

ORGANOCLICK

Interim report January-December

corp ID No. 556704-6908 | Financial period: 2019-01-01 - 2019-12-31

October to December

Net sales SEK 14,999 (13,061) thousands

Revenue growth 14.8 (4.3) percent

EBITDA¹ SEK -5,572 (-4,838) thousand

Cash flow from operating activities¹ SEK -9,694 (-3,890) thousand

Earnings per share before and after dilution SEK -0.10 (-0.09)

- OrganoClick received a seasonal order of acoustic panels for 2020 from the customer Baux, corresponding to revenue of at least SEK 2 million.
- OrganoWood signed a sales and distribution agreement for ORGANOWOOD® timber with the German wood distributor Carl Götz GmbH.
- OrganoClick was awarded a grant of SEK 3.7 million from the strategic innovation program Bioinnovation for the development of bio-based binders for nonwoven.
- OrganoWood signed a sales and distribution agreement for ORGANOWOOD® timber with the Italian wood distributor Pircher Oberland Spa.
- OrganoWood's wood protection system will begin to be sold in COOP Norway's building product chain in 2020 through OrganoWood's Norwegian wood protection distributor Alanor AS.

January to December

Net sales SEK 85,480 (78,395) thousands

Revenue growth 9.0 (5.0) percent

EBITDA¹ SEK -3,117 (-11,358) thousand

Cash flow from operating activities¹ SEK -11,013 (-18 970) thousand

Earnings per share before and after dilution SEK -0.26 (-0.27)

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2019

1) Key figures impacted by the transition to IFRS 16 "Leasing" as at 1 January 2019. Comparison figures for 2018 have not been recalculated. See alternative performance measure for adjustment of the IFRS 16 effect.

About OrganoClick

OrganoClick AB (publ) is a Swedish cleantech company that develops, produces and markets functional materials based on environmentally friendly fiber chemistry. Examples of products that are marketed by OrganoClick are the durable water repellent technology for textiles OrganoTex®, the flame and rot-resistant timber ORGANOWOOD®, surface treatment and maintenance products for villa and property owners under the brand BIOkleen®, and moulded biocomposite material under the brand name OrganoComp®. OrganoClick was founded in 2006 as a commercial spin-off company based on research performed at Stockholm University and the Swedish University of Agricultural Sciences. OrganoClick has won a number of prizes, such as "Sweden's Most Promising Start-up" and "Sweden's Best Environmental Innovation", and has also received a number of awards, such as the WWF "Climate Solver" award, and has also appeared for two years on the Affärsvärldens and NyTekniks list of Sweden's top 33 hottest technology companies. OrganoClick is listed on Nasdaq First North Growth Market and has its head office, production and R&D located in Täby, north of Stockholm.

CEO comment Q4

2019 ended with a step in the right direction in terms of sales. All of our business units grew by double-digit numbers and several new important agreements were signed. Our total sales during the fourth quarter increased by 14.8 (4.3) %, where almost all sales came from product sales. If we exclude sales of service from the fourth quarter of 2018 (which consisted of one-time revenue for a customer project), the Group's product sales increased by 24.4%. For the whole year 2019, sales increased by 9.0 (5.0) % to SEK 85.5 (78.4) million.

Following our directed new share issue in September, we see big possibilities to accelerate our growth. During the quarter we have carried out a number of recruitments and activities, among those recruiting a new export manager for our surface coatings and maintenance products and a purchasing manager. Our R&D group has been strengthened with two new chemists who will work on the development of the company's customer projects in bio-based binders. We have also set up a new shift in our production to meet the increased demand for our products. In connection to our inventory we cleared out inventories of certain older raw materials and products, which resulted in that the gross margin after variable costs fell. Adjusted for these effects, the gross margin would have been at the same level as in the fourth quarter of 2018. Due to the increased operating expenses and the inventory write-down, the result decreased slightly during the quarter. For the whole year 2019 however, EBITDA improved to SEK -3.1 (-11.4) million due to the increased sales, an improved gross margin after variable costs and only a minor increase in operating expenses.

For the business unit Functional wood, sales increased by 14.3 (-1.3) % during the fourth quarter. Sales for the whole year increased by 7.2 (4.9) %. The increase in sales came mainly from a good sales trend in Finland and Sweden towards the professional construction sector. During the quarter, new distribution agreements were signed with the leading wood distributor Carl Götz in Germany and with the Pircher Group in Italy. Together with them, we are now launching ORGANOWOOD® timber in both Germany, Austria, Switzerland and Italy 2020 with joint marketing activities.

In the business unit Green surface coating & maintenance products, sales increased by 23.0 (-4.7) %. Sales for the whole year 2019 increased by 11.6 (0.3) %. The increase has come from sales of OrganoTex® textile impregnation and increased sales of our maintenance products

for properties. By 2020, we will continue the geographical expansion of OrganoTex® textile impregnation, focusing on Norway, Denmark and Germany. The international expansion of the Group's wood protection and maintenance products will also be intensified during 2020. During the fourth quarter, COOP Norway decided to incorporate our wood protection products into their more than 100 hardware stores.

Sales in the business unit Biocomposites increased to SEK 0.5 (0.0) million in the fourth quarter, which can be compared with sales of SEK 0.2 million in the third quarter. Fredahl Rydén's sales activities during the autumn have now started to generate sales and they forecast a continued positive trend in 2020 in Sweden. They will also launch the coffin Saga in Norway and Denmark in the spring and in Finland in the autumn. With our customer Baux, we signed a season agreement for 2020 worth at least SEK 2 million in sales of their acoustic panels. All in all, we therefore believe that the business unit will have good sales growth during 2020.

During the quarter, we also continued to see increased interest in our bio-based binders for nonwoven, which replace today's plastic binders. In addition to an increase in sales to existing industrial customers, production tests are underway with several major nonwoven manufacturers in Sweden, Finland, Germany and the USA. Our hope is that one or more of these projects will result in new commercial agreements in 2020. Our current industrial customers have also notified us of increasing volumes in 2020.

With all our new sales agreements, our export efforts on existing products, our well-filled pipeline of customer projects and a strengthened organisation, I really look forward to 2020. We also have a strong financial position that enables us to carry out the activities and investments we want. Our work thus accelerates to reach our long-term goal of becoming a climate-neutral company and at least double our sales over the next three years.



Mårten Hellberg
Mårten Hellberg
CEO, OrganoClick AB

Business and structure

OrganoClick AB (publ) with its subsidiaries is a chemical and materials technology group that develops and manufactures renewable fibre-based materials and environmentally adapted chemical products. The company started in 2006 as a spin-off from Stockholm University and the Swedish University of Agricultural Sciences. The Group now has its head office, R&D centre and production facility in Täby, north of Stockholm.

Sales are conducted within the business units Functional wood, Green surface coatings & maintenance products and Biocomposites. The Group has central units for Finance and Administration, Quality & Environment, R&D and Production. The production unit manufactures the Group's chemical products that are delivered internally to the business units as well as to external industrial customers within textiles and nonwoven and the Group's biocomposites.

The Functional wood business unit sells and markets (via the partly-owned subsidiary OrganoWood AB) environmentally-modified wood and eco-labelled wood protection products under the ORGANOWOOD® brand. The business unit Green surface coatings & maintenance products carry out sales of mainly eco-labelled maintenance products for houses and properties as well as car care under its own brand BIOkleen® and maintenance products for textile products under the OrganoTex® brand through dealers and distributors. In addition, the business unit delivers a number of its products to customers who sell them under their own brand (Private label).

During the year, the Biocomposites business unit launched its first 3-D moulded biocomposites under the OrganoComp® brand, which can replace plastic and particle board. The business unit's biocomposites can be used in a wide range of products, with the first customers being the Nordic region's leading manufacturer of burial coffins and a leading manufacturer of acoustic panels (sound absorbers) for offices and public premises. In addition to these applications, a number of development projects are carried out for applications in furniture manufacturing, speciality packaging and building-related materials.

