



Frill Holding AB (publ)  
Half Year Interim Report  
January 1, 2020 – June 30, 2020



## HALF YEAR INTERIM REPORT JANUARY 1, 2020 –JUNE 30, 2020

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Frill is an innovative food technology company that has developed a unique frozen platform for a range of applications especially in plant-based products. Frill's innovative platform technology permits the creation of smooth frozen textures. This technology has allowed Frill to create creamy textures for a frozen every day snack made entirely from fruit and vegetables with high fiber credentials. The first product launched, is a healthy frozen product that is highly differentiated in terms of fiber, micronutrient, sugar, and caloric content compared to all other products in the category.

Frill has, also created a product line, developed ingredient know-how, established a scalable manufacturing and distribution footprint, and is now established in three regions, USA, UK and Sweden. Frill Holding AB is a Swedish public limited company with its head office in Uppsala.

### JANUARY-JUNE 2020 - OPERATIONS AT A GLANCE

Frill has now established its technology, pipeline, production scale in the USA and UK, and has set up supply chains, distributors, and range of retailers that carry our products. Furthermore, new channels that play to Frill's strength particularly in the convenience (e.g., schools, universities, offices) and healthcare (e.g., Kaiser Permanente) have been established. Over the first half of 2020 there have been the following highlights:

Covid 19 has had a mixed impact on the business

- Sales in existing retail outlets have increased by 20-40%. Also higher temperatures in the UK have had a positive impact on sales.
- Sales in offices, schools, cafes, event centres etc. have been lower due to various lockdown measures particularly in the UK and the USA.
- Add sales have continued to decline due to the fall in protein-ice cream sales in general and low cost competitors. While sales of the new flavour have done well, it was not sufficient to stem the decline in the older range.
- Online sales have seen significant growth, for example, compared to last year Frill's sales at Mathem are double what they were over the same period last year
- As a precaution given the current environment, the business has reduced headcount (from 11 to 8 currently).

New products developed and manufactured

- Frill's focus has been to complement the current range with a more indulgent option (using a pre-biotic sweetener). This has been accomplished and a range of new flavours have been developed
- The new products have been tested in the USA and Sweden. Lindora Clinic has put in orders for the new product and the first batch has been delivered. A second set of broader (in store) market tests are planned for Finland for the joint brand with Lejos OJ (based on Add formulation), production for these has been successfully completed.
- New Add functional product launched

Marketing push

- Agreement with publisher to launch a book on Fiber that will give credibility to the benefits of fiber on a broader societal level.
- Collaboration and podcast with FoodPharmacy, who are a credible voice in the healthy food segment

- Publication of Frill's white papers (e.g., on the benefits of Fiber on reducing severity of viral lung diseases such as Covid) on Kaiser Permanente's intranet

## JANUARY-JUNE 2020

- Net sales for the period amounted to 1 173 TSEK (1 144)
- EBIT for the period amounted to -5 837 TSEK (-8 673)
- Equity at the end of the period amounted to 37 257 TSEK (24 943)
- Earnings per share totalled SEK -0.2 kr (-0.4)
- Cash flow from operating activities amounted to -4 936 TSEK (-7 615)
- Cash and cash equivalents at the end of the period amounted to 862 TSEK (4 108)

## FINANCIAL KEY RATIOS

TSEK	2020	2019	2019
	Jan-June	Jan-June	Jan-Dec
Net sales	1 173	1 144	2 305
EBIT	-5 837	-8 673	-17 040
Equity	37 257	24 943	29 001
Earnings per share, kr	-0,2	-0,4	-0,7
Cashflow	-4 936	-7 615	-16 283
Cash and cash equivalents	862	4 108	5 148

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE<sup>1</sup>

Completion of new rights issue that was oversubscribed with issue proceeds (before issue costs) of TSEK 15 155.

- The new issue concerned a maximum of 30 310 138 Class B shares at a subscription price of SEK 0.5 per share, implying an issue proceeds (before issue costs) of a maximum of TSEK 15 155. The rights issue was oversubscribed by 102.7 per cent.
- Through the rights issue, the number of shares in Frill increased to 66 120 276 shares, of which 3 000 000 are Class A shares and 63 120 276 Class B shares. The dilution due to the remuneration issue amounts to approximately 8.32 percent. The share capital increased to TSEK 3 306.

<sup>1</sup> Due to the shares being registered at Bolagsverket on July 9, 2020, the effect of the new share issue is listed under the following positions in the Consolidated Balance Sheet on page 10: other receivables, unregistered share capital, other contributed capital



## MESSAGE FROM THE CEO AND THE LEADERSHIP TEAM

Over the past six months, Frill has continued to develop its footprint in its markets and further establish its credibility in segments where Frill's value proposition particularly matters. We are now available in a range of reputable retail stores, have endorsements from authorities with a stake in healthy nutrition, such as Kaiser Permanente, the California Department of Education and weight management clinics. There is no other product that can boast as high a level of fiber, and low sugar and fat, as Frill. The scientific evidence for the wide and significant range of benefits that fiber delivers is growing by the day. The level of fiber in a portion of Frill is for example correlated with 10-20% lower levels of cardiovascular disease and there is growing evidence of benefits on the metabolic, digestive, and immune systems.

