

# Annual Report 2019



# 2019

Sales of software subscriptions continued to rise as a share of total sales in 2019, accounting for 86% (65%) of order inflow and 82% (55%) of recognized revenues. As an effect of the shift in sales towards software subscriptions, the contribution margin also rose, relative to recognized net sales, to approximately 90% (67%).

## Net sales and gross margin 2017–2019



SEKk	2019	2018
Total operating income	17,637	16,632
EBIT	-27,300	-29,250
Earnings before tax	-27,364	-29,317
Net margin	Neg.	Neg.
Earnings per share	-1.60	-1.72
Order backlog	6,897	4,035
Total assets	32,826	59,327

## Selected XMReality customers

ABB | Electrolux | AB InBev | NIBE  
Bombardier | Minibea Intec | Sidel

## About the company

XMReality AB (publ) develops and sells solutions that revolutionize knowledge sharing and customers' efforts toward sustainability through Augmented Reality (AR). The company is a market leader in remote guidance, which uses AR to guide on-site personnel and equip them to resolve or prevent problems.



XMReality was an invited speaker at a Festo event, "Digitalization in Practice"

## Highlights of 2019

1. XMReality embarked on its international expansion with a new US subsidiary, XMReality Inc.
2. Online sales were launched with the XMReality Business Edition. This new sales channel expands XMReality's scalability and enables sales to new target groups.
3. Customers are further developing their service offerings by adding solutions from XMReality.

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*“XMReality is now a SaaS  
company with considerably  
better conditions for  
scalability.”*

**Jörgen Rimmelg**  
CEO

# XMReality is moving into a new phase

*The market for Remote Guidance is maturing. Increasingly, it is characterized by demand for integrated solutions in customers' existing systems, which is a good fit with the company's positioning. XMReality chose early on to focus on practical applications that delivered immediate customer value, we are now even more convinced this is the right strategy.*

## The market is maturing

During the fourth quarter, order intake for a quarter was at all time high, which is a sign of increasing market maturity and XMReality's competitiveness. Most XMReality customers are now large, global corporations with strong potential to expand their use of Remote Guidance as they optimize their methods and processes.

## Applications are multiplying

Sidel, Inbev, and Nibe were striking examples of new customers in the fourth quarter. The deal with Sidel is particularly interesting, as they are integrating the XMReality solution in their own system to make it easier for users, which provides good potential for scalability of the deal. Nibe is using the solution primarily in relation to its international service partners. Remote Guidance makes it possible to provide direct access to sharing expert knowledge among technicians. With brands like Budweiser and Leffe, Inbev is one of the largest brewers in the world. They are using XMReality technology for knowledge transfer and problem-solving among their many breweries.

Sustainability is in focus for XMReality and its customers. In this area, Remote Guidance has an obvious and important role to play, since response times and traveling can be cut to the minimum.

## International expansion

The second half of 2019 was an eventful period for XMReality and we have progressed in the right direction as a company. In addition to launching our sales operations in Germany and the US in close proximity to customers, the company also built a new platform for selling its solution online. Small and medium-sized enterprises can now independently download, install, and subscribe for their XMReality solution online. This allows the XMReality sales force to concentrate exclusively on large global customers and growing business with existing customers.

## Ready for growth

XMReality is now a SaaS company with considerably better conditions for scalability. In pace with sales growth, we have deliberately reduced hardware sales, in relative terms, and increased software sales. Software sales now



account for the bulk of sales. As a clear consequence, the gross margin rose from 82% in 2018 to 93% in 2019. A preferential rights issue was secured in the first quarter of 2020 by which the company raised SEK 35.8 million before issue costs. With this capital injection, XMReality has laid a solid foundation for sustained growth.



# Business model

*XMReality has three sales channels: traditional direct sales, online sales, and partner sales. Traditional direct sales involves presence at trade shows, sales pitches, and demo installations. This is normally associated with leadtimes for contract negotiations, etc. Leadtimes are normally shorter for online sales, which involve a high degree of self-service. Partner sales involve sales via partners where the start-up normally has a longer leadtime, as in traditional direct sales, but the rest of the sales process to the end customer is managed by the partner. To date, direct sales have accounted for the majority of sales.*

## **New sales channel**

In the fall of 2019, the company launched an online sales platform where a simpler Business Edition of the XMReality solution is offered. Self-service online reduces the cost of onboarding new customers. The new sales channel also increases the company's addressable market, as SMEs that need only a few licenses are often reluctant to go through a complicated purchasing process. It also provides an opportunity for large companies to test and evaluate the service with no need to allocate the company's sales resources at such an early stage.

## **Added sales to existing customers**

XMReality works with a proactive customer success team to ensure the highest possible customer satisfaction and lay the groundwork for added sales.

The company's customer base is global, and in addition to offices in Sweden, XMReality has established a presence with its own personnel in the US through a subsidiary, which is creating new opportunities in the major North American market. The company also has operations in Germany through a recently incorporated German subsidiary.

## **Major potential in integrated solutions**

XMReality also sees a great opportunity to further develop the existing customer base through multiple global rollouts of XMReality Remote Guidance, with substantial revenue potential. Efforts to integrate the XMReality solution in customers' existing systems will remain important going forward. In addition to generating greater customer benefit, this is an important step towards solidifying the company's position as a strategic partner.

# Strategy & goals

*The XMReality solution is highly versatile and the latest version works well in many applications far removed from industry. At present, the company's go-to-market strategy is clearly focused on industrial applications, where customer value is the highest and easiest to demonstrate in terms of quality improvements, costs savings, and new revenue models for the customer. The chosen strategy is also supported by industrial needs for concrete sustainability solutions, such as reduced travel and shorter response times.*



## **“The world’s most widely used remote guidance solution”**

The company is aiming for a distinct market position, with the goal of becoming the world’s most widely used AR-based Remote Guidance solution. As software vendors increasingly aim to offer various kinds of assistance solutions as part of their systems, XMReality has identified an opportunity to be the most efficient remote guidance solution out there. Steady focus on rapid access to expertise and efficient person-to-person communication is a guiding principle in product development.

## **Evolution into a dedicated SaaS company**

The company has gradually evolved from a less profitable hardware business to its position today as a dedicated software vendor according to the SaaS (Software as a Service) model in which customers buy annual subscriptions that are automatically renewed. Software sales now account for more than 80% of the company’s revenues. This has substantially boosted the gross margin to above 90%. In addition, the company is now equipped to also market its solution to SMEs and for new applications.



# Market outlook

*Demand for faster, better customer service is rising in numerous sectors. This demand is driven partly by companies' needs to sharpen their competitive edge and partly by servitization,<sup>1</sup> a process in which growing numbers of companies are augmenting their products with various related services, but also, and especially, transforming their offerings into services in which the product is included as a tool for delivering the service. One example is found in the packaging industry, where it is not unusual to charge per package made, rather than selling the packaging machine, but servitization can apply to everything from entire production plants to office machines, household appliances, security systems, and vehicles. XMReality believes the need for digital solutions to efficiently provide these services is going to skyrocket in the next few years.*

## **Globalization is driving digitalization**

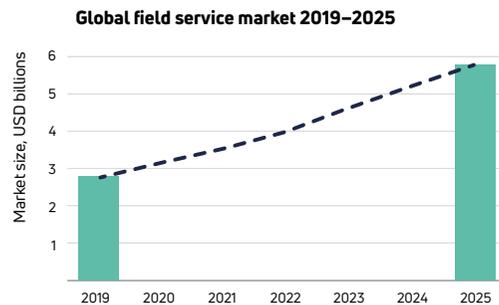
Globalization has also driven the demand for digital solutions in industry. As operations are established around the world and products are sold in the global market, this will make the need, and demand, for access to technical expertise in installation, production, and service a growing challenge. The problem is further exacerbated by the increasing complexity of products and production processes alongside the ongoing and global generational change among traveling service technicians. Training and continuous advanced training of new service technicians is costly, while labor market mobility is higher among young service technicians than it was for past generations.