OrganoClick AB has the subsidiaries OrganoWood AB and Biokleen Miljökemi AB. Biokleen Miljökemi AB is a wholly owned subsidiary of OrganoClick AB, while OrganoClick AB owns 54.5% of the capital and 59.4% of the votes in OrganoWood AB. The other shareholders in OrganoWood AB are Kvigos AB, which owns 35.5% of the capital and 38.6% of the votes and the remaining 9.1% of the capital and 1.0% of the votes in OrganoWood AB are owned by 81 preference shareholders (see Note 6 Equity). OrganoWood AB has a sales company in Norway, OrganoWood Norway AS and a sales company in Finland, OrganoWood Finland Oy.

Operational development in the fourth quarter of 2019

During the fourth quarter of 2019, Group sales increased by 14.8%

compared to the fourth quarter of 2018. Total sales were SEK 15.0 (13.1) million. All business units increased their sales during the quarter. The Functional wood business unit had sales of SEK 10.2 (8.9) million, an increase of 14.3%. Sales in Sweden and Finland account for growth with good sales to the professional construction sector. During the quarter, new distribution agreements for 2020 were also signed with Carl Götz GmbH for the German, Austrian and Swiss markets and with the Pircher Group for the Italian market. OrganoWood's wood protection system will also start to be sold by COOP Norway in 2020, which has more than 100 building materials retailers in Norway.

The business unit Green surface coatings & maintenance products had a sales increase of 23.0% during the fourth quarter of 2019 to a total of SEK 3.8 (3.1) million. The growth was mainly due to a strong increase in sales of OrganoTex® Waterproofing, but also from the business unit's private label customers in car care. During the quarter an eco-product family was launched within BIOkleen® maintenance products, labelled with the Swedish Society for Nature Conservation's Good Environmental Choice. These eco-labelled products will now replace the current non-eco-labelled products in this product category.

The Biocomposites business unit had sales of SEK 0.5 (0) million during the quarter. The growth came from both sales of acoustic panels to the customer Baux and from coffin material to the customer Fredahl Rydén's. During the quarter, OrganoClick received a seasonal order for 2020 from Baux, of acoustic panels at a sales value of at least SEK 2 million.

Interest in the Group's bio-based binders for nonwoven and technical textiles, which replace plastic binders, also continued to increase during the quarter. Sales continued to increase during the quarter to the company's existing industrial customers. In parallel, a large number of new customer projects are underway, where several production tests with a number of customers were carried out during the quarter. During the quarter, the company also received a grant of SEK 3.7 million from the Swedish strategic research program Bioinnovation to develop bio-based binders that can replace plastic binders in nonwoven for healthcare applications. The project is being performed in collaboration with a Finnish industrial nonwoven manufacturer and a Swedish manufacturer of end products.

In order to be able to provide the volumes that the Group's new agreement for 2020 has resulted in, the company has set up a second shift in both its chemical production and in the production of its biocomposites. This resulted in the recruitment of four operators in October and who have subsequently been trained. At the end of the quarter, the second shift was fully operational and has been put into operation.

During the quarter, a purchasing manager was also recruited as well as an export manager for the company surface coatings and maintenance products for houses and properties. The company has also strengthened its R&D organization by recruiting a new chemist who will work with the development of the company's binders and a laboratory engineer who

will work with the company's customer project. These investments have weighed on the company's earnings during the quarter in the form of increased fixed expenses, but are considered important for the company's continued growth.

Significant events during the period

- BIOkleen launched an eco-series of products for home and property maintenance, eco-labelled with the Swedish Society for Nature Conservation's Good Environmental Choice.
- OrganoClick's biocomposite OrganoComp® was nominated for the award "Biocomposite of the Year 2019".
- OrganoClick received a seasonal order of acoustic panels for 2020 from the customer Baux, corresponding to revenue of at least SEK 2 million.
- OrganoWood signed a sales and distribution agreement for ORGANOWOOD® timber with the German wood distributor Carl Götz GmbH.
- OrganoClick was awarded a grant of SEK 3.7 million from the strategic innovation program Bioinnovation for the development of bio-based binders for nonwoven
- OrganoWood signed a sales and distribution agreement for ORGANOWOOD® timber with the Italian wood distributor Pircher Oberland Spa.
- OrganoClick appointed a new head of research and development.
- OrganoWood's wood protection system will begin to be sold in COOP Norway's building product chain in 2020 with more than 100 stores. Sales and distribution will be carried out via OrganoWood's Norwegian wood protection distributor Alanor AS.

Significant events after the end of the period

- OrganoClick launched OrganoTex® Textile Waterproofing in Norway and Denmark with Norsk Fjellsport as distribution partner.

Share information

OrganoClick AB's share capital at the beginning of 2019 amounted to SEK 744,657, distributed on 74,465,731 shares. On 30 September, the Board of Directors of OrganoClick decided to carry out a directed share issue of 17,647,058 shares with a quota value of 0.01, which increased the number of shares to 92,112,789 and the share capital to SEK 921,128. The quota value of all shares is 0.01 and they are equally entitled to share the company's assets and earnings.

OrganoClick AB's share has been listed on Nasdaq First North since 2015. The number of shareholders at 31 December was 1,694 (1,398) and the closing price of the share at 31 December was 5.40 (4.90), giving a market capitalisation of SEK 497 (365) million.

The largest shareholders in OrganoClick AB as at 31 dec 2019¹.

Name	No. of shares	Share of capital %	Share of votes %
Anders Wall with companies and related foundations ²	12 197 407	13.24%	13.24%
Bertil Hagman	8 093 734	8.79%	8.79%
Mårten Hellberg with company	7 371 227	8.00%	8.00%
Armando Córdova with company	5 286 069	5.74%	5.74%
Jonas Hafrén	5 123 006	5.56%	5.56%
Credit Suisse (Switzerland) Ltd	3 855 650	4.19%	4.19%
Länsförsäkringar fondförvaltning AB	3 840 000	4.17%	4.17%
Handelsbanken Microcap Sverige	3 400 000	3.69%	3.69%
Öhman Bank S.A.	2 875 119	3.12%	3.12%
Fjärde AP Fonden	2 790 000	3.03%	3.03%
Subtotal	54 832 212	59.53%	59.53%
Other shareholders	37 280 577	40.47%	40.47%
Total shares	92 112 789	100.00%	100.00%

¹) Based on a full list of owners including direct registered and nominee shareholders.

²) Shareholdings through Beijer Ventures AB, Kjell and Märta Beijers Foundation and Kjell Beijers 80-year foundation.

Risks and uncertainties

The Group's significant risks are primarily attributable to the market development for the Group's various product areas, financial risks as the Group may need additional capital injection to conduct its operations in its current form, production risks related to its own production and partners' production capacity and risks with intangible assets and product development. For a more detailed description of significant risks and uncertainties, refer to OrganoClick's Annual Report for 2018.

Certified Adviser

OrganoClick has since 1 October 2019 Mangold Fondkommission AB as Certified Adviser on Nasdaq First North Growth Market. Contact; Phone: 08-503 01 550, Email: ca@mangold.se. Until October 1, 2019, Erik Penser Bank was the company's Certified Adviser. Contact; Phone: 08-463 83 00, Email: certifiedadviser@erikpenser.se.

Development of profit/loss and financial position during the period January - December 2019

A new standard for leasing management, IFRS 16 Leases, came into force on 1 January 2019 and has been implemented in the Group. This means that all leasing contracts, including rent for premises, must be reported as assets and liabilities in the balance sheet, with recognition of depreciation and interest expense in the income statement. The result effect is an improved EBITDA result as a result of higher depreciation. The key figures that are affected are equity ratios a result of the higher balance sheet total and the net debt/equity ratio as a result of the

higher liabilities. Cash flow is also affected and rental expenses that were previously reported under operating activities are now reported under financing activities through amortization. See alternative performance measure on pages 23-24 for adjustment for the effect of IFRS 16.

The Group

Profit/Loss October - December

Sales growth for the fourth quarter increased to 14.8 (4.3) per cent and amounted to SEK 14,999 (13,061) thousand and revenue increased in all business units. The Functional wood business unit increased its sales by 14.3 (-1.3) percent to SEK 10,192 (8,919) thousand after a mild autumn with several major project orders. The business unit Green surface coatings & maintenance products increased its sales by 23.0 (-4.7) percent to 3,835 (3,117) thousand after strong sales of OrganoTex® products and car care products under private label and the Biocomposites business unit had sales of 478 (0) thousand after sale of both coffin material and acoustic panels in OrganoComp®.

