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Frill will become a leading Nordic company in functional foods and contribute to better health and quality of life. This will be achieved through driving the consolidation of the market and through own product development of healthy products in collaboration with customers and partners.

FRILL HOLDING - BRANDS FOR HEALTH AND QUALITY OF LIFE

Frill Holding AB is an innovative company that has developed a unique food tech platform for the development of functional food products. Frill creates healthy nutritional alternatives based on scientific evidence and offers consumers products that promote health and quality of life.

VISION

Frill will become a leading Nordic company in functional foods and contribute to better health and quality of life. This will be achieved through driving the market consolidation and through own product development of healthy products in collaboration with customers and partners.

STRATEGY

The company will grow both organically and through acquisitions with underlying good profitability and growth potential. Our focus is sales and marketing in functional foods. Through a balance between innovative and market-oriented business projects and established businesses with stable earnings potential, Frill will take a leading position in functional foods.

In December 2020, Frill Holding completed the acquisition of Bezzt AB and initiated a strategy that will strengthen the company and the brands associated with it. Further acquisitions were made in April 2021 and more information about these is presented in the section on events after the end of the financial year.

THROUGH FOCUSED ACTIONS, FRILL SHALL:

- Achieve strong growth with good profitability
- Become a leading Functional Foods company in the Nordics
- Achieve a strong and profitable position in the domestic market that gives us the opportunity to expand our platform geographically
- Carry out acquisitions and develop the product portfolio
- Scale up sales in new and established channels

Through organic growth and acquisitions, Frill Holding will build a strong portfolio of brands and become a leading company in the functional food market. By taking an active role and driving a consolidation of the market as well as its own product development of healthy products, the company will grow.

Frill Holding AB is a Swedish company listed on Nasdaq First North. Since April 23, 2021, the group consists of eight companies: Frill Holding AB, IQ Fuel AB, Kling Homie AB, Nathalie's Direct Trade AB, Bezzt AB, Add Nutrition AB, Zendegii Frill Ltd. and Frill Inc. The brands are established in Sweden (Frill, IQ Fuel, Homie, Nathalie's Direct Trade, Add, Bezzt, Bacocoli), the United Kingdom (Frill) and the United States (Frill).

THE YEAR 2020 – OPERATIONS AT A GLANCE

During the year, Frill continued to strengthen its position in various markets, focusing on the sales channels where Frill's value proposition is extra attractive, within e.g. schools, universities, sports facilities and corporate offices. Frill has also initiated a new strategy to broaden the company's product portfolio and scale up new and existing sales channels for existing and future brands. Through a balance between innovative and market-oriented business projects and established businesses with stable earnings potential, Frill will occupy a leading position in the functional foods segment.

New strategy has been initiated

- The product portfolio has been broadened through acquisitions of Bezzt AB in 2020 and IQ Fuel AB, Kling Homie AB, Nathalie's Direct Trade AB during April 2021.
- Frill has taken an active role in driving a consolidation of the fragmented market within functional foods in the Nordic region.
- Frill will develop and scale up sales of new products and brands.

Sales and Covid-19

- Sales at existing retailers have been affected by the pandemic in a mixed way, with higher sales in supermarkets outside cities and lower sales in central stores and cafés.
- Online sales have increased sharply.
- Sales in channels such as corporate offices, schools, cafés and sports facilities have been slowed down by restrictions, especially in the UK and the US.

Marketing

- Frill's articles on the health benefits of dietary fiber have been published on the intranet of Kaiser Permanente, one of the largest healthcare companies in the United States.
- Successful marketing campaign has been carried out with Mathem.se.
- Board member and former CEO Khosro Ezaz-Nikpay has entered into an agreement with an international publisher for the publication of a book on fiber and its health benefits. The book is planned to be launched in July of 2021.

New products and secured production capacity

- A sweeter and creamier product line of Frill has been developed with the help of a prebiotic sweetener. Launch in the spring of 2021.
- Cooperation with a production facility for Frill within the EU has been established to ensure that our operations do not risk increased costs due to Brexit.
- High production capacity for Bezzt of Nature's products has been secured in a production facility in Sweden.
- A new product line of candies based on honey, algae and dietary fiber has been developed under the Bezzt brand. This product line was launched during the first quarter of 2021.
- A new product line of bars and chocolate cakes based on oats, honey and pea or milk protein has been developed for launch during the second quarter, 2021.
- A new chocolate candy product line under the Bezzt brand has been developed and will be launched during quarters 3–4, 2021.
- Several new products with great potential will be launched in 2021.

MESSAGE BY THE CEO PETER BLOM

2020 was an intense year for Frill. In a short time, the company has gone from being a one-product company to a company with a new strategy with broad product development and marketing of products within Functional Foods. The company will continue to implement significant changes to become a leading company within Functional Foods in the Nordic region. We have a clear strategy for growing both organically and through acquisitions. In 2021, we will increase our geographical presence in the Nordic region and develop and strengthen our positions in interesting product categories. Furthermore, through the acquisition of Beztt AB, Frill has initiated its new strategy which focuses on building a broad product portfolio within functional foods through both acquisitions and own product development. The acquisition of Beztt AB has given the company a strong position to scale up its sales in additional channels made possible by Beztt of Nature's new product groups. The acquisition of Beztt AB was completed in December 2020 and marked the start of Frill's upcoming expansive journey in 2021.

“

Our goal is to be a leading Functional Foods company in the Nordic region before the end of 2023. There will be challenges, but I am convinced that we will reach our goal.

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We see an increased demand for healthy, functional and quality products and believe that this trend will continue to be strong for many years to come. A large majority of consumers make active choices among foods to prevent health problems, and awareness of health and how our consumption affects it continues to increase. This increased demand, combined with consumers being open to testing new brands, puts Frill's growing product portfolio in an attractive position. Consumers increasingly want foods that are healthy and of high quality. This means that credibility to both the brand and the actual content of the products is important. The Nordic market for functional foods has a turnover of more than SEK 200 billion.

Against this background, we see some exciting years ahead of us. By launching and building up sales of products with stable earnings potential as well as launching innovative products with low risk and short time to market, the company will take a strong position. Frill has the organizational capacity to drive consolidation, along with a strong platform for product development. Frill is an exciting "turn around" company with innovative projects and good conditions for a positive cash flow. Through lower costs, acquisitions and new products on the market, Frill has good opportunities for strong growth in the coming years. Frill's ambition is to add additional opportunities through acquisitions of companies and product rights. Further development of the acquired companies and the creation of synergies between them, will be a factor for financial success. There are a large number of interesting companies and products in the fragmented functional foods market. Frill will create added value through its international network and experience of managing development projects.

The next step for Frill. At the end of April 2021, we completed the acquisitions of Homie Life in Balance, iQ Fuel and Nathalie's Direct Trade. This means that we get a strong platform from where we can develop Frill further. We get an exciting range of attractive products within Functional Foods, as well as opportunities for rapid geographical expansion. The combined acquisitions provide Frill with a stable foundation and organization for organic growth in the coming years. Through a sufficiently large and fairly composed product portfolio, we become an interesting and strong counterpart for buyers at all levels - at both the large chains and at more specialized sellers of Functional Foods. This allows us to expand quickly and we have eliminated the risk of a smaller company, with only a few brands to offer. We are following our plan and goal to become a leading company in Functional Foods in the Nordic region.



Peter Blom, VD & Koncernchef

ABOUT FRILL HOLDING'S CURRENT BRANDS

Frill

Frill is an innovative brand that has developed a unique technology platform for frozen foods. The range includes genuinely healthy products made from fruits, berries and vegetables without added sugar or cream. In 2021, a new product line will be launched with a new packaging design that is both sweeter and creamier than previous ranges. The products are sold i.e. in retailers, convenience stores and through B2B services to corporate offices.



Add Ice Cream

Add Ice Cream is a Swedish brand that markets and sells a healthy functional ice cream that delivers functional benefits such as proteins or vitamins. In order to maximize the return on the company's capital, no major investments have been made in the brand in 2020. The focus has instead been on the development of products within the brand that can reposition it and contribute to future higher sales and interest.



Bezt of Nature

Bezt of Nature and its current and upcoming products broaden Frill Holding's product portfolio and give the company access to a number of new sales channels. In 2021, several products will be launched under the Bezt brand. The range that is currently being launched consists of four flavors of healthy sweets in portion bags, based on honey, algae and dietary fiber. During the second quarter of 2021, the launch of three types of snack bars and three types of chocolate bars are planned, all of which are based on e.g., oats, honey and pea or milk protein. During the latter part of the year, chocolate in portion bags will also be launched.



Bacocoli

Bacocoli is an Italian brand founded by a Swedish couple. High quality products such as olive oil, pasta, truffles and chocolate are produced in Umbria, Italy. The recently announced exclusive agreement broadens Frill's product portfolio and entails an exclusive right to sell Bacocoli's product portfolio in Sweden, Norway, Finland, Denmark and Iceland. Bacocoli's products are offered directly to Swedish consumers via E-commerce and will be launched in retailers, delicatessens, market halls and restaurants.



BRANDS ADDED THROUGH ACQUISITIONS IN APRIL 2021

iQ Fuel

iQ Fuel is a fast-growing Swedish brand that sells sports and functional drinks, enriched with vitamins and electrolytes. The drinks are without stimulant additives such as caffeine or taurine, which means that they can be sold without an age limit. The drinks have been well received by the market since the start in 2019. A strong basis for growth is found through current distribution channels and the collaborations entered into with sports stars such as Alexander Isak, Nicklas Bäckström and sports organizations such as Hockeyallsvenskan, Swedish Floorball, Swedish Paddle Association, Swedish Elite Series in E-sports and the Swedish Ice Hockey Association.



Homie

Kling Homie is a fast-growing Swedish lifestyle brand that works to optimize diet and health. The product range includes nutritional supplements, functional and energy drinks, dietary supplements and a number of other health products. The brand was founded in 2018 and Kling Homie's range is sold at over 700 retailers, including some of Sweden's larger e-commerce platforms and food chains.



Nathalies Direct Trade

Nathalie's Direct Trade markets and sells healthy snacks that both make the consumer feel good and at the same time feel that they are doing a good deed. Nathalie's current products include dried fruit in portion bags and the range will be expanded in 2021 with several new products. Finished products are purchased directly from farmers in Colombia and Frill's platform opens up new opportunities to scale up sales of the current range, launch new products and thus be able to make an even bigger difference for farmers and entrepreneurs in the countries of origin.



BOARD OF DIRECTORS



Anna Hällöv *acting Chairman of the Board*

Anna has a long and broad experience within FMCG in the Nordic region. She currently works as Vice President Business Unit Sweden at Swedish Match and has, among other things, been Marketing Manager at Carlsberg Sweden, Marketing & Sales Manager at Unilever Ice Cream, Marketing Director at GB Glace, Head of Private Labels at COOP Sverige AB and Sales & Marketing Manager at Stensåkra Charkuteri och Deli AB.

Education: Master in International Business Administration, Linköpings universitet

Options: 130 000

Shares in Frill: None



Peter Blom *President & CEO*

Peter has an extensive track record when it comes to scaling up companies along with mergers and acquisitions. He has had several managerial roles, including Sales Director for the mobile operator 3, Vice President for Häagen Dazs, CEO Sony Sweden and CEO Valio Sweden. Peter was President and CEO of Karo Pharma AB and led an impressive journey with the company which was later sold to EQT.

Options: None

Shares in Frill: 3 226 812



Khosro Ezaz-Nikpay

Khosro was previously a Senior Partner at McKinsey & Company in the UK, Sweden and Germany, with extensive experience in various industries. He has a great interest in innovation and led McKinsey's development work on innovation. Khosro is the founder of Zendegii Ltd. and Enjoin Partners Ltd., both companies focus on innovative innovation and work with private equity and high-tech services, FMCG and talent development.