## The quest for sustainable solutions

The industrial quest for sustainable service and maintenance solutions is another trend. Extensive travel in service operations is not only costly, it puts a heavier load on the climate. Many service technicians spend the majority of their working hours on the road. There is thus tremendous potential in giving knowledgeable service technicians the opportunity to devote more of their time to providing service and support and less time to traveling.

## Good positioning for growth

With its orientation towards AR-based remote guidance for industrial field service, XMReality is at the intersection of two global growth markets: AR and field service. According to market research firm Markets and Markets, the size of the global market for Field Service Management is expected to grow from USD 2.8 billion in 2019 to USD 5.9 billion by 2025, corresponding to a compound annual growth rate (CAGR) of 16.2%.<sup>2</sup>



AR is a technology in which the user sees their real surroundings - their reality - but augmented with, for example, with texts, animations, pictures, video, or other data that makes the reality clearer or easier to understand. The mobile game Pokémon Go might be the most well-known example. Another example is when you can point your mobile phone at the sky and see constellations in the display in exactly the right place. In addition to these more entertaining applications, there are also a number of potential applications in professional contexts.

The global AR market in general was valued at USD 0,882 billion in 2019 and is expected to register a CAGR of 151.9% up to 2025, according to the market intelligence and advisory firm Mordor Intelligence.<sup>3</sup> The market consists of both software and hardware (AR glasses). According to the same report, about 22.8 million AR glasses are expected to be shipped by 2020, and XMReality's software is intended to be compatible with the largest possible percentage of them.

<sup>1</sup> <https://www.va.se/nyheter/2019/09/05/glom-allt-du-lart-dig--den-nya-trenden-tjanstefiering-ar-har-for-att-stanna-owilli/>

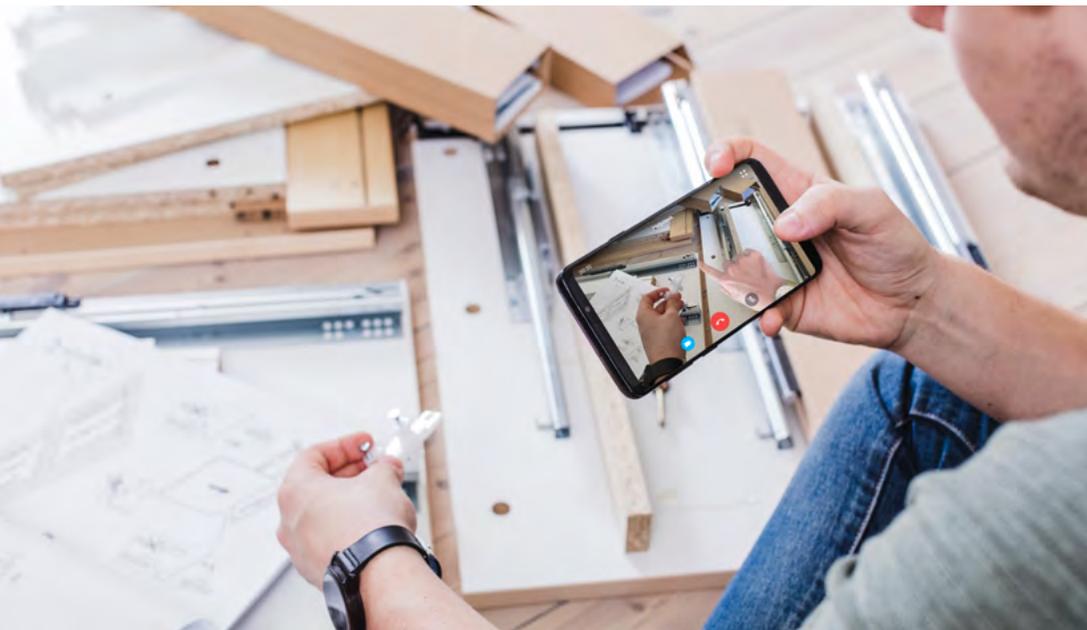
<sup>2</sup> <https://www.globenewswire.com/news-release/2019/11/26/1952750/0/en/Field-Service-Management-Market-Expected-to-Be-Worth-5-9-Billion-by-2024-Report-by-MarketsandMarkets.html>

<sup>3</sup> <https://www.mordorintelligence.com/industry-reports/augmented-reality-market>

## Market research firm ABI Research describes XMReality's market as follows:

*"By 2024, there will be tens of millions of active users of remote guidance in various operations, where sectors such as the manufacturing industry are showing the most activity. Simple implementation and usage, relatively low costs, and realized return on investment make remote guidance the front-runner to replace earlier solutions, as well as for new implementations. Mobile devices are initially dominating usage, but as AR glasses drop in price and usability increases, the use of remote guidance will spread. Device-independent platforms that support use on various types of devices are in the best position to capitalize on this dynamic from the start."*

**ERICK ABBRUZZESE,**  
RESEARCH DIRECTOR, ABI RESEARCH.



## Product news

*XMReality makes ongoing investments in product development in order to maintain the company's position on the forefront of remote guidance. Several new features that customers have been asking for were launched in the last year.*

*The company's solution is supported, for example, by Augmented Reality (AR), a technology in which the user sees their real surroundings - their reality - but augmented with, for example, texts, animations, pictures, video, or other data that makes the reality clearer or easier to understand.*

1

## New online offering

XMReality has launched an entirely new product in recent years. With an improved user experience, it is easier to download, install, and use. An online edition of the solution was launched in 2019. Users of the Business Edition can easily pay by card and quickly and efficiently start Remote Guidance calls.

Entirely new applications and faster spread are now enabled, as only the person providing guidance needs to have preinstalled software. It is now easier for existing customers to spread the use of the service by increasing the number of users independently, and by adding new applications.

XMReality Remote Guidance, the company's remote guidance solution, begins with the user experience and the principle that it has to be fast and easy to get started, with low thresholds. The user can guide anyone with a smartphone while delivering a "like being there" experience. As a result, the company has won several contract awards in competition with large, global competitors. Functionality and the user experience lay a solid foundation for continued growth.

## Product development

2

With the help of AR, XMReality Remote Guidance gives on-site personnel the ability to perform advanced tasks such as inspection, troubleshooting, repairs, etc., assisted by instructions from a remote expert. The solution is far more efficient than phone and video calls because it allows users to talk, demonstrate, gesture, mark, draw, share drawings, record sound and video, and more.

The product consists of a cloud-based communications server and clients in the form of an app and a web client. A license key (email address and password) provides access to an account on the server, while the app is downloaded from the AppStore or Google Play. Two users can communicate app-to-app or Windows platform-to-app. The web client allows a user to invite non-registered users by sharing a web link that they open in their browser using any smartphone, tablet, or smart glasses.

Product development at XMReality is focused on enhanced functionality in four prioritized feature areas:

- **In call.** This is the core of the company's product and involves the features available during a remote guidance call, and their optimal use to solve the customer's problem.
- **Outside of call.** This area focuses on making remote guidance available as widely as possible. Simplicity and clarity are important because many users do not want to spend a lot of time on the tool - they want to focus on solving their own technical problem.
- **Integration.** The XMReality solution is often used as a component of the customer's processes. Consequently, it is invaluable to XMReality if its solution can become a part of the suite of system tools that the customer uses.
- **User communication.** Remote guidance is still a new and unfamiliar concept for many users of the company's solution. Accordingly, helping the customer succeed by providing clear and useful information to users is a top priority.



