ORGANOCLICK

Annual report
Corporate identity number: 556704-6908
Financial period: 2020-01-01 - 2020-12-31

OrganoClick®

CONTENT

ORGANOCLICK IN BRIEF

Every year, more than 8 million tonnes of plastic and hundreds of thousands tonnes of toxic chemicals are released into the world's oceans and 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 these problems. The products marketed by OrganoClick include: the durable water repellent technology for textiles OrganoTex®, which can substitute hormone-disruptive fluorocarbons (PFAS); the fire and rot-resistant timber technology 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 Startup" 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.

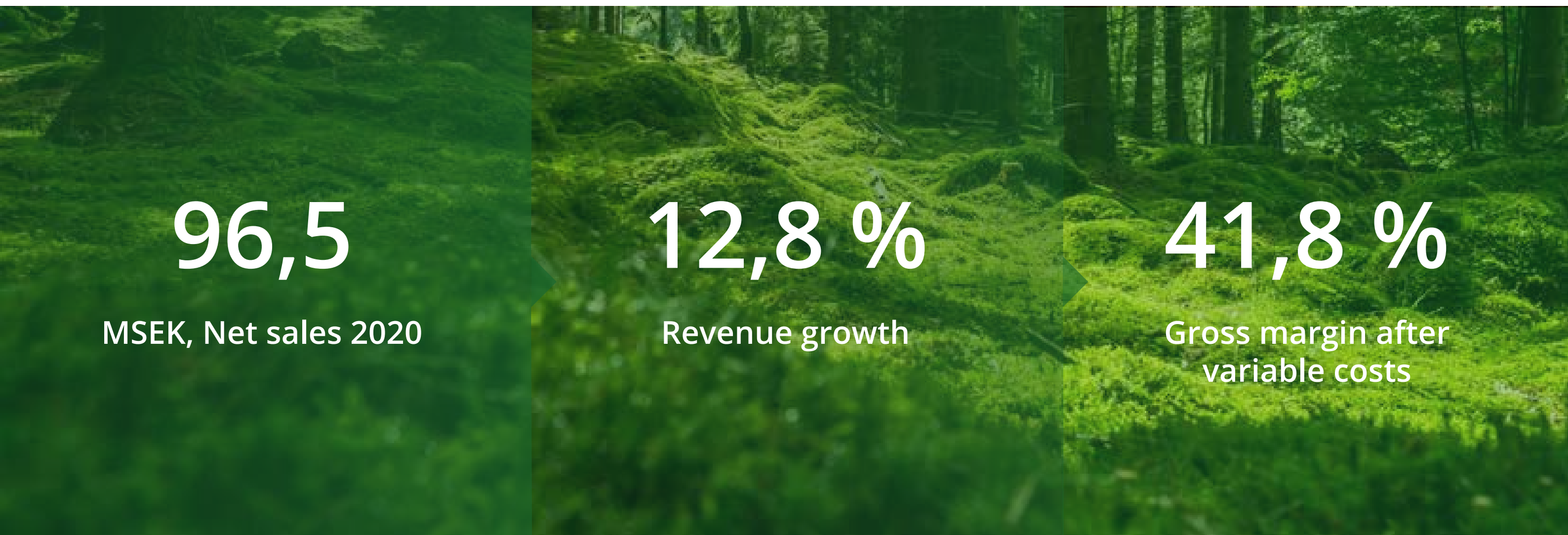
ORGANOCLICK'S MARKETS AND CUSTOMERS

The Group's products are marketed and delivered to a number of application areas. The Group's largest market to date is the building and property related industry, where the Group's wood modification technology is used to manufacture ORGANOWOOD® timber which is sold 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. The Group's additional surface coatings and maintenance products for wood protection and maintenance of homes and properties are sold through hardware retailers as well as through a large network of paint dealers such as Happy Homes, Colorama, Bolist, Nordsjö Färg & design, Caparol, Granngården and Ahlsell.

Within textile and nonwoven, bio-based binders that replace plastic binders and water repellent products (PFAS substitutes) are sold to customers that manufacture nonwoven and industry textile. To consumers, the Group offers OrganoTex® Textile waterproofing, a biodegradable impregnation that is sold through more than 150 Nordic sports and outdoor retailers, including Naturkompaniet and its Finnish sister company Partioaitta. Fredahl Rydéns, the leading Nordic burial coffin producer, and Baux, supplier of sound-absorbing acoustic panels, were the first customers to implement the company's biocomposite OrganoComp®. Projects are also underway together with operators in healthcare and furniture with the aim of replacing different plastic products with OrganoComp®.

THE GROUP'S DEVELOPMENT AND OBJECTIVES

The Group has made fast progress since the first product was launched in 2012. Net sales of the Group has grown from MSEK 30.5 in 2015 to MSEK 96.5 in 2020, corresponding to an average annual growth rate of 26.1 percent. The Group has built up a sales and marketing organization and its own 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. As volumes have increased, productivity in the factory has improved, and the product mix gradually has changed which has improved the Groups gross margins as well. Gross margin (after variable costs) has increased year by year, from 32.6 percent in 2015 to 41.8 percent in 2020. OrganoClick has continuously made heavy investments in product and production development, and this effort is now bearing fruit in the form of a product family with sales within a large number of different application areas. The focus and goal of the Group is to continue grow with high double digit organic growth, to continue to improve gross margins, and with good cost control, be able to reach an EBIT-margin of 20%. 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 biobased raw materials and packaging.



FINANCIAL DEVELOPMENT

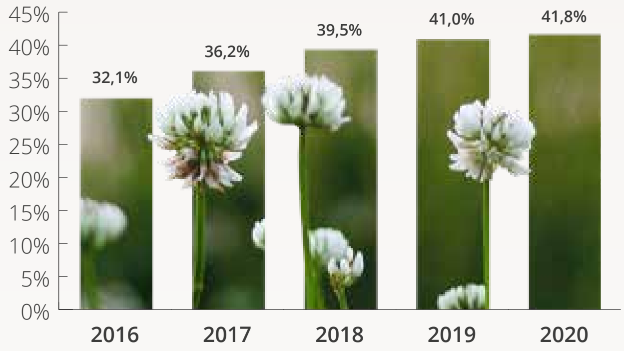
The OrganoClick Group has undergone a rapid development in the last five years, making it twice to the top fifty list of fastest growing technology companies in Sweden as presented by Affärsvärlden and Deloitte. During this period, the group has improved its net sales from MSEK 30.5 in 2015 to MSEK 96.5 in 2020, for an average annual growth rate of 26.1 percent. During the same period, the Group's operational costs have only increased with in average 7.1% per year, and at the same time, gross margin (from variable costs) has improved from 32.6 percent in 2015 to 41.8 percent in 2020. This has during the last four years improved the operating result (EBIT) - from MSEK -29.0 in 2016 to MSEK -17.1 in 2020. The group's goal is to have a continuous high double digit sale growth, to continue to increase the gross margin (after variable costs) towards 50%, and with a good cost control continuously improve the result towards a long-term goal of an EBIT-margin of 20%.

FINANCIAL DEVELOPMENT ORGANOCLICK GROUP 2016-2020

SEK 000s	2016	2017	2018	2019	2020
Net sales	38,847	74,682	78,395	85,480	96,458
Operating profit/loss	-29,041	-23,456	-17,822	-15,131	-17,100
Total assets	81,201	101,778	88,103	173,199	152,802
Total equity	41,671	54,286	34,798	102,470	82,943
Total liabilities	39,530	47,491	53,306	70,729	69,859
Cash flow from operating activities	-15,490	-22,543	-18,958	-11,012	5,471
Revenue growth, %	27.5	92.2	5.0	9.0	12.8
Gross margin after variable costs, %	32.1	36.2	39.5	41.0	41.8

SALES DEVELOPMENT
ORGANOCLICK GROUP 2016-2020

DEVELOPMENT GROSS MARGIN
(VARIABLE COSTS) 2016-2020



FIXED OPERATING EXPENSES
ORGANOCLICK GROUP 2016-2020

OPERATING PROFIT/LOSS
ORGANOCLICK GROUP 2016-2020

THE YEAR IN BRIEF

The year 2020 has been very eventful for the OrganoClick group. Sales for the year started out strong before first slowing down rapidly in Mars and April and then climbing to peak levels in May and June, which were the best months in the Group's history, sales-wise. The positive development of sales continued through the fall. The COVID-19 pandemic brought about completely new consumer behaviors, and our sales were given a significant boost in particular by the strong DIY trend in Sweden during the summer months.

We launched a number of our products on new geographical markets, but due to the pandemic and the strict lockdowns enforced in several countries, our export earnings were lower than expected. Despite the restrictions and lockdowns, our export business grew from 12 percent of total net sales in 2019 to 17 percent in 2020, primarily driven by a strong increase on the German market. All of the Group's product segments have shown growth, and most product categories grew by double-digit rates. The Group's sales grew by 12.8 percent organically, but growth fluctuated considerably over the year, from 0.4 percent in the first quarter to 27.7 percent in the third. Thanks to changes in the product mix, the gross margin (from variable costs) improved as well, to 41.8 (41.0) percent. Increased export investments drove up operating costs by 15.7 percent, however, which caused the Group's operating profit (EBIT) to decline to MSEK -17.1 (-15.1). In contrast, cash flow from operating activities was strengthened significantly to MSEK 5.5 (-11.0), turning positive for the first time ever on an annual basis.

The Functional Wood business unit grew by 8.8 percent and provided MSEK 60.6 of the net sales. The increasing sales in combination with close cost control contributed to a strong improvement of the business unit's profitability over the year. In particular, export to Germany has performed well, via our new distribution partner Carl Götz.

The Group's second largest business unit, Green coatings & maintenance products, experienced a 19.2 percent sales growth during the year to MSEK 32.8 in total. All our own brands saw strong growth, and the biodegradable textile impregnation OrganoTex® grew the fastest with a sales increase of 48 percent. The Group's new paint customers contributed strongly to the business unit's growth as well.

Our two first products in the Biocomposites business unit grew by 77 percent in total during the year, generating total revenues of MSEK 2.1. The highest growth related to coffin material used by our customer Fredahl Rydéns for its burial coffin 'Saga'. This product was launched in Sweden in May 2019, and sales grew by 133 percent over the year. During the fall, Fredahl Rydéns launched the Saga coffin in Norway and Denmark as well; the company is the market leader in these countries as in Sweden. Acoustic panels, which we are manufacturing for the customer Baux, also saw a positive sales development. Sales were, however, limited by our productivity, and projects to increase productivity have thus been underway during the year.

Within the Nonwoven and technical textiles business unit, the deliveries of the Group's bio-based and biodegradable binders OC-BioBinder™ have continued to the Group's first customers. Total sales were MSEK 0.8. Our main focus has been our customer projects, however, where around ten customers are carrying out production-scale testing of our binders in Sweden, Finland, Germany and the United States. We made huge strides forward in several of these projects, and two of them had obtained technical approval at the end of the year.

- Net sales totaled MSEK 96.5 (85.5).
- EBIT amounted to MSEK -17.1 (-15.1).
- Cash flow from operating activities amounted to MSEK 5.5 (-11.0).
- Strong sales increase of ORGANOWOOD® timber in Germany.
- Strong sales increase of the Group's surface treatment and maintenance products.
- New distribution agreements for ORGANOWOOD® wood protection in the United States and Canada as of 2021.
- New distribution agreements for OrganoTex® textile impregnation in Norway, the UK and Benelux.
- Two significant customer projects in binders for nonwoven technically approved by customers.
- Good increase of sales of Fredahl Rydén's burial coffin 'Saga' made from OrganoComp®.

A WORD FROM THE CEO

Dear Shareholder,

In several respects, 2020 has been a special and challenging year. The strong start of sales in January and February came to a heavy deceleration in Mars and April as the pandemic struck and our customers pulled the brakes. During the period of May to August, however, homeowners throughout Sweden started to work on their houses, and the DIY market performed exceedingly well. As a result, we saw our best sales month ever in May, and we reached our capacity constraints for delivery. The new recommendations to stay at home with any cold-like symptoms led to a high level of sick leaves in production, making it challenging to conduct our activities, and made deliveries more difficult, to say the least. Even though we had delivery challenges, both the BIOkleen® and the ORGANOWOOD® brands performed very strongly during the year and set new sales records.

The positive development of sales continued in the fall, and the sales growth for the year as a whole amounted to 13 percent, the weak start in the first quarter notwithstanding. Our product mix continued to change in a beneficial direction, resulting in a gross margin (after variable costs) of 41.8 (41.0) percent. Our international effort continued, but, due to lockdowns on several export markets, sales fell behind schedule. Hence, exports did not increase as much as we had anticipated and our result was therefore slightly worse than expected. On the other hand, our cash flow from operating activities improved significantly to MSEK 5.5 (-11.0).

”OUR PRODUCTS WERE NAMED TEST WINNERS”

ORGANOTEX® TEXTILE WATERPROOFING – BEST IN TEST

Our biodegradable textile impregnation OrganoTex® Textile waterproofing continued to see a strong growth of sales in Sweden and Finland and was also launched in Norway, Benelux and the United Kingdom during the year. We now have more than 200 retailers, and we are growing steadily. The focus for 2021 will be the continued expansion on existing markets, and we further seek to launch on the German market. At the end of the year, our products were named test winners in the comprehensive impregnation tests carried out by Utemagasinet and Hemfakta.se with regard to function as well as environmental performance. We are immensely proud of that!

IMPROVED SALES OF ORGANOWOOD®

Within the Functional wood business unit, the focus for the year was on a broader roll-out on the German market through our new distributor Carl Götz. Following initial delays due to the pandemic, the sales of ORGANOWOOD® timber on the German market even exceeded our expectations. Together with our distribution partners, we will continue to make aggressive investments in Germany during 2021 as we believe the German market has potential to become one of OrganoWood’s largest.

In addition to the German expansion, the most important activity this year was the investment in and installation of our new high-temperature dryer at Bergs Timber. The new drying technology will result in both more consistent timber quality and enhanced protection from rot and microorganisms. The technology has been developed over the course of the last five years and is thoroughly tested. The second generation of ORGANOWOOD® timber will be launched in spring 2021, and our current product will be phased out during 2021.

EXPANSION OF OUR ORGANOCOMP® BIOCOMPOSITE

The year 2020 marked the first full year of production and sales of our biocomposite OrganoComp®, which is used in the sound-absorbing acoustic panels supplied by our customer Baux and in the coffin material that our customer Fredahl Rydéns uses for its burial coffin ‘Saga’. We almost doubled our deliveries over the year and demand increased continuously for both these applications. As far as the sound absorbents are concerned, the limiting factor turned out to be the productivity of the production. We have thus worked continuously over the year to implement productivity-enhancing measures, including an investment in our first industrial robot. Fredahl Rydéns further launched the burial coffin ‘Saga’ in Norway and Denmark during the fall, and our assessment is that we are likely to see an accelerating demand for both sound absorbents and coffin material in the years to come.

”OUR FIRST SIGNIFICANT SUPPLY CONTRACT WAS SIGNED IN 2021 WITH A LEADING NONWOVEN MANUFACTURER”

STRONG INTEREST IN OUR BIOBASED BINDERS

The interest in our 100-percent biobased and biodegradable binders for nonwoven that replace plastic-based latex binders has continued to grow during the year. We have during 2020 expanded our portfolio of customer projects to 25-30, about ten of which currently undergoing full production-scale testing. The applications in which our binders are being tested include nonwoven for napkins, table cloths, personal hygiene products, agricultural fabrics, medical textiles and cleaning cloths.

Two high-volume projects were verified technically towards the end of the year, and in February 2021, our first significant supply contract was signed with a leading nonwoven manufacturer. The five-year agreement relates to the delivery of binders and will generate approximately MSEK 30 of annual revenue. We will scale up supplies to the customer in 2021 and expect to reach the full volume of supplies during 2022. Our ambition for 2021 is that some of our current production-scale projects will result in new product launches during the period 2021 to 2022. There is major commercial potential in these projects, as most of the factories we work with buy binders to the value of MSEK 20-50 per year. Our current focus is to scale up our production and increase our current production capacity.