Education: Bachelor of Science from University of California i Berkeley and a PhD in chemistry from Harvard University in Cambridge.

Options: None

Shares in Frill: 2 773 909 shares held privately and 1 206 047 through a company



Peter Freedman

Peter was previously Director and led Consumer Goods practice at McKinsey & Company and has worked in several globally leading companies in retail, FMCG and healthcare in a wide range of areas related to strategy, operational issues and innovation. He is currently the CEO of the Consumer Goods Forum. CGF is a global organization in the consumer goods industry that works to drive change through cooperation between retailers and manufacturers on issues such as climate change, product safety and health..

Education: MBA Stanford GSB, MA Cambridge University

Options: 110 000

Shares in Frill: 91 367



Jan Åström

Jan has almost 40 years of experience in global and innovative pulp and paper companies, consumer goods and consumer packaging. He has led the turnaround of low-performing companies and M&A and created value increase in listed companies. CEO of Ahlstrom Munksjö Oyj, SCA AB, Modo Paper AB. CEO of SCA Fine Paper and Head of SCA Packaging Munksund. Jan currently has several board roles incl. chairman of BillerudKorsnäs AB.

Education: Master of Science in Chemical Engineering from Swedish Royal Institute of Technology, KTH

Options: None

Shares in Frill: None



Andrew Mckinlay

Andrew has extensive experience in marketing as Global Director of Marketing Operations at Nokia, General Manager at Saatchi and Saatchi, both in Europe and Asia. He has also been CEO of McKinlay Brand Consulting; Non-CEO Sift Digital; Non-CEO Zendegii Retail; Partner Enjoin Partners, CEO Clair Randall Consulting. Recently, Andrew was the CEO of a creative content consulting company where he has contributed to global growth. Andrew advises on marketing strategy and implementation and business communication to global FMCG companies. Currently Marketing Manager and Board Member of Avolites ltd.

Education: HND Business Studies and Finance, Guildford College of Technology

Options: 110 000

Shares in Frill: 91 367



Nici Ferber

Nici founded Bezzt AB and is today the company's CEO. Nici has extensive experience from entrepreneurial environments in the clothing industry and Levis Sweden, in restaurant and nightclub operations such as Kharma Plaza, Nox

Options: None

Shares in Frill: 38 025 691

Frill Holding AB (publ)
559026-8016

This publication is a translation of the original Swedish text. In the event of inconsistency or discrepancy between the Swedish version and this publication, the Swedish language version shall prevail.

The Board of Directors and the CEO for Frill Holding AB (Publ), org. nr. 559026-8016, presents the following report for the financial year 2020-01-01-- 2020-12-31.

BOARD OF DIRECTORS' REPORT

The Business

Frill Holding AB (Frill) is the parent company of a group that develops, markets and sells innovative products in functional food and clean eating. The first product launch is Frill The Frozen smoothie, a genuinely creamy and healthy ice cream based on fruits, berries and vegetables, completely without added sugar, fat or dairy products and Add, a healthy functional ice cream with a high protein content and vitamins. During the year, Frill acquired the Swedish company Bezzt, which produces functional food in the form of bars and sweets, sweetened with honey. In April 2021, three more acquisitions took place; iQ Fuel which sells sports and functional drinks, Homie which sells health products to optimize diet and health and Nathalies Direct Trade which sells healthy snacks (dried fruit).

During the financial year, operations were conducted in the United Kingdom, the United States and Sweden through the parent company and the wholly owned subsidiaries Zendegii Frill Ltd, Frill Inc., Add Nutrition AB and Bezzt AB.

The company's headquarter is in Uppsala.

Significant events during the year

Acquisition of Bezzt

December 15, 2020, Frill Holding completed the acquisition of Bezzt AB and initiated a strategy that will strengthen the company and the brands associated with it. The acquisition is reported in accordance with the principles for reverse acquisition, where Bezzt is seen as the accounting acquirer and Frill Holding as the acquired party. Following the acquisition, the shareholders of Bezzt AB own 53% of the shares in Frill Holding and former shareholders of Frill own 47% of the shares in the company. Up to the acquisition date of 15 December 2020, the information presented in the consolidated accounts consists of figures linked to the Bezzt Group. Profit from the Frill Holding Group is included in the income statement only from December 15, 2020. The Group's comparative year consists of Bezzt AB. All information linked to the parent company refers to the legal parent company Frill Holding AB.

Prior to the acquisition of Bezzt, the share capital in Frill amounts to SEK 3 306 013,80 divided into 66 120 276 shares, of which 3 000 000 A shares and 63 120 276 B shares, see note 24. The quota value of the share is SEK 0,05. Frill acquires all shares in Bezzt through a non-cash issue of a total of 74 561 162 shares. This corresponds to a purchase price of approximately SEK 30 million based on the closing price for Frills' B share on Nasdaq First North on December 15, 2020, which was SEK 0,398. The closing price of SEK 0,398 is the subscription price in the non-cash issue.

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The acquisition of Beztt is part of Frill's strategy to build up a portfolio of strong brands in the functional food product category. The intention is to create a balance between innovative market-oriented business projects and established businesses with stable earning potential. The acquisition of Beztt is an important step in Frill's strategy to launch several products for a broader market with the health message in focus. Beztt has created several exciting products that have several synergies with Frill; for example, the products can be included in Frill's products and several of Frill's sales channels can be used to expand both Frill and Beztt.

A new strategy has been initiated

During the year, Frill continued to strengthen its position in various markets, focusing on the sales channels where Frill's value proposition is extra attractive, within e.g. schools, universities, sports facilities and corporate offices. Frill has also initiated a new strategy to broaden the company's product portfolio and scale up new and existing sales channels for existing and future brands. Through a balance between innovative and market-oriented business projects and established businesses with stable earnings potential, Frill will occupy a leading position in the functional foods segment.

Acquisition strategy has been initiated through the first acquisition of Beztt AB during 2020 and was followed by acquisitions of iQ Fuel AB, Kling Homie AB, Nathalie's Direct Trade AB in April 2021.

- The product portfolio has been broadened through acquisitions and new products.
- Frill has started to take an active role in driving a consolidation of the fragmented market in functional foods.

Sales and Covid-19

- Sales at existing retailers have been affected by the pandemic in a mixed way, with higher sales in supermarkets outside cities and lower sales in central stores and cafés.
- Online sales have increased significantly.
- Sales in channels such as corporate offices, schools, cafés and sports facilities have been slowed down by restrictions, especially in the UK and the US.

Marketing

Frill's articles on the health benefits of dietary fiber have been published on the intranet of Kaiser Permanente, one of the largest healthcare companies in the United States.

- Successful marketing campaign has been carried out with Mathem.se.
- Board member and former CEO Khosro Ezaz-Nikpay has entered into an agreement with an international publisher for the publication of a book on fiber and its health benefits. The book is planned to be launched in July.

New products and secured production capacity

A sweeter and creamier product line of Frill has been developed with the help of a prebiotic sweetener. Launch in the spring of 2021.

- Cooperation with a production facility for Frill within the EU has been established to ensure that our operations do not risk increased costs due to Brexit.
- High production capacity for Beztt of Nature's products has been secured in a production facility in Sweden.
- A new product line of candies based on honey, algae and dietary fiber has been developed under the Beztt brand. Launch Quarter 1, 2021.
- A new product line of snack bars and chocolate bars based on oats, honey and pea or milk protein has been developed for launch during the second quarter, 2021.
- A new product line of chocolate candy in portion bags has been developed and will be launched during quarters 3-4, 2021.

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Government grants

In 2020, the parent company has received government grants. The grants is attributable to short-term layoffs, reduction of social security contributions and compensation for sick pay.

Multiyear comparison and key ratios, group

	2020	2019
Net sales	108	4
Operating profit/loss	-678	-104
Profit/loss for the year	-808	-104
Earnings per share, SEK	-0,02	0,00
Balance sheet total	28 624	28
Equity/assets ratio	90%	100%
Number of employees, average	8	0
Number of employees, at end of peri	9	0

The previous year's figures in the multi-year comparison show the acquired subsidiary Beztt AB in that this company is the accounting acquirer in the context of consolidated accounts. This year's figures include Beztt for the full year and other companies in the Group as of the acquisition date of 15 December 2020.

Multiyear comparison and key ratios, Parent Company

	2020	2019	2018	2017	2016
Net sales	790	843	923	801	0
Operating profit/loss	-3 039	-5 877	-6 622	-6 004	-1 277
Profit/loss for the year	-79 025	-10 057	-131 570	-5 214	-990
Balance sheet total	34 570	71 282	69 151	178 224	40 241
Equity/assets ratio	96%	96%	95%	98%	99%

Definition of key figures see note 39.

Financial overview group

The Group's net sales amounted to SEK 108 thousand (4). The low sales during the year are due to the accounting reverse acquisition that arose at the end of the year, which means that sales only include the acquired companies' sales for the period 15 December to 31 December 2020 and Beztt AB's sales for the full year. This principle also applies to the cost side, which shows significantly lower figures compared to previously submitted reports.

Cost of goods and services sold amounted to SEK -127 (-44) thousand. Negative gross profit is mainly due to the fact that goods with short best before dates have been sold at lower prices and that packaging has been discarded due to changed information requirements regarding the product.

Selling expenses for the period amounted to SEK -203 thousand (-30). Sales costs mainly consist of marketing costs, product samples, sales activities for retailers, brand events and personnel costs attributable to sales activities. Administrative expenses for the period amounted to SEK -482 thousand (34). Administrative costs refer to personnel costs and other external costs.

Financial items for the period amounted to SEK -130 thousand (0) and consist mainly of exchange rate losses. Profit for the period amounted to SEK -808 thousand (-104) and earnings per share amounted to SEK -0,01 (0,0).

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Liquidity and financing

Cash and cash equivalents at the end of the year amounted to SEK 8 210 thousand, compared with SEK 18 thousand at the beginning of the year. Balance sheet total as of December 31, 2019, shows only the company Bezzt's cash and cash equivalents. Cash and cash equivalents on December 31, 2020 also include Frill Holding and its subsidiaries' cash and cash equivalents, which were acquired by Bezzt for accounting purposes through a reverse acquisition in December 2020. Equity in the Group on the balance sheet date amounted to SEK 25 800 thousand, compared with SEK 28 thousand at the beginning of the year. During the year, a new share issue was carried out in the parent company, which provided Frill with a net of approximately SEK 14 million.

Significant events after the balance sheet date

Exclusive Nordic sales agreement with Bacocoli

On February 16, 2021, Frill Holding entered into an exclusive distribution agreement for the sale and marketing of Italian Bacocoli's products in the Nordic region. The agreement that broadens Frill's product portfolio entails an exclusive right to sell Bacocoli's product portfolio in Sweden, Norway, Finland, Denmark and Iceland. The agreement is for five years and is then extended by one year at a time. Bacocoli's portfolio includes several products that will be launched during the year. The product range includes cold-pressed extra virgin olive oil of the highest quality. In addition to this, the launch of high-quality pasta, chocolate and canned truffles is also planned. All Bacocoli products come from Umbria.

