



# Interim report

April – June 2024



## XMReality Interim report Group overview, April - June 2024

*For the first half of the year, the order intake increased by 31.3 percent compared to the same period last year, but decreased slightly for the quarter. Net sales decreased by 12.6 percent for the half-year compared to the same period last year and for the quarter, net sales decreased by 17.3 percent compared to Q2 2023. Costs fell by 13 percent for the quarter and for the half-year, they decreased by 16 percent compared to the previous year.*

### The Quarter April - June 2024, The Group

- Net Sales amounted to SEK 4,086 thousand (4,939)
- Costs totaled SEK -14,759 thousand (-16,979)
- The operating loss before taxes was SEK -8,106 thousand (-9,414)
- Cash flow was SEK 3,210 thousand (-8,741) and the equity/assets ratio at the end of the period was -20.0 (43.1) percent

Order intake during the quarter was lower than the corresponding level in Q2 2023 and decreased by 10.6 percent to SEK 1,983 thousand (2,217). Net sales decreased by 17 percent to SEK 4,086 thousand (4,939) compared to the previous year. Costs for the half-year decreased by 5.2 MSEK compared to the same period last year. During the first half-year, one-time costs equivalent to 3.7 (0) MSEK were recognized, where a large part is related to strategic development. Excluding one-time costs, the decrease was 8.9 MSEK in the first half of 2024 compared to the previous year. The annual recurring revenues (ARR) decreased by 13 percent and amounted to SEK 15,885 thousand (18,252) compared to Q1 2023. The gross margin remained high, 97 (96) percent for the quarter. The order backlog, order intake that remains to be recognized as revenue, increased to SEK 10,370 thousand (10,139) compared to Q2 2023. The quarter shows a positive cash flow of SEK 3,210 thousand due to short-term loans of 6.4 MSEK being taken.

### The period January - June 2024, The Group

- Net Sales amounted to SEK 8,796 thousand (10,061)
- Costs totaled SEK -26,374 thousand (-31,583)
- The operating loss before taxes was SEK -12,384 thousand (-16,007)
- Cash flow was SEK 2,320 thousand (6,906)
- Order intake amounted to SEK 8,333 thousand (6,346)

### Company Goal

XMReality's financial goal, to start generating positive cash flow by the end of 2024, remains.

## Notable events

### Notable events during the period

- The Board of XMReality AB (publ) decided, conditional on the subsequent approval of the Extraordinary General Meeting, on a new issue of shares of approximately 36.7 MSEK with preferential rights for the Company's existing shareholders. Additionally, bridge financing of approximately 8 MSEK was raised to finance the short-term liquidity needs before the proceeds from the Rights Issue are received.
- XMReality signed a new agreement with HIMA Americas, a leading provider of smart secure automation solutions for industrial applications.
- The Board of XMReality chose to prepare a balance sheet for liquidation purposes for precautionary reasons. The balance sheet showed that the share capital in XMReality was intact.
- XMReality received a shareholder loan of 1.5 MSEK in May. This came after the company communicated on April 12 that the existing working capital was sufficient until mid-May.
- XMReality signed a new customer agreement with Mission Restaurant Supply, one of the largest resellers of restaurant equipment and supplies in the USA.
- Amico Group of Companies, a leading manufacturer and global distributor of hospital equipment, is implementing XMReality to improve support for medical equipment.



### Notable events after the period

- XMReality signed an agreement with the global technology company GiveX to assist them with support for their 132,000 active trading locations.

## CEO comments

*Continued positive influx of new customers and a 31 percent increase of order intake for the first half of the year compared to 2023.*



Summer is here and we have closed an intense Q2. The order intake for Q2 ended at 1,98 MSEK, a decrease with 10.6 percent compared to Q2 2023. For the first half of the year the order intake ended at 8,33 MSEK, which is an increase of 31.3 percent compared to the first half of 2023. Our ARR decreased slightly compared to the first quarter, but increased marginally the last month of the quarter. New sales are more predictable than before and less fluctuating, which means that we will get a more even distribution of income over time, even if we still have a larger proportion of contracts in the last quarter. We also think that the ARR that we now have is stronger in the sense that the customers who are now coming in have succeeded in getting XMReality into their routines and processes in a significantly better way.

