

ORGANOCLICK

Interim Report January-September 2020

Corporate identity number: 556704-6908

July to September

Net sales SEK 19,946 (15,622) thousands

Revenue growth 27.7 (-4.1) percent

EBITDA SEK -1,829 (-2,070) thousand

Cash flow from operating activities SEK 3,396 (1,763) thousand

Earnings per share before and after dilution SEK -0.07 (-0.08)

- OrganoClick launched OrganoTex® Textile in Benelux with Ideavelop BV as distribution partner.
- ORGANOWOOD® wood protection was launched in Canada with Osmo Wood & Colour Canada as distribution partner.

January to September

Net sales SEK 78,258 (70,480) thousands

Revenue growth 11.0 (7.9) percent

EBITDA SEK 1,572 (2,456) thousand

Cash flow from operating activities SEK 232 (-1,321) thousand

Earnings per share before and after dilution SEK -0.15 (-0.14)

KEY RATIOS (for definitions, please refer to page 20)	3 months		9 months		12 months	
	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	LTM 30 sep 2020	Jan-Dec 2019
Net sales	19,946	15,622	78,258	70,480	93,257	85,480
EBIT	-4,992	-5,128	-7,846	-6,479	-16,498	-15,131
Cash flow from operating activities	3,396	1,763	232	-1,321	-9,459	-11,012
Gross margin after variable costs, %	40.5	35.6	42.0	42.3	41.0	41.0

CEO COMMENT

During the third quarter, we had a good development in all our business units. In total, the Group experienced a sales growth of 28 percent totalling sales of MSEK 19.9 (15.6) during the quarter. Gross margin (after variable costs) increased by 5 percentage points to 40.5 (35.6) percent as well, due to changes of the product mix. The result also improved slightly – but, above all, we improved cash flow from operating activities to MSEK 3.4 (1.8) for the quarter and to MSEK 0.2 (-1.3) for the first nine months of the year.

The Functional wood business unit increased sales by 13 percent to MSEK 12.9 (11.4), which is attributable to an increasing export. An important new development within the business unit is that the next generation of ORGANOWOOD® timber will be launched during the 2021 season. We have since 2015 worked on the further development of this improved ORGANOWOOD® process, which improves the treatment effect and at the same time yields a more stable production quality. In order to succeed, we have invested in the world's largest and most advanced high-temperature vacuum oven, which allows us to control the drying of the timber in high temperatures with high precision. This will extend the lifespan and improve the quality of the timber, which in turn will improve profitability. The new product will gradually replace the current product over the course of 2021.

The Green coatings & maintenance products business unit showed a very strong result, increasing its sales by 79 percent to MSEK 6.6 (3.7). The increase is partly attributable to the fact that our new customers in the paint trade are buying more from us, partly to a very positive development of sales for our own brands – OrganoTex® in particular. We have over the course of the last few months also made the move across the Atlantic, and we have established cooperations with distributors on the North American market. To enable further growth and increase profitability, we have during the quarter ordered a new, fully automated canister filling line with three times the capacity of our current semi-automated filling line. The new line will be installed in February.

Within the Biocomposites business unit, sales have continued to grow during the quarter, mainly of sound absorbing panels to our customer Baux. Our coffin customer Fredahl Rydén's shuts down for the summer from July through early August, which entails that the third quarter will always be seasonally weaker for this product area. The most important activity during the quarter has been to enhance production capacity of sound absorbing panels by the installation of our first industrial robot and improved tooling. The additional capacity will drive further sales growth as there is great demand from Baux's customers.

Within Nonwoven & technical textiles, new product launches with existing as well as new customers are drawing closer. We have intensified our development effort during the quarter and conducted several production tests with nonwoven manufacturers. Our goal remains the same: to finalize at least one new project relating to a major volume product during 2020.

The sales for the fourth quarter are off to a good start in all of our product segments. We are mainly focusing on our nonwoven projects, but also on increasing sales and streamlining production within our other business units. To further increase sales and achieve a more efficient production, we are strengthening our organization with new key roles. With these in place, we will speed up our growth journey further and thus help our customers to substitute their plastics and toxic chemicals for sustainable alternatives!



Mårten Hellberg
Mårten Hellberg
VD, OrganoClick AB

BUSINESS SUMMARY

Every year, more than 8 million tonnes of plastic and hundreds of thousands tonnes of toxic chemicals are released to the world's oceans and into nature. Many of these are not degradable, but accumulate in the form of microplastics or persistent pollutants. Plastics and environmental contaminants have thus become one of the major global challenges of our time. The result is visible along the seashores as well as in the alarm reports about poisoned watercourses. OrganoClick AB (publ) is a Swedish cleantech company that develops, produces and markets functional materials based on environmentally friendly fiber chemistry, which addresses several of the aforementioned problems. The products marketed by OrganoClick include: the durable water repellent technology for textiles OrganoTex®, which can substitute hormone-disruptive fluorocarbons (PFAS); the flame and rot-resistant timber ORGANOWOOD®, which can substitute heavy metals used in traditional wood protection; eco-labelled surface treatment and maintenance products for homes and properties, under the brand BIOkleen®, and the biobased binder OC-BioBinder™ which, together with the company's biocomposite OrganoComp® can substitute fossil-based plastic. 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.

TECHNOLOGY

OrganoClick's core technology is based on so-called 'biomimetics', where the company's products are developed with inspiration from natural chemical processes. By attaching organic molecules to the surface of cellulose fibers in materials such as wood, textile, paper or nonwoven, new features such as fire resistance, rot protection, water resistance and changed mechanical properties can be achieved. This technology opens up for renewable materials that for example can replace oil-based plastics and traditional, toxic wood protection methods.

THE GROUP'S STRUCTURE, BUSINESS UNITS AND CUSTOMERS

The Group's products are marketed and delivered to a number of application areas. On the basis of this, the Group is divided into four business units that market and sell the products within their respective area. The most substantial customer segment is currently within the Nordic building and paint trade, which results in significant seasonal variations in the Group's sales (see graph p. 4). Production, R&D, finance & administration and environment & quality work is conducted centrally for the whole Group, with major synergies achieved across the business units.