Acquisition of IQ Fuel AB

Frill acquired 100 percent of the outstanding shares in iQ Fuel AB. The total purchase price was SEK 37.6 million, of which SEK 8.1 million was paid in cash for redemption of previous loans and conditional shareholder contributions in iQ Fuel. The remaining purchase price of SEK 29.5 million was paid out via reversal, which was then subsequently used for a set-off issue to subscribe for 36,285,357 newly issued shares. The subscription price was SEK 0,813 per share and was based on an agreement between Frill and the sellers and is thus assessed as market-based. This corresponds to a total dilution of approximately 20.5 percent. An additional purchase consideration in the form of newly issued shares in Frill to a value of SEK 8 million is paid if iQ Fuel during the financial year 2021 reaches a sales target of SEK 39.6 million. These additional purchase price shares will be issued at a subscription price corresponding to the volume-oriented average price (WVAP) for Frill's shares on Nasdaq First North for the 45 trading days immediately preceding the day of Frill's issue of the additional purchase price shares. The day of entry was April 23, 2021.

Acquisition of Kling Homie AB

Frill acquired 100 percent of the outstanding shares in Kling Homie AB. The total purchase price was SEK 28.5 million, of which SEK 11 million was paid in cash and SEK 17.5 million was paid out via reversal, which was then subsequently used for a set-off issue to subscribe for 36,285,357 newly issued shares. A cash additional purchase consideration is paid, based on the sales of Kling Homies products until 31 December 2025. The additional purchase consideration amounts to 5 percent of the total sales amounting to SEK 400 million and 10 percent of the part of the sales that exceeds SEK 400 million. The day of entry was April 23, 2021.

Acquisition of Nathalie's Direct Trade

Frill acquired 100 percent of the outstanding shares in Nathalies Direct Trade AB. The total purchase price was SEK 4 million, paid in cash. A cash additional purchase price corresponding to 5 percent of the sales of Nathalies Direct Trade's products until 31 December 2026 must also be paid. The additional purchase price can amount to a maximum of SEK 7.5 million, calculated on a total turnover during the period of SEK 150 million. The day of entry was April 23, 2021.

Preliminary acquisition calculations will be presented in the half-year report for 2021.

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About B8 Sverige and Frills letter of intent

On April 22, 2021 Frill entered into a letter of intent with owners representing 55 percent of all outstanding shares in Beijing 8 regarding the acquisition of these owners' shares. Frill's ambition is to acquire 100 percent of all outstanding shares and convertibles in Beijing 8. The purchase price is estimated to amount to approximately SEK 47.8 million, through newly issued shares and convertibles. Frill has initiated a due diligence process and the acquisition is expected to be completed during Q2 2021, provided that an agreement on acquisition is entered into.

Issue of convertibles of a maximum of SEK 85 million

To finance the acquisitions and a continued strong expansion, Frill's Board of Directors, with the support of the authorization of the Extraordinary General Meeting on December 15, 2020, decided to raise a convertible loan through a directed issue of convertibles to a number of qualified investors, a gross payment of a maximum of SEK 85 million. The reason for the deviation from the shareholders' preferential rights was to enable financing of the acquisitions and any additional company acquisitions in a time- and cost-effective manner.

The convertible runs at an annual interest rate of six (6) percent, which is paid every six months. The loan falls due for payment on April 30, 2024, insofar as conversion has not taken place before that. The subscription price per Convertible is one SEK, which corresponds to the nominal amount per convertible. Conversion may be called for during the period 1 September 2021 to 30 April 2024, at a conversion price of SEK 0.70 per share.

If the issue of Convertibles is fully subscribed (SEK 85 million) and all Convertibles are converted into shares, 121,428,571 new shares will be added to Frill. This corresponds to an increase in the share capital of SEK 6,071,428.55. The new shares that will be added upon full conversion will constitute approximately 38 percent of the number of shares in Frill calculated on the number of shares after the issue of the remuneration shares. At the time of submitting the annual report, convertibles to a value of SEK 66.75 million had been subscribed and paid for.

Changes in management and the board

On February 23, Peter Blom took over as CEO of Frill Holding AB, former Chairman of the Board. Former CEO Nici Ferber took over as CEO of Beztt AB. Until the Annual General Meeting on 18 May 2021, Anna Hällöv, a former Board member, is acting Chairman of the Board.

Share capital and share classes

At the Extraordinary General Meeting on December 15, a decision was made to complete the acquisition of Beztt AB via a non-cash issue paid for through a new issue of shares in Frill Holding. This means that the company's share capital has increased by SEK 3,728,058.10 through the issue of 74,561,162 new shares. Registration of the non-cash issue has taken place after the end of the year. At the Extraordinary General Meeting, it was also decided to adopt a new Articles of Association, whereby the company's different share classes were abolished so that the company has only one share class and to change the limits for the share capital and the number of shares. This change was also registered after the end of the year.

Significant risks and uncertainties

There are risk factors, within or outside the company's control that can adversely affect the company's future operations. Examples of such factors are market-related risks (competition, brand credibility, market legislation, IP rights, etc.) and financial risks (currency rates, credit risks, future financing opportunities, etc.), see note 4. The Group's operations are based on sales of healthy foods and a prerequisite for demand is a continued interest among the customers for healthy food. It is the company's assessment that this is a continued growing market and that the company has the capacity to be adaptable, and to be able to respond to the various risk factors over time.

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Expected future development

In December 2020, Frill completed the acquisition of the healthy snack company Bezzt AB and initiated a strategy that will further grow the company and the brands associated with it.

Through organic growth and acquisitions, the company is expected to build a strong portfolio of brands and become a leading company in the functional food market.

Ownership

Significant shareholders, taking into account the ongoing issue over the year-end 2020, with holdings of more than 10% are Nici Ferber and Skandinaviska Enskilda Banken AB.

Proposed disposition of the Company's profit

At the disposal of the general meeting, SEK

share premium reserve	252 855 860
retained earnings	-147 830 914
net profit/loss for the year	-79 023 930
	<u>26 001 016</u>

The board of directors proposes the following

to be carried forward	<u>26 001 016</u>
	<u>26 001 016</u>

For information about the company's earnings and financial position in other respects, please refer to the income statements, balance sheets and accompanying notes set out below. All amounts, unless otherwise stated, are rounded to the nearest thousand SEK.

Frill Holding AB (publ)
559026-8016

Consolidated income statement (Tkr)	Note	2020	2019
Net sales	5	108	4
Cost of goods and services sold	8, 9	-127	-44
Gross profit		-19	-40
Selling expenses	8, 9, 11	-203	-30
Administrative expenses	8, 9, 10, 11	-482	-34
Other operating income	7	33	0
Other operating expenses	12	-7	0
Operating profit/loss		-678	-104
Financial income	13	0	0
Financial expenses	9, 14	-130	0
Profit/loss after financial items		-808	-104
Income tax	15	0	0
PROFIT/LOSS FOR THE YEAR		-808	-104

Consolidated statement of comprehensive income (Tkr)	2020	2019
Profit/loss for the year	-808	-104
Other comprehensive income		
Items that may be reclassified to income statement:		
Translation differences	24	0
COMPREHENSIVE INCOME FOR THE YEAR	-784	-104

Earnings per share before/after dilution (SEK)	29	-0,02	0,00
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Comprehensive income for the year is entirely attributable to the shareholders of the Parent Company.

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Consolidated balance sheet (Tkr)	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
Non-current assets			
Goodwill	16	17 094	0
Equipment	17	85	0
Right of use assets	18	38	0
Total non-current assets		17 217	0
Current assets			
Inventories		2 471	0
Account receivables	21	232	0
Other receivables		328	10
Prepaid expenses and accrued income	22	166	0
Cash and cash equivalent	23	8 210	18
Total current assets		11 407	28
TOTAL ASSETS		28 624	28
EQUITY AND LIABILITIES			
Equity			
Share capital	24	3 306	50
Ongoing new issue		3 728	0
Other contributed capital	25	19 832	0
Translation reserve	26	24	0
Profit/loss brought forward incl net profit/loss for the year	27	-1 090	-22
Total equity		25 800	28
Long-term liabilities			
Other long-term liabilities	33	670	0
Total long-term liabilities		670	0
Current liabilities			
Lease liabilities	32	40	0
Accounts payable		446	0
Other current liabilities		971	0
Accrued expenses and deferred income	34	697	0
Total current liabilities		2 154	0
TOTAL EQUITY AND LIABILITES		28 624	28

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Consolidated statement of changes in equity (Tkr)

	Share capital	Ongoing new issue	Other contributed capital	Translation reserve	Profit/loss brought forward inc. Net profit/loss for the year	Total equity
Opening balance, January 1, 2019	50	0	0	0	1	51
Comprehensive income						
Profit/loss for the year					-104	-104
Total comprehensive income				0	-104	-104
Transactions with shareholders						
Shareholders contribution				0	81	81
Total transactions with shareholders	0	0	0	0	81	81
Closing balance, Dec 31, 2019	50	0	0	0	-22	28
Opening balance, January 1, 2020 according to the accounting acquirer	50	0	0	0	-22	28
Comprehensive income						
Profit/loss for the year					-808	-808
Other comprehensive income						
Translation differences				24		24
Total comprehensive income				24	-808	-784
Transactions with shareholders						
Redistribution of share capital due to reverse acquisition	3 255		-3 255			
Non-cash issue in reverse acquisition		3 728	22 588			26 316
New share issue	1		499			500
Value transfer					-260	-260
Total transactions with shareholders	3 256	3 728	19 832	0	-260	26 556
Closing balance, Dec 31, 2020	3 306	3 728	19 832	24	-1 090	25 800

The equity is wholly attributable to the Parent Company's shareholders.

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Consolidated statement of cash flow (Tkr)	Note	2020	2019
Operating activities			
Operating profit/loss		-678	-104
Adjustment for non-cash items:			
Exchange rate differences		24	0
Interest received etc.	13	0	0
Interest paid etc.	14	-130	0
Income tax paid		0	0
		<hr/>	<hr/>
Cash flow from operating activities before changes in working capital		-784	-104
Cash flow from changes in working capital			
Decrease (+)/increase (-) in inventories		187	41
Decrease (+)/increase (-) in receivables		-122	5
Decrease (+)/increase (-) in liabilities		340	-118
		<hr/>	<hr/>
Cash flow from operating activities		-379	-176
Investing activities			
Acquisition of net assets through subsidiaries	37	8 420	0
		<hr/>	<hr/>
Cash flow from investing activities		8 420	0
Financing activities			
New share issue, net after transaction costs		411	0
Received shareholder contribution		0	81
Value transfer		-260	0
		<hr/>	<hr/>
Cash flow from financing activities		151	81
Cash flow from the period			
		8 192	-95
Cash and cash equivalents at the start of the year		18	113
Exchange-rate differences in cash and cash equivalents		0	0
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	23	8 210	18

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Parent company income statement (Tkr)	Note	2020	2019
Net sales	5, 6	790	843
Cost of goods and services sold	6, 8	-764	-616
Gross profit		26	227
Selling expenses	8, 9, 11	-839	-2 256
Administrative expenses	8, 9, 10, 11	-2 625	-4 049
Other operating income	6, 7	436	254
Other operating expenses	12	-37	-53
Operating profit/loss		-3 039	-5 877
Income from participation in group companies	19, 20	-72 879	-3 732
Interest income and similar items	13	0	761
Interest expenses and similar items	14	-3 107	-1 209
Profit/loss after financial items		-79 025	-10 057
Income tax	15	0	0
PROFIT/LOSS FOR THE YEAR		-79 025	-10 057

Profit/loss for the year corresponds to comprehensive income for the year.

