



Frill Holding AB (publ)  
Half Year Interim Report  
January 1, 2019 – June 30, 2019



## HALF YEAR INTERIM REPORT JANUARY 1, 2019 –JUNE 30, 2019

Frill was formed in March 2014 to focus on innovating the frozen food segment. It took over 2 years of research and development to advance the consumer insights and the current set of technologies that constitute the Frill platform. This platform will permit Frill to deliver a range of product categories within the frozen food segment. Frill's current focus is to establish a credible, global health brand in one of the unhealthiest food categories: Ice-cream.

Frill Holding AB is a Swedish public limited company with its head office in Uppsala.

### JANUARY-JUNE 2019\*

- Net sales for the period amounted to 1 144 TSEK (2 239)
- EBIT for the period amounted to -8 673 TSEK (-9 027)
- Equity at the end of the period amounted to 24 943 TSEK (46 317)
- Earnings per share totalled SEK -0.4 kr (-0.4)
- Cash flow from operating activities amounted to -7 615 TSEK (-9 626)
- Cash and cash equivalents at the end of the period amounted to 4 108 TSEK (19 775)

### FINANCIAL KEY RATIOS\*

	2019	2018	2018
TSEK	Jan-June	Jan-June	Jan-Dec
Net sales	1 144	2 239	3 795
EBIT	-8 673	-9 027	-18 844
Equity	24 943	46 317	34 392
Earnings per share, kr	-0,4	-0,4	-0,8
Cash flow	-7 615	-9 626	-21 112
Cash and cash equivalents	4 108	19 775	8 788

\* The group applies IFRS 16 Leases from 1 January 2019 and all figures for 2019 in this half year report include this change. Comparative figures are not recalculated.

### SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- **Listing:** Frill was listed the company's B shares on Nasdaq First North March 27, 2019.
- **New agreement:** Frill has been selected to sell its products at Kaiser Permanente in California. Initially, Frill will be provided to staff. Kaiser Permanente is the largest managed care organization in the USA. It has ca 12 million health plan members, over 200,000 employees, 39 medical centers, and 690 medical facilities. While it will take some time to establish Frill's credentials, people at such organizations with deep knowledge of nutrition understand Frill's value proposition (health and taste). It is expected that this agreement will start to generate income in the fourth quarter of 2019.
- **Technology:** Frill signed a 5 year, extendable agreement with Zendegii Ltd. for exclusive use of its flavor technology for frozen applications. The initial 5 years will be free from royalties, and any products developed during these 5 years will be free from royalties over the product life span. Zendegii's patented technology (patent number 20140220195) is used by some of the world's leading consumer goods companies and retailers in ambient products, which allows

them the creation of signature tastes and placebo effects using flavors. For example, a product can be made to taste sweeter without adding any sugar or sweetener. Frill will use this technology to help make the taste of its products more attractive using natural extracts, flavors and aromas.

- **New Retail opportunities:**

- Frill has agreed to sell its products at Marks & Spencer. Initially, Frill will be in the concept stores and if successful, it will be rolled out to a broader set of stores. Marks & Spencer plc, an iconic UK retail brand, operates over 1400 locations worldwide of which over 900 in the UK. It is expected that this agreement will start to generate income in the third quarter of 2019.
- Frill established via one of its distributors, UNFI (one of the largest health food distributors in the USA), a distribution center in Northern California that will add 51 high-end retail stores immediately and enable further expansion going forward. These new stores will be listed on Frill's website [www.frillusa.com](http://www.frillusa.com) (or also on [www.Frill.eu](http://www.Frill.eu)) as they come on line. It is expected that this agreement will start to generate income in the third quarter of 2019.
- In Sweden, Frill obtained an agreement to sell its products at Paradiset, a very attractive high-end retail chain in Stockholm. It is expected that this agreement will start to generate income in the third quarter of 2019.
- **Resolution of trademark dispute:** Frill and Ludwig Schokolade agreed to settle their dispute regarding Ludwig Schokolade opposition to Frill's trademark registration No. 1367991 and Frill's cancellation proceeding before the EUIPO against Ludwig Schokolade's EU trademark registration No. 8899312. Given that the two brands do not operate in the same market segment, both companies have agreed to sign a co-existence agreement and to avoid unnecessary legal costs. As this dispute has been settled there will be no further legal costs incurred by Frill. The Frill trademark is now registered in the EU, UK, Sweden, USA and China.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- **New product launches:**