Our value proposition is simple: A pleasurable way of delivering healthy nutrition. Now that Frill can be more easily bought in key on-line and off-line channels, we will increase our PR efforts by targeting any communities that could benefit from Frill as well as media that care about public health.

The opening up of the convenience channel during 2019 (i.e., single-serve tubs) was an important development. Firstly, it allows Frill to place itself in new locations such as business offices, university canteens, hospitals, cafés, vending machines, or airlines that require far lower marketing effort. Secondly, the lower price-point makes it easier for consumers to trial the product. Our strategy is to now focus on expanding these channels. While the Covid epidemic has hampered immediate implementation, we continue to develop the pipeline as post-Covid, there will be an even higher focus on healthy offerings.

Historically, Frill's channel strategy was focused on large tubs launched with traditional retailers. These retailers generally do not prefer smaller tubs. Consumers who are not familiar with Frill have a high barrier to purchase, due to the higher price point of a large tub. With the opening up of new channels such as schools, cafes, companies etc, the smaller format has many advantages including a lower barrier to trial (lower price point) and the tub can be consumed in one sitting. Especially, with the more pro-active focus on fiber, a daily dose can more easily be delivered in a small format.

The implication of this is as follows:

1. Further focus the existing range on channels where Frill has a unique value proposition: health-focused convenience (e.g., schools, healthcare, offices) and where marketing cost is kept to a minimum. Over time, as consumers become more familiar with the brand, this also has the benefit of generating additional pull for the traditional retail channel (i.e., what has been consumed at work, will also be a candidate for the home purchase). While the Corona crisis is currently hampering a broad rollout, most discussions so far with potential customers have been fruitful. For example, in Sweden, more than half of companies contacted expressed interest in providing Frill as a truly healthy snack to their staff and visitors. We expect that of these a significant portion will have Frill at their premises.
2. Launch more indulgent products, i.e., increase sweetness and improve scoopability using probiotic sweetener (xylitol). This has already been independently market tested in Finland (co-brand with Leijos) and USA (Lindora Clinic). Frill also will differentiate the higher indulgence products in terms of packaging from existing product: A more premium package, with more assertive messages on the value of the product.
3. Increase focus on single-serve format to further emphasize the "portion of daily life-saving fiber" message.

Also, the fiber message is beginning to catch on due to consumer interest particularly in gut health, obesity prevention/weight management, and immune health. Frill's high-fiber credentials continue to be differentiated on the market. While the value of fiber is intellectually and scientifically established, it has not yet become emotionally internalized by consumers, because there are very few products with high fiber that are also delicious and where the consumer appreciates the value of higher fiber being present in the product. Fiber awareness is currently where protein was a decade ago (i.e., about to become mainstream). Within the nutrition and health community, the understanding of the vast benefits of fiber has shifted: a fertile environment to recruit ambassadors.

4. Position messages more forcefully around fiber health linked to weight management, gut health and immunity (e.g., Kaiser Permanente published Frill's white paper on Fiber impact on viral infections on their intranet).
5. All products to visibly advertise high fiber credential as key differentiator. So far, the positioning has been that Frill is delicious and by the way healthy. The new positioning will be that Frill is a daily necessity for healthy living and adding years to one's life. The appendix shows the planned channel focus.

Establish fiber credentials (e.g., write the book on fiber (currently in the pipeline with publisher, Pavillion), expand endorsements from health authorities (e.g., endorsement from Prof. Colin Campbell, author of the best seller *The China Study*, Cornell University).

