

# ANNUAL REPORT 2017

EXTRACT OF THE OFFICIAL FINANCIAL  
STATEMENTS IN SWEDISH.



CENTRAL DISK

Realfiction Holding AB  
559110-4616



REALFICTION™





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# STRONG PROGRESSION AND SUCCESSFUL PRODUCT LAUNCHES

In 2017, Realfiction consolidated its position as the global leader in solutions based on glasses-free mixed reality displays.

The company launched its new product line DeepFrame, the world's largest mixed reality display, and added the majestic Dreamoc Diamond to its acclaimed Dreamoc series of displays. These successful product launches received lots of media attention, especially DeepFrame in the USA, and DeepFrame was awarded the prestigious "CES 2018 Innovations Awards Honoree" title.

To build on its strong momentum, the company attended several exhibitions and trade fairs in Europe and the USA and held successful presentations and workshops with key partners in these regions. In July, its shares were listed on Nasdaq First North following a successful share issue of SEK 21.5 million.

The company also strengthened its management team with a new COO and CFO, and broadened its offering by implementing a rental concept for DeepFrame and Dreamoc displays in Europe and the USA. Finally, a powerful yet easy to use

content creation platform was announced with a launch planned for Q2 2018.

**Most importantly, Realfiction's mixed reality displays were used by renowned companies in Europe, North and South America, Asia, Australia, the Middle East and other regions. These included car giant Mercedes and global pharmaceutical company Pfizer that initiated a large in-store pilot project in South Africa.**







## May



Realfiction's DeepFrame, the world's largest mixed reality display, was launched with a surprise demonstration at the national aquarium in Copenhagen, Denmark. The first confirmed DeepFrame order was announced in October.

## July



Realfiction's share was listed on Nasdaq First North following a successful share issue of SEK 21.5 million, with July 14 as the first trading day.

## August



The company announced that global pharmaceutical company Pfizer initiated a large mixed reality in-store project in more than 60 locations in South Africa. The pilot project will be evaluated at Pfizer's headquarters in the USA.

## September



Realfiction held its annual partner summit in Copenhagen with two full days of demonstration and training in DeepFrame technology with partners from four continents.



## October



**DeepFrame received the prestigious “CES 2018 Innovations Awards Honoree” title.**

Thomas Jæger, with previous positions at Ernst & Young and PwC, was announced at the company's new CFO in October.

## November



Realfiction completed the implementation of its new rental concept for the Dreamoc line of mixed reality displays in Western Europe and the USA. The first rental of a Dreamoc XXL3 was also announced.

Later in November, it was announced that Mercedes-Benz was using Dreamoc XL3 displays in its pop-up store in Stockholm.

## December



Realfiction launched the Dreamoc Diamond, a new elegant flagship model in the company's lineup of Dreamoc displays for glasses-free mixed reality experiences.

It was announced that Søren Steen Pedersen, with extensive experience of creating digital platform solutions, had been recruited to the position as Chief Operation Officer (COO). He will be an important part of the company's current development towards becoming a leading global distributor of complete mixed reality solutions.

## December



Late in December, Realfiction announced that it was planning to launch DeepFrame One, the first plug and play model in the new DeepFrame series, during the CES week in Las Vegas, USA, in the beginning of 2018.







# SUMMARY OF THE YEAR



**Total revenue amounted to SEK  
16.3 million**

**Net profit/(loss) after financial income and expenses amounted to  
SEK -10.2 million**

**Earnings per share\* was SEK -0.87 at the end of the year**

**The solvency\*\* ratio was 62.2% at the end of the year**

**Cash flow from operating activities amounted to SEK -9.8 million**

**\*Earnings per share: The net profit or loss for the period divided by the average number of shares.**

**\*\*Solvency: Equity as a percentage of the balance sheet total.**







# COMMENTS FROM CEO CLAS DYRHOLM

2017 was an intense and rewarding year for Realfiction, with a strong focus on repositioning the company from a successful hardware developer to a global leader in providing complete, mixed reality solutions through a first-class, worldwide partner network.

*We began to accelerate this endeavor by successfully completing a share issue of 21,5 MSEK followed by a listing on Nasdaq First North in July. This gave us the capital needed as well as the credibility of being a publicly traded company.*

With this in place, we were able to strengthen the company in several important areas. A COO and a CFO were recruited to the team, as well as talented people within 3D animation and software development.

Our hardware platforms were also upgraded: the exquisite, high-end Dreamoc Diamond was added to our successful Dreamoc line, and we launched the DeepFrame line that literally blew previous boundaries of mixed reality displays into the sky. DeepFrame is the world's largest mixed reality display, and it opens a window to a new world





where images and 3D animations can be projected in mid-air on everything from showroom floors to kilometer-wide spaces.

***These new products, especially the ground-breaking DeepFrame platform, received well-earned praise and media attention in Europe, the USA and globally.***

This included the prestigious “CES 2018 Innovation Awards Honoree” title in October. We also attended several important trade shows for the digital signage, experience/museum and retail industries as well as partner workshops. This has enabled our partners to initiate many exciting new projects.

