

# Interim Report Q2, 2020

## Financial summary

### April – June 2020

- Reported net revenue was 0.3 MSEK (0.6)
- Other revenue amounted to 0 MSEK (0.1)
- Earnings per share amounted to -0.8 SEK (-0.7)
- Cash-flow amounted to -18.8 MSEK (43.8)
- Cash at the end of the period, was 53.1 MSEK (65.3)

### January – June 2020

- Reported net revenue was 0.8 MSEK (1.2)
- Other revenue amounted to 0 MSEK (0.5)
- Earnings per share amounted to -1.6 SEK (-1.5)
- Cash-flow amounted to 26.4 MSEK (23.6)

### CEO Statement

It is a privilege for me today to present my first quarter and FRISQ's second quarterly results for 2020.

The ongoing pandemic has presented great challenges for a health-care sector that, by necessity, has been forced to prioritize emergency care – repeatedly straining old-fashioned tools and methods to, and beyond, the limit – over improvements and digitalization. However, that also makes FRISQ that more relevant. Covid-19 has accelerated and accentuated the need as well as opportunities to grow FRISQ internationally. Remote cooperation and access has gone from “nice to have” to must have.

The financial report presented today reflects those near-term challenges. During the winter FRISQ lined up at the starting blocks to scale-up and roll-out across Sweden, the Nordics, a few select bridgeheads in the US, and on into other markets that have shown interest. What we have in place is a relevant and great product, and a customer base that really needs and wants FRISQ. The pandemic will not pass quickly, and we have to align to the new reality to secure commercially viable revenue streams.

We are currently assessing the changes in the market and are carrying out a strategic review of the company to align the go-to-market strategy, the product and the team, in order to realize the full potential of FRISQ.

I look forward to telling you about FRISQ's progress over the coming months and years.

George Thaw, CEO FRISQ

### Events during the period

#### During the period:

- Contact signed with University of Lund; support for research project on Mental Health
- A Swedish Government report identified FRISQ as the only digital solution, to date, that meets the requirements of the “patient contract”.

#### Previous period:

- Letter of intent signed with Dartmouth-Hitchcock Medical Center i USA
- A right issue representing a value of ca 74,6 MSEK before associated costs was conducted
- The AGM adopted a warrant-based incentive plan and an associated new rights issue (maximum 320 000 shares).

#### After the period:

- Contract signed with Region Skåne; to assess work done with forward looking care plans
- Contract signed with VGR; development, maintenance and support agreement
- George Thaw was appointed Interim CEO
- The US launch remain but have been postponed by the severe Covid-19 situation on the US East Coast. Our work will resume as soon as the market so permits
- The company stands by the previously communicated guidance, but the effects of Covid-19 on society in general and the healthcare sector in particular, could have implications driving a revision of these goals when plans for the healthcare sector become more visible during the fall.

## Selected key indicators

	Second Quarter		6 Months		Full
	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
SEK Thousands					
Net revenue	260	597	827	1 165	1 936
Operating profit/loss	-26 130	-17 039	-49 698	-33 350	-73 457
Earnings per share, SEK	-0.81	-0.72	-1.63	-1.51	-3.2
Development costs, capitalized	1 628	4 217	6 204	7 766	19 315
Cash flow	-18 764	43 824	26 446	23 611	-14 984
Cash and cash equivalents	53 151	65 300	53 151	65 300	26 705
Equity per share, SEK	6	10	6	10	8
Equity/assets ratio (%)	93	92	93	92	92
Share price at quarter end, SEK	9.6	17.3	9.6	17.3	14.2
Number of employees at end of the period	37	24	37	24	33

**Earnings per share:** Net profit distributable to shareholders divided by the weighted average number of shares outstanding during the period; **Development costs, capitalized:** Costs for product development that are reported as assets on the balance sheet; **Equity per share:** Equity divided by the number of shares at close of period; **Equity/assets ratio:** Equity expressed as a percentage of total assets

# Financial overview

## GROUP

### Consolidated revenue and earnings, April – June 2020

**Consolidated net revenue** in the quarter amounted to 0.3 MSK (0.6). The revenue reported for the quarter includes a higher ratio of recurring license-based revenues than did the same quarter last year. However, the ongoing pandemic has slowed down sales and roll-outs. Net revenue is, to some extent, seasonal with a weight towards year end. Capitalized work on own account amounted to 0.9 MSEK (0).