*Khosro Ezaz-Nikpay, Ph.D., CEO*

*Mats Lindstrand, Chairman of the Board*

## **Why Frill bets on the value of fiber**

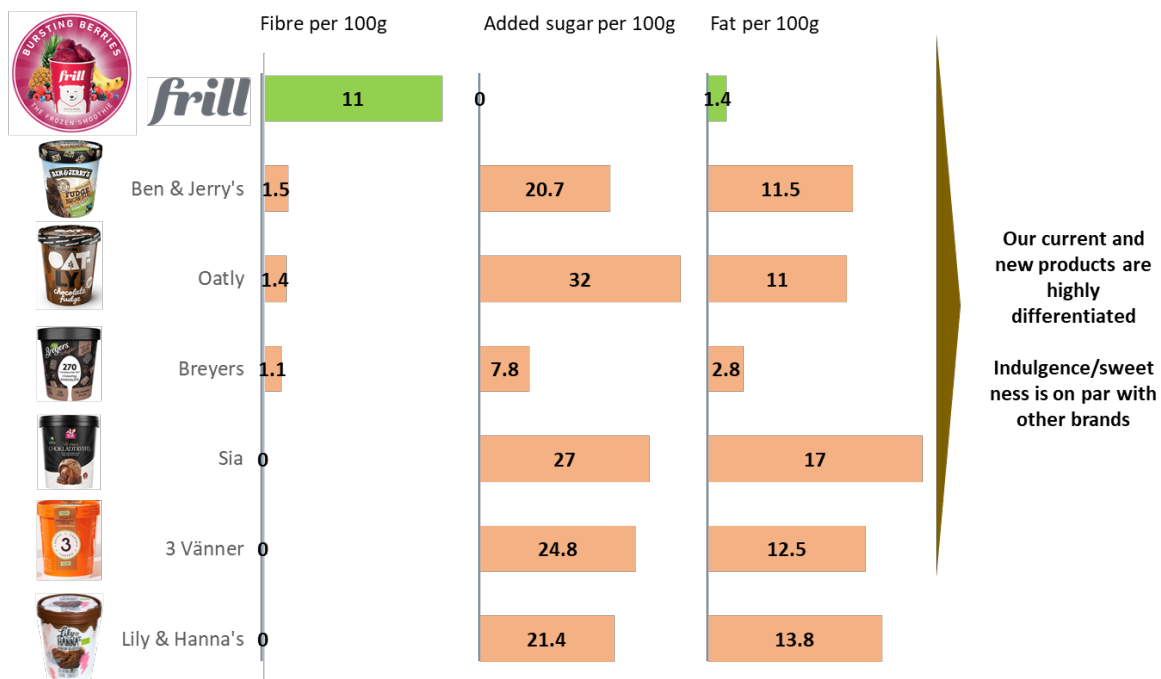
Higher fiber consumption strongly correlates with healthy longevity. For example, 10g of additional fiber per day (ca. one portion of Frill) correlates with a reduction of mortality by 10%. The reason is that increased fiber consumption significantly reduces cardiovascular disease, certain cancers, inflammation, and bacterial and viral infection<sup>2</sup>. Fiber can also play a powerful role in supporting weight management. Diets have so far proven ineffective in countering the growing obesity crisis and related diseases such as Type II diabetes. Many plant-based products are potentially good for the environment due to a lower carbon and water footprint, but not necessarily good for the individual (high sugar, saturated fat, salt etc.). The solution, too much of what can have a major impact on human health, is about increasing fiber. In addition to the benefits of fiber, the frozen format and Frill's ability to have much of its fruit and vegetable sourced ripened, protects and delivers a significantly higher micronutrient load.

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<sup>2</sup> Fiber, through its central influence on our gut microbiota, is known to have a positive effect on inflammation in general, and diseases of the airways that involve an immune response from the body in particular. Among many other benefits of fiber, it is metabolized by some of our gut bacteria into short-chain fatty acids. These have a profound effect on our immune system in terms of reducing inflammation and a wide range of other benefits. Several studies also show that the positive effects relate to the development of protective immunity and reduced immune system-linked tissue damage when lungs are infected with viruses. See for example, Trompette, A et al., *Immunity*, 48/5, 992-1005, 2018.

## Our product is highly differentiated

### Example Sweden (chocolate flavor)



Note some manufacturers only report values per 100 ml. For these a conservative 40% overrun was assumed

### CHALLENGES AND OPPORTUNITIES

Our main challenge is to stand out from the crowd. The market is inundated with many false claims, scares, and hypes, and Frill must ensure that its voice is heard and that consumers become our primary proponents. We have innovated the product, we now will innovate the consumer experience of the brand. Therefore, in our next phase of growth we will primarily focus on getting consumers to engage with the product and take their health into their own hands. Our growth will depend on our ability to excite consumers and the rate at which we expand our footprint at retailers and convenience channels. Frill is currently market testing a more emotional message that shows how essential fiber/Frill is to our health: "Give a Frill", because you care about your own health and that of your loved ones.

Our second challenge is timing. While we have a large set of retailers interested in carrying Frill, due to retailer's own onboarding cycles, it can take 6-18 months between commitment and becoming available on the shelves. The convenience and single-serve channels have a much shorter cycle and thus more attractive for growing Frill. In these channels the Covid epidemic has created a delay due to lockdowns. However, post lockdown we expect a higher attention on healthy products than before.

Frill has been well-received in all of its regions and we are expanding our footprint continuously. Overall, the trends towards healthier alternatives, vegan and vegetarian lifestyle shifts, and convenience is working in Frill's favour. We also expect an emerging trend that we have predicted, namely an increasing focus on gut health, to be an additional future driver of consumer interest in Frill's products. The high level of fiber present in our products is balanced to provide the perfect nutrition for the gut.