To give more clients the opportunity to create powerful MR experiences, we set out to develop an easy-to-use, yet powerful content creation platform as well as ready-made concepts for retail clients and car manufacturers. Together with a

new rental concept, this took us important steps towards a more streamlined, service-based offer.

These efforts have started to pay off, and in 2017 and Q1 2018 we presented orders for companies such as Mercedes and IBM, a large pilot project with pharmaceutical giant Pfizer and an ongoing DeepFrame-project with LEGO. We are also boosting our global sales efforts even more. DeepFrame and/or Diamond showrooms have been established in the UK, Germany, Spain, Netherlands, Czech Republic, UAE, Australia, Japan and the Philippines. These showrooms will function as sales windows for our DeepFrame platform, which is indeed a technology that needs to be experienced live.

With these incredible achievements behind us, we now look forward to fully reaping the rewards of our hard work. We are now in the favorable position to be able to decide upon how to optimize the upcoming implementation of our

new content creation platform, while at the same time expanding our hardware rental program and maintaining a strong focus on key segments such as retail clients and car companies.

***Our goal for 2018 and beyond is to expand further while at the same time building up a strong and predicable cash flow. This is an exciting time for Realfiction, and I am proud to lead the company into a promising future together with our shareholders.***



**Clas Dyrholm**  
CEO, Realfiction Holding AB

## 2002

The first video holographic installation was developed and tested in late 2002, inside a fashion shop in the heart of Copenhagen, Denmark.

## 2004

Vizoo launches VideoLogo as a simple but effective idea about projecting video inside a logo shape, thus exposing the viewer to a logo amplified with identity and/or emotion inside.

## 2006

Cheoptics360, the third product launched when in the company Vizoo, introduced new dimensions by stepping from a large one-sided experience to a close-range 360-degree viewing angle.

## 2008

In late 2007 Peter and Clas left Vizoo to follow their dream of developing innovative products for the retail industry. In October 2008, after a year of preparation, they founded Realfiction.



## 2003

Peter Simonsen, Clas Dyrholm and Morten Corell join forces as the video design company Vizoo.

## 2005

Using the slogan "Why live in one dimension?" Lexus used Free Format across the US in their launch of their new IS hybrid sedan. The creative agency Team One Advertising won several awards for this innovative campaign.

## 2007

In 2007 Diesel came to us with the vision of an underwater holographic fashion show. The result was an amazing 18-minute-long voyage where audiences on both sides could see real life models mixing with a virtual underwater world.

## 2009

In spring 2009 Realfiction introduced the Dreamoc, an astonishing 3D retail product for high-end brands. Distribution was established through a worldwide network of partners.



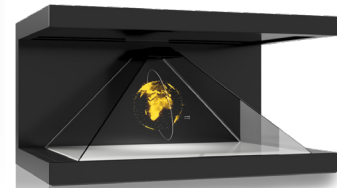
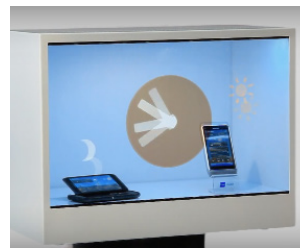
## 2010

In 2010, the Dreamoc XL was launched to satisfy the need for an even more spacious Dreamoc. The Dreamoc XL quickly became the center of attention when integrated in stores.



## 2012

In late 2012 Realfiction introduced a transparent LCD Display. This unique display created an opportunity to combine physical objects with powerful full-colour video effects.



## 2014

In 2014, the Dreamoc HD3 was launched with more features and higher quality but at a lower price. The display marked a huge evolutionary step for the Dreamoc technology.

## 2016

DREAMOC™ XL3 - The updated version of our mid-large display solution, features an impressive upgrade of components, accessories and a considerably lower price point.

## 2011

Scandinavian design has since the 1950s been equivalent to elegance and simplicity produced in high quality. By following this philosophy, Realfiction created the new product line Dreamoc Scandinavia.

## 2013

In early 2013, the giant four-sided Dreamoc™ Scandinavia XXL was launched to cater to the growing demand for a really large holographic display.

## 2015

In 2015, Dreamoc POP3 was launched with the “Dreamoc Fusion” feature. It made it possible to link several of these one-sided displays in groups to create mindblowing visuals.

In 2015, Morten Corell joined Realfiction to effectively complete the original trio from 2002.



# 2017



## DREAMOC™ XXL3

Dreamoc XXL3 was launched in 2017, with its 4-sided viewing angle and sheer massive presence. The XXL3 was designed for making an impact at trade fairs, museums and other very large settings.



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

With DeepFrame, a whole new product line of mixed reality displays was launched. It can display visuals of virtually any size, fundamentally changing how digital visualizations meet reality.



## REALFICTION LISTED AT NASDAQ FIRST NORTH STOCKHOLM

In July 2017, Realfiction was listed on the Nasdaq First North Stockholm trading platform.