**Other revenue** amounted to 0 MSEK (0.1) and relate primarily to EU-financed commercially based innovation projects.

**Consolidated costs before depreciation** are primarily driven by staff related costs, development and operational expenditures, and amounted to 20.8 MSEK (13.8). The growth in expenditures is related to increased activities in product development and sales.

Total **depreciation** of tangible and intangible asset amounted to 6.6 MSEK (3.9). The variance, compared to the same period last year, is a

- Direct consequence of increased development/depreciation base
- Indirect consequence of the product harmonization 2019, resulting in a shortened expectation of useful life for older assets.

It is the Company's assessment that the ongoing Covid-19 pandemic does not impact the valuation of assets on the financial statements.

**Operating losses** for the quarter amounted to -26.1 MSEK (-17.1).

Net financial costs amounted to 0 MSEK (-0.1) and relate to interest costs associated with right-of-use assets.

### Consolidated revenue and earnings, January – June 2020

**Consolidated net revenue** year to date amounted to 0.8 MSEK (1.2), while **other revenue** that relate primarily to EU-financed commercially based innovation projects amounted to 0 MSEK (0.5). Capitalized work on own account amounted to 2.7 MSEK (0). **Consolidated costs before depreciation** amounted to 40.6 MSEK (27.5). Total **depreciation** of tangible and intangible assets amounted to 12.7 MSEK (7.5).

It is the Company's assessment that the ongoing Covid-19 pandemic does not impact the valuation of assets on the financial statements.

**Operating losses** for the quarter amounted to -49.7 MSEK (-33.4).

Net financial costs amounted to -0.1 MSEK (-0.2) and relate to interest costs associated with right-of-use assets.

**Investments** is primarily made up of development costs relating to the product FRISQ Care and amounted to 1.6 MSEK (4.2) of the quarter and 6.2 MSEK (7.8) year to date.

### Cash flow and financial position

During the quarter, the Group generated a negative cash-flow from its **operating activities** of -16.1 MSEK (-12.1) as a result of investments in product development and commercialization in combination with, as yet, limited revenues. Cash flow from **changes in working capital** was -3.3 MSEK (1.1), and from **investment activities** -1.1 MSEK (-4.5) as mostly relating to capitalized development costs. Cash flow from **financing activities** for the quarter amounted to -1.5 MSEK (60.4) where last year reflects a new issue. This cash flow year to date follows the same pattern as the that of last year including financing activities that generated 65.1 MSEK (59.7).

**Consolidated cash** at close of the period amounted to 53.2 MSEK (65.3). FRISQ does not have any debt financing and funds its operations through equity. **Equity** at the close of the quarter amounted to 204.9 MSEK (228.0) which is equivalent to SEK 6 (10) per share.

### Employees

The average number of employees during the quarter was 35 (22). At the close of the quarter FRISQ had 37 (24) employees. There has been no material transactions with **related parties** other than a Board Member who has invoiced a total of 120 Tkr.

## PARENT COMPANY

FRISQ Holding's primary focus is Group administration. **Net revenue** amounted to 0.4 MSEK (0.4) in the quarter, and 0.9 MSEK (0.9) year to date and reflect invoicing to subsidiaries for administrative services.

**Operating losses** for the quarter amounted to -1.5 MSEK (-1.0) and -4.8 MSEK (-2.2) year to date. Costs in the Parent Company are primarily driven by the company's listing on Nasdaq First North. Financial assets, relating to shares in subsidiaries, increased year to date by 92 MSEK as a result of shareholder contributions granted by the Parent Company.

**The warrant programs** - all issued in FRISQ Holding AB - aim to align shareholders and employee incentives. For additional information see Minutes of Annual General Meetings from the relevant years.

**Program 2018:1**, with a maximum of 600 000 warrants, to the benefit of key employees in the Group. The warrants have been transferred at market price as determined by independent valuations. The subscription period is June 2021. Each warrant entitles the holder to subscribe one share at a price of 44 SEK per share. If fully subscribed the company's share capital will increase by SEK 29 994. The subscription warrants are subject to customary recalculations in connection with share issues, etc.