We continue according to the new strategy, and we subsequently see an increased number of new customers and also an increasing number becoming customers completely without sales efforts via "self service". Even though the summer is always a bit slower, during the quarter we closed 12 new Enterprise customers and some new online customers thanks to the updates both on the web and in the ease of getting started with the service. If we sum up the half year, we have thus gained more than 30 new customers so far, to be compared with 45 new customers for the whole year 2023. We also note an increased usage and an increased customer satisfaction, which has led to many customers recommending us to others, just to name the latest example ICETRO, which also displays our solution on its website.

In terms of the product, during Q1 and Q2 we worked intensively on a major update. The release that came just after the end of Q2 is the biggest change we have implemented in 2.5 years - when

we came out with the current generation of the desktop apps. Now we are launching face-chat and multi-cam and many more functions that, together with all the tools you already have in an XMReality call, open up for completely new use cases for our customers and a great potential for many new customers.

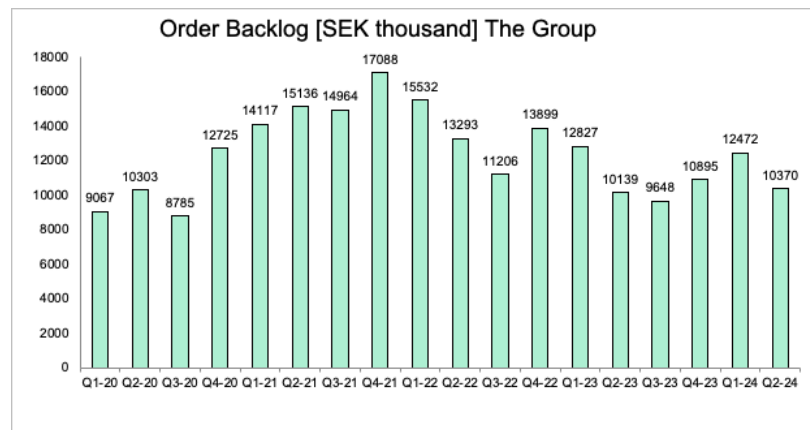
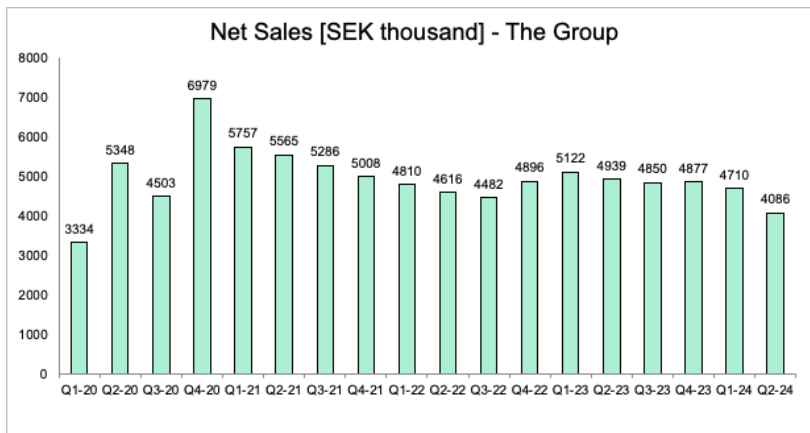
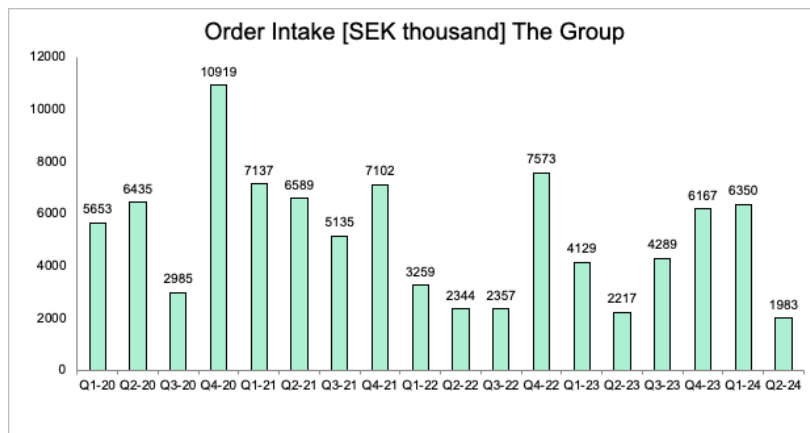
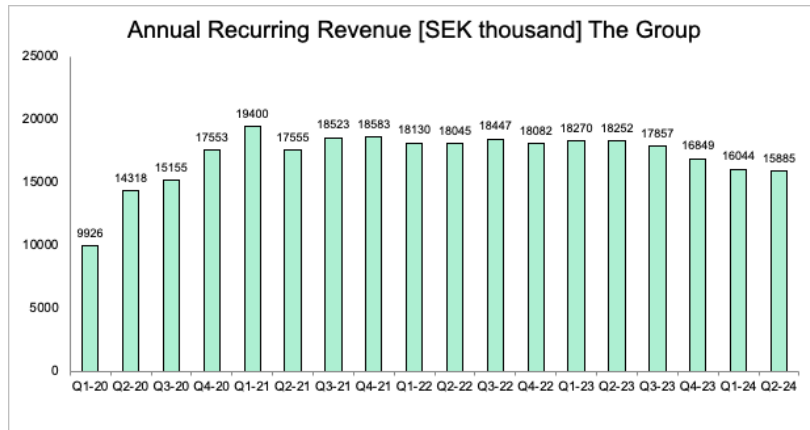
We still have some way to go until we reach the goal of becoming cash flow positive and in the meantime the company still has a capital need. The board of directors have proposed a preferential rights issue, provided approval at the extraordinary general meeting. The rights issue is secured to 70 percent through offsetting owner's loans, subscription obligations from owners and guarantees. This rights issue will give the company a much needed capital addition to continue moving forward with our updated product.