A lower gross margin (after variable costs) compared to the third quarter and the previous year, 35.2 (39.7) percent, is due to the scrapping of old stock, a product mix with more low-margin products and one-off costs related to certain projects. The effect on the gross margin becomes high during a quarter as Q4, as this is the Group's weakest in terms of sales volume. Gross profit amounted to SEK 264 (1,598) thousand and was further aggravated by increased fixed production expenses following the introduction of a second production shift in the fourth quarter and destruction costs linked to the scrapping of old inventories. Operating profit/loss, EBIT, amounted to SEK -8,652 (-6,509) thousand and EBITDA to SEK -5,572 (-4,838) thousand. Note that EBITDA in 2019 is calculated in accordance with new IFRS 16 with the effect of higher depreciation which has affected EBITDA in a positive direction. Higher financial expenses, SEK -711 (-443) thousand, are mainly attributable to IFRS 16. Profit/loss for the period amounted to SEK -9,286 (-7,024) thousand.

Profit/loss January - December

Revenue for the full year amounted to SEK 85,480 (78,395) thousand, resulting in a growth of 9.0 (5.0) percent with positive growth in all business units. Revenues within the Functional wood business unit amounted to SEK 58,696 (54,759) thousand, where sales growth of 7.2 (4.9) percent is a combination of increased volume of wood sold and a shift in product mix to products with higher sales value. Revenues in the business unit Green surface coatings & Maintenance products amounted to SEK 24,475 (21,923) thousand, and thus increased by 11.6 (0.3) percent, primarily from sales in the OrganoTex® product range and in our private label and car care products. In the Biocomposites business unit, revenues amounted to SEK 1,201 (190) thousand after the Group's customers launched products in OrganoComp® in the form of a coffin and acoustic panels in 2019.

Gross margin after variable costs amounted to 41.0 (39.5) percent and is an effect of the Group's strategic efforts to shift the product mix towards sales of product groups with higher gross margins. Gross profit was strengthened in comparison to the previous year to SEK 17,763 (15,748) thousand, thanks to sales growth and the improved gross margin, but was offset by higher fixed production expenses with a second production shift introduced during the fourth quarter as well as destruction costs linked to scrapping of old inventories. Lower fixed expenses further improved earnings compared to the previous year and operating profit/loss, EBIT, amounted to SEK -15,131 (-17,822) thousand and EBITDA amounted to SEK -3,117 (-11,358) thousand. Note that EBITDA in 2019 is calculated in accordance with the new IFRS 16, which has resulted in increased depreciation, which has affected EBITDA in a positive direction. Financial expenses increased by SEK -3,709 (-1,735) thousand, partly as a result of higher borrowings and partly as a result of IFRS 16. Profit/loss for the year amounted to SEK -18,356 (-19,476) thousand.

As the Group reports negative earnings, the effective tax will be zero. Deficit deductions increase and the Group does not capitalize deferred tax on deficit deductions. Deferred tax on temporary differences is reported in the income statement.

Cash flow October - December

Cash flow from operating activities amounted to SEK -9,694 (-3,890) thousand, where SEK -6,154 (-5,177) thousand came from operations before changes in working capital, which for 2019 will have a positive effect of IFRS 16, and -3,540 (1,287) thousand came from working capital.

The largest changes in working capital came from trade receivables and trade payables. Binding of liquidity in trade receivables, SEK -1,388 (2,921) thousand compared to the positive effect that arose in 2018 is partly explained by the fact that revenues during the fourth quarter of 2019 fell only four percent from the third quarter, while the corresponding figure for 2018 was 20 percent, which in 2018 resulted in that less liquidity was then tied in trade receivables and partly because the factoring solution introduced in Biokleen during the end of 2018 was terminated during the fourth quarter 2019 with the result that liquidity was again tied up in trade receivables. The effect from payment of trade payables was higher during the fourth quarter of 2019 compared with the fourth quarter of 2018, SEK -3,584 (-1,630) thousand.

During the fourth quarter, SEK -1,703 (-961) thousand was invested in intangible assets, where the increase between the years is explained by high investments in both new and existing patents in 2019 and SEK -694 (-94) thousand in property, plant and equipment, primarily in production. Cash flow from financing activities amounted to SEK 68,575 (5,018) thousand, where cash was received from a new share issue of SEK 86,030 after issue expenses, and loans and credits of SEK -17,063 (0) thousand were repaid using the issue proceeds. Amortization of debt and leasing liabilities amounted to SEK -2,394 (-1,695), thousand

where the high amortization compared to the previous year is an effect of IFRS 16, since leasing agreements such as rent for premises in cash flow are treated as an amortization of debt. Total cash flow for the period was SEK 56,484 (73) thousand.

Cash flow January - December

Cash flow from operating activities, despite a weaker fourth quarter, improved compared to the previous year and amounted to SEK -11,013 (-18,970) thousand, where current operations before changes in working capital, with a positive effect of IFRS 16 in 2019, amounted to -6,862 (-12,943) thousand and working capital amounted to -4,151 (-6,026) thousand. Within the working capital, the greatest changes came from inventories, trade receivables and trade payables. Liquidity was tied up in inventories of -668 (-4,000) thousand SEK where the large increase in inventories last year was due to lower sales growth than expected for ORGANOWOOD® timber, combined with timber purchases in accordance with a binding purchasing forecast for the year. Liquidity was tied up in trade receivables, SEK -5,117 (293) thousand which is partly an effect of higher sales and partly because of a factoring agreement in Biokleen, which was initiated during the fourth quarter of 2018, and which then released liquidity, was completed during the fourth quarter of 2019, with the effect that liquidity is again tied up in trade receivables and partly because sales increased to customers with longer payment terms. A positive effect on cash flow comes from trade payables, SEK 1,195 (-2,988) thousand, where the negative effect in 2018 came from high input of supplier invoices after high raw material purchases at the end of 2017.

The Group has invested SEK -5,973 (-4,566) thousand in intangible assets such as capitalized expenditures and patents, where higher patent expenses explain the increase between the years, and SEK -1,034 (-22) thousand in property, plant and equipment, mainly in production. The seemingly low investment in 2018 came from the fact that the investment amount was then reduced by a supplementary EU contribution of SEK 872 thousand on the Group's fibre moulding machine.

Cash flow from financing activities increased substantially and amounted to SEK 73,048 (7,414) thousand after a completed new share issue, which gave SEK 86,030 thousand after issue expenses. The Group increased its utilisation of its bank overdraft facility and factoring loans by SEK 4,259 (1,382) and SEK 3,414 (558), respectively, and increased its borrowings by SEK 10,000 (13,750) during the year. However, after the completed share issue, SEK -20,063 (-3,667) thousands of the Group's borrowings has been repaid. The Group amortized SEK -10,374 (-4,528) thousand during the year for loans and leases. The high amortization compared to the previous year is partly due to higher loans from credit institutions, but mainly as an effect of IFRS 16, since leasing agreements such as rent for premises, in the cash flow statement are reported as an amortization of debt.

Cash flow for the year amounted to SEK 55,028 (-16,143) thousand.

Financial position

Cash and cash equivalents in the Group amounted to SEK 61,150 (6,122) thousand at the end of the year with a quick ratio of 162.6 (43.3) percent. Increased liquid funds and improved quick ratio are explained by the fact that OrganoClick on September 30, 2019 carried out a directed new share issue which gave SEK 86,030 thousand after issue expenses. During the fourth quarter, OrganoClick repaid most of the credits previously used by the company. At the end of the quarter, a bank overdraft facility of SEK 12,935 (8,694) thousand was utilised in OrganoWood AB from a total facility of SEK 13,000 (9,000) thousand. OrganoWood holds a bank overdraft facility that changes with the seasonal need.