## PILOT PROJECT IN SOUTH AFRICA WITH PFIZER

A large-scale pilot project was initiated in 2017 with a reseller in South Africa for the American pharmaceutical company Pfizer. The project includes Dreamoc installations in over 60 pharmacies.



## DEEPFRAME AWARDED PRESTIGIOUS CES 2018 TITLE

In late 2017, DeepFrame was selected as "CES 2018 Innovation Awards" a prestigious award given to the best products based on submissions from thousands of companies.



## 2017 – DREAMOC™ DIAMOND

In December 2017, Dreamoc Diamond, the company's new exclusive top model in the Dreamoc line of enclosed mixed reality displays, was launched.



# COMPANY OVERVIEW

Realfiction develop, sell and rent out market leading mixed reality (MR) products and services based on innovative, as well as patent and designed protected, hardware platforms that has been developed over more than a decade. The company's MR displays are especially well suited for social environments as they do not require special glasses or other accessories.

Examples of customer groups that can benefit from the company's products and services are shopping centers and department stores, car manufacturers, experience-based businesses such as amusement parks and museums, natural meeting points such as airports and travel centers as well as sectors such as education, architecture, manufacturing and construction, where there is a strong demand for real-time 3D visualizing.





# BRAND AWARENESS AND CUSTOMER CONVERSION

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

## Astonishing and engaging experiences

For experience driven customers groups such as amusement parks, museums and event organizers, but also manufacturers of consumer products, Realfiction's MR platform serves as an opportunity to combine the physical and the digital world in new and ground-breaking ways.









# FROM DISPLAY MANUFACTURER TO PROVIDER OF COMPLETE MR SOLUTIONS

Realfiction is repositioning the company from being a hardware provider to offering complete mixed reality solutions for truly magical experiences. This includes everything from the hardware (MR displays with client-specific features when needed) to the all-important 3D content and finally on-site installation and maintenance. This is an important paradigm shift that will enable the company to substantially increase its recurring revenues and thus building a stable cash flow that can be used to expand its line of leading products and solutions.

The new focus on offering complete solutions reflects both the hardware and software side of the company. On the hardware side, a rental model is being implemented. This enables Realfiction to receive revenue for each time a MR display is used instead of having to rely on new hardware sales. On the software side, the company is developing a powerful content creation platform with easy-to-use tools and ready-made templates. This will enable Realfiction and its partners to compete for a broader mix of projects and assignments, including those that were previously out of reach due to budget and deadline constraints.







## SALES AND RENTING VIA A WORLDWIDE PARTNER NETWORK

Realfiction' global partner network consists of more than 150 resellers and/or content developers in Europe, North and South America, Asia, Australia, the Middle East and other regions. The company's partners can purchase MR displays from Realfiction, but now also rent them for use during a limited time period. This enables a lot more flexibility as the partners can offer the latest display types in the right size at a low initial cost.

**In 2017, the rental concept was initiated for Western Europe and the USA, covering the Dreamoc line of MR displays. In 2018, the company will roll out a broader implementation that covers more regions and both Dreamoc and DeepFrame displays.**

The company has outsourced the production to third party manufacturers, which makes it possible to continuously adapt the production to the current demand for products in different geographical markets.





2 FLASKER  
RACCOLTO  
NERO D'AVOLA  
8  
SPAR 109%

Lækker økologisk  
vin fra Sicilien



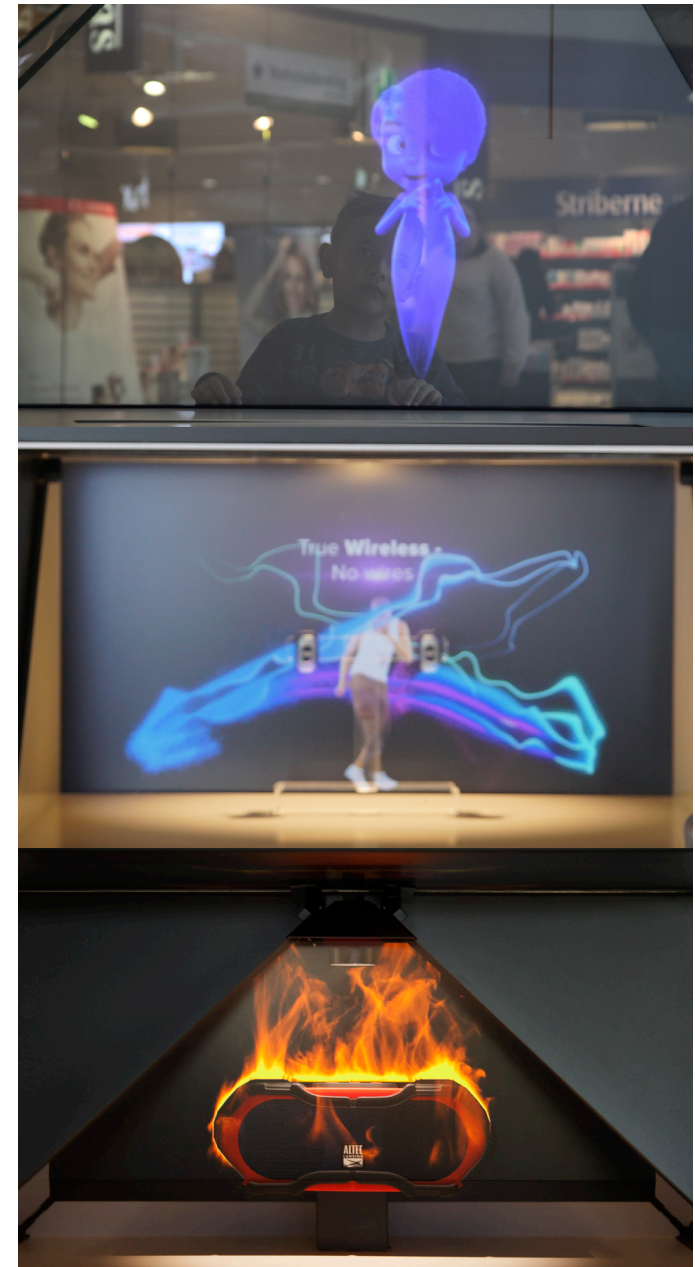
# A BRAND-NEW MR CONTENT CREATION PLATFORM