Within the largest business unit, Functional wood, the Group sells ORGANOWOOD® timber through hardware retailers to both major construction companies and end consumers. The retailers of ORGANOWOOD® timber include, among others, Beijer byggmaterial, K-rauta, XL-BYGG, Optimera, Bygma, Woody and Derome in Sweden. The product is also sold in the rest of Northern Europe, Germany and Italy. OrganoClick manufactures and supplies the

technology and the wood protection agent that is used to treat the wood, which then is sold by the sales and marketing company OrganoWood AB, part-owned by OrganoClick (60 percent) together with a partner.

Within the second largest business unit, Green coatings & maintenance products, additional wood protection and maintenance products for maintenance of homes and properties are sold through hardware and paint retailers such as Happy Homes, Colorama, Bolist, Nordsjö Färg & design, Caparol, Granngården and Ahlsell. The business unit also offers OrganoTex® Textile waterproofing, a biodegradable impregnation that is sold through more than 170 Nordic sports and outdoor retailers, including Naturkompaniet and its Finnish sister company Partioaitta.

The Biocomposites business unit manufactures and sells the Group's 3D-moulded biocomposite OrganoComp® which is used as a replacement for plastic materials. Fredahl Rydén's, the leading Nordic burial coffin producer, and Baux, supplier of sound-absorbing acoustic panels, were the first customers. Projects are also underway together with companies and partners operating in the healthcare sector or with furniture production with the aim of replacing different plastic products with OrganoComp®.

Within the business unit Nonwoven & technical textiles, bio-based binders that replace plastic bonding agents and water repellent products (PFAS substitutes) are sold to customers that manufacture nonwovens or technical textiles. End applications include napkins and table cloths for restaurants, medical textiles such as surgical coats, hair covers and masks, agricultural mulch films and personal hygiene products such as diapers, sanitary towels and incontinence articles.

THE GROUP'S DEVELOPMENT AND OBJECTIVES

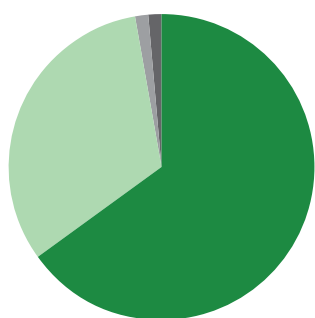
The Group has made fast progress since the first product was launched in 2012. Net sales has grown from MSEK 20.9 in 2014 to MSEK 85.5 in 2019, corresponding to an average annual growth rate of 32.5 percent. The Group has built up a sales and marketing organization and its production facility to be able to continue to grow operations rapidly with only minor increases of fixed costs, which makes the business model highly scalable. With increasing volumes, improved productivity in its factory and a gradually changed product mix, margins have improved as well. The gross margin (after variable costs) has increased year by year, from 32.7 percent in 2014 to 41.0 percent in 2019. The Group has continuously made heavy investments in product and production development, and this effort is bearing fruit in the form of a product family with sales within a large number of application areas.

The long-term goal of the Group is to continue to show double-digit growth and reach a gross margin (after variable costs) of 50 percent and an operating margin (EBIT) of 20 percent. At the same time, the Group shall become climate neutral by 2023 at the latest, which means zero emissions of greenhouse gases and 100 percent use of bio-based raw materials and packaging.

FINANCIAL DEVELOPMENT ORGANOCLICK GROUP 2015-2019 MSEK

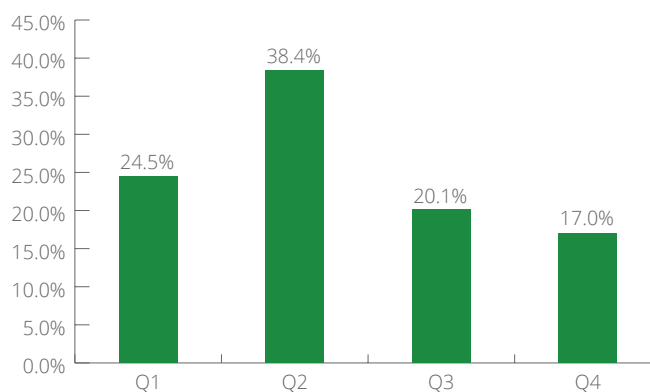
	2015	2016	2017	2018	2019
Net sales	30,462	38,847	74,682	78,395	85,480
Operating profit/loss	-20,793	-29,041	-23,456	-17,822	-15,131
Total assets	82,313	81,201	101,778	88,103	173,199
Total equity	59,481	41,671	54,286	34,798	102,470
Total liabilities	22,832	39,530	47,491	53,306	70,729
Cash flow from operating activities	-24,416	-15,549	-22,556	-18,970	-11,013
Revenue growth, %	45.8%	27.5%	92.2%	5.0%	9.0%
Gross margin after variable costs, %	32.6%	32.1%	36.2%	39.5%	41.0%

NET SALES / OPERATING SEGMENTS 2019



- Functional wood (65.1%)
- Green coatings & maintenance products (32.2%)
- Biocomposites (1.4%)
- Other (1.3%)

GROUP SALES/QUARTER¹



1) Refers to average sales 2017-2019 as a percentage of total sales.

COMMENTS ON THE FINANCIAL DEVELOPMENT

As of 2020, the Group has chosen to report sales divided on four business units: the former three business units Functional wood, Green coatings & maintenance products and Biocomposites, and the new business unit Nonwoven & technical textiles. A reclassification of sales, in 2019, has also been made regarding wood protection products, from the Functional wood business unit to Green coatings & maintenance products.

THE GROUP

Profit/loss July-September

During the third quarter, revenue grew by 27.7 (-4.1) percent to kSEK 19,946 (15,622). The Functional wood business unit grew by 13.4 (-6.5) percent and amounted to kSEK 12,953 (11,422). The positive development was driven mainly by an increase in exports, with a successful establishment in Germany as well as increased sales in Finland and Denmark. The decline in sales the previous year was mostly due to raw material shortages. The business unit Green coatings & maintenance products recorded a strong quarter and grew by 78.7 (-1.4) percent to kSEK 6,616 (3,702). This was attributed to higher sales of the Group's maintenance products for homes and properties, driven by the new customer contracts concluded in recent years as well as a general increase in sales of the company's own brands to existing customers. Sales of OrganoTex® products and car care products showed strong growth during the quarter as well. Revenue within the Biocomposites business unit increased to kSEK 348 (245), and revenue within the business unit Nonwoven & technical textiles amounted to kSEK 27 (224).