**Program 2017**, a direct issue where warrants were issued to secure FRISQ's commitment, given fulfillment of certain conditions, to pay an additional consideration for the acquisition of new care path concepts, prototypes and associated code. The decision was made on the Extraordinary General Meeting held on 7 March 2017, to authorize a direct issue of maximum 1 100 000 warrants, and entitle the holder to subscribe to a new share, by no later than 31 May 2022, at a price of 0.05 SEK corresponding to the share's quota value.

**Program 2020/2023**, implemented for the Director Lars Björk and aims to offer ownership in the Company for his significant involvement in the establishment of FRISQ in the US. In total, he may be awarded up to 300 000 warrants without consideration. The warrants are earned over three years. Board membership is a prerequisite. Each warrant carries the right to subscribe to a new share, by no later than 15 April 2026, at a price of 11.44 SEK. The warrants are subject to customary recalculations in connection with share issues.

**Program 2020/2026**, a direct issue to ensure that the Company can deliver shares in accordance with the 2020/2023 Program and cover related costs. Up to 320 000 warrants can be issued. If fully subscribed the company's share capital will increase by SEK 16 000. The right to subscribe to the warrants and deviate from the shareholders' preferential rights, is bestowed upon Group companies, and encompasses the right to transfer the warrants within the same time frame and to the same price as the 2020/2023 program. The warrants are subject to customary recalculations in connection with share issues.

Full subscription of the above warrants would, based on the total number of outstanding share of 32 204 773, increase the total number of shares by 7.2%.

**Shares** FRISQ Holding AB's shares are traded on Nasdaq First North under the stock symbol FRISQ since October 12, 2016. The number of shares as per end of the period were 32 204 773.

**The Group Structure** encompasses the parent company FRISQ Holding AB, org. no. 556959-2867 and the wholly owned subsidiaries FRISQ AB, org. no. 556783-5664 and FRISQ USA Holding Inc. The latter owns 100% of FRISQ LLC. The US subsidiaries are in the process of being established. The Group's operating activities are conducted in FRISQ AB. The Group operates in one segment.

**The accounting principles** governing this report adhere to the Swedish Annual Accounts Act, RFR 1 and RFR 2. The report is prepared in accordance with IAS 34 Interim Reporting with consideration made to the exceptions of additions to IFRS as required by RFR 2. This report has not been reviewed by the company's auditors.

**Risks and uncertainties** exist given that FRISQ is a relatively young development company with limited revenue generation. It is therefore not yet possible to draw long-term conclusions about market acceptance or to predict sales and earnings trends for the company. Until a stable level of earnings is reached and as long as product development continues, FRISQ will need capital contributions from external sources. FRISQ is dependent upon being able to enter into licensing and partnership agreements and upon several permits, remuneration systems and associated laws, regulations, decisions by government authorities and praxes (which can change). FRISQ is also dependent on intellectual property rights which are difficult to protect via registration. In addition, FRISQ is dependent on the access to customers/care staff – which is difficult to predict under the current pandemic. The Board's view of risks and uncertainties has not changed. For further information, see Risks and Uncertainties in the 2019 Annual Report.

# Consolidated financial reporting

## Consolidated profit and loss statement

SEK thousands	Second Quarter		Six Months		Full Year
	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
<b>Operating income</b>					
Net sales	260	597	827	1 165	1 936
Capitalized work on own account	919	0	2 742	0	5 026
Other operating income	5	123	5	514	1 157
<b>Operating expenses</b>					
Other external costs	-9 830	-6 937	-21 435	-15 631	-33 109
Staff costs	-10 934	-6 874	-19 117	-11 867	-24 375
Depreciation/amortization, write-downs and impairment of tangible and intangible assets	-6 550	-3 948	-12 720	-7 531	-24 092
<b>Total operating costs</b>	<b>-27 314</b>	<b>-17 759</b>	<b>-53 272</b>	<b>-35 029</b>	<b>-81 576</b>
<b>Operating profit/loss</b>	<b>-26 130</b>	<b>-17 039</b>	<b>-49 698</b>	<b>-33 350</b>	<b>-73 457</b>
Net financial income	-50	-100	-126	-214	-306
<b>Profit/loss after financial items</b>	<b>-26 180</b>	<b>-17 139</b>	<b>-49 824</b>	<b>-33 564</b>	<b>-73 763</b>
<b>Profit/loss before tax</b>	<b>-26 180</b>	<b>-17 139</b>	<b>-49 824</b>	<b>-33 564</b>	<b>-73 763</b>
Tax on profit/loss for the period	0	0	0	0	0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-26 180</b>	<b>-17 139</b>	<b>-49 824</b>	<b>-33 564</b>	<b>-73 763</b>
<b>Other comprehensive income</b>					
Translation differences	0	0	0	0	5
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-26 180</b>	<b>-17 139</b>	<b>-49 824</b>	<b>-33 564</b>	<b>-73 758</b>
<b>Earnings per share before/after dilution (SEK)</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-1.6</b>	<b>-1.5</b>	<b>-3.2</b>

