

Report Q4 and Full Year 2020

January – December 2020

Financial Summary

Fourth Quarter 2020

- Reported net revenue amounted to 0.3 mSEK (0.03)
- Other revenue amounted to 0.3 mSEK (0.6)
- Earnings per share amounted to -0.9 SEK (-0.9)
- Cash-flow amounted to 53.7 mSEK (-21.0)
- Cash at the end of the period amounted to 87.8 mSEK (26.7)
- Comprehensive income amounted to -28.2 mSEK (-22.1)

January – December 2020

- Reported net revenue amounted to 1.4 mSEK (1.9)
- Other revenue amounted to 0.4 mSEK (1.2)
- Earnings per share amounted to -7.3 SEK (-3.2)
- Cash-flow amounted to 61.1 mSEK (-15.0)
- Comprehensive income amounted to -229.1 mSEK (-73.8), of which 125.4 (0) relates to the write down of goodwill and the reversal of tax assets

CEO Statement

For us who work in the healthcare sector, the fourth quarter of 2020 was characterized as much by the global pandemic as previous quarters; In fact, almost more so since we have unfortunately been hit by a second corona wave before commencing large-scale vaccinations. It is a worrying situation for the world's governments and what is often called "challenging" for its health care sectors that are naturally not able to prioritize normal priorities including the necessary digitalization of health care for long term improvements in care performance and patient satisfaction.

Despite this, I would say that we have made progress during the last quarter of the year. We continue to develop and improve our product FRISQ Care. On the customer side, I am glad to announce a stronger cooperation with Capio, one of the leading players in Europe when it comes to health care. After having successfully cooperated with Capio Elderly and Mobile Care for the past year, we signed an agreement with Capio Orthopedics in November. Capio Orthopedics is a highly specialized orthopedic clinic that will have perfect use of our solutions in the care and rehabilitation processes.

I am optimistic for the coming year. Successful global vaccination programs should gradually tame the pandemic and allow our industry to focus on other issues, such as the advantages of implementing our solution. I look forward to working with this!

George Thaw,
CEO, FRISQ

Events

During the quarter

- Contract signed with Capio Orthopedics.
- The EGM held November 4th, approved a direct share issue, with deviation from the share-holders' preferential rights, of 15,750,000 shares at SEK 5.0 per share. The share issue will provide the company with mSEK 78.7 before deduction of related costs.
- Anna Frick and Åke Hallman resigned from the Board.
- George Thaw appointed Interim CEO.
- The EGM held on January 30th, approved a fully guaranteed rights issue of 7,175,460 shares at SEK 9.0 per share. The rights issue was subscribed at approximately 120%. In addition, the Board chose to exercise the over-subscription option of 1,111,111 shares – in total representing an issue volume of approximately 74.6 mSEK before deduction of related costs.

During previous quarters

- Contract signed with
 - Lund University; support for research project on Mental Health
 - Region Skåne; assessment of forward-looking care plans
 - VGR; development, maintenance and support
 - KI and VGR; research grant focusing on care plans for chronic complex illnesses.
- Letter of Intent signed with Dartmouth-Hitchcock Medical Center.
- A Swedish Government report identified FRISQ as the only digital solution, to date, that meets the requirements of the "patient contract".
- The AGM approved a warrant program and an associated rights issue of maximum 320,000 shares.
- A rightsizing and competence enhancement program was conducted.
- The company removed all precious guidance and will provide continuous updates going forward.
- The US launch plans will resume as soon as the Covid-19 situation so permits.

After the period

- No new events to report

Selected key indicators

	Fourth Quarter		Full Year	
	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
SEK Thousands				
Net revenue	274	33	1 367	1 936
Operating profit/loss	-28 196	-22 147	-208 060	-73 457
Earnings per share, SEK	-0.9	-0.9	-7.3	-3.2
Development costs, capitalized	871	9 357	8 587	19 315
Cash flow	53 668	-20 985	61 106	-14 984
Cash and cash equivalents	87 811	26 705	87 811	26 705
Equity per share, SEK	3	8	3	8
Equity/assets ratio (%)	87	92	87	92
Share price at quarter end, SEK	3.8	14.2	3.8	14.2
Number of employees at end of the period	29	33	29	33

Financial Calendar: Annual Report 2020 - January 29, 2021 | Q1 – April 29, 2021 | Q2 – July 15, 2021 | Q3 – October 28, 2021 | Q4 – January 27, 2022
AGM to be announced; Financial reports: www.frisqholding.se

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Financial reporting – Consolidated

Consolidated revenue and earnings. Q4

Consolidated net revenue for the quarter amounted to 0.3 mSEK (0.03). 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. **Other revenue** amounted to 0.3 mSEK (0.6) and relate primarily to EU-financed commercially based innovation projects.

