

Interim Report Q3, 2020

Financial summary

July – September 2020

- Reported net revenue amounted to 0.3 MSEK (0.7)
- Other revenue amounted to 0.2 MSEK (0.0)
- Earnings per share amounted to -4.7 SEK (-0.8)
- Cash-flow amounted to -19.0 MSEK (-17.9)
- Cash at the end of the period amounted to 34.1 MSEK (47.4)
- Comprehensive income amounted to MSEK -151.1 (-18.0), of which MSEK 125.4 relates to the write down of goodwill and the reversal of tax assets.

- The company will remove all previously communicated guidance to be replaced by ongoing updates

January – September 2020

- Reported net revenue amounted to 1.1 MSEK (1.9)
- Other revenue amounted to 0.2 MSEK (0.5)
- Earnings per share amounted to -6.5 SEK (-2.3)
- Cash-flow amounted to 7.4 MSEK (5.7)

CEO Statement

As we're closing a busy quarter for FRISQ I'm proud to say we've carried out a fully subscribed, directed share issue of 78.75 million SEK. This capital infusion will strengthen our sales and implementation efforts in 2021.

While we work hard to develop a product that drives both better health outcomes and patient engagement, we are humbly aware that the health care system continues to be under extreme pressure due to the ongoing pandemic, resources are scarce and there's little energy to think about modernisation and improvements when you just finished another 12 hour shift.

The autumn has brought with it some positive. We've signed several new agreements with the largest health care regions in Sweden, which is in line with our previously communicated strategy to build a strong foothold in our home market to showcase for international expansion.

The last few months we've realigned and upgraded internal competencies in parallel with making our balance sheet more transparent. We're convinced that when the most urgent phase of the pandemic has passed the need for FRISQ's services will be greater than ever before, but when it passes remains almost impossible to predict. Therefore, the company will remove all previously communicated goals and instead provide ongoing updates in order to maximise agility and be able to capture opportunities where they emerge. For now we'll continue to focus on product development and supporting our customers during these uncertain times.

George Thaw, CEO FRISQ

Events during the period:

- Contract signed with - Region Skåne; assess working with forward looking care plans - VGR; development, maintenance and support agreement - KI and VGR; research grant focusing on care plans for chronic complex illnesses.
- George Thaw appointed Interim CEO.
- A rightsizing and restructuring plan - coupled with a realignment and upgrade of the competence base - was launched.
- The shift in expected future cash flows, in combination with the upgrade of the company's product towards a more mitigated SaaS product, has led the Board to reassess the time horizon for earnings related to the original acquired goodwill – why the full amount of MSEK 104.5 is written down. In parallel, the deferred tax asset of MSEK 20.9 will be reversed. Neither the write-down nor the reversal have an impact on cash flow.
- Tax loss carry forward amounted to MSEK 290.1 at the end of the reporting period
- 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 still unclear effects on society in general - and FRISQs target market in healthcare in particular - have made it almost impossible to predict turnover in a specific market at a given time. The company will therefore remove all previously communicated guidance and instead provide ongoing updates.

Events after the period:

- The EGM held November 4th, approved a direct share issue, with deviation from the shareholders' preferential rights, of 15 750 000 shares at SEK 5.0 per share. The share issue will provide the company with MSEK 78.75 before deduction of related costs.

Selected key indicators

	Third Quarter		9 Months		Full Year
	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jul-Sep	2019 Jan-Dec
SEK Thousands					
Net revenue	266	738	1 093	1 903	1 936
Operating profit/loss	-130 166	-17 960	-179 864	-51 310	-73 457
Earnings per share, SEK	-4.69	-0.75	-6.45	-2.32	-3.2
Development costs, capitalized	1 512	2 192	7 716	9 958	19 315
Cash flow	-19 008	-17 910*	7 438	5 701*	-14 984
Cash and cash equivalents	34 143	47 390*	34 143	47 390*	26 705
Equity per share, SEK	2	9	2	9	8
Equity/assets ratio (%)	77	93	77	93	92
Share price at quarter end, SEK	5.7	15.2	5.7	15.2	14.2
Number of employees at end of the period	37	27	37	27	33

*See p3.

Financial Calendar: Full-year report to be published February 25, 2021; Financial reports are available on www.frisqholding.se

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Financial reporting – Consolidated

Consolidated revenue and earnings, July – September 2020

Consolidated net revenue in the quarter amounted to 0.3 MSK (0.7). 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.

Capitalized work on own account amounted to 0.9 MSEK (0). **Other revenue** amounted to 0.2 MSEK (0) and relate primarily to EU-financed commercially based innovation projects.

Consolidated **costs before depreciation and write-down** are primarily driven by staff costs, development and operational expenditures, and amounted to 20.5 MSEK (14.3). The growth in expenditures is related to increased activities in product development and sales.