The company continues to act on the cost side to get to a positive cash flow during 2024. This means that during the quarter, and continuing during Q3, we carry out another large adjustment of our running costs. Most of the cost adjustments will come into effect at the end of Q3. When all the adjustments are completed, this will result in an annual cost base that corresponds to our revenue.

In our industry, there are ongoing discussions about structural transactions, and XMReality will actively seek such opportunities with the aim of creating shareholder value.

Autumn has historically been a good for XMReality and with some humility we look forward to turning to black numbers later this year.

Andreas Jonsson, CEO  
Linköping August 1<sup>st</sup>, 2024



# Financial basis for the interim report

## April – June 2023

### Income statements in summary (SEKk), the Group

	April – June		January – June		Full year
	2024	2023	2024	2023	2023
Net sales	4 086	4 939	8 796	10 061	19 788
Capitalized production costs	2 426	2 490	4 850	5 298	9 572
Other operating income	138	134	340	215	471
<b>Total income</b>	<b>6 651</b>	<b>7 563</b>	<b>13 986</b>	<b>15 573</b>	<b>29 831</b>
Raw materials and consumables	-122	-213	-259	-373	-915
Other operating expenses	-6 731	-5 558	-9 238	-10 226	-17 175
Employee benefits expenses	-6 393	-9 675	-13 578	-17 864	-36 685
Depreciation, amortization and impairment of property plant and equipment and intangible assets	-1 539	-1 418	-3 036	-2 769	-5 784
Other operating costs	-74	-32	-132	-69	-319
<b>EBIT</b>	<b>-8 208</b>	<b>-9 332</b>	<b>-12 257</b>	<b>-15 728</b>	<b>-31 046</b>
Financial income and similar profit items	159	1	160	3	191
Financial expenses and similar loss items	-56	-83	-288	-282	-441
<b>Profit(-loss) after net financial income</b>	<b>-8 106</b>	<b>-9 414</b>	<b>-12 384</b>	<b>-16 007</b>	<b>-31 297</b>
Income tax expense for the period	0	0	0	0	0
<b>Profit(-loss) for the period</b>	<b>-8 106</b>	<b>-9 414</b>	<b>-12 384</b>	<b>-16 007</b>	<b>-31 297</b>
Earnings per share before dilution (SEK) <sup>1</sup>	-0,08	-0,11	-0,12	-0,18	-0,35
Earnings per share after dilution at the end of the period <sup>1</sup>	-0,08	-0,10	-0,12	-0,18	-0,34