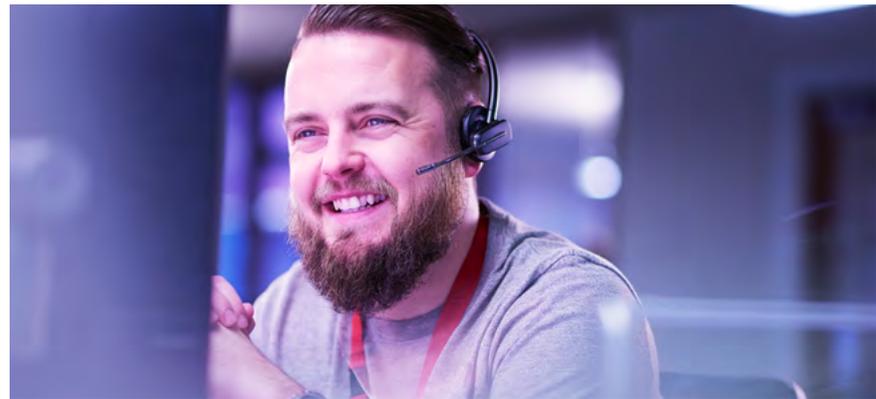
# How Remote Guidance works

*Do you see what I see? With XMReality Remote Guidance, you do not even have to ask. The XMReality Remote Guidance solution lets you share the same picture of reality, and instruct another person as to exactly what they should do and how. Just as if you were standing right next to them.*



## Identify the problem

There is a shut-down. Something has gone wrong. The customer does not know how to fix the problem. The first step is to contact the service center and establish a support call via the XMReality solution on the customer's smartphone, tablet, or smart glasses.



## Validate the problem

The expert at the Service Center sees exactly what the person in the field sees and can diagnose the problem. The expert uses gestures, voice commands, and pointers to guide the customer.

The expert can now decide whether the problem should be escalated to another colleague using the system's multi-participant call feature, fix it independently, or arrange for a local field service tech to travel to the customer with the necessary equipment. Ensuring that the field service tech brings the right equipment to the customer the first time saves time and money.



## Fix the problem

The expert uses XMReality Remote Guidance to help the customer deal with the problem, guiding the customer using voice commands, hand gestures, screen pointers, documents or whatever it takes to solve the problem, which can be done from their smartphone or computer. A PointPad can even be connected to the computer for optimal precision in guidance.



## Inspect the outcome and share knowledge

XMReality Remote Guidance can also be used when the outcome of the action must be quality controlled or inspected. One option is to start the Remote Guidance app and record a video that can later be stored, shared, and used for training.

# XMReality Remote Guidance VS conventional video calls



## The challenge

*What advantages does a Remote Guidance call actually offer compared to a video call? A comprehensive study in which XMReality Remote Guidance was compared to a conventional video call was carried out to answer that question. The aim was to identify which solution offered the fastest and most efficient method of correcting a fault with the highest possible precision. We used Skype for conventional video calls and all tests were carefully quality controlled.*

*More than 200 people participated in the study, where the goal was for users to work together to find the solution to a complex three-dimensional problem by using the world's most powerful remote guidance tool versus a conventional video call.*

*Which solution worked best? And which could provide the best support to field service work? Here are the results →*

# 4 CONCLUSIONS FOLLOWING THE FIELD STUDY

## 01

### 84% More preferred by users

84% of the users preferred using XMReality Remote Guidance over using a conventional video call.

Our global customers with service technicians and experts scattered across multiple countries may have to deal with communication barriers caused by language and cultural differences.

Using a logical, intuitive, and easy to use tool facilitates communication and saves real money for our customers.

## 02

### 50% Higher precision

50% fewer errors were made when XMReality Remote Guidance was used compared to a conventional video call.

Improving the precision and reliability of service delivery is critical to the customer's competitiveness. Equipped with XMReality Remote Guidance, the expert can instruct the service technician as to exactly what work should be done, and how, in a particular situation, with no unnecessarily complicated verbal descriptions. The result was 50% fewer errors – not to mention higher efficiency.

## 03

### 32% Faster

32% faster problem resolution with XMReality Remote Guidance compared to a conventional video call.

Sudden downtime means huge costs for our customers. A system solution that fixes a stoppage faster has immediate and positive financial effects and increases customer confidence in the system solution.

## 04

### 400% Higher perceived efficiency

Perceived efficiency measured using NPS (Net Promoting Score) was four times higher for XMReality Remote Guidance (52 points) compared to a conventional video call (-13 points).

The more a system tool appeals to us, the better we will perform when we use it. The perceived efficiency when XMReality Remote Guidance is used far and away outperforms the perceived efficiency of a conventional video call. The users felt they became more efficient, which turned out to be the case. In a nutshell, they solved problems faster.

### User feedback

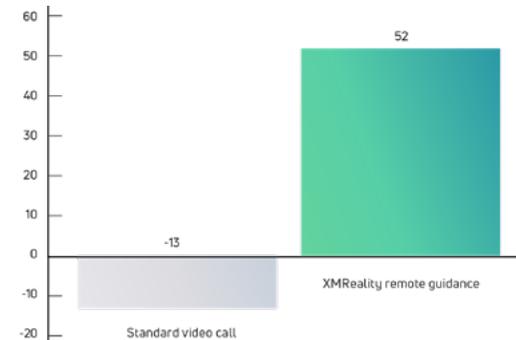
*"Highly intuitive"*

*"Gives the user immediate visual feedback"*

*"Extremely logical tool"*

*"Useful when there are language difficulties or poor sound conditions"*

*"Gives the expert greater capacity to guide you!"*



## CUSTOMER INTERVIEW

# How ABB is using XMReality Remote Guidance to improve sales and customer support in Brazil

*We talked to Eduardo Zuim of ABB Power Grids about how ABB is using XMReality Remote Guidance to streamline their sales and customer support in Brazil.*

*ABB Power Grids offers complete systems, services, and software across the power value chain, including operations and automation. ABB pioneered HVDC technology more than 60 years ago, and are now behind half of all HVDC plants installed worldwide. ABB is the world's largest manufacturer in this segment and the market leader in high voltage products and services.*



Eduardo works at ABB Power Grids' São Paulo office, mainly with HVDC (High Voltage Direct Current) and FACTS (Flexible Alternating Current Transmission) products and services. ABB Power Grids Brazil heard about XMReality's augmented reality-based solution via ABB Sweden, and immediately grasped the huge potential to apply the solution to their local South American market.

## The challenge and the chosen solution

ABB Power Grids Brazil's first use of XMReality Remote Guidance in a concrete use case with a customer happened in May 2018. Among the many attractive features of the solution, the option to use AR glasses was especially important. This makes it possible for the expert to see what the technician sees and does, in an intuitive and easily understandable way, while the service technician has both hands free to work. The possibility of using smart glasses was a key competitive advantage in ABB's choice of solution and has been welcomed by ABB's customers.

*“Before we implemented the XMReality solution, voice-controlled support was our only option. So, we could not see what the customers saw. That made it much harder to deal with the situation and it took longer to eliminate the problem.”*

A significant part of ABB FACTS operations refers to power stations - extremely large and complex systems with an incredible number of circuit breakers, digital displays, and so on. Before the partnership with XMReality, ABB's remote work had been limited to voice-controlled support and was thus dependent on the customer's description of what they saw before them. The vast arrays of similar-looking equipment in long rows found in ABB FACTS installations made

service work more difficult. Using smart glasses made the work much easier and, not least importantly, helped reduce the risk of misunderstanding due to language barriers or imprecise descriptions of the problem.

## Advantages

Eduardo and his colleagues can confirm the significant advantages of implementing the XMReality solution. Resolution times have been reduced, with two positive effects - not only financial (in the form of less downtime and higher productivity) - but also the opportunity for ABB to demonstrate that they are on the leading edge of digitalization by including this type of solution as part of their service offering. This reinforces their market position by delivering

*“stable and highly effective system solutions. We have a very good partnership with XMReality and are extremely satisfied. We get great support from their sales organization and fast support from their development team.”*

Another key advantage is that XMReality services enable swift support even when the experts are not on duty at the office. As Eduardo says, “It's actually bizarre how many problems seem to pop up during the weekends!”