## Consolidated balance sheet

SEK thousands	2020 Jun. 30	2019 Jun. 30	2019 Dec. 31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Capitalized development costs	32 978	40 822	37 665
Goodwill	104 490	104 490	104 490
Tangible assets	6 422	9 720	7 599
Financial assets	0	200	500
Deferred tax assets	20 936	20 936	20 936
<b>Current assets</b>			
Accounts receivable	503	2	717
Other receivables	2 453	6 037	5 030
Cash	53 151	65 300	26 705
<b>TOTAL ASSETS</b>	<b>220 933</b>	<b>247 507</b>	<b>203 642</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 610	1 196	1 196
Other contributed capital	417 182	350 686	350 686
Translation reserve	5	0	5
Accumulated profit/loss	-213 863	-123 841	-164 040
Equity attributable to parent company shareholders	204 934	228 041	187 847
<b>Total equity</b>	<b>204 934</b>	<b>228 041</b>	<b>187 847</b>
<b>Non-current liabilities</b>			
Leasing liability	2 339	5 057	3 382
<b>Total non-current liabilities</b>	<b>2 339</b>	<b>5 057</b>	<b>3 382</b>
<b>Current liabilities</b>			
Lease liability	3 449	3 171	3 418
Accounts payable	2 657	5 090	4 589
Other liabilities	7 554	6 148	4 406
<b>Total Current Liabilities</b>	<b>13 660</b>	<b>14 409</b>	<b>12 413</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>220 933</b>	<b>247 507</b>	<b>203 642</b>

# Consolidated financial reporting

Change in equity	Second Quarter		Six Months		Full Year
	2020	2019	2020	2019	2019
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
SEK thousands					
<b>Opening balance</b>	<b>230 956</b>	<b>245 561</b>	<b>187 847</b>	<b>200 386</b>	<b>200 386</b>
Earnings for the period	-26 180	-17 139	-49 824	-33 564	-73 763
<b>Other comprehensive income</b>					
Translation difference	0	0	0	0	5
<b>Transactions with shareholders</b>					
Warrant Program	112	0	112	0	0
Rights Issue	46	-381	66 799	61 219	61 219
<b>Closing Balance</b>	<b>204 934</b>	<b>228 041</b>	<b>204 934</b>	<b>228 041</b>	<b>187 847</b>

Equity includes fund from the rights carried out in February 2020 of TSEK 74 825 net of issue related costs of TSEK 8 026 Tkr

Cash flow statement	Second Quarter		Six Months		Full Year
	2020	2019	2020	2019	2019
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
SEK thousands					
Operating profit/loss	-26 180	-17 139	-49 824	-33 564	-73 763
Depreciation, amortization, write-downs and impairments	6 550	3 948	12 720	7 531	24 092
Adjustments from other non-cash items	170	15	170	15	154
Tax paid	0	0	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-19 460</b>	<b>-13 176</b>	<b>-36 934</b>	<b>-26 018</b>	<b>-49 517</b>
Cash flow from changes in working capital	3 315	1 059	3 950	-1 252	-3 204
<b>Cash flow from operating activities</b>	<b>-16 145</b>	<b>-12 117</b>	<b>-32 984</b>	<b>-27 270</b>	<b>-52 721</b>
<b>Cash flow from investment activities</b>	<b>-1 128</b>	<b>-4 509</b>	<b>-5 704</b>	<b>-8 809</b>	<b>-20 414</b>
<b>Cash flow from financing activities</b>	<b>-1 491</b>	<b>60 450</b>	<b>65 134</b>	<b>59 690</b>	<b>58 151</b>
<b>Cash flow for the period</b>	<b>-18 764</b>	<b>43 824</b>	<b>26 446</b>	<b>23 611</b>	<b>-14 984</b>
Cash at beginning of the period	71 915	21 476	26 705	41 689	41 689
Cash at close of the period	53 151	65 300	53 151	65 300	26 705