The UK has the most advanced on-line retail business globally and Frill's position has been stronger than competitors. We expect a potential Brexit to impact our UK business and we have taken steps to mitigate any disruption.

In Sweden, Frill has grown from an initial few stores in Uppsala to many locations across the country as well as on-line (e.g., Mathem.se) and in new channels such as cafes and sport arenas (Leo's lekland, Klättercentret). The ADD brand has had tough competition in its segment (protein), with loss of revenues. We have launched two new concepts (new functional product and Dough-Chi) to reposition the brand and boost its revenues. Once this has been accomplished, we will also look to expand its footprint into new regions.

## MARKET BACKGROUND 2020

### Competition

There are a range of new competitors entering the markets. These propositions center around low calorie, vegan, or certain ingredient (e.g., oatmilk, avocado). Well-established players such as Breyer's and HaloTop have entered the European market with the latter doing well, whereas Breyer's is struggling. Almost all established players now offer non-dairy alternatives. Overall, the differentiation of Frill has not changed. Frill continues to be the only truly healthy option: It is the only plant-based product that has no added sugar or sweetener, has >10 times the fiber of other competitors, and is among the lowest calorie products on the market. Relative to other brands we have not seen any decline due to competition and in our on-line sales we have seen stronger growth relative to competition. Our other brand ADD-ice cream, however, has been under attack.

### Seasonal revenue fluctuations

Ice-cream is a seasonal product and climate conditions (temperature, sun, rain) have a significant impact on sales. Higher temperatures and sunny days have a positive impact on sales, while lower temperatures and precipitation have a significantly dampening impact. A few degrees warmer or colder temperatures than average can have 20-80% impact on sales and sales on a rainy day can be 40-90% lower than on a sunny day.

### Covid-19

The Covid pandemic has had a major impact on many of the channels Frill has targeted. Below a summary of the main channels and the net impact we see:

- *Large retail:* In general positive, especially those with home delivery capability as sales have increased in certain stores. Some retailers are closing down low performing stores
- *Small retail incl cafes, convenience, venues, events etc:* Many are struggling and we expect that a sizable portion will potentially close. Those that make it through will see increased sales
- *Schools, businesses:* Temporary downturn, but post crisis we expect an increased interest in healthy alternatives
- *Hospitality and travel:* We expect a significant consolidation or closure of some of these channels (e.g., airlines). Again, we believe that those who survive will want to differentiate and products like Frill have a value
- *Healthcare:* We see this sector to continue growing and Frill's value proposition is deeply understood

## FINANCIAL OVERVIEW JULY-DECEMBER

Income statement items and cash flows are compared with the previous year period. Balance sheet items pertain to the position at the end of the period and are compared with the corresponding previous year date. The interim report pertains to January-June 2020.

### Revenues

Frill the Frozen Smoothie is sold by Frill Holding AB, Frill UK and Frill US and ADD ice-cream is only sold by Add Nutrition AB in Sweden. The revenues of the Group for the period is TSEK 1 173 compared to TSEK 1 144. Between the periods, there is a slightly increase in sales of Frill and a slightly lower sales of ADD. Sales during the period January-June 2020 have not been significantly affected due to the current pandemic. No write-downs of receivables have had to be done due to the current pandemic.

Other operating income for the period was TSEK 1 118 compared to TSEK 0. The operating income for the year refers to a UK government contribution to innovative R&D and short-term lay-offs. In the middle of July, all personal are going back to full time work again. For the group in total TSEK 330 is affected positively from government support for short term lay-offs.

### Cost of goods and services sold

Cost of goods and services sold for the period was TSEK 1 577 compared to TSEK 1 048. Increased costs are due to some products getting close to reaching best-before-date being sold at a reduced price and ice cream packaging being discarded due to change in the formulation and information on the package.

The main cost of goods and services sold was for the purchase of ingredients, production, storage and freight. Frill the Frozen Smoothie and ADD ice-cream are produced in the United Kingdom and are transported from the manufacturing site in the United Kingdom to the storage facility in Sweden. The USA business has its own local manufacturing.

A significant portion of these costs relates to developing new markets, and raw material costs when developing flavours and test runs for manufacturing scale-up. The company works actively to improve gross profit through better procurement and productivity gains in manufacturing.

### Other costs

Selling expenses for the period was 2 828 compared to 3 536. These costs directly relate to sales. The main cost is for personnel, but also for marketing, e.g., product sampling activities for new retailers and sampling events. The current pandemic has reduced activities and costs, including salary reductions and temporary layoffs as part of governmental programs.

Administration expenses for the period was TSEK 3 692 compared to 4 738. These refer to staff cost but also other external costs. The lower cost between the periods can be explained by the lower number of employees and the effects of the current pandemic, described above.