Content for Realfiction's MR platforms, such as pictures, 3D animations and interactive services, is presently mainly created by the company's content creation partners. However, the development time and its associated costs acts as a limitation for many potential projects.

To minimize these limitations, and thereby significantly increase the addressable market, Realfiction is developing a platform consisting of powerful content creation tools and templates. These will contain readymade concepts and animations that can be customized and combined in different ways. Thus, content creation for Dreamoc and DeepFrame installations will become a lot more efficient than today.

Realfiction is aiming to implement the usage of this content creation platform together with partners in Q2 2018. The platform and its use cases will then be continuously refined to utilize it in the most optimal way for the company. This will enable Realfiction to become more actively engaged in the creation of content for its MR solutions while supporting a wider use of its displays.

**The content creation platform is an important part of Realfiction's goal to become a provider of complete MR solutions. This will enable the company to build strong, recurring revenue streams that can be used to finance its future global expansion and the development of new hardware and software.**



# COMPLETE, CUSTOMIZABLE CONCEPTS FOR RETAIL CLIENTS AND CAR COMPANIES

In line with the goals of its upcoming content creation platform, Realfiction is also developing complete and customizable concepts targeted at specific customer segments. This will enable the company to offer field-tested solutions that can be rapidly implemented.

Initially, Realfiction is focusing on shopping centers and department stores, retail chains and car companies. Several trials for these concepts are being planned together with customers, and the first one was held in Q1 2018 at one of the largest shopping malls in Denmark. At the same time, the company has on-going dialogues with several well-known Nordic and global players in these customer groups.

Additional customer segments that could be of interest includes the experience industry, where museums and theme parks have shown great interest in Realfiction's MR solutions.









# DREAMOC AND DEEPFRAME – MARKET LEADING MR DISPLAYS

Realfiction's line of Dreamoc and DeepFrame displays are at the center of the company's MR solutions offered to end-clients by its worldwide partner network.

They can be used in a myriad of settings, from boutiques that sell small items such as perfumes, beverages and jewellery to museums where full scale dinosaurs can be displayed next to real skeletons. This flexibility is made possible by the two product families – Dreamoc and DeepFrame – that complements each other in a great way.





# DREAMOC – WORLD CLASS HOLOGRAPHIC EFFECTS

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

**Dreamoc HD3** is the smallest and most flexible model for single products that be experienced from several directions simultaneously. **Dreamoc POP3** and **Dreamoc POP3B** can only be experienced from the front and are especially well suited for displays on shelves and for displaying several objects together. **Dreamoc XL3** and **Dreamoc XXL3** are, as their names suggests, larger models that makes it possible to create attention for really large objects, for instance at airports or in shopping malls. **Dreamoc Diamond** is one of Realfiction's biggest Dreamoc displays, and the most elegant. A Dreamoc Diamond creates an extraordinary experience that fits brilliantly into exclusive boutiques.





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

With the patent pending product series DeepFrame, that was launched in 2017, Realfiction has once again broken the barriers for what can be achieved with mixed reality. DeepFrame is the world’s largest MR display and can create unbelievable real time experiences where holographic images and animations are projected over existing surfaces and objects. DeepFrame was awarded the “CES 2018 Innovation Awards Honoree” title at CES, the world’s largest consumer electronics show that is held every year in Las Vegas, and has received a lot of international media attention.

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

Realfiction is also developing a DeepFrame model for outdoor use that makes it possible to project content over kilometer wide spaces. It will open up even more use cases within the experience and tourism industries as well as for ongoing construction projects.

The DeepFrame technology also has potential to be built into consumer products, and Realfiction is cooperating with LEGO, among others, to evaluate the potential within this field. For instance, smaller products, all the way down to a mobile phone in size, could be developed and then connected to an app-based ecosystem.