Gross margin (after variable costs) amounted to 40.5 (35.6) percent and was positively impacted by higher margins on ORGANOWOOD® timber following changes in the product mix. The larger proportion of the Group's maintenance and surface treatment products relative to total sales contributed as well. Gross profit amounted to kSEK 3,406 (2,100), positively impacted by the higher sales as well as the stronger gross margin. These factors were partially offset by an increase in fixed production costs due to higher personnel costs related to an expansion of the production team. During the quarter, the Group has benefited from COVID-19-related state aid for sickleave payments totaling kSEK 44. The Group has neither applied for nor received any other COVID-19-related state aids. Operating profit/loss, EBIT, amounted to kSEK -4,992 (-5,128) and EBITDA to kSEK -1,829 (-2,070). Net financial items amounted to kSEK -550 (-1,068) as a result of reduced borrowings, and profit/loss for the period amounted to kSEK -5,576 (-5,832).

Cash flow and investments July-September

Cash flow from operating activities amounted to kSEK 3,396 (1,763), a consequence of the result improvement and a strong working capital, which amounted to kSEK 5,817 (5,008). The positive working capital is attributable to decreased inventories, kSEK 1,964 (773), and to incoming payments of receivables kSEK 11,459 (8,231) – a consequence of the Group's seasonal variations with weaker sales in the third quarter than in the second. The higher liquidity in receivables compared with the previous year is attributable to the termination of a factoring solution in use last year. Major supplier payments during the quarter had a negative impact on liquidity, kSEK -4,841 (-1,259).

The third quarter was investment heavy. Investments in intangible assets amounted to kSEK -1,927 (-1,442) and related to the Group's development projects, patents and trademarks. Investments in tangible assets amounted to kSEK -8,787 (-95) and related to new production and laboratory machinery as well as a kSEK 6,823 investment in a high-temperature dryer for the production of ORGANOWOOD® timber. The Group has further invested in machinery financed by means of leases, which has added rights-of-use totaling kSEK 1,582 to the balance sheet. During the quarter, the Group has terminated a lease early, which has decreased rights-of-use by kSEK -1,258 and extended another lease agreement which increased rights-of-use by kSEK 2,067.

In financing activities, the Group decreased its utilization of the bank overdraft facility and also of its invoice factoring debt, by kSEK -8,447 (-3,073) and kSEK -7,022 (-6,821) due to lower receivables. A loan of kSEK 5,313 has been contracted in OrganoWood AB to cover the investment in the high-temperature dryer. The previous year, the parent company raised credits totaling kSEK 9,000. The Group amortized kSEK -2,552 (-3,123) during the quarter for loans and leases. Total cash flow for the period was kSEK -20,028 (-3,792).

Profit/loss January-September

The cumulative revenue amounted to kSEK 78,258 (70,480), corresponding to a growth of 11.0 (7.9) percent compared with the previous year. Revenue within the Functional wood business unit amounted to kSEK 48,633 (45,583), corresponding to a growth of 6.7 (4.9) percent. The growth can be attributed to the Group's export efforts and strong sales in Germany and Denmark in particular. Domestic sales were slightly negatively impacted by reduced demand from the important professional construction segment. Revenue within the Green coatings & maintenance products business unit amounted to kSEK 27,329 (23,561) with a growth of 16.0 (11.1) percent. The growth derived from strong sales of the Group's maintenance products for homes and properties, which were driven by new customers as well as by increased sales to existing customers, wood protection exports and OrganoTex® products. The revenue within the Biocomposites business unit amounted to kSEK 1,601 (722) with sales of mostly coffin materials but also sound absorbing panels, and revenue within the business unit Nonwoven & technical textiles amounted to kSEK 565 (404).

Gross margin (after variable costs) amounted to 42.0 (42.3) percent, and the cumulative gross profit amounted to kSEK 18,408 (17,499). The fact that gross profit has not grown in line with sales is attributable to higher personnel costs related to production. As a consequence of the Group's effort to enter novel export markets and initiate new customer projects, personnel costs have increased for sales as well as R&D. R&D is further impacted by amortization charges for more patent families. During the year, the Group has received COVID-19-related tax relief for social security contributions in the amount of kSEK 828 and state aid for sickleave payments in the amount of kSEK 197. Operating profit/loss, EBIT, amounted to kSEK -7,846 (-6,479) and EBITDA to kSEK 1,572 (2,456). The net financial result amounted to kSEK -1,798 (-2,999) due to reduced borrowings within the Group. The cumulative result amounted to kSEK -9,751 (-9,070). 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. In the income statement, deferred tax is recognized for temporary differences.

Cash flow and investments January-September

Cash flow from operating activities amounted to kSEK 232 (-1,321), kSEK -178 (-710) of which being cash flow from profit and kSEK 410 (-611) of which being cash flow from working capital. Liquidity has been freed up by a decrease in inventories, kSEK 2,533 (-1,439) and tied up in receivables, kSEK -712 (-3,730). This is attributable to seasonal variations where the sales were higher at the end of the third quarter than at the end of the previous year. The liquidity tied up in other current receivables, kSEK -3,734 (-258), is attributable to advance payments and recoverable VAT. Increased trade payables resulted in a positive liquidity effect of kSEK 2,462 (4,779).

During the year, investments of kSEK -5,381 (-4,270) were made in intangible fixed assets in the form of development projects, patents, trademarks and licenses. The increase over the preceding year is primarily attributable to higher investments in patents. Considerable investments have been made in tangible fixed assets during the year, totaling kSEK -9,729 (-341). These investments are mostly related to different kinds of production equipment and a pilot machine for the laboratory intended for the development of the Group's biobased binders for nonwoven. The largest single investment, of kSEK 6,823, is in a high-temperature dryer for the production of ORGANOWOOD® timber. New leases have been entered into for production equipment which have added right-of-use assets of kSEK 1,582 to the balance sheet. During the third quarter, the early termination of a lease decreased rights-of-use by kSEK -1,258 and an extension of another lease increased rights-of-use by kSEK 2,067.

In financing activities, the Group decreased the utilization of its bank overdraft facility by kSEK -6,631 (2,254) and of its invoice factoring debt by kSEK -710 (3,419). OrganoWood AB has contracted new loans of kSEK 6,313, to cover the investment in a high-temperature dryer. The previous year, a net of kSEK 7,000 was raised in loans and credits. Loans and leases of kSEK -7,463 (-7,981) were amortized. The cumulative cash flow amounted to kSEK -23,069 (-1,458).