”A CLIMATE-NEUTRAL COMPANY”

CONTINUED INTERNATIONAL EXPANSION AND INCREASED MARKETING EFFORTS

During the fall, we strengthened our organization with a new Business Unit Director, a Brand Manager and a new COO. With the reinforcements in place, we will continue our market expansion and our efforts to expand our consumer brands internationally. As regards our production, we will make investments to expand capacity, mainly of our nonwoven binders, but also to increase the capacity and level of automation in other product areas. Our aim is to continue to accelerate growth, particularly in our high-margin products. We are also continuing our efforts to become a climate-neutral company and develop biobased products that can replace fossil plastics and petroleum-based chemicals. We are looking forward to delivering on the new contracts signed and to win new customers in 2021!

Sincerely,

Mårten Hellberg
CEO, OrganoClick AB

OUR TECHNOLOGY - BASED ON NATURE'S OWN CHEMISTRY

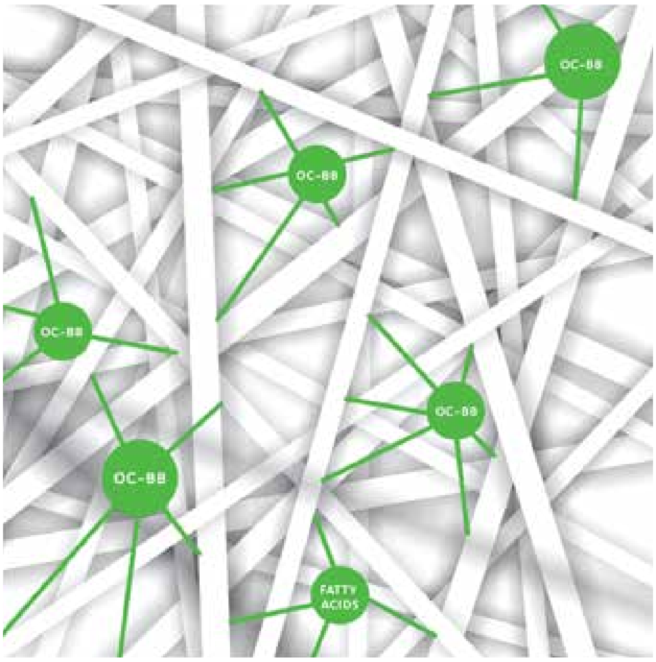
Issues with plastics and toxic oil-based chemicals are increasing around the globe. Cellulose extracted from forests and plants, as well as the molecules and polymers found in the plant kingdom are not only renewable, but also have the potential to replace most of today's chemicals and plastics. Unfortunately, many of these petrochemical and often toxic chemicals are used in the traditional fiber-based industry. Chemicals that cause major health and environmental problems are used in the timber industry, the textile industry and other fiber-based industries. Through its technology for modifying cellulose fibers, OrganoClick has developed alternatives to a number of problematic chemicals, as well as developing techniques to imbue cellulose with properties that enable it to replace plastic materials. The techniques developed by OrganoClick address key functions such as water repellency, mechanical strength, flame protection and protection against rot and fungal decay.

OUR BIO-BASED BINDERS AND BIOCOMPOSITES – A REPLACEMENT FOR PLASTIC

Modern society relies heavily on various plastic materials. The development and use of plastic has accelerated since the 1950s and is now all-pervasive in our everyday lives. Over time, the greatest merit of plastic in its durability has also become its biggest problem. Once plastic has made its way into the environment, it simply does not break down. Instead, plastics accumulate as litter and waste throughout the natural world, but above all in our waterways. In our seas, unimaginable volumes of plastic waste have been created, poisoning oceans and beaches. At present, about eight to ten million tons of plastic are released into the sea every year. It's then ground down over time into micro-plastic particles, making its way into fish and eventually ending up on our plates. A person who eats a normal amount of fish is estimated to ingest approximately 10,000 microplastic particles per year, the same amount as one credit card per week.

The problem is largely down to single-use plastic items. These are available in the form of purely plastic products, but also within products that consist of mixtures of cellulose fibers and plastic polymers. In nonwoven, technical textiles or composite materials, so-called binders are used to bond the fibers to create strength combined with rigidity or softness. These are almost always based on petroleum-based latex molecules in the form of ethyl vinyl acetate (EVA), polyacrylates, polypropylene (PP) or other plastic polymers. The binders are normally added to nonwoven-based products such as napkins, tablecloths, agricultural textiles, surgical robes, filters and diapers in concentrations between 10 and 30% of the total weight of the material. In composite materials, as much as 80 to 90% can be plastic-based binders. Consequently, many nonwoven products such as napkins consist of between 70 and 90% renewable and biodegradable cellulose fibers and 10 to 30% fossil-based and non-biodegradable plastic polymers that then accumulate in nature and break down into bioplastics if they are not recycled.

As an alternative to today's petroleum-based binders, OrganoClick has developed bio-based and biodegradable (tested according to OECD 301A) binders that take their inspiration from how the mechanical strength of plants, fruits and seafood is built up. The binders mainly use waste products and side streams from the food and forestry industries, for example polymers from orange peel, shrimp shells and oat husks. OrganoClick has developed OC-BioBinder™, a product range of bio-based and biodegradable binders, through a solid knowledge of the properties of these polymers, and via OrganoClick's technology for modifying cellulose fibers. These binders can be used for nonwoven, technical textiles and composite materials, enabling production of 100% bio-based and biodegradable materials. In combination with the company's fiber moulding technology, materials can also be manufactured that can replace rigid plastic materials such as polypropylene by compressing cellulose fibers together with the binders under high pressure and heat to create 3D shaped biocomposites. As a result, OrganoClick's technologies offer replacements for a host of products containing soft plastic as well as hard plastic materials.



Our binders create strong chemical bonds between the celullose fibers and biopolymers in the nonwoven materials.

SILICON – NATURE'S OWN WOOD PROTECTION THAT CAN REPLACE BIOCIDES AND TOXIC HEAVY METALS

Traditional wood protection is based on the use of biocides and heavy metals. These act according to their fungicidal effect, i.e. by killing the fungus. Common substances in use internationally are copper, chromium, arsenic and creosote. Unfortunately, these substances are also toxic to humans, animals and the environment, as well as being bioaccumulative. In the Nordic region, about 5,000 tons of heavy metals are used per year to pressure-impregnate timber; globally there are hundreds of thousands of tons in use every year.

OrganoClick has developed a new technology in which the natural protective properties of silicon have been used. Silicon is Earth's most common element, and ordinary sand consists primarily of silicon. Several plants also absorb silicon in order to provide protection against their surroundings: rice husks for example are rich in silicates as protection against fungal attack. The silicon provides protection against fungal attack as well as against fire, as it is non-combustible. This property is used by a number of plants to create a higher resistance to forest fires by absorbing and storing silicon in their outer layers.

Using the company's technology for modifying cellulose, silicon compounds are attached to the wood fibers, thus providing improved protection against rot and fire. This technique can therefore replace some traditional flame retardants made using toxic halogenated chemicals (such as bromine), or phosphate-based flame retardants, which are harmful to the environment. Several of these substances are included in the EU's phase-out list or are being investigated for their environmental impact.

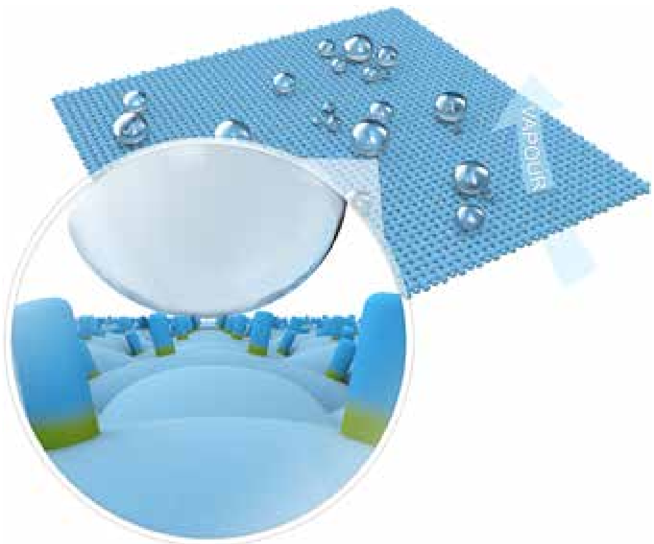
BIODEGRADABLE WATER REPELLENT TECHNOLOGY AS A REPLACEMENT FOR HORMONE DISRUPTING FLUOROCARBONS

So-called durable water repellents (DWRs) are often used in the creation of water repellent materials. These have been the focus of increasing media attention for how they often consist of fluorocarbons (PFCs or PFASs). The functional properties of PFAS are excellent, but several have been shown to be hormone disrupting and carcinogenic. In addition, they are bioaccumulative and decompose extremely slowly.

In animals, PFAS accumulates in the fat, which has led to their accumulation in the food chain. For several years, the concentration of PFAS found in fish has been on the increase, and the same is now the case in humans. This has led both environmental organizations such as Greenpeace as well as regulatory authorities to launch campaigns and regulatory investigations around PFAS. Norway has taken the lead by already banning several PFAS molecules, and the EU is working towards a ban. In the United States, residents of areas in which the water has been poisoned by nearby factories manufacturing PFAS have brought several notable lawsuits against chemical companies.

As a result, several commercial players have begun to take these problems seriously, and are looking to get a head start on regulators. H&M, Adidas, Puma and Nike, among others, are included in the Zero2020 program, which aims to phase out toxic textile chemicals, including PFAS. Interest in replacing PFAS has also begun to spread to other industries such as technical textiles, nonwoven, paper and wood.

As a replacement for persistent and hormone-disrupting fluorocarbons, OrganoClick has developed a new technology, drawing inspiration from the water-repellent properties of leafy plants. By creating a network of biodegradable, water-repellent silicon-organic polymers, tightly bonded to the fibers, a durable water repellency of the material is created. The products OrganoClick sells are rapidly biodegradable (tested according to OECD 301C) and classified as non-toxic according to CLP. This technology has been used to develop a product range with hydrophobic (water repellent) products adapted to wood, textile, nonwoven and composite.



Biodegradable, water repellent molecules are attached to the textile fibers which make the fabric water repellent.

OUR BUSINESS

Oil-based plastics and other toxic chemicals present one of the greatest challenges of our time. We see pictures of plastic floating in the oceans and fouling our beaches almost daily, and we hear alarming reports about new environmental toxins. This problem is becoming more and more apparent to companies, consumers and politicians alike and so we're beginning to see the phasing out of toxic chemicals and plastics, as well as an increased use of renewable and biodegradable materials. OrganoClick's business concept is to develop new products using our material technologies, which are based on natural chemistry. Through these nature-based chemical technologies, bio-based and biodegradable materials can be manufactured, capable of replacing toxic and petroleum-based chemicals and plastic polymers.

LEADING TECHNOLOGY BASED ON BIOMIMETICS: NATURE'S OWN CHEMISTRY

OrganoClick was founded in 2006 as a spin-off company from Stockholm University and the Swedish University of Agricultural Sciences. The company's core technology is based on many years of research in so-called 'biomimetics', studying how different natural chemical processes take place. By studying how nature has solved various functional problems, OrganoClick's researchers have developed a technology for modifying fiber-based materials such as wood, textiles, nonwoven and paper. By attaching functional organic or inorganic molecules to the surface of the fibers, the properties of the materials can be changed. From this core technique, four different techniques have been developed, capable of providing water resistance, mechanical strength, rot protection or flame protection to the materials. Chemical products or fiber-based materials with one or more of these functions are currently the basis of the company's offering. The materials the company works with are functional wood materials, technical textiles, nonwoven, paper and 3-D moulded biocomposites

ORGANIZATION AND CORPORATE STRUCTURE

The OrganoClick Group consists of parent company OrganoClick AB (publ), subsidiary Biokleen Miljökemi AB and partly-owned (60% ownership interest) subsidiary OrganoWood AB. OrganoWood also has a sales company in Finland and one in Norway. The business is divided into the four business units of Functional wood, Green coatings & maintenance products, Biocomposites, and from 2020, the new business unit Nonwoven & technical textiles. The Group has a joint Finance and administrative function, Marketing department, R&D unit, Operational unit and Quality & Environment department.

The business units Functional wood and Green coatings & maintenance Products sell and market the Group's wood and chemical engineering products to consumer and professional markets respectively. The Biocomposite business unit sells the company's 3D moulded biocomposites to industrial customers, and the Nonwoven & Technical Textiles business unit supplies bio-based binders and hydrophobization products to nonwoven and textile manufacturers. The operational unit produces and delivers chemical products internally to other business units. At the end of 2020, the total number of employees in the Group was 44.

In addition to its own expertise, the company collaborates with partners in, among other things, marketing, IP and regulatory issues. Cooperation also takes place with Bergs Timber AB for the production of ORGANOWOOD®-modified wood. The company has its own R&D unit with 6 Ph.D. chemists and chemical engineers working in the Group's modern and well-equipped lab. Some projects also take place in collaboration with reputable universities and institutes such as KTH, Stockholm University, RISE and Borås Textile University.

BUSINESS MODEL

Based on its technology platform, OrganoClick has developed offers that target both consumers and industrial customers. OrganoClick mainly sells and markets its products under its own brands, but some manufacturing takes place for private label customers in the Green coatings & maintenance products business unit. The products are offered either as a finished material (for example, biocomposites as substitutes for hard plastics) or a chemical product to create a certain property (e.g. nonwoven adhesive). In all cases, OrganoClick manufactures the critical components and liquid-based formulations used to process the materials while production partners or customers process the finished materials.

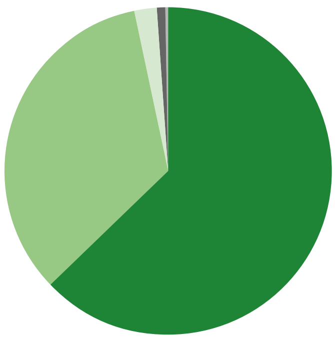
However, biocomposites are manufactured in-house because OrganoClick has also developed the production technology used. The first production line has been built in the company's factory in Täby. In the long term, licenses for this moulded fiber technology will be offered to industrial customers, but where OrganoClick will continue to supply critical components for the manufacture of moulded fiber products.

By using all of OrganoClick's chemical technologies on wood, textiles, nonwoven and composite materials, great synergies are achieved in the production of chemical products, as the same production equipment and plant can be used. This business model has excellent scalability in that the largest investments have been made for future increased production volumes. In addition, it increases OrganoClick's focus on sales, marketing and product development, which are the primary value-creating activities of the company.

BUSINESS UNITS

The Group conducts its work in four business units: Functional wood, Green coatings & maintenance products, Biocomposites and from 2020 Nonwoven & technical textiles. Each business unit has its own sales organization, while production, research & development, finance & accounting, marketing, and quality & environment take place centrally within the group. Functional wood and Green coatings & maintenance products are currently the largest business units in terms of sales.

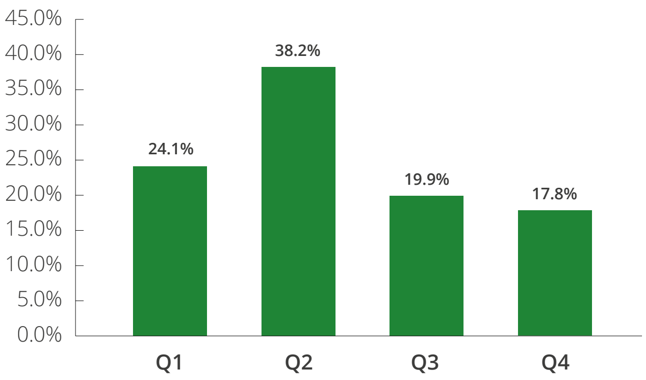
Net sales / operating segments 2020



- Functional wood (*62.8%*)
- Green coatings & maintenance products (*34.0%*)
- Biocomposites (*2.2%*)
- Nonwoven & technical textile (*0.9%*)
- Other (*0.1%*)

OrganoClick's sales are currently strongly seasonal owing to a dependency on the Nordic building and do-it-yourself market (see diagram of the business units' sales below). This has begun to even out as we expand sales of our building materials and surface coating products geographically to Central Europe, and also partly because the Group has begun to increase sales of industrial products, which have a more even level of demand across the year. The assessment is that the Group's sales will continue to become more consistent over the year based on increased sales to industry customers not as dependent on seasonal market activity.

Group sales/quarter[1] (%)



1) Refers to average sales 2018-2020 as a percentage of total sales.