Number of shares	Second Quarter		Six Months		Full Year
	2020	2019	2020	2019	2019
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Apr-Jun
Opening number of shares	32 204 773	23 918 202	23 918 202	20 218 202	20 218 202
Closing number of shares	32 204 773	23 918 202	32 204 773	23 918 202	23 918 202
Average number of shares	32 204 773	23 918 202	30 611 202	22 201 075	23 066 695

Pledged assets	Group			Parent		
	2020	2019	2019	2020	2019	2019
	Jun. 30	Jun. 30	Dec. 31	Jun. 30	Jun. 30	Dec. 31
SEK thousands						
Pledged bank balances	0	200	500	None	None	None
Right-of-use assets	977	None	459	None	None	None
Contingent liabilities	None	None	None	None	None	None

## Financial reporting – Parent Company

Profit and loss statement	Second Quarter		Six Months		Full Year
	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
SEK thousands					
<b>Operating income</b>					
Net sales	450	450	900	900	2 200
Other operating income	9	0	9	0	0
<b>Total income</b>	<b>459</b>	<b>450</b>	<b>909</b>	<b>900</b>	<b>2 200</b>
<b>Operating expenses</b>					
Other external costs	-1 555	-1 183	-5 031	-2 668	-5 826
Staff costs	-436	-223	-672	-445	-895
<b>Total operating expenses</b>	<b>-1 991</b>	<b>-1 406</b>	<b>-5 703</b>	<b>-3 113</b>	<b>-6 721</b>
<b>Operating profit/loss</b>	<b>-1 532</b>	<b>-956</b>	<b>-4 794</b>	<b>-2 213</b>	<b>-4 521</b>
Net financial income	6	0	8	0	67
<b>Operating profit/loss after financial income</b>	<b>-1 526</b>	<b>-956</b>	<b>-4 786</b>	<b>-2 213</b>	<b>-4 454</b>
<b>Profit/loss before tax</b>	<b>-1 526</b>	<b>-956</b>	<b>-4 786</b>	<b>-2 213</b>	<b>-4 454</b>
Tax on profit/loss for the period	0	0	0	0	0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-1 526</b>	<b>-956</b>	<b>-4 786</b>	<b>-2 213</b>	<b>-4 454</b>

Balance Sheet	2020	2019	2019
	Jun. 30	Jun. 30	Dec. 31
SEK thousands			
<b>ASSETS</b>			
<b>Fixed assets</b>			
Financial assets	359 063	227 063	267 063
<b>Current assets</b>			
Other receivables	317	57 665	57 366
Cash and cash equivalents	47 134	62 415	20 541
<b>TOTAL ASSETS</b>	<b>406 514</b>	<b>347 143</b>	<b>344 970</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	1 610	1 196	1 196
<b>Non-restricted equity</b>			
Share premium reserve	416 819	350 435	350 435
Accumulated profit/loss	-12 575	-5 658	-7 900
<b>Total equity</b>	<b>405 854</b>	<b>345 973</b>	<b>343 731</b>
<b>Current liabilities</b>			
Accounts payable	112	293	1 066
Other liabilities	548	877	173
<b>Total current liabilities</b>	<b>660</b>	<b>1 170</b>	<b>1 239</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>406 514</b>	<b>347 143</b>	<b>344 970</b>

**Financial Calendar:** Third quarter report 2020 to be published November 12, 2020; Full-year report to be published February 25, 2021; Financial reports are available on [www.frisqholding.se](http://www.frisqholding.se) **Contact:** CEO George Thaw, [george.thaw@frisq.se](mailto:george.thaw@frisq.se), +46 (0)812013121; Certified Advisor: FNCA Sweden AB, [info@fnca.se](mailto:info@fnca.se), +46 (0)852800399; IR: [investor@frisq.se](mailto:investor@frisq.se)

**Statement of assurance:** This report has been adopted by the Board of FRISQ Holding AB on the publication date. The Board and the Managing Director, certify that this interim report provides a fair assessment of the Parent Company, Group's activities, financial position, profits and describes material risks and uncertainties.