Financial position

Cash and cash equivalents in the Group amounted to kSEK 38,076 (4,666) at the end of the period with a quick ratio of 130.3 (164.6) percent. Net debt/equity ratio amounted to 13.1 (61.3) percent. The strengthened financial position is attributable to a new share issue netting kSEK 86,030, which was carried out on September 30, 2019 and made it possible to repay most of the parent company's credits during the fourth quarter of 2019. At the end of the quarter, a bank overdraft facility of kSEK 6,322 (10,948) was utilized in OrganoWood AB out of a total facility of kSEK 10,000 (11,000). The bank overdraft facility changes depending on the requirement for the season.

PARENT COMPANY

Profit/loss July-September

The parent company's revenue amounted to kSEK 6,362 (4,171). The increase is attributable mostly to higher internal sales and increased sales of OrganoTex® products. Gross profit decreased, the higher sales notwithstanding, and amounted to kSEK -2,235 (-1,000). This is attributable to a lower gross margin due to a higher proportion of internal sales as well as increased fixed production costs for a second production shift. Operating profit/loss (EBIT) amounted to kSEK -6,913 (-4,323) after increased costs relating to sales efforts and amortization charges for patents. EBITDA amounted to kSEK -5,579 (-3,168). Loss for the period amounted to kSEK -6,857 (-4,682).

Profit/loss January-September

Cumulative revenue amounted to kSEK 24,893 (21,386) as sales of the Group's biocomposites, OrganoTex® products and binders increased. Internal sales increased slightly. Gross profit deteriorated despite the higher sales and amounted to kSEK -3,965 (-1,424). The negative impact on the gross profit was due to changes in the product mix as well as increased fixed production costs for a second production shift. Operating profit/loss, EBIT, amounted to kSEK -18,151 (-12,049) following increased sales costs and increased amortization charges for more patents. EBITDA amounted to kSEK -14,176 (-8,732). Loss for the period amounted to kSEK -17,967 (-12,631).

Financial position and cash flow

Cash and cash equivalents in the parent company at the end of the period amounted to kSEK 34,382 (376) and equity to kSEK 95,906 (121,059). The strengthened financial position is attributable to a new share issue that OrganoClick carried out on September 30, 2019, which provided kSEK 86,030 in proceeds after issuance costs. The issue proceeds were used to repay loans and credits of kSEK 19,063 during the fourth quarter of 2019. During the year, the parent company invested kSEK 4,498 (3,176) in intangible fixed assets in the form of development projects and patents and kSEK 2,906 (341) in tangible fixed assets in the form of machines for production and laboratory. OrganoClick further commenced leases of production equipment totaling kSEK 1,617 during the year.

OTHER INFORMATION

SIGNIFICANT EVENTS DURING THE PERIOD

- OrganoClick launched OrganoTex® Textile in Benelux with Ideavlop BV as distribution partner.
- ORGANOWOOD® wood protection was launched in Canada with Osmo Wood & Colour Canada as distribution partner.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- ORGANOWOOD® wood protection was launched in the USA with Woodborn USA as distribution partner.

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 2019, pages 48-49.

Risks related to the Coronavirus pandemic (COVID-19)

The outbreak of the COVID-19 pandemic has had negative impact on the world's financial markets, companies and industries and will most likely affect the Group's operations. It is difficult to predict at the present time how and to what extent COVID-19 will impact the Group, but the Group's assessment is that a global recession will increase the probability of many of the risks presented on pages 48-49 of the Annual report for 2019. The Group identifies increased risks of production disruptions, both in our own facilities and in those of our collaboration partners, due to disruptions in the supply chains of raw materials and/or lack of personnel as a consequence of rules and recommendations issued by public authorities. The Group further sees an increased risk of price fluctuations for input goods. The sales-related risk would increase in the event of a global recession, and, together with knock-on effects from other industries, this could result in lower demand for the Group's products and delayed export efforts. The Group currently conducts a number of development projects together with industrial operators within nonwoven & technical textile; the Group sees a risk that these customer projects may come to a halt or be delayed when the industrial operators' operations are negatively affected by COVID-19 and thus are accorded less priority. The Group further sees increased credit risk, in particular the customer-related credit risk that the Group will fail to receive payments from its customers. The Group considers financing risk and liquidity risk to be less of an issue over the coming two years thanks to the new share issue carried out in the fall of 2019.

PERSONNEL

At the end of the period, the number of employees in the Group was 42 (35). Of these, 27 (20) were employed in the parent company, 11 (11) employed in the subsidiary OrganoWood AB and 4 (4) employed in the subsidiary Biokleen Miljökemi AB. Of the employees, 16 (13) were women and 26 (22) men.

SHARE INFORMATION

OrganoClick AB's share capital at the beginning of 2020 amounted to SEK 921,128, distributed on 92,112,789 shares. The quota value of all shares is 0.01 and they are equally entitled to share the company's assets and earnings. There has been no change in the share capital during the year.

OrganoClick AB's share has been listed on Nasdaq First North Growth Market since 2015. The number of shareholders at September 30 was 2,085 (1,515) and the closing price of the share at September 30 was 6.48 (5.50), giving a market capitalisation of SEK 597 (410) million.

The largest shareholders in OrganoClick AB as at 30 Sep 2020¹.

Name	No. of shares	Share of votes and capital %
Anders Wall with companies and related foundations ²	12,197,407	13.24
Mårten Hellberg with company	7,376,969	8.01
Handelsbanken fonder	5,505,628	5.98
Länsförsäkringar fondförvaltning AB	3,804,395	4.13
Armando Córdova with company	3,786,069	4.11
Credit Suisse (Switzerland) Ltd	3,723,300	4.04
CBLDN-EQ Nordic Small Cap	3,302,000	3.58
Jonas Hafrén	3,123,006	3.39
Fjärde AP Fonden	3,000,000	3.26
Unionen	2,850,000	3.09
Subtotal	48,668,774	52.84
Other shareholders	43,444,015	47.16
Total shares	92,112,789	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.

FINANCIAL CALENDAR 2020

Interim report January-December 2020 on 17 February 2021.

CERTIFIED ADVISER

OrganoClick's Certified Adviser on Nasdaq First North Growth Market is Mangold Fondkommission AB. Contact; Phone: 08-503 01 550, E-mail: ca@mangold.se.