# MARKET OVERVIEW AND OUTLOOK



**The awareness and demand for products and services related to mixed, augmented and virtual reality is growing rapidly. Some say that it is the fourth wave of computing following the PC, internet and mobile.**

This trend of growing interest and demand is expected to continue during the following years as more usable solutions are launched on the market. Realfiction expects this to spur additional demand from customers in a wide spectrum of segments from marketing and retail to the experience industry, education, architecture and construction.

**According to a report by Goldman Sachs<sup>1</sup>, the global VR/AR market is expected to be worth 80 billion USD in 2025, divided roughly equally between the business to business market (B2B) and the consumer market.**

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So far, Realfiction has sold more than

## 10.000

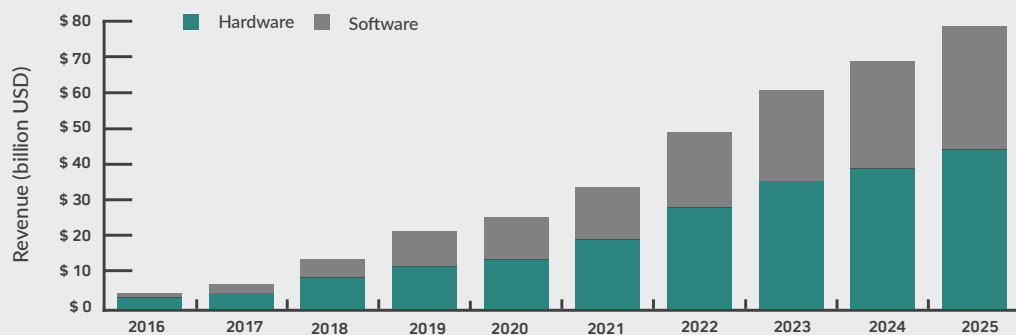
units of its Dreamoc line of mixed reality displays for use by well-known brands and industrial-customers.

1/ <http://www.goldmansachs.com/our-thinking/pages/technology-driving-innovation-folder/virtual-and-augmented-reality/report.pdf>



Initially Realfiction is focusing on the B2B market and the professional business to consumer market (B2C). The company currently has a leading position in the field of displays capable of producing floating or holographic content without the need for special glasses. Examples of B2B uses are exhibitions and trade fairs, while B2C use cases include displays used in retail or brand promoting settings. So far, Realfiction has sold more than 10 000 units of its Dreamoc line of mixed reality displays for use by well-known brands and end-customers.

Realfiction is also evaluating the consumer segment together with global manufacturers of consumer products, including its Taiwanese production partner AmTRAN. AmTRAN is one of the world's largest OEM manufacturers of LCD displays and other electronic products.



Source: Goldman Sachs Global Investment Research, [www.goldmansachs.com/our-thinking/pages/technology-driving-innovation-folder/virtual-and-augmented-reality/report.pdf](https://www.goldmansachs.com/our-thinking/pages/technology-driving-innovation-folder/virtual-and-augmented-reality/report.pdf)



# COMPETING TECHNOLOGIES AND COMPANIES

Currently, Microsoft (with its HoloLens and Mixed Reality platform) and Magic Leap are two of the largest players in the mixed reality segment. Both companies offer solutions based on head-mounted displays. Because of this, only the person wearing the product will be able to experience the overlay of 3D objects and effects that blend with the physical reality.

Realfiction's MR displays are fundamentally different, as they do not require the user to wear any special displays, glasses or other equipment. Experiences can thus easily be shared in social settings, which is a major advantage compared to other MR technologies.

There are also actors that have tried to replicate Realfiction's glasses-free approach to MR without infringing on its intellectual rights. However, Realfiction is not aware of any competitor that have been able to come close to achieving the high-quality 3D/ holographic effects and superior build quality that is offered by its Dreamoc and DeepFrame MR displays.