## Next step

ABB Power Grids has big plans to expand the use of XMReality Remote Guidance. One of the major challenges is that the expertise, rather than being available locally, is in another country, so language barriers can often arise in communication. It is not unusual for the expert to be in Sweden, for example, and the support technician in Brazil.

Reinforcing voice-controlled communication with visual instructions makes it much easier to identify and solve problems, much due to the hands-overlay feature.

XMReality Remote Guidance is making it possible for ABB to improve the efficiency of the huge global skills pools at the local and regional levels by bridging distances and eliminating language barriers. Eduardo wraps it up neatly:

*“We really like the solution. The app is easy to install and use, and easy to explain to customers. The feedback from our customers has been enthusiastic. There is strong support for our partnership (with XMReality) and we see huge potential to expand the use of their solution in our market.”*



# XMReality delivers climate-smart technology

*The company's ambition is to be a successful company over the long haul. And one that contributes to a sustainable future by delivering innovative solutions that support the customer's efforts toward sustainable business.*

*By sharing knowledge over the net, technicians can travel less, handle many more issues, and still achieve high-quality service and support.*

In a world of scarce finite resources, we need to extend the lifetimes of products and equipment through more proactive service and support and by dealing with problems faster.

We are constantly further developing our digital solution so that it will be able to replace the face-to-face meeting and thus minimize the need to travel. Using our solutions should be perceived as "like being there."

## **Global customers are making demands**

XMReality has continuously increased its customer base, which is currently made up largely of global corporations that have made clear commitments to contribute to the circular economy and a fossil-free society. We can provide services that reduce travel for our customers while increasing resource efficiency through fewer and shorter disruptions in production, which aligns perfectly with our customers' ambitions.

We are working mainly with a few clear focus areas within sustainability, all of them linked to the UN Sustainable Development Goals (SDGs). We prioritize the activities that we believe will make the greatest contribution to our customers' efforts to achieve their sustainability targets.

## **Remote service makes a difference**

Reduced travel reduces climate impact. The XMReality solution is based on enabling remote technical support. This means service can be provided faster and without physically moving a service technician. Many of our customers offer service agreements to their customers, for production machinery for example. Cutting travel also cuts climate emissions.

## **Increased resource utilization**

Reducing downtime in production enables more efficient use of resources.



The end customer who receives faster service can cut downtime because they do not have to wait for a technician to travel there and fix the problem. In some cases, downtime can also mean that resources go to waste, such as in food packaging.

For our customers, fewer service technicians can now handle more customers than they could before using our solutions - and they can use their time solving problems instead of traveling.

### Spreading knowledge

XMReality participates in the implementation of our solutions at the customer. Our app makes it possible to take pictures and record videos that document an incident. This allows efficient spread of knowledge and shorter learning curves for service technicians, resulting in a more efficient service organization.

### Information security is high on the agenda

Use of the XMReality app involves the transmission of our customers' business critical information. This issue is more or less critical for all customers, but is always important to one extent or another. XMReality never stores data and has ensured a high level of security to meet the needs of our customers.

### Skills are a critical factor

XMReality continuously further develops its solutions. The development department maintains ongoing dialogues with customers that lead to new solutions and, in some cases, customer-specific modifications.

That makes skills and skills development a critical factor. Performance appraisals are an important basis for en-

**XMReality delivers climate-smart technology and is working actively with the UN SDGs.**



couraging skills development. Senior staff are personally responsible for taking the initiative to attend trade shows and other forums for development and inspiration. Among more junior staff, this is more often a matter of personal development that promotes collaboration and responsiveness to customer needs.

### Partnership with Linköping University

XMReality participates at job fairs at Linköping University and offers summer jobs and degree project placements to students every year. On many occasions, XMReality has later been able to hire these talents, an exchange that truly benefits both parties.

# Board of Directors



## Claes Nylander

Chairman since 2012

**Born:** 1952

**Education and experience:** Claes Nylander has a PhD in Applied Physics from Linköping University, as well as studies towards an MBA at the same institution. He has also studied

Growth Management at the Swedish Royal Institute of Technology, KTH. In addition to senior positions with Unilever and Alcatel, he has extensive experience starting and managing subsidiaries in the UK, the US, and Hong Kong. Nylander also served as CEO of Sensistor Technologies AB (now Inficon AB) and chairman of the board of Prodelox AB. He previously served in executive roles at XMReality as a business developer, financial controller, technical consultant, and Acting CEO. Nylander is also a director of Valunova AB.

**Holdings in XMReality:** 597,200 shares (450,000 held privately and 147,200 held through Valunova AB, a wholly owned company).



## Björn Persson

Director 2014–2018, 2019

**Born:** 1975

**Education and experience:** Björn Persson has an MSc in Industrial Economics from Linköping University. He is currently an investment manager at Investment AB Spiltan. Previously,

Persson served as the CEO of Invest Östra Mellansverige AB. As an investor and company director, Persson has wide-ranging experience working with Swedish SaaS companies that are establishing multinational operations, with particular focus on the US. Persson has an international network of investors and companies working in the B2B SaaS service segment. Persson is chairman of the board of PicHit.Me AB and a director of Pickit Inc, Captario AB, and Klösen AB. He has previously served as a director of PP7 Affärssystem AB (now Vitec PP7), Clean Combustion AB, and KA Elektronik (now Hansa KA Åtvidaberg)

**Holdings in XMReality:** 935,844 shares via Klösen AB.



## Anders Ferntoft

Director since 2014

**Born:** 1960

**Education and experience:** Anders Ferntoft has a licentiate degree in economics and an MSc in Industrial Economics from Linköping University. Ferntoft is currently a 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. Ferntoft also served previously as business development manager at Agama Technologies AB and CEO of Anelda AB. He has previously worked for XMReality as a business development consultant. He is also the CEO and chairman of the board of A Ferntoft Consulting AB and A Ferntoft Tillväxt AB, a director of Sportality AB and Active Partners East Sweden AB, and an alternate director of Empower Executive Search Scandinavia AB

**Holdings in XMReality:** 140,001 shares via the wholly owned company A Ferntoft Consulting AB.



## Johannes Fabó

Director since 2018

**Born:** 1978

**Education and experience:** Johannes Fabó has an MSc in Industrial Engineering and Management from Chalmers University of Technology and studies in Executive Education at

the Harvard Business School. Fabó currently serves as vice president, business control and development at Munters AB. Previous employers include the Boston Consulting Group. Fabó has solid industrial experience along with involvement in digitalization issues, strategic and financial expertise, and a strong grasp of corporate governance and capital markets.

**Holdings in XMReality:** 16,000 shares



## Carina Qvarngård

Director since 2018

**Born:** 1959

**Education and experience:** Carina Qvarngård has an MSc from the Swedish Royal Institute of Technology, KTH. Qvarngård is a senior independent consultant with assignments in

strategic business development, sustainability, industrialization, and internationalization. She has served in senior positions with Cavarion, Sodexo and, for many years, Ericsson. Qvarngård is business-driven and has developed service organizations and headed up skills transfer processes at the Nordic and international levels. She has a clear customer orientation and profound understanding of the customer processes in which XMReality solutions provide maximum customer benefit. Qvarngård also contributes her experience with developing strategies, leadership, and sustainable processes. She is the chairman of the board of Ability2Sustain AB and a director of Carina Qvarngård Consulting AB and Instalco AB.

**Holdings in XMReality:** -



## Tommy Johansson

Director since 2019

**Born:** 1956

**Education and experience:** Tommy Johansson has an MSc in Industrial Economics from Linköping University. Johansson 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, Johansson 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. Johansson serves as CEO and chairman of the board of Topsolutions AB, chairman of the boards of Addbio AB and Configura AB, and director of Active Partners East Sweden AB.