FINANCIAL REPORTS SUMMARY

CONSOLIDATED INCOME STATEMENT IN SUMMARY

SEK 000 ^s	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	2,3	19,946	15,622	78,258	70,480	85,480
Cost of goods sold		-16,540	-13,523	-59,850	-52,981	-67,717
Gross profit		3,406	2,100	18,408	17,499	17,763
Selling expenses		-5,153	-4,033	-15,965	-14,123	-18,915
Administrative expenses		-2,527	-2,488	-7,729	-7,645	-10,572
Research and development costs		-1,168	-903	-3,788	-2,886	-4,295
Other operating income	4	451	196	1,229	678	889
Operating profit/loss		-4,992	-5,128	-7,846	-6,479	-15,131
Financial income		24	-	82	-	29
Financial expenses		-574	-1,068	-1,880	-2,999	-3,709
Net financial items		-550	-1,068	-1,798	-2,999	-3,680
Profit/loss before tax		-5,542	-6,197	-9,644	-9,478	-18,811
Income tax	5	-34	364	-106	408	455
Profit/loss for the period		-5,576	-5,832	-9,751	-9,070	-18,356
Profit/loss for the period attributable to:						
Shareholders' of Parent Company		-6,638	-6,093	-13,799	-10,974	-20,391
Non-controlling interests		1,062	260	4,048	1,904	2,035
Earnings per share before and after dilution SEK		-0.07	-0.08	-0.15	-0.14	-0.26
Average number of shares before and after dilution ¹		92,112,789	75,821,562	92,112,789	75,939,398	79,927,844

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

SEK 000 ^s	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Profit/loss for the period	-5,576	-5,832	-9,751	-9,070	-18,356
Other comprehensive income for the period:					
<i>Items that can later be reclassified into profit or loss</i>					
This period's translation differences when translating foreign operations	1	0	-5	2	-1
Other comprehensive income for the period, net after tax	1	0	-5	2	-1
Comprehensive income for the period	-5,575	-5,832	-9,756	-9,068	-18,358
Comprehensive income for the period attributable to:					
Shareholders' of Parent Company	-6,637	-6,092	-13,802	-10,973	-20,392
Non-controlling interests	1,062	260	4,046	1,905	2,034

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

SEK 000 ^s	Note	2020-09-30	2019-09-30	2019-12-31
ASSETS				
Non-current assets				
<i>Intangible fixed assets</i>				
Capitalized development expenditures		14,187	12,828	12,971
Patents, trademarks		6,868	5,030	5,455
Licences		330	192	173
Goodwill		16,794	16,794	16,794
		38,179	34,845	35,393
<i>Property, plant and equipment</i>				
Buildings		21,473	25,453	24,338
Improvement expense of other property		281	169	330
Machinery		20,508	14,035	13,250
Equipment, tools, fixtures and fittings		5,100	4,041	4,085
Ongoing new facilities		2,173	39	416
		49,535	43,737	42,419
<i>Other non-current assets</i>				
Other non-current receivables		3,152	3,440	3,440
Deferred tax assets	5	715	723	787
Total non-current assets		91,582	82,746	82,040
Current Assets				
Inventories		12,587	15,891	15,121
Trade receivables		12,811	10,712	12,099
Income tax receivables		422	374	468
Other receivables		2,124	90,710	1,033
Prepaid expenses and accrued income		3,244	1,435	1,289
Cash and cash equivalents		38,076	4,666	61,150
Total current assets		69,265	123,787	91,159
TOTAL ASSETS		160,847	206,533	173,199

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY (CONT.)

SEK 000 ^s	Note	2020-09-30	2019-09-30	2019-12-31
EQUITY				
Share capital		921	745	921
New share issue in progress		-	176	-
Other contributed capital		243,764	243,894	243,764
Reserves		33	38	36
Accumulated loss including profit/loss for the period		-180,790	-157,574	-166,991
Equity attributable to shareholders' of Parent Company	6	63,928	87,279	77,730
Non-controlling interests	7	28,787	24,611	24,741
Total equity		92,715	111,890	102,470
LIABILITIES				
Non-current liabilities				
Borrowings from credit institutions		5,171	6,956	3,352
Lease liabilities		19,131	21,873	20,340
Deferred tax liabilities	5	319	269	285
Total non-current liabilities		24,622	29,098	23,977
Current liabilities				
Liabilities to credit institutions	8	11,467	28,378	16,133
Lease liabilities		7,342	7,479	7,516
Trade payables		8,450	9,572	5,988
Income tax liabilities		62	75	75
Other liabilities		8,572	10,244	9,568
Accrued expenses and deferred income		7,618	9,796	7,471
Total current liabilities		43,510	65,544	46,751
TOTAL EQUITY AND LIABILITIES		160,847	206,533	173,199

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 2020	921	243,764	36	-166,991	77,730	24,741	102,470
Comprehensive income							
Profit/loss for the period	-	-	-	-13,799	-13,799	4,048	-9,751
Other comprehensive income							
Translation differences	-	-	-3	-	-3	-2	-5
Total comprehensive income	-	-	-3	-13,799	-13,802	4,046	-9,756
Shareholder transactions							
Total shareholder transactions	-	-	-	-	-	-	-
Equity at 30 September 2020	921	243,764	33	-180,790	63,928	28,787	92,715
Equity at 1 January 2019	745	157,910	37	-146,600	12,092	22,706	34,798
Comprehensive income							
Profit/loss for the period	-	-	-	-10,974	-10,974	1,904	-9,070
Other comprehensive income							
Translation differences	-	-	1	-	1	1	2
Total comprehensive income	-	-	1	-10,974	-10,973	1,905	-9,068
Shareholder transactions							
New share issue in progress	176	85,984	-	-	86,160	-	86,160
Total shareholder transactions	176	85,984	-	-	86,160	-	86,160
Equity at 30 September 2019	921	243,894	38	-157,574	87,279	24,611	111,890
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

