. He has held several senior positions at B2B companies and is an experienced leader.

**Holdings in XMReality:** 36,161 shares.



## Lotta Ekerbring

Chief Financial Officer (CFO) since 2022

**Born:** 1964

### **Education and experience:**

Lotta Ekerbring has a university degree in business

administration, commercial law, and taxation. Lotta has many years of experience from working with accounting and auditing at auditing firms and real estate companies. She also has previous experience from holding the position CFO at companies with foreign subsidiaries in North America.

**Holdings in XMReality:** 17,000 shares.



## Matilda Pasanen

Chief Experience Officer (CXO) since 2021

**Born:** 1992

### **Education and experience:**

Matilda Pasanen has a MSc in Industrial Engineering

and Management from Linköping University with a specialization towards strategy and governance. Matilda has experience from working as a management consultant and has previously held a position within XMReality's sales department, leading to extensive understanding of XMReality's customers and sales processes.

**Holdings in XMReality:** 1,259 shares.



## Andreas Jonsson

Chief Business Development Officer (CBDO) since 2021 and Chief Sales Officer (CSO) since 2022

**Born:** 1975

### **Education and experience:**

Andreas Jonsson has a master's degree in Applied Physics and Electrical Engineering from Linköping University. Andreas has extensive experience within leadership, international marketing, sales, and a genuine knowledge of how the industrial customer of XMReality operates. Andreas has held various senior positions at Ruag.

**Holdings in XMReality:** 35,178 shares



## Alexander Widerberg

Head of R&D since 2021

**Born:** 1989

### **Education and experience:**

Alexander Widerberg has an academic background from studying Computer

Science at Linköping University. He has many years of experience from various leadership roles and extensive experience in software development from iCloud, Earn'd It, Cybercom and from the consulting industry. In 2016, Alexander began his XMReality career, which over the years has covered many different aspects of the product's software as well as Team Lead.

**Holdings in XMReality:** –



## Johanna Edepil

Chief Marketing Officer (CMO) since 2020

**Born:** 1988

### **Education and experience:**

Johanna Edepil has a MSc in Industrial Engineering

and Management from Linköping University with a specialization towards Industrial Marketing. Johanna has several years experience from working in international B2B companies and has held positions within sales, market analysis and strategic marketing. Resulting in experience from the entire sales- and marketing process.

**Holdings in XMReality:** 26,300 shares and 100,000 warrants.

## Auditor

At the Annual General Meeting held 4th of May 2021, Öhrlings PricewaterhouseCoopers was reappointed as the company's statutory auditor. Authorized Public Accountant Nicklas Kullberg, a member of FAR, was appointed to represent the auditing firm. Öhrlings PricewaterhouseCoopers AB is based at Torsgatan 21, 113 21 Stockholm. The auditing firm, represented by authorized public accountant Nicklas Kullberg, has been the company's statutory auditor for all years related to historical financial information.

# Risk factors

*Risk factors assessed as specific to XMReality's operations and the company's potential for future performance are described below. The risk factors currently assessed as the most material are presented first in each category, while those that follow are presented in no particular order. The following report was based on information available at the reporting date.*

## **Business and industry-related risk**

### *Technical advances*

The market in which XMReality operates is characterized by rapid development. XMReality's products are based on ongoing technical development and refinements. The company's success is highly dependent upon its capacity to lead and adapt to technological developments, primarily in the market for AR and Remote Guidance. There is risk that the company's software and other technical solutions will not evolve so that their features meet the needs, demands, and preferences of customers and that the company could consequently become less competitive and lose market shares. An increase or decrease of the company's direct billing and accrued revenues by +/- 10%, based on conditions during the 2021 financial year, would affect the company's net sales by approximately SEK 2.2 million. There is moreover a risk that planned software development will be more costly and take longer to align with market needs than planned. If the company fails, partially or entirely, in its ongoing technical development and refinement, it could have adverse impact on the company's sales and profitability. XMReality assesses the risk level as medium-high.

### **Sales**

Customers may be very careful about investing in new technology and XMReality does business in a market characterized by long retooling processes, which are time and resource-consuming for the company and entail a high level of uncertainty in forecasts. There is risk that bringing forward or postponing orders will have significant

impact on the company's annual sales and earnings, which would also result in variations in the company's cash flow from one quarter to the next. XMReality assesses the risk level as medium-high.

### *Production capacity*

XMReality often delivers software to its customers by making the server software and associated server capacity available and delivered to customers as a service. Server capacity is purchased from a third party. The company is dependent upon available internet connections to maintain the server and provide support to its customers. There is risk that the company will be unable to obtain the necessary server capacity for the operation service from third-party suppliers or that the company will not have an available internet connection to deliver services to customers. If the company is unable to meet customer demands or delivery expectations, this could have adverse impact on the company's net sales and results of operations. XMReality assesses the risk level as low.

### *Competition*

The Remote Guidance market is generally characterized by rapid technical progress and fierce competition. Several of XMReality's current and potential future competitors could have a competitive edge in the form of e.g., a longer history, a more well-established brand, firmer relationships with end customers, and greater financial, technical, and marketing resources. If XMReality is unable to adapt the company's business and solutions to technical advances in the market, there is risk that the company could become less competitive, which could have adverse impact on the company's potential to develop. XMReality assesses the risk level as medium.

### *Dependence on key individuals and skilled employees*

Advanced software development requires flexibility, efficiency, and a high level of technical expertise among employees. There are a number of key individuals at XMReality who are important to the successful development of the company's operations. The capacity to recruit and retain skilled employees is essential to securing the level of expertise in the company. The company has a number of employees regarded as such key individuals, working in management, sales, and development. If these key individuals were to leave the company, it could have adverse impact on the business, particularly in the short term. There is risk that XMReality will be unable to recruit or retain the individuals necessary to run and develop the company's operations, which could have adverse impact on the business and thus reduce the company's net sales and results of operations and increase the company's employee benefits expenses. XMReality assesses the risk level as medium.

