



Interim Report

01/01/2019 – 30/06/2019

OptiFreeze AB (publ)

Corp. Id-number: 556844-3914

OptiFreeze AB has a patented technology that preserves the taste, shape and texture of vegetables, fruits and berries throughout the freezing and thawing process. OptiFreeze has furthermore developed methods that can improve the shelf life of vegetables, fresh cut fruits, flower cuttings and other plants. The same technology can be used to dry fruits, vegetables, herbs and spices aiming to reduce the drying time while preserving the fresh-like taste, smell and colour. The technology opens new business opportunities for food and plant propagation industry all around the world. OptiFreeze is the result of a long period of research at the Institute of Food Technology at the University of Lund. The company is situated in Lund, Sweden and is listed at the Spotlight Stock Market.

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Summary of quarter Q1-Q2 2019

The following summary refers to the period 1/1/2019 – 30/6/2019, compared to 1/1/2018 – 30/6/2018

- Net sales for this period totaled to SEK 3,097,362 (SEK 110,772)
- Operating result for the period of SEK -3,876,021 (SEK -4,324,984)
- Cash and bank balance SEK 3,523,113 (SEK 11,019,147)
- Capitalized development costs of SEK 783,251 (SEK 851,552)
- Average number of registered shares 9,877,264 (9,877,264 shares)
- Result per share* SEK -0.39 (SEK -0.44)
- Equity Ratio 86.7% (91.8%)

**Result per share is calculated on the average number of registered shares during the period.*

Summary of quarter Q2 2019

The following summary refers to the period 1/4/2019 – 30/6/2019, compared to 1/4/2018 – 30/6/2018

- Net sales for this period totaled to SEK 2,764,479 (SEK 110,772)
- Operating result for the period of SEK -1,895,406 (SEK -2,132,110)
- Capitalized development costs of SEK 445,198 (SEK 446,556)
- Average number of registered shares 9,877,264 (9,877,264 shares)
- Result per share* SEK -0.19 (SEK -0.22)

CEO Comments

An eventful and exciting spring

The first quarter of 2019 was a breakthrough period for OptiFreeze, with our first sale of our machinery. The positive impact of the first quarter of 2019 remained during Q2, with the second payment for OptiCept™ line that we installed at Syngenta's farm in Kenya, Kenya Cuttings.

We also got some exciting results with new products within different segments, and we worked to conduct a directed issue to strengthen and widen our owner base. Now when Q2 has ended, the directed issue was conducted after the period had finished, and I'm happy to tell you that it was successful.

The installation of the first OptiCept™ line

We are getting close to the first commercialization of an OptiFlower project. In the end of May employees from OptiFreeze travelled to Kenya to install the OptiCept™-system and to educate the local staff. Right after the installation was completed the first trials started. When a new technology is being implemented on a production line there are always some challenges to deal with. One of them in this case was that we needed to do some adaptations on our method in order to achieve a good result when dealing with freshly harvested cuttings.

Kenya Cuttings now gets positive results with Pelargonium cuttings and the system has been up and running every day since installation. The system has not yet been used for commercial purposes. The target from both Syngenta Flowers and OptiFreeze is to be ready with product handling and the method implementation on freshly harvested cuttings when the Pelargonium season starts in December 2019.

Main focus on OptiFlower

The R&D and technical department of OptiFreeze have had continued focus on the OptiFlower area during the second quarter of 2019 with a main goal to move projects from the trial phase to commercialization.

One of the projects that we started during Q2 was the Cut Flowers project. Cut flowers like roses have a short life expectancy, usually 7-10 days, since they have a long journey from the farms to our vases at home. Initially we started with one type of rose to extend their life expectancy in a vase at room temperature, and we got positive reproducible results. Later we applied the same protocol to three more cultivars of roses, and we got the same positive results with two of them. In fact, the roses stayed fresh for 14 days or longer in room temperature after being treated with the OptiFreeze technology. I presented the results of the tests at the Fleuroselect Gala Dinner in De Lier, Netherlands, in mid-June and we were very excited about the positive response and great interest from others attending.

Following this OptiFreeze decided to submit a patent application for treating cut flowers. The purpose of this is to further strengthen our position in the OptiFlower segment.

OptiDry and OptiFresh

We have continued our collaborations and discussions with one customer within the OptiDry segment. During Q2 we have been working on designing a system that has a higher capacity and better working performance in terms of using energy sources more efficient. This work is now finalized, and we are now ready to produce the system during Q3 and Q4.

During this quarter we have also prepared some background for coming work in the OptiFresh segment. We have been working on mango and pineapple as well as some new products to further fine tune our method.