- Launch of Frill's new flavor, Tropical passion (pineapple, guava, passion fruit, coconut and lemon and a dash of turmeric). A single portion provides over one third of the daily fiber need, one fourth of our vitamin C, and minerals like manganese and phytonutrients
- Launch of ADD's first product in the new platform: Mint Chocolate Chip that is high in tasty protein such as whey and BCAA, and the essential mineral magnesium. Magnesium is one of the most important minerals in our body. It helps to convert food into energy and make new proteins from amino acids. Magnesium plays a central role in the way nerves and muscles function. There is evidence that most people do not get enough magnesium and what better way to have it with every delicious scoop of ice cream.

## MESSAGE FROM THE CEO AND THE LEADERSHIP TEAM

In a nutshell, Frill is all about creating truly healthy frozen food that is based on scientific evidence and avoids short-term hypes and trends. Frill is fiercely on the side of its consumers and will deliver to them affordable healthy nutrition and insight, thus enabling consumers to make their own decisions based on facts and enjoy life by having delicious products for themselves and their families.

All of us at Frill are passionate about making a significant impact on human nutrition and health. We believe improved health is an achievable goal, not only for the few who can afford it, but for everyone. Many ailments, such as the rising obesity and diabetes epidemics can be effectively fought with better nutrition and empowered consumers. “The good life” is not elusive with the right nutrition and engaged humans. These are not musings of an idealistic, new-age commune, but a vital necessity if we want to unburden our social systems of the back-breaking costs that are putting an immense pressure on our economies.

For example, in the United Kingdom, the National Health Services incurred extra costs related to the growth of these diseases in the order of 3% of GDP<sup>1</sup>: the difference between a recession and growth. Retailers are under fire for peddling unhealthy foods, drinks and snacks, and are desperate to introduce products that provide healthier choices without compromising taste.

We also believe that the market is ripe for the types of products and ideas that we have. The annual growth in the health and wellness market is expected to continue in the 5-8% range and our initial target market of premium ice-cream grows at a similar level with much of the growth captured by innovations such as Frill and ADD.

Frill owns two brands that together fulfill two big gaps in human nutrition: Frill and ADD

1. The Frill brand delivers a truly healthy solution to most of us who have normal lives and try to eat in a healthy way without compromising on enjoyment.
2. The ADD brand focuses on delivering specific functional benefits in an indulgent format. Functional ingredients often have a short shelf-life at higher temperatures and the frozen format provides a critical advantage.

If you are an athlete and would like to eat your protein supplement to help repair tissue after a strenuous workout, ADD ice-cream is a way to enjoy life while getting what you need. And if you are a parent being beleaguered by your child to have an ice-cream, Frill will allow you to wholeheartedly say “yes”, because your child will be consuming a delicious blend of fruit and vegetables.

Frill has established its footprint regionally (West Coast of the US, UK and Sweden) and across traditional retail, health channels (e.g., Kaiser Permanente, schools/universities, corporate health), online (Ocado, Amazonfresh, Mat.se, Mathem) and convenience (e.g., Marks and Spencer).

We are now in a good position to leverage our credibility, and ability to develop and manufacture attractive products to smartly expand our exciting promise to consumers and shareholders.

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

*Mats Lindstrand, Chairman of the Board*

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<sup>1</sup>McKinsey and Company, a global management consultancy and the McKinsey Global Institute that focuses on global economically relevant research., <https://www.consultancy.uk/news/1278/mckinsey-obesity-costs-uk-society-73-billion-per-year>; McKinsey and Company has no material interests in Frill.

## 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.

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.

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 and ADD's products. The high level of fiber present in our products is balanced to provide the perfect nutrition for the gut.

Over the past 6 months Frill has focused on broadening its channels and focusing its efforts on those with higher returns on marketing investment. This means finding retail opportunities with partners that have a health focus and where Frill's value proposition aligns with their own goals. Examples are healthcare providers, schools, universities, or corporate catering.

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 (Mat.se and Mathem.se) and in new channels such as cafes and use sportarenas (Leo's lekland). The ADD brand that we acquired in 2017 has had tough competition in its segment (protein), with loss of revenues. We have launched our first new concept 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 Q1/Q2 2019

### 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. 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 since 2018 and the planned new launches will start to differentiate ADD again in the market.