## **Financial risks**

### *Multinational business and changes in exchange rates*

A high percentage of XMReality's costs are denominated in SEK, while a significant share of revenues and the costs of certain purchases are generated in foreign currency, primarily EUR, which increases the company's currency exposure. Appreciation/depreciation of EUR against SEK by 10%, based on conditions during the 2021 financial year, would have a currency effect on the company's revenues of approximately SEK 1.8 million and on the company's costs of about SEK 0.8 million. Significant changes in



exchange rates could have adverse impact on XMReality's costs and future revenues, which would in turn affect the company's financial position and results of operations. XMReality assesses the risk level as medium.

#### **Credit risks**

XMReality has established rules for extending credit to customers. There is risk that XMReality's assessment and evaluation of the credit risk associated with a counterparty will be in error. If a customer is unable or unwilling to perform its financial obligations to XMReality, it could have adverse impact on the company's business and cash flow. XMReality assesses the risk level as low.

#### **Need for additional financing**

There is risk that XMReality will have insufficient revenues in the future to fully finance its operations. XMReality is not currently generating positive cash flow and could thus be forced to seek additional external financing to continue operating. Such financing could be provided by existing shareholders or an external party. There is risk that it will be impossible to raise fresh capital when it is needed, that it will be impossible to obtain fresh capital on satisfactory terms, or that capital raised will be insufficient to finance operations in accordance with established business development plans and objectives, which would have adverse impact on the company's ability to maintain its market position and competitiveness. This could lead to material adverse impact on the company's net sales, interest expenses, and earnings before tax. The terms and conditions of available financing could also have adverse impact on the company's operations or the rights of shareholders. If the company opts to raise additional financing by issuing shares or share-related securities, shareholders who

choose not to participate may suffer due to the dilutive effect. Debt financing could potentially contain terms and conditions that limit the company's flexibility. XMReality assesses the risk level as medium.

### **Legal risks**

#### ***XMReality's intellectual property, know-how, and business secrets***

As of the reporting date, the company owns intellectual property including patents, copyrights, and trademarks. As a result of rapid technological development in XMReality's field, the company has not and will not be able to patent large segments of its intellectual property without investing disproportionately large resources. The company's strategy is therefore to patent only particularly unique parts of its technology and to otherwise protect its software development through unregistered intellectual property rights, such as copyright. There is risk that XMReality will be unable to fully protect its technology through patents or other intellectual property rights. Nor can it be precluded that the company could be found to have infringed upon patents or other intellectual property owned by another party. XMReality is also dependent upon know-how and business secrets, and the company requires non-disclosure agreements with employees, consultants, and partners. However, it is impossible to fully protect the company against the unauthorized spread of information, which entails a risk that competitors will become privy to and benefit from the know-how developed by XMReality. Moreover, the dissemination of business secrets could affect the company's opportunities to be granted patents for inventions. If any of the aforementioned risks were to occur, it

could have material adverse impact on the company's business, net sales, and results of operations, and could increase the company's costs. XMReality assesses the risk level as medium.

#### **Tax loss carryforwards**

XMReality has a preliminarily recognized accumulated loss carryforwards of approximately SEK 167.5 million as of 31 December 2021. The accumulated loss carryforwards could reduce any taxable profits made by the company in future and thus reduce the corporate tax that would be due on any future profits. The tax effect of the accumulated loss carryforwards could be carried as an asset on the balance sheet. Whether or not the company is able to use the accumulated loss carryforwards will be determined by factors including future ownership changes in XMReality, which are beyond the company's control. If the loss carryforwards cannot be used to reduce future profits, the company's tax expenses would be higher. XMReality assesses the risk level as low.



# Shareholder information

## Shares

All shares in XMReality are of the same share class and are denominated in Swedish kronas (SEK). By the fiscal year end the capital stock in XMReality AB (publ) totaled 2,046,000 SEK divided among 40,920,000 shares at a nominal value of 0.05 SEK each.

The XMReality shares are listed on Nasdaq First North Growth Market. The stock sticker is XMR and the ISIN-code is SE0009664188.

Each share has the voting power of one (1) vote at Shareholders Meetings and each shareholder is entitled to a number of votes corresponding to the holder's number of shares in the company.

All shares give equal rights to dividends as well as the company's assets and any surpluses in the event of liquidation.

## Stock options program

XMReality AB (publ) has three active stock option programs, 2019/2022 totals

the rights to sign up to 107,748 shares, 2020/2023L totals the rights to sign up to 600,000 shares and 2020/2024S totals the rights to sign up to 560,000 shares.

The maximum number of active stock options, at the time of adoption of this Annual Report, corresponds to the rights to sign up for 1,267,748 new shares which in that case will increase the share capital with 63,387 SEK, corresponding to a dilution of 3,1 percent.

## Change in capital stock

Year	Activity	Increase in number of shares	Total shares	Increase in share capital (SEK)	Total share capital (SEK)	Nominal value (SEK)
2007	Formation of the company	-	1,000	-	100,000	100
2012	New share issue	158	1,158	15,800	115,800	100
2013	New share issue	219	1,377	21,900	137,700	100
2014	New share issue	360	1,737	36,000	173,700	100
2014	New share issue <sup>1</sup>	48,080	221,780	48,080	221,780	1
2015	New share issue	34,884	256,664	34,884	256,664	1
2016	Use of warrant	17,297	273,961	17,297	273,961	1
2016	New share issue	144,460	418,421	144,460	418,421	1
2017	New share issue	93,000	511,421	93,000	511,421	1
2017	New share issue <sup>2</sup>	4,379,562	14,607,982	218,978.10	730,399.10	0.05
2018	New share issue	2,442,018	17,050,000	122,100.90	852,500.00	0.05
2020	New share issue	17,050,000	34,100,000	852,500.00	1,705,000.00	0.05
2021	New share issue <sup>3</sup>	6,820,000	40,920,000	341,000.00	2,046,000.00	0.05

<sup>1</sup> On June 9<sup>th</sup>, 2014 the AGM resolved a split of shares, 100:1.

<sup>2</sup> On February 9<sup>th</sup>, 2017 the EGM resolved a split of shares, 20:1.

<sup>3</sup> On February 16<sup>th</sup>, 2021 the Board, based on an authorization from the AGM 2020, resolved a directed issue.