<sup>1</sup> Number of shares, The Group and the Parent company see page 9.

## Balance sheets in summary (SEKk), the Group

	2024-06-30	2023-06-30	2023-12-31
<b>Assets</b>			
<b>Non-current assets</b>			
Capitalized development costs	21 877	18 733	20 030
Equipment, tools and systems	59	132	91
<b>Total non-current assets</b>	<b>21 936</b>	<b>18 865</b>	<b>20 121</b>
<b>Current assets</b>			
Inventories	344	189	358
Current receivables	3 458	4 165	5 040
Cash and bank balances	4 237	14 702	1 980
<b>Total current assets</b>	<b>8 039</b>	<b>19 056</b>	<b>7 378</b>
<b>Total assets</b>	<b>29 976</b>	<b>37 921</b>	<b>27 499</b>
<b>Equity and liabilities</b>			
Equity	-5 981	16 333	6 752
Non-current liabilities <sup>2</sup>	833	2 500	1 667
Current liabilities <sup>2</sup>	35 123	19 088	19 080
<b>Total equity and liabilities</b>	<b>29 976</b>	<b>37 921</b>	<b>27 499</b>
<sup>2</sup> Of which interest-bearing liabilities	2 500	4 167	3 333
Collateral provided	5 000	5 000	5 000
of which in own custody	0	0	0
Contingent liabilities	Inga	Inga	Inga

## Statements of change in equity in summary (SEKk), the Group

	April - June		January – June		Full year
	2024	2023	2024	2023	2023
Balance at the beginning of the period	2 127	24 387	6 752	31 169	31 169
New share issue (net of issue costs)	0	1 372	-288	1 186	6 865
Exchange rate difference	-2	-11	-61	-15	15
Profit(-loss) for the period	-8 106	-9 414	-12 384	-16 007	-31 297
<b>Balance at the end of the period</b>	<b>-5 981</b>	<b>16 333</b>	<b>-5 981</b>	<b>16 333</b>	<b>6 752</b>

Number of shares, The Group and the Parent company see page 9.

## Statements of cash flow (SEKk), the Group

	April – June		January - June		Full year 2022
	2023	2022	2023	2022	
<b>Operation activities</b>					
Cash flow (-used) before changes in working capital	-6 694	-8 097	-9 672	-13 428	-25 824
Change in working capital <sup>3</sup>	12 746	928	17 963	22 013	21 083
<b>Cash flow from (-used in) operation activities</b>	<b>6 052</b>	<b>-7 168</b>	<b>8 291</b>	<b>8 585</b>	<b>-4 741</b>
Cash flow from (-used in) investing activities	-2 426	-2 513	-4 850	-5 348	-9 622
Cash flow from (-used in) financing activities	-417	955	-1 121	3 686	8 532
<b>Cash flow from (-used in) the period</b>	<b>3 210</b>	<b>-8 727</b>	<b>2 320</b>	<b>6 923</b>	<b>-5 832</b>
Exchange rate difference	-2	-14	-63	-18	15
Cash and cash equivalents at the beginning of period	1 029	23 443	1 980	7 796	7 796
<b>Cash and cash equivalents at the end of period</b>	<b>4 237</b>	<b>14 702</b>	<b>4 237</b>	<b>14 702</b>	<b>1 980</b>

<sup>3</sup>The amount includes 19,307 in final payment of the new issue in January 2023.