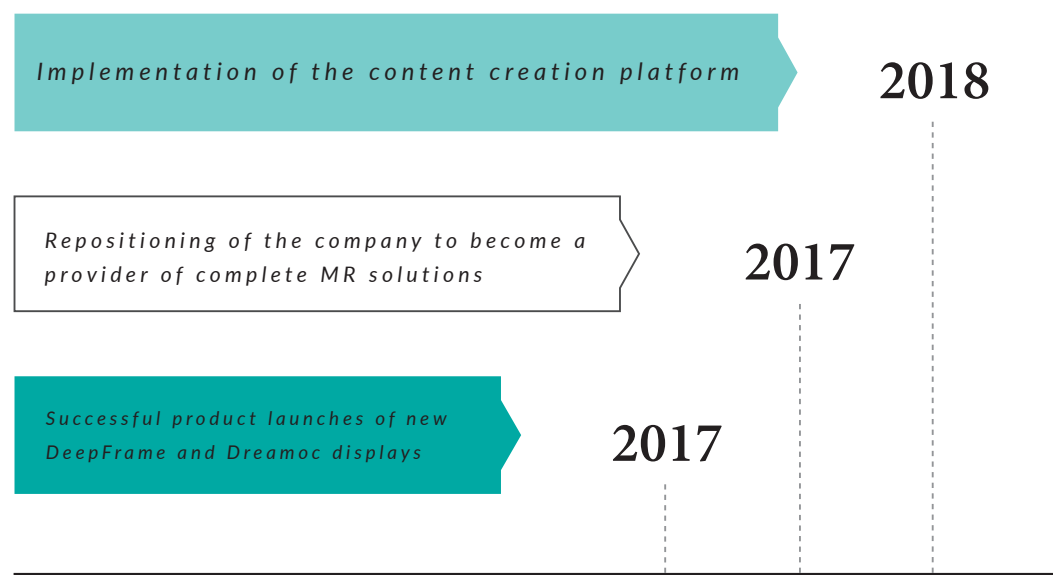


# OUTLOOK AND TARGETS FOR 2018

If the overall MR market continues to grow strongly, the global interest and demand for Realfiction's MR solutions can be expected to increase substantially in the upcoming years. This positive outlook is underscored by the successful product launches of new DeepFrame and Dreamoc displays in 2017, and the current repositioning of the company to become a provider of complete MR solutions.

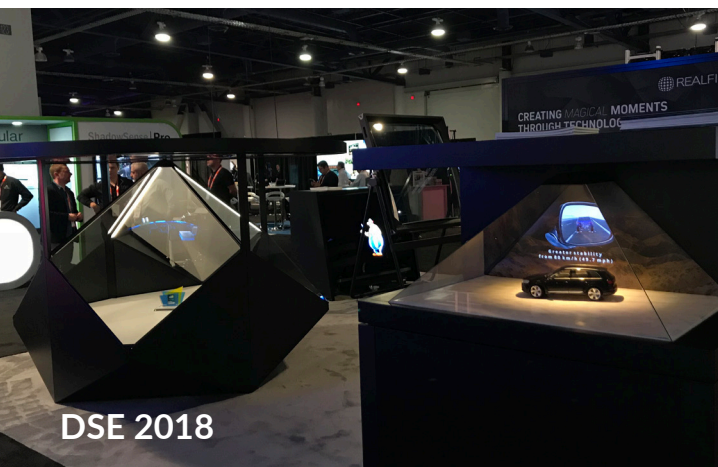
The upcoming implementation of the content creation platform in Q2 2018 will enable the company to access a broader variety of use cases for these solutions, and Realfiction is confident that it will boost activity and sales in the years to come. The complete and customizable concepts under development for key customers segments, such as the retail market and car manufacturers, will also add to the attractiveness of Realfiction as the leading provider of market leading MR solutions.

**Currently, Realfiction does not provide any future guidance related to number of products sold or rented, but the company expects to increase its turnover compared to 2017.**





# EXHIBITIONS / FAIRS AND WORKSHOPS IN 2018








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# FINANCIAL REVIEW

This is an extract from parts of the official Swedish Annual Report. The official report is available at the company's website<sup>2</sup> under "Finansiella Rapporter" and is called "Årsredovisning 2017 (PDF)".

## Group structure & Shareholding

Realfiction Holding AB has a fully owned subsidiary, Realfiction ApS. All activities are mainly carried out in the subsidiary, after which Realfiction Holding AB's only operational activity is to own and manage the subsidiary Realfiction ApS. In addition to the above, Realfiction Holding AB does not own any shares in other companies.

## Developments in figures for 2017

Realfiction ApS, the Group's operating subsidiary, started its operations in 2008. The parent company of the group, Realfiction Holding AB, was formed in April 2017. Group relationship occurred on April 28, 2017. The transaction was treated as a transaction between jointly controlled companies.

The consolidated financial statements thus take the form of merged financial statements, i.e. as if the Group was formed on January 1st, 2017. No comparative periods are available for the parent company.

## Income Statement

Group net revenue for 2017 amounted to SEK 16,319 million. Net revenue was affected by delayed product orders, resource allocation towards tasks from listing at Nasdaq First North along with market introduction of

DeepFrame. Primary part of net revenue 2017 consists of product sales from the Dreamoc category.

External costs during 2017 were SEK 17,909 million. The level of external costs for the period are high due to continued focus on creating sales & market platform and administrative costs has increased in line with the listing on Nasdaq First North, including the recruitment of a CFO & a COO. Furthermore, increased costs were related to the patenting of DeepFrame, and finally marketing costs for the DeepFrame launch.

Net result for the Group in 2017 amounted to SEK -8,729 million.

## Balance Sheet

The Group's balance sheet at 31 December 2017 amounted to SEK 26,084 million. Due to continued work of minimizing capital bindings, inventory is reduced to SEK 4,804 million at 31 December 2017. Corporate receivable tax attributable to income year 2017 are expected to be reimbursed after period end. Net interest-bearing debt decreases due to payment of installments to Vækstfonden according to the plan. Increased trade payables are due to production start-up for DeepFrame & Dreamoc Diamond. Increase in other payables are related to costs in connection with external consultants and remuneration of board.