Financial update

As mentioned earlier OptiFreeze received payment during the second quarter of 2019 for our first sold system. We have also received payments from our customer and partner Syngenta Flowers for development costs in Lund.

At the same time, the company have been investigating different ways to ensure that the company has a strong financial position when entering the next phase. In order to achieve this in a fast and efficient way the Board of Directors decided to proceed with a directed share issue. The issue was directed to external investors, several larger shareholders, the members of the Board as well as the Chairman of the Board. In July we communicated that the directed issue was successfully completed, injecting gross 17.4 MSEK into OptiFreeze. The issues also got the company some investors that have a strong belief in the company. An interesting part was that the main owners have been investing with 0 % discount on the share price.

OptiFreeze has a positive Q2 in the rearview mirror. We continued our route set, proceeded on further strengthening our finances at the same time as we got to enjoy beautiful roses for two weeks in a row at our facility in Lund! Thank you for showing interest and for following our journey.

Lund, August 29th, 2019

Eda Demir Westman, CEO OptiFreeze AB

Income Statement in summary, SEK

	1/4/2019 – 30/6/2019 3 month	1/4/2018 – 30/6/2018 3 month	1/1/2019 – 30/6/2019 6 month	1/1/2018 – 30/6/2018 6 month	1/1/2018 – 31/12/2018 12 month
Operating income					
Net sales	2,764,479	110,772	3,097,362	110,772	1,237,988
Capitalized own work performed /other income	445,198	446,556	783,251	851,552	1,370,801
Other operating revenues	10,338	7,272	11,076	7,272	37,165
Total income	3,220,015	564,600	3,891,689	969,596	2,645,954
Operating expenses					
Raw materials and consumables	-3,095,393	-160,454	-3,356,892	-233,976	-121,957
Other external costs	-800,088	-1,266,325	-1,850,521	-2,683,288	-4,591,438
Personnel costs	-1,055,984	-1,126,999	-2,236,642	-2,093,973	-4,169,328
Depreciation	-162,863	-138,763	-322,376	-276,693	-588,801
Other operating expenses	-13	-1,944	-13	-3,824	-11,506
Operating profit	-1,894,326	-2,129,885	-3,874,755	-4,322,158	-6,837,076
Financial net	-1,080	-2,225	-1,266	-2,826	-3,583
Result after financial items	-1,895,406	-2,132,110	-3,876,021	-4,324,984	-6,840,659
Tax	-	-	-	-	-
Net result	-1,895,406	-2,132,110	-3,876,021	-4,324,984	-6,840,659
Result per share	-0.19	-0.22	-0.39	-0.44	-0.69

Balance sheet in summary, SEK

	30/6/2019	30/6/2018	31/12/2018
Assets			
Capitalized development costs/patents	6,791,257	5,087,384	5,876,213
Equipment, tools, fixtures and fittings	1,758,121	2,284,106	2,013,497
Other long-term receivables	160,000	160,000	160,000
Stock etc	-	-	2,113,479
Other short-term receivables	516,456	624,195	1,261,956
Cash and bank equivalents	3,523,113	11,019,147	6,819,997
Total assets	12,748,947	19,174,832	18,245,142
Equity and liabilities			
Equity	11,029,881	17,599,018	15,083,343
Current liabilities	1,719,066	1,575,814	3,161,799
Total equity and liabilities	12,748,947	19,174,832	18,245,142

Cash Flow Statement, SEK

	1/4/2019 - 30/6/2019 3 month	1/4/2018 - 30/6/2018 3 month	1/1/2019 - 30/6/2019 6 month	1/1/2018 - 30/6/2018 6 month	1/1/2018 - 31/12/2018 12 month
Result from operating activities					
Operating result	-1,894,326	-2,129,885	-3,874,755	-4,322,158	-6,837,076
Adjustment for items not affecting the cash flow	162,863	138,763	322,376	276,693	588,801
Net received / paid interest	-1,080	-2,225	-1,266	-2,826	-3,583
Paid tax	-	-	-	-	-
Cash flow from operating activities before changes in working capital	-1,732,543	-1,993,347	-3,553,645	-4,048,291	-6,251,858
Changes in working capital					
Change in stock	2,621,632	-	2,113,479	-	-2,113,479
Decrease/Increase in current assets	2,359,744	553	745,500	235,519	-402,242
Decrease/Increase in current liabilities	-2,679,728	265,767	-1,442,733	125,111	1,711,097
Cash flow from operating activities	569,105	-1,727,027	-2,137,399	-3,687,661	-7,056,482
Cash flow from investing activities	-570,278	-859,591	-982,044	-1,295,107	-2,125,436
Cash flow from financing activities	-177,441	-	-177,441	341,544	341,544
Cash flow for the period	-178,614	-2,586,618	-3,296,884	-4,641,224	-8,840,374
Cash and bank equivalents at start of period	3,701,727	13,605,765	6,819,997	15,660,371	15,660,371
Cash and bank equivalents at end of period	3,523,113	11,019,147	3,523,113	11,019,147	6,819,997