Within the Functional wood business unit, the Group sells and markets modified wood, protected from rot and fire without biocides or toxic heavy metals. This is done via part-owned (59.6% of votes, 54.5% of capital) subsidiary OrganoWood AB. The timber is sold under the ORGANOWOOD® brand, primarily to the professional construction sector, but also to consumers through building wholesalers and hardware stores. In terms of sales, this is the largest business unit, which in 2020 accounted for 62.8% of the Group's external sales.

Within the business unit Green coatings & maintenance products, a number of environmentally adapted products for maintenance and surface treatment of houses and properties, clothing, and vehicles are sold and marketed. The largest product group is the Group's eco-labeled wood preservatives and cleaning products for exterior maintenance of facades, roofs and balconies. The main customer group is consumers and the products are sold and marketed under the own brand BIOkleen® through building suppliers and paint resellers. The business unit also includes a product category of car care products sold to wholesalers and distributors who market these under Group's brand BIOkleen® or under their own brand (a so-called private label). The Group's car care products are then sold to consumers through dealers in the form of fueling stations and car care chains, but a fairly large volume is delivered for professional use by car washes and haulers. However, the fastest growing product group in this business unit is OrganoTex® Textile waterproofing, a PFAS-free and biodegradable textile impregnation for consumers. This product was launched in the spring of 2018 and has grown strongly over the past two years and – one year after launch – is sold at over 200 retailers in sports, outdoor, and fashion retailers in Sweden and Finland. In 2020, Green coatings & maintenance products were the second largest business unit in terms of sales, accounting for 34.0% of the Group's sales.

Within the third business unit – Biocomposites – the first products manufactured using the company's biocomposite OrganoComp® were launched in 2019. The first applications in which OrganoComp® are used, is a burial coffin produced by customer Fredahl Rydéns, and sound absorbing acoustic panels supplied by customer Bauxy. OrganoComp® consists of cellulose fibers together with the company's proprietary 100% bio-based binders. Through a newly developed, patented fiber moulding production technology, the company is able to manufacture large 3D moulded biocomposites that can replace plastic materials or particle board containing high levels of synthetic adhesive. In manufacturing, the materials are pressed and dried in 3D molds under high pressure and heat. The business unit focuses on developing biocomposites for products that have high functional requirements for water resistance, strength or flame protection, for example. Hence, the Group's expertise in fiber chemistry can be utilized to the maximum, creating unique materials with high customer value. An example is Baux acoustic panels. They are used to dampen the noise level in office landscapes, restaurants and cafes, or public indoor environments. The materials are aesthetically appealing and have good sound absorption, long durability, the ability to withstand moisture, and, for some environments, a high flame protection. Other applications for OrganoComp® include the furniture industry, special packaging in healthcare and lightweight materials for the construction industry. In 2020, the business unit's sales accounted for 2.2% of the Group's sales.

The Group also markets and delivers bio-based and biodegradable binders and hydrophobization products to industrial manufacturers of nonwoven and technical textiles within its Nonwoven & Technical Textiles business unit, established in 2020. The bio-based and biodegradable binders OC-BioBinder™ is used to improve the mechanical properties of nonwovens, and replace today's plastic-based binders. The hydrophobic additive OC-aquasil™ Tex is used to manufacture water-repellent fabrics (a so-called DWR technology) and replaces PFAS and plastic-based hydrophobic chemicals. This product segment is characterized by relatively long sales cycles, where development projects with customers often take 1-3 years before a new product is put into commercial operation. At the end of 2018, products with the Group's binders were launched by two global leaders in nonwoven manufacturing for personal hygiene products and textile interlinings for the fashion industry. In 2019-2020, deliveries to these customers have gradually increased. The interest in biodegradable binders for nonwoven has also increased strongly in 2019-2020, driven by the EU's new plastic directive, where plastics in disposable articles should be phased out successively. This plastic directive has a direct impact on several nonwoven applications such as wet wipes and hygiene applications, while a number of others are affected indirectly. During the year, several customer projects with world-leading nonwoven manufacturers have been ongoing and ten of these went from lab scale to production testing of which two have been technically verified.

RESEARCH & DEVELOPMENT

The Group's innovative, environmentally friendly and high-performance materials technologies, as well as its natural chemical products, form OrganoClick's DNA. Since its inception in 2006, the Group has focused on environmentally friendly materials technologies. With its base in academic research having started in the mid-1990s, OrganoClick was one of the first new innovation companies focused on replacing fossil-based materials and chemicals. As OrganoClick was early in its focus on high-performance, environmentally friendly materials technologies, a competitive edge has been created. In order to remain a leading player, the Group conducts active R&D work. The focus is on the development of new or improved products based on the current technologies for water resistance, mechanical strength, and flame and rot protection. Synergies are thus created between the company's business units Functional wood, Green coatings & maintenance products, Biocomposites as well as Nonwoven & technical textiles in that the same functions and technologies can be used on different materials.

Many of the products the Group develops for industrial applications often require customer-specific customization. Most development projects involving industrial applications are therefore carried out together with customers who are responsible for co-financing and provision of technical and business knowledge. Development of new technologies or products aimed at consumers takes place on its own but is often based on the Group's industrial products.

The Group's R&D work is carried out in the Group's own well-equipped lab, which is adjacent to the Group's head office and production facility. Collaborations take place with well-respected universities and colleges such as KTH, Stockholm University and Borås Textile University, as well as with research institutes such as RISE. Together with the Group's suppliers, new bio-based raw materials are also explored, where the Group collaborates with bio refineries that purify various biopolymers and biomolecules from different biological residual streams in, for example, the food industry.

PRODUCTION

OrganoClick's business model is based on the Group's own production of the critical components for the Group's various materials and chemical products. For the treatment and modification of wood, the Group cooperates with production partners, but for the Group's niche biocomposites, where production technology is unique, production is carried out internally. The Group's wood production partners carry out manufacturing on contract assignments from the partly owned subsidiary OrganoWood AB. In nonwoven and textile, the Group sells its natural chemical products to industrial customers who then use them in their production. Within surface coatings and maintenance products, water-based products are filled in bottles and cans and sold to consumers and professionals in the building supply and paint trade.

The Group manufactures its water-based natural chemical products in the form of mixtures or emulsions. In some cases, polymerization reactions are also performed. At the Group's production facility in Arninge, Täby, the Group is authorized to manufacture up to 10,000 tons per year of its natural chemical products. The plant is approximately 5,000 m2 and includes offices, a new R&D laboratory and a production and storage unit. The plant contains four production lines that produced a total of about 2,500 tons in 2020, but which has a capacity to produce more than 10,000 tons per year.

In addition to chemical production lines, the plant also contains the first production line for the production of the company's 3D-moulded biocomposite OrganoComp®. Initially, the capacity of the machine is approximately 100,000 production cycles per year at five production shifts. The machine is currently used to manufacture coffin materials as well as sound-absorbing materials for interior design products.

HIGH ENVIRONMENTAL AND QUALITY REQUIREMENTS

During 2014 - 2015 OrganoClick set up its first quality and environmental management system. This was certified in accordance with ISO 9001 and ISO 14001 in connection with the move to the new plant in 2015, and has since been upgraded to ISO 9001:2015 and ISO 14001:2015. The Group's operations now work according to the stringent requirements set by the quality management system and according to the strict environmental requirements the Group itself set for the business. OrganoClick's goal is to pass the toughest eco-labeling of all its products, while ensuring products are best in class in terms of functionality and features. By 2023, the Group will also be climate neutral, which means that all raw materials and packaging will be bio-based and that all energy used by the Group or the Group's suppliers must be renewable. With products and operations that meet these criteria, it is our belief that we create high customer value that will continue to drive demand from our customers and thus continue strong sales growth.

OrganoClick's business model & value chain

	Functional wood	Green coatings & maintenance products	Nonwoven & technical textiles	Biocomposites	
Suppliers	Planing mills and chemical companies	Chemical companies	Chemical companies & biorefinaries	Pulp suppliers, chemical companies and biorefinaries	
Technology	Patented OrganoClick-technology which enables bonding of different functional molecules to cellulosic materials.				Business model and mutual technology platform which gives great synergies between the different business units
Chemistry	Same chemistry and technology platform are used for producing different functional chemistries which are used to treat the different materials within the different business units (e.g. water repellency, mechanical strength, flame protection, etc.).				
Production	» Chemical formlutaions (liquids) which adds functionality to the fiber based materials » Moulding of biocomposites » Wood modification (via production partner)				
Offering	» An industrial chemical product supplied in bulk » A chemical-technology product for consumers supplied in cans or bottles » A ready-to-use material (e.g. a durable wood or a biocomposite)				Scalable business model with production in place
Customers & distribution	Building supplier & distributors	Building suppliers, paint dealers & distributors	Textile and nonwoven manufacturers	Manufacturer of fiber-based end products	
Business segment			Furnitures		Several similar business segments
	Construction & building				
		Car care	Automotive industry		
			Retail	Funeral industry	
			Helathcare and medical applications		
	End consumers				

Group structure

OrganoClick AB

R&D | Finance & Economy | Marketing & Communication | Environment & Quality | Production

Minority shareholders | Kvigos AB | Functional wood | Nonwoven & technical textiles | Biocomposites | Green coatings & maintenance products

	Minority shareholders	Kvigos AB	
Share capital	10.0 %	35.5 %	54.5 %
Votes	2.0 %	38.6 %	59.4 %

OrganoWood AB

OrganoWood Norway AS | OrganoWood Finland Oy

100 %

Biokleen Miljökemi AB

OrganoWood AB is the sales and marketing company for the business unit Functional wood.

GOALS & STRATEGY

VISION

Nature and water free from plastic waste and chemical pollutions.

MISSION

Replace plastics and fossil-based chemicals with bio-based solutions

AIMS

OrganoClick works to develop and sell new bio-based materials and green chemical products that can replace fossil-based plastics and chemicals. The ambition is for the company's products to become customers' first choice thanks to their high performance, quality and environmental profile. In this way, the company will grow rapidly with continuously increasing sales and improved profitability. The long-term goal of the Group is to:

- Continue to grow at high double-digit rates, at gazelle speed.
- Achieve a gross margin (after variable costs) of 50%.
- Achieve an operating margin (EBIT) of 20%.
- Be certified as a carbon neutral group by 2023, including 100% biobased products and packaging as well as 100% renewable energy.

STRATEGY

To achieve the Group's long-term goals and vision, OrganoClick has set a strategy based on the company's business model and current position, which is based on the following:

Sales to customers capable of providing high volume and good profitability across our industry sectors

The Group will focus its sales and marketing work on the nonwoven, technical textiles and biocomposites industry sectors, primarily on customers capable of providing high volume and good long-term profitability.

Premium brands with high environmental and technological content

In the consumer market, the Group will offer eco-labeled product solutions with high technical performance. Strong premium brands are to be built around these products so that a solid, long-term profitability and high customer loyalty can be achieved.

Market-driven innovation where considerable environmental benefits can be achieved

By continuously asking our customers and ourselves what creates value, we will drive our innovation work forward. Our business teams work closely with our R&D department to ensure that products are developed based on market demands. Innovation work will be focused on areas where the environmental benefits of our products are so substantial that the customer is prepared to pay for a solution.

Business-critical production in-house

The Group will manufacture its critical natural chemical products in-house, while material production will be carried out primarily by customers or licensees. Materials currently produced in-house by the Group shall be long-term licensed to industrial customers for whom OrganoClick will produce and deliver critical natural chemical products necessary for the manufacture of the materials. With this strategy, we maintain control over our business-critical elements, foster customer loyalty, enable high scalability thanks to low capital ties and create synergies between our various business units.

FUNCTIONAL WOOD

To protect wood from rot, biocides and heavy metals have traditionally been used as fungicides. Substances such as arsenic, chromium, copper and creosote are used globally in the most common wood preservatives. The problem is that they are also toxic to other organisms and humans. In the same way, traditional flame-retardants consist of environmentally harmful substances such as bromine, boron and phosphates. OrganoClick has developed a method by which silicon compounds are attached to wood fibers using the company's cellulose modification technology. Instead of acting as a poison, the silicon substances form a physical barrier that makes the fibers more difficult for the root fungus to attack. By pressure impregnating the wood with a liquid containing natural silicon substances, the protection penetrates deep into the wood. In addition to improved protection against rot, the silicon substances are non-combustible, thus offering an improved flame protection in the treated wood. This technology was the first that the Group commercialized in 2012, and the modified timber is sold and marketed under the ORGANOWOOD® brand via the company's part owned subsidiary OrganoWood AB.

THE YEAR IN SUMMARY

- Turnover totaled MSEK 60.6 (55.7).
- Strong sales development on the German market through the distributor Carl Götz.
- Investment and installation of new high temperature wood dryer for production of 2nd generation ORGANOWOOD®-technology.

PRODUCTS

Within the Functional wood business unit, OrganoClick markets flame and rot protected timber through its part owned subsidiary OrganoWood AB. Timber marketed under the ORGANOWOOD® brand is environmentally classified and completely free of biocides and heavy metals. 2012 saw the launch of ORGANOWOOD® modified timber, manufactured at the industrial level together with the company's production partner Bergs Timber AB in Nybro. ORGANOWOOD® timber can be used to build, for example, decking, pool decks, landing stages, facades, fences, etc. and has a 10-year rot protection guarantee.

MARKET OVERVIEW

Market size

The wood products offered by OrganoWood operate in a number of market segments within the market for durable and flame retardant wood and wood preservatives. The most common form of durable wood is that which has been pressure impregnated with biocides and heavy metals. In the Nordic region, about 2.5 million m3 of pressure-impregnated timber is produced annually at a value of about SEK 5 – 6bn. Major Nordic impregnation companies include Bergs Timber AB, Derome Timber AB, SCA Timber, Moelven AS and Iivari Mononen Oy. Large amounts of wood preservatives are used for impregnation and surface treatment of the wood. The global market for wood preservatives is estimated to be worth about $1.5bn.

Our current markets

OrganoWood is currently represented across the entire Nordic market. In 2012, OrganoWood launched its products in Sweden using its own sales organization. Operations are conducted in Norway through a subsidiary (OrganoWood Norway AS). In Finland, sales are conducted through distributor Sarokas Oy, and in Denmark by the leading Danish wood distributor Frøslev tre, which also operates in northern Germany. In 2020, OrganoWood initiated a broader market launch in Germany through a collaboration with the leading German wood distributor Carl Götz, which will also distribute the company's products in Austria and Switzerland. For the Italian market, OrganoWood has also signed a distribution agreement with Pircher group for 2020.

Market plan

The focus of the business unit in the coming years is the launch of ORGANOWOOD® timber in Germany, which the company sees as a particularly interesting market. Concurrently, the business unit will continue with establishment across the Nordic market, with focus on continued sales growth and increased profitability. Focus in all markets is on the professional 'object and project' market, which is currently the company's most important market, accounting for approximately 75% of sales.

Both ORGANOWOOD® timber and the wood protection products require brand-building and well-considered marketing to gain a foothold in a new territory. Hence, a well-coordinated plan for each market is of great importance and sufficient financial resources must be allocated for marketing. As a result, the business unit's continued international expansion will be based on a thorough analysis of each new territory and will be financed through self-generated capital.

SALES AND MARKETING

Sales strategy

The business unit sells its timber products to the building trade partly through its own sales organization and partly through distributors. In Sweden and Norway, the business unit has built up its own sales force for ORGANOWOOD® timber in the part owned subsidiary OrganoWood AB. In Denmark and Finland, timber products are sold to construction retailers and directly to construction companies through distributors Frøslev tre and Sarokas. The business unit's strategy is to carry out sales work outside the Nordic region through distributors and strategic partners for both the ORGANOWOOD® timber in order to reduce initial sales costs. In the German, Austrian and Swiss markets, the business unit has signed a distribution agreement with Carl Götz ahead of 2020, and for the Italian market a distribution agreement has been signed with the Pircher group.

However, marketing of the brand will be controlled and implemented by the business unit in collaboration with distributors across all markets. Marketing work is carried out to strengthen the ORGANOWOOD® brand among consumers, construction companies, property owners and architects. This takes the form of traditional and digital advertising, collaborations with various key stakeholders, information meetings with architects and participation in construction fairs and exhibitions.