Investments

The Group conducts active R&D work in all of the Group's business units, leading to major investments in development projects and patents for new products and applications. During the year, the Group invested SEK 5,973 (4,566) thousand in intangible assets and SEK 1,034 (22) thousand in property, plant and equipment, mainly in production equipment. The low investment last year was due to the fact that the Group then received a supplementary grant of SEK 872 thousand for a previously completed EU project for the Group's fibre moulding machine, which reduced the amount actually invested.

Employees

At the end of the period, the number of employees in the Group was 39 (35). Of these, 24 (18) were employed in the parent company, 11 (12) employed in the subsidiary OrganoWood AB and 4 (5) employed in the subsidiary Biokleen Miljökemi AB. Of the employees, 13 (11) were women and 26 (24) men.

The Parent Company

Profit/Loss October - December

The parent company's revenues amounted to SEK 5,128 (4,462) thousand, where sales growth came from increased sales of OrganoTex® products, biocomposite material OrganoComp® and the Group's biobased binders for nonwoven. Gross profit amounted to SEK -2,139 (-809) thousand as a result of the scrapping of old inventories with additional destruction costs and the expansion of a second shift in production. Operating profit/loss, EBIT, amounted to SEK -6,950 (-4,492) thousand and EBITDA amounted to SEK -5,749 (-3,429) thousand. Profit/loss for the period amounted to SEK -7,056 (-4,981) thousand.

Profit/loss January - December

The parent company's revenue for the year amounted to SEK 26,515 (18,130) thousand, where the high growth was partly due to higher external sales of OrganoTex® products, the biocomposite OrganoComp® and the Group's biobased binders and industrial hydrophobic agents and partly from increased internal sales of products to the subsidiary Biokleen Miljökemi. The integration of Biokleen's products and warehouse into OrganoClick was completed in the third quarter of 2018

and upon completion of the integration OrganoClick produces, alternatively purchases by subcontractors, and delivers internally all Biokleen's products, which has resulted in increased internal sales with full impact in 2019. Gross profit amounted to SEK -3,563 (-1,700) thousand and has not increased in relation to sales, which is explained by the change in product mix caused by the new structure with internal production and that fixed production expenses were higher than last year as a result of the introduction of a second shift and destruction costs. With fixed expenses slightly over the previous year, operating profit/loss, EBIT, amounted to SEK -18,999 (-16,495) thousand, EBITDA to SEK -14,482 (-12,362) thousand and profit/loss for the year to -19,687 (-17,038) thousand.

Financial position

Cash and cash equivalents in the parent company at year-end amounted to SEK 56,136 (1,577) thousand and equity to SEK 113,873 (47,529) thousand. The increases are explained by the fact that OrganoClick on 30 September 2019 carried out a directed new share issue which gave SEK 86,030 thousand after issue expenses. After the issue proceeds were received, the company has repaid loans and credits of SEK 19,063 thousand. During the year, the parent company invested SEK 4,389 (3,539) thousand in intangible fixed assets in the form of capital expenditures and patents and SEK 1,034 (28) thousand in property, plant and equipment. In 2018, OrganoClick received a supplementary grant of SEK 872 thousand from a previously run EU project linked to the fibre moulding machine, which reduced the actual investments made.

FINANCIAL REPORTS, SUMMARY

Consolidated income statement in summary

SEK 000 ^s	Note	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	2,3	14 999	13 061	85 480	78 395
Cost of goods sold		-14 735	-11 463	-67 717	-62 646
Gross profit		264	1 598	17 763	15 748
Selling expenses		-4 792	-4 176	-18 915	-19 932
Administrative expenses		-2 926	-2 846	-10 572	-11 152
Research and development costs		-1 409	-1 162	-4 295	-3 374
Other operating income	4	211	77	889	888
Operating profit/loss		-8 652	-6 509	-15 131	-17 822
Financial income		29	0	29	13
Financial expenses		-711	-443	-3 709	-1 735
Net financial items		-681	-443	-3 680	-1 721
Profit/loss before tax		-9 333	-6 952	-18 811	-19 543
Income tax	5	47	-71	455	67
Profit/loss for the period		-9 286	-7 024	-18 356	-19 476
Profit/loss for the period attributable to:					
Shareholders' of Parent Company		-9 417	-6 636	-20 391	-20 245
Non-controlling interests		131	-387	2 035	769
Earnings per share before and after dilution SEK		-0,10	-0,09	-0,26	-0,27
Average number of shares before and after dilution ¹		92 112 789	75 761 668	79 927 844	75 761 668

Consolidated statement of comprehensive income in summary

SEK 000 ^s	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit/loss for the period	-9 286	-7 024	-18 356	-19 476
Other comprehensive income for the period:				
<i>Items that can later be reclassified into profit or loss</i>				
Translation differences	-3	-15	-1	-12
Other comprehensive income for the period, net after tax	-3	-15	-1	-12
Comprehensive income for the period	-9 290	-7 039	-18 358	-19 488
Comprehensive income for the period attributable to:				
Shareholders' of Parent Company	-9 419	-6 645	-20 392	-20 253
Non-controlling interests	129	-393	2 034	764

1) Earnings per share have been adjusted due to a bonus issue factor in a directed share issue 2019.

Consolidated statement of financial position in summary

SEK 000 ^s	Note	2019-12-31	2018-12-31
ASSETS			
Non-current assets			
<i>Intangible fixed assets</i>			
Capitalized expenditures		12 971	11 688
Patents, trademarks		5 455	4 079
Licences		173	389
Goodwill		16 794	16 794
		35 393	32 950
<i>Property, plant and equipment</i>			
Buildings		24 338	-
Improvement expense of another's property		330	196
Machinery		13 250	15 475
Equipment, tools, fixtures and fittings		4 085	4 837
Construction in progress		416	165
		42 419	20 673
<i>Other non-current assets</i>			
Other long-term receivables		3 440	3 221
Deferred tax assets	5	787	269
Total non-current assets		82 040	57 113
<i>Current Assets</i>			
Inventories		15 121	14 452
Trade receivables		12 099	6 982
Income tax receivables		468	374
Other receivables		1 033	509
Prepaid expenses and accrued income		1 289	2 551
Cash and cash equivalents		61 150	6 122
Total current assets		91 159	30 991
TOTAL ASSETS		173 199	88 103

Consolidated statement of financial position in summary (*cont.*)

SEK 000 ^s	Note	2019-12-31	2018-12-31
EQUITY			
Share capital		921	745
Other contributed capital		243 764	157 910
Reserves		36	37
Accumulated loss including profit/loss for the period		-166 991	-146 600
Equity attributable to shareholders of Parent Company	6	77 730	12 092
Non-controlling interests	7	24 741	22 706
Total equity		102 470	34 798
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions and lease liabilities		23 692	14 898
Deferred tax liabilities	5	285	222
Total non-current liabilities		23 977	15 120
Current liabilities			
Liabilities to credit institutions	8	16 133	15 399
Lease liabilities		7 516	1 991
Trade payables		5 988	4 793
Income tax liabilities		75	258
Other liabilities		9 568	9 157
Accrued expenses and deferred income		7 471	6 588
Total current liabilities		46 751	38 185
TOTAL EQUITY AND LIABILITIES		173 199	88 103

Consolidated statement of changes in equity

SEK 000 ^s	Attributable to shareholders of Parent Company				Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Accumulated loss			
Equity at 1 January 2019	745	157 910	37	-146 600	12 092	22 706	34 798
Comprehensive income							
Profit/loss for the period	-	-	-	-20 391	-20 391	2 035	-18 356
Other comprehensive income							
Translation differences	-	-	-1	-	-1	0	-1
Total comprehensive income	-	-	-1	-20 391	-20 392	2 034	-18 358
Shareholder transactions							
New share issue	176	85 854	-	-	86 030	-	86 030
Total shareholder transactions	176	85 854	-	-	86 030	-	86 030
Equity at 31 December 2019	921	243 764	36	-166 991	77 730	24 741	102 470
Equity at 1 January 2018	745	157 910	44	-126 354	32 344	21 942	54 286
Comprehensive income							
Profit/loss for the period	-	-	-	-20 245	-20 245	769	-19 476
Other comprehensive income							
Translation differences	-	-	-7	-	-7	-5	-12
Total comprehensive income	-	-	-7	-20 245	-20 253	764	-19 488
Shareholder transactions							
Total shareholder transactions	-	-	-	-	-	-	-
Equity at 31 December 2018	745	157 910	37	-146 600	12 092	22 706	34 798