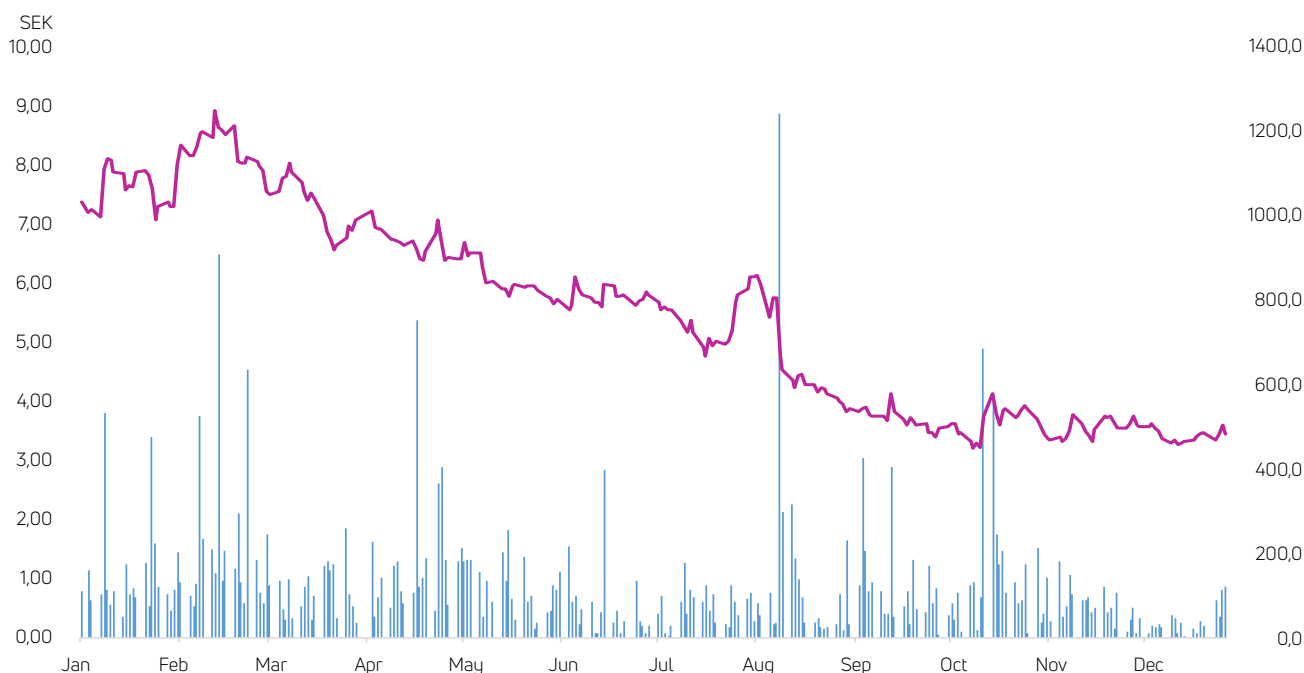
## Ownership structure

2,688 (2,907) institutional and private investors owned XMReality AB (publ) on December 30<sup>th</sup>, 2021.

## Largest shareholders December 30<sup>th</sup>, 2021

	Number of shares/votes	%
Investment AB Spiltan	9,618,924	23.51 %
Försäkringsaktiebolaget, Avanza Pension	2,608,698	6.38 %
Rambas AB	1,974,639	4.83 %
Adrigo Small & Midcap L/S, Adrigo Asset Management AB	1,814,900	4.44 %
Nordnet Pensionsförsäkring AB	1,530,707	3.74 %
Nils Robert Persson	1,123,480	2.75 %
Klösen AB	1,112,755	2.72 %
Christer Svensson	804,448	1.97 %
Göran Gustavsson	745,152	1.82 %
BNY Mellon S.A./N.V., Bruxelles	546,154	1.33 %
<b>Total, 10 largest stockholders</b>	<b>21,879,857</b>	<b>53.47 %</b>
Other owners	19,040,143	46.53 %
<b>Total number of shares</b>	<b>40,920,000</b>	<b>100.00 %</b>

## Share development, 2021



The share graph above shows the development of share price and numbers of traded shares per day on Nasdaq First North Growth Market for the fiscal year 2021.

— Average share price, SEK (left axle)  
— Traded volume, thousands (right axle)

## Shareholders agreements

As far as XMReality's board of Directors knows there are no existing shareholders agreements or similar agreements between shareholders in the company which aims to create a common influence over the company. The Board of Directors also does not know of any shareholders agreements or similar agreements which could lead to a change of control of the company.

## Dividend policy

The company is still in its development phase and has so far not yet paid any dividends. The company will primarily focus on business opportunities that can be profitably developed, which is why no dividend is currently planned. The Board of Directors will establish a dividend policy when the business has been consolidated.

## Stock option program

There are currently three active stock option programs, series 2019/2022 totals the rights to totals the rights to sign up to 107,748 shares, 2020/2023L totals the rights to sign up to 600,000 shares and 2020/2024S totals the rights to sign up to 560,000 shares. The stock option programs have been issued on customary terms to employed personnel and the Board of Directors. If all warrants will be exercised the numbers of shares will increase by 1,267,748 shares, corresponding to a dilution of 3,1 percent.

## Stock option program plans

Series	Issuing date	Exercise period	Paid subscription price	Number of warrants	Number of shares	Subscription price per share, SEK
2019/2022	Sep 16 <sup>th</sup> , 2019	Dec 1-31 <sup>st</sup> , 2022	0.29	107,748	107,748	12.66
2020/2023L	Oct 7 <sup>th</sup> , 2020	Nov 1-15 <sup>th</sup> , 2023	1.29	600,000	600,000	4.20
2020/2024S	Oct 7 <sup>th</sup> , 2020	Mar 1-15 <sup>th</sup> , 2024	1.19	560,000	560,000	4.20

The warrants are distributed as follows:

Warrant holder	Role	Number of warrants	Giving the right to sign for up to (number of shares)
Björn Persson	Chairman of the Board	160,000	160,000
Anders Ferntoft	Board member	80,000	80,000
Tommy Johansson	Board member	80,000	80,000
Peter Gille	Board member	80,000	80,000
Åsa Arvidsson	Board member	80,000	80,000
Carina Qvarngård	Board member	80,000	80,000
Jörgen Rimmelg	CEO	250,000	250,000
Marcin Szymanski	CSO	178,874	178,874
Per Unell	CTO	178,874	178,874
Johanna Edepil	CMO	100,000	100,000

# Overview of financial performance (SEKk)

The financial performance of XMReality AB (publ) for the period of 2017–2021 is summarized below. All figures for the financial years of 2017–2020 are based on material taken from official, published annual reports.