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Parent company balance sheet (Tkr)	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
Non-current assets			
Financial assets			
Participation in group companies	19	30 425	45 509
Receivables from group companies	20	0	19 676
Total non-current assets		30 425	65 185
Current assets			
Inventories			
Inventories		606	571
		606	571
Current receivables			
Account receivables	21	77	54
Receivables from group companies		874	625
Current tax assets		13	0
Other receivables		136	106
Prepaid expenses and accrued income	22	106	171
		1 206	956
Cash and cash equivalent	23	2 333	4 570
Total current assets		4 145	6 097
TOTAL ASSETS		34 570	71 282

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Parent company balance sheet (Tkr)	Not	Dec 31, 2020	Dec 31, 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	3 306	1 516
Ongoing new issue		3 728	0
		7 034	1 516
Non-restricted equity			
Share premium reserve	28	252 856	214 722
Retained earnings		-147 831	-137 773
Net profit/loss for the year		-79 024	-10 057
		26 001	66 892
Total equity		33 035	68 408
Long-term liabilities			
Other long-term liabilities	33	670	670
Total long-term liabilities		670	670
Current liabilities			
Accounts payable		286	298
Liabilities to group companies		28	0
Current tax liability		0	20
Other current liabilities		112	66
Accrued expenses and deferred income	34	439	1 820
Total current liabilities		865	2 204
TOTAL EQUITY AND LIABILITIES		34 570	71 282

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Parent company statement of changes in equity (Tkr)

	Share capital	Ongoing new issue	Share premium reserve	Retained earnings and profit/loss for the year	Total equity
Opening balance, January 1, 2019	1 299	0	202 174	-137 773	65 700
Comprehensive income					
Profit/loss for the year				-10 057	-10 057
Total comprehensive income				-10 057	-10 057
Transactions with shareholders					
New share issue	217		12 783		13 000
New issue expenses			-235		-235
Total transactions with shareholders	217	0	12 548	0	12 765
Closing balance, Dec 31, 2019	1 516	0	214 722	-147 830	68 408
Opening balance, January 1, 2020	1 516	0	214 722	-147 830	68 408
Comprehensive income					
Profit/loss for the year				-79 025	-79 025
Total comprehensive income				-79 025	-79 025
Transactions with shareholders					
Non-cash issue		3 728	25 947		29 675
New share issue	1 790		16 116		17 906
New issue expenses			-3 929		-3 929
Total transactions with shareholders	1 790	3 728	38 134	0	43 652
Closing balance, Dec 31, 2020	3 306	3 728	252 856	-226 855	33 035

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Parent company statement of cash flow (Tkr)	Note	2020	2019
Operating activities			
Operating profit/loss		-3 039	-5 877
Interest received etc.	13	0	761
Interest paid etc.	14	-3 107	-1 209
Income tax paid		0	0
Cash flow from operating activities before changes in working capital		-6 146	-6 325
Cash flow from changes in working capital			
Decrease (+)/increase (-) in inventories		-35	-66
Decrease (+)/increase (-) in receivables		637	-104
Decrease (+)/increase (-) in liabilities		-1 352	-577
Cash flow from operating activities		-6 896	-7 072
Investing activities			
Change in other financial assets	20	-9 318	-8 757
Cash flow from investing activities		-9 318	-8 757
Financing activities			
New share issue, net after transaction costs		13 977	12 765
Cash flow from financing activities		13 977	12 765
Cash flow from the period		-2 237	-3 064
Cash and cash equivalents at the start of the year		4 570	7 634
Cash and cash equivalents at the end of the year	23	2 333	4 570

NOTES

Note 1 General information

Frill Holding AB (publ), corporate identification number 559026-8016, is a Swedish-registered limited liability company domiciled in Stockholm, Sweden. The company's head office is in Uppsala with address Salagatan 18A, 753 30 Uppsala.

Frill Holding AB is the parent company in a group that markets and sells products within functional foods in the health segment. The group consists of the parent company Frill Holding AB (publ) and the four wholly owned subsidiaries Add Nutrition AB, Zendegii Frill Ltd, Frill Inc and Bezzt AB.

This annual report and the consolidated accounts were approved by the Board of Directors on April 27, 2021 and will be presented for adoption at the Annual General Meeting on June 22, 2021.

Note 2 Accounting and valuation policies

Principles when preparing the Group's and the Parent Company's financial reports

The most significant accounting principles that were applied in preparing the consolidated accounts are presented below. Unless otherwise indicated, these principles were applied consistently for all periods presented in these financial statements.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the EU. In addition, Swedish Financial Reporting Board recommendation RFR 1, Supplementary Reporting Rules for Groups, has been applied. The Parent Company applies the same accounting policies as the Group, except in the cases indicated below under the section "Parent Company's accounting policies".

The consolidated financial statements are published in the name of the legal parent company, but are de facto a continuation of Bezzt AB's financial reports and its comparative figures. Due to the reverse acquisition (see "reverse acquisition below") which took place on December 15, 2020, the information presented in the consolidated financial statements up to the acquisition date, 15 December 2020, of Bezzt AB. Profit/loss from the Frill Holding Group is included in the income statement only from 15 December 2020. All information linked to the parent company refers to the legal parent company Frill Holding AB for all periods.

Bezzt AB has been recalculated to IFRS from 1 January 2019. The recalculation has not caused any difference compared with the currently applied accounting principles as the company is in a start-up phase and its balances are currently limited.

Functional currency and presentation currency

The functional currency of the Parent Company is the Swedish krona (SEK), which is also the presentation currency for both the Parent Company and the group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest thousands SEK. Amounts in brackets refer to the previous year's value.

Valuation basis in the preparation of the financial statements

Assets and liabilities are recognized at historical cost.

New standards and interpretations applied by the Group

A number of new standards and interpretations to the standards will enter into force for financial years beginning on January 1, 2020. None of these are deemed to have any impact on the Group's financial reports.

New standards and interpretations that have not yet been applied by the Group

A number of new standards and interpretations to standards are effective for annual periods beginning after January 1, 2020, and have not been applied in preparing these consolidated financial statements. New standards and amendments that have not yet come into effect are not expected to have any significant impact on the Group's financial statements.

Classification of assets and liabilities

Non-current assets and liabilities consist primarily of assets and liabilities that are expected to be recovered or settled more than 12 months after the balance-sheet date. Current assets and liabilities primarily consist of assets and liabilities that are expected to be recovered or settled within 12 months of the balance-sheet date.

Consolidation policies

The consolidated financial statements cover, in addition to the Parent Company, all companies in which the Parent Company directly or indirectly has control. Control exists if the Parent Company can affect the investee, is exposed to or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are recognized in the consolidated financial statements as of the date on which the controlling influence is attained and until the date on which controlling influence no longer exists.

The purchase method is used in the preparation of the consolidated financial statements and a preliminary purchase price allocations is prepared in connection with acquisition. The purchase price allocation is to determine the cost of the shares or the business and the fair value at the acquisition date of identifiable assets, liabilities and contingent liabilities. The difference between the purchase consideration and the fair value of identified assets and liabilities assumed is allocated to goodwill. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit and loss.

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On December 15, 2020, Frill Holding AB acquired all shares in Bezzt AB through a non-cash issue. The number of shares in Frill Holding before the issue amounts to 66 120 276 shares and an additional 74 561 162 shares are issued in the non-cash issue as a payment for Bezzt AB. Following the completed non-cash issue, the previous owners of Bezzt will gain control of Frill Holding AB, when previous owners only hold 47% of the shares in the company. In accordance with IFRS, the transaction constitutes a reverse acquisition. A reverse acquisition is an acquisition where the legal acquirer (ie Frill Holding AB) is the acquired company and Bezzt is considered the accounting acquirer in the consolidated accounts.

Intra-group receivables and payables, income and expenses, and unrealized gains arising from intra-group transactions are eliminated when preparing the consolidated financial statements. In cases where the subsidiary's accounting policies are not compatible with the Group's, adjustments have been made to the Group's accounting policies.

Revenue recognition

Revenue from contracts with customers is recognized when the performance obligation has been fulfilled by transferring the value of a goods or service to the customer. Determining the timing of transfer of control - either at a certain time or over time - requires judgment.

Sale of goods

The Group's revenue is generated from the sale of Frill The Frozen Smoothies, Add ice-cream and Bezzt of Nature mainly through grocery stores. Revenue from contracts with customers is reported when the performance commitment is met by the goods being transferred to the customer. The commitment is completed at a specific time, which coincides with the delivery of the goods to the customer. Revenues are reported net with deductions for value added tax, bonuses, returns and discounts.

Contractual assets and contractual liabilities

The timing of revenue recognition, invoicing and receipts leads to invoiced accounts receivable, unbilled accounts receivable (contractual assets) and advances from customers (contractual liabilities) in the Group's balance sheet. The terms of payment vary from contract to contract and depend on what has been agreed with the customer.

Other income

Other income at Group level mainly relates to exchange rate gains on the conversion of accounts receivable and accounts payable in foreign currency and development grants received. The development grant, which is a government grant, is attributed to the UK subsidiary. Other income is usually recognized as income upon receipt of payment. At the Parent Company level, intra-group hiring of personnel is included in other operating income.

Cost of goods and services sold

The Cost of goods sold includes the purchase of raw materials and supplies, production, transport costs and other directly related costs. Discounts, cash discounts, vendor bonuses, and similar items have reduced the cost of goods and services sold.

Selling expenses

Selling expenses include costs directly attributable to the sale of goods, freight to customers, marketing, compensations to sellers, debt collection, credit reports, etc. The Group markets its products by participating in various events, store activities and other trade promotion measures.

Administrative expenses

Administrative expenses include administration costs not attributable to the cost of goods and services sold or selling expenses.

Government Grants

In accordance with IAS 20, government grants are recognized in the income statement when it is reasonable assurance that the company will meet the requirements that come with the grants and that the grants will be received. The government grants have been reported as other operating income. In 2020, the group gained access to government grants due to the ongoing pandemic as part of the measures taken by the authorities. Government grants is attributable to short-term layoffs.

Financial income and expenses

Financial income consists of interest income from financial investments, dividend income and exchange rate differences. Interest income from financial instruments is reported using the effective interest method. Dividend income is reported when the right to receive the dividend has been determined. Financial expenses consist of interest expenses on loans, trade payables, exchange rate differences and other financial expenses. Borrowing costs are recognized in profit or loss using the effective interest method. Foreign exchange gains and losses are reported net. Effective interest is the interest that discounts the estimated future cash flows during a financial instrument's expected term to the financial asset's or liability's net carrying amount.

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Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Operating segments are reported in a manner that is in agreement with the internal reporting that is presented to the chief operating decisionmaker at Frill. The chief operating decision-maker is the Group's Chief Executive Officer. The Group's sales markets are Sweden, UK and USA. The products are intended for the same use by customers in different regions. Frill reports its business as one business segment, because it is the total of sales that is reported to, and is followed by, the highest executive decision maker.

Remuneration of employees

Short-term employee compensation is calculated without discounting and is recognized as an expense when the related services were performed.

The Group only has defined-contribution pension plans. Defined-contribution plans are plans under which the company's obligations are limited to the payment of fixed contributions. Frill has no legal or informal obligations to pay further contributions if there are not sufficient assets to pay all employee benefits relating to employee service in current and prior periods. For defined-contribution plans, Frill pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as expenses for employee benefits when the amounts become due for payment.

An expense for compensation in connection with terminations of personnel is recognized at the earliest point in time when the Company can no longer revoke an offer to employees or when the Company recognizes costs for restructuring.

Earnings per share

The calculation of earnings per share before dilution has been based on the Group's net profit/loss for the year in relation to the weighted average number of shares outstanding.

Leasing

The Group assesses whether an agreement is or contains a lease agreement at the beginning of the agreement. As a lease-holder, a right-of-use asset is recognized to represent the right to use the leased assets. At the same time, a lease liability is recognized representing the obligation to pay lease payments for the leased assets. Short-term leases (defined as leases that have a lease term of 12 months or less) and leases of low-value assets are exempt and recognized as an expense on a straight-line basis over the lease term.