Our customers

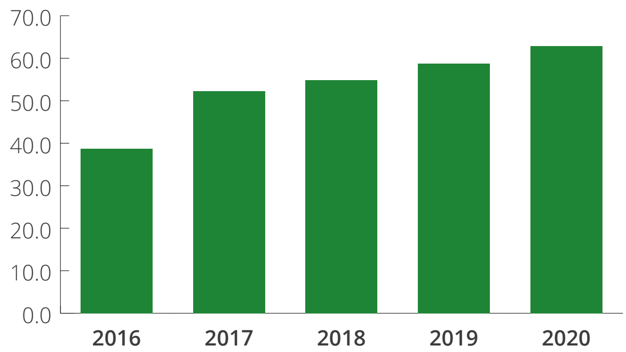
The business unit's products are sold through hardware retailers to end customers. In Sweden, the company has a broad network of approximately 180 retailers stocking ORGANOWOOD® timber. Central framework agreements have been established with leading construction chains such as XL-BYGG, Woody, Optimera, K-rauta, Bygma, Nordström Group, Derome Group, Beijer byggmaterial and Karl Hedin. End customers for the company's products are both the professional construction sector, – accounting for a majority of the company's sales – and consumers. Construction companies large and small such as Skanska, PEAB, NCC and JM use ORGANOWOOD® wood in their projects.

In Finland, the business unit's products are sold through, among others, S-group, which consists of construction retail chains Kodin Terra, S-rauta and Rauta-Prism with approximately 30 stores. In Norway, the business unit's products are sold through the building chains Optimera Norge, Maxbo and Byggmakker, which are three of Norway's largest building chains with a total of more than 250 building warehouses.

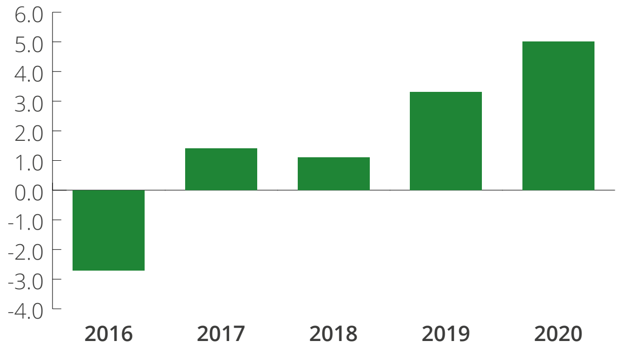
PRODUCT DEVELOPMENT

The focus of product development in the business unit is to improve and further develop existing products for use in new application areas. This requires a degree of in-house product development work in the form of completing authorized tests for new application areas. A new potential application for ORGANOWOOD® timber is wood in ground contact, which includes, among other things, electricity poles and railway sleepers. A long-term project to further develop the business unit's technology in this area of application was launched in 2016. This will, however, last at least five years, as extensive and exhaustive field tests are required to be approved for these areas of use. Another project underway is improved flame protection for cladding timber. Today, the company has class Cs1,d0 for cladding timber, but many projects carry a requirement for flame retardant class Bs1,d0. A project with the aim of certifying and launching a cladding timber with this class is in progress with the aim of having a product on the market in 2022.

Sales development OrganoWood (MSEK)



Operating profit OrganoWood (MSEK)



PROJECT EXAMPLE **1**:

The new care building Ingång 100 at the University Hospital in Uppsala. The building is built with OrganoWood panel.

Built: 2019
Architects: White Arkitekter

PROJECT EXAMPLE **2**:

New townhouse area in Gothenburg. All houses have OrganoWood on patios, balconies, and sheds for garbage cans. The houses are Nordic Swan Ecolabelled buildings.

Built: 2019/2020
Developer: Västkuststugan AB

GREEN COATINGS & MAINTENANCE PRODUCTS

Within the business unit Green coatings & maintenance products, OrganoClick sells, markets and delivers consumer products such as wood protection products, as maintenance products for houses and properties, and textile treatment products. The products are sold through retailers in the building and paint trade, as well as in outdoor and sports shops for the company's textile impregnation. In total, the Group has more than 700 retailers in Sweden and has distributors across the Nordics, the United Kingdom, the Netherlands, USA and Canada.

THE YEAR IN BRIEF

- Net sales totaled MSEK 32.8 (27.5).
- New distribution agreements for OrganoTex® in the UK and the Benelux.
- New distribution agreements for OrganoWood® wood protection in USA and Canada.

PRODUCTS & BRANDS

OrganoTex® textile impregnation

OrganoClick has, for several years, marketed its water-repellent textile technology to industrial textile manufacturers under the OrganoTex® brand. The technology was developed taking inspiration from the natural water repellency of leaves, based on their surface structure in combination with the water-repelling molecules found across their surface. Since 2018, OrganoTex® Textile waterproofing is also sold to consumers in the form of spray-on and wash-in products. The products are completely free of fluorocarbons (PFAS), isocyanates and cyclic siloxanes, several of which are suspected to be hormone disruptive, carcinogenic and bioaccumulative. OrganoTex® products are classified as harmless to health and the environment and are all classified as readily biodegradable according to OECD 301C.

ORGANOWOOD® wood protection

ORGANOWOOD® wood protection is an eco-labelled, silicon based wood protection system which is based on the same technology as is used for impregnation of ORGANOWOOD® timber. The wood protection is completely free from biocides and other toxic chemicals and render the treated wood with a beautiful silver-grey patina. The products are mainly used for maintenance of deckings but can also be used on facades where a natural aging of the wood is desired.

BIOkleen®

Under the BIOkleen® brand, the Group sells a number of maintenance and cleaning products for property maintenance and car care. Product categories include the maintenance and cleaning of decking, facades, roofs, paving, painting, textiles and car care where the products are labelled with the Swedish Society for Nature Conservation's eco-label *'Good Environmental Choice'*.

SALES

Sales strategy

The Group sells and markets its BIOkleen® maintenance products for outdoor uses (facade, roof, patio) to paint retailers, the building supply retailers and to the company's distribution partners. The Group has its own sales team that sells and markets products to the Swedish paint dealers and building supply retailers, and currently takes care of approximately 600 retailers.

ORGANOWOOD® wood protection was launched in 2012, and in 2015 a broader market launch was initiated through a distribution agreement with Welin & Co in Sweden and Sarbon Woodwise in Finland. In 2016, a distribution agreement was signed with Woodex Ltd in the UK and Ireland. During 2017, a distribution agreement was signed for the Benelux countries with Osmo Netherlands and in 2018 a collaboration was initiated with the Baltic distributor Osmo Baltic. Through a distribution agreement with Alanor for the Norwegian market, the products are sold at COOP Norway's 100 building suppliers since 2020 (Obs! bygg and COOP Byggmix). Through new distribution agreement, the products will be launched in USA and Canada in 2021.

For OrganoTex® Textile waterproofing, customers are primarily outdoor, sportswear and fashion retailers. The company sells the products through its own sales force in Sweden and Finland and through distributors in Norway and Denmark. The strategy is to expand sales to new territories through partnerships with distributors. In 2020, new distribution agreements was signed for the Benelux and the UK. In Sweden, OrganoTex® Textile waterproofing is sold through approximately 120 retailers and in Finland through around 50 retailers. During 2021, the goal is to continue establishment of the brand among sports and outdoor retailers in the Nordic region, as well as expansion to Germany and the Alpine countries.

PRODUCT DEVELOPMENT

The business unit's product development will focus on improving and further developing existing products for new application areas, as well as to develop new complementary products. Work is ongoing to eco-label all products sold under the BIOkleen® and OrganoTex® brand and make the products 100% biobased. The company's R&D unit will also continuously work to improve the performance of the business unit's products, thereby improving competitiveness.

BIOCOMPOSITES

More and more companies and consumers are demanding products made from biodegradable and renewable raw materials. With the right technology, raw material from plants in the form of wood fibers, recycled fibers and other cellulosic fibers can become a very interesting alternative to oil-based plastics in many products.

OrganoClick has developed a new, patented 3D moulding production technology that, when combined with the company's patented fiber chemistry, enables the production of advanced, large format 3D moulded biocomposites. Applications include sound-absorbing acoustic panels, furniture, and medical applications. However, the company's first application was a burial coffin, the material for which was developed in collaboration with the Nordic region's leading manufacturer of burial coffins, Fredahl Rydéns.

OrganoClick's biocomposite OrganoComp® consists of cellulose fibers combined with the company's bio-based binder OC-BioBinder™, adding mechanical strength to the materials. By adding the company's other fiber technologies, features such as flame retardant, rot protection and water repellent can also be added to OrganoComp®. This allows design, environmental and advanced material properties to be created in a cost-effective way. Within the Biocomposites business unit, OrganoComp® is manufactured and marketed to a range of industrial players.

THE YEAR IN SUMMARY

- Sales totaling MSEK 2.1 (1.2).
- Launch of burial coffin 'Saga', manufactured using OrganoComp® by customer Fredahl Rydéns in Norway and Finland in addition to Sweden.
- Continuous sales growth of sound-absorbing acoustic panels in OrganoComp® by customer Baux.
- Focus on process development to improve the productivity of our production process.

PRODUCTS

Through the use of newly developed production technology for 3D moulding of cellulose fibers, OrganoClick can manufacture significantly larger 3D moulded biocomposites than are currently available on the market. This approach opens up entirely new markets where wood fiberboards, chipboards or plastics would previously have been used. The OrganoComp® biocomposite offered by OrganoClick has customizable features such as water resistance, flame retardant or other special functions based on the company's natural chemical techniques.

OrganoComp® for burial coffins

The first version of OrganoComp® that the company has developed is a material for a burial coffin. The coffin's design is similar to ordinary coffins, but on account of the strength of OrganoComp® and using a patented sandwich construction, 50% of the raw materials have been saved, reducing the weight from 40 to 20kg. The burial coffin 'Saga', made using OrganoComp®, was launched in Sweden by the leading Nordic coffin producer Fredahl Rydéns in May 2019 and was launched in Norway and Denmark during 2020.

OrganoComp® Wheat for sound-absorbing materials

Since 2017, projects have been underway to produce a sound-absorbing material for acoustic panels. A first sound-absorbing, 100% bio-based material combining cellulose fibers, wheat bran and the company's binders was completed in 2018 and launched as OrganoComp® Wheat in February 2019. The first customer is Baux, which supplies sound-absorbing acoustic panels for office environments, restaurants and public premises.

MARKET OVERVIEW

Market size

Within the Biocomposites business unit, OrganoClick will operate across a number of markets. The market for the first product manufactured in OrganoComp® is the coffin material market. The Nordic coffin market is estimated at approximately MSEK 650 per year, while the European market is estimated at approximately SEK 12.5bn per year. OrganoClick will act as a subcontractor, supplying materials to coffin manufacturers. The Nordic market in our part of the value chain is estimated at approximately MSEK 250, and the European market at approximately SEK 5bn per year.

The company's second market is in sound-absorbing materials for interior design products. The Nordic market for these products is estimated at approximately MSEK 100 - 200 per year. The world market is estimated to be several billion SEK per year.

Our current markets

In the coffin production market, the company will initially focus on the Nordic market through deliveries to the company's first customer Fredahl Rydéns, which enjoys a majority of the Nordic market (excluding Finland). In 2019, in-depth contacts were also made with both American and European coffin manufacturers. The North American market is of particular interest as the price level of burial coffins there is considerably higher than in the Nordic countries.

The furniture market is a natural next step in that the functional requirements for furniture are similar to the requirements for a burial coffin. The furniture market in which OrganoComp® can be used shows huge earning potential, and the company is currently working on several customer projects with the ambition to – within a year, together with the customer – be able to launch a first furniture product manufactured using OrganoComp®.

NONWOVEN & TECHNICAL TEXTILES

OrganoClick has used its patented technology platform to develop a product range of bio-based binders that replace traditional plastic binders. These are marketed and delivered under the OC-BioBinder™ brand to manufacturers of nonwovens and technical textiles within the Nonwoven & technical textiles business unit. The Group's binders replaces the plastic polymers traditionally used in nonwoven and technical textile binders. The biodegradable water repelling product OC-aquasil™ Tex is also supplied to nonwoven and textile manufacturers.

THE YEAR IN SUMMARY

- Sales of OrganoClick's binders and industrial water repellent products totaled MSEK 0.8 (0.9).
- Approximately ten customer projects in production trials.
- Two projects technically verified by the end of the year.

PRODUCTS

OC-BioBinder™: 100% bio-based and biodegradable binder for nonwoven and technical textiles

OC-BioBinder™ is a product group consisting of biobased and biodegradable binders – an alternative to today's fossil plastic based latex binders. It is used to bond the fibers in nonwoven, making materials stronger in both dry and wet states. Some nonwovens are meant to increase in rigidity thanks to the binder, while other materials should retain or increase their softness. Nonwoven is used as the main component in napkins, disposable cloths, agricultural fabrics, hygiene products such as diapers and sanitary towels, air filters, medical textiles such as operating robes and mouth guards, textiles in the automotive industry and as insulating material in the construction industry. Most nonwoven materials made with airlaid technology and several made with wetlaid technology consist of 70-90% fiber and 10-30% plastic-based latex binders, giving the products their mechanical properties. With OrganoClick's 100% biobased binders, nonwoven materials can be manufactured with 100% biobased and biodegradable components as OC-BioBinder™ replaces the plastic binders. OrganoClick's binders are based on biopolymers obtained from waste and side streams in the food and pulp industries. Biopolymers used are extracted and purified from e.g. orange peel, lemon peel, shrimp shells and oat husks. The first customers to implement OC-BioBinder™ have proven applications in tablecloths, hygiene articles and home textiles.

OC-aquasil ™ Tex - a biodegradable product for water repellency

OC-aquasil™ Tex is the trademark of a family of industrial products used to create water repellent materials. The products are completely free of fluorocarbons, classified as harmless to health and the environment, and are also biodegradable. Uses of the products include functional textiles, technical textiles and nonwoven. The first technical textile customer is a manufacturer of cable socks and functional textiles.

Our binders can add strength, softness, stiffness, water repellence and water absorption to nonwoven materials.

MARKET OVERVIEW

Market size

The company markets its products to manufacturers of nonwoven and technical textiles. The binder market on which OC-BioBinder™ operates is estimated at approximately $400m per year. The total DWR market for textiles in which OC-aquasil™ Tex operates is estimated to be worth approximately $1bn annually.

Our current markets

In our Nonwoven & technical textiles business unit, the Group operates in a global market. The company aims towards industrial customers manufacturing technically advanced nonwoven or technical textiles. The manufacturing companies are split across two segments; manufacturers of woven functional textiles and nonwoven manufacturers. Manufacturers of functional textiles are mainly found in Asia, with emphasis on China, Taiwan, Japan and South Korea. They are often larger, integrated textile manufacturers who weave, dye and finish textiles. Nonwoven manufacturers are found all over the world, with an especially strong presence in both Europe and the US. Among the world's largest nonwoven companies are several Nordic players such as Ahlström-Munksjö, Suominen, Essity and Duni. In this segment and at this time, the business unit focuses on the European and American markets.

Competition

In the biobased binders market, competition is so far non-existent. No other known company can offer biobased binders that provide wet strength while retaining the softness of the material. Demand from nonwoven manufacturers of disposable articles has increased considerably in the past year as a result of the EU's new plastic directive adopted in March 2019, where plastics must be phased out from a number of nonwoven items, including wet wipes. OrganoClick currently has a very good opportunity to gain a large market share in this market before new competitors emerge.

Competition in the fluorocarbon-free DWR segment for functional textiles where OC-aquasil™ Tex operates is, however, considerably tougher, making the market situation increasingly challenging in this area. The business unit therefore focuses on sub-segments of companies looking to position themselves as the most environmentally friendly players where recycled materials or organically produced materials are used.