## 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. For example, in the UK in March and April 2018 temperatures were below average and above average in 2019 resulting in 84% higher sales during the period in 2019. In contrast, temperatures from May to July 2018 were significantly higher than average (and low precipitation), while temperatures were average with high precipitation resulting in 36% lower sales in 2019.<sup>2</sup> Likewise, the temperatures in California for the first half of the year 2019 were significantly below 2018 (over 3°C on average and 11°C lower in June) and precipitation in 2019 was 2.7x higher than in 2018, resulting in 20% lower sales.<sup>3</sup> As an example, Halotop (the fastest growing brand in the USA with a strong position in California) has seen revenues decline by 34.2% year on year in April 2019.<sup>4</sup>

## PLANS

Frill plans to continue its current stated strategy over the coming year, specifically:

### 1. Channel strategy

- *Take home retail:* This is currently our main focus and will continue to be. It has, however, high initial demands for marketing (e.g., in-store sampling, social medias, targeted segment marketing) and slow onboarding of retailers.
- *Convenience:* Our initial tests have all been positive (e.g., cafes, sports studios, children's play centres) and we will now aggressively expand this as it also doubles as a marketing tool and the price point represents a lower initial barrier for a consumer to engage. The main barrier is availability of freezers at some of the locations and Frill has developed bespoke freezers for the Swedish and US markets.
- *Specialized retail:* Frill has been taken in at a renowned clinic in California with 110 locations under a co-brand and sold at a premium. We are now expanding to other health-focused environments (e.g., payor/provider, schools and universities).
- *Private label:* So far, Frill's bias has been not to engage in private label, however, given the significant requests from major retailers and the ability of such business to generate attractive profits (e.g., no need for marketing), we have changed our strategy to partner with one large retailer in each region and create a base business.

### 2. Launch the new flavours and products in the pipeline. These include a complete repositioning of ADD ice-cream, launch of new formats (these have been market tested in Sweden and the UK), and white label propositions that have been developed over the past 6 months.

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<sup>2</sup> [www.metoffice.gov.uk/](http://www.metoffice.gov.uk/)

<sup>3</sup> <https://www.usclimatedata.com/climate>

<sup>4</sup> Source IRI (Information Resources Inc), is a US-based research firm that works with most CPG, retail, and health and beauty companies in the Fortune 100. IRI has no financial interest in Frill Holding AB. Similarly Weather in Stockholm, where Frill has most of its sales was close to 2°C lower in 2019 than 2018 and had 3.8 times more precipitation and 73% more rainy days in 2019 than in 2018, see <https://www.worldweatheronline.com/stockholm-weather-averages/stockholms-lan/se.aspx>

3. Strengthen the message of the brand(s) in all channels. Especially in California, where Frill can be found at many retailers, Frill has engaged a leading California PR agency to deliver Frill's message more powerfully and through the right channels

## FINANCIAL OVERVIEW JANUARY-JUNE

Income statement items and cash flows are compared with the year-earlier periods. Balance sheet items pertain to the position at the end of the period and are compared with the corresponding year-earlier date. The interim report pertains to January-June 2019.

### 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 was TSEK 1 144 compared to TSEK 2 239. The drop in sales can mainly be explained by continued reduction of units sold at ADD ice cream. ADD's historical products have significant competition in the market and are not differentiated in terms of price or content against competition. The planned differentiated products are going to be released over the second half of 2019 and in 2020. The temperatures over the first and second quarters in 2019 were significantly lower and precipitation was significantly higher than for the same period in 2018. Retail ice-cream sales are highly correlated with temperature and precipitation.

Other operating income for the period was TSEK 0 compared to TSEK 563. The operating income last year primarily refers to a UK government contribution to innovative R&D.

### Cost of goods and services sold

Cost of goods and services sold for the period was TSEK 3 536 compared to 4 472. Decreased costs are directly related to the decreased revenues.

The main cost 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 flavors and test runs for manufacturing scale-up. The company works actively to improve gross profit through better procurement and productivity gains in manufacturing.

Gross profit for the period was TSEK 90 compared to TSEK -477. This was due to improvements in manufacturing (e.g., waste reduction) and procurement costs, and completion of many new product developments, where manufacturing test runs are necessary.