Consolidated cash flow statement in summary

SEK 000 ^s	Note	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Cash flow from operating activities					
Operating profit/loss		-8 652	-6 509	-15 131	-17 822
Adjustment for depreciation, amortization and impairment losses	9	3 274	1 788	12 225	6 647
Interest received		29	0	29	13
Interest paid		-711	-443	-3 709	-1 735
Income tax paid		-94	-13	-276	-47
Cash flow from operating activities before changes in working capital		-6 154	-5 177	-6 862	-12 943
Changes in working capital					
Changes in inventories and work in progress		770	166	-668	-4 000
Changes in trade receivables		-1 388	2 921	-5 117	293
Changes in other operating receivables		-182	579	-440	1 408
Changes in trade payables		-3 584	-1 630	1 195	-2 988
Changes in other operating liabilities		843	-749	880	-738
Cash flow from changes in working capital		-3 540	1 287	-4 151	-6 026
Cash flow from operating activities		-9 694	-3 890	-11 013	-18 970
Cash flow from investing activities					
Investments in intangible assets		-1 703	-961	-5 973	-4 566
Investments in property, plant and equipment		-694	-94	-1 034	-22
Cash flow from investing activities		-2 396	-1 055	-7 007	-4 588
Cash flow from financing activities					
New share issue		90 000	-	90 000	-
Share issue expenses		-3 970	-	-3 970	-
Net change bank overdraft facility		2 006	-6 503	4 259	1 382
Net change factoring credit		-5	2 297	3 414	558
Depositions		-	-81	-219	-81
Borrowings		-	11 000	10 000	13 750
Repayment of debt		-17 063	-	-20 063	-3 667
Amortization of debt		-2 394	-1 695	-10 374	-4 528
Cash flow from financing activities		68 575	5 018	73 048	7 414
Cash flow for the period		56 484	73	55 028	-16 143
Cash and cash equivalents at beginning of period		4 666	6 049	6 122	22 265
Cash and cash equivalents at end of period		61 150	6 122	61 150	6 122
Change in cash and cash equivalents		56 484	73	55 028	-16 143

Key Figures, The Group

SEK 000 ¹	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	14 999	13 061	85 480	78 395
Revenue growth, %	14,8	4,3	9,0	5,0
Gross profit	264	1 598	17 763	15 748
Gross margin, %	1,8	12,2	20,8	20,1
EBIT	-8 652	-6 509	-15 131	-17 822
EBIT, %	-57,7	-49,8	-17,7	-22,7
EBITDA	-5 572	-4 838	-3 117	-11 358
EBITDA, adjusted	-7 023	-4 838	-8 851	-11 358
Profit/loss for the period	-9 286	-7 024	-18 356	-19 476
Profit margin, %	-61,9	-53,8	-21,5	-24,8
Equity ratio, %	59,2	39,5	59,2	39,5
Quick ratio, %	162,6	43,3	162,6	43,3
Net debt/equity ratio,%	-5,8	98,7	-5,8	98,7
Net debt/equity ratio, adjusted %	-29,4	98,7	-29,4	98,7
Return on shareholders' equity, %	neg.	neg.	neg.	neg.
Return on capital employed,%	neg.	neg.	neg.	neg.
Average number of employees	38	34	35	38
Average number of shares before and after dilution ¹	92 112 789	75 761 668	79 927 844	75 761 668
Number of shares issued at end of period	92 112 789	74 465 731	92 112 789	74 465 731
Turnover per share before and after dilution SEK	0,16	0,17	1,07	1,03
Earnings per share before and after dilution SEK ¹	-0,10	-0,09	-0,26	-0,27
Shareholders equity per share before and after dilution SEK	0,84	0,16	0,84	0,16

1) Average number of shares and earnings per share have been adjusted due to a bonus issue factor in a directed share issue 2019.

Income statement in summary, Parent Company

SEK 000 ^s	Note	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales		5 128	4 462	26 515	18 130
Cost of goods sold		-7 267	-5 271	-30 078	-19 830
Gross profit		-2 139	-809	-3 563	-1 700
Selling expenses		-1 234	-597	-3 557	-3 590
Administrative expenses		-2 166	-2 169	-7 816	-8 091
Research and development costs		-1 440	-921	-4 305	-3 420
Other operating income	4	29	4	242	306
Operating profit/loss		-6 950	-4 492	-18 999	-16 495
Interest income and similar items		116	-190	322	13
Interest expenses and similar items		-221	-299	-1 010	-556
Net financial items		-106	-489	-688	-543
Profit/loss before tax		-7 056	-4 981	-19 687	-17 038
Income tax		-	-	-	-
Profit/loss for the period		-7 056	-4 981	-19 687	-17 038

Statement of comprehensive income in summary, Parent Company

SEK 000 ^s	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit/loss for the period	-7 056	-4 981	-19 687	-17 038
Other comprehensive income for the period:	-	-	-	-
Comprehensive income for the period	-7 056	-4 981	-19 687	-17 038

Balance sheet in summary, Parent Company

SEK 000 ⁹	Note	2019-12-31	2018-12-31
ASSETS			
Non-current assets			
<i>Intangible fixed assets</i>			
Capitalized expenditures		9 659	8 838
Patents, trademarks		4 837	3 826
Licences		68	133
		14 565	12 797
<i>Property, plant and equipment</i>			
Improvement expense of another's property		330	196
Machinery		8 704	9 998
Equipment, tools, fixtures and fittings		2 860	3 061
Construction in progress		416	165
		12 311	13 419
<i>Financial assets</i>			
Shares in Group companies		30 610	30 610
Due from Group companies		1 651	1 651
		32 261	32 261
Total non-current assets		59 137	58 477
Current assets			
Raw materials, supplies and finished inventories		7 258	7 471
		7 258	7 471
Short-term receivables			
Trade receivables		615	861
Due from Group Companies		3 623	2 160
Income tax receivables		248	292
Other receivables		841	525
Prepaid expenses and accrued income		1 892	1 996
		7 219	5 834
Cash and cash equivalents		56 136	1 577
Total current assets		70 613	14 883
TOTAL ASSETS		129 750	73 360

Balance sheet in summary, Parent Company (*cont.*)

SEK 000 ⁹	Note	2019-12-31	2018-12-31
TOTAL EQUITY AND LIABILITIES			
Restricted equity			
Share capital		921	745
Development expenditure fund		5 029	4 207
Total restricted equity		5 950	4 952
Non-restricted equity			
Share premium reserve		243 764	157 910
Profit or loss brought forward		-116 154	-98 295
Profit/loss for the year		-19 687	-17 038
Total non-restricted equity		107 923	42 577
Total Equity		113 873	47 529
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions		1 770	7 300
Liabilities to Group companies		4 710	4 710
Total non-current liabilities		6 480	12 010
Current liabilities			
Liabilities to credit institutions		1 780	6 030
Trade payables		2 738	2 616
Tax liabilities		-	116
Liabilities to Group companies		26	682
Other short-term liabilities		1 021	457
Accrued expenses and deferred income		3 832	3 919
Total current liabilities		9 397	13 821
TOTAL EQUITY AND LIABILITIES		129 750	73 360

NOTES

Accounting Principles

This interim report has been prepared for the Group in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and RFR 1 Supplementary Accounting Rules for Groups. The parent company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities. The same accounting principles and valuation methods have been used in the interim report as in the annual report 2018 with the exception of new and revised standards and interpretations that came into force on 1 January 2019.

New standards applied from 1 January 2019

IFRS 16 Leases was published by IASB in January 2016 and approved by the EU in October 2017. IFRS 16 supersedes IAS 17 Leases. The new standard means that lessors must report all contracts that meet the definition in the standard of a lease as an asset (the right to use a rented object) and a liability (to pay rent) in the balance sheet, with recognition of depreciation and interest expense in the income statement. For more information on the new leasing standard, see Annual Report 2018 (p.66).