## Parent company income statements in summary (SEKk)

	April – June		January - June		Full year 2023
	2024	2023	2024	2023	
Net sales	3 992	4 900	8 681	10 089	19 565
Capitalized production costs	2 426	2 490	4 850	5 298	9 572
Other operating income	154	137	356	218	488
<b>Total income</b>	<b>6 572</b>	<b>7 528</b>	<b>13 886</b>	<b>15 604</b>	<b>29 625</b>
Raw materials and consumables	-122	-188	-259	-349	-797
Other operating expenses	-8 555	-7 268	-13 256	-13 604	-24 289
Employee benefits expenses	-4 830	-7 552	-9 982	-14 757	-29 635
Depreciation, amortization and impairment of property plant and equipment and intangible assets	-1 534	-1 414	-3 028	-2 765	-5 772
Other operating costs	-74	-32	-132	-69	-319
<b>EBIT</b>	<b>-8 543</b>	<b>-8 927</b>	<b>-12 770</b>	<b>-15 940</b>	<b>-31 186</b>
Financial income and similar profit items	159	1	160	3	191
Financial expenses and similar loss items	-56	-83	-288	-282	-441
<b>Profit(-loss) after net financial income</b>	<b>-8 441</b>	<b>-9 009</b>	<b>-12 898</b>	<b>-16 219</b>	<b>-31 437</b>
Group contribution received	0	0	0	0	0
Income tax expense for the period	0	0	0	0	0
<b>Profit(-loss) for the period</b>	<b>-8 441</b>	<b>-9 009</b>	<b>-12 898</b>	<b>-16 219</b>	<b>-31 437</b>
Earnings per share before dilution (SEK) <sup>4</sup>	-0,08	-0,10	-0,12	-0,19	-0,35
Earnings per share after dilution at the end of the period <sup>4</sup>	-0,08	-0,10	-0,12	-0,19	-0,34

<sup>4</sup>Number of shares, The Group and the Parent company see page 9.



## Parent company balance sheets in summary (SEKk)

	2024-06-30	2023-06-30	2023-12-31
<b>Assets</b>			
<b>Non-current assets</b>			
Capitalized development costs	21 877	18 733	20 030
Equipment, tools and systems	28	82	54
Financial assets	51	51	51
<b>Total non-current assets</b>	<b>21 956</b>	<b>18 866</b>	<b>20 134</b>
<b>Current assets</b>			
Inventories	344	189	358
Current receivables	3 025	3 944	4 595
Cash and bank balances	4 034	13 898	1 832
<b>Total current assets</b>	<b>7 403</b>	<b>18 031</b>	<b>6 785</b>
<b>Total assets</b>	<b>29 359</b>	<b>36 898</b>	<b>26 919</b>
<b>Equity and liabilities</b>			
Equity	-6 684	16 040	6 501
Non-current liabilities <sup>5</sup>	883	2 550	1 717
Current liabilities <sup>5</sup>	35 161	18 308	18 701
<b>Total equity and liabilities</b>	<b>29 359</b>	<b>36 898</b>	<b>26 919</b>
<sup>5</sup> Of which interest-bearing liabilities	2 500	4 167	3 333
Collateral provided	5 000	5 000	5 000
of which in own custody	0	0	0
Contingent liabilities	Inga	Inga	Inga

## Parent company statements of change in equity in summary (SEKk)

	April - June		January - June		Full year 2023
	2024	2023	2024	2023	
Balance at the beginning of the period	1 757	23 677	6 501	31 073	31 073
New share issue (net of issue costs)	0	1 372	-288	1 186	6 865
Profit(-loss) for the period	-8 441	-9 009	-12 898	-16 219	-31 437
<b>Balance at the end of the period</b>	<b>-6 684</b>	<b>16 040</b>	<b>-6 684</b>	<b>16 040</b>	<b>6 501</b>

Number of shares, The Group and the Parent company see page 9.