SALES AND MARKETING

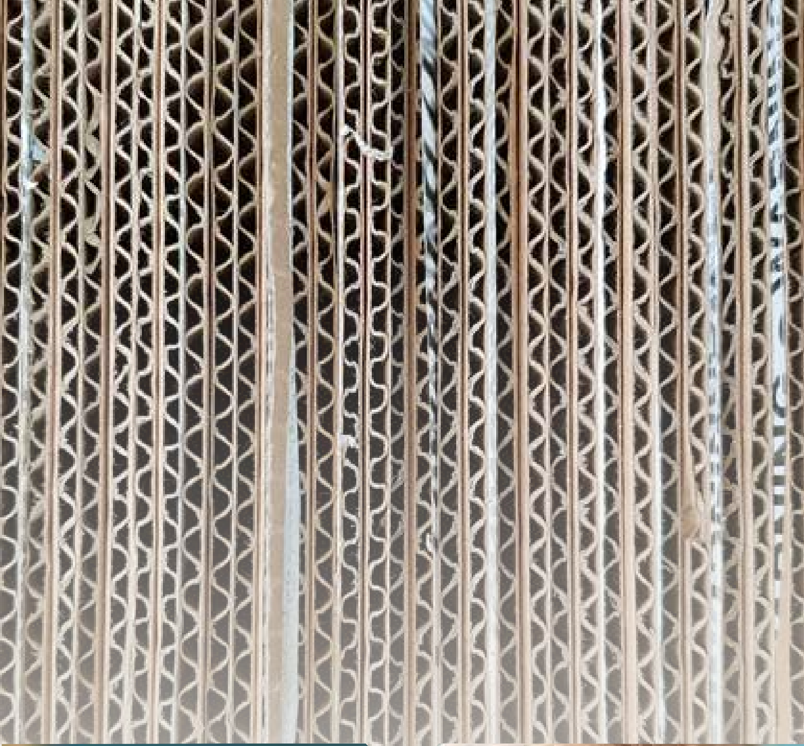
Sales strategy

OrganoClick is primarily aimed at manufacturers of nonwovens and technical textiles, as well as at certain segments in the functional textiles space. The main focus of the business unit is in the nonwoven market, where several world-leading companies are to be found in Europe. To these manufacturers, the Group sells both the OC-BioBinder™ binder and the OC-aquasil™ Tex hydrophobization product. Customers in this segment are industrial manufacturers of nonwovens that use large volumes of binders. Each nonwoven material tends to be unique and therefore requires customization of the company's chosen binder. Thus, the customer relationship is often initiated through joint customer projects where the properties of the binder are adapted according to the customer's requirements.

In recent years, the company has been conducting between five and ten customer projects across various phases. At present, four of the projects have led to finished products and their commercial delivery. Lead times for all projects have been two to four years from initiation to launch. The reason for this time frame is that customers' products must be tested in a number of different phases (lab, pilot and production scale). Each phase has to meet firm criteria in any customer's processes regarding what must be fulfilled in order to proceed into the next phase. Furthermore, in some cases, third-party certifications are required before a product may be taken to market. OrganoClick's role in these projects is to assist with technical support during pilot and production runs, as well as with optimization of the products. The company's current pipeline of customer projects has grown over the past year due to the EU's new plastic directive and today consists of 20-25 projects, ten of which have entered the production phase. The Group has projects with several of the world's largest nonwoven manufacturers, several of which can lead to significant volumes upon approval of the product.

PRODUCT DEVELOPMENT

In the coming year, focus will be on completing further customer projects within nonwoven where customers want OC-BioBinder™ as a replacement for their plastic binder. The company is also working concurrently on developing new variants of OC-BioBinder™ in order to have as wide a knowledge base as possible from which to start as customer projects are initiated.






Applications for nonwoven include wall paper, insulation materials in automotives, plaster and wound care products, air filters, home textiles, diapers, femine hygiene products, agricultural mulch films, tee bags, food packages, surgical gowns, hair and mouth covers, and napkins and table top products.

RESEARCH & DEVELOPMENT

OrganoClick was founded as a spin-off company from Stockholm University and the Swedish University of Agricultural Sciences. The Group has, therefore, a strong link to academic research with connections to entrepreneurship. For the Group's long-term development, it's important to continue to be an innovative company that can deliver attractive product offerings to customers. As a result, the Group conducts active research and development work, which results in several new product launches every year.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights in the form of patents are important to protect the Group's technologies and to ensure returns on the investments the Group makes in R&D. The Group has a patent portfolio of 18 patent families with more than 50 approved patents, in several countries, mainly protecting the technologies of the Group's nonwoven binders, hydrophobization products, wood protection technologies, and biocomposites.

R&D WORK

The company has a well-equipped laboratory where the Group's chemical and material technology development takes place. The company's development group currently employs seven people, three of whom have a Ph.D. in chemistry. In addition to its own organization, the company also collaborates with a number of research institutes and universities. The Royal Institute of Technology (KTH), Stockholm University, Mid Sweden University, Borås Textile College and Research Institutes of Sweden (RISE formerly known as the SP – Swedish Research Institute). A number of development projects are being conducted both internally and in conjunction with the company's partners. Many projects are being carried out with customers, in particular within the business area Nonwoven & Technical textiles in which OrganoClick's biobased binders are being testes and customized for various applications. Currently, approximately 25-30 customers tests, ranging from lab to production trials are being carried out within this area.

We often use waste products and side streams as raw materials i our products, e.g. biopolymers from orange and lemon peels, oat husks, and shrimp shells.

MANIFEST FOR A SUSTAINABLE BUSINESS

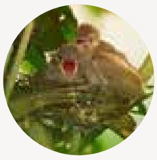
The basis of OrganoClick's business concept is to develop and supply environmental-friendly material and chemical technology products in the circular bioeconomy. This mission pervades all of the company's work in product development, production, marketing and sales. The staff recruited by OrganoClick must have a high level of competence and commercial impetus, but must also represent the same values as the company.

Based on the company's business concept, vision and mission, employees have worked together to formulate the company's values and working methods into a manifest. New employees are introduced to the manifest early in the recruitment process, and a requirement is that they have a similar mindset. By continuously working according to this philosophy, it is the company's belief that OrganoClick will be more successful and profitable.

Our values and working methods are summarized in the company's manifest across the following points:

1. We work for the future of our planet

We develop and produce environmentally sustainable materials and chemical products, which replaces plastics and toxic chemicals.



2. Try, learn and evolve

We dare to try new things, we dare to make mistakes, we learn from both our successes and setbacks.

3. Best in class

Our products must be the most environmentally sustainable and highest performing products in their respective markets.

4. Business-driven innovation is key to success

We sell innovative products developed according to clear market need. We want to develop innovative thinking that always exceeds customer expectations.

5. Joy, dedication, accomplishment

We want to have fun at work. We feel engaged because the work we do is important. We perform best when we're enjoying our work.

6. Family and health

We care about each other. We treat each other with respect. Family and health are always top priority.

7. Climb the right mountain

To achieve success, we are convinced that we need to analyze and prioritize our business opportunities. We allocate resources to the mountains we know we can summit.

8. Together we are great

With an organization ranging from development and production to sales and marketing, we are fast, flexible and versatile. We dream together, we win together and we develop together.

ENVIRONMENTAL POLICY

Based on OrganoClick's values, the company has formulated a general environmental policy for its business. This policy has gone on to encourage the production of a number of governance documents across our various business units. The most important points in the environmental policy are listed below:

- OrganoClick aims to develop and manufacture products with the highest environmental performance.
- The Group shall eco-label all its products in accordance with the conventions and regulations that apply to the Group's various product categories.
- In all our operations, we must minimize and reduce our impact on the environment and our surroundings.
- When choosing between different energy sources and modes of transport, the Group must choose those with the smallest environmental impact and where renewable raw materials are used.

SUSTAINABILITY GOALS

OrganoClick was founded in 2006 based on the ambition and will to make a positive contribution to the world and with a belief that environmentally friendly products are the future. Today, the company's products are leaders in regard of their environmental performance. The company's business strategy is that its products will continue to be the leaders within environmental performance and the company will be the leader in developing products with the best environmental performance. Based on this strategy, several sustainability goals have been set which are used to direct the company's operations. The company's most important sustainability goals are listed below:

- OrganoClick will be certified as a Climate neutral company according to Scope 1 and Scope 2 during 2022.
- OrganoClick will have 100 % eco-labelled products 2023.
- OrganoClick will have 100 % biobased products and packages 2023.

ENVIRONMENTAL AND QUALITY CERTIFICATION

In 2014, OrganoWood was certified by FSC and PEFC and only buys timber produced using sustainable forestry practices. Furthermore, OrganoWood's wood preservative became the first to be eco-labeled by the Swedish Society for Nature Conservation as a Good Environmental Choice. Within the Functional wood unit, several of our products have been assessed and recommended by building product assessors Byggvarubedömningen, and providers of health and environmental assessments of building materials, SundaHus. Several of the Group's surface treatment and cleaning products sold under the BIOkleen® brand are eco-labeled with Good Environmental Choice or with the Nordic Swan.

In 2015, OrganoClick's management system was quality and environmentally certified according to ISO 9001 and 14001 as part of the company's environmental and quality work, which in 2018 was upgraded to ISO 9001:2015 and 14001:2015. This certification helps to steer the company's operations even more clearly in the direction of our values. An environmental and quality certification is also a formal indicator that shows, both internally and externally, that the company considers this work important. During 2020, the work to map the groups CO2-emission was initiated in order to enable a certification of the company as a climate neutral company in 2022. Except that the groups production currently is carried out using 100% renewable energy, a decision was taken in 2020 to only use electric company cars and only charge them with renewable energy.

HISTORICAL DEVELOPMENT

2006

- OrganoClick is founded by Ashkan Pouya, Saeid Esmaeilzadeh, Jonas Hafrén, Armando Córdova and Mårten Hellberg, who is appointed as CEO.

2007

- The company starts its first development projects, together with industry partners from the paper industry, to create products based on the company's technology.

2008

- Swedish investor Anders Wall (through Beijerinvest AB), TetraPak´s former CEO and President Bertil Hagman, and TetraPak and SCA Hygiene Products former CTO Claes-Göran Beckeman become OrganoClick´s first external investors.
- A new Board is formed with Ashkan Pouya as Chairman, with members Anders Wall, Bertil Hagman, Claes-Göran Beckeman and Armando Córdova.
- The company builds its own laboratory and moves into its first own premises.
- Development of the company's first textile products is initiated with the support of Vinnova.
- The company's technology is named the best Swedish environmental technology of the year by winning the Environmental Innovation Award.
- OrganoClick is named the most promising start-up company of the year by winning the Innovation & Technology award.

2009

- The first industrial tests are conducted within the company's development projects.
- Development of ORGANOWOOD® begins.
- The development of biocomposite materials is initiated with the support of Vinnova.

2010

- OrganoClick is named a 'Climate solver' by the World Wildlife Fund (WWF).
- OrganoWood AB is initiated as a joint venture between OrganoClick (60% ownership) and Kvigos AB (40% ownership).

2011

- Collaboration begins with Bergs Timber Bitus AB for industrial production of ORGANOWOOD® timber.
- OrganoClick moves to new premises where pilot productions and a larger R&D lab are set up.
- The company is named one of Sweden's 20 most innovative companies by the Swedish Institute.

2012

- ORGANOWOOD® timber and wood preservatives are launched via the Swedish building supply chain XL-BYGG.
- The company is granted EU funding of approximately MSEK 5 for the production and start-up of its first fiber moulding line.
- The company develops its first textile product OC-BioBinder™, a nonwoven and home textile bio-based binder.
- OrganoClick gets onto the list of the 33 most exciting young technology companies in Sweden, as published by magazines NyTeknik and Affärsvärlden.
- The company achieves revenue of approximately MSEK 3 from the sale of proprietary products.

2013

- OrganoWood achieves rapid expansion in Sweden through new reseller agreements with K-rauta, Optimera and Bygma.
- Home textile manufacturer Almedahls becomes the company's first textile customer for OC-BioBinder™.
- The company's first hydrophobic product for textiles – OC-aquasil™ Tex – is developed.
- A new full-scale factory enters the planning phase.
- For the second year, the company is named one of Sweden's 33 most exciting young technology companies by magazines NyTeknik and Affärsvärlden.
- The company's revenue increase to approximately MSEK 11.

2014

- OrganoWood begins its international expansion with test launches in Finland and Norway, and a distribution agreement with Frøslev Trae in Denmark.
- Work starts on building a new factory in the Arninge industrial area in northern Täby for the manufacture of fiber moulded materials as well as increase the capacity for OrganoClick's chemical production.
- Taiwan-based Chang-Ho Fibers becomes the first textile manufacturer to start manufacturing OrganoTex® textiles in Asia.
- OrganoClick decides to list its shares on Nasdaq First North, raising substantial capital to finance international expansion.
- ORGANOWOOD® timber is named "most exciting building material of the year" at the Nordic region's largest construction fair, Nordbygg.
- OrganoTex® is selected as one of the most interesting new materials at ISPO in Munich, the world's largest outdoor and sports fair.
- OrganoClick's revenue increases to approximately MSEK 25.

2015

- OrganoWood establishes subsidiaries in Finland and Norway, and through a distributor in Denmark.
- Distribution is agreed for OrganoWood's wood protection products in Sweden and Finland.
- FilippaK becomes the first fashion brand to use OC-aquasil™ Tex, our DWR technology for water repellent fabrics.
- Distribution agreement for OC-aquasil™ Tex signed in China and Taiwan.
- Test runs with our new fiber moulding line begin in August.
- The company moves to our new factory in Arninge industrial area with new offices, R&D lab and production facility during the autumn. The factory has a total capacity of 30,000 tons per year and 100,000 fiber moulded 3-D shaped biocomposites per year.
- OrganoClick's first quality & environmental management system is certified according to ISO 9001 & 14001.

2015 (CONT.)

- OrganoClick participates in four major EU-funded R&D projects.
- OrganoClick lists its shares on Nasdaq First North and make a new issue of MSEK 75 to finance international expansion.
- OrganoClick named one of the world's 100 most sustainable companies by being named a Sustainia100 company.
- OrganoClick's sales increase to approximately MSEK 31.

2016

- Distribution agreement for OrganoWood's wood protection products signed in the UK and Ireland.
- Test production of coffin material in the company's new fiber moulding line continues throughout the year.
- Company customer Nyarp exhibits a completed coffin for the first time at the Swedish funeral association's annual meeting.
- OrganoClick launches deliveries to one of Europe's leading manufacturers of cable socks.
- OrganoClick is named national champion in the European Business Awards.
- OrganoClick completes its first acquisition of the chemical-tech company Biokleen Miljökemi AB, which adds MSEK 23 in sales to the Group.
- OrganoClick's total sales increase by 26% to about MSEK 39.5 (31.4) (pro-forma sales of MSEK 62.5 including acquisition of Biokleen Miljökemi AB).

2017

- Sales of ORGANOWOOD® timber begin in Germany.
- Distribution agreements are signed for ORGANOWOOD® in the Benelux countries.
- Deliveries begin during the fall to one of Europe's leading nonwoven tablecloth manufacturers.
- Deliveries begin during the fall of Organo-Comp® for burial coffins.
- A directed new share issue raises MSEK 38 in equity and liquid assets.
- OrganoClick's net sales increase by 93% to approximately MSEK 74.7 (39.5), with organic growth of 36%

2018

- OrganoTex® Waterproofing for the consumer market is launched in Sweden with more than 150 retailers by the end of the year, including Naturkompaniet, Alewalds, Skistar, Houdini and FilippaK.
- Distribution agreements signed for ORGANOWOOD® for the Baltic States.
- Deliveries initiated by OC-BioBinder™ to Kufner, one of Europe's leading manu-facturers of textile interlinings for the clothing industry.
- Ahlström-Munksjö launches a nonwoven for personal hygiene products where OC-BioBinder™ replaces traditional plastic binders.
- Start of deliveries of coffin material, made of OrganoComp®, to Fredahl Rydéns.
- The development of first interior design products using OrganoComp® are completed, and launched by customer Baux in early 2019.
- OrganoClick's net sales increase to MSEK 78.4 (74.7).

2019

- OrganoTex® Waterproofing launched in Finland, retailing at first through Partioaitta, Naturkompaniet's sister company.
- New distribution agreements for ORGANOWOOD® covering Germany, Austria, Switzerland and Italy.
- The burial coffin 'Saga', made from OrganoComp®, launched by the customer Fredahl Rydéns.
- A sound-absorbing acoustic panel, made from OrganoComp®, launched by our customer Baux.
- Heavily increased interest in the Group's bio-based binders for nonwoven, driven by the EU's new plastic directive, where plastics must be phased out from a number of disposable items. OrganoClick was awarded a grant of MSEK 3.7 from Vinnova to develop bio-based nonwovens in conjunction with a Swedish/Finnish consortium.
- OrganoClick's net sales increase to MSEK 85.5 (78.4).