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

SEK 000 ^s	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Cash flow from operating activities						
Operating profit/loss		-4,992	-5,128	-7,846	-6,479	-15,131
Adjustment for non-cash items	9	3,131	3,058	9,434	8,950	12,226
Interest received		24	0	82	0	29
Interest paid		-574	-1,068	-1,880	-2,999	-3,709
Income tax paid		-10	-107	32	-182	-276
Cash flow from operating activities before changes in working capital		-2,421	-3,245	-178	-710	-6,861
Changes in working capital						
Changes in inventories and work in progress		1,964	773	2,533	-1,439	-668
Changes in trade receivables		11,459	8,231	-712	-3,730	-5,117
Changes in other operating receivables		-1,707	204	-3,734	-258	-440
Changes in trade payables		-4,841	-1,259	2,462	4,779	1,195
Changes in other operating liabilities		-1,058	-2,942	-139	37	880
Cash flow from changes in working capital		5,817	5,008	410	-611	-4,151
Cash flow from operating activities		3,396	1,763	232	-1,321	-11,012
Cash flow from investing activities						
Investments in intangible assets		-1,927	-1,442	-5,381	-4,270	-5,973
Investments in property, plant and equipment		-8,787	-95	-9,729	-341	-1,034
Cash flow from investing activities		-10,714	-1,538	-15,110	-4,611	-7,007
Cash flow from financing activities						
New share issue		-	-	-	-	90,000
Share issue expenses		-	-	-	-	-3,970
Net change bank overdraft facility		-8,447	-3,073	-6,631	2,254	4,259
Net change invoice factoring debt		-7,022	-6,821	-710	3,419	3,414
Depositions		-	-	300	-219	-219
Borrowings		5,313	9,000	6,313	10,000	10,000
Repayment of debt		-	-	-	-3,000	-20,063
Amortization of debt		-2,552	-3,123	-7,463	-7,981	-10,374
Cash flow from financing activities		-12,710	-4,017	-8,191	4,473	73,048
Cash flow for the period		-20,028	-3,792	-23,069	-1,458	55,029
Cash and cash equivalents at beginning of period		58,103	8,458	61,150	6,122	6,122
Exchange rate differences in cash and cash equivalents		1	0	-5	2	-1
Cash and cash equivalents at end of period		38,076	4,666	38,076	4,666	61,150

KEY FIGURES, THE GROUP

SEK 000 ^s	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	19,946	15,622	78,258	70,480	85,480
Revenue growth, %	27.7	-4.1	11.0	7.9	9.0
Gross profit	3,406	2,100	18,408	17,499	17,763
Gross margin, %	17.1	13.4	23.5	24.8	20.8
EBIT	-4,992	-5,128	-7,846	-6,479	-15,131
EBIT, %	-25.0	-32.8	-10.0	-9.2	-17.7
EBITDA	-1,829	-2,070	1,572	2,456	-3,117
Profit/loss for the period	-5,576	-5,832	-9,751	-9,070	-18,356
Profit margin, %	-28.0	-37.3	-12.5	-12.9	-21.5
Equity ratio, %	57.6	54.2	57.6	54.2	59.2
Quick ratio, %	130.3	164.6	130.3	164.6	162.6
Net debt/equity ratio,%	13.1	61.3	13.1	61.3	-5.8
Return on shareholders' equity, %	neg.	neg.	neg.	neg.	neg.
Return on capital employed,%	neg.	neg.	neg.	neg.	neg.
Average number of employees	44	33	43	34	35
Average number of shares before and after dilution ¹	92,112,789	75,821,562	92,112,789	75,939,398	79,927,844
Number of shares issued at end of period	92,112,789	92,112,789	92,112,789	92,112,789	92,112,789
Turnover per share before and after dilution SEK	0.22	0.21	0.85	0.93	1.07
Earnings per share before and after dilution SEK ¹	-0.07	-0.08	-0.15	-0.14	-0.26
Shareholders equity per share before and after dilution SEK	0.69	0.95	0.69	0.95	0.84

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

PARENT COMPANY INCOME STATEMENT IN SUMMARY

SEK 000 ^s	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales		6,362	4,171	24,893	21,386	26,515
Cost of goods sold		-8,597	-5,171	-28,858	-22,811	-30,078
Gross profit		-2,235	-1,000	-3,965	-1,424	-3,563
Selling expenses		-1,538	-741	-4,591	-2,323	-3,557
Administrative expenses		-2,005	-1,755	-5,921	-5,650	-7,816
Research and development costs		-1,140	-870	-3,822	-2,865	-4,305
Other operating income	4	5	43	148	213	242
Operating profit/loss		-6,913	-4,323	-18,151	-12,049	-18,999
Interest income and similar items		97	58	335	206	322
Interest expenses and similar items		-40	-417	-151	-788	-1,010
Net financial items		56	-359	184	-582	-688
Profit/loss before tax		-6,857	-4,682	-17,967	-12,631	-19,687
Income tax		-	-	-	-	-
Profit/loss for the period		-6,857	-4,682	-17,967	-12,631	-19,687

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

SEK 000 ^s	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Profit/loss for the period	-6,857	-4,682	-17,967	-12,631	-19,687
Other comprehensive income for the period:	-	-	-	-	-
Comprehensive income for the period	-6,857	-4,682	-17,967	-12,631	-19,687

PARENT COMPANY BALANCE SHEET IN SUMMARY

SEK 000 ^s	Note	2020-09-30	2019-09-30	2019-12-31
ASSETS				
Non-current assets				
<i>Intangible fixed assets</i>				
Capitalized development expenditures		10,549	9,637	9,659
Patents, trademarks		6,090	4,648	4,837
Licences		254	43	68
		16,893	14,329	14,565
<i>Property, plant and equipment</i>				
Improvement expense of other property		281	169	330
Machinery		8,283	9,257	8,704
Equipment, tools, fixtures and fittings		2,587	2,623	2,860
Ongoing new facilities		2,173	39	416
		13,324	12,088	12,311
<i>Financial assets</i>				
Shares in group companies		30,610	30,610	30,610
Due from group companies		1,651	1,651	1,651
Other non-current receivables		355	-	-
		32,616	32,261	32,261
Total non-current assets		62,833	58,677	59,137
Current assets				
Raw materials, supplies and finished inventories		7,189	7,674	7,258
		7,189	7,674	7,258
Short-term receivables				
Trade receivables		551	591	615
Due from group companies		1,822	672	3,623
Income tax receivables		214	195	248
Other receivables		848	90,337	841
Prepaid expenses and accrued income		3,866	1,855	1,892
		7,302	93,650	7,219
Cash and cash equivalents		34,382	376	56,136
Total current assets		48,873	101,699	70,613
TOTAL ASSETS		111,706	160,377	129,750

PARENT COMPANY BALANCE SHEET IN SUMMARY (CONT.)