## Parent company statements of cash flow (SEKk)

	April - June		Januari - June		Full year
	2024	2023	2024	2023	2023
<b>Operating activities</b>					
Cash flow (-used) before changes in working capital	-7 034	-7 695	-10 340	-13 644	-25 976
Change in working capital <sup>6</sup>	12 961	607	18 513	22 132	21 827
<b>Cash flow from (-used in) operating activities</b>	<b>5 927</b>	<b>-7 087</b>	<b>8 173</b>	<b>8 489</b>	<b>-4 149</b>
Cash flow from (-used in) investing activities	-2 426	-2 490	-4 850	-5 298	-9 572
Cash flow from (-used in) financing activities	-417	955	-1 121	3 686	8 532
<b>Cash flow from (-used in) the period</b>	<b>3 085</b>	<b>-8 623</b>	<b>2 202</b>	<b>6 877</b>	<b>-5 189</b>
Cash and cash equivalents at the beginning of period	949	22 521	1 832	7 021	7 021
<b>Cash and cash equivalents at the end of period</b>	<b>4 034</b>	<b>13 898</b>	<b>4 034</b>	<b>13 898</b>	<b>1 832</b>

<sup>6</sup>The amount includes 19,307 in final payment of the new issue in January 2023.

## Number of shares, the Group and the Parent company

	April - June		January - June		Full year
	2024	2023	2024	2023	2023
Average number of shares during the period <sup>7</sup>	104 987 931	89 367 862	104 987 931	87 080 165	90 355 238
Shares outstanding at the end of the period <sup>7</sup>	104 987 931	91 153 047	104 987 931	91 153 047	104 987 931

<sup>7</sup> New issue of 36,828,000 shares subscribed in January 2023.

<sup>7</sup> New issue of 2,377,778 shares subscribed in June 2023.

<sup>7</sup> New issue of 13,834,884 shares subscribed in November 2023.

## The Group Overview of financial performance in summary (SEKk)

Below is a summary of XMReality Group financial development of the years 2020 – 2024. All information for the financial years 2020-2021 (pro forma) based on material taken from the parent company's officially published annual reports and the subsidiaries' accounts converted to group level.

	January - June	Full year			
	2024	2023	2022	2021	2020
Net sales	8 796	19 788	18 804	21 616	20 164
Operating profit (-loss)	-12 257	-31 046	-36 774	-33 662	-24 420
Profit (-loss) after net financial income	-12 384	-31 297	-36 751	-33 672	-24 471
Taxes	0	0	0	-15	-35
Profit (-loss) after taxes	-12 384	-31 297	-36 751	-33 687	-24 506
Profit margin, %	neg	neg	neg	neg	neg
Intangible assets	21 877	20 030	16 167	10 430	13 452
Tangible assets	59	91	116	148	355
Financial assets	0	0	0	0	0
Inventories	344	358	240	395	255
Current receivables	3 458	5 040	28 749	7 993	8 934
Cash and bank balances	4 237	1 980	7 796	45 143	18 714
Equity	-5 981	6 752	31 169	45 315	24 999
Non-current liabilities	833	1 667	0	0	0
Current liabilities	35 121	19 080	21 900	18 793	16 711
Total assets	29 976	27 499	53 069	64 109	41 710
Return on average capital employed, %	neg	neg	neg	neg	neg
Return on average equity, %	neg	neg	neg	neg	neg
Equity/assets ratio, %	-20,0	24,6	58,7	70,7	59,9
Dept/equity ratio, multiple	-0,42	0,49	0,00	0,00	0,01
Interest coverage ratio, %	neg	neg	neg	neg	neg
Quick ratio, %	21,9	36,8	166,9	282,7	165,5
Number of employees (end of period)	18	29	30	26	20
Investments					
Intangible assets	4 850	9 572	11 713	2 211	2 224
Tangible assets	0	50	58	59	139
Deposits	0	0	0	0	-8
Basic earnings (-loss) per share. before dilution SEK	0,12	-0,35	-0,90	-0,85	-0,79
Basic earnings (-loss) per share. after dilution, end of the period SEK	0,12	-0,34	-0,87	-0,82	-0,72
Average number of shares during the period	104 987 931	90 355 238	41 008 169	39 630 740	31 063 699
Shares outstanding at the end of the period	104 987 931	104 987 931	51 647 269	40 920 000	34 100 000