2020

- OrganoTex® Waterproofing is launched in Norway, the Benelux, and the UK.
- ORGANOWOOD® is expanding strongly in Germany, Austria, Switzerland and Italy.
- Distribution agreements are signed for ORGANOWOOD® wood protection in USA and Canada.
- The burial coffin 'Saga', made from OrganoComp®, is launched by the customer Fredahl Rydéns in Norway and Denmark in addition to Sweden.
- Continuously strong interest in the Group's bio-based binders for nonwoven, driven by the EU's new plastic directive, where plastics must be phased out from a number of disposable items, and several projects are in production trials with customers. By the end of the year, 2 projects have been technically verified by customers.
- OrganoClick's net sales increase to MSEK 96.5 (85.5).
- OrganoClick's showed positive cashflow from operations for the first time totaling MSEK 5.5 (-11.0) for the full year.

BOARD OF DIRECTORS

JAN JOHANSSON | CHAIRMAN SINCE 2016

Jan Johansson is an industrialist with extensive international experience. After receiving a M.Sc. in law from Stockholm University, he held various leading positions in the Shell group such as General Counsel for Shell International Petroleum and Business area manager for Svenska Shell. He thereafter joined the Vattenfall group as Executive Vice President before taking on the position as President and CEO of Boliden in 2000. Between 2007 and 2015 he served as President and CEO of SCA. Jan is currently Chairman of the Board in Serneke Group AB, Vice Chairman of Chinese Vinda and member of the board in OptiGroup AB and Kährs Holding AB.

Shareholding: 166,666 shares.

CHARLOTTE KARLBERG | PH.D., MEMBER OF THE BOARD SINCE 2020

Since 2017, Charlotte Karlberg works as CTO for Alimak Group AB a leader in vertical access solutions. Prior to joining Alimak Group, Charlotte was Director General for Vinnova, the Swedish Innovation agency between 2009 and 2017 and hold various management position in R&D and engineering in ABB between 1995 and 2009. Charlotte is currently the Chairman of the Board of HMS AB besides chairing some national R&D programs. Charlotte has a Ph.D. in Chemical Engineering from University of Lund.

Shareholding: 30,000 shares.

HÅKAN GUSTAVSON | MEMBER OF THE BOARD SINCE 2016

Håkan Gustavsson is an advisor of Beijer Holding AB and represents the Wall/Beijer group on the board. He has an MBA from Stockholm School of Economics and has thereafter held positions such as CFO/COO for MEC, ENEA and Niscayah before joining Beijerinvest in 2013. His currently serves in the board of directors of E. Öhman J:or Fonder AB, Sturebadet Holding AB and several subsidiaries in the Wall/Beijer group.

Shareholding: 0 shares.

MALIN BUGGE | MEMBER OF THE BOARD SINCE 2020

Malin Bugge is COO/Head of Strategy and managing partner at Kurppa Hosk – a leading brand consultancy firm, part-owned by Altor. Malin has 20+ years' experience of solving complex business and branding problems for companies in a variety of industries. Both as a strategy consultant, at agencies like Differ, Essen International and Volt, and as Brand & Marketing Manager of the multinational parking corporation Q-Park. Malin has a master's degree in business and marketing from Stockholm University, and a post-graduate degree from IHR.

Shareholding: 15,000 shares.

CLAES-GÖRAN BECKEMAN | MEMBER OF THE BOARD SINCE 2008

Claes-Göran Beckeman holds a M.Sc. in chemical engineering from the Chalmers University of Technology. He has held the position as Chief Technology Officer (CTO) at Tetra Pak and Tetra Laval, and as CTO and purchasing manager at SCA, in the business area Personal Hygiene Products. Claes-Göran's current directorships include Cellcomb AB and OrganoWood AB. He is also a member of the Royal Swedish Academy of Engineering Sciences.

Shareholding: 689,316 shares.

MANAGEMENT

MÅRTEN HELLBERG, CEO AND CO-FOUNDER

Mårten holds a M.Sc. in Engineering Molecular Biotechnology from Uppsala University and École Normale Supérieure de Lyon in France. He has also studied economics at the universities of Stockholm and Uppsala. He is a co-founder of OrganoClick and has served as its CEO since its foundation in 2006. Mårten previously had an active career in canoeing, at several occasions becoming the national champion. He was a member of the Swedish National Canoeing Team for 12 years, and has participated in the Swedish Olympic Committee's elite program.

Shareholding: 7,381,169 shares (privately and through company).

JESSICA SUNDBORG, CFO

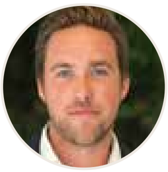
Jessica holds a Master in Economics from Södertörn University. She has previously held a number of different positions within finance and economics, for example at Deloitte and at the Swedish National Audit Office. Before joining OrganoClick in the role as CFO in 2013, she held the position as Group Chief Accountant at the then listed IT company Avega Group.

Shareholding: 150,000 shares.

DAN BLOMSTRAND, VICE PRESIDENT AND HEAD OF BUSINESS UNIT BIOCOMPOSITES

Dan Blomstrand holds a M.Sc. in Chemical Engineering from Uppsala University and has also studied economy and business development at the Uppsala School of Entrepreneurship. He has more than 10 years of experience from tech sales and marketing, mostly within medical technology and life sciences. Before joining OrganoClick he has worked as Business Unit Manager Pharma at Aerosol Scandinavia and as Global Account Executive at Catalent Pharma Solutions. He joined OrganoClick in spring 2016.

Shareholding: 111,000 shares.



PETER RYDJA, VICE PRESIDENT AND HEAD OF BUSINEE UNIT GREEN COATINGS & MAINTENANCE PRODUCTS

Peter Rydja holds a Master in Economics and B.Sc in Industrial engineering from Mälardalen University. He has more than 15 years of experience from management, sales and business development of consumer products. Previous experience includes, Managing Director of Gateau, a premium bakery within the Fazer-group, and as CFO for Fazer brands. Peter joined OrganoClick in 2021.

Shareholding: 20,000 shares.

MARIA WENNMAN, RESEARCH & DEVELOPMENT DIRECTOR

Maria Wennman holds a M.Sc. in Molecular Science and Chemical Engineering from KTH Royal Institute of Technology in Stockholm. She has worked at OrganoClick since 2012, mostly with the development of the company's biobased binders for nonwoven and the company's biocomposites, and she is the inventor of 4 patents within the field. She was appointed as the group's Research & Development Director in 2019.

Shareholding: 14,735 shares.

DANIEL LUND, COO

Daniel holds a M.Sc. in Chemical Engineering from Chalmers in Gothenburg. He has more than 20 years of experience from different positions within chemical production and logistics. Prior starting at OrganoCLick in 2021, he served as COO at the medtech company Bactiguard, Previously, he has had leading positions within production and logistics at Pfizer, Astra Zeneca, and Medivir.

Shareholding: 60,000 shares.

KARIN ÖJELUND, SUSTAINABILITY & QUALITY DIRECTOR

Karin has a M. Sc. in Chemical Engineering from Lund University. She has 20 years experience from product development, process development and quality issues in the chemical industry. Before joining OrganoClick in 2017 she was the R&D Manager at Beckers industrial coatings, where she also has served in the role as Process Development Manager.

Shareholding: 0 shares.

STEN ÅKERBLOM, BRAND MANAGER

Sten has an education in environmental science and has studied advertisement and marketing at Bergs in Stockholm. He has more than 20 years of experience from communication and advertisement agencies. The last 10 years, Sten has been partner a Partner, Art Director and Brand strategist at the advertisement agency BerntzonBylund. Sten joined OrganoClick as Brand manager in 2021

Shareholding: 4,100 shares.

MANAGEMENT REPORT

Management report

The Board of Directors and the Chief Executive Officer of OrganoClick AB (publ), Corp. id. no. 556704-6908, hereby present the annual report and the consolidated financial statements for the financial year 2020-01-01 to 2020-12-31. Numbers within parentheses refer to the preceding year. Amounts are stated in kSEK unless specified otherwise.

Business and structure

OrganoClick AB (publ) and its subsidiaries ("The Group" or "OrganoClick") is a material and chemical technology company founded in 2006 as a spin-off from Stockholm University and the Swedish University of Agricultural Sciences. The Group develops and manufactures environmentally friendly fiber-based materials for treatment of wood, technical textile and nonwoven, as well as biocomposites.

Organization

The Group is divided in four business units: Functional wood, Green coatings & maintenance products, Biocomposites and Nonwoven & technical textile. Besides the operating business units, the Group maintains key functions in units for Finance & Economy, Marketing & communication, Production & purchasing, Quality & Environment, and Research & Development.

Sales and marketing within the Functional wood business unit is performed through the subsidiary OrganoWood AB, with subsidiaries in Norway and Finland. Sales and marketing towards specialized paint retailers is conducted through the subsidiary Biokleen Miljökemi AB. Other operations are conducted through the Parent Company, OrganoClick AB (publ). At the end of 2020, the Group employed 44 (39) people.

Product range

Within the Functional wood business unit, the Group (through the part owned subsidiary OrganoWood AB) sells and markets modified timber, protected from rot and fire without biocides or toxic heavy metals under the ORGANOWOOD® brand.

Within the Green coatings & maintenance products business unit, the Group sells and markets a wide range of eco-labeled chemical technology products for exterior maintenance and cleaning of decking, facades and roofs as well as car care under the BIOkleen brand®, eco-labeled wood protection products under the ORGANOWOOD® brand, and surface treatment and maintenance products for textile products under the OrganoTex® brand. In addition, the business unit delivers a number of its products to customers who sell them under their own brand (private label).

The Biocomposites business unit launched its first 3-D moulded biocomposites in 2019 under the OrganoComp® brand, which can replace plastic and particle board. The first product is a new material for burial coffins, where the company has entered into a first agreement with the leading Nordic coffin manufacturer, which launched the burial coffin 'Saga' in 2019. The design is similar to regular coffins, but the material is 50 percent lighter and almost completely free from synthetic adhesive, which is abundant in the particle board that is used for most coffins. In addition to this application, sound-absorbing acoustic panels made with OrganoComp® have been launched by the customer Baux.

Within the business unit Nonwoven & technical textile the Group supplies bio-based binders and water repellent products to industrial customers in nonwoven and technical textile. Products include the bio-based binder OC-BioBinder™ that replaces the plastic binders in use today, and the bio-degradable water repellent product OC-aquasil™ Tex that replaces fluorocarbons (PFAS). A large number of customer projects have been underway with globally leading nonwoven companies during 2020, and about ten projects have proceeded from laboratory scale to production testing. Two of them were verified technically towards the end of the year.

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.

Product Development

The Group's innovative, environmentally friendly and high-performance materials form OrganoClick's DNA. In order to remain a leading player, the Group conducts active R&D work in all business units. The focus is on the development of new or improved products based on the current technologies for water resistance, mechanical strength, and flame and rot protection. Synergies are thus created between the company's business units Functional wood, Green coatings & maintenance products, Biocomposites and Nonwoven & technical textile in that the same functions and technologies can be used on different materials. Research and development are conducted in close cooperation with several renowned universities and institutes, including the KTH – the Royal Institute of Technology, Borås Textile University, RISE (previously SP) and Mid-Sweden University.

Patents

OrganoClick is actively working to strengthen its IP-position by way of patents. The Group is working together with renowned patent consultants to develop strategies and prepare patent applications. The Group currently holds about 50 approved patents within eighteen patent families. The earliest patent expires in 2028.

Raw material supply and manufacturing

OrganoClick's chemical production is very similar across the business units, leading to clear cost synergies. For every business unit, OrganoClick's production unit manufactures the critical chemical substances and the formulations that give the materials their unique properties. Raw materials and chemicals are purchased from raw material suppliers and chemical companies. OrganoClick then produces the formulations on its own account and supplies them internally for the Group's own production of biocomposites as well as to production partners and customers.

OrganoClick also manufactures the Group's biocomposites on its own. A specially developed production line has been set up in the Group's production facility where production of the business unit's first products takes place.

A production cooperation also takes place with Bergs Timber AB for the production of the ORGANOWOOD®-modified wood. Within the Functional wood business unit, external production partners in wood treatment provides scalability and full control over the manufacturing process while reducing the risk of having growth opportunities hampered by limited production capacity.

Legal structure

As of 31 December 2020, OrganoClick had 2,975 (1,694) shareholders divided on 92,112,789 shares. The five major owners on 31 December 2020 were: Mårten Hellberg (with company), 7,381,169 shares (8.01 percent), Beijer Ventures AB, 7,107,180 shares (7.72 percent), Handelsbanken fonder, 5,505,628 shares (5.98 percent), Anders Wall Stiftelser, 5,090,227 shares (5.53 percent) and Länsförsäkringar fondförvaltning AB, 3,824,395 shares (4 .15 percent).

OrganoClick AB has a wholly-owned subsidiary, Biokleen Miljökemi AB, and a part-owned subsidiary, OrganoWood AB. OrganoClick AB owns 54.5 percent of the capital and 59.4 percent of the votes in OrganoWood AB. Kvigos AB owns 35.5 percent of the capital and 38.6 percent of the votes. In addition to 2,000,000 ordinary shares, 200,000 preference shares are divided on 81 owners that together control 9.1 percent of the capital and 1.0 percent of the votes. The terms of the preference shares are specified in the Articles of Association of OrganoWood AB and are described in Note 23 of the annual report. OrganoWood AB has a sales company in Norway, OrganoWood Norway AS and a sales company in Finland, OrganoWood Finland Oy.

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 closing price of the share on 31 December 2020 was 11.00 (5.40), giving a market capitalization of MSEK 1,013 (497).

The largest shareholders in OrganoClick AB as at 31 December 2020[1].

Name	No. of shares	Share of votes and capital %
Mårten Hellberg with company	7,381,169	8.01
Beijer Ventures AB	7,107,180	7.72
Handelsbanken fonder	5,505,628	5.98
Anders Wall Stiftelser	5,090,227	5.53
Länsförsäkringar fondförvaltning AB	3,824,395	4.15
Armando Córdova with company	3,786,069	4.11
Credit Suisse (Switzerland) Ltd	3,723,300	4.04
CBLDN-EQ Nordic Small Cap	3,049,623	3.31
Fjärde AP Fonden	3,000,000	3.26
Unionen	2,850,000	3.09
Subtotal	**45,317,591**	**49.20**
Other shareholders	46,795,198	50.80
Total shares	**92,112,789**	**100.00**

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

Environment and sustainability

The basis of OrganoClick's business concept is to develop and supply environmentally friendly material and chemical technology products. This mission pervades all of the Group's work in product development, production, marketing and sales. The staff recruited by OrganoClick must have a high level of competence and commercial impetus, but must also represent the same values as the Group. The Environment policy adopted by the Group states, among other things, that OrganoClick only shall develop and manufacture products with the highest possible environmental performance. The Group shall further eco-label all its products in accordance with the conventions and regulations that apply to the Group's various product categories. In all of its operations, the Group shall strive to minimize and reduce its negative impact on the environment and the outside world. In a choice between different energy sources or modes of transport, those that are associated with the least environmental impact and are based on renewable raw materials shall be favored.

OrganoWood is certified by FSC and PEFC since 2014, thus buying only timber produced using sustainable forestry practices. OrganoClick's quality and environmental management system is certified according to ISO 9001:2015 and 14001:2015 as part of the company's environmental and quality work. This certification helps the Group to steer its operations even more clearly in the direction of our values.

Government authorization

OrganoClick's operations are subject to compulsory notification pursuant to the Swedish Environmental Code (1998:808) 9 ch. 6 s. OrganoClick AB has received an extended authorization from the county administrative board (Länsstyrelsen) to manufacture up to 10,000 cubic meters of its chemical products annually. The municipality of Täby is responsible for supervising the Group's operations.

Personnel

At the end of the period, the number of employees in the Group was 44 (39). Of these, 29 (24) 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 28 (26) men.

Remuneration to senior management

Salaries, remunerations and other benefits to the Board of Directors, CEO and other executive directors are laid down in Note 9.

No remuneration committee is set up, and the Board of Directors decides on the terms of employment and the remuneration of the Chief Executive Officer. The Chief Executive Officer decides the remuneration of other executive directors. Only the Chief Executive Officer is entitled to a severance payment. The severance payment comprises 12 monthly salaries. There are no other agreements between the company and the Chief Executive Officer or other executive directors regarding benefits following the termination of appointment.

In its current form, the employment contract for the company's Chief Executive Officer Mårten Hellberg is a contract of indefinite duration from 2010. Mårten Hellberg receives a fixed monthly salary as well as the usual pension contributions. The agreement has a twelve-month period of notice when terminated by either party.