OrganoClick has chosen to report the transition to the new standard according to the modified retrospective approach. This means that OrganoClick recognizes the cumulative effect of initially applying IFRS 16 as an adjustment of the opening balance on the first day of application, 1 January 2019. The permitted simplification not to establish a comparative year has been applied. The size of the lease liability is valued at the present value of the remaining lease payments using the marginal loan interest rate as of 1 January 2019 and the size of the right-of-use asset has been estimated to correspond to the size of the lease liability at the time of the transition. The right-of-use assets are reported in each asset class.

The Group's leasing portfolio is limited to twenty agreements, all with clearly defined end dates. The Group has identified some agreements, mainly regarding premises, with extension clauses. The contract length has been determined through the agreed rental period and by assessing whether the extension clauses will be applied. As all leases relating to premises are relatively newly entered and have a remaining lease period of between two to seven years, no extension clauses have been included in the assessment of the contract length. The operating leases that are reported in OrganoClick's balance sheet as a result of IFRS 16 are mainly premises as well as cars and other means of transport. Existing finance leases previously reported in accordance with IAS 17 Leases are reclassified in accordance with IFRS 16 to the amounts they were recognised at 31 December 2018.

OrganoClick has made an assessment of the financial effects of the transition to IFRS 16 Leases. The balance sheet adjustments as of 1 January 2019 amounted to SEK 28,993 thousand for right-of-use assets and for interest-bearing leasing liabilities to SEK 27,863 thousand while

reducing prepaid leasing fees of SEK 1,130 thousand. Almost the entire adjustment of right-of-use assets relates to premises under buildings, SEK 28,510 thousand, and only a small amount relates to cars and other means of transport, SEK 483 thousand. In terms of profit, operating profit/loss is expected to have a small positive effect, while earnings after net financial items have a small negative effect. This is due to the fact that the Group sits on relatively newly entered leases for premises where interest expenses are initially high. EBITDA improved as a result of higher depreciation. The higher total assets resulting from the increased rights-of-use assets result in a negative effect on the key figure equity ratio and the higher indebtedness has a negative effect on the key figure net debt/equity ratio.

Note 1 Corrections of errors in previous periods

A reclassification has been made in the Group's consolidated balance sheet for 31 December 2018, where SEK 1,991 thousand has been moved from the item Liabilities to credit institution to new item Lease liabilities.

A reclassification has been made in the Group's cash flow statement in which disposed assets have been moved from investing activities to operating activities and adjustments for depreciation, amortization and impairment losses. The reclassified amount for the period Oct-Dec 2018 was SEK 132 thousand and for the period Jan-Dec SEK 195 thousand.

Earnings per share for the periods Oct-Dec 2018 and Jan-Dec 2018 have been adjusted due to a bonus issue factor in a directed share issue in 2019. This affected the average number of shares and earnings per share, but not to such an extent that it changed reported earnings per share for Oct-Dec 2018 and Jan-Dec 2018.

Note 2 Operating segments and breakdown of revenue

Operating segments are reported in a manner consistent with the internal reporting provided to the highest executive decision maker.

The Group's business units utilise common resources in terms of sales, production, research and development and administration, which is why a division of the company's costs is only possible by allocating the costs. The same applies to the Group's assets and liabilities. The Group management does not consider that allocation of profit and loss and balance sheet items contributes to a more accurate picture of the business and therefore follows up the outcome for the group as a whole. The Group has thus identified one operating segment.

The follow-up of the Group's net sales is done for the business units Functional wood, Green surface coatings & maintenance products and Biocomposites and Other. The outcome per business unit consists of a combination of net sales of goods and services sold from different parts of the Group's operations, which, however, do not consist of separate income statements and balance sheets.

Note 2 Operating segments and breakdown of revenue (cont.)

The Group	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net revenue by business units				
Functional wood	10 192	8 919	58 696	54 759
Green surface coatings & maintenance products	3 835	3 117	24 475	21 923
Biocomposites	478	0	1 201	190
Other	493	1 025	1 107	1 523
Total	14 999	13 061	85 480	78 395
Net sales per geographic market				
Sweden	11 876	11 600	76 193	68 971
Other Nordics	2 605	1 174	7 834	8 602
Other Europe	130	289	375	814
Asia	387	-	1 034	8
North America	1	-	43	-
Total	14 999	13 061	85 480	78 395
Net revenue by revenue type				
Products	14 985	12 049	85 255	77 042
Equipment and services	-	753	95	1 071
Services	14	259	129	281
Total	14 999	13 061	85 480	78 395

Product sales consist of sales of products within the Group's various business units, that is ORGANOWOOD® timber, BIOkleen® cleaning and maintenance products, OrganoTex® products, OrganoComp® biocomposites and binders for nonwoven, where revenue is reported at the time the control of the products is transferred to the customer, generally upon delivery.

The sale of equipment and services includes short-term project work that combines the delivery of equipment and services in the development of new customised products. Revenue is recognised at the time the equipment is provided to the customer.

Sales of services refer to various forms of development services that are recognised as revenue only when OrganoClick has delivered the development that the customer has ordered.

All sales are reported at a specific time, no revenue is recognised over time.

Note 3 Seasonal variations

The business units Functional wood and Green surface coatings & maintenance products are strongly characterised by seasonal variations depending on the weather and when in the year it is building and DIY season. For the Group, this means that the strongest sales quarter is normally the second quarter, followed by the first and third, while the fourth quarter is weaker.

Note 4 Other operating income

The Group	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Exchange gains on operating receivables	37	28	142	348
Commission revenue	79	49	403	243
Rental income	61	-	102	-
Obtained government grants for R&D	23	-	232	297
Profits sale of property, plant and equipment	10	-	10	-
Total	211	77	889	888

The Parent Company	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Exchange gains on operating receivables	5	4	10	9
Obtained government grants for R&D	23	-	232	297
Total	29	4	242	306

Note 5 Income tax

The Group's income tax consists of deferred tax. The Group reports deferred tax on internal gains in inventories (deferred tax assets) and on financial leasing (deferred tax assets and deferred tax liabilities).

Note 6 Equity

The Group's equity is calculated by consolidating the equity of the parent company and its subsidiaries. In the subsidiary OrganoWood AB there are two types of shares, ordinary shares and preference shares. For conditions regarding the preference shares, see Note 7. The preference shares, owned by 81 minority shareholders, represent SEK 20,000 thousand of OrganoWood AB's equity. An amount corresponding to a potential redemption price of the preference shares is also regularly allocated to a free fund. As of 31 December 2019, this amount was SEK 19,547 thousand.

OrganoClick AB's share capital at the beginning of 2019 amounted to SEK 744,657, distributed on 74,465,731 shares. As of 30 September 2019, OrganoClick AB's Board of Directors decided to carry out a directed share issue of 17,647,058 shares, which increased the share

capital by SEK 176,471. The total share capital at the end of 2019 amounted to SEK 921,128, distributed on 92,112,789 shares.

Note 7 OrganoWood AB's preference shares

OrganoWood AB's preference shares are part of non-controlling interest. In 2013, OrganoWood AB issued 200,000 preference shares at a nominal amount of SEK 100, giving a total issue amount of SEK 20,000 thousand. The terms of the preference shares are set out in OrganoWood AB's Articles of Association and the following text is an extract from this.

The preference shares do not entail the right to dividend, but the holder must only be entitled to receive a redemption amount stated at each time. The redemption amount per preference share amounts for the period up to 31 May 2015, to an amount of 137.40 for the time up to and as of 31 May 2016, to an amount of SEK 151.50, for the time up to and as of 31 May 2017, for an amount of SEK 167.30, for the time up to and as of 31 May 2018, for an amount of SEK 185.00, for the time up to and as of 31 May 2019, for an amount of SEK 184.80, and from 1 June 2019 and for the period thereafter, the redemption amount shall be increased by twelve (12) percent annually.

Before deciding on the transfer of value to the ordinary shareholders, the Annual General Meeting shall, for each outstanding preference share, to a free fund (which may not be used for value transfers to the ordinary shares) allocate a reserved amount.