When entering into a new lease contract the right-of-use asset is measured at cost. The lease liability is measured at the present value of the lease payments that are not paid at that date. When discounting the lease payments, the interest rate implicit in the lease is used at first hand. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. If the lease agreement is amended during the lease term, the lease liability and right-of-use assets are revalued. Each lease payment is allocated between liabilities and financial expense. The lease liability, after interest is reported as long- and short-term liabilities. The interest component of the financing cost is charged to the profit and loss statement over the lease term in such a manner that the interest rate at each time remains constant for the remaining liability. After the commencement date the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. The value of the lease liability is mainly adjusted to reflect interest on the lease liability and to reflect the lease payments made. Extension periods may be included in the group if responsibly certain they will be utilized.

Foreign currency transactions

Transactions in foreign currency are translated into the functional currency according to the exchange rates that apply on the transaction date, or the date on which the items are revalued. Foreign exchange gains and losses arising from the payment of such transactions, or when translating monetary assets and liabilities into foreign currency at the closing day-rate, are reported in the income statement. Foreign exchange gains and losses relating to loans, cash and cash equivalents are recognized in the income statement as financial income or expenses. All other foreign exchange gains and losses are recognized in operating income in the income statement.

Translation differences for non-monetary financial assets and liabilities, such as shares valued at fair value through profit or loss, are recognized in the income statement as part of fair value gains / losses. Translation differences for non-monetary financial assets measured at fair value, such as shares classified as financial assets that are measured at fair value through other comprehensive income, are recognized in other comprehensive income.

Translation of foreign group companies

The result and financial position of all Group companies (of which none have a high inflation currency as a functional currency) that has a different functional currency than the reporting currency, are translated to the Group's reporting currency as follows:

- Assets and liabilities for each of the balance sheets are translated at the closing day rate;
- Revenue and expenses for each of the income statements are translated at the average exchange rate (unless this average price is a reasonable approximation of the cumulative effect of the rates that apply on the transaction date, otherwise revenue and expenses are translated at the exchange rate on the transaction date), and
- All exchange rate differences arising are reported in other comprehensive income.

In the consolidated financial statements, exchange rate differences attributable to the translation of a net investment in a foreign operation, together with exchange rate differences attributable to borrowing or other financial instruments classified as hedging instruments for such investments, are reported in other comprehensive income. Accumulated gains and losses in equity are recognized in the income statement when foreign operations are divested in whole or in part.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of this business and are translated at the closing day rate.

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Income tax

The Group's total tax expense consists of current and deferred tax. Income tax is recognized in profit or loss, except when the underlying transaction is recognized in other comprehensive income or directly in equity, in which case the related tax effect is recognized in other comprehensive income or directly in equity

Current tax is income tax for the current fiscal year that relates to the year's taxable profit and the part of the previous fiscal year's income tax that has not yet been reported. Current tax is valued at the probable amount according to the tax rates and tax rules that apply on the balance sheet date.

Deferred tax is income tax for taxable income in respect of future financial years as a result of previous transactions or events. Deferred tax is calculated on temporary differences. A temporary difference exists when the carrying amount of an asset or liability differs from the taxable value.

Deferred tax assets relating to loss carried forward, or other future tax deductions, are reported to the extent that there are factors that convincingly indicate that there are sufficient future tax surpluses.

Intangible assets

Goodwill

In connection with business combinations, goodwill is reported in the statement of financial position in cases where the consideration paid exceed the fair value of acquired identifiable assets and liabilities. Goodwill is valued at cost less any accumulated impairment. Goodwill is attributed to the relevant cash-generating units and is not amortized, but is instead tested for impairment annually, or more frequently if factors indicate that the asset in question has decreased in value.

Tangible assets

Tangible assets are recognized at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly attributable to the asset for delivering it to its intended place and in a condition that matches the intended purpose. Depreciation is applied on a straight-line basis over the estimated useful life. Evaluation of the useful life is carried out continuously and the estimated useful life is as follows:

Equipment	5 years
Right of use assets	2,25 years

The carrying amount of tangible assets is derecognized from the balance sheet when the item is disposed of or sold or when no future financial benefits are expected to accrue from the asset. Gains or losses on the sale or disposal of an asset are calculated as the difference between the selling price and the carrying amount of the asset (less direct selling expenses). Gains or losses are recognized as other operating income/expenses in profit or loss.

Impairment of non-financial assets

The carrying amount of the Group's assets is tested at the end of each reporting period to determine any need to recognize impairment. The carrying amount is also tested when an indication of a decrease in value has been identified. An impairment loss is recognized for an asset if its carrying amount exceeds its recoverable amount, where the recoverable amount is defined as the higher of the asset's net sales value and its value in use. In calculating value in use, future cash flows that the asset is expected to generate are discounted using an interest rate that reflects the current market assessment of the time value of money and the cash-generating units' specific risks. A separate asset is attributed to the smallest cash-generating unit in which independent cash flows can be determined. Impairment is charged against profit/loss. Impairment of assets pertaining to a cash-generating unit is applied primarily to goodwill. Thereafter, a proportional write-down is made of other assets included in the unit.

The Company also determines on each reporting occasion whether there are indications that a previous write-down of an asset, in addition to goodwill, is wholly or partly no longer justified. A reversal of the write-down is only made to the extent that the asset's carrying amount does not exceed what the company would have reported (after depreciation) if the company had not made any write-downs for the asset. Reversals of write-downs are recognized in the income statement.

Financial assets and liabilities

Financial assets

The Group classifies and evaluates its financial assets based on the business model that handles the asset's contracted cash flows and the nature of the asset. The financial assets are classified in one of the following categories: financial assets that are valued at amortized cost, or financial assets at fair value through other comprehensive income and financial assets. Assets measured at fair value through profit or loss, are initially recognized at fair value, net of transaction costs.

Currently, the Group only has financial assets that are not normally sold outside the Group and where the purpose of the holding is to receive contractual cash flows. All financial assets are classified as financial assets that are valued at amortized cost. These financial assets are included in current assets with the exception of items with maturity more than 12 months after the end of the reporting period, which are classified as non-current assets. Valuation is carried out at amortized cost using the effective interest method.

When acquiring financial assets, expected credit losses are reported continuously during the holding period, normally taking into account credit loss risk within the next 12 months. In the event that the credit risk has increased significantly, it is reserved for the credit losses that are expected to occur during the entire asset's term. Based on historical data regarding payment patterns and payment ability of the counterparty, the expected loan losses are judged to be limited.

Financial liabilities

The Group only has financial liabilities that are classified and valued at amortized cost using the effective interest method. Accounting is initially made at fair value, net after transaction costs

Accrued acquisition value

Accrued acquisition value refers to the amount to which the asset or liability was initially recognized less deductions for amortization, additions or deductions for accumulated accrual according to the effective interest method of the initial difference between the received/paid amount and the amount to be paid/received on the due date, and with deductions for impairment. The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected maturity, results in the initially recognized value of the financial asset or financial liability. Financial receivables and liabilities with short maturities are reported at nominal value without discounting.

Derecognition of assets and liabilities

A financial asset or part thereof is derecognized in the balance sheet when the contractual rights to the cash flows from the financial asset expire. A financial liability or part thereof is derecognized in the balance sheet when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Impairment

The Group assesses the future expected loan losses that are linked to assets recognized at amortized cost. The Group recognizes a credit reserve for such expected credit losses at each reporting date. For accounts receivable, the Group applies the simplified approach to credit provision, that is, the reserve will correspond to the expected loss over the entire life of the accounts receivable.

Cash and cash equivalent

Cash and cash equivalents include cash and bank balances as well as other short-term liquid investments that can easily be converted into cash and are subject to insignificant risk of changes in value. In order to be classified as cash and cash equivalents, the term may not exceed three months from the date of the acquisition. Due to the fact that bank funds are payable on demand, the accrued acquisition value corresponds to the nominal amount.

Inventories

Inventories are valued according to the lowest value principle, which means the lowest of the acquisition value and the net sales value. The acquisition value consists of the purchase price after deduction of supplier discounts related to articles in inventories. In addition to the purchase price, the acquisition cost also includes other direct costs for bringing the goods to their current location and condition. The acquisition value is calculated by applying the first-in first-out principle (FIFO). The net realizable value corresponds to the expected sales price in the day-to-day operations, less sales costs. Only current inventories are included in inventories.

Cash flow statements

The cash flow statement is prepared in accordance with the indirect method. The reported cash flow comprises only transactions that entail incoming or outgoing payments.

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Contingent liabilities

Disclosures about a contingent liability are provided when there is a possible obligation depending on whether some uncertain future event occurs, or when there is an existing obligation for which payment is not probable or the amount cannot be measured reliably.

Equity

Transaction costs directly attributable to the issue of new shares or warrants are recognized in equity as a deduction from the issue proceeds.

Warrant programs

The company has warrants programs directed towards senior executives and other key persons, see note 29. Warrants are acquired for consideration corresponding to its fair value calculated in accordance with the Black & Scholes valuation model.

Parent Company's accounting policies

The Parent Company complies with the Swedish Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2 - Reporting for Legal Entities. The Swedish Financial Reporting Board's pronouncements regarding listed companies are also applied. Application of RFR 2 entails that the Parent Company, in the annual report for the legal entity, applies all EU-endorsed IFRSs and pronouncements as far as possible within the framework of the Annual Accounts Act, and taking into account the connection between reporting and taxation. The recommendation indicates which exceptions from and amendments to IFRS are to be made. The differences between the Parent Company's and Group's accounting policies are described below.

Classification and presentation

The profit and loss account and balance sheet of the Parent Company are presented in accordance with the Swedish Annual Accounts Act. The differences compared to IAS 1, Presentation of Financial Statements, refer mainly to financial income and expenses, equity and the presentation of provisions as a separate item in the balance sheet.

Shares in group companies

In the Parent Company, shareholdings in Group companies are accounted for in accordance with the cost method of accounting. The transaction costs are included in the carrying amount of shareholdings in group companies. The dividend received is recognized in the income statement.

Shareholders' contributions

Shareholder contributions are reported directly in shareholders' equity of the receiving party and are capitalized in shares and participations of the rendering party, to the extent that there is no need to recognize impairment.

Financial instruments

The Parent Company does not apply IFRS 9, except when calculating the net realizable value of accounts receivable, contract assets and other receivables where the same principles for impairment testing and loss risk reserve are applied as in the Group. In the Parent Company, financial fixed assets are valued at acquisition value less any impairment losses and financial current assets at the lower of cost and fair value less costs to sell.

Leasing

The Parent Company intends to make use of the exception regarding the implementation of IFRS 16, Leasing, implying that all leasing agreements are reported as operational.

Note 3 Significant estimates and assessments

Preparing the financial statements in accordance with IFRS requires management to make estimates and assumptions that impact the application of the accounting policies and the carrying amounts for assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors that under current circumstances seem reasonable. The outcome of these estimates and assumptions is then used to determine the carrying amounts of assets and liabilities. The actual outcome may differ from these estimates and assumptions, but not significantly. The estimates and assumptions are regularly updated to identify factors that may impact the initial assumption. A change in estimates is recognized in the period in which the change occurred. The areas that involve a high degree of assessment and that are of material importance to the Group are described below.

Goodwill

The most significant fixed assets where impairment testing is deemed to be critical, is goodwill. The estimated recoverable amount for identified cash-generating units is based on a number of assessments and estimates based on the management's best assessment. Changes to these could result in a significant effect on the recoverable amount. The most significant assumptions appear in note 16.