Other operating expenses for the period was TSEK 31 compared to TSEK 455. These higher costs in previous periods primarily refer to research and development for relaunching the ADD brand, new Frill flavours, and improving the product using Frill Technology.

Net financial income for the period was TSEK -6 compared to -455. Net financial cost for the previous period is primarily interest cost on the loan Frill received, which has been paid back. The financial net is also affected by currency losses/gains on financial assets.



As a result, loss for the period was TSEK -5 843 compared to -9 128.

Earnings per share before/after dilution for the period was SEK -0.2 compared to SEK -0.4.

## **Balance sheet**

At the end of the reporting period, total group assets were TSEK 44 742, compared to TSEK 34 297, where goodwill was the single largest post, TSEK 25 001. The goodwill value stems from the acquisition of Add Nutrition AB in September 30, 2017. Tangible assets consist of production equipment and right of use assets of leases of warehouses and freezers.

Deferred tax assets on loss carried forward are recognized to the extent that there are factors that convincingly indicate that there will be sufficient future tax surpluses. No deferred tax assets on loss carried forward are reported until the Group reports positive taxable results.

Inventories was TSEK 2 750 compared to TSEK 3 400. The decrease in inventories between the periods are mainly related to decreased inventories in ADD, which is a result of lower activity and sales of the product. Accounts receivables was TSEK 225 compared to TSEK 466. Other receivables were TSEK 15 657 compared to TSEK 734. In July 2020, a share issue was carried out, which provided the company with approximately TSEK 14 000 net after issue costs.

The Group's total equity increased from TSEK 29 001 in December 2019 to TSEK 37 257 in 2020. The increase in equity is due to the new share issue.

The Group has interest bearing liabilities in the form of a lease liability (long and short-term). Other long-term liabilities of TSEK 670 was an interest-free loan from the related company Zendegii Ltd. During the period the company has been given a short-term loan of TSEK 745 from Zendegii Ltd. This loan is classified as other current liabilities in the balance sheet.

## **Cash flow**

Cash flow from operating activities for the period amounted to TSEK -4 936 compared to TSEK -7 615. Cash flow from operating activities is primarily cash spent on launching Frill in Sweden and US, as well as the turn-around of the ADD brand in Sweden. The adjustment for non-cash items in the period of TSEK 97 comparing to -48 is primarily due to depreciation of equipment and right of use assets and translation differences.

Cash flow from financing activities for the period amounted to TSEK 670 compared to TSEK 2 879. In the period Frill has received a short-term loan from Zendegii Ltd. The financing activities are also affected by amortization of the lease liability. Cash from the new share issue will affect the next reporting period, since the money was obtained in July.

## **Employees**

The average number of full-time employees for the period was 9 compared with 10. At the end of the period the number of employees was 8, compared with 10. The lower number of employees was partly because of synergies between Frill Holding AB and ADD Nutrition AB and partly because of fewer numbers of employees in Frill UK. Certain functions (e.g., design, social media) have also been outsourced to third parties to allow for more flexibility and higher cost efficiency.

## Parent company

The parent company is marketing and selling Frill the Frozen Smoothie on the Swedish Market. The parent company also includes Group management and functions that provide services to the other companies in the group.

Financial expense for the year was TSEK -831 compared to TSEK -286, primarily due to impairment of the booked value of shares in Add Nutrition AB.

## CONDENSED CONSOLIDATED INCOME STATEMENT

TSEK	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
<b>Continuing operations</b>			
Net sales	1 173	1 144	2 305
Cost of goods and services sold	-1 577	-1 048	-1 976
<b>Gross profit</b>	<b>-404</b>	<b>96</b>	<b>329</b>
Selling expenses	-2 828	-3 536	-8 540
Administrative expenses	-3 692	-4 738	-8 363
Other operating income	1 118	0	121
Other operating expenses	-31	-495	-587
<b>Operating profit/loss</b>	<b>-5 837</b>	<b>-8 673</b>	<b>-17 040</b>
Financial income/expenses	-6	-455	-799
<b>Profit/loss after financial items</b>	<b>-5 843</b>	<b>-9 128</b>	<b>-17 839</b>
<b>Profit/loss before taxes</b>	<b>-5 843</b>	<b>-9 128</b>	<b>-17 839</b>
Income tax	0	0	-13
<b>Profit/loss for the period</b>	<b>-5 843</b>	<b>-9 128</b>	<b>-17 852</b>
<b>Other comprehensive income</b>			
Translation differences	-24	-321	-304
<b>Total comprehensive income</b>	<b>-5 867</b>	<b>-9 449</b>	<b>-18 156</b>
<b>Earnings per share after/before dilution</b>	<b>-0,2</b>	<b>-0,4</b>	<b>-0,7</b>

Comprehensive income for the period is entirely attributable to the shareholders of the Parent Company