Reduction of the share capital, however not below the minimum capital, can be affected by the redemption of a certain number or all preference shares upon resolution of the Annual General Meeting. Only the Board of Directors has the right to request that redemption be dealt with by the Annual General Meeting. Decisions to reduce can only be made in May each year as the preference shares are outstanding. When a reduction decision is made, an amount corresponding to the reduction amount shall be allocated to the reserve fund if the necessary funds are available. The redemption procedure shall begin immediately when a reduction decision has been made.

At OrganoWood AB's Annual General Meeting on 15 May 2019, it was decided to allow the preference shares to run in accordance with the terms of the Articles of Association (12 per cent annual adjustment of the value) when there was no non-restricted equity to redeem them. The aim is of redeeming the preference shares when non-restricted equity so permits.

Note 8 Current liabilities to credit institutions

The Group	2019-12-31	2018-12-31
Current portion of non-current liabilities to credit institutions	3 180	3 705
Current liabilities to credit institutions	-	3 000
Bank overdraft facility	12 953	8 694
Total	16 133	15 399

Note 9 Adjustment for depreciation, amortization and impairment losses

The Group	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Depreciation of intangible fixed assets	856	913	3 216	2 772
Depreciation of property, plant and equipment	2 224	758	8 799	3 692
Disposal of intangible fixed assets	197	132	212	149
Disposal of property, plant and equipment	-	-	-	46
Unrealized exchange rate differences	-3	-15	-1	-12
Total	3 274	1 788	12 225	6 647

The increase in depreciation on property, plant and equipment is a direct effect of the implementation of IFRS 16 where previous rental expenses on premises have been reclassified to depreciation and interest.

Note 10 Financial liabilities and assets at fair value

All the Group's financial instruments are recognized at amortised cost; trade receivables, cash and cash equivalents, trade payables and other short and long-term liabilities. For these assets and liabilities, the fair value is assessed to be consistent with the carrying amount. All of the Group's items are attributable to Level 2 of the fair value hierarchy. No transfers were made between the levels during the year.

The Group does not apply net accounting for any of its assets or liabilities.

Note 11 Pledged assets and contingent liabilities

The Group	2019-12-31	2018-12-31
Guarantee commitment for subsidiaries	8 889	7 200
Chattel mortgage	30 126	30 126
Sum	39 015	37 326

The Parent Company	2019-12-31	2018-12-31
Guarantee commitment for subsidiaries	8 889	7 200
Sum	8 889	7 200

Note 12 Related parties

The parent company has a close relationship with its subsidiaries. Transactions between OrganoClick AB and its subsidiaries have been eliminated in the consolidated financial statements. Of the parent company's invoiced sales in 2019, SEK 22,359 (15,541) thousand were sales to group companies. From the parent company to OrganoWood AB, there are also invoiced interest and guarantee fees of SEK 293 (0) thousand. No invoicing has been done from subsidiaries to parent

companies. When selling raw materials from OrganoClick to its subsidiaries, inter-company profits arise in inventories, which are eliminated in the consolidated financial statements. The transactions between the group companies take place at prices at arm's length.

During the quarter, board member and shareholder in OrganoWood AB, Robert Charpentier invoiced consulting fees of SEK 221 (0) thousand through his own company (Kvigos AB) to OrganoWood AB. Kvigos AB also received invoiced and accrued interest and guarantee fees of SEK 260 (0) thousand.

Note 13 Accounting estimates

The preparation of the interim report requires the management to make assessments and estimates and to make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. The critical estimates and sources of uncertainty in estimates can be found in the Group's annual report for 2018, page 77.

The Group has large intangible assets in the form of capitalized expenditures SEK 12,971 (11,688) thousand, patents SEK 5,133 (3,773) thousand and trademarks SEK 322 (305) thousand. Impairment testing is done annually, or when required, for each individual development project and patent where the management looks at expected future cash flows for the products the development projects have produced and for the products the patents protect. Based on this, any impairment needs are assessed. The review led to two development projects, with a book value of SEK 198 thousand, was closed down and disposed. The management's assessment is that there is no further need for impairment loss.

The Group has a goodwill item of SEK 16,794 (16,794) thousand which comes from the acquisition of Biokleen Miljökemi AB. Company management conducts impairment test with discounted future cash flows annually, or when necessary, and the outcome of this justifies the goodwill item's size. No need exists for impairment loss.

At the end of the period, the Group has inventories valued at SEK 15,121 (14,452) thousand. Company management estimates that existing inventories will be used in sales in the coming year.

Definitions

OrganoClick presents alternative performance measures in addition to the conventional financial key ratios established by IFRS, with the aim of giving investors and management the opportunity to evaluate and understand the development of the operational operations and financial status and to facilitate comparisons between different periods. Below are definitions and calculations for components that are included in alternative performance measures used in this report. Key ratios adjusted for the effect of IFRS16 have been added. This is to facilitate the comparison of the key figures with the previous year which is reported in accordance with the previous accounting standard IAS 17.

Non-IFRS key ratios	Definition/Calculation	Purpose
Income measures		
Revenue growth	The percentage increase in sales for the past period compared to the corresponding previous period.	The change in net sales reflects the company's realized sales growth over time.
Organic growth	Changes in net sales, excluding acquisition-driven growth and changes in exchange rates.	Organic growth excludes the effects of changes in the Group's structure and exchange rates, enabling a comparison of net sales over time.
Gross margin	Net sales for the period minus the cost of goods sold in relation to net sales for the period.	The gross margin is used to measure and evaluate whether manufacturing processes, raw materials and procurement are cost-effective, that is the profitability of production.
Gross margin after variable costs	Net sales for the period less variable costs for goods sold, in relation to net sales for the period.	The gross margin after variable costs is used to show the profitability of the products, excluding fixed production expenses.
Operating margin	Operating profit/loss for the period in relation to net sales for the period.	The operating margin is used to measure operational profitability.
EBITDA	Operating profit/loss excluding depreciation and write-downs of property, plant and equipment and intangible assets.	EBITDA is used to measure cash flow from operating activities, excluding the effects of previously made investments and accounting decisions.
EBITDA, adjusted	See the EBITDA definition. Adjusted EBITDA is the operating profit/loss where previous accounting standard IAS 17 has been applied, i.e. excluding effects as a result of the adoption of IFRS 16. The difference between EBITDA and adjusted EBITDA is mainly the effect of leasing of premises.	EBITDA is used to measure cash flow from operating activities, excluding the effects of previously made investments and accounting decisions.
Profit margin	Profit/loss for the period in relation to net sales for the period.	The profit margin shows the profit per turnover (SEK), which gives an indication of how efficient a company is.
Capital structure		
Equity ratio	Equity in relation to total assets. Equity includes non-controlling interests.	The key figure reflects the company's financial position. Good financial position gives a readiness to handle periods of weak economic activity and financial preparedness for growth. At the same time, it provides a minor advantage in the form of financial leverage.
Quick ratio	Current assets, excluding inventories, in relation to current liabilities, without adjustment for proposed dividend.	Quick ratio shows short term solvency. If quick ratio is greater than 100 per cent, current liabilities can be paid immediately, provided that the current receivables can be converted immediately.
Net debt	Interest-bearing non-current and current liabilities minus interest-bearing assets including cash and cash equivalents.	Net debt show the ability to pay off all interest-bearing liabilities with available cash and shows the possibility of living up to financial commitments.