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Shares in subsidiaries

Frill Holding AB has made a shareholder's contribution to Zendegii Frill Ltd and Add Nutrition AB amounting to SEK 4,4 million in order to cover current losses in the companies. The Board is of the opinion that the contributions made by themselves do not increase the value of shares in subsidiaries when they are submitted for loss cover, which is why the Board decided that the value of these contributions should be written down. The write-down does not affect the Group's earnings and financial position, as the subsidiaries' earnings are reported on an ongoing basis in the consolidated profit. In addition, shares in the subsidiaries Zendegii Frill Ltd and Add Nutrition AB and long-term receivables on Frill Inc. have been written down. For prudential reasons, all holdings in the parent company have been written down, except for the book value of the shares in Bezzt AB, due to delays in the pace of establishment in the markets. The write-downs are not an effect of a reduced confidence in the future prospects of the subsidiaries' operations.

The Parent Company has carried out a write-down of the present value of the holdings on the basis of the company management's best estimate of future discounted cash flows. Based on this assessment, the company management does not believe there is any reason for further impairment of the book value. The cash flows discounted for impairment testing are taken from forecasts with the assumption that sufficient funding can be secured to continue the business in the long term. The valuation model is discounted by a WACC of 17%.

Note 4 Financial risks and financial instruments

Responsibility for the Group's financing and financial risk management, rests with the Board and is executed by the Chief Financial Officer. The risks are evaluated annually in connection with the budget work and on an ongoing basis during the year, if necessary. Through its operations, the Group is exposed to various financial risks such as credit risk, liquidity risk, currency risk and interest rate risk. The overall objective is to minimize negative effects on the Group's earnings and to manage these risks in a cost-effective manner.

Credit risk

Credit risk is the risk that the parties to which the Group has a claim cannot fulfil their obligation and thereby cause the group to incur a financial loss. The company does not use an independent valuer to make an assessment of the customer's creditworthiness, but instead uses financial information, historical experience and other factors. Credit risk in accounts receivable is relatively limited in view of the fact that the Group's customer base is spread and mainly consists of grocery chains. Overall, the company's credit risk is deemed to be low.

Liquidity risk

Liquidity risk means the risk that, in the absence of liquid funds, the Group will not be able to fulfill its obligations or that these can only be fulfilled by borrowing liquid funds at a significantly higher cost or, in the worst case, not at all. Rapid expansion and aggressive investments entail increased costs for the company. Delays in the development of the company's product range can lead to deterioration in the company's operating profit and it cannot be said with certainty whether the company can generate sufficient funds for future financing of its operations. In the future, the company may need to attract new external capital at conditions that (at the time of capital raising) are not advantageous for existing shareholders, taking into account dilution. Alternatively, financing can be made through borrowing, which may entail conditions that limit the company's use of capital in its operations. If the company fails to raise any necessary capital, it can have a material adverse effect on the company's operations, financial position and earnings.

Frill's ability to satisfy any future capital needs depends on, among other things, the company's sales development and the conditions for being able to raise loan financing and the general market situation for capital injections.

At the balance sheet date, the Group's cash and cash equivalents amounted to SEK 8 210 thousand. During the year, the company completed a new share issue, which provided the company with SEK 13 977 thousand net after issue costs. Zendegii Ltd. has issued a short-term limit (6 months) regarding lending up to SEK 4 million to Frill Holding AB. The loan opportunity was partly utilized during the year. As of the balance sheet date, the loan debt amounts to SEK 246 thousand.

Maturity analysis of contractual payments for financial liabilities

Group 12/31/2020	Within three months	3-12 months	2-5 years	After 5 years	Total
Lease liabilities	40	0	0	0	40
Accounts payable	446	0	0	0	446
Other liabilities	725	246	670	0	1 641
Total	1 211	246	670	0	2 127
Group 12/31/2019	Within three months	3-12 months	2-5 years	After 5 years	Total
Lease liabilities	0	0	0	0	0
Accounts payable	0	0	0	0	0
Other liabilities	0	0	0	0	0
Total	0	0	0	0	0
Parent company 12/31/2020	Within three months	3-12 months	2-5 years	After 5 years	Total
Accounts payable	286	0	0	0	286
Other liabilities	112	0	670	0	782
Total	398	0	670	0	1 068

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Parent company 12/31/2019	Within	3-12	2-5 years	After 5 years	Total
	three months	months			
Accounts payable	298	0	0	0	298
Other liabilities	66	0	670	0	736
Total	364	0	670	0	1 034

Currency risk

Exchange rate risk is the risk that fair value or future cash flows will vary due to changes in foreign exchange rates. This exposure arises from purchases/sales in foreign currencies. As the maturity of accounts receivable and accounts payable is short, this means that the price risk in commercial flows is limited.

The Group is also affected by currency risks when translating net assets in foreign subsidiaries into Swedish kronor and in intra-Group financing. The translation of the foreign assets' net assets takes place from GBP and USD to Swedish kronor. For 2020, the translation of the foreign subsidiaries has affected the Group's equity with SEK 24 thousand (0). This is mainly the change in the USD exchange rate that affects the size of the translation difference, with a change in exchange rates of 5 percent affecting the Group's earnings and would have an effect on sales of SEK +/-1 thousand (+/-0) and the year's total result for the Group with SEK +/-47 thousand (+/-0).

Interest risk

Interest rate risk is the risk that changes in market interest rates will affect earnings and cash flow. At year-end, the Group has no long-term outstanding liabilities to banks or other credit institutions, but the business is financed through equity. Loans from Zendegii Ltd currently run without interest, which is why there is no interest rate risk in the Group.

Capital risk

The Board of Directors of the Company monitors the Group's capital structure and financial management, decides on matters relating to acquisitions, investments and financing, and continuously monitors the Group's exposure to financial risks. The Group's goals for capital management are to ensure the Group's ability to continue its operations in order to generate reasonable returns for shareholders and benefit to other stakeholders. Neither the Parent Company nor the subsidiary are subject to external capital requirements. The Group's current policy is not to pay any dividends. Only when the company achieves long-term profitability will proposals for dividends to shareholders be made.

The Group is still in a start-up phase, which is why the most important goal of managing the capital risk is to ensure that sufficient liquid funds are available for continued investments. The Group assesses the capital on the basis of net debt, borrowing less liquid funds, see also Note 30.

Financial instruments by category

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Financial assets (valued at accrued acquisition value)				
Accounts receivables	232	0	77	54
Receivables from group companies	0	0	874	19 676
Accrued income	0	0	0	48
Cash and cash equivalents	8 210	18	2 333	4 570
Total	8 442	18	3 284	24 348
Financial liabilities (valued at accrued acquisition value)				
Lease liabilities	40	0	0	0
Other long-term liabilities	670	0	670	670
Accounts payable	446	0	286	298
Other liabilities	702	0	0	0
Total	1 858	0	984	968

Other long-term liabilities are liabilities to related companies and the loan runs until further notice.

Valuation of financial instruments at fair value

For financial assets and financial liabilities, the carrying amounts are deemed to be a good approximation of the fair values due to the fact that the maturity and/or fixed interest period is short, which means that discounting based on current market conditions is not deemed to have any material effect.

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Note 5 Disaggregation of revenue from contracts with customers

Net sales per brand	Group		Parent company	
	2020	2019	2020	2019
Frill The Frozen Smoothie	58	0	790	843
Add ice-cream	4	0	0	0
Beztt of Nature	46	4	0	0
Total	108	4	790	843

No customer made up more than 10% of revenues.

Note 6 Purchases and sales between group companies

Transactions between Group companies have been made on market terms and have been eliminated in the Group. The Parent Company has invoiced SEK 177 (260) thousand to other Group companies, of which SEK 146 (244) thousand is included in other operating income. The Parent Company has purchased from subsidiaries amounting to SEK 797 (737) thousand, attributable to purchases from the subsidiary Zendegii Frill Ltd.

Note 7 Other operating income

	Group		Parent company	
	2020	2019	2020	2019
R&D contribution	33	0	0	0
Government grants	0	0	290	0
Other	0	0	146	254
Total	33	0	436	254

Note 8 Breakdown of expenses

	Group		Parent company	
	2020	2019	2020	2019
Cost of goods and services sold				
Cost of goods	103	0	555	370
Depreciation/amortization	0	0	0	0
Other	24	44	209	246
Total	127	44	764	616
Sales costs				
Personnel costs	86	0	267	1 552
Depreciation/amortization	0	0	0	0
Other	117	30	572	704
Total	203	30	839	2 256
Administrative costs				
Personnel costs	120	0	400	2 327
Depreciation/amortization	0	0	0	0
Other	362	34	2 225	1 722
Total	482	34	2 625	4 049

Note 9 Lease agreements

As of the closing date, the Group has leases for warehouse for frozen goods that are reported as financial leases. The lease agreements are written for a fixed period of 2 years, which is extended for a further 2 years unless termination occurs no later than three months before the end of the contract period. Short-term leases relate to the cost of office space, storage and freezers. The company has no low value leases. There are no leasing agreements in Beztt AB, which is why the comparative figures for the group are zero.

Impact on earnings, IFRS 16 Amounts reported in profit and loss statement	Group	
	2020	2019
Amortization of rights of use	6	0
Interest expense, lease liability	0	0
Costs attributable to variable lease payments that are not included in the valuation of the lease liability	0	0
Costs attributable to low-value lease agreements	0	0
Costs attributable to short-term lease agreements	35	0
Total	41	0

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Note 10 Auditor's fees *

	Group		Parent company	
	2020	2019	2020	2019
PWC				
Auditing fees	233	0	233	217
Audit activities in addition to audit assignments	89	0	89	115
Total	322	0	322	332

Audit engagement refers to the work of auditors for the statutory audit and audit business refers to different types of quality assurance services. Other services are services not included in audit engagements, audit business or tax advisory services.

* The information in the note refers to remuneration for the full year 2020. This despite the fact that the reverse acquisition took place as of 15 December 2020.

Note 11 Number of employees and employee benefits expense

Average number of employees	2020		2019	
	Number of employees	Thereof men	Number of employees	Thereof men
Parent company	3	2	4	2
	3	2	4	2
Subsidiaries				
Sweden	1	1	0	0
UK	2	1	0	0
US	2	2	0	0
	5	4	0	0
Total in the Group	8	6	0	2

Distribution of Board members and senior executives at the balance-sheet date	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2020
Board members	7	6	7	6
Thereof women	1	1	1	1
Group Management, including CEO	6	6	3	3
Thereof women	2	3	1	2

Salaries and other remuneration	Group		Parent company	
	2020	2019	2020	2019
The board and the CEO	68	0	68	450
Senior executives	1 691	0	128	806
Other employees	2 641	0	1 467	1 662
Total	4 400	0	1 663	2 918

Remuneration of the CEO, Group Management and senior executives - 2020 ** / ***	Base salary/ board fees	Pension- costs	Other remunerations*	Total
Chairman of the Board				
Peter Blom, December 2020	38	0	0	38
Mats Lindstrand, January-December 2020	0	0	0	0
Board members				
Peter Freedman	0	0	0	0
Andrew McKinley	0	0	0	0
Jan Åström	0	0	0	0
Anna Hällöv	0	0	0	0
CEO				
Nici Ferber, December 2020	30	0	0	30
Khosro Ezaz-Nikpay, January-December 2020	0	0	729	729
Other senior executives (5)	1 691	33	218	1 942
Total	1 759	33	947	2 739

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	2020	2019	2020	2019
Social security expenses				
Pension costs board/CEO	0	0	0	0
Pension costs other employees	33	0	159	192
Other social security expenses	932	0	606	901
Total	965	0	765	1 093

* Other remuneration relates to invoiced fees.