**Holdings in XMReality:** 60,494 shares via Topsolutions AB

# Management



## Jörgen Rimmelg

CEO from 30 March 2020

**Born:** 1964

**Education and experience:** Jörgen Rimmelg has an 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, Rimmelg 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. Rimmelg was also responsible for business with companies in the automotive industry, semi-conductor industry, and medical devices industry.

**Holdings in XMReality:** 100,000 shares



## Claes Pettersson

CFO since 2017

**Born:** 1953

**Education and experience:** Claes Pettersson's academic background is in mechanical engineering and economics, as well as a number of courses in leadership development,

finance, business development, sales, and board service. Pettersson has more than 40 years' experience running and developing more than 25 companies in senior operational executive roles and through serving on boards of directors. His experience was gained within private and public listed and unlisted companies. Pettersson is also chairman of the boards of Månsson Rör & Värmepumpar i Östergötland AB, Energicenter i Öst AB, Månsson Rör och Värmepumpar AB and Något Bra AB, and a director of Unitalent AB, Sinecura Aktiebolag, Onslip Holding AB, Onslip Cloud AB, Spetsa AB, and NeoDynamics AB (publ).

**Holdings in XMReality:** 2,220 shares

## Auditor

At the Annual General Meeting held 23 May 2019, 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.



## Per Unell

CTO since 2018

**Born:** 1965

**Education and experience:** Per Unell has an MSc in Engineering Physics from Linköping University. Unell has more than fifteen years' experience in senior positions within technology-intensive companies including Sectra, Ericsson, and Agama Technologies.

**Holdings in XMReality:** 1,000 shares and 50,000 warrants



## Marcin Szymanski

CSO since 2018

**Born:** 1982

**Education and experience:** Marcin Szymanski has an MSc in Strategic Management in Dynamic Organizations from Växjö University. Szymanski has about 10 years' experience in business

processes, ERP implementation and rollout of digital platforms, focusing on optimizing core processes and business value for global industrial companies. He also has extensive experience in complex sales.

**Holdings in XMReality:** 69,984 shares and 50,000 warrants

# 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 2019 financial year, would affect the company's net sales by approximately SEK 1.2 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 AR 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 2019 financial year, would have a currency effect on the company's revenues of approximately SEK 0.9 million and on the company's costs of about SEK 0.2 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 low.

#### **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 82.5 million as of 31 December 2019. 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.

# Share capital

All shares in XMReality are of the same class and are denominated in SEK. There were 17,050,000 shares outstanding in the company at the reporting date. All shares are fully paid in. Each share has a quotient (par) value of SEK 0.05.

Each share carries the right to one (1) vote at general meetings and each shareholder is entitled to cast the number of votes equal to the number of shares in the company held.

All shares carry equal rights to distributions of profit and to the company's assets and any surpluses in the event of liquidation.

The company carried out a rights issue of 17,050,000 shares in February/March 2020. The issue raised capital of approximately SEK 35.8 million for the company before issue costs.

## Stock options plan

At the reporting date, XMReality AB (publ) had two outstanding stock option plans, 2016/2020 and 2019/2022. The exercise period for the 2016/2020 plan was January 2020 and the exercise period for the 2019/2022 plan is December 2022. The warrants from the 2016/2020 were not exercised and the plan has expired.

The maximum number of outstanding warrants at the date this annual report was endorsed, corresponds to the right to subscribe for 100,000 new shares in the company, which would increase share capital by SEK 5,000, corresponding to dilution of 0.3%.

## Change in share capital

Year	Activity	Increase in number of shares	Total shares	Increase in share capital (SEK)	Total share capital (SEK)	Quotient (par) value per share (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	Exercise of warrants	17,297	273,961	17,297	273,961	1
2016	New share issue	1444,460	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

<sup>1</sup>The AGM held 9 June 2014 approved a 100:1 share split.

<sup>2</sup>The EGM held 9 February 2017 approved a 20:1 share split.

## Share performance, 2019



## Ownership structure

The shares in XMReality AB (publ) were owned by 1,626 institutional and private investors as of 31 December 2019.

## Shareholders

	Number of shares/votes as of 31 December 2019	
	Number of shares/votes	%
Investment AB Spiltan	2,463,298	14.45 %
Handelsbanken Microcap Sverige	1,600,000	9.38
AMF Aktiefond Småbolag	1,243,411	7.29 %
Försäkringsaktiebolaget, Avanza Pension	946,962	5.55 %
Rambas AB	895,147	5.25 %
Claes Nylander (with companies)	547,200	3.21 %
LMK Stiftelsen	510,000	2.99 %
Nordnet Pensionsförsäkring AB	476,269	2.79 %
Six SIS AG, W8IMY, Switzerland	403,020	2.36 %
Christer Svensson	402,224	2.36 %
Handelsbanken Liv Försäkringsaktiebolag	346,000	2.03 %
<b>Subtotal, shareholders that each own at least 2% of shares/votes</b>	<b>9,833,531</b>	<b>57.68 %</b>
Other shareholders	7,216,469	42.32 %
<b>Total shares outstanding</b>	<b>17,050,000</b>	<b>100.00 %</b>

## Shareholder agreements

Insofar as the board of directors of XMReality is aware, there are no existing shareholder agreements intended to exert concerted control over the company. The board of directors is also unaware of other agreements or comparable which could lead to a change of control over the company. XMReality has not taken any special measures intended to guarantee that control over the company is not abused. The rules protecting non-controlling interests found in the Swedish Companies Act (2005:551), however, constitute protection against any abuse of control over a company by a controlling shareholder.

## Dividend policy

The company has not adopted a dividend policy and has not resolved any distribution of profit for the period covered by the historical financial information in the annual report. Dividends are not expected to be distributed in the next few years. Any future dividends will be resolved by the shareholders at general meetings, based on factors including the company's profitability, development, acquisition opportunities, and/or financial position.

## Warrant plans

XMReality AB (publ) had two outstanding warrant plans at the reporting date.

The exercise period for the 2016/2020 plan was January 2020. The warrants were not exercised and the plan has expired.

The AGM held 25 April 2019 resolved to initiate an incentive plan 2019/2022 through a directed issue of up to 500,000 warrants with a waiver of shareholders' preemptive rights. The warrants were issued against no monetary consideration to the company's wholly owned subsidiary XMReality Vårdepapper AB, which was tasked with offering the warrants on market terms to senior management and other employees of the company. It will be possible for employees to take advantage of the incentive plan until the 2020 AGM. As of the reporting date, 100,000 warrants had been acquired by two employees in senior positions. As an effect of the company's share price performance, it is unlikely that additional warrants will be subscribed.

## Warrant plans

Series	Grant date	Exercise period	Paid warrant premium	Number of warrants	Number of shares	Subscription price per new share, SEK
2016/2020	9 Dec 2016	Expired				
2019/2022	16 Sep 2019	1-31 Dec 2022	0.29	100,000	100,000	13.64

## Distribution of warrants

Warrant holder	Number of warrants	Subscription rights carried (number of shares)
Per Unell	50,000	50,000
Marcin Szymanski	50,000	50,000

## Overview of financial performance (SEK)

The financial performance of XMReality AB (publ) for the period of 2015–2019 is summarized below. All figures for the financial years of 2015–2018 are based on material taken from official, published annual reports.

