

Interim Report

2017-01-01 - 2017-03-31

OptiFreeze AB (publ)
Corp. Id-number: 556844-3914



OptiFreeze AB has patented technology that enhances taste, shape and texture of vegetables, fruit and herbs that can be guaranteed by a freezing and de-freezing process. The company also developed a method that can improve shelf life of cooled processed fruit and vegetables. The same technology can be used to dry herbs, while enhancing taste, smell and color. The technology provides new business opportunities for producers and distributors, but also for food processors all around the globe. The natural sugars used in the process regenerate cells, which enhances the taste, shape, texture and shelf life. 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 AktieTorget stock exchange.

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Summary of quarter 1 (Q1), 2017

The following summary refers to the period 2017-01-01 – 2017-03-31, compared to 2016-01-01 - 2016-03-31

- Net sales for the first quarter totaled 0 SEK (0 SEK)
- Operating result for the period of -2 370 816 SEK (-1 502 999 SEK)*
- Cash and bank balance of 8 203 519 SEK (18 096 266 SEK)
- Capitalized development costs of 259 354 SEK (193 733 SEK)
- Registered shares 8 580 000 (8 580 000)
- Result per share -0,28 SEK (-0,18 SEK)
- Equity Ratio 87,5% (92,2%)

**Result incl depreciations for the period*

Comments from the CEO

First of all, it is a pleasure and honor to share my first comments on the quarterly results as new CEO of OptiFreeze. Although I have had previous contact with my predecessor Fredrik Westman as Chairman of the Board of Vidinge Grönt, I became very excited about the OptiFreeze progress when Fredrik showed me the research results in the beginning of January. The intensified contact in February and March lead to my appointment in April. I am very excited about the great journey which lies ahead of us.

Before elaborating on future developments, I would like to inform you about the progress made in the first quarter. Great efforts by the method development team has led to very promising results on yield improvement and shelf life extension for fresh cut apple, melon, cucumber and zucchini.

In March the new Vacuum Impregnation (VI) and Pulsed Electric Field (PEF) generation IV prototypes have been ordered from KISAB (SEK 300k) and Ångpanneföreningen (SEK 800k). Both are expected to arrive in the beginning of July. The entire team is very much looking forward to extensively test both prototypes, first at the OptiFreeze facility and subsequently at customers' facilities. The capacity of the prototypes is over 1,000 kilos of processed fruit and vegetables. This is the quantity required for large fruit and vegetable processors.

In April and May, we have dedicated a significant part of our time to defining the corporate vision, mission, goals, objectives and strategies. On the marketing side, the team has been busy with designing a new corporate logo and website. The strategy outline, market segment focus and key benefits will be communicated on June 9th, which is also the date when our new corporate website will go live. One of the defined strategies is to improve communication with our shareholders, suppliers and customers, so you can expect more frequent updates on social media. After the summer, we will frequently post news on our website as well.

In short, we will keep you posted on the progress made regarding the prototype equipment, commercial focus and our research progress.

Lund, May 30th, 2017
Nick Kramer, CEO

Income Statement in summary, SEK

	2017-01-01 - 2017-03-31 3 months	2016-01-01 - 2016-03-31 3 months	2016-01-01 - 2016-12-31 12 months
Net sales	-	-	-
Capitalized own work performed /other income	259 350	230 687	1 024 220
Total income	259 350	230 687	1 024 220
Operating expenses			
Raw materials and consumables	-24 052	-16 856	-307 044
Other external costs	-1 906 248	-1 306 628	-5 407 317
Personnel costs	-627 980	-396 524	-1 983 159
Depreciation	-71 577	-24 327	-98 308
Other operating expenses	-237	-	-59
Operating profit	-2 370 744	-1 513 647	-6 771 667
Financial net	-72	10 648	9 960
Result after financial items	-2 370 816	-1 502 999	-6 761 707
Tax	-	-	-
Net result	-2 370 816	-1 502 999	-6 761 707
Result per share	-0,28 kr	-0,18 kr	-0,80 kr

Balance sheet in summary, SEK

	2017-03-31	2016-12-31	2016-03-31
Assets			
Capitalized development costs/patents	2 825 442	2 533 439	1 091 340
Equipment, tools, fixtures and fittings	1 488 000	1 213 066	889 289
Other long term receivables	160 000	160 000	
Current assets	8 966 718	11 434 975	18 600 688
Total assets	13 440 160	15 341 480	20 581 317
Equity and liabilities			
Equity	11 762 639	14 133 455	19 392 163
Current liabilities	1 677 521	1 208 025	1 189 154
Total equity and liabilities	13 440 160	15 341 480	20 581 317