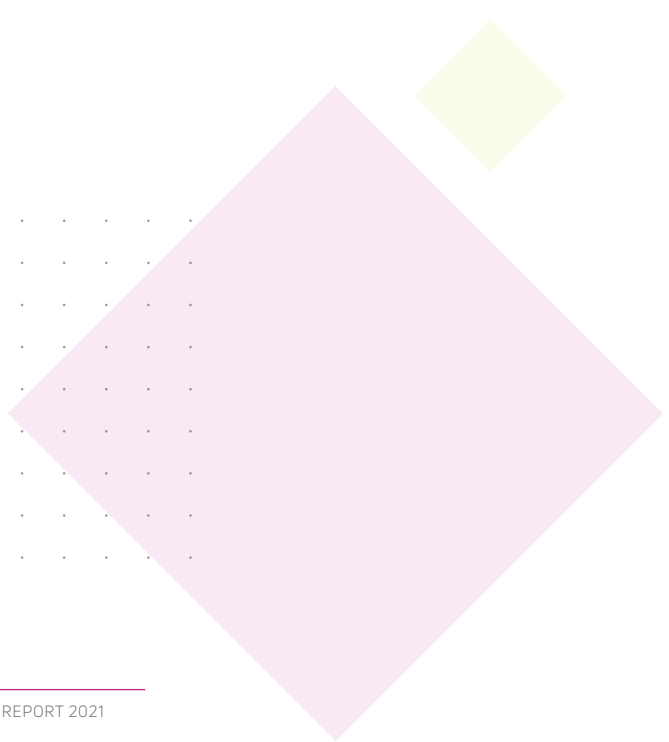
(SEKk)	2021	2020	2019	2018	2017
Net sales	21,975	20,701	11,921	10,155	6,683
Operating profit (-loss)	-33,436	-24,623	-27,300	-29,250	-22,633
Profit (-loss) after net financial income	-33,440	-24,925	-27,364	-29,317	-22,741
Group contribution received	0	0	29	0	0
Profit (-loss) after appropriations	-33,440	-24,925	-27,335	-29,317	-22,741
Profit margin, %	Neg	Neg	Neg	Neg	Neg
Intangible assets	10,430	13,452	16,039	14,754	12,458
Tangible assets	131	345	405	528	1,705
Financial assets	51	51	59	8	0
Inventories	395	255	184	261	306
Current receivables	7,993	8,964	6,792	5,978	6,014
Cash and bank balances	45,098	18,615	9,347	37,798	46,241
Equity	45,212	24,847	20,273	47,608	56,827
Non-current liabilities	50	50	383	844	1,535
Current liabilities	18,835	16,784	12,169	10,875	8,362
Total assets	64,098	41,681	32,826	59,327	66,724
Return on average capital employed, %	Neg	Neg	Neg	Neg	Neg
Return on average equity, %	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	70.5	59.6	61.8	80.2	85.2
Debt/equity ratio, multiple	0.00	0.01	0.04	0.04	0.04
Interest coverage ratio, %	Neg	Neg	Neg	Neg	Neg
Quick ratio, %	281.9	164.3	132.6	402.5	624.9
Number of employees (end of the period)	24	18	17	23	19
Investments					
Intangible assets	2,211	2,224	5,289	5,478	6,687
Tangible assets	59	125	32	140	1,908
Financial assets	0	-8	51	8	0
Earnings per share before and after dilution, SEK	-0.84	-0.80	-1.60	-1.72	-1.56
Average number of shares during the period	39,630,740	31,063,699	17,050,000	14,982,648	13,175,227
Number of shares at the end of the period	40,920,000	34,100,000	17,050,000	17,050,000	14,607,982



# Definitions of key data

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<b>Profit margin</b>	Profit after net financial income or expense divided by sales
<b>Equity</b>	The sum of shareholders' equity, restricted reserves and non-restricted equity
<b>Return on average capital employed</b>	Profit or loss before interest expense divided by average capital employed
<b>Return on average equity</b>	Profit or loss after tax divided by average equity
<b>Equity/assets ratio</b>	Equity divided by total assets
<b>Debt/equity ratio</b>	Interest-bearing liabilities divided by equity
<b>Interest coverage ratio</b>	Earnings before interest divided by interest expenses
<b>Earnings per share</b>	Profit or loss after tax divided by average number of shares outstanding
<b>Quick ratio</b>	Cash and current assets excluding inventories divided by current liabilities
<b>ARR (Annual Recurring Revenue)</b>	Value representing the annual recurring revenue from signed subscription agreements with automatic renewals (As long as no changes are made in the agreements)



# Board of directors' report

The board of directors and CEO of XMReality AB (publ), company registration number 556722-7284 and registered office in Linköping hereby present the annual report for the financial year that began on 1<sup>st</sup> of January 2021 and ended 31<sup>st</sup> of December 2021, the company's fifteenth year in operation.

## About the business

### Market

XMReality offers a Remote Guidance service to large multinationals as well as small and medium-sized companies via a range of subscription offerings.

### Products and services

During the year, XMReality launched group calls, a web-based version with full functionality, eleven new languages, the ability to guide on recorded video, integration with Microsoft Teams, integration with Salesforce and an application for HoloLens 2 (smart glasses from Microsoft). Especially the web-based solution will in the future give XMReality great advantages and free up development resources for new functionalities. This as a result of only needing to maintain compatibility with a few browsers instead of many types of hardware.

As in previous years, portions of the company's software development costs related to new features were capitalized.