Significant events during the year

- OrganoClick launched OrganoTex® Textile Waterproofing in Norway and Denmark with Norsk Fjellsport as distribution partner.
- The beginning of 2020 saw the outbreak of the COVID-19 pandemic. In the wake of it, OrganoClick saw a risk of a global recession which could impact Swedish companies. OrganoClick monitored the development carefully, and the management continuously evaluated the effects of the measures taken by local authorities to limit the spread of the virus on the Group's operations in the short and long term. Management identified a number of risks that increased due to the pandemic, (see the sections about Risks and uncertainties in the following text). In response to this development, a number of measures was taken to protect the Group's operations and to limit the spread of the virus. Among other things, all business travels and non-essential meetings was postponed, The public health authority's recommendations to stay at home when being sick was followed and work from was encouraged. Other activities in the Group, such as production and distribution, was conducted as usual.
- Internetstores initiates sales of OrganoTex ® Textile Waterproofing through their European Outdoor shop CAMPZ.com.
- The 2020 Annual General Meeting voted in accordance with the Nomination Committee's proposal for the re-election of Jan Johansson (Chairman), Håkan Gustavson and Claes-Göran Beckeman as board members and new election of Charlotte Karlberg and Malin Bugge as board members.
- OrganoTex® was launched in the UK together with the agent FTUK.
- OrganoClick was granted Vinnova-funding of SEK 1.3 million for further development of its fluorocarbon-free (PFAS-free) textile impregnation OrganoTex® within the R&D-project POPFREE.
- OrganoClick launched OrganoTex® Textile Waterproofing in Benelux with Ideavelop BV as distribution partner.
- ORGANOWOOD® wood protection was launched in Canada with Osmo Wood & Colour Canada as distribution partner.
- ORGANOWOOD® wood protection was launched in the USA with Woodborn USA as distribution partner.
- OrganoClick appointed Vice president for its business unit Green coatings & maintenance products.
- OrganoClick appointed new COO for the Group.
- OrganoClick appointed new Brand Manager.

Significant events after the end of the year

- OrganoClick signed a 5-year framework agreement with a leading nonwoven manufacturer for supply of OrganoClick's biobased binders with an estimated sales value around SEK 30 million per year.

Performance development

The Group

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.

Profit/Loss

The revenue for the year amounted to KSEK 96,458 (85,480) corresponding to a growth of 12.8 (9.0) percent compared with the previous year. Revenue within the Functional wood business unit amounted to KSEK 60,562 (55,664) corresponding to a growth of 8.8 (6.5) percent. The growth was mostly driven by the Group's export efforts focused on the German market, while domestic sales were at comparable levels to those of the previous year, with reduced demand from the important professional construction segment, increased demand from the consumer segment and a shortage of raw materials due to restricted activities in the forestry sector during the year. Revenue within the Green coatings & maintenance products business unit amounted to KSEK 32,797 (27,507), a growth of 19.2 (12.7) percent. The growth derived from strong sales of the Group's maintenance products for homes and properties, which were driven by new customer agreements concluded in recent years as well as an overall increase of sales of the Company's own brands to existing customers following this year's DIY trend. Sales of OrganoTex® products have also developed well over the course of the year. The revenue within the Biocomposites business unit amounted to KSEK 2,129 (1,201), which was lower than anticipated, due to process engineering difficulties related to the sound absorbents. Revenue within the business unit Nonwowen & technical textiles amounted to KSEK 839 (883).

Gross margin (after variable costs) amounted to 41.8 (41.0) percent following a shift of the product mix towards higher margin products. The cumulative gross profit amounted to KSEK 20,198 (17,763), which, despite a slightly higher gross margin, is at the same level as the previous year in percentage terms. This is primarily attributable to higher personnel costs related to production. Operating profit/loss, EBIT, amounted to KSEK -17,100 (-15,131), which also is a deterioration from the previous year, as the Group's efforts focused on new export markets and additional customer projects have increased the personnel costs for both sales and R&D. R&D was 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 272. EBITDA amounted to KSEK -4,457 (-3,117). The net financial result amounted to KSEK -2,431 (-3,680) due to reduced borrowings within the Group. The cumulative result amounted to KSEK -19,520 (-18,356).

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 regarding internal gains in inventories and capitalized development as well as regarding leasing.

Cash flow and investments

Cash flow from operating activities for the year amounted to KSEK 5,471 (-11,012), of which KSEK -6,932 (-6,861) was cash flow from profit and KSEK 12,403 (-4,151) was cash flow from working capital. Trade receivables and trade payables accounted for the largest impact on working capital. Trade receivables contributed positively during 2020, KSEK 3,120 (-5,117). The previous year, trade receivables were high due to high sales to customers with long payment terms and the termination of a factoring solution. High trade payables had a positive impact of KSEK 7,866 (1,195) due to high raw material purchases at the end of the year to build stocks in OrganoWood. The stock build-up was brought forward to be ready for the onset of the German spring season, which starts ahead of the Nordic. Inventory did not change proportionally but is somewhat lower than the previous year, KSEK 789 (-668), which is attributable to lower inventory levels during 2020 that increased substantially over the course of the last quarter.

During the year, investments of KSEK -8,161 (-5,973) were made in intangible fixed assets in the form of development projects, patents, trademarks and licenses. There has been increases within all assets, but mainly within the Group's development projects, in absolute terms. Large investments of KSEK -11,237 (-1,034) were also made in tangible fixed assets. The Group has invested in production equipment. The largest single investment concerned a high-temperature dryer for the production of ORGANOWOOD® timber and a pilot machine for the laboratory intended for the development of the Group's binders. During the year, new leases have been entered into for production equipment, which have added right-of-use assets of KSEK 1,582 to the balance sheet. Other changes in rights-of-use regarding leases for premises relate to the early termination of a lease, which decreased rights-of-use by KSEK -1,258, and the extension of another, which increased rights-of-use by KSEK 2,067.

In financing activities, the Group decreased its utilization of the bank overdraft facility by KSEK -8,946 (4,529) and of its factoring loans by KSEK -2,607 (3,414) due to lower receivables. OrganoWood AB contracted new loans of KSEK 7,463, partly to cover the investment in a high-temperature dryer. Loans and leases of KSEK -11,398 (-10,374) were amortized during the year. Proceeds from a new share issue was received in 2019, totaling KSEK 86,030 after issuance expenses. Following the new share issue, the loans raised during the year and loans from previous years were repaid, resulting in a net effect of KSEK -10,063. The cumulative cash flow amounted to KSEK -29,115 (55,029).

Financial position

Cash and cash equivalents in the Group amounted to KSEK 32,028 (61,150) at the end of the year with a quick ratio of 98.7 (162.6) percent. Net debt/equity ratio amounted to 14.9 (-5.8) percent. At the end of the year, OrganoWood AB utilized KSEK 4,007 (12,935) of a total bank overdraft facility of KSEK 15,000 (13,000). The bank overdraft facility changes depending on the requirement for the season.

The Parent Company

Profit/Loss

The revenue for the year amounted to KSEK 32,035 (26,515) as sales of the Group's surface treatment products for export, OrganoTex® products and biocomposites increased and internal sales increased slightly. A lower gross margin, attributable to changes in the product mix to a higher proportion of internal sales and increased fixed production costs for a second production shift, resulted in a deterioration of the gross profit, KSEK -5,892 (-3,563). Increased marketing costs related to export efforts and higher amortization charges for patents had additional negative impact on operating profit/loss (EBIT), which amounted to KSEK -26,073 (-18,999). EBITDA amounted to KSEK -20,703 (-14,482). Loss for the period amounted to KSEK -25,835 (-19,687).

Cash flow and investments

Cash flow from operating activities amounted to KSEK -18,113 (-14,018), where the negative result contributed KSEK -20,360 (-14,996) and working capital KSEK 2,248 (978). The improvement of working capital compared to the previous year is attributable to a positive liquidity effect from increased trade payables as well as higher deferred grant income and development projects invoiced in advance.

During the year, the Parent Company made investments of KSEK -6,130 (-4,389) in intangible fixed assets in the form of development projects, patents, trademarks and licenses. The Parent Company further invested KSEK -3,937 (-1,034) in tangible fixed assets in the form of production and laboratory equipment and machinery. Loans of KSEK 2,250 issued to group companies in 2019 were repaid. In financing activities, the Parent Company amortized credits of KSEK -1,780 (-2,718). The previous year saw the receipt of KSEK 86,030 in proceeds after issuance expenses from the then concluded new share issue. The proceeds were used to repay loans of KSEK -19,063, KSEK 12,000 of which contracted during the year and the rest contracted in previous years.

Cash flow for the year amounted to kSEK -27,709 (54,559).

Financial position

Cash and cash equivalents in the Parent Company at the end of the year amounted to KSEK 28,427 (56,136) and equity to KSEK 88,038 (113,873). As of the date of closure of accounts, the Parent Company had a credit of KSEK 1,770; this was fully repaid in January 2021.

Risks and uncertainties

Should any of the risks described below materialize, this could have a significant negative impact on the Group's operations, earnings, financial position and future outlook.

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. OrganoClick has been relatively spared from the negative effects of the pandemic even if the Group was affected and had challenges as a result of it in 2020. The risks the Group predicted at the outset of the pandemic are also the same as are relevant for the Group today and it is from these that the challenges of the past year can be identified. 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 because 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 several 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 year thanks to the new share issue carried out in the fall of 2019.

Risks related to the Group's partnerships

The Group relies on, and will continue to rely on, cooperations with different partners to produce, market and sell its current products and to develop future products. The Group's business therefore relies to a large amount on external partners. Should these partners fail to fulfil their contractual obligations, fail to meet their expected deadlines, or conduct work that is lacking in quality or accuracy, planned marketing and sales activities as well as product development (among other things) could be delayed or terminated.

Risks related to research and development

OrganoClick conducts research and development programs within each of its business units and intends to focus on developing new and improved products based on the current technologies in order to subsequently bring them to the market. There are, however, no guarantees that the Group will be successful in the development of new products, that market launch of new products will be achieved as expected, or at all. Failure to develop new products may be caused by a number of factors. One such factor would be if the product in question fails to achieve the intended qualities or properties. Another such factor would be if the product in question turns out to be too expensive to manufacture and market. There is hence a risk that the Group could allocate significant resources to time-consuming and costly development projects without gaining an advantage.

Risks related to sales

It is difficult to predict the market's reception of a novel product. Even if a new product is of high quality, has good properties and is sold at a competitive price, there is no guarantee that sales will be successful.

Disruptions to production

The production of the Group's products is carried out in part by external parties and in part by the Group itself in the production facility in Arninge, Täby. The Group's success relies on reliable and efficient production. Disruptions, even minor, and damages to the Group's production equipment due to strikes, natural disasters, sabotage, fire or other reasons may affect the operations adversely, through direct property damage as well as disruptions to production. Should such events take place in internal or external production facilities, it may be difficult or impossible for the Group to fulfil its obligations towards its customers and to deliver the contractually stipulated quantities and qualities within the stipulated timeframe, thus increasing the risk that the customer switches to another supplier. Customers could further be entitled to compensation, should the Group be unable to deliver in accordance with its contractual obligations.

Price fluctuations of input goods

For every business unit, the Group produces the critical chemical substances and formulations that provide the materials with their unique properties, while raw materials for the chemical products, cellulose fibers for the biocomposites, and wood is purchased from external parties. The cost of raw materials and other materials is considerable and constitutes a significant part of the sales price of the Group's products. The pricing of the Group's products is thus affected by the raw material cost. Should the price of raw materials and other materials increase, so would the total production cost, for the Group as well as its production partners, which would result in higher prices for customers and possibly in decreased sales for the Group.

Financing risk

The Group has required and will continue to require significant amounts of capital to conduct research, development and commercialization of the Group's existing and future products. The Group is in an expansionary phase and may find itself forced to raise additional external capital in the future to be able to continue operations. There is a risk that such new capital cannot be raised on satisfactory terms for Group, or at all.

Risks related to the Group's interest-bearing liabilities

The Group has interest-bearing liabilities consisting of long-term liabilities in the form of credits from credit institutions and short-term liabilities in the form of bank overdraft facilities, invoice factoring liabilities and other credits from credit institutions. The liabilities are secured by business mortgages and, for credits given to subsidiaries, by Parent Company guarantees. There is a risk that the Group will not be able to fulfil credit conditions such as capital repayments and interest payments, or is not able to refinance at maturity. There is also a risk that the interest rate of the credits is increased and that this makes it difficult for the Group to fulfil its repayment obligations.

Risks related to intellectual property rights, know-how and confidentiality

The Group's success relies heavily on its ability to achieve and maintain protection of its intellectual property rights, including patents, related to current and future products. There is a risk that the Group fails to obtain patents or other intellectual property rights on its future innovations. In addition, patents are only valid for a limited time, and there is a risk that the Group's current and future intellectual property rights do not provide satisfactory protection. The technologies and methods that the Group uses to conduct research and development or to commercialize products may also constitute infringement of patents that are owned and controlled by external parties. Should the Group be forced to enter into legal proceedings regarding the right to a patent, the procedures could entail significant costs. Furthermore, the result may be a ruling against the Group, which could entail the loss of protection of one or several of the Group's products or an obligation to pay considerable damages. The Group further relies on know-how and business secrets and attempts to protect such information by entering non-disclosure agreements with employees, consultants and other partners. It is not possible, however, to fully protect the Group from unauthorized disclosure of information, and there is a risk that competitors gain access to know-how and use it and that this results in damage to business secrets developed by the Group.

Risks related to IT

Should the Group suffer outages and disruptions in its IT infrastructure, caused by, for example, power outages, data viruses, human or technical errors, sabotage or nature-related events, this may cause major IT-related incidents in critical operating IT systems that make it impossible for the Group to produce and deliver products or information on time to customers or other stakeholders. In turn, this may result in negative financial impact due to lost sales or fines for delayed or unfulfilled deliveries. Deliberate or non-deliberate leakage of confidential information, targeted attacks aiming to steal information or to sabotage, industrial espionage, unstructured content management in internal or external systems and other threats to information and data security may lead to the falsification, encryption or loss of business-critical information.

Competition

The Group operates in a competitive environment. The Group's future competitivity depends, among other things, on the financial resources, marketing and product development of the Group and its competitors. Furthermore, several of the Group's competitors have access to greater financial resources than the Group, which could provide them competitive advantage. There is also a risk that the Group is unable to react quickly enough to actions by competitors or to existing and future market demands. Enhanced competition from existing and new market participants may result in decreased sales and reduced market shares, as may reduced competitive opportunities.

Credit risks

The Group is exposed to credit risk. The Group's credit risks are primarily attributable to credit exposures to customers, that is, that the Group could fail to obtain agreed payments or could suffer losses due to a counterparty's inability to fulfil its obligations to the Group.

Liquidity risks

Liquidity risk means the risk that the Group will not be able to fulfil payment obligations in due time. If the Group's liquidity supports turn out to be inadequate, there is a risk that the Group will only be able to fulfil its payment obligations by raising capital on terms that increase the cost of funding significantly, or that it is not able to fulfil its payment obligations at all, and as a result defaults on its payments due under contracts.

Reputational damage

OrganoClick's reputation is important for its business. The Group's business is based on consumers and other business partners associating OrganoClick with positive values and high quality. Should OrganoClick or anyone in the senior management act in a way that conflicts with the values of OrganoClick, or should one of the Group's products fail to live up to the expectations from the market, there is a risk of reputational damage. Should it become evident that one or more of the Group's products is harmful to the environment, there is a risk that the Group's environmental profile suffers damage, regardless of whether the Group or one of its production partners is at fault.

Key individuals

The Group relies heavily on a number of key employees, including the senior management and other employees with specialist expertise in the Group's business units. The Group's future development and success depends on its ability to recruit and retain such key employees.

Future outlook

OrganoClick has seen rapid growth in the last years since the Group's first product was launched in 2012. In 2020, the Group's sales expansion continued with almost every business unit experiencing growth. The Group's ambition is to deliver continued good growth over the coming two years. This will be accomplished with only limited increases of the Group's fixed costs and by continuing to increase the gross margin through product mix changes and more efficient production. The Group's goal is to gradually improve performance over the next two years, working towards good growth.