SEK 000 ^s	Note	2020-09-30	2019-09-30	2019-12-31
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		921	745	921
New share issue in progress		-	176	-
Fund for development expenditures		5,919	5,007	5,029
Total restricted equity		6,840	5,928	5,950
Non-restricted equity				
Share premium reserve		243,764	243,894	243,764
Retained earnings		-136,731	-116,132	-116,154
Profit/loss for the period		-17,967	-12,631	-19,687
Total non-restricted equity		89,066	115,131	107,923
Total equity		95,906	121,059	113,873
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		435	5,028	1,770
Liabilities to group companies		4,710	4,710	4,710
Total non-current liabilities		5,145	9,738	6,480
Current liabilities				
Liabilities to credit institutions		1,780	16,030	1,780
Trade payables		4,341	3,860	2,738
Tax liabilities		-	0	-
Liabilities to group companies		92	2,053	26
Other short-term liabilities		695	864	1,021
Accrued expenses and deferred income		3,747	6,774	3,832
Total current liabilities		10,655	29,580	9,397
TOTAL EQUITY AND LIABILITIES		111,706	160,377	129,750

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 2019.

NOTE 1 CORRECTIONS OF ERRORS IN PREVIOUS PERIODS

A correction has been made in the Group's report on cash flows for the period January-September 2019 where SEK 15 thousand has been transferred from Cash flow from investing activities and Divestment of intangible assets to Cash flow from operating activities and Adjustment for non-cash items.

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 utilize common resources in terms of sales, production, research and development and administration, which is why a division of the Group'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 from 2020 for four business areas, the former three business units Functional wood, Green coatings & maintenance products and Biocomposites as well as the new business unit Nonwoven & technical textiles. 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.

Group Net sales per business unit	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Functional wood ¹	12,953	11,422	48,633	45,583	55,664
Green coatings & maintenance products ¹	6,616	3,702	27,329	23,561	27,507
Biocomposites	348	245	1,601	722	1,201
Nonwoven & technical textile	27	224	565	404	883
Other	-	29	130	210	224
Total	19,946	15,622	78,258	70,480	85,480

1) A reclassification of sales has been made from the Functional wood business unit to Green coatings and maintenance products concerning wood protection products. The reclassified amount for Jul-Sep 2019 amounts to SEK 131 thousand, for Jan-Sep 2019 to SEK 2,920 thousand and for Jan-Dec 2019 to SEK 3,032 thousand.

Group Net sales per geographic market	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Sweden	16,838	15,102	64,577	64,316	76,193
Other Nordics	1,974	319	9,517	5,229	7,834
The rest of Europe	936	73	3,612	246	375
Asia	198	99	535	647	1,034
North America	-	29	16	42	43
Total	19,946	15,622	78,258	70,480	85,480
Net revenue by revenue type					
Products	19,946	15,592	78,158	70,270	85,255
Equipment and services	-	-	100	95	95
Services	-	30	30	115	129
Total	19,946	15,622	78,258	70,480	85,480

Product sales consist of sales of products within the Group's various business units, that is ORGANOWOOD® timber, BIOkleen® cleaning and maintenance products, OrganoTex® Textile Waterproofing, 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 customized products. Revenue is recognized at the time the equipment is provided to the customer.

Sales of services refer to various forms of development services that are recognized 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 recognized over time.

NOTE 3 SEASONAL VARIATIONS

The business units Functional wood and Green coatings & maintenance products are strongly characterized 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

Group	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Exchange gains on receivables of an operating nature	248	15	384	105	142
Commission income	99	96	337	324	403
Rental income	101	41	371	41	102
Government grants received for R&D	-	42	134	208	232
Profits, sale of fixed assets	3	-	3	-	10
Total	451	196	1 229	678	889
Parent Company					
Exchange gains on receivables of an operating nature	5	0	15	5	10
Government grants received for R&D	-	42	134	208	232
Total	5	43	148	213	242

NOTE 5 INCOME TAX

The Group's income tax consists of deferred tax. The Group reports deferred tax on internal gains in inventories and capitalized development and impaired trade receivables (deferred tax assets) and 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 30 September 2020, this amount was SEK 23,051 thousand.

OrganoClick AB's share capital at the beginning of 2020 amounted to SEK 921,128, distributed on 92,112,789 shares and remained unchanged at the end of the quarter.

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 7 May 2020, it was decided to continue 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

Group	2020-09-30	2019-09-30	2019-12-31
Short-term portion of non-current liabilities to credit institutions	5,144	4,430	3,180
Current liabilities to credit institutions	-	13,000	-
Bank overdraft facility	6,322	10,948	12,953
Total	11,467	28,378	16,133

NOTE 9. ADJUSTMENT FOR NON-CASH ITEMS

Group	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Depreciation/amortization of intangible fixed assets	875	858	2,537	2,359	3,216
Depreciation/amortization of property, plant and equipment	2,248	2,200	6,841	6,575	8,799
Disposal of intangible fixed assets	39	-	39	-	212
Disposal of property, plant and equipment	-33	-	16	15	-
Total	3,131	3,058	9,434	8,950	12,226

NOTE 10 FINANCIAL LIABILITIES AND ASSETS AT FAIR VALUE

All the Group's financial instruments are recognized at amortized 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

Group	2020-09-30	2019-09-30	2019-12-31
Guarantee liability for debts in group companies	6,564	7,823	8,889
Floating charges	31,126	30,126	30,126
Total	37,690	37,949	39,015
Parent Company			
Guarantee liability for debts in group companies	6,564	7,823	8,889
Floating charges	9,000	9,000	9,000
Total	15,564	16,823	17,889

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 during the quarter, SEK 19,402 (19,004) thousand were sales to group companies. From the Parent Company to OrganoWood AB, there are also invoiced interest and guarantee fees for loans and guarantee liabilities of SEK 253 (206) thousand. Invoicing of SEK 750 (0) thousand has been made from OrganoWood AB to the Parent Company. When selling raw materials and finished products from OrganoClick to its subsidiaries, internal gains arise in inventories, which are eliminated in the consolidated financial statements. The transactions between group companies take place at prices at arm's length.

In OrganoWood AB, invoiced and accrued interest and guarantee fees for loans and guarantee liabilities of SEK 146 (205) thousand and consulting fees of SEK 1 (215) thousand are invoiced by board member and also shareholder Robert Charpentier, from own company Kvigos AB.

NOTE 13 ESTIMATES AND ASSESSMENTS

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 2019, page 74.

The Group has large intangible assets in the form of capitalized development expenditures SEK 14,187 (12,828) thousand, patents

SEK 6,211 (4,712) thousand and trademarks SEK 656 (318) 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 company management's assessment is that there is no 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 the company management's assessment is that there is no need for impairment loss.