Consolidated **operational costs before depreciation and write-down** are primarily driven by staff costs, development and operational expenditures, and amounted to 19.1 mSEK (10.7), and is reported net including **capitalized work on own account** which amounted to 0.4 mSEK (5.0). 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 9.7 mSEK (12.1). **Operating losses** for the quarter amounted to -28.2 mSEK (-22.1). **Net financial costs** amounted to -0.06 mSEK (-0.04) and relate to interest costs for right-of-use assets. **Tax loss carry forward** amounted to mSEK 311.5 at the end of the reporting period. **Comprehensive income** for the quarter amounted to -28.2 mSEK (-22.2). **Investments**, primarily development, amounted to 0.9 mSEK (9.4).

SEK thousands	Fourth Quarter		Full Year	
	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net revenue	274	33	1 367	1 936
Other operating income	286	627	442	1 157
Other external costs	-13 188	-8 154	-45 551	-33 109
Staff costs	-6 341	-7 575	-35 022	-24 375
Own work capitalized	433	5 026	4 064	5 026
Operational costs	-19 096	-10 703	-76 509	-52 458
Depreciation/write-down	-9 660	-12 104	-133 360	-24 092
Total operating costs	-29 189	-27 833	-213 933	-81 576
EBIT	-28 196	-22 147	-208 060	-73 457
Net financial income	-6	-4	-119	-306
EBT	-28 202	-22 151	-208 179	-73 763
Tax	0	0	-20 936	0
NET PROFIT	-28 202	-22 151	-229 115	-73 763
<i>Comprehensive income</i>				
Translation differences	0	5	0	5
COMPREHENSIVE INCOME	-28 202	-22 146	-229 115	-73 758
Earnings per share (SEK)	-0.9	-0.9	-7.3	-3.2

Consolidated revenue and earnings, Full Year

Consolidated net revenue for the year to date amounted to 1.4 mSEK (1.9), while **other revenue** that relate primarily to EU-financed commercially based innovation projects amounted to 0.4 mSEK (1.2). **Consolidated costs before depreciation and write-down** amounted to 76.5 mSEK (52.5) and is reported net including **capitalized work on own account** which amounted to 4.1 mSEK (5.0). Total **depreciation and write-down** of tangible and intangible assets amounted to 133.4 mSEK (24.1), of which 104.5 relates to write-down of goodwill. 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 -208.1 mSEK (-73.5), 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 -229.1 mSEK (-73.8), of which 125.4 mSEK relates to the write down of goodwill and the reversal of tax asset. **Investments**, primarily development costs, amounted to 8.6 mSEK (19.3) during the year.

Financial position

The balance sheet reflects continued investments in the proprietary product that amounted to 20.9 mSEK (37.7) at the end of the period. The lower net amount is not a reflection on future earnings expectations, but rather a reflection of the fact that the Company is fairly young and has adopted a conservative policy with low capitalization and high depreciation rates.

Goodwill amounted to mSEK 0 (104.5). Cash balance at the end of the period was MSEK 87.8 mSEK (26.7).

SEK thousands	2020		2019	
	Dec. 31	Dec. 31	Dec. 31	Dec. 31
Consolidated Balance Sheet				
Capitalized development	20 899		37 665	
Goodwill	0		104 490	
Tangible assets	640		885	
Right-of-use assets	3 128		6 714	
Financial assets	0		500	
Deferred tax assets	0		20 936	
Total fixed assets	24 667		171 190	
Accounts receivable	1 994		717	
Other receivables	1 779		5 030	
Cash in bank	87 811		26 705	
Total current assets	91 584		32 452	
TOTAL ASSETS	116 251		203 642	
Share Capital	1 610		1 196	
Share Capital under registration	788		0	
Other contributed capital	492 391		350 686	
Translation reserve	5		5	
Accumulated profit/loss	-393 155		-164 040	
Total equity	101 639		187 847	
Leasing liability; long-term	0		3 382	
Lease liability; short-term	3 281		3 418	
Accounts payable	5 159		4 589	
Other liabilities	6 172		4 406	
Total current liabilities	14 612		15 795	
TOTAL EQUITY AND LIABILITIES	116 251		203 642	

SEK thousands	Fourth Quarter		Full Year	
	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Change in Equity				
Opening balance	53 979	209 993	187 847	200 386
Net Profit	-28 202	-22 151	-229 115	-73 763
Translation difference	0	5	0	5
Warrant premium	133	0	379	0
New Issue ¹⁾	75 729	0	142 528	61 219
Utgående eget kapital	101 639	187 847	101 639	187 847

¹⁾ New issue in Q4: 78 750 ISEK reduced with related costs of 3 021 ISEK
Total issues in year: 153 329 ISEK reduced with related costs of 10 801 ISEK

Cash flow

QUARTER: Cash flow from **operating activities** amounted to -20.4 mSEK (-10.5) as a result of investments in product development in combination with, as yet limited revenues. Cash flow amounted to -53.7 mSEK (-21.0). **Investment** amounted to -0.9 mSEK (-9.7) related primarily to capitalized development. **Financing** amounted to 74.9 mSEK (-0.8).