Change in Equity 30/6/2019

	Share capital	Fund for Development expenses	Share Premium reserve	Profit and loss brought forward and result for the period	Total Equity
Opening balance 1/1/2018	888,954	2,373,108	29,049,012	-10,387,072	21,924,002
Allocation according to decision at shareholders meeting			-10,387,072	10,387,072	0
Allocation between restricted and non-restricted equity		851,552		-851,552	0
Result for the period				-4,324,983	-4,324,983
Closing balance 30/6/2018	888,954	3,224,660	18,661,940	-5,176,535	17,599,019
Opening balance 1/1/2019	888,954	3,743,909	18,661,940	-8,211,460	15,083,343
Allocation according to decision at shareholders meeting			-8,211,460	8,211,460	0
Allocation between restricted and non-restricted equity		783,251		-783,251	0
Expenses for Issue of new shares*			-177,441		-177,441
Result for the period				-3,876,021	-3,876,021
Closing balance 30/6/2019	888,954	4,527,160	10,273,039	-4,659,272	11,029,881

*) Expenses for issue of new shares- New shares issue in Q3 2019

Total registered shares amount to 9,877,264 shares.

Next reporting dates

- **Interim report Q3** January 2019 - September 2019 November 28th 2019

Business information

General information

OptiFreeze has a patented technology that preserves the taste, shape and texture of vegetables, fruits and berries throughout the freezing and thawing process. OptiFreeze has furthermore developed methods that can improve the shelf life of vegetables, fresh cut fruits, flower cuttings and other plants. The same technology can be used dry fruits, vegetables, herbs and spices aiming to reduce the drying time while preserving the fresh-like taste, smell and color. The technology opens new business opportunities for food and plant propagation industry all around the world.

The company was founded in 2011 by LU Innovation, Arc Aroma Pure AB (publ) and several researchers at the Department of Food Technology at Lund University. The operations are based on Kalkstenvägen in Lund, where the company conducts method and product development on its own and in cooperation with partners. OptiFreeze is the result of a long period of research at the Institute of Food Technology at the University of Lund. The company is situated in Lund, Sweden and is listed at the Spotlight Stock Market.

Significant events during the reporting period Q2

- 11.04.2019 At the Annual meeting there was decided to give an authorization to the Board of Directors to decide an issue of new shares and/or warrants, meaning an increase of new shares to maximum 20 % of the share capital.
- 04.05.2019 The delivery of an OptiCept™ system, which was informed about in the Annual report 2018, was shipped from Sweden in February and arrived at customers farm in Kenya the 4th of May 2019.
- 10.05.2019 After discussions with several main shareholders concerning the company's development Mr. Göran Hedbys has decided to leave the Board of Directors as well as the position as the chairman of the Board of Directors.
- 29.05.2019 An extra Shareholders meeting in order to elect a new member of the Board of Directors and a new chairman of the Board of Directors. Mr Martin Linde was elected as a new member of the Board of Directors and nominated as new chairman of the Board of Directors.

Significant events after the end of the reporting period

- 18.07.2019 The Board of Directors has, according to authorization at the Annual General meeting at the 11th of April 2019, decided a direct share issue of 996,920 shares, corresponding to a Gross amount in liquidity of 14,255,956 SEK. The Board of Directors has also, conditional on authorization at an Extraordinary General meeting, decided a direct share issue to number of main shareholders, members of the Board of Directors and chairman of the Board of Directors to a number of 185,796 shares corresponding to a Gross amount of liquidity of 3,139,952 SEK.
- 31.07.2019 OptiFreeze has achieved a breakthrough result with cut flowers – specifically with roses, with a potential to have significant impact on the market for cut flowers.
- 06.08.2019 OptiFreeze has submitted a patent application, on a method for treating cut flowers.
- 22.08.2019 Extraordinary General meeting, which decided a direct share issue of 185,796 shares to a number of main shareholders, members of the Board of Directors and chairman of the Board of Directors.

Accounting principles

The company applies to the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012:1 (K3) in the preparation of the financial statements. The account policies applied are the same as those used in the 2018 Annual Report. For more information see the Annual Report 2018.

The present interim report has not been audited by the company's auditors.

This information is such information as OptiFreeze AB (publ) is obliged to disclose under the EU Market Abuse Regulation.

The information was provided, through the contact of the following contact person, for publication on August 29th, 2019.

Lund, August 29th, 2019

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