At the end of the period, the Group has inventories valued at SEK 12,587 (15,891) thousand. Company management estimates that existing inventories will be used in sales in the coming year.

At the end of the period, the Group's use-of-rights for leasing amounted to SEK 29,336 (31,426). In assessing the size of the lease debt, assumptions about estimating the length of the lease period are material. During the year, the estimated leasing period for a lease for premises was extended by approximately five years and another lease for premises was withdrawn two years prematurely. No other changes have been made in assessing the length of the leasing periods compared with the annual report for 2019.

ALTERNATIVE PERFORMANCE MEASURES

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. Alternative performance measures adjusted for the effect of IFRS 16 have been removed as there is a comparative year for 2020 according to IFRS 16.

Non-IFRS key ratios	Definition/Calculation	Purpose
<i>Income measures</i>		
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 intangible assets and property, plant and equipment.	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.
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.
<i>Capital structure</i>		
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 (incl. leasing and invoice factoring) 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.
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.

Non-IFRS key ratios	Definition/Calculation	Purpose
<i>Return ratios</i>		
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.
<i>Share data</i>		
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. Alternative performance measures adjusted for the effect of IFRS 16 have been removed as there is a comparative year for 2020 according to IFRS 16.

SEK 000 ⁵	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Gross margin, %					
Gross profit	3,406	2,100	18,408	17,499	17,763
Net sales	19,946	15,622	78,258	70,480	85,480
Gross margin, %	17.1	13.4	23.5	24.8	20.8
Gross margin after variable costs, %					
Net sales	19,946	15,622	78,258	70,480	85,480
Cost of goods sold, variable costs	-11,864	-10,056	-45,393	-40,701	-50,416
Gross profit after variable costs	8,081	5,567	32,865	29,779	35,064
Gross margin after variable costs, %	40.5	35.6	42.0	42.3	41.0
EBIT, %					
Operating profit/loss	-4,992	-5,128	-7,846	-6,479	-15,131
Net sales	19,946	15,622	78,258	70,480	85,480
EBIT, %	-25.0	-32.8	-10.0	-9.2	-17.7
EBITDA					
Operating profit/loss	-4,992	-5,128	-7,846	-6,479	-15,131
Plus: Depreciation	3,163	3,058	9,418	8,935	12,014
EBITDA	-1,829	-2,070	1,572	2,456	-3,117
Profit margin, %					
Profit/loss for the period	-5,576	-5,832	-9,751	-9,070	-18,356
Net sales	19,946	15,622	78,258	70,480	85,480
Profit margin, %	-28.0	-37.3	-12.5	-12.9	-21.5
Net sales, change					
Net sales	19,946	15,622	78,258	70,480	85,480
Net sales corresponding period prior year	15,622	16,288	70,480	65,333	78,395
Net sales, change	4,323	-666	7,778	5,147	7,085
Revenue growth, organic, %	27.7	-4.1	11.0	7.9	9.0
Equity ratio, %					
Equity	92,715	111,890	92,715	111,890	102,470
Total assets	160,847	206,533	160,847	206,533	173,199
Equity ratio, %	57.6	54.2	57.6	54.2	59.2
Quick ratio, %					
Current assets, excluding inventories	56,678	107,896	56,678	107,896	76,038
Current liabilities	43,510	65,544	43,510	65,544	46,751
Quick ratio, %	130.3	164.6	130.3	164.6	162.6

SEK 000 ^s	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net debt/equity ratio, %					
Interest-bearing liabilities	50,237	73,276	50,237	73,276	55,176
Less: Cash and cash equivalents	-38,076	-4,666	-38,076	-4,666	-61,150
Net debt	12,161	68,610	12,161	68,610	-5,974
Equity	92,715	111,890	92,715	111,890	102,470
Net debt/equity ratio, %	13.1	61.3	13.1	61.3	-5.8
Return on shareholders' equity, %					
Equity	92,715	111,890	92,715	111,890	102,470
Equity corresponding period last year	111,890	41,836	111,890	41,836	34,798
Average equity	102,302	76,863	102,302	76,863	68,634
Profit/loss for the period	-5,576	-5,832	-9,751	-9,070	-18,356
Average equity	102,302	76,863	102,302	76,863	68,634
Return on equity, %	-5.5	-7.6	-9.5	-11.8	-26.7
Capital employed					
Total assets	160,847	206,533	160,847	206,533	173,199
Less: Deferred tax liabilities	-319	-269	-319	-269	-285
Less: Other current liabilities	-17,515	-21,023	-17,515	-21,023	-15,192
Capital employed	143,013	185,241	143,013	185,241	157,722
Capital employed corresponding period last year	185,241	78,196	185,241	78,196	75,256
Average capital employed	164,127	131,718	164,127	131,718	116,489
Return on capital employed, %					
Operating profit/loss	-4,992	-5,128	-7,846	-6,479	-15,131
Plus: Financial income	24	-	82	-	29
Operating profit/loss plus financial income	-4,968	-5,128	-7,764	-6,479	-15,102
Average capital employed	164,127	131,718	164,127	131,718	116,489
Return on capital employed, %	-3.0	-3.9	-4.7	-4.9	-13.0
Turnover per share before and after dilution SEK					
Net sales	19,946	15,622	78,258	70,480	85,480
Average number of shares before and after dilution ¹	92,112,789	75,821,562	92,112,789	75,939,398	79,927,844
Turnover per share before and after dilution SEK	0.22	0.21	0.85	0.93	1.07
Shareholders equity per share before and after dilution SEK					
Equity attributable to shareholders' of Parent Company	63,928	87,279	63,928	87,279	77,730
Number of shares at end of period	92,112,789	92,112,789	92,112,789	92,112,789	92,112,789
Shareholder equity per share before and after dilution SEK	0.69	0.95	0.69	0.95	0.84

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

SIGNATURES

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.)
Corporate identity number: 556704-6908

Stockholm, 10 November 2020

Jan Johansson
Chairman of the Board

Claes-Göran Beckeman
Board member

Charlotte Karlberg
Board member

Malin Bugge
Board member

Håkan Gustavson
Board member

Mårten Hellberg
CEO

AUDITOR'S REPORT

OrganoClick AB (publ), reg. no. 556704-6908

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of OrganoClick AB as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on

Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 10 November 2020

PricewaterhouseCoopers AB

Sebastian Ionescu
Authorized Public Accountant

MORE INFORMATION

QUESTIONS

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