** Information for the Group 2019 includes only the average number of employees and salaries and remuneration for Beztt AB, which, however, had no employees. All information for the Group 2020 has been recalculated on a full-year basis, despite the fact that the reverse acquisition did not take place until December 15, 2020. The legal parent company Frill Holding AB was not included in the group in 2019 due to the reverse acquisition.

*** Due to the reverse acquisition, remuneration per person for 2019 will not be shown as senior executives in Beztt as they are not senior executives in the Frill Holding Group.

Pension obligations

The company has no pension commitments neither to the current or former Board, CEO or other senior executives.

Severance pay agreement

Between the company and the CEO, there is a notice period of twelve months on the part of the company and six months on the part of the employee. Between the company and other senior executives there is a mutual notice period of three months.

Warrants

The company has warrant programs aimed at senior executives and other key employees, see note 19.

Note 12 Other operating expenses

	Group		Parent company	
	2020	2019	2020	2019
Exchange rate difference	0	0	-4	-25
Product development	-7	0	-33	-28
Total	-7	0	-37	-53

Note 13 Financial income

	Group		Parent company	
	2020	2019	2020	2019
Interest income, group	0	0	0	334
Exchange rate difference	0	0	0	427
Total	0	0	0	761

Note 14 Financial expenses

	Group		Parent company	
	2020	2019	2020	2019
Interest cost	0	0	-3	-309
Exchange rate difference	-130	0	-3 104	0
Other financial expenses (cost of loan facility)	0	0	0	-900
Total	-130	0	-3 107	-1 209

Note 15 Income tax

	Group		Parent company	
	2020	2019	2020	2019
Current tax	0	0	0	0
Reported tax	0	0	0	0

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Difference between tax at current tax rate and reported tax expense is shown in the table below.

	Group		Parent company	
	2020	2019	2020	2019
Profit/loss before tax	-808	-104	-79 025	-10 057
Tax based on applicable tax rate 21,4%	173	22	16 911	2 152
Tax effect of:				
Non-deductible expenses	0	0	-13 915	-806
Deductible expenses reported directly in equity	0	0	-841	50
Increase in loss carryforwards for current year	-173	-22	-2 155	-1 396
Reported tax	0	0	0	0

The Group generates losses, and management cannot judge when these tax loss carryforwards can be utilized. Tax loss carryforwards in the Group as of December 31, 2020 mounted to SEK 82 459 thousand (393). For the Parent Company, tax loss carried forward amount SEK 34 469 thousand (24 398) on December 31, 2020.

Note 16 Goodwill

	Group	
	Dec 31, 2020	Dec 31, 2019
Goodwill attributable to the reverse acquisition of Frill Holding AB	17 094	0
Added through acquisitions	17 094	0
Closing amount	17 094	0

The value of the Group's goodwill item is assessed solely on the basis of the value in use of the cash-generating units where assumptions about future growth and operating margins are important variables. Value in use is based on the cash flows after tax that are deemed to be generated over the remaining life of the units with the assumption of eternal life. The calculation of the value of Frill's cash-generating units is based on management's cash flow forecasts for a five-year period. Thereafter, cash flows are based on the assumption of annual growth of 2 percent (2). The forecast cash flows have been calculated at present value at a discount rate of 17 percent (13) before tax. The discount rate corresponds to Frill's assessed average cost of capital, i.e. the weighted sum of return requirements on equity and the cost of externally borrowed capital. With a discount factor of 17 percent, the value in use exceed the reported value. Thus, there is no need for impairment as of 31 January 2020. A sensitivity analysis with regard to the discount rate and growth assumptions has been carried out. Group management considers that reasonable changes in these variables (assumptions) in the calculations would not have such a significant impact that they would individually reduce the recoverable amount to a value lower than the reported value.

Note 17 Equipment

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Added through acquisitions	561	0	0	0
Closing accumulated acquisition value	561	0	0	0
Added through acquisitions	-475	0	0	0
Depreciation for the year	-1	0	0	0
Closing accumulated depreciation	-476	0	0	0
Closing amount	85	0	0	0
Equipment broken down by country:				
UK	2	0	0	0
US	83	0	0	0
Closing amount	85	0	0	0

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Note 18 Right of use assets

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Added through acquisitions	342	0	0	0
Closing accumulated acquisition value	342	0	0	0
Added through acquisitions	-298	0	0	0
Depreciation for the year	-6	0	0	0
Closing accumulated depreciation	-304	0	0	0
Closing amount	38	0	0	0

Note 19 Participation in Group companies

	Parent company	
	Dec 31, 2020	Dec 31, 2019
Opening acquisition value	173 283	169 551
Acquisition	29 675	0
Shareholders contribution	5 174	3 732
Closing accumulated acquisition value	208 132	173 283
Opening write-downs	-127 774	-124 042
Write-downs for the year	-49 933	-3 732
Closing accumulated write-downs	-177 707	-127 774
Closing amount	30 425	45 509

Company	Parent company	
	Dec 31, 2020	Dec 31, 2019
Frill Inc	0	9
Zendegii Frill Ltd	0	25 000
Bezzt AB	30 425	0
Add Nutrition AB	0	20 500
Closing amount	30 425	45 509

Company	Share of capital	Number of shares	Org. Nr	Domicile
Frill Inc	100%	1 000	81-3803658	Pasadena California
Zendegii Frill Ltd	100%	1 013 000 000	08953167	London, UK
Bezzt AB	100%	571	559069-3288	Stockholm
Add Nutrition AB	100%	1 333	559006-0256	Stockholm

Note 20 Receivables from Group companies

	Parent company	
	Dec 31, 2020	Dec 31, 2019
Opening acquisition value	19 676	14 651
Additional	9 318	8 757
Shareholders contribution	-5 174	-3 732
Reclassification	-874	0
Write-downs for the year	-22 946	0
Closing amount	0	19 676

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Note 21 Accounts receivables and contractual assets

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Account receivables, gross	239	0	77	54
Provision for doubtful accounts receivable	-7	0	0	0
Accrued income (contractual assets)	0	0	0	48
Total	232	0	77	102

Maturity analysis of outstanding accounts receivable	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Not due	102	0	75	49
1-30 days	64	0	2	53
31-90 days	66	0	0	0
91-180 days	0	0	0	0
More than 181 days	0	0	0	0
Total	232	0	77	102

The company's assessment is that payment will be received for accounts receivable that are due but not written down, as the customers' payment history is good.

The change in the loss reserve during the financial year is specified below:

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Opening value	65	0	0	0
Increase in the loss reserve, the change reported in the income statement	7	0	0	0
Accounts receivable written off during the year	0	0	0	0
Closing amount	72	0	0	0

Note 22 Prepaid expenses and accrued income

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Prepaid rents	85	0	25	43
Prepaid insurance	16	0	16	0
Accrued income (contractual assets)	0	0	0	48
Other items	65	0	65	80
Total	166	0	106	171

Note 23 Cash and cash equivalents

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Cash in bank	8 210	18	2 333	4 570
Total	8 210	18	2 333	4 570

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Note 24 Share Capital

The parent company Frill Holding's share capital and number of shares have changed according to the table below:

	Change in number of shares	Change in share capital, SEK	Total number of shares	Total share capital, SEK	Quota value, SEK
Formation - 2015	50 000	50 000	50 000	50 000	1,00
Share split - 2015	950 000	50 000	1 000 000	50 000	0,05
New share issue - 2016	1 600 000	80 000	2 600 000	130 000	0,05
New share issue - 2016	4 000 000	200 000	6 600 000	330 000	0,05
Issue of non-cash consideration - 2016	13 400 000	670 000	20 000 000	1 000 000	0,05
Issue of non-cash consideration - 2017	14 133 335	706 667	34 133 335	1 706 667	0,05
Withdrawal of shares	-13 400 000	-670 000	20 733 335	1 036 667	0,05
New share issue - 2018	5 243 470	262 174	25 976 805	1 298 841	0,05
New share issue - 2019	4 333 333	216 666	30 310 138	1 515 507	0,05
New share issue - 2020	35 810 138	1 790 507	66 120 276	3 306 014	0,05

The non-cash issue is not included in the table above as it has not yet been registered as of the balance sheet date. The issue will result in the company's share capital increasing by SEK 3 728 058.10 through the issue of 74 561 162 new shares.

The total number of A shares amounts to 3 000 000 shares and corresponds to ten votes per share. The total number of B shares amounts to 63 120 276 shares and corresponds to one vote per share. All shares registered on the balance sheet date are fully paid. At the Extraordinary General Meeting in December, it was decided that the company's different share classes were abolished so that the company has only one share class. The change was registered with the Swedish Companies Registration Office at the beginning of 2021, see Note 38.

Note 25 Other contributed capital

Other contributed capital in the group is based on other contributed capital in Beztt AB. In connection with the reverse acquisition that took place on 15 December 2020, other contributed capital attributable to the non-cash issue that was carried out was added.

Note 26 Translation reserve

The translation reserve pertains to all exchange-rate differences arising on the translation of foreign operations that have prepared their financial statements in a currency other than SEK.

When a foreign operation is sold, the part of the translation reserve attributable to the divested company is returned to the income statement as part of the capital gain / loss.

Note 27 Profit/loss brought forward incl net profit/loss for the year

Profit/loss brought forward incl net profit/loss for the year include net profit/loss for the year and profit/loss in the preceding year in the parent company and the group's subsidiaries.

Note 28 Proposed disposition of the Company's profit

	Parent company Dec 31, 2020
At the disposal of the general meeting, SEK	
share premium reserve	252 855 860
retained earnings	-147 830 914
net profit/loss for the year	-79 023 930
	26 001 016
The board of directors proposes the following to be carried forward	26 001 016
	26 001 016

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Note 29 Earnings per share

	Group	
	Dec 31, 2020	Dec 31, 2019
Earnings per share before/after dilution (SEK)	-0,02	0,00
Profit/loss attributable to ordinary equity holders of the company	-808	-104
Weighted average nr of shares outstanding before/after dilution	50 898 502	26 748 494

At the Annual General Meeting on June 30, 2017, a resolution was made to issue a maximum of 1 005 000 warrants to the Board of Directors, senior executives and other employees of the company. As of the balance sheet date, 620 000 options were outstanding to the CEO, Board of Directors and other senior executives. All options have been allotted, of which no options have been subscribed for at the closing date. The warrants have been transferred at market prices according to an independent established valuation (Black & Scholes valuation model). Each warrant entitles the holder to subscribe for 1.02 new Class B shares in Frill Holding during the period 1 July 2019 and 31 January 2021 at a price of SEK 5.9. Upon full exercise, the company's share capital will increase by SEK 51 255.

At the Annual General Meeting on May 17, 2019, a resolution was made to issue a maximum of 519 536 warrants for senior executives and other employees in the company. As of the balance sheet date, 174 000 options were outstanding to senior executives. No allocation has been made of these options. The warrants have been valued at market prices according to an independent established valuation (Black & Scholes valuation model). Each warrant entitles the holder to subscribe for 1.38 new Class B shares in Frill Holding during the period 1 June 2022 and 30 June 2022 at a price of SEK 4.59. Upon full exercise, the company's share capital will increase by SEK 35 848.

Upon full exercise of all of the above-mentioned warrants, the newly issued shares, given that the share capital does not change beforehand and that no recalculations are updated as a result of the warrant terms, would amount to approximately 2.3 percent of the share capital and the number of votes in the company.

In addition to the above-mentioned warrant program, there are currently no other outstanding warrants, convertibles or similar financial instruments that may entitle to subscription of new shares or otherwise affect the share capital of the company.

Warrants have a dilutive effect when they would lead to an issue of ordinary shares at a price lower than the average price. For the current financial year, a conversion of potential ordinary shares reduces the loss and no dilution thereof.

Note 30 Reconciliation of net debt

The net debt and changes in net debt for the periods presented are analyzed below.