	2019	2018	2017	2016	2015
Net sales	11,921	10,155	6,683	5,155	3,532
Operating profit (-loss)	-27,300	-29,250	-22,633	-9,976	-4,195
Profit (-loss) after net financial income	-27,364	-29,317	-22,741	-10,041	-4,275
Group contribution received	29	0	0	0	0
Profit (-loss) after appropriations	-27,335	-29,317	-22,741	-10,041	-4,275
Profit margin, %	Neg	Neg	Neg	Neg	Neg
Intangible assets	16,039	14,754	12,458	6,595	4,592
Property, plant, and equipment	405	528	1,705	901	0
Financial assets	59	8	0	25	25
Inventories	184	261	306	587	1,589
Current receivables	6,792	5,978	6,014	2,297	1,592
Cash and bank balances	9,347	37,798	46,241	22,100	1,184
Equity	20,273	47,608	56,827	26,556	2,749
Non-current liabilities	383	844	1,535	2,428	4,212
Current liabilities	12,169	10,875	8,362	3,521	2,021
Total assets	32,826	59,327	66,724	32,505	8,982
Return on average capital employed, %	Neg	Neg	Neg	Neg	Neg
Return on average equity, %	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	61.8	80.2	85.2	81.7	30.6
Debt/equity ratio, multiple	0.04	0.04	0.04	0.1	1.57
Interest coverage ratio, %	Neg.	Neg	Neg	Neg	Neg
Quick ratio, %	132.6	402.5	624.9	693.0	137.4
Number of employees at the end of the year	17	23	19	14	5
<i>Investments</i>					
Intangible assets	5,289	5,478	6,687	2,999	2,121
Property, plant, and equipment	32	140	1,908	901	0
Financial assets	51	8	0	0	0
Basic earnings per share, SEK	-1.60	-1.72	-1.56	-1.20	-0.83
Earnings per share, fully diluted, SEK	-1.14	-1.70	-1.52	-1.15	-0.81
Average number of shares during the year	17,050,000	14,982,648 <sup>7</sup>	13,175,227 <sup>6</sup>	7,202,593 <sup>3,4</sup>	4,822,763 <sup>5</sup>
Number of shares at the end of the year	17,050,000	17,050,000 <sup>7</sup>	14,607,982 <sup>6</sup>	8,368,420 <sup>3,4</sup>	5,133,280 <sup>5</sup>
Average shares outstanding during the year, fully diluted	17,228,630	15,257,634 <sup>7</sup>	13,565,227 <sup>6</sup>	7,463,085 <sup>3,4</sup>	4,972,763 <sup>5</sup>
Shares outstanding at the end of the year, fully diluted	17,270,000	17,290,000 <sup>7</sup>	14,997,982 <sup>6</sup>	8,758,420 <sup>3,4</sup>	5,283,280 <sup>5</sup>

## 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

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<sup>3</sup> Issue of 2,889,200 new shares registered 11 May 2016 and 345,940 shares subscribed against convertible debt instrument registered 12 May 2016.

<sup>4</sup> Issue of 1,860,000 new shares subscribed in December and registered 21 January 2017.

<sup>5</sup> Issue of 697,680 new shares registered 18 June 2015.

<sup>6</sup> Issue of 4,379,562 new shares subscribed in April and registered on two dates, 21 April and 1 June 2017, respectively.

<sup>7</sup> Issue of 2,442,018 new shares subscribed in October and registered on 6 November 2018.

# Board of directors' report

*The board of directors and CEO of XMReality AB (publ), company registration number 556722-7284 and registered office Linköping hereby present the annual report for the financial year that began on 1 January 2019 and ended 31 December 2019, the company's thirteenth year in operation.*

## About the business

### Market

The XMReality Remote Guidance offering was directed at large multinational customers as well as small and medium-sized customers via an online offering.

### Products and services

Software development continued during the financial year and included improvement stages and further simplification of the user interface, as well as the addition of new and complementary features. Development took place following dialogues with customers in order to optimally meet customer needs and expectations. The objective is to offer easy-to-use software that becomes the most widely used remote guidance app. The software is aligned with the latest standards of the dominant hardware and software platforms in the market. XMReality also offered a platform- and app-independent web client.

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

### Sales

Sales during the year were focused on larger customers with global presence and businesses that require Remote Guidance to increase sales and customer value. An online-based Business Edition, intended primarily for SMEs, was introduced in the second half.

### Financial outcomes

Net sales amounted to SEK 11,921 thousand (10,155). Revenue growth was weaker than expected, although software subscription billing rose by 67% to SEK 12,670 thousand (7,594). Subscriptions are billed in advance. Billing not yet recognized in revenue amounted to SEK 6,897 thousand (4,035) at the end of the year.

The operating loss before appropriations was SEK -27,364 thousand (-29,317). The loss was attributable to continued investments in addressing the market and establishment of sales forces in the US and Germany to increase proximity to the market.

Investments in intangible assets and in property, plant, and equipment totaled SEK 5,321 thousand (5,618) and comprised mainly software development costs.

Investments in financial assets amounted to SEK 51 thousand (8) and referred to shares in wholly owned subsidiaries.

### Financing and cash flow

The company had cash reserves of SEK 9,347 thousand (37,798) at the end of the period.

Cash used in 2019 amounted to SEK -28 451 thousand (-8,443), distributed among financing activities at SEK -482 thousand (19,406), operating activities at SEK -22,647 thousand (-22,653), and investing activities at SEK -5,321 thousand (-5,618).

### Employees and organization

XMReality AB (publ) had 17 (23) employees at the end of the year. A number of consultants, equivalent to four full-time employees, were also engaged during the year within product development, accounting, and HR management.

### XMReality shares and shareholders

Share capital at the end of the year totaled SEK 852,500 divided among 17,050,000 shares, each with a quotient (par) value of SEK 0.05.

The company had two outstanding stock options/warrant plans. The older plan, 2016/2020, was not exercised and expired in January 2020. The second plan, 2019/2022, comprises a total of 500,000 warrants, of which 100,000 had been exercised by the end of the period.

The company's stock has been listed on Nasdaq First North Growth Market since April 2017. At year-end, the company was owned by 1,626 shareholders (1,975), which included institutional investors as well as the company's founders and employees and private investors.

The holdings of the 11 largest shareholders totaled about 58% of total shares outstanding.

## Work of the board of directors

The board of directors held 15 minuted meetings during the year. At these meetings, the board addressed business related to ongoing operations, 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 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
Net sales	11,921	10,155	6,683	5,155	3,532
Earnings before tax	-27,364	-29,317	-22,741	-10,041	-4,275
Total assets	32,826	59,327	66,724	32,505	8,982
Equity/assets ratio, %	61.8	80.2	85.2	81.7	30.6

## Significant events after the end of the financial year

### Guaranteed issue

An extraordinary general meeting held 11 February 2020 resolved in favor of a fully guaranteed rights issue of approximately SEK 35.8 million before issue costs. The subscription period was set to 21 February–6 March 2020. Approximately 75% of the issue was subscribed under subscription rights and the remainder was subscribed by the issue guarantors. Issue costs are expected to amount to approximately SEK 5 million.

### The Covid-19 pandemic

A viral epidemic began in China in early 2020 that rapidly spread across the world. The WHO declared in March 2020 that Covid-19 had developed into a pandemic. For precautionary reasons, many countries have chosen to sharply limit people's movements and

social contacts to contain and mitigate the spread of the virus. These decisions have had profoundly negative impact on business and the global economy.

With regard to XMReality, the initial effect of the ongoing pandemic has been an increase in queries regarding the company's products, as the strength of Remote Guidance is providing support in situations where physical meetings are restricted or take too long to carry out.

As of the date this annual report was signed, there was no clear indication of how long the situation with entire or partial business shutdowns will last in various countries, which makes it particularly difficult to estimate the future development of the business.

XMReality's business is not under initial threat, as the majority of the company's operations can be managed remotely to the extent employees are recommended to work from home. In the company's judgment, subscription delivery will not be affected as long as internet communications are not interrupted. Hardware deliveries are now marginal and the current assessment is that the company will have continued access to current delivery volumes.

If the industrial shutdowns are protracted, there is risk of adverse impact on the company's business and financial position.

In the board of directors' assessment, the recently executed rights issue has put the company in a financial position by which operations are secure for more than 12 months.