YEAR TO DATE: Cash flow amounted to 61.1 mSEK (-15.0) where investment activities generated 139.3 mSEK (58.2). FRISQ does not have any debt financing and funds its operations through equity. See information of risks on dependence of external financing.

SEK thousands	Fourth Quarter		Full Year	
	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Earnings before taxes	-28 202	-22 151	-208 179	-73 763
Depreciation/write-down	9 660	12 104	133 360	24 092
Other non-cash items	133	83	551	154
Change in working capital	1 985	-549	4 312	-3 204
Cash flow from				
Operating activities	-20 394	-10 513	-69 956	-52 721
Investment activities	-872	-9 712	-8 209	-20 414
Financing activities	74 934	-760	139 271	58 151
Cash flow for the period	53 668	-20 985	61 106	-14 984
Cash at beginning of period	34 143	47 690	26 705	41 689
Cash at close of period	87 811	26 705	87 811	26 705

Financial reporting – Parent Company

Parent Company Profit and Loss SEK thousand	2020	2019
	Jan-Dec	Jan-Dec
Net revenue	3 867	2 200
Other operating income	18	0
Other external costs	-11 874	-5 826
Staff costs	-1 325	-895
Total operating expenses	-13 199	-6 721
EBIT	-9 314	-4 521
Net financial income	-379 900	67
EBT	-389 214	-4 454
Tax	0	0
NET PROFIT	-389 214	-4 454

FRISQ Holding AB's primary focus is Group administration. **Net revenue** amounted to 3.9 mSEK (2.2) year to date and reflect invoicing to subsidiaries for administrative services. **Operating losses** amounted to -9.3 MSEK (-4.5) 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 -379.9 mSEK (0) and relates to impairment of shares in the subsidiary Frisq AB, in connection to the write down of goodwill at group level.

Parent Company Balance Sheet SEK thousand	2020	2019
	Dec. 31	Dec. 31
Financial assets	29 063	267 063
Total fixed assets	29 063	267 063
Other receivables	774	57 366
Cash in bank	68 924	20 541
Total current assets	69 698	77 907
TOTAL ASSETS	98 761	344 970
Share capital	1 610	1 196
Share capital under registration	788	0
Share premium reserve	491 761	350 435
Accumulated profit/loss	-396 735	-7 900
Total equity	97 424	343 731
Accounts payable	1 112	1 066
Other liabilities	225	173
Total current liabilities	1 337	1 239
TOTAL EQUITY AND LIABILITIES	98 761	344 970

Number of Shares

Number of Shares	Fourth Quarter		Full Year	
	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Opening	32 204 773	23 918 202	23 918 202	20 218 202
Closing	32 204 773	23 918 202	32 204 773	23 918 202
Average	32 204 773	23 918 202	31 412 341	23 066 695

The new issue conducted in November 2020, was registered in January 2021, at which time the number of shares increased by 15,750,000 to 47,954,773.

Employees

The average number of employees during the quarter was 33 (30). At the close of the quarter FRISQ had 29 (25) employees. There have been no material transactions with **related parties** other than two Board Members who have invoiced a total of TSEK 540.

Warrant programs

The warrant programs 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 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 prototype 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 2018:1, with a maximum of 600,000 warrants, aimed at key employees in the Group. The subscription period is June 2021. Each warrant entitles the holder to subscribe to one share at a price of 44 SEK. If fully subscribed the share capital will increase by SEK 29,994.

Program 2020/2026, 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. The program includes 320,000 warrants, of which 300,000 warrants are awarded to Lars Björk without consideration, and 20,000 are allocated to cover costs related to the program. 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. If fully subscribed, the Company's share capital will increase by SEK 16 000.

Full subscription of the above programs would increase the total number of shares by 6.3%.

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. An additional 15,750,000 shares were under registration at the end of the period.

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; FRISQ USA Holding Inc., with its own wholly owned US based subsidiary FRISQ LLC; and FRISQ UK Ltd. The US and UK subsidiaries are in the process of being established. The Group's operating activities are conducted in FRISQ AB.

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 latest published Annual Report. New and amended standards adopted from the current year 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 company with limited revenue generation. It is therefore not yet possible to make sales or profit predictions until a stable earning level is achieved. As long as product development continues, the company is in need of additional external capital injections. 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 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 last published Annual Report.

Statement of assurance This report has been adopted by the Board of FRISQ Holding AB on 28 January, 2021.

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.