The company also offers its own PointPad hardware as well as smart glasses from leading suppliers. However, hardware sales make up a minor portion of sales.

### Sales

Sales during the year were focused on larger customers with global presence and businesses that require Remote Guidance to increase their customer value and sales. For example the customer value increases through increased operational reliability, shorter set-up times, contributes to improved sustainability thinking and reduced environmental footprint. The company notes that the ongoing Covid-19 pandemic has accelerated the need in the market for the new type of equipment the company offers.

### Financial outcomes

Net sales amounted to SEK 21,975 thousand (20,701). The order intake was SEK 25,964 thousand (25,992). Annual Recurring Revenue (ARR) increased by 6 percent to SEK 18,583 thousand (17,553).

The order backlog increased by 34 percent to SEK 17,088 thousand (12,725). Operating loss before appropriations amounted to SEK -33,440 thousand (-24,925).

Investments in tangible and intangible assets totaled SEK 2,271 thousand (2,349) and consisted mainly of software development costs.

### Financing and cash flow

The company's cash reserves at the end of the period amounted to SEK 45,098 thousand (18,615).

Cash flow during 2021 was SEK 26,483 thousand (9,267) and consisted of financial activities of SEK 53,805 thousand (28,906), operating activities of SEK -25,051 thousand (-17,297) and investments amounting to SEK -2,271 thousand (-2,341).

### Employees and organization

At the end of the year, the Company had 24 (18) employees.

During the year, a number of people were engaged on a consultancy basis and there were employees in the company's subsidiaries, all of whom were active on behalf of the company. In total, there were 11 (13) people, corresponding to 9 (8) full-time positions, who performed tasks in sales and product development as well as for administration, finance and HR-services.

### XMReality shares and shareholders

Shares in the company are listed on Nasdaq First North Growth Market. The stock ticker is XMR and the ISIN code is SE0009664188.

Share capital at the end of the year totaled SEK 2,046,000 divided among 40,920,000 shares, each with a quotient (par) value of SEK 0.05.

At the end of the year, the company had three outstanding stock options/warrant plans. The 2019/2022 plan covered warrants for up to 107,848 shares, the 2020/2023L plan covered warrants for up to 600,000 shares, and the 2020/2024S warrants for up to 560,000 shares.

At year-end, the company was owned by 2,688 shareholders (2,907), which included institutional investors as well as the company's founders and employees and other private investors. The holdings of the 10 largest shareholders totaled about 53 percent (55) of total shares and votes outstanding.

### Work of the board of directors

The board of directors held 11 minuted meetings during the year. At these meetings, the board addressed business related to ongoing operations, financial position, forecasts, interim reports, and the annual report. The board also addressed strategic matters including business planning, financing and organizational matters during the financial year.

## Five-year review

(SEkk)	31 <sup>st</sup> Dec 2021	31 <sup>st</sup> Dec 2020	31 <sup>st</sup> Dec 2019	31 <sup>st</sup> Dec 2018	31 <sup>st</sup> Dec 2017
Net sales	21,975	20,701	11,921	10,155	6,683
Loss after net financial income	-33,440	-24,925	-27,364	-29,317	-22,741
Total assets	64,098	41,681	32,826	59,327	66,724
Equity/ assets ratio, %	70.5	59.6	61.8	80.2	85.2

In the board of directors' assessment, the company is in a financial position by which operations are secure for more than 12 months from the reporting date.

### Significant events after the end of the financial year

As of March 1<sup>st</sup>, Lotta Ekerbring will take over as Chief Finance Officer (CFO) at XMReality. Lotta will replace the current CFO, Claes Pettersson, who will leave the company for retirement. Lotta will contribute with significant experience in the field and has previous experience as CFO in a high-tech company with subsidiaries in North America.

## Proposed allocation of profit and treatment of loss

The board of directors proposes allocation of retained earnings as follows:

	Amount in SEK
Retained earnings	66,746,089
Loss for the year	-33,440,094
<b>Total</b>	<b>33,305,995</b>
<b>To be retained</b>	<b>33,305,995</b>

For further information concerning the company's financial performance and position, please refer to the following financial statements and associated notes.

Income statements (SEKk)	Note	2021	2020
<b>Operating income</b>			
Net sales		21,975.4	20,700.5
Capitalized work for own account		2,211.5	2,223.9
Other operating income		149.8	209.0
<b>Total operating income</b>		<b>24,336.7</b>	<b>23,133.5</b>
<b>Operating costs</b>			
Raw material and consumables		-1,707.2	-1,999.7
Other operating expenses	3	-27,001.8	-20,290.2
Personnel costs	4	-23,392.6	-19,852.7
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		-5,286.5	-4,996.1
Other operating costs		-385.0	-617.8
<b>Total operating costs</b>		<b>-57,773.1</b>	<b>-47,756.5</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>-33,436.5</b>	<b>-24,623.0</b>
<b>Financial income and expense</b>			
Result of impairment-loss of shares in subsidiary company	7	0.0	-260.8
Financial income and similar profit items		16.3	0
Financial expenses and similar loss items		-19.9	-41.7
<b>Net financial income (-expense)</b>		<b>-3.6</b>	<b>-302.4</b>
<b>Earnings before taxes (EBT)</b>		<b>-33,440.1</b>	<b>-24,925.4</b>
Income taxes		0	0
<b>Net profit (-loss) for the year</b>		<b>-33,440.1</b>	<b>-24,925.4</b>
Net profit (-loss) per share, before and after dilution, (SEK)		-0.84	-0.80
Average number of shares during the period		39,630,740	31,063,699
Share outstanding at the end of the period		40,920,000	34,100,000