## Definition of key figures

Profit margin	Profit after net financial items divided by sales
Equity	The sum of shareholder's equity, restricted reserves and non-restricted equity
Return on average capital employed	Profit or loss before interest expenses divided by average capital employed
Return on average equity	Profit or loss after tax divided by average equity
Equity/assets ratio	Equity divided by total assets
Dept/equity ratio	Interest-bearing liabilities divided by equity
Interest coverage ratio	Earnings before interest divided by interest expenses
Earnings per shares	Profit or loss after tax divided by average number of shares outstanding
Quick ratio	Cash and current assets excluding inventories divided by current liabilities
ARR (Annual Recurring Revenue)	The annual value of subscriptions from signed subscription contracts
The Group	The Parent company (XMReality AB (Publ.) and all subsidiaries, XMReality Inc. and XMReality Värdepapper AB.
The Parent Company	XMReality AB (publ.)
Churn	The value of terminated subscriptions in relation to the Annual Recurring Revenue (ARR)
Upsales	Additional subscriptions (ARR) with existing customers
Contraction	Contraction of existing subscriptions (ARR) with existing customers

## Accounting policies

The interim report is 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 previously reported periods. Assets, provisions and liabilities have been valued at cost unless otherwise specified. Transactions denominated in foreign currency are converted at the spot rate in effect on the transaction date.

## Risk factors and uncertainties

A number of risk factors can have a negative impact on XMReality. It is therefore of great importance to consider relevant risks alongside the Group Company's growth potential. For a more detailed description of risks attributable to the Company and its shares, reference is made to the most recent Annual Report available at <https://www.xmreality.com/en/investors/>.



As announced on June 28th, 2024, the Board has decided to carry out a rights issue of approximately 36.7 MSEK, conditional on the subsequent approval of the Extraordinary General Meeting. The rights issue is secured up to approximately 70 percent through subscription commitments and guarantee commitments, which means that the company has ensured that the necessary capital is provided to achieve positive cash flow. The assumption of continued operations is thus considered fulfilled. Should the crucial conditions not be met, there is a risk regarding the company's continued operations.

As announced on May 23rd, 2024, the balance sheet for liquidation purposes prepared in accordance with the Board's decision on April 19th, 2024, showed that the share capital remains intact considering the surplus values in the company's intangible assets.

## Stock

Shares in XMReality AB (publ) are listed on Nasdaq First North Growth Market. The stock ticker is XMR and the ISIN code is SE0009664188. At the end of the period, there were 104,987,931 shares outstanding in XMReality AB (publ). There is only one share class. Each share carries one vote.

## Auditor review

This interim report has not been reviewed by the company's auditor.

## Submission of interim report

The board of directors and chief executive officer certify and assure that this interim report provides a true and fair view of the company's operations, financial position and earnings.

Linköping August 1<sup>st</sup> 2024

Board of Directors XMReality AB (publ)

## Financial reporting calendar:

Annual report 2024 published	Thursday June 6 <sup>th</sup> , 2024
Annual General Meeting	Thursday June 27 <sup>th</sup> , 2024
Extraordinary General Meeting	Wednesday July 31 <sup>st</sup> 2024
Interim report Q2 2024	Thursday August 1 <sup>st</sup> 2024
Interim report Q3 2024	Thursday October 24 <sup>th</sup> 2024
Year-end report 2024	Thursday February 13 <sup>th</sup> , 2025

All reports are published on [www.xmreality.com/en/investors/](http://www.xmreality.com/en/investors/). The information was released by the contact person listed below for publication on August 1<sup>st</sup> 2024 at 08:30 CEST.

*This report is a translation from the Swedish Interim report approved by the Board of Directors. In the event of any discrepancies, the Swedish version takes precedence.*

## Contact person at XMReality

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