Non-IFRS key ratios	Definition/Calculation	Purpose
Capital structure		
Net debt, adjusted	See definition for net debt. Adjusted net debt are net debt to which previous accounting standard IAS 17 has been applied, that is excluding effects as a result of the adoption of IFRS 16. The difference between net debt and net debt adjusted is leasing liabilities attributable to rights-of-use for primarily premises.	Net debt show the ability to pay off all interest-bearing liabilities with available cash and shows the possibility of living up to financial commitments.
Net debt/equity ratio	Net debt in relation to shareholders' equity. Equity includes non-controlling interests.	The debt/equity ratio shows the relationship between debt equity and measures the extent to which the company is financed by loans.
Net debt/equity ratio, adjusted	Net debt in relation to shareholders' equity. Equity includes non-controlling interests.	The debt/equity ratio shows the relationship between debt equity and measures the extent to which the company is financed by loans.
Cash flow from operating activities	Cash flow from operating activities, including changes in working capital.	Cash flow from operating activities shows the liquid assets that the Group generates in operating activities.
Cash flow from operating activities, adjusted	See definition for cash flow from operating activities. In adjusted cash flow from operating activities, the former accounting standard IAS 17 has been applied, i.e. cash flow excluding effects as a result of the adoption of IFRS 16.	Cash flow from operating activities shows the liquid assets that the Group generates in operating activities.
Return ratios		
Return on shareholders' equity	Profit/loss for the period, as a percentage of average shareholders' equity. Equity includes non-controlling interests.	Return on equity reflects the effects of both the profitability of the business and the financial leverage. The measure is mainly used to analyse ownership profitability over time and can be compared with current bank interest rates or returns from alternative investments.
Capital employed	Total assets minus interest-free liabilities.	Capital employed measures the company's ability, in addition to cash and cash equivalents, to meet the needs of the business.
Return on capital employed	Operating profit/loss plus financial income as a percentage of capital employed.	Return on capital employed shows the return on externally financed capital, such as borrowings and equity and is used to analyse profitability, based on how much capital is used.
Share data		
Turnover per share	Net sales divided by the average number of shares for the period.	The key figure is to describe the size of the company's turnover per share.
Shareholders' equity per share	Equity in the Group (attributable to the Parent Company's shareholders) divided by the number of shares at the end of the period.	The key figure is to describe the size of the company's net value per share.

Alternative performance measures

OrganoClick presents alternative performance measures in addition to the conventional financial key ratios established by IFRS, with the aim of giving investors and management the opportunity to evaluate and understand the development of the operational operations and financial status and to facilitate comparisons between different periods. Below are definitions and calculations for components that are included in alternative performance measures used in this report. Key ratios adjusted for the effect of IFRS16 have been added. This is to facilitate the comparison of the key figures with the previous year which is reported in accordance with the previous accounting standard IAS 17.

SEK 000 ^s	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Gross margin, %				
Gross profit	264	1 598	17 763	15 748
Net sales	14 999	13 061	85 480	78 395
Gross margin, %	1,8	12,2	20,8	20,1
Gross margin after variable costs, %				
Net sales	14 999	13 061	85 480	78 395
Cost of goods sold, variable costs	-9 715	-7 873	-50 416	-47 449
Gross profit after variable costs	5 285	5 188	35 064	30 945
Gross margin after variable costs, %	35,2	39,7	41,0	39,5
Operating margin, EBIT, %				
Operating profit/loss	-8 652	-6 509	-15 131	-17 822
Net sales	14 999	13 061	85 480	78 395
Operating margin, EBIT, %	-57,7	-49,8	-17,7	-22,7
EBITDA				
Operating profit/loss	-8 652	-6 509	-15 131	-17 822
Plus: Depreciation	3 080	1 671	12 014	6 464
EBITDA	-5 572	-4 838	-3 117	-11 358
EBITDA, adjusted				
Operating profit/loss	-8 652	-6 509	-15 131	-17 822
Plus: Depreciation	3 080	1 671	12 014	6 464
Less: IFRS 16 impact	-1 451	-	-5 734	-
EBITDA, adjusted	-7 023	-4 838	-8 851	-11 358
Profit margin, %				
Profit/loss for the period	-9 286	-7 024	-18 356	-19 476
Net sales	14 999	13 061	85 480	78 395
Profit margin, %	-61,9	-53,8	-21,5	-24,8
Net sales, change				
Net sales	14 999	13 061	85 480	78 395
Net sales corresponding period prior year	13 061	12 525	78 395	74 682
Net sales, change	1 938	536	7 085	3 713
Revenue growth, organic, %	14,8	4,3	9,0	5,0

SEK 000 ⁹	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Equity ratio, %				
Equity	102 470	34 798	102 470	34 798
Total assets	173 199	88 103	173 199	88 103
Equity ratio, %	59,2	39,5	59,2	39,5
Quick ratio, %				
Current assets, excluding inventories	76 038	16 538	76 038	16 538
Current liabilities	46 751	38 185	46 751	38 185
Quick ratio, %	162,6	43,3	162,6	43,3
Net debt/equity ratio, %				
Interest-bearing liabilities	55 176	40 458	55 176	40 458
Less: Cash and cash equivalents	-61 150	-6 122	-61 150	-6 122
Net debt	-5 974	34 336	-5 974	34 336
Equity	102 470	34 798	102 470	34 798
Net debt/equity ratio, %	-5,8	98,7	-5,8	98,7
Net debt/equity ratio, % adjusted				
Interest-bearing liabilities	55 176	40 458	55 176	40 458
Less: IFRS 16 impact	-24 120	-	-24 120	-
Less: Cash and cash equivalents	-61 150	-6 122	-61 150	-6 122
Net debt	-30 093	34 336	-30 093	34 336
Equity	102 470	34 798	102 470	34 798
Net debt/equity ratio, % adjusted	-29,4	98,7	-29,4	98,7
Cash flow from operating activities, adjusted				
Cash flow from operating activities	-9 694	-3 890	-11 013	-18 970
Less: IFRS 16 impact	-1 238	-	-4 830	-
Cash flow from operating activities, adjusted	-10 931	-3 890	-15 843	-18 970
Return on shareholders' equity, %				
Equity	102 470	34 798	102 470	34 798
Equity corresponding period last year	34 798	54 286	34 798	54 286
Average equity	68 634	44 542	68 634	44 542
Profit/loss for the period	-9 286	-7 024	-18 356	-19 476
Average equity	68 634	44 542	68 634	44 542
Return on equity, %	-13,5	-15,8	-26,7	-43,7
Capital employed				
Total assets	173 199	88 103	173 199	88 103
Less: Deferred tax liabilities	-285	-222	-285	-222
Less: Other current liabilities	-15 192	-12 625	-15 192	-12 625
Capital employed	157 722	75 256	157 722	75 256
Capital employed corresponding period last year	75 256	85 493	75 256	85 493
Average capital employed	116 489	80 375	116 489	80 375

SEK 000 ¹	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Return on capital employed, %				
Operating profit/loss	-8 652	-6 509	-15 131	-17 822
Plus: Financial income	29	0	29	13
Operating profit/loss plus financial income	-8 623	-6 509	-15 102	-17 809
Average capital employed	116 489	80 375	116 489	80 375
Return on capital employed, %	-7,4	-8,1	-13,0	-22,2
Turnover per share before and after dilution SEK				
Net sales	14 999	13 061	85 480	78 395
Average number of shares before and after dilution ¹	92 112 789	75 761 668	79 927 844	75 761 668
Turnover per share before and after dilution SEK	0,16	0,17	1,07	1,03
Shareholders equity per share before and after dilution SEK				
Equity attributable to shareholders of Parent Company	77 730	12 092	77 730	12 092
Number of shares at end of period	92 112 789	74 465 731	92 112 789	74 465 731
Shareholder equity per share before and after dilution SEK	0,84	0,16	0,84	0,16

1) Average number of shares have been adjusted due to a bonus issue factor in a directed share issue 2019.

SIGNATURES

Attestation

The Board of Directors and the CEO hereby declare that the interim report provides a true and fair view of the Parent Company's and the Group's operations, financial position and earnings, and describes significant risks and uncertainties that the Parent Company and the companies that are part of the group are deemed to be facing.

OrganoClick AB (publ.)
corp ID No. 556704-6908

Review of auditors

This interim report has not been reviewed by the company's auditors.

Stockholm, 18 February 2020

Jan Johansson
Chairman of the Board

Claes-Göran Beckeman
Board member

Armando Córdova
Board member

Mårten Hellberg
CEO

Håkan Gustavson
Board member

MORE INFORMATION

Questions

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Read more

www.organoclick.com

Subsidiaries

www.organowood.com
www.biokleen.se

Financial calendar 2020

Annual report 2019 on 15 April 2020
Interim Report January-March 2020 on 6 May 2020
Annual General Meeting 2020 on 7 May 2020
Interim report January-June 2020 on 21 August 2020
Interim Report January-September 2020 on 10 November 2020
Interim report January-December 2020 on 17 February 2021

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