Balance sheets (SEKk)	Note	Dec 31 2021	Dec 31 2020
<b>Assets</b>			
Non-current assets			
<i>Intangible assets</i>			
Capitalized development expenses	5	10,429.5	13,451.6
<b>Total Intangible assets</b>		<b>10,429.5</b>	<b>13,451.6</b>
<i>Property, plant and equipment</i>			
Equipment, tools and systems	6	131.1	344.8
<b>Total property, tools and systems</b>		<b>131.1</b>	<b>344.8</b>
<i>Financial assets</i>			
Investments in associates	7	51.0	51.0
<b>Total financial assets</b>		<b>51.0</b>	<b>51.0</b>
<b>Total non-current assets</b>		<b>10,611.6</b>	<b>13,847.3</b>
<b>Current assets</b>			
<i>Inventories</i>			
Finished goods and goods for resale		394.7	255.3
<b>Total inventories</b>		<b>394.7</b>	<b>255.3</b>
<i>Current receivables</i>			
Trade receivables		6,439.3	7,290.8
Current receivable, group		0.0	29.8
Other current receivables		761.7	411.4
Prepayments and accrued income		792.3	1,231.8
<b>Total current receivables</b>		<b>7,993.4</b>	<b>8,963.9</b>
<i>Cash and bank balances</i>			
		45,098.2	18,614.9
<b>Total current assets</b>		<b>53,486.3</b>	<b>27,834.1</b>
<b>Total assets</b>		<b>64,097.9</b>	<b>41,681.5</b>

Balance sheets (SEKk)	Note	Dec 31 2021	Dec 31 2020
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital		2,046.0	1,705.0
Fund development expenditure		9,860.5	12,261.8
<b>Total restricted equity</b>		<b>11,906.5</b>	<b>13,966.8</b>
Non-restricted equity			
Share premium reserve		219,924.4	164,000.4
Retained profit or loss		-153,178.3	-128,194.7
Profit (-loss) of the year		-33,440.1	-24,925.4
<b>Total non-restricted equity</b>		<b>33,306.0</b>	<b>10,880.3</b>
<b>Total equity</b>		<b>45,212.5</b>	<b>24,847.1</b>
Non-current liabilities			
Other non-current liabilities, group	8	50.0	50.0
<b>Total non-current liabilities</b>		<b>50.0</b>	<b>50.0</b>
Current liabilities			
Liabilities to credit institutions <sup>1</sup>		0.0	333.3
Prepayment from customer		0.0	22.0
Trade payables		2,113.0	1,652.0
Debt to group company	9	42.0	99.8
Current tax liabilities		70.9	57.4
Other current liabilities		813.4	621.5
Accrued expenses and prepaid income		15,796.1	13,998.4
<b>Total current liabilities</b>		<b>18,835.4</b>	<b>16,784.3</b>
<b>Total equity and liabilities</b>		<b>64,097.9</b>	<b>41,681.5</b>
<sup>1</sup> Of which interest bearing liabilities			
Collateral provided	8	3,700.0	3,700.0
of which in own custody		3,000.0	0.0
Contingent liabilities		None	None

Statement of changes in equity (SEKk)	Share capital	Restricted reserves	Non-restricted equity	Total equity
<b>Balance at January 1<sup>st</sup>, 2020</b>	<b>852.5</b>	<b>14,228.0</b>	<b>5,192.4</b>	<b>20,272.9</b>
New share issue	852.5	-	34,952.5	35,805.0
Issue costs	-	-	-6,305.4	-6,305.4
Capitalization of development costs	-	-1,966.2	1,966.2	-
Profit (-loss) for the year	-	-	-24,925.4	-24,925.4
Total changes for the year	852.5	-1,966.2	5,687.9	4,574.2
<b>Balance at December 31<sup>st</sup>, 2020</b>	<b>1,705.0</b>	<b>12,261.8</b>	<b>10,880.3</b>	<b>24,847.1</b>
New share issue	341.0	-	55,924.0	56,265.0
Issue costs	-	-	-2,459.5	-2,459.5
Capitalization of development costs	-	-2,401.3	2,401.3	-
Profit (-loss) for the year	-	-	-33,440.1	-33,440.1
Total changes for the year	341.0	-2,401.3	22,425.7	20,365.4
<b>Balance at December 31<sup>st</sup>, 2021</b>	<b>2,046.0</b>	<b>9,860.5</b>	<b>33,306.0</b>	<b>45,212.5</b>

#### Specification of share capital

	Number of shares	Quotient value per share (SEK)
Balance at January 1 <sup>st</sup> , 2021	34,100,000	0.05
Balance at December 31 <sup>st</sup> , 2021	40,920,000	0.05

Statement of cash flow (SEKk)	Note	Jan-Dec 2021	Jan-Dec 2020
<i>Operating activities</i>			
Profit (-loss) after depreciation, amortization and impairment		-33,436.5	-24,623.0
Adjustment for non-cash items depreciation, amortization and impairment	10	5,506.5	4,996.1
<i>Other items</i>			
Interest earned		16.3	0.0
Interest paid		-19.9	-41.7
Unrealized exchange rate differences		-215.7	67.7
Income tax paid		-396.0	-480.6
<b>Cash flow from operating activities before changes in working capital</b>		<b>-28,545.3</b>	<b>-20,081.5</b>
<i>Changes in working capital</i>			
Change in inventories		-139.4	-71.7
Change in receivables		1,186.2	-2,239.6
Change in current liabilities		2,447.0	5,095.5
<b>Cash flow from (-used in) operating activities</b>		<b>-25,051.4</b>	<b>-17,297.2</b>
<i>Investing activities</i>			
Purchases/sales of property, plant and equipment and intangible assets		-2,211.5	-2,223.9
Purchases/sales of property, plant and equipment and tangible assets		-59.2	-125.3
Sales of financial assets		0.0	8.4
<b>Cash flow from (-used in) investing activities</b>		<b>-2,270.7</b>	<b>-2,340.9</b>
<i>Financing activities</i>			
New share issue		53,805.5	29,499.6
Shares in subsidiaries		0.0	-260.8
Debt repayment		0.0	-333.3
<b>Cash flow from financing activities</b>		<b>53,805.5</b>	<b>28,905.5</b>
<b>Net change in cash and cash equivalents</b>		<b>26,483.3</b>	<b>9,267.5</b>
<b>Cash and cash equivalents at January 1<sup>st</sup></b>		<b>18,614.9</b>	<b>9,347.4</b>
<b>Cash and cash equivalents at December 31<sup>st</sup></b>		<b>45,098.2</b>	<b>18,614.9</b>
Cash balance at December 31 <sup>st</sup> , percent		281.9	164.3

# Notes to the financial statements

All amounts in SEK if nothing else is specified.