Realfiction Holding AB issued a shareholder contribution of SEK 18,000 million to

2/ <https://www.realfiction.com/investor-se>



wholly owned subsidiary REALFICTION ApS. The premium was received place on 2017-12-31 and will not entitle the shareholder to recover the supplement later. The contribution was made by reducing the company's loan receivable on the subsidiary with the corresponding amount.

### Investments

No significant investments for the period.

### Cash Flow Statement

The Company's liquid funds and cash equivalents at period end amounted to SEK 17,137 million, mainly established from private placement, listing on Nasdaq Stockholm First North and new issue. Cash flow from operating activities was for 2017 SEK -9,752 million. The Group's solvency ratio per 31 December 2017 was 62.2%.

### Shareholdings 31 December 2017

Realfiction Holding AB's share was listed on Nasdaq Stockholm First North 14 July 2017. The share is traded with the ticker REALFI and its ISIN-code is SE0009920994. Per 28 April 2017, the date of which the company was established, the number of shares in Realfiction Holding AB was 8,026,839 pieces. Per 31 December 2017 number of shares in Realfiction Holding AB was 11,633,135 pieces. The Company has one share class. Each share entails equal rights to recognize the Company's assets and results. Note that Realfiction Holding AB conducted two new share issues during Q2 2017 through which 3,606,296 shares were added.

### Financial risk management

The financial risks can primarily be divided in the following categories:

#### Currency risk

The Groups sales are made in local currency as well as in foreign currency, primarily USD and DKK. Purchases are primarily made in DKK and USD. When deemed necessary, future currency flows are hedged through financial instruments. The goal is to try to neutralize the currency effects when transactions are made in different currencies. At the end of the year, the Company did not own any currency futures or warrants.

#### Interest rate risk

The Group's interest rate risks are mainly connected to interest-bearing liabilities, totaling 5,386 TSEK at the balance date. All of the Groups interest-bearing liabilities have a non-fixed interest rate.

#### Credit risk

The Group tries to find business partners with the highest possible credit rating. The majority of the Group's sales can be made with low credit risk. Historically, the credit losses have been low.

#### Liquidity risk

The Group is constantly working to maintain and improve its liquidity.



## Multiple year overview

Group	2017	2016*
Net revenue	16,319	19,640
Result after financial items	-10,226	-4,075
Total Balance Sheet	26,084	14,089
Solvency ratio (%)	62,2	3,6
Average number of employees	14	10

\*Comparative 2016 figures for the Group refer to the Danish subsidiary Realfiction ApS.

Parent company	2017
Net revenue	0
Result after financial costs	-702
Total Balance Sheet	25,000
Solvency ratio (%)	99,6
Average number of employees	0

\*The first fiscal year of the parent company is 2017, from 2017-04-28.

## OWNERSHIP STRUCTURE

The table below shows key shareholders in Realfiction Holding AB per 31 December 2017.

Name	Number of shares	Ownership (in %)
Ceranco Equity S.C.S <sup>1</sup>	3 194 447	27,46
Clape Holding ApS <sup>2</sup>	2 875 000	24,71
AmTRAN Technology Co. Ltd.	1 308 838	11,25
Nordnet Pensionsförsäkring AB (förvalter)	892 811	7,68
Investeringselskabet Artha Optimum A/S <sup>3</sup>	344 987	2,97
Michael Kjaer <sup>4</sup>	135 286	1,16
Morten Johansen <sup>5</sup>	135 286	1,16
Investeringselskabet Artha Max A/S <sup>3</sup>	78 391	0,67
Investeringselskabet Artha Safe A/S <sup>3</sup>	47 031	0,41
Other shareholders (above 1000 pieces)	2 621 058	22,53
<b>Total</b>	<b>11 633 135</b>	<b>100,0</b>

## Proposed appropriation of retained earnings

(amount in SEK)

Proposition for the appropriating the company's retained earnings

At the proposal of the general meeting:

balanced earnings	0
share premium reserve	24,442,324
loss for the year	-701,874
	<b>23,740,450</b>

The board proposes to:

The loss of the year is offset against the share

premium reserve	-701,874
Thereby adding to the share premium reserve	<b>23,740,450</b>



## PROFIT AND LOSS

SEK '000	2017	2016*
<b>Operating income</b>		
Net sales	16,319	19,640
<b>Total operating income</b>	<b>16,319</b>	<b>19,640</b>
<b>Operating expenses</b>		
Other external costs	-17,909	-15,691
Personnel costs	-8,351	-7,388
Depreciation of tangible and non-tangible assets	-18	0
<b>Total operating expenses</b>	<b>-26,278</b>	<b>-23,079</b>
<b>OPERATING PROFIT/LOSS</b>	<b>-9,959</b>	<b>-3,439</b>
<b>Result from financial investments</b>		
Other interest income and similar profit/loss items	363	142
Interest costs and similar profit/loss items	-630	-778
<b>Total financial items</b>	<b>-267</b>	<b>-636</b>
<b>RESULT AFTER FINANCIAL ITEMS</b>	<b>-10,226</b>	<b>-4,075</b>
Tax for result of the year	1,497	645
<b>RESULT OF THE YEAR</b>	<b>-8,729</b>	<b>-3,430</b>

\*Comparative 2016 figures refer to the fully owned Danish subsidiary Realfiction ApS.