## CONDENSED CONSOLIDATED BALANCE SHEET

TSEK	2020 June 30	2019 June 30	2019 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	25 001	25 001	25 001
Tangible assets	120	149	145
Right of use assets	114	413	190
Deferred tax assets	0	13	0
Other non-current assets	13	13	13
<b>Total non-current assets</b>	<b>25 248</b>	<b>25 589</b>	<b>25 349</b>
<b>Current assets</b>			
Inventories	2 750	3 400	3 184
Account receivables	225	466	390
Other receivables	15 657	734	708
Cash and cash equivalents	862	4 108	5 148
<b>Total current assets</b>	<b>19 494</b>	<b>8 708</b>	<b>9 430</b>
<b>Total assets</b>	<b>44 742</b>	<b>34 297</b>	<b>34 779</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 791	1 299	1 516
Unregistered share capital	1 515	0	0
Other contributed capital	107 059	82 178	94 726
Translation reserve	-357	-350	-333
Profit/loss brought forward incl. net profit/loss for the year)	-72 751	-58 184	-66 908
<b>Total equity (entirely attributable to the shareholders of the parent company)</b>	<b>37 257</b>	<b>24 943</b>	<b>29 001</b>
<b>Long-term liabilities</b>			
Lease liability	0	167	155
Other liabilities	670	670	670
<b>Total long-term liabilities</b>	<b>670</b>	<b>837</b>	<b>825</b>
<b>Current liabilities</b>			
Lease liability	119	250	40
Accounts payable	1 182	1 582	1 250
Other current liabilities	5 514	6 685	3 663
<b>Total current liabilities</b>	<b>6 815</b>	<b>8 517</b>	<b>4 953</b>
<b>Total equity and liabilities</b>	<b>44 742</b>	<b>34 297</b>	<b>34 779</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

TSEK	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
<b>Opening balance</b>	<b>29 001</b>	<b>34 392</b>	<b>34 392</b>
Profit/loss for the period	-5 843	-9 128	-17 852
<b>Other comprehensive income</b>			
Translation difference	-24	-321	-304
<b>Transactions with shareholders</b>			
New share issue	17 905	0	13 000
Issue costs	-3 782	0	-235
<b>Closing equity</b>	<b>37 257</b>	<b>24 943</b>	<b>29 001</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

TSEK	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Profit/loss after financial items	-5 843	-9 128	-17 839
Adjustment for non-cash items	97	-48	31
Income tax paid	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-5 746</b>	<b>-9 176</b>	<b>-17 808</b>
Cash flow from changes in working capital	810	1 561	1 525
<b>Cash flow from operating activities</b>	<b>-4 936</b>	<b>-7 615</b>	<b>-16 283</b>
<b>Cash flow from investing activities</b>	<b>0</b>	<b>0</b>	<b>-49</b>
<b>Cash flow from financing activities</b>	<b>670</b>	<b>2 879</b>	<b>12 618</b>
<b>Cash flow from the period</b>	<b>-4 266</b>	<b>-4 736</b>	<b>-3 714</b>
Cash and cash equivalents at beginning of the period	5 148	8 788	8 788
Exchange-rate difference in cash and cash equivalents	-20	56	74
Cash and cash equivalents at the close of the period	862	4 108	5 148

## DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020	2019	2019
TSEK	Jan-June	Jan-June	Jan-Dec
Frill	945	838	1 796
Add	228	306	509
<b>Total</b>	<b>1 173</b>	<b>1 144</b>	<b>2 305</b>

## KEY RATIOS

	2020	2019	2019
TSEK	Jan-June	Jan-June	Jan-Dec
Net sales	1 173	1 144	2 305
EBIT	-5 837	-8 673	-17 040
Profit/loss after financial items	-5 843	-9 128	-17 839
Equity	37 257	24 943	29 001
Earnings per share, kr	-0,2	-0,4	-0,7
Equity per share	1	1	1
Equity/assets ratio (%)	83%	73%	83%
Share price	0,70	5,85	3,90
Cash flow from operating activities	-4 936	-7 615	-16 283
Average number of shares before/after dilution	30 340 525	25 976 805	26 748 494
Number of shares at end of period	35 810 138	25 976 805	30 310 138
Average numbers of employees	9	10	12
Average numbers of employees end of period	8	10	11

## CONDENSED PARENT COMPANY INCOME STATEMENT

TSEK	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
<b>Continuing operations</b>			
Net sales	332	470	843
Cost of goods and services sold	-395	-354	-616
<b>Gross profit</b>	<b>-63</b>	<b>116</b>	<b>227</b>
Selling expenses	-891	-1 447	-2 256
Administrative expenses	-1 934	-2 610	-4 049
Other operating income	314	92	254
Other operating expenses	-4	-43	-53
<b>Operating profit/loss</b>	<b>-2 578</b>	<b>-3 892</b>	<b>-5 877</b>
Financial income/expenses	-831	-286	-4 180
<b>Profit/loss after financial items</b>	<b>-3 409</b>	<b>-4 178</b>	<b>-10 057</b>
<b>Profit/loss before taxes</b>	<b>-3 409</b>	<b>-4 178</b>	<b>-10 057</b>
Income tax	0	0	0
<b>Profit/loss for the period</b>	<b>-3 409</b>	<b>-4 178</b>	<b>-10 057</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