### Other costs

Selling expenses decreased from TSEK 4 472 for the period January-June 2018 to TSEK 3 536 in 2019. 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. Given the impact of weather described above, Frill opted to reduce its marketing spend during low temperature and high precipitation periods. Going forward, we expect product sampling and targeted consumer and B2B marketing events to be the main driver of these costs.

Administration expenses increased from TSEK 4 616 for the period January-June 2018 to TSEK 4 738 in 2019. These refer to staff cost but also other external costs.

Other operating expenses for the period was TSEK 495 compared to TSEK 25. These costs primarily refers to research and development for relaunching the ADD brand, and improving the product using Frill Technology.

Net financial income for the period was TSEK -455 compared to 792. During 2019 the group has received loan facilities amounting to TSEK 16 000. A 5% charge for this facility, amounting to TSEK 800 was included in the net financials for the period. Currency gains was also included as a result of loans in GBP and USD, since the Swedish Krona has weakened during the year. In 2018 the positive financial net was primarily due to currency gains due to a weekend Swedish Krona

As a result, loss for the period was TSEK -9 128 compared to – 8 235.

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

## Balance sheet

At the end of the reporting period, total group assets was TSEK 34 297, compared to TSEK 55 417, 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 consists of production equipment and right of use assets. Due to that the company applies IFRS 16 as of January 1 2019 right of use assets amounting to 413 TSEK is included in the balance as of 30 June.

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. The amount of TSEK 13 is attributable to deferred tax on internal profit in stock.

Inventories was TSEK 3 400 compared to TSEK 2 948. Accounts receivables was TSEK 466 compared to TSEK 838. Other receivables was 734 compared to 6 386. In June 2018, a share issue was carried out, which provided the company with approximately TSEK 22 000 net after issue costs. Approximately TSEK 5 600 was accounted for as subscribed but not yet paid in capital (included in other receivables) as of 30 June, 2018.

The Group's total equity decreased from TSEK 46 317 in June 2018 to TSEK 24 943 in 2019. This is primarily due to losses brought forward.

The Group has interest bearing liabilities in the form of a lease liability (long and short-term) which is an effect of that the group applies IFRS 16 as of 1 of January 2019. Other long-term liabilities of TSEK 670 was a interest free loan from the related company Zendegii Ltd.

Other current liabilities of TSEK 6 685 includes a short-term interest bearing loan of TSEK 3 000. During 2019 the Group has received loan facilities amounting to TSEK 16 000. The Group has also a loan facility amounting to TSEK 4 000 from previous year. At the end of the reporting period TSEK 3 000 of these TSEK 20 000 has been used. The loan will be payed back before end of year 2019. In 2018 other current liabilities of TSEK 7 644 included a interest bearing loan of TSEK 2 545 from the related company Zendegii Ltd. The loan was paid back before year end 2018.



## **Cash flow**

Cash flow from operating activities for the period amounted TSEK -7 615 comparing to TSEK -9 626. Cash flow from operating activities is primarily cash spent on setting up the business and operations in the USA and launching Frill in Sweden, as well as the turn-around of the ADD brand in Sweden. The adjustment for non-cash items in the period of TSEK -48 comparing to -615 is primarily due to depreciation of equipment and in 2019 depreciation of right of use assets and translation differences.

Cash flow from financing activities for the period amounted to TSEK 2 879 comparing to TSEK 21 377. For 2019 this represents primarily the loan facility given of TSEK 3 000 and for 2018 primarily the cash raised minus financing costs. In 2019 amortisation of the lease liability is included in financing activities compared to 2018 when lease payments were included in Operating activities.

## **Employees**

The average number of full-time employees for the period was 10 compared with 16 in the year earlier. At the end of the period the number of employees was 10, compared with 16. Less number of employees was partly because of synergies between Frill Holding AB and ADD Nutrion 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 2018 was TSEK -123 204, primarily due to impairment of the booked value of shares in Add Nutrition AB and Zendegii Frill Ltd.