## BALANCE SHEET

SEK '000	Group	
	31-12-2017	31-12-2016*
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible fixed assets		
Fixtures, tools and installations	163	0
<b>Total tangible fixed assets</b>	<b>163</b>	<b>0</b>
Financial fixed assets		
Other long-term receivables	237	213
<b>Total financial fixed assets</b>	<b>237</b>	<b>213</b>
<b>TOTAL FIXED ASSETS</b>	<b>400</b>	<b>213</b>
<b>Current assets</b>		
<b>Inventories etc.</b>		
Finished products and goods for sale	4,804	6,782
<b>Total inventories etc.</b>	<b>4,804</b>	<b>6,782</b>
<b>Short-term receivables</b>		
Trade receivables	460	439
Current tax receivables	866	1,139
Other receivables	2,417	1,357
<b>Total short-term receivables</b>	<b>3,743</b>	<b>2,935</b>
<b>Cash and bank</b>	<b>17,137</b>	<b>4,159</b>
<b>TOTAL CURRENT ASSETS</b>	<b>25,684</b>	<b>13,876</b>
<b>TOTAL ASSETS</b>	<b>26,084</b>	<b>14,089</b>

SEK '000	Group	
	31-12-2017	31-12-2016*
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,163	448
Other received capital	23,952	0
Other equity incl. the result of the period	-8,892	61
<b>TOTAL EQUITY</b>	<b>16,223</b>	<b>509</b>
<b>Long-term liabilities</b>		
Liabilities to credit institutions	3,799	5,329
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>3,799</b>	<b>5,329</b>
<b>Short-term liabilities</b>		
Liabilities to credit institutions	1,587	1,015
Accounts payable	1,816	5,990
Other liabilities	2,659	1,246
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>6,062</b>	<b>8,251</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,084</b>	<b>14,089</b>

\*Comparative figures for the year 31-12-2016 refer to the fully owned Danish subsidiary Realfiction ApS.



## CHANGES IN EQUITY

Group

SEK '000	Share capital	Other contributed capital	Other own capital incl profit for the year	Total amount equity
<b>Amount at the beginning of the year 01-01-2017</b>	<b>448</b>	<b>0</b>	<b>61</b>	<b>509</b>
Registration through issue for non-cash consideration	802	198	0	1,000
Result of transaction between legal entities under common control	-448	-491	-61	-1,000
Share issues	361	27,047	0	27,408
Share issue costs	0	-2,802	0	-2,802
Recalculation difference for the year	0	0	-163	-163
<b>Result for the year</b>	<b>0</b>	<b>0</b>	<b>-8,729</b>	<b>-8,729</b>
<b>Amount at the end of the year 31-12-2017</b>	<b>1,163</b>	<b>23,952</b>	<b>-8,892</b>	<b>16,223</b>

The number of shares amounts to 11,633,135 pieces and the quota value is 0,10 SEK/share.

The company has 1,237,929 outstanding warrants. Every warrant entitles the owner to subscribe for one Realfiction share. The warrants can be used until June 22, 2027, with an average subscription price of 2.33 SEK.

## CASH FLOW ANALYSIS

SEK '000	Group	
	2017	2016*
<b>Operating activities</b>		
Operating result	-9,959	-3,439
Adjustment for non-cash flow items	-60	-38
Received interest	363	142
Payed interest	-630	-778
Received tax	1,833	0
<b>Cash flow from operating activities before changes in operating capital</b>	<b>-8,453</b>	<b>-4,113</b>
Cash flow from changes in operating capital		
Decrease(+)/increase(-) in inventory	2,176	4,566
Decrease(+)/increase(-) in current receivables	-1,197	-304
Decrease(+)/increase(-) in current liabilities	-2,278	-1,621
<b>Cash flow from operating activities</b>	<b>-9,752</b>	<b>-1,472</b>
Investment activities		
Acquisition of tangible fixed assets	-181	0
<b>Cash flow from investment activities</b>	<b>-181</b>	<b>0</b>
Financing activities		
Amortization of financial liabilities	-1,685	-1,095
Share issue	24,596	3,809
<b>Cash flow from financing activities</b>	<b>22,911</b>	<b>2,714</b>
<b>Cash flow for the year</b>	<b>12,978</b>	<b>1,242</b>
Cash and cash equivalents at the beginning of the year	4,159	2,803
Recalculation difference in cash and cash equivalents	0	114
<b>Cash and cash equivalents at the end of the year</b>	<b>17,137</b>	<b>4,159</b>

\*Comparative figures for the year 2016 refer to the fully owned Danish subsidiary Realfiction ApS.