TSEK	2020 June 30	2019 June 30	2019 Dec 31
<b>ASSETS</b>			
Subscribed not paid in capital	15 088	0	0
<b>Non-current assets</b>			
Participations in group companies	45 509	46 109	45 509
Receivables on group companies	21 285	16 538	19 676
<b>Total non-current assets</b>	<b>66 794</b>	<b>62 647</b>	<b>65 185</b>
<b>Current assets</b>			
Inventories	649	555	571
Account receivables	73	271	54
Other receivables	920	730	902
Cash and cash equivalents	316	3 711	4 570
<b>Total current assets</b>	<b>1 958</b>	<b>5 267</b>	<b>6 097</b>
<b>Total assets</b>	<b>83 840</b>	<b>67 914</b>	<b>71 282</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 791	1 299	1 516
Unregistered share capital	1 515	0	0
Share premium reserve	227 055	202 174	214 722
Retained earnings	-147 831	-137 773	-137 773
Profit/loss for the year	-3 409	-4 178	-10 057
<b>Total equity</b>	<b>79 121</b>	<b>61 522</b>	<b>68 408</b>
<b>Long-term liabilities</b>			
Other liabilities	670	670	670
<b>Total long-term liabilities</b>	<b>670</b>	<b>670</b>	<b>670</b>
<b>Current liabilities</b>			
Accounts payable	404	577	298
Other current liabilities	3 645	5 145	1 906
<b>Total current liabilities</b>	<b>4 049</b>	<b>5 722</b>	<b>2 204</b>
<b>Total equity and liabilities</b>	<b>83 840</b>	<b>67 914</b>	<b>71 282</b>

## ACCOUNTING AND VALUTATION POLICIES AND OTHER INFORMATION

### General Company information

Frill Holding AB is a Swedish public limited liability company, with company registration number 559026-8016 and with its head office in Uppsala. Frill Holding AB has three fully owned subsidiaries: Frill Inc, Zendegii Frill Limited and Add Nutrition AB. Frill Holding AB also owns 5 percent of the associated company Zendegii Retail Limited. Frill was listed on Nasdaq First North, March 27, 2019.

### Accounting principles

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) which have been endorsed by the European Commission for application in the EU. The applied standards and interpretations are those that were in force and had been endorsed by the EU at 1 January 2020. The consolidated half year interim report is presented compliant with IAS 34, Interim Financial Reporting, and in compliance with the relevant provisions in the Swedish Annual Accounts Act. The half year interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. For lease accounting the company makes use of the exemption under RFR2 to treat all leases as operating lease in parent company.

### Basis of accounting

Except for the changes below, the same accounting policies and methods of computation are applied in the interim financial statements as in the most recent annual financial statements.

### Changes in significant accounting policies

A number of new standards, amendments and interpretations of standards are effective for financial years beginning January 1, 2020. None of the amendments and interpretations in existing standards that have been applied from the financial year beginning January 1, 2020 had any material impact on the financial statements for the Group.

### Governmental support measures

Those governmental support measures that have been received or will be received as an effect of the Covid-19 pandemic will be recognized in the income statement when it is reasonably certain that the conditions for receiving the support have been met or will be met.

### Risks and uncertainties

A number of factors may affect the Frill group's result and business. Many of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties for the Frill group related to quality of raw materials, legislation and opinion, absence of formal agreements, reliance on suppliers, currency risk, financing and future capital requirements, impact of weather on sales, etc., but also in connection with expansion into new markets, the launch of new flavours and how the brand is managed.

The Covid-19 pandemic that erupted during the beginning of 2020 affects the entire world market and will also affect Frill. Companies have been affected by staff being called upon to work from home, shops and restaurants have been closed down etc. Frill has been directly affected by this



through cancellation of marketing efforts like samplings, demos and all events. While the business has so far not seen a decline in orders, a significant portion of the pipeline for new business is on hold. At present, it is difficult to quantify the financial impact of this for the full year of 2020. The company has taken measures to reduce costs in this uncertain situation, for example through furloughing, staff being laid off, and other costs have been reviewed.

There have been no changes in the risks facing the Group compared to what was reported in the Annual Report 2019.

### **Related-party transactions**

Zendegii Ltd. has made a short-term loan facility of up to MSEK 4 available to Frill Holding AB, with an interest rate of 4%. This facility has been used during the period with TSEK 746.