## CONDENSED CONSOLIDATED INCOME STATEMENT

TSEK	2019 Jan-June	2018 Jan-June	2018 Jan-Dec
<b>Continuing operations</b>			
Net sales	1 144	2 239	3 795
Cost of goods and services sold	-1 048	-2 716	-3 661
<b>Gross profit</b>	<b>96</b>	<b>-477</b>	<b>134</b>
Selling expenses	-3 536	-4 472	-9 747
Administrative expenses	-4 738	-4 616	-10 138
Other operating income	0	563	1 534
Other operating expenses	-495	-25	-627
<b>Operating profit/loss</b>	<b>-8 673</b>	<b>-9 027</b>	<b>-18 844</b>
Financial income/expenses	-455	792	512
<b>Profit/loss after financial items</b>	<b>-9 128</b>	<b>-8 235</b>	<b>-18 332</b>
<b>Profit/loss before taxes</b>	<b>-9 128</b>	<b>-8 235</b>	<b>-18 332</b>
Income tax	0	0	13
<b>Profit/loss for the period</b>	<b>-9 128</b>	<b>-8 235</b>	<b>-18 319</b>
<b>Other comprehensive income</b>			
Translation differences	-321	-626	-634
<b>Total comprehensive income</b>	<b>-9 449</b>	<b>-8 861</b>	<b>-18 953</b>
<b>Earnings per share after/before dilution</b>	<b>-0,4</b>	<b>-0,4</b>	<b>-0,8</b>

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

## CONDENSED CONSOLIDATED BALANCE SHEET

TSEK	2019 June 30	2018 June 30	2018 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	25 001	25 001	25 001
Tangible assets*	562	456	353
Deferred tax assets	13	0	13
Other non-current assets	13	13	13
<b>Total non-current assets</b>	<b>25 589</b>	<b>25 470</b>	<b>25 380</b>
<b>Current assets</b>			
Inventories	3 400	2 948	3 427
Account receivables	466	838	353
Other receivables	734	6 386	1 667
Cash and cash equivalents	4 108	19 775	8 788
<b>Total current assets</b>	<b>8 708</b>	<b>29 947</b>	<b>14 235</b>
<b>Total assets</b>	<b>34 297</b>	<b>55 417</b>	<b>39 615</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 299	1 037	1 299
Unregistered share capital	0	245	0
Other contributed capital	82 178	84 029	82 178
Translation reserve	-350	-21	-29
Profit/loss brought forward incl. net profit/loss for the year	-58 184	-38 973	-49 056
<b>Total equity (entirely attributable to the shareholders of the parent company)</b>	<b>24 943</b>	<b>46 317</b>	<b>34 392</b>
<b>Long-term liabilities</b>			
Lease liability	167	0	0
Other liabilities	670	670	670
<b>Total long-term liabilities</b>	<b>837</b>	<b>670</b>	<b>670</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	0	108	0
Lease liability	250	0	0
Accounts payable	1 582	678	1 408
Other current liabilities	6 685	7 644	3 145
<b>Total current liabilities</b>	<b>8 517</b>	<b>8 430</b>	<b>4 553</b>
<b>Total equity and liabilities</b>	<b>34 297</b>	<b>55 417</b>	<b>39 615</b>

\*The balance of tangible assets consists of 413 TSEK of Right of use assets as of June 30 2019.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

TSEK	2019 Jan-June	2018 Jan-June	2018 Jan-Dec
<b>Opening balance</b>	<b>34 392</b>	<b>31 330</b>	<b>31 330</b>
Profit/loss for the period	-9 128	-8 235	-18 319
<b>Other comprehensive income</b>			
Translation difference	-321	-626	-634
<b>Transactions with shareholders</b>			
New share issue	0	24 417	26 217
Issue costs	0	-569	-4 202
<b>Closing equity</b>	<b>24 943</b>	<b>46 317</b>	<b>34 392</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

TSEK	2019 Jan-June	2018 Jan-June	2018 Jan-Dec
Profit/loss after financial items	-9 128	-8 235	-18 332
Adjustment for non-cash items	-48	-615	-518
Income tax paid	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-9 176</b>	<b>-8 850</b>	<b>-18 850</b>
Cash flow from changes in working capital	1 561	-776	-2 262
<b>Cash flow from operating activities</b>	<b>-7 615</b>	<b>-9 626</b>	<b>-21 112</b>
<b>Cash flow from investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flow from financing activities</b>	<b>2 879</b>	<b>21 377</b>	<b>21 878</b>
<b>Cash flow from the period</b>	<b>-4 736</b>	<b>11 751</b>	<b>766</b>
Cash and cash equivalents at beginning of the period	8 788	7 976	7 976
Exchange-rate difference in cash and cash equivalents	56	48	46
Cash and cash equivalents at the close of the period	4 108	19 775	8 788

## DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

TSEK	2019	2018	2018
	Jan-June	Jan-June	Jan-Dec
Frill	838	1 183	2 196
Add	306	1 056	1 599
Total	<b>1 144</b>	<b>2 239</b>	<b>3 795</b>

During 2019 the entity changed categories from major product lines and geographical region to only disaggregate revenue into categories based on major product lines (Frill and Add). The change is mainly due to the fact that these categories represent how revenue is presented elsewhere. Comparatives are changed.