## ◆ Note 1 Accounting policies and notes to the financial statement

### General accounting policies

The annual report was prepared in compliance with the Swedish Annual Accounts Act and BFNAR 2012:1, Annual and Consolidated Accounts (K3). The accounting policies have not changed compared to the preceding year.

### Group Relations

The company is a parent company, but with reference to the exemption rules in the Swedish Annual Accounts Act, chapter 7 section 3 no consolidation are prepared.

### Measurement policies, etc.

Assets, provisions and liabilities have been measured at cost unless otherwise specified below.

### Foreign currencies

Transactions denominated in foreign currencies are converted at the spot rate on effect on the transaction date.

### Revenue recognition

#### Goods

Sales of goods are recognized when significant risks and rewards of ownership are transferred from the seller to the buyer in accordance with the terms of sale. Sales are recognized less deductions for VAT and discounts.

#### Subscription revenues from the grant of license rights

The company grants license rights to customers that are billed and paid in advance for a specific agreed period. Revenue from these contracted and billed subscription fees is allocated straight-line over the term of the contract.

### Intangible assets

Intangible assets are recognized at cost less accumulated amortization and impairment losses. As of 2014, the capitalization model is applied for internally generated intangible assets.

Amortization is taken on a straight-line basis over the estimated useful life of the asset. The amortization period for internally generated intangible assets is five years from the date the products begin generating revenue.

### Tangible assets

Tangible assets and items of property, plant and equipment are recognized at cost less accumulated amortization/scheduled depreciation, and any impairment losses.

### Depreciation

Depreciation is taken on a straight-line basis over the estimated useful life of the asset, taking significant residual value into account.

The following depreciation periods are applied:

*Tangible assets*

Machinery and plant	2 years
Computers	3 years
Equipment, tools and systems	5 years

**Financial assets and financial liabilities**

Financial assets and liabilities are reported in accordance with chapter 11 (Financial instruments valued on the basis of acquisition value) in BFNAR 2012:1.

**Trade receivables and other current receivables**

Trade receivables and other current receivables are recognized as current assets at the amount expected to be paid less any individually assessed doubtful receivables.

**Loan liabilities and trade payables**

Loan liabilities and trade payables are initially recognized at cost less transaction costs. If the recognized amount differs from the amount to be repaid at maturity date, the difference is recognized as interest expense over the term of the loan using the instrument's effective interest rate. Upon maturity, the recognized amount and the amount to be repaid thus correspond.

**Impairment testing of non-current financial assets**

At each reporting date, non-current financial assets are tested to determine whether there are any indications of impairment. If such an indication exists, the recoverable amount of the asset is calculated. If the recoverable amount is less than the carrying amount, an impairment loss is recognized in profit and loss. The impairment need is tested individually for all material assets.

**Impairment testing of current financial assets**

At each reporting date, current financial assets are tested to determine whether there are any indications of impairment. If such an indication exists, the recoverable amount of the asset is calculated. If the recoverable amount is less than the carrying amount, an impairment loss is recognized in profit and loss. The impairment need is tested individually for all material assets.

**Leases**

All leases where the company is a lessee are recognized as operational leasing (rental agreement), whether the agreements are classified as financial or operational. Leasing payments are recognized straight-line basis over the term of the lease.

**Inventories**

Inventory has been measured at the lower of cost and net realizable value on the reporting date. Net realizable value refers to the estimated sales price of the goods, less selling costs. The chosen measurement method means that inventory obsolescence has been taken into account.

**Employee benefits**

"Employees benefits" refer to all form of remuneration from the company to the employees. Short-term benefits include salaries, paid annual leave, paid sick leave, bonuses, paid pension premium and statutory security contributions. Short-term benefits are recognized as a cost and a liability when there is legal or constructive obligation to pay benefits as a result of past events and a reliable estimate of the obligation can be made.

**Definitions of key data**

**Net sales**

Main operating income, billed costs, ancillary revenue and revenue corrections.

**Earnings before taxes (EBT)**

Earnings after financial income and expense, but before taxes.

**Balance sheet total**

Total assets of the company.

**Equity ratio (%)**

Adjusted equity (equity and untaxed reserves less deferred taxes) as a percentage of the balance sheet total.

**Statement of cash flow**

The statement of cash flow is prepared according to the indirect method. The reported cash flow covers only transactions that have resulted in cash inflows and outflows.

As cash and cash equivalents, the company classifies only available balances with banks.

◆ **Note 2 Estimates and assessments**

Estimates and the application of accounting policies are often based on management's judgements, estimates and assumptions deemed reasonable when the estimate is made.

Estimates and assessments are based on historical experience and other factors deemed reasonable under current circumstances. The results of these estimates and assessments are used to assess the carrying amounts of assets and liabilities that are not otherwise apparent from other sources. The actual outcome may differ from these estimates and assessments. Estimates and assessments are reviewed regularly.

The company believes that current and available financing is sufficient to ensure continued operations.

**Capitalization of non-current intangible assets**

To report own development of non-current intangible assets, the company must make a series of assessments regarding the future. Decisions to capitalize assets are taken by the board of director and head of business development based on assessment of whether the following criteria are met:

- It is technically feasible to complete the asset
- The company intends to complete the asset
- It is probable that the asset will generate future economic benefits
- There are adequate resources to complete the asset

**Impairment testing**

The company has substantial values reported in the balance sheet representing non-current intangible assets. These assets are tested for impairment in accordance with the policies described in Note 1. When calculating recoverable values, certain estimates must be made regarding future cash flow and adequate assumptions concerning, for example, yield requirements.