## Proposed allocation of profit and treatment of loss

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

	Amount in SEK
Retained earnings	32,527,196
Loss for the year	-27,334,757
	<b>5,192,439</b>
<b>To be retained</b>	<b>5,192,439</b>

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

Income statement (SEKk)	Note	2019	2018
Net sales		11,921.3	10,154.8
Capitalized work for own account		5,288.8	5,477.9
Other operating income		427.3	999.2
<b>Total operating income</b>		<b>17,637.4</b>	<b>16,631.9</b>
<b>Operating costs</b>			
Raw materials and consumables		-1,282.3	-3,023.1
Other operating expenses	3	-19,889.7	-16,855.7
Employee benefits expenses	4	-19,455.7	-20,404.0
Depreciation, amortization, and impairment of property, plant and equipment and intangible assets		-4,159.9	-4,069.0
Other operating costs		-149.4	-1,530.1
<b>Total operating costs</b>		<b>-44,937.0</b>	<b>-45,881.9</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>-27,299.6</b>	<b>-29,250.1</b>
<b>Financial income and expenses</b>			
Financial income and similar profit items		0	21.4
Financial expenses and similar loss items		-64.1	-88.4
<b>Net financial income (-expense)</b>		<b>-64.1</b>	<b>-67.0</b>
<b>Earnings before taxes (EBT)</b>		<b>-27,363.8</b>	<b>-29,317.1</b>
Group contribution received		29.0	0
Income tax expense for the year		0	0
<b>Net profit (-loss) for the year</b>		<b>-27,334.8</b>	<b>-29,317.1</b>
Earnings per share (SEK)		-1.60	-1.72
Earnings per share, fully diluted (SEK)		-1.59	-1.70
Average number of shares during the year		17,050,000	14,982,648
Shares outstanding at the end of the year		17,050,000	17,050,000
Average shares outstanding during the year, fully diluted		17,228,630	15,257,634
Shares outstanding at the end of the year, fully diluted		17,270,000	17,290,000

Balance sheet (SEKk)	Note	31 Dec 2019	31 Dec 2018
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Capitalized development costs	5	16,038.5	14,753.7
<b>Total intangible assets</b>		<b>16,038.5</b>	<b>14,753.7</b>
<i>Property, plant, and equipment</i>			
Machinery and plant	6	0	0
Equipment, tools and systems	7	404.6	528.2
<b>Total property, plant, and equipment</b>		<b>404.6</b>	<b>528.2</b>
<i>Financial assets</i>			
Investments in associates	8	51.0	0
Other non-current receivables		8.4	8.4
<b>Total financial assets</b>		<b>59.4</b>	<b>8.4</b>
<b>Total non-current assets</b>		<b>16,502.5</b>	<b>15,290.3</b>
<b>Current assets</b>			
<i>Inventories</i>			
Finished goods and goods for resale		183.7	260.3
<b>Total inventories</b>		<b>183.7</b>	<b>260.3</b>
<i>Current receivables</i>			
Trade receivables		5,474.9	4,024.8
Other current receivables		346.1	423.0
Prepayments and accrued income		970.9	1,530.1
<b>Total current receivables</b>		<b>6,791.9</b>	<b>5,977.9</b>
<b>Cash and bank balances</b>			
		9,347.4	37,798.2
<b>Total current assets</b>		<b>16,323.1</b>	<b>44,036.4</b>
<b>Total assets</b>		<b>32,825.6</b>	<b>59,326.7</b>

Balance sheet (SEKk)	Note	31 Dec 2019	31 Dec 2018
<b>Equity and liabilities</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		852.5	852.5
Development expenditure reserve		14,228.0	12,322.4
<b>Total restricted equity</b>		<b>15,080.5</b>	<b>13,174.9</b>
<i>Non-restricted equity</i>			
Share premium reserve		129,047.9	129,047.9
Retained earnings or loss		-96,520.7	-65,298.2
Loss for the year		-27,334.8	-29,317.1
<b>Total non-restricted equity</b>		<b>5,192.4</b>	<b>34,432.7</b>
<b>Total equity</b>		<b>20,272.9</b>	<b>47,607.7</b>
<i>Non-current liabilities</i>	9		
Other liabilities to credit institutions		333.3	843.7
Liabilities to group companies		50	0
<b>Total non-current liabilities</b>		<b>383.3</b>	<b>843.7</b>
<i>Current liabilities</i>			
Liabilities to credit institutions <sup>1</sup>		510.4	691.7
Advances from customers		0	11.2
Trade payables		2,152.5	2,770.0
Tax liabilities		262.1	298.9
Other current liabilities		532.1	732.1
Accrued expenses and prepaid income		8,712.2	6,371.4
<b>Total current liabilities</b>		<b>12,169.4</b>	<b>10,875.3</b>
<b>Total equity and liabilities</b>		<b>32,825.6</b>	<b>59,326.7</b>
<sup>1</sup> Of which interest-bearing liabilities		510	692
Collateral provided	9	3,700	3,700
Contingent liabilities		None	None

Statement of changes in equity (SEK)	Share capital	Restricted reserves	Non-restricted equity	Total equity
<b>Equity at 1 January 2018</b>	<b>730.4</b>	<b>9,685.2</b>	<b>46,411.4</b>	<b>56,827.0</b>
New share issue	122.1		21,245.6	21,367.7
Issue costs			-1,269.9	-1,269.9
Capitalized development costs		2,637.2	-2,637.2	0
Loss for the year			-29,317.1	-29,317.1
<b>Equity at 31 December 2018</b>	<b>852.5</b>	<b>12,322.4</b>	<b>34,432.7</b>	<b>47,607.7</b>
Capitalized development costs		1,905.5	-1,905.5	0
Loss for the year			-27,334.8	-27,334.8
<b>Equity at 31 December 2019</b>	<b>852.5</b>	<b>14,228.0</b>	<b>5,192.4</b>	<b>20,272.9</b>

<b>Statement of cash flow (SEKK)</b>	<b>Note</b>	<b>Jan–Dec 2019</b>	<b>Jan–Dec 2018</b>
<i>Operating activities</i>			
Profit (-loss) before financial income and expense		-27,299.6	-29,250.0
Adjustments for non-cash items, etc.	10	4,159.9	4,069.0
		-23,139.7	-25,181.0
<b>Other items</b>			
Interest received		0	21.4
Interest paid		-64.1	-88.4
Unrealized exchange rate differences		75.9	0
Income tax paid		-328.3	-118.9
<b>Cash flow from operating activities before changes in working capital</b>		<b>-23,456.2</b>	<b>-25,366.9</b>
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease (+) in inventories		76.6	45.7
Increase(-)/Decrease (+) in operating receivables		-889.9	35.6
Increase(+)/Decrease (-) in operating liabilities		1,622.4	2,632.8
<b>Cash flow from (-used in) operating activities</b>		<b>-22,647.2</b>	<b>-22,652.8</b>
<i>Investing activities</i>			
Purchases of intangible assets		-5,288.8	-5,618.4
Purchases of property, plant, and equipment		-32.4	0
Sales of property, plant, and equipment		0	430.6
Purchases of financial assets		0	-8.4
<b>Cash flow from (-used in) investing activities</b>		<b>-5,321.2</b>	<b>-5,196.2</b>
<i>Financing activities</i>			
New share issue		0	20,097.8
Group contribution received		29.0	0
Shares in subsidiaries		-51.0	0
Debt repayment		-460.4	-691.7
<b>Cash flow from (-used in) financing activities</b>		<b>-482.4</b>	<b>19,406.1</b>
<b>Cash flow for (-used in) the year</b>		<b>-28,450.8</b>	<b>-8,442.9</b>
<b>Cash and cash equivalents at 1 January</b>		<b>37,798.2</b>	<b>46,241.1</b>
<b>Cash and cash equivalents at 31 December</b>		<b>9,347.4</b>	<b>37,798.2</b>
Cash liquidity at 31 December, %		132.6	402.5

# Notes to the financial statements

Amounts in SEK unless otherwise specified

## ■ Note 1 Accounting and measurement policies

### General accounting policies

The annual 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 the preceding year.