## KEY RATIOS

TSEK	2019	2018	2018
	Jan-June	Jan-June	Jan-Dec
Net sales	1 144	2 239	3 795
EBIT	-8 673	-9 027	-18 844
Profit/loss after financial items	-9 128	-8 235	-18 332
Equity	24 943	46 317 <sup>▼</sup>	34 392
Earnings per share, kr	-0,4	-0,4	-0,8
Equity per share	1	2	1
Equity/assets ratio (%)	73%	84% <sup>▼</sup>	87%
Share price	5,85	-	-
Cash flow from operating activities	-7 615	-9 626	-21 112
Average number of shares before/after dilution	25 976 805	20 087 681	23 878 359
Number of shares at end of period	25 976 805	20 733 335	25 976 805
Average numbers of employees	10	16	17
Average numbers of employees end of period	10	16	12

## PLEGGED ASSETS AND CONTINGENT LIABILITIES

TSEK	Group			Parent company		
	2019	2018	2018	2019	2018	2018
	June 30	June 30	Dec 31	June 30	June 30	Dec 31
Pledged assets	100	50	100	100	50	100
Contingent liabilities	0	0	0	0	0	0

## NUMBER OF SHARES

Year	Event	Increase in number of shares	Increase in share capital SEK	Total number of shares	Total share capital SEK	Quota value SEK
2015	Opening share capital	50 000	50 000	50 000	50 000	1,00
2015	Share split	950 000	50 000	1 000 000	50 000	0,05
2016	New share issue	1 600 000	80 000	2 600 000	130 000	0,05
2016	New share issue	17 400 000	870 000	20 000 000	1 000 000	0,05
2017	New share issue	14 133 335	706 667	34 133 335	1 706 667	0,05
2017	Redeem of shares	-13 400 000	-670 000	20 733 335	1 036 667	0,05
2018	New share issue	5 243 470	262 174	25 976 805	1 298 840	0,05

## CONDENSED PARENT COMPANY INCOME STATEMENT

TSEK	2019 Jan-June	2018 Jan-June	2018 Jan-Dec
<b>Continuing operations</b>			
Net sales	470	536	923
Cost of goods and services sold	-354	-473	-804
<b>Gross profit</b>	<b>116</b>	<b>63</b>	<b>119</b>
Selling expenses	-1 447	-1 341	-2 577
Administrative expenses	-2 610	-1 937	-4 243
Other operating income	92	65	201
Other operating expenses	-43	-4	-122
<b>Operating profit/loss</b>	<b>-3 892</b>	<b>-3 154</b>	<b>-6 622</b>
Financial income/expenses	-286	874	-123 204
<b>Profit/loss after financial items</b>	<b>-4 178</b>	<b>-2 280</b>	<b>-129 826</b>
<b>Profit/loss before taxes</b>	<b>-4 178</b>	<b>-2 280</b>	<b>-129 826</b>
Income tax	0	-1 744	-1 744
<b>Profit/loss for the period</b>	<b>-4 178</b>	<b>-4 024</b>	<b>-131 570</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

TSEK	2019 June 30	2018 June 30	2018 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Participations in group companies	46 109	165 045	45 509
Receivables on group companies	16 538	9 369	14 651
<b>Total non-current assets</b>	<b>62 647</b>	<b>174 414</b>	<b>60 160</b>
<b>Current assets</b>			
Inventories	555	397	505
Account receivables	271	164	157
Other receivables	730	5 751	695
Cash and cash equivalents	3 711	19 245	7 634
<b>Total current assets</b>	<b>5 267</b>	<b>25 557</b>	<b>8 991</b>
<b>Total assets</b>	<b>67 914</b>	<b>199 971</b>	<b>69 151</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 299	1 037	1 299
Unregistered share capital	0	245	0
Share premium reserve	202 174	204 026	202 174
Retained earnings	-137 773	-6 204	-6 203
Profit/loss for the year	-4 178	-4 024	-131 570
<b>Total equity</b>	<b>61 522</b>	<b>195 080</b>	<b>65 700</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	577	438	1 225
Other current liabilities	5 145	3 783	1 556
<b>Total current liabilities</b>	<b>5 722</b>	<b>4 221</b>	<b>2 781</b>
<b>Total equity and liabilities</b>	<b>67 914</b>	<b>199 971</b>	<b>69 151</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 2019. The consolidated half-yearly 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 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.