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Cash and cash equivalents	8 210	18	2 333	4 570
Loan debts - maturing within one year	-246	0	0	0
Net debt	7 964	18	2 333	4 570
Cash and cash equivalents	8 210	18	2 333	4 570
Gross debt - fixed interest	-246	0	0	0
Net debt	7 964	18	2 333	4 570

Note 31 Cash flow attributable to financing activities

	Group	
	Dec 31, 2020	Dec 31, 2019
Leasing debt		
Acquired value in connection with acquisitions	40	0
Cash flow from financing activities	0	0
Closing value	40	0

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Note 32 Leasing liabilities

	Group	
	Dec 31, 2020	Dec 31, 2019
Due within 1 year	40	0
Due within 2-5 years	0	0
Total	40	0

Note 33 Other long-term liabilities

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Acquired value in connection with acquisitions / opening value	670	0	670	670
Total	670	0	670	670

The debt owed to Zendegii Ltd. is indefinite and interest-free, see note 36 Transactions with related parties.

Note 34 Accrued expenses and deferred income

	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Personnel-related costs	120	0	118	1 690
Other items	577	0	321	130
Total	697	0	439	1 820

Note 35 Collateral and contingent liabilities

Collateral pledged	Group		Parent company	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Bank accounts	100	0	100	100
Total	100	0	100	100
Contingent liabilities	None	None	None	None

Note 36 Related-party transactions

Purchases and sales between the parent and the subsidiary have been eliminated in the Group and disclosures of these transactions are presented in Note 6. The Parent Company has long-term receivables on the subsidiary amounting to TSEK 0 (19 676) and liabilities of TSEK 0 (0). Subsidiary Add Nutrition AB has received an unconditional shareholder contribution of SEK 1 430 thousand (1 900) from the Parent Company, Bezzt AB SEK 750 (0)thousand and Zendegii Frill Ltd SEK 2 994 thousand (1 832).

Zendegii Ltd., of which the board member Khosro Ezaz-Nikpay is a board member and shareholder, has imposed a short-term limit (6 months) for lending up to SEK 4 million to Frill Holding AB and provided a long-term interest-free loan of TSEK 670 that runs until further notice. The loan facility was used during the year. As of the balance sheet date, the debt amounts to SEK 246 thousand. Zendegii Ltd. also offers Frill support regarding the development of flavors and product development. They also lease premises to the subsidiary Frill Zendegii Ltd. The Company's view is that typical market rates have been paid for these services.

The shares in Zendegii Retail Ltd., corresponding to 5 percent of the total number of shares, have been transferred for GBP 684, corresponding to the book value, to the company's board member Khosro Ezaz-Nikpay, as decided by the Extraordinary General Meeting on December 15, 2020.

For other remuneration to senior executives and other related persons see Note 11.

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Note 37 Acquisition of businesses

On December 15, 2020, Frill Holding AB entered into an agreement to acquire 100% of the shares in Beztt AB. Beztt produces foods in the form of bars and sweets, sweetened with honey. The purchase price for the acquisition of Beztt amounted to SEK 29 675 thousand. The entire purchase price was paid by the sellers receiving 74 561 162 shares in Frill Holding AB based on the closing price for Frill's B share on Nasdaq First North on December 15, 2020, which was SEK 0.398. Following the acquisition, the shareholders in Beztt AB own 53% of the shares in Frill Holding AB and former shareholders in Frill own 47% of the shares in the company. The acquisition has been reported in accordance with the principles for reverse acquisition, where Beztt AB is seen as the accounting acquirer and Frill Holding AB as the acquired party.

The effect of the acquisition on the Group's financial position is specified below. The acquisition analysis is preliminary and the final analysis of acquired assets will take place within one year from the acquisition date. The difference between the purchase price and identified assets and liabilities has been allocated to goodwill. Before the end of the valuation period, a final allocation will be made. Goodwill is not considered to be tax deductible.

Preliminary purchase price allocation of Frill Holding AB

Fair value of acquired assets and liabilities	
Tangible assets	123
Inventories	2 658
Other receivables	594
Cash and cash equivalents	8 420
Long-term liabilities	-670
Short-term liabilities	-1 903
Total identified assets and liabilities	9 222
Purchase price *	26 316
Consolidated goodwill	17 094
Cash flow affective items	
Less:	
Cash balances (acquired)	8 420
Non-cash issue	26 316
Net cash outflow	8 420

* The purchase price refers to the fair value of the shares in Frill Holding on the acquisition date. The number of shares before the acquisition amounted to 66,120,276 and the share price on the acquisition date was SEK 0.398.

If Frill Holding AB and its subsidiaries had been consolidated from the beginning of the reporting period, the contribution to the Group's revenues would have been SEK 2 054 thousand and to the Group's operating profit SEK -8 969 thousand. There are no acquisition costs associated with the acquisition. The Frill Holding Group contributed net sales of SEK 62 thousands and profit for the year of SEK -561 thousands for the period December 15 to December 31, 2020.

Note 38 Events after the balance sheet date

Exclusive Nordic sales agreement with Bacoccoli

On February 16, 2021, Frill Holding entered into an exclusive distribution agreement for the sale and marketing of Italian Bacoccoli's products in the Nordic region. The agreement that broadens Frill's product portfolio entails an exclusive right to sell Bacoccoli's product portfolio in Sweden, Norway, Finland, Denmark and Iceland. The agreement is for five years and is then extended by one year at a time. Bacoccoli's portfolio includes several products that will be launched during the year. The product range includes cold-pressed extra virgin olive oil of the highest quality. In addition to this, the launch of high-quality pasta, chocolate and canned truffles is also planned. All Bacoccoli products come from Umbria.

Acquisition of IQ Fuel AB

Frill acquired 100 percent of the outstanding shares in IQ Fuel AB. The total purchase price was SEK 37.6 million, of which SEK 8.1 million was paid in cash for redemption of previous loans and conditional shareholder contributions in IQ Fuel. The remaining purchase price of SEK 29.5 million was paid out via reversal, which was then subsequently used for a set-off issue to subscribe for 36,285,357 newly issued shares. The subscription price was SEK 0,813 per share and was based on an agreement between Frill and the sellers and is thus assessed as market-based. This corresponds to a total dilution of approximately 20.5 percent. An additional purchase consideration in the form of newly issued shares in Frill to a value of SEK 8 million is paid if IQ Fuel during the financial year 2021 reaches a sales target of SEK 39.6 million. These additional purchase price shares will be issued at a subscription price corresponding to the volume-oriented average price (WVAP) for Frill's shares on Nasdaq First North for the 45 trading days immediately preceding the day of Frill's issue of the additional purchase price shares. The day of entry was April 23, 2021.

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Acquisition of Kling Homie AB

Frill acquired 100 percent of the outstanding shares in Kling Homie AB. The total purchase price was SEK 28.5 million, of which SEK 11 million was paid in cash and SEK 17.5 million was paid out via reversal, which was then subsequently used for a set-off issue to subscribe for 36,285,357 newly issued shares. A cash additional purchase consideration is paid, based on the sales of Kling Homies products until 31 December 2025. The additional purchase consideration amounts to 5 percent of the total sales amounting to SEK 400 million and 10 percent of the part of the sales that exceeds SEK 400 million. The day of entry was April 23, 2021.

Acquisition of Nathalie's Direct Trade

Frill acquired 100 percent of the outstanding shares in Nathalies Direct Trade AB. The total purchase price was SEK 4 million, paid in cash. A cash additional purchase price corresponding to 5 percent of the sales of Nathalies Direct Trade's products until 31 December 2026 must also be paid. The additional purchase price can amount to a maximum of SEK 7.5 million, calculated on a total turnover during the period of SEK 150 million. The day of entry was April 23, 2021.

Preliminary acquisition calculations will be presented in the half-year report of 2021.

About B8 Sverige and Frills letter of intent

On April 22, 2021 Frill entered into a letter of intent with owners representing 55 percent of all outstanding shares in Beijing 8 regarding the acquisition of these owners' shares. Frill's ambition is to acquire 100 percent of all outstanding shares and convertibles in Beijing 8. The purchase price is estimated to amount to approximately SEK 47.8 million, through newly issued shares and convertibles. Frill has initiated a due diligence process and the acquisition is expected to be completed during Q2 2021, provided that an agreement on acquisition is entered into.

Issue of convertibles of a maximum of SEK 85 million

To finance the acquisitions and a continued strong expansion, Frill's Board of Directors, with the support of the authorization of the Extraordinary General Meeting on December 15, 2020, decided to raise a convertible loan through a directed issue of convertibles to a number of qualified investors, a gross payment of a maximum of SEK 85 million. The reason for the deviation from the shareholders' preferential rights was to enable financing of the acquisitions and any additional company acquisitions in a time- and cost-effective manner.

The convertible runs at an annual interest rate of six (6) percent, which is paid every six months. The loan falls due for payment on April 30, 2024, insofar as conversion has not taken place before that. The subscription price per Convertible is one SEK, which corresponds to the nominal amount per convertible. Conversion may be called for during the period 1 September 2021 to 30 April 2024, at a conversion price of SEK 0.70 per share.

If the issue of Convertibles is fully subscribed (SEK 85 million) and all Convertibles are converted into shares, 121,428,571 new shares will be added to Frill. This corresponds to an increase in the share capital of SEK 6,071,428.55. The new shares that will be added upon full conversion will constitute approximately 38 percent of the number of shares in Frill calculated on the number of shares after the issue of the remuneration shares. At the time of submitting the annual report, convertibles to a value of SEK 66.75 million had been subscribed and paid for.

Changes in management and the board

On February 23, Peter Blom took over as CEO of Frill Holding AB, former Chairman of the Board. Former CEO Nici Ferber took over as CEO of Bezzt AB. Until the Annual General Meeting on 18 May 2021, Anna Hällöv, a former Board member, is acting Chairman of the Board.

Share capital and share classes

At the Extraordinary General Meeting on December 15, a decision was made to complete the acquisition of Bezzt AB via a non-cash issue paid for through a new issue of shares in Frill Holding. This means that the company's share capital has increased by SEK 3,728,058.10 through the issue of 74,561,162 new shares. Registration of the non-cash issue has taken place after the end of the year. At the Extraordinary General Meeting, it was also decided to adopt a new Articles of Association, whereby the company's different share classes were abolished so that the company has only one share class and to change the limits for the share capital and the number of shares. This change was also registered after the end of the year.

Note 39 Definition of ratios

Operating income

Earnings before net financial items.

Earnings per share after dilution

Income attributable to the Parent Company's shareholders divided by the weighted average number of outstanding shares during the period after dilution.

Earning per share before dilution

Income attributable to the Parent Company's shareholders divided by the weighted average number of outstanding shares in the period prior to dilution.

Equity/asset ratio %

Equity as a percentage of the balance sheet total

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The consolidated financial statements have been prepared in accordance with international accounting standards IFRS as adopted by the EU and give a true and fair view of the Group's position and results. The annual report has been prepared in accordance with GAAP and gives a true and fair view of the Parent Company's position and results. The Annual Report of the Group and the Parent Company gives a true and fair view of the development of the Group's and Parent Company's operations, position and results and describes significant risks and uncertainties faced by the parent and the companies in the Group.

Stockholm April 27, 2021

Anna Hällöv
Chairman

Peter Freedman
Board Member

Nici Ferber
Board Member

Andrew McKinley
Board Member

Khosro Ezaz-Nikpay
Board Member

Jan Åström
Board Member

Peter Blom
CEO

Our audit report was submitted on April 27, 2021

Öhrlings PriceWaterhouse Coopers AB

Claes Sjödin
Authorized Public Accountant