### Measurement policies, etc.

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

### Foreign currencies

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

### Revenue recognition

#### Goods

Sales of goods are recognized when the 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 to internally generated intangible assets.

Amortization is taken straight-line across 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.

### Non-current assets

Intangible 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 straight-line across the estimated useful life of the asset, taking significant residual value into account. The following depreciation periods are applied:

#### Property, plant, and equipment

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

### Trade receivables and other current receivables

Trade receivables and other current receivables are recognized as current assets at the amounts 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.

## Leases

All leases where the company is a lessee are recognized as operating leases (rental agreements), whether the agreements are classified as financial or operating. Lease payments are recognized straight-line across 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

"Employee benefits" refers to all forms of remuneration from the company to employees. Short-term benefits include salaries, paid annual leave, paid sick leave, bonuses and post-employment benefits (pensions). 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/assets 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 or 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 judgments, 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.

### 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 directors 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 amounts, certain estimates must be made regarding future cash flow and adequate assumptions concerning, for example, yield requirements.

## Note 3 Leases

	2019	2018
Lease payments expensed during the financial year	2,327,258	2,008,944

## Note 4 Employees and employee benefits expense

Average number of employees	2019	2018
Female	5	7
Male	15	15
<b>Total</b>	<b>20</b>	<b>22</b>

Salaries, other remuneration, and social security costs, including pension expenses	2019	2018
Salaries and other remuneration	13,091,172	12,998,983
<b>Total</b>	<b>13,091,172</b>	<b>12,998,983</b>
Social security costs (of which pension expenses)	5,730,424 1,201,446	5,682,682 1,201,256

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

	2019	2018
<i>Accumulated cost</i>		
Cost, opening balance	19,755,230	14,277,335
Capitalized costs of internal development for the year	1,493,367	2,328,616
Capitalized costs of purchases for the year	3,795,390	3,149,280
<b>Accumulated cost, closing balance</b>	<b>25,043,987</b>	<b>19,755,231</b>
<i>Accumulated amortization</i>		
Amortization, opening balance	-3,139,383	-206,921
Amortization for the year	-4,003,983	-2,932,462
<b>Accumulated amortization, closing balance</b>	<b>-7,143,366</b>	<b>-3,139,383</b>
<i>Accumulated impairment losses</i>		
Impairment losses, opening balance	-1,862,102	-1,612,102
Impairment losses for the year	0	-250,000
<b>Accumulated impairment losses, closing balance</b>	<b>-1,862,102</b>	<b>-1,862,102</b>
<b>Carrying amount, closing balance</b>	<b>16,038,519</b>	<b>14,753,746</b>

## Note 6 Machinery and plant

	2019	2018
<i>Accumulated cost</i>		
Cost, opening balance	1,480,083	2,038,953
Purchases	0	140,508
Sales and disposals	-505,730	-699,378
Reclassification	0	0
<b>Accumulated cost, closing balance</b>	<b>974,353</b>	<b>1,480,083</b>
<i>Accumulated depreciation</i>		
Depreciation, opening balance	-1,421,745	-1,016,460
Reversed depreciation on sales and disposals	492,736	268,818
Depreciation for the year	0	-674,103
<b>Accumulated depreciation, closing balance</b>	<b>-929,009</b>	<b>-1,421,745</b>
Accumulated impairment losses, opening balance	-58,338	0
Impairment losses for the year	12,994	-58,338
<b>Accumulated impairment losses, closing balance</b>	<b>-45,344</b>	<b>-58,338</b>
<b>Carrying amount, closing balance</b>	<b>0</b>	<b>0</b>

## Note 7 Equipment, tools, and systems

	2019	2018
<i>Accumulated cost</i>		
Cost, opening balance	782,911	782,911
Purchases	32,399	0
<b>Accumulated cost, closing balance</b>	<b>815,310</b>	<b>782,911</b>
<i>Accumulated depreciation</i>		
Depreciation, opening balance	-254,763	-100,660
Depreciation for the year	-155,902	-154,103
<b>Accumulated depreciation, closing balance</b>	<b>-410,665</b>	<b>-254,763</b>
<b>Carrying amount, closing balance</b>	<b>404,645</b>	<b>528,148</b>

## Note 8 Investments in group companies

	2019	2018
<i>Accumulated cost:</i>		
Acquisitions	50,991	0
<b>Carrying amount, closing balance</b>	<b>50,991</b>	<b>0</b>

### Specification of the parent company's holdings of shares and participating interests in group companies.

Refers to the ownership share of equity, which corresponds to the share of voting rights for the total number of shares.

Subsidiary / Reg. no. / Reg. office	Share of equity,	%	Carrying amount
<i>XMReality Värdepapper AB, 559209-5805</i>	<i>50,000</i>	<i>100</i>	<i>50,000</i>
XMReality Inc, USA	100	100	991
			<b>50,991</b>

## Note 9 Non-current liabilities

	2019	2018
<i>Liabilities due later than one year but within five years after the reporting date</i>		
Other liabilities (Almi)	333,333	843,750
<b>Collateral provided for other liabilities</b>	<b>2019</b>	<b>2018</b>
Floating charges	3,700,000	3,700,000
	<b>3,700,000</b>	<b>3,700,000</b>

## Note 10 Adjustments for non-cash items

	2019	2018
Amortization	4,159,885	4,069,006
	<b>4,159,885</b>	<b>4,069,006</b>

# Signatures

Linköping, 30 March 2020

**Claes Nylander**  
*Chairman of the Board*

**Carina Svedberg Qvarngård**

**Anders Ferntoft**

**Björn Persson**

**Johannes Fabó**

**Tommy Johansson**

**Jörgen Rimmelg**  
*CEO*

My audit report was submitted 30 March 2020.

Öhrlings PricewaterhouseCoopers AB

**Nicklas Kullberg**  
*Authorized Public Accountant*

# Auditor's report



## Revisionsberättelse

Till bolagsstämman i XMReality AB (publ), org.nr 556722-7284

## Rapport om årsredovisningen

### Uttalanden

Vi har utfört en revision av årsredovisningen för XMReality AB (publ) för år 2019.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av XMReality AB (publ)s finansiella ställning per den 31 december 2019 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för XMReality AB (publ).

### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisorssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till XMReality AB (publ) enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisorssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). Denna beskrivning är en del av revisionsberättelsen.



## Rapport om andra krav enligt lagar och andra författningar

### Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för XMReality AB (publ) för år 2019 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

### Grund för uttalanden

Vi har utfört revisionen enligt god revisorssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till XMReality AB (publ) enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

### Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisorssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). Denna beskrivning är en del av revisionsberättelsen.

Stockholm den 30 mars 2020

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg  
Auktoriserad revisor

## 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 the business of other companies.

Email: [contact@xmreality.com](mailto:contact@xmreality.com)

Phone: +46(0)13 21 11 10

### **About XMReality**

XMReality AB (publ) develops and sells solutions that revolutionize knowledge sharing through Augmented Reality (AR). The company is a market leader in remote guidance, where AR can be used to guide on-site personnel to resolve or prevent problems.

XMReality is headquartered in Linköping, Sweden and is listed on Nasdaq First North (ticker: XMR). XMReality also has subsidiaries in the United States and Germany. For more information, please visit: [www.xmreality.com](http://www.xmreality.com)

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The left side of the page features a dark blue background with several overlapping, semi-transparent geometric shapes. These shapes include a large diamond at the top, a smaller diamond below it, a large triangle pointing right in the middle, and another diamond at the bottom. The shapes are arranged in a vertical sequence, creating a modern, abstract design.

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