### ◆ Note 3 Leases

	2021-01-01 – 2021-12-31	2020-01-01 – 2020-12-31
Leasing payments expensed during the financial year (SEK)	1,279,754	1,530,342

### ◆ Note 4 Employees and personnel costs

Average number of employees	2021	2020
Female	7	5
Male	13	13
<b>Total</b>	<b>20</b>	<b>18</b>

Salaries, other remuneration and social security costs including pension expenses	2021-01-01 – 2021-12-31	2020-01-01 – 2020-12-31
Salaries and other remunerations	14,977,352	12,290,142
Social security costs and pension expenses (of which pension expenses)	6,690,791 (1,503,771)	5,393,355 (1,136,932)
<b>Total salaries, other remuneration, social security costs and pension expenses</b>	<b>21,668,143</b>	<b>17,683,497</b>

### ◆ Note 5 Capitalized costs of research and development and comparable work

	2021-12-31	2020-12-31
<i>Accumulated cost</i>		
Cost, opening balance	27,267,921	25,043,987
This year's capitalized expenses, internal development	1,259,291	597,734
This year's capitalized expenses, purchases	952,200	1,626,200
<b>Accumulated cost, closing balance</b>	<b>29,479,412</b>	<b>27,267,921</b>

<i>Accumulated amortizations</i>		
Amortization, opening balance	-11,954,260	-7,143,366
Amortization for the year	-5,233,526	-4,810,893
<b>Accumulated amortization, closing balance</b>	<b>-17,187,786</b>	<b>-11,954,259</b>

<i>Accumulated impairment losses</i>		
Impairment losses, opening balance	-1,862,102	-1,862,102
Impairment losses for the year	0	0
<b>Impairment losses, closing balance</b>	<b>-1,862,102</b>	<b>-1,862,102</b>
<b>Carrying amount, closing balance</b>	<b>10,429,524</b>	<b>13,451,560</b>

### ◆ Note 6 Equipment, tools and systems

	2021-12-31	2020-12-31
<i>Accumulated costs</i>		
Cost, opening balance	940,647	815,310
Purchases	59,247	125,337
Disposals	-782,911	0
<b>Cost, closing balance</b>	<b>216,983</b>	<b>940,647</b>
Depreciation, opening balance	-595,856	-410,665
Reversed depreciation on disposals	562,967	0
Depreciation for the year	-53,016	-185,191
<b>Depreciation, closing balance</b>	<b>-85,905</b>	<b>-595,856</b>
<b>Carrying amount, closing balance</b>	<b>131,078</b>	<b>344,791</b>

### ◆ Note 7 Shares in group companies

	2021-12-31	2020-12-31
<i>Accumulated costs</i>		
Opening balance	50,991	50,991
Acquisitions	0	260,750
Impairment loss	0	-260,750
<b>Carrying amount, closing balance</b>	<b>50,991</b>	<b>50,991</b>

#### Specification of the parent company's holdings of shares and participations in group companies

The ownership share of capital is meant, which also corresponds to the share of the votes of the total number of shares.

Subsidiaries / Reg. no. / Residence	Number of shares	in %	Carrying amount
XMRReality Värdepapper AB, 559209-5805 Linköping, Sweden	50,000	100.0	50,000
XMRReality Inc, Delaware, USA	100	100.0	991
XMRReality GmbH, Hamburg, Germany	100	100.0	0

The subsidiary in Germany is in liquidation.

### ◆ Note 8 Non-current liabilities

	2021-12-31	2020-12-31
<b>Matures later than one year but within five years after the reporting date</b>		
Other non-currant liability, group (XMRReality Värdepapper AB)	50,000	50,000
<b>Collateral provided</b>		
<b>For liabilities to credit institutions:</b>		
Floating charges	3,700,000	3,700,000
	<b>3,700,000</b>	<b>3,700,000</b>
Of which in own custody	<b>3,000,000</b>	<b>0</b>



## ◆ Note 9 Current liabilities

	2021-12-31	2020-12-31
<b>Matures within one year after the reporting date</b>		
Other current liability, group (XMReality GmbH)	41,989	99,784

## ◆ Note 10 Adjustment for non-cash items

	2021-12-31	2020-12-31
Amortization	5,286,543	4,996,085
Disposals (equipment, tools and systems)	219,943	0
	<b>5,506,486</b>	<b>4,996,085</b>

## ◆ Note 11 Significant events after the end of the financial year

### XMReality appoints new CFO

As of March 1st, Lotta Ekerbring will take over as Chief Finance Officer (CFO) at XMReality. Lotta will replace the current CFO, Claes Pettersson, who will leave the company for retirement. Lotta will contribute with significant experience in the field and has previous experience as CFO in a high-tech company with subsidiaries in North America.

## SIGNATURES

Linköping, April 13<sup>th</sup>, 2022

### **Björn Persson**

Chairman of the board

### **Jörgen Rimmelg**

CEO

### **Anders Ferntoft**

Member of the board

### **Tommy Johansson**

Member of the board

### **Peter Gille**

Member of the board

### **Åsa Arvidsson**

Member of the board

My audit report was submitted April 13<sup>th</sup>, 2022.  
Öhrlings PricewaterhouseCoopers AB

### **Nicklas Kullberg**

Authorized Public Accountant



## Auditor's report

To the general meeting of the shareholders of XMReality AB (publ), corporate identity number 556722-7284

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### Report on the annual accounts

#### Opinions

We have audited the annual accounts of XMReality AB for the year 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of XMReality AB (publ) as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of XMReality AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Other Information than the annual accounts

This document also contains other information than the annual accounts and can be found on pages 2-25. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description is part of the auditor's report.



## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of XMReality AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of XMReality AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Stockholm 13 April 2022  
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg  
Authorized Public Accountant

## CONTACT US

# Want to know more?

**Contact us** at XMReality to learn more about our solutions, best practice for remote guidance, and how we can contribute to value creation at other companies.

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### About XMReality

XMReality AB (publ) develops and sells solutions that revolutionize knowledge transfer through so-called Augmented Reality (AR).

The company is a market leader in remote guidance where you guide a person on site via AR to solve problems or prevent them from occurring. The product is used globally in more than 60 countries. ABB, Nestlé, Electrolux, Sidel, Heineken and Saab are examples of the more than 100 customers. XMReality is based in Linköping and in the U.S. and is listed on the Nasdaq First North Growth Market (ticker: XMR). For more information, visit: [xmreality.com](http://xmreality.com)

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