Total **depreciation and write-down** of tangible and intangible asset amounted to 111.0 MSEK (4.5), of which 104.5 relates to write-down of goodwill. The higher amount (excluding the write-down) relative to last year is a consequence of increased development and 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 -130.2 MSEK (-18.0), of which MSEK 104.5 relates to write-down of goodwill. **Net financial costs** amounted to -0 MSEK (-0.1) and relate to interest costs on right-of-use assets. Deferred taxes have been reversed by MSEK 20.9 as a result of the expected shift of future cash flows. **Tax loss carry forward** amounted to MSEK 290.1 at the end of the reporting period.

Comprehensive income for the quarter amounted to MSEK -151.1 (-18.0), of which MSEK 125.4 relates to the write down of goodwill and the reversal of tax assets. **Investments**, primarily development costs, amounted to 1.5 MSEK (2.2) of the quarter.

Consolidated Profit and Loss	Third quarter		9 months		Full Year
	2020	2019	2020	2019	2019
SEK thousands	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net revenue	266	738	1 093	1 903	1 936
Own work capitalized	889	0	3 631	0	5 026
Other operating income	151	16	156	530	1 157
Other external costs	-10 928	-9 323	-32 362	-24 954	-33 109
Staff costs	-9 564	-4 933	-28 681	-16 800	-24 375
Operational costs	-20 492	-14 256	-61 044	-41 754	-57 484
Depreciation/write-down	-110 980	-4 458	-123 700	-11 989	-24 092
Total operating costs	-131 472	-18 714	-184 744	-53 743	-81 576
EBIT	-130 166	-17 960	-179 864	-51 310	-73 457
Net financial income	13	-88	-113	-302	-306
EBT	-130 153	-18 048	-179 977	-51 612	-73 763
Tax	-20 936	0	-20 936	0	0
NET PROFIT	-151 089	-18 048	-200 913	-51 612	-73 763
<i>Comprehensive income</i>					
Translation differences	0	0	0	0	5
COMPREHENSIVE INCOME	-151 089	-18 048	-200 913	-51 612	-73 758
Earnings per share (SEK)	-4.7	-0.8	-6.5	-2.3	-3.2

Consolidated revenue and earnings, January – September 2020

Consolidated net revenue year to date amounted to 1.1 MSEK (1.9), while **other revenue** that relate primarily to EU-financed commercially based innovation projects amounted to 0.2 MSEK (0.5). Capitalized work on own account amounted to 3.6 MSEK (0). **Consolidated costs before depreciation and write-down** amounted to 61.0 MSEK (41.8). Total **depreciation and write-down** of tangible and intangible assets amounted to 123.7 MSEK (12.0). 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 amounted to -179.9 MSEK (-51.3), of which 104.5 relates to write-down of goodwill. **Net financial costs** amounted to -0.1 MSEK (-0.3) and relate primarily to interest costs on right-of-use assets. **Total comprehensive income** amounted to MSEK -200.9 (-51.6), of which MSEK 125.4 relates to the write down of goodwill and the reversal of tax assets. **Investments**, primarily development costs, amounted to 7.7 MSEK (10.0) year to date.

*See p.3.

Financial position

The balance sheet reflects continued investments in the proprietary product that amounted to MSEK 28.8 (39.7) at the end of the period while goodwill was MSEK 0 (104.5). Cash balance at the end of the period was MSEK 34.1 (47.4).

Consolidated Balance Sheet	2020	2019	2019
	Sep. 30	Sep. 30	Dec. 31
SEK thousands			
Capitalized development	28 849	39 730	37 665
Goodwill	0	104 490	104 490
Tangible assets	697	875	885
Right-of-use assets	3 909	7 317	6 714
Financial assets	0	500 *	500
Deferred tax assets	0	20 936	20 936
Total fixed assets	33 455	173 848	171 190
Accounts receivable	231	205	717
Other receivables	2 347	5 555	5 030
Cash in bank	34 143	47 390	26 705
Total current assets	36 721	53 150	32 452
TOTAL ASSETS	70 176	226 998	203 642
Share capital	1 610	1 196	1 196
Other contributed capital	417 316	350 686	350 686
Translation reserve	5	0	5
Accumulated profit/loss	-364 952	-141 889	-164 040
Total equity	53 979	209 993	187 847
Leasing liability; long-term	835	4 239	3 382
Lease liability; short-term	3 241	3 210	3 418
Accounts payable	4 758	3 116	4 589
Other liabilities	7 363	6 440	4 406
Total current liabilities	16 197	17 005	15 795
TOTAL EQUITY AND LIABILITIES	70 176	226 998	203 642

Change in equity	Third quarter		9 months		Full Year
	2020	2019	2020	2019	2019
SEK thousands	Jul-Sep	Jul-Sep	Jun-Sep	Jul-Sep	Jan-Dec
Opening balance	204 934	228 041	187 847	200 386	200 386
Net Profit	-151 089	-18 048	-200 913	-51 612	-73 763
Translation difference	0	0	0	0	5
Warrant premium	134	0	246	0	0
Rights Issue	0	0	66 799 ¹⁾	61 219	61 219
Closing Balance	53 979	209 993	53 979	209 993	187 847

¹⁾ Relates to Rights Issue of 74 825 tSEK reduced by related costs of 8 026 tSEK.