Cash Flow Statement, SEK

	2017-01-01 - 2017-03-31 3 months	2016-01-01- 2016-12-31 12 months
Result from operating activities		
Operating result	-2 370 744	-6 761 708
Adjustment for items not affecting the cash flow	71 577	-
Net received / paid interest	-72	9 960
Paid tax	-	-
Changes in operating activities	430 809	18 653
Cash flow from operating activities	-1 940 007	-6 733 094
Cash flow from investing activities	-566 938	-2 116 512
Cash flow from financing activities	-	17 935 836
Cash flow for the period	-2 506 944	9 086 229
Cash and cash equivalents at start of period	10 710 683	1 634 414
Cash and cash equivalents at end of period	8 203 739	10 710 683

Change in Equity 2017-03-31

	Share capital	Fund for Development costs	Share premium reserve	Profit and loss brought forward	Result for the period	Total Equity
Ingoing balance 2017-01-01	772 200	944 888	18 133 885	1 044 189	-6 761 707	14 133 455
Allocation between restricted and non-restricted equity		259 354		-259 354		
Last year result			-5 976 873	-1 044 189	6 761 707	
Result for the period					-2 370 816	-2 370 816
Outgoing balance 2017-03-31	772 200	1 204 242	12 157 012	-259 354	-2 370 816	11 762 639

Total registered shares amounts to 8 580 000 shares.

The company has 145,000 outstanding warrants as decided by the Extraordinary General Meeting in November 2014. Subscription of shares under warrants may take place between 8 December 2017 and 22 December 2017. The subscription price amounts to 17:02 SEK / share

Next reporting dates

- Half year report Q2 January 2017 – June 2017 August 29th, 2017
- Interim statement Q3 January 2017 - September 2017 November 29th, 2017

Business information

General information

OptiFreeze AB has patented technology that enhances taste, shape and texture of vegetables, fruit and herbs that can be guaranteed by a freezing and de-freezing process. The company also developed a method that can improve shelf life of cooled processed fruit and vegetables. The same technology can be used to dry herbs, while enhancing taste, smell and color. The technology provides new business opportunities for producers and distributors, but also for food processors all around the globe. The natural sugars used in the process regenerate cells, which enhances the taste, shape, texture and shelf life.

The company was founded in 2011 by Arc Aroma Pure AB (publ), LU Innovation and several researchers at the Department of Food Technology at Lund University. The operations are based on Kalkstensvägen in Lund, where the company conducts method and product development on its own and in cooperation with partners. From now on the company will work with industry partners to industrialize the technology. 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 AktieTorget stock exchange.

Significant events during Q1

- 2017-02-28 A proposal for the new Board of Directors was submitted for the General Annual Meeting. Shareholders representing 23% of the votes propose that the Board will be comprised of four (4) board members and two (2) deputies. Anders Hättmark and Petr Dejmek are proposed to be re-elected and Elisabeth Yllfors and Göran Hedbys are proposed as new Board Members. Furthermore, Johan Möllerstrom and Federico Gomez are proposed to be elected as deputies. Göran Hedbys is proposed to be elected as Chairman of Board
- 2017-03-30 Fredrik Westman has announced to the Board that he intends to terminate his position as CEO of OptiFreeze and resign formally on April 10, 2017 when successor Nick Kramer takes over. Fredrik Westman has been CEO of OptiFreeze since spring 2014 when the company was listed on AktieTorget.
- 2017-03-30 The Board has appointed Nick Kramer as new CEO and he will start on April 10, 2017. Nick has a long background in the food industry, for example as co-owner in the Dutch fresh cut fruit and vegetable market leader Royal Vezet B.V., a family company with over 1,400 employees.

Significant events after the end of the reporting period

- 2017-04-07 CEO of OptiFreeze, Nick Kramer, has acquired 300,000 shares in OptiFreeze AB. 150,000 shares have been purchased privately and 150,000 shares were acquired through a holding company where Nick Kramer is co-owner and Board Member. All shares have been acquired from Arc Aroma Pure AB.
- 2017-04-07 Chairman Göran Hedbys has purchased 7,500 shares in OptiFreeze AB through his company. Elisabeth Yllfors also acquired 10,000 shares in OptiFreeze AB through her company. Hedbys and Yllfors shares have been acquired from Arc Aroma Pure AB.

Accounting principles

The company applies to the Annual Accounts Act and the Swedish Accounting Standards Board BFAR 2012:1 (K3) in the preparation of the financial statements. The account policies applied are the same as those used in the 2016 Annual Report. For more information see the Annual Report 2016.

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

Lund, May 30th, 2017

OptiFreeze AB (publ) Board of Directors
/Nick Kramer, CEO

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