Zendegii Ltd may also provide Frill with flavour design support. In all cases, Frill would fully own any product formulations produced by Zendegii Ltd. Zendegii Ltd has invoiced the Frill Group for their services. Zendegii Frill Ltd also has a rental agreement with Zendegii Ltd. Frill's CEO Khosro Ezaz-Nikpay is a shareholder in Zendegii Ltd.

It is the opinion of the Company that these transactions follow market standards.

### **Share capital**

Share capital in Frill totals TSEK 1 791 allocated to 35 810 138 outstanding shares. As of June 30, there is also an ongoing share capital increase. This will increase the share capital by SEK 1 515 000 (currently listed under "Unregistered share capital") and the number of shares by 30 310 138 after the end of period. The Frill Articles of Association provide that share capital shall be not less than MSEK 2.0 and not exceed MSEK 8.0, and total outstanding shares shall be not less than 40 000 000 and not exceed 160 000 000. The Company has two classes of shares. The proceeds of the share issue are listed under "Other receivables" as the share issue was registered at Bolagsverket on July 9, 2020. Every share carries an equal right to dividend and excess after liquidation. A class shares entitle the holder to 10 votes per share and B class shares entitle the holder to one vote per share. There are 3 000 000 A shares and 32 310 138 B shares.

### **Outstanding warrants**

The Company has 1 005 000 outstanding warrants as part of its warrant program for certain employees and members of the board of directors. The warrant program was adopted at the Annual General Meeting 2017. The subscription price was determined based on Black Scholes. Each warrant grants the entitlement to, between July 1, 2019 and January 31, 2021, subscribe for 1.02 new share of series B in the Company for SEK 5.9.

The warrants are subject to customary conversion conditions in connection with new share issues, etc.

If the warrants are fully exercised the issued shares would represent approximately 2.8% of the outstanding shares and votes in the company. As of June 30, 2020, no dilution effect exists because it would lead to a reduced loss per share.

### **Auditor's review**

The interim report has not been reviewed by the Company's auditor.

## Definitions / calculations

EBIT

Earnings before income tax and financial items

Earnings per share

Net/profit loss in SEK in relation to the weighted average number of shares outstanding

Equity per share

Equity at the end of the period in relation to the number of shares at the end of the period

Equity/assets ratio

Equity at the end of the period in relation to total assets at the end of the period

## Financial calendar

Interim report July 1 – December 31, 2020: February 26, 2021

Annual report 2020: May 5, 2021

Annual general meeting: May 18, 2021

## For more information, please contact:

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This information is in formation that Frill Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 8:00 a.m. CET on August 27, 2020.

## Certified adviser

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## Assurance

The Board of Directors hereby gives its assurance that the report provides a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, August 27, 2020

Mats Lindstrand  
Chairman

Anna Hällöv  
Board Member

Peter Freedman  
Board Member

Andrew McKinlay  
Board Member

Dr. Khosro Ezaz-Nikpay  
CEO

Jan Åström  
Board Member

## BRIEF OVERVIEW OF FRILL

Frill holds an innovative platform technology that permits the creation of smooth frozen textures. The technology can be applied to a number of food categories. Frill's initial product is in the ice-cream category.

This technology has allowed Frill to create creamy textures for frozen desserts made entirely from fruit and vegetables, thus allowing the creation of a healthy frozen dessert that is highly differentiated compared to all other products in the ice-cream category. The technology has also been applied to a functional ice-cream, ADD, creating better mouthfeel and shelf-stability.

Frill currently comes in five different flavors: Bursting Berries, Intense Chocolate, Nutty Caramel, Tropical passion and Refreshing Green. New exiting flavours are in the pipeline. All Frills are vegan, free from added sugars and sweeteners and contain 10 times the fiber of regular ice-cream. Fiber is the only macronutrient that people on average are eating too little of – as opposed to sugar, protein and fat that are being heavily overconsumed. Frill contains half the sugar of a normal ice-cream and that sugar stems only from the fruit, berries and vegetables. This allows the consumer to enjoy Frill for breakfast, snack or as an indulgent, yet healthy, dessert.

ADD is a premium tasting functional ice-cream with no sugar and a high protein content. It specifically appeals to the fitness community and consumers with low calorie preferences. ADD comes in the following flavours: Vanilla, Chocolate Chunk, Cookie Dough, Polka, White Chocolate Raspberry Crisp and Mint Chocolate Chip (with BCAA and Magnesium). The first product in the new functional range was launched in July 2019 and the Dough-Chi product (cookie dough balls with an ice cream filling) was launched in November 2019: New exiting flavours and novel functionalities are in the pipeline.

The Frill Holding Group is comprised of four companies: Frill Holding AB, Add Nutrition AB, Zendegii Frill Ltd., and Frill Inc. The brands are established in Sweden (Frill, ADD), UK (Frill) and USA (Frill).