Cash

flow

For the quarter: Cash flow from **operating activities** amounted to MSEK -16.6 (-14.9) as a result of investments in product development in combination with, as yet, limited revenues. Cash flow amounted to MSEK -19.0 (-17.9). **Investment** amounted to MSEK -1.6 (-2.2) related primarily to capitalized development. **Financing** amounted to -0.8 MSEK (-0.8). Average monthly cash flow was MSEK 6.3 (-6.0).

Year to date: Cash flow amounted to 7.4 (5.7) where investment activities generated MSEK 64.3 (58.9). FRISQ does not have any debt financing and funds its operations through equity. See information of risks on dependence of external financing.

Cash flow	Third quarter		9 months		Full year
	2020	2019	2020	2019	2019
SEK thousands	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Operating profit/loss	-130.2	-18.0	-180.0	-51.6	-73.8
Depreciation/write-down	111.0	4.5	123.7	12.0	24.1
Other non-cash items	0.2	0.1	0.4	0.1	0.2
Change in working capital	2.3	-1.4	6.3	-2.7	-3.2
Cash flow from					
Operating activities	-16.6	-14.9	-49.6	-42.2	-52.7
Investment activities	-1.6	-2.2 *	-7.3	-11.0	-20.4
Financing activities	-0.8	-0.8	64.3	58.9	58.2
Cash flow for the period	-19.0	-17.9	7.4	5.7	-15.0
Cash at beginning of period	53.2	65.3	26.7	41.7	41.7
Cash at close of period	34.1	47.4 *	34.1	47.4 *	26.7

Financial reporting – Parent Company

Parent Company Profit & Loss	2020	2019
	Jan-Sep	Jan-Sep
SEK thousand		
Net revenue	2 079	1 350
Other operating income	9	8
Other external costs	-7 828	-3 149
Staff costs	-1 170	-1 253
Total operating expenses	-8 998	-4 402
EBIT	-6 910	-3 044
Net financial income	-349 939	0
EBT	-356 841	-3 044
Tax	0	0
NET PROFIT	-356 841	-3 044

FRISQ Holding's primary focus is Group administration. **Net revenue** amounted to 2.1 MSEK (1.3) year to date and reflect invoicing to subsidiaries for administrative services. **Operating losses** amounted to -6.9 MSEK (-3.0) year to date. Costs in the Parent Company are primarily driven by the company's listing on Nasdaq First North. **Net financial income** amounted to MSEK -350.0 (0) and relates to write down of shares in the subsidiary Frisq AB and is the result of the write down of goodwill in the consolidated accounts.

Parent Company Balance Sheet	2020	2019
	30. Sep	31. Dec
SEK thousand		
Financial assets	29 063	267 063
Total fixed assets	29 063	267 063
Other receivables	971	57 366
Cash in bank	26 040	20 541
Total current assets	27 011	77 907
TOTAL ASSETS	56 074	344 970
Share capital	1 610	1 196
Share premium reserve	416 819	350 435
Accumulated profit/loss	-364 495	-7 900
Total equity	53 934	343 731
Accounts payable	1 399	1 066
Other liabilities	741	173
Total current liabilities	2 140	1 239
TOTAL EQUITY AND LIABILITIES	56 074	344 970

Number of shares	Third quarter		9 months	
	2020	2019	2020	2019
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
Opening no of shares	32 204 773	23 918 202	23 918 202	20 218 202
Closing no of shares	32 204 773	23 918 202	32 204 773	23 918 202
Average no of shares	32 204 773	23 918 202	31 146 269	22 201 075

Employees

The average number of employees during the quarter was 37 (27). At the close of the quarter FRISQ had 37 (27) employees. There has been no material transactions with **related parties** other than a Board Member who has invoiced a total of TSEK 180.

*The comparative period has been adjusted from previously published quarterly statements and relates to pledged assets that have been reclassified from cash in bank to financial fixed assets. For more information see the Annual Report 2019.

The warrant programs - all issued in FRISQ Holding AB - aim to align shareholders and employee incentives. The warrants have been transferred at market price as determined by independent valuations and are subject to customary recalculations in connection with share issues, etc. 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 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.

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, and associated code. It allows a maximum 1 100 000 warrants each entitling to the subscription of one 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. 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.

Program 2020/2026, a direct issue to cover costs related to the 2020/2023 program. Up to 320 000 warrants can be issued at the same price as the 2020/2023 program. If fully subscribed the company's share capital will increase by SEK 16 000.

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, and IFRS as adopted by the EU and RFR 1. The Parent Company applies the Annual Accounting Act and RFR 2. This report has been prepared in accordance with IAS 34. The accounting policies applied herein are consistent with the 2019 Annual Report. New and amended standards adopted from 2020 are not deemed to have any material impact on the Group's financial position.

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.

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.