### 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, 2019. None of the amendments and interpretations in existing standards that have been applied from the financial year beginning January 1, 2019 had any material impact on the financial statements for the Group, except for IFRS 16 as set out below.

The Group mainly leases warehouses and freezers. The lease agreements are normally made for fixed periods of three years, but may have extension options as described below. The Group recognises the leases as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable lease payment that are based on an index



The lease payments are discounted using the interest rate implicit in the lease.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Extension or termination options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

The group has not applied IFRS 16 retrospectively leading to that no comparatives in this report are adjusted. See the annual report for 2018 for further information regarding effects of the adoption. IFRS 16 has had a minimal impact on operating profit/loss and a minimal impact on profit/loss after financial items during the period January-June 2019.

## **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 flavors and how the brand is managed.

It has become difficult to gauge the impact of any Brexit on the UK manufacturing location. The business operates under the assumption that there will be a hard Brexit. Under such a scenario Frill expects a significant delay at the borders (for raw materials and finished product sent to Sweden). As a result Frill has ensured sufficient safety stock for its key raw materials and finished product available in Sweden. Frill has also identified appropriate EU manufacturing partners as a backup plan.

There has been no change in the risks facing the Group compared to what was reported in the Annual Report 2018.

## **Related-party transactions**

Zendegii Ltd. has made a short-term loan facility of up to MSEK 4 available to Frill Holding AB, with a interest rate of 4%. This facility has not been used as of June 30, 2019.

Zendegii Ltd may also provide Frill with flavor design support. In all cases, Frill would fully own any product formulations produced by Zendegii Ltd. Zenegii Ltd has invocied the Frill Group for their services. Zendegii Frill Ltd also has a rental agreement with Zendegii Ltd. 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 1 299 allocated to 25 976 805 outstanding shares. The Frill Articles of Association provide that share capital shall be not less than MSEK 1.0 and not exceed MSEK 4.0, and total outstanding shares shall be not less than 20 000 000 and not exceed 80 000 000. The Company has two classes of shares. 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 22 976 805 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 one new share of series B in the Company for SEK 6.

The Company has 519 536 outstanding warrants as part of its warrant program for certain employees. The warrant program was adopted at the Annual General Meeting 2019. The subscription price was determined based on Black Scholes. Each warrant grants the entitlement to, between June 1, 2022 and June 30, 2022, subscribe for one new share of series B in the Company for SEK 6.33.

If the warrants are fully exercised the issued shares would represent approximately 5,9% of the outstanding shares and votes in the company. As of June 30, 2019 no dilution effect exists because it would lead to a reduced loss per share.

## 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 share 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, 2019: February 27, 2020

Annual report 2019: May 5, 2020

Annual general meeting: May 18, 2020

## For more information, please contact:

Frill Holding AB  
Khosro Ezaz-Nikpay, CEO  
Khosro.nikpay@frill.eu

+442089621636

Karin Nilsson, CFO  
IR@frill.se

This information is information 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 Augusti 27, 2019.

## **Certified adviser**

FNCA  
Humlegårdsgatan 5  
Box 5807, 102 48 Stockholm  
+46 8 528 00 399  
www.fnca.se

## **Auditor**

PwC Sverige  
Kista Science Tower, Färögatan 33  
164 51 Kista  
+46 101 996 229  
www.pwc.se

## **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, 2019

Mats Lindstrand  
Chairman

Anna Hällöv  
Board Member

Peter Freedman  
Board Member

Andrew McKinlay  
Board Member

Khosro Ezaz-Nikpay  
CEO

Jan Åström  
Board Member

*The information in this interim report has not been audited by PwC, the company's auditor.*

## BRIEF OVERVIEW OF FRILL

Frill holds an innovative platform technology that permits the creation of smooth frozen textures. The technology, which was developed in 2014, 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 exciting 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: New exciting 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).