The Group's plan is to continue the sales expansion of ORGANOWOOD® timber on the existing markets in Sweden, Finland, Norway and Denmark in 2021, and with a strong focus on the German market. In the Green coatings & maintenance products business unit, the goal for 2021 is to continue to grow on the Swedish market but also to promote exports to the other Nordic markets, Germany, the United Kingdom, the United States and Canada. For the OrganoTex® Textile waterproofing product family, the focus will be an international expansion in Norway, Finland, Germany and the alpine countries. In the Biocomposites business unit, the focus will be on increased deliveries of OrganoComp® for burial coffins and sound-absorbing acoustic panels to the Nordic market. The Group will also expand the delivery of OC-BioBinder™ to our existing nonwoven customers, and continue our projects with nonwoven manufacturers to develop new applications. It is the Group's assessment that continued improvements of the product mix, increased internal efficiencies and more automated production will improve the gross margin further. All in all, the goal is that the Group's performance will continue to strengthen through these improvements over the next two years.

Annual General Meeting

The Annual General Meeting is the highest decision-making body of the Company and shall, according to the Articles of Association, be held annually and within six (6) months after the end of the financial year. All shareholders registered in the share register six working days before the AGM are entitled to participate. Shareholders wishing to attend a General Meeting shall notify the Company no later than on the day specified in the notice convening the meeting. Notices convening a General Meeting shall be published in "Post- och Inrikes Tidningar" and on the website of the company. The fact that notice has been given shall be published in "Dagens Industri".

The AGM 2020

The Annual General Meeting for the financial year 2019 was held on 7 May 2020. The AGM passed the following resolutions:

- to adopt the income statement and statement of financial position, and that the accumulated result was brought forward and balanced in the new accounts according with the Board's proposal set forth in the annual report.
- to approve discharge from personal liability for the members of the Board of Directors and the CEO for their administration during the financial year
- to pay an annual fee of SEK 400,000 to the Chairman of the Board and an annual fee of SEK 100,000 to the other ordinary members of the Board.
- that the Auditors' fees would be paid in accordance with current approved invoicing.
- re-election of Jan Johansson, Håkan Gustavson and Claes-Göran Beckeman, and new election of Charlotte Karlberg and Malin Bugge as board members. Jan Johansson was re-elected as Chairman of the Board.
- to new-elect PricewaterhouseCoopers as auditors, with authorized public accountant Sebastian Ionescu.
- to adopt the nomination procedure and election of nomination committee for the Annual General Meeting 2021.

The AGM 2021

The Annual General Meeting 2021 will be held on May 17, 2021. The Annual General Meeting will be a fully virtual meeting, and shareholders will thus not be able to attend the meeting neither in person nor through their representatives. Instead, shareholders may submit their votes to the general meeting in advance by so-called postal vote. More information will be available at www.organoclick.com.

Nomination Committee

The Nomination Committee is elected by the Annual General Meeting, and has the following duties:

- To review the composition of the Board of Directors and its work.
- To prepare a proposal to the AGM for the election of the Board of Directors and the Chairman of the Board, and for the board fees.
- To prepare a proposal to the AGM, when applicable, regarding auditor and audit fee.
- To prepare a proposal to the AGM, when applicable, regarding the criteria for the election of the Nomination Committee.

The Annual General Meeting on 7 May 2020 resolved that the nomination committee shall consist of four people: one representative from each of the three major owners as of the final business day in August 2020 respectively, and the Chairman of the Board.

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.

Auditors

The Annual General Meeting 2020 resolved to new-elect the registered audit firm PricewaterhouseCoopers AB as auditors until the annual general meeting 2022, with authorized public accountant Sebastian Ionescu as auditor in charge.

Dividend

The Board of Directors and the Chief Executive Officer propose that no dividends be paid for the financial year 2020-01-01 to 2020-12-31.

At the disposition of the AGM, the following profits in the Parent Company are reported, (SEK):

Share premium reserve	243,763,775
Retained earnings	-137,160,131
Profit/loss for the year	-25,835,077
Total	**80,768,567**

The Board of Directors and the CEO propose that the above amounts be disposed of as follows:

Surplus carried forward to new account	80,768,567
Total	**80,768,567**

The financial result and position of the Group and the Parent Company in general is set out in the accounts below. Amounts are stated in kSEK unless specified otherwise. Numbers within parentheses refer to the preceding year. The income statement and statement of financial position will be submitted for adoption by the Annual General Meeting on 17 May 2021.

FINANCIAL DEVELOPMENT IN SUMMARY, THE GROUP

SEK 000s

Consolidated income statement	**2020**	**2019**	**2018**	**2017**	**2016**
Net sales	**96,458**	**85,480**	**78,395**	**74,682**	**38,847**
Operating profit/loss	**-17,100**	**-15,131**	**-17,822**	**-23,456**	**-29,041**
Net financial items	-2,431	-3,680	-1,721	-1,792	-470
Profit/loss before tax	-19,531	-18,811	-19,543	-25,248	-29,510
Profit/loss for the year	**-19,520**	**-18,356**	**-19,476**	**-25,327**	**-29,644**
Profit/loss for the year attributable to:					
Shareholders´ of Parent Company	-23,646	-20,391	-20,245	-27,574	-29,208
Non-controlling interests	4,126	2,035	769	2,247	-436
Other comprehensive income	-7	-1	-12	-13	-59
Comprehensive income for the year	**-19,527**	**-18,358**	**-19,488**	**-25,340**	**-29,703**
Comprehensive income for the year attributable to:					
Shareholders´ of Parent Company	-23,650	-20,392	-20,253	-27,582	-29,243
Non-controlling interests	4,123	2,034	764	2,242	-460

Consolidated statement of financial position	**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2018**	**31 Dec 2017**	**31 Dec 2016**
Intangible fixed assets	39,984	35,393	32,950	31,305	28,439
Property, plant and equipment	49,875	42,419	20,673	22,504	21,219
Other non-current assets	4,022	4,227	3,490	3,311	3,340
Total non-current assets	**93,881**	**82,040**	**57,113**	**57,121**	**52,998**
Current assets	26,894	30,009	24,869	22,392	18,163
Cash and cash equivalents	32,028	61,150	6,122	22,265	10,040
Total current assets	**58,922**	**91,159**	**30,991**	**44,657**	**28,203**
Total assets	**152,802**	**173,199**	**88,103**	**101,778**	**81,201**
Equity attributable to shareholders´ of Parent Company	54,080	77,730	12,092	32,344	21,971
Non-controlling interests	28,864	24,741	22,706	21,942	19,700
Total equity	**82,943**	**102,470**	**34,798**	**54,286**	**41,671**
Non-current liabilities	24,701	23,977	15,120	15,010	11,535
Current liabilities	45,158	46,751	38,185	32,481	27,995
Total equity and liabilities	**152,802**	**173,199**	**88,103**	**101,778**	**81,201**

Consolidated cash flow statement	**2020**	**2019**	**2018**	**2017**	**2016**
Cash flow from operating activities	5,471	-11,012	-18,958	-22,543	-15,490
Cash flow from investing activities	-19,398	-7,007	-4,588	-8,136	-24,398
Cash flow from financing activities	-15,189	73,048	7,414	42,917	9,637
Cash flow for the year	**-29,115**	**55,029**	**-16,131**	**12,238**	**-30,250**

KEY FIGURES, THE GROUP[1,2]

SEK 000s	2020	2019	2018	2017
Net sales	96,458	85,480	78,395	74,682
Revenue growth, %	12.8	9.0	5.0	92.2
Gross profit	20,198	17,763	15,748	11,211
Gross margin, %[1]	20.9	20.8	20.1	15.0
EBIT	-17,100	-15,131	-17,822	-23,456
EBIT, %	-17.7	-17.7	-22.7	-31.4
EBITDA	-4,457	-3,117	-11,358	-17,593
Profit/loss for the year	-19,520	-18,356	-19,476	-25,327
Profit margin, %	-20.2	-21.5	-24.8	-33.9
Equity ratio, %	54.3	59.2	39.5	53.3
Quick ratio, %	98.7	162.6	43.3	105.3
Net debt/equity ratio,%	14.9	-5.8	98.7	16.2
Return on shareholders´ equity, %	neg.	neg.	neg.	neg.
Return on capital employed,%	neg.	neg.	neg.	neg.
Average number of employees	43	35	38	37
Average number of shares before and after dilution[3]	92,112,789	79,927,844	75,761,668	70,180,309
Number of shares issued at end of year	92,112,789	92,112,789	74,465,731	74,465,731
Turnover per share before and after dilution SEK	1.05	1.07	1.03	1.06
Earnings per share before and after dilution SEK[3]	-0.26	-0.26	-0.27	-0.39
Shareholders equity per share before and after dilution SEK	0.59	0.84	0.16	0.43

1. As the Group transitioned to accounting according to the functional income statement in 2018, the calculation of gross profit and gross margin differs from previous years since the gross profit now also contains fixed production costs. The 2017 figures are recalculated but not figures for previous years, which is why the multi-annual overview only contains the years 2017-2019.

2. For definitions and reconciliation of alternative performance measures, see pages 84-86.

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

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

SEK 000s	Note	2020	2019
Net sales	5	96,458	85,480
Cost of goods sold	8.9	-76,260	-67,717
Gross profit		**20,198**	**17,763**
Selling expenses	8.9	-22,078	-18,746
Administrative expenses	7,8,9	-10,651	-10,445
Research and development costs	8.9	-5,451	-4,295
Other operating income	10	1,681	900
Other operating expense	10	-799	-307
Operating profit/loss	11	**-17,100**	**-15,131**
Financial income	12	103	29
Financial expenses	12	-2,534	-3,709
Net financial items		**-2,431**	**-3,680**
Profit/loss before tax		**-19,531**	**-18,811**
Income tax	13	10	455
Profit/loss for the year		**-19,520**	**-18,356**
Profit/loss for the year attributable to:			
Shareholders´ of Parent Company		-23,646	-20,391
Non-controlling interests		4,126	2,035
Earnings per share before and after dilution SEK	14	-0.26	-0.26
Average number of shares before and after dilution[1]		92,112,789	79,927,844

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	Note	2020	2019
Profit/loss for the year		**-19,520**	**-18,356**
Other comprehensive income for the year:			
Items that can later be reclassified into profit or loss			
This year's translation differences when translating foreign operations		-7	-1
Other comprehensive income for the year, net after tax		**-7**	**-1**
Comprehensive income for the year		-19,527	**-18,358**
Comprehensive income for the year attributable to:			
Shareholders´ of Parent Company		-23,650	-20,392
Non-controlling interests		4,123	2,034

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000s	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible fixed assets	*15*		
Capitalized development expenditures		15,532	12,971
Patents, trademarks		7,298	5,455
Licences		359	173
Goodwill		16,794	16,794
		39,984	**35,393**
Property, plant and equipment	16		
Buildings		20,510	24,338
Improvement expense of other property		265	330
Machinery		13,640	13,250
Equipment, tools, fixtures and fittings		5,941	4,085
Ongoing new facilities		9,519	416
		49,875	**42,419**
Other non-current assets			
Other long-term receivables		3,153	3,440
Deferred tax assets	13	869	787
Total non-current assets		**93,881**	**82,040**
Current Assets			
Inventories	18	14,331	15,121
Trade receivables	19	8,979	12,099
Income tax receivables		578	468
Other receivables		1,421	1,033
Prepaid expenses and accrued income	20	1,585	1,289
Cash and cash equivalents	21	32,028	61,150
Total current assets		**58,922**	**91,159**
TOTAL ASSETS		**152,802**	**173,199**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

SEK 000s	Note	31 Dec 2020	31 Dec 2019
EQUITY			
Share capital		921	921
Other contributed capital		243,764	243,764
Reserves		32	36
Accumulated loss including profit/loss for the year		-190,637	-166,991
Equity attributable to shareholders´ of Parent Company	22	**54,080**	**77,730**
Non-controlling interests	23	28,864	24,741
Total equity		**82,943**	**102,470**
LIABILITIES			
Non-current liabilities			
Borrowings from credit institutions	24	4,645	2,352
Lease liabilities		18,700	20,340
Other non-current liabilities		1,000	1,000
Deferred tax liabilities	13	356	285
Total non-current liabilities		**24,701**	**23,977**
Current liabilities			
Liabilities to credit institutions	24	7,481	16,133
Lease liabilities		7,307	7,516
Trade payables		13,854	5,988
Income tax liabilities		62	75
Other liabilities	25	6,894	9,568
Accrued expenses and deferred income	26	9,560	7,471
Total current liabilities		**45,158**	**46,751**
TOTAL EQUITY AND LIABILITIES		**152,802**	**173,199**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders´ of Parent Company						
SEK 000s	Share capital	Other contributed capital	Reserves	Accumu-lated loss	Total	Non-controlling interests	Total equity
Equity at 1 January 2019	**745**	**157,910**	**37**	**-146,600**	**12,092**	**22,706**	**34,798**
Comprehensive income							
Profit/loss for the year	-	-	-	-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 isssue	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 2020	**921**	**243,764**	**36**	**-166,991**	**77,730**	**24,741**	**102,470**
Comprehensive income							
Profit/loss for the year	-	-	-	-23,646	-23,646	4,126	-19,520
Other comprehensive income							
Translation differences	-	-	-4	-	-4	-3	-7
Total comprehensive income	**-**	**-**	**-4**	**-23,646**	**-23,650**	**4,123**	**-19,527**
Shareholder transactions							
Total shareholder transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity at 31 December 2020	**921**	**243,764**	**32**	**-190,637**	**54,080**	**28,864**	**82,943**

CONSOLIDATED CASH FLOW STATEMENT

SEK 000s	Not	2020	2019
Cash flow from operating activites			
Operating profit/loss		-17,100	-15,131
Adjustment for non-cash items	28	12,722	12,226
Interest received		103	29
Interest paid		-2,534	-3,709
Income tax paid		-123	-276
Cash flow from operating activities before changes in working capital		**-6,932**	**-6,861**
Changes in working capital			
Changes in inventories and work in progress		789	-668
Changes in trade receivables		3,120	-5,117
Changes in other operating receivables		-1,394	-440
Changes in trade payables		7,866	1,195
Changes in other operating liabilities		2,021	880
Cash flow from changes in working capital		**12,403**	**-4,151**
Cash flow from operating activities		**5,471**	**-11,012**
Cash flow from investing activities			
Investments in intangible assets	15	-8,161	-5,973
Investments in property, pland and equipment	16	-11,237	-1,034
Cash flow from investing activities		**-19,398**	**-7,007**
Cash flow from financing activities	29		
New share issue		-	90,000
Share issue expenses		-	-3,970
Net change bank overdraft facility		-8,946	4,259
Net change invoice factoring debt		-2,607	3,414
Depositions		300	-219
Borrowings		7,463	10,000
Repayment of debt		-	-20,063
Amortization of debt		-11,398	-10,374
Cash flow from financing activities		**-15,189**	**73,048**
Cash flow for the year		**-29,115**	**55,029**
Cash and cash equivalents at beginning of year	21	61,150	6,122
Exchange rate differences in cash and cash equivalents		-7	-1
Cash and cash equivalents at end of year		**32,028**	**61,150**

PARENT COMPANY INCOME STATEMENT

SEK 000s	Note	2020	2019
Net sales	5.6	32,035	26,515
Cost of goods sold	8.9	-37,926	-30,078
Gross profit		**-5,892**	**-3,563**
Selling expenses	8.9	-6,792	-3,557
Administrative expenses	7,8,9	-8,071	-7,746
Research and development costs	8.9	-5,349	-4,305
Other operating income	10	314	242
Other operating expense	10	-285	-70
Operating profit/loss	11	**-26,073**	**-18,999**
Interest income and similar items	12	429	322
Interest expenses and similar items	12	-191	-1,010
Net financial items		**238**	**-688**
Profit/loss before tax		**-25,835**	**-19,687**
Income tax	13	-	-
Profit/loss for the year		**-25,835**	**-19,687**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	2020	2019
Profit/loss for the year	**-25,835**	**-19,687**
Other comprehensive income for the year:	-	-
Comprehensive income for the year	**-25,835**	**-19,687**

PARENT COMPANY BALANCE SHEET

SEK 000s	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible fixed assets	15		
Capitalized development expenditures		11,000	9,659
Patents, trademarks		6,411	4,837
Licences		292	68
		17,703	**14,565**
Property, plant and equipment	16		
Improvement expense of other property		265	330
Machinery		8,144	8,704
Equipment, tools, fixtures and fittings		2,825	2,860
Ongoing new facilities		2,485	416
		13,719	**12,311**
Financial assets			
Shares in group companies	17	30,610	30,610
Due from group companies		1,651	1,651
Other non-current assets		323	-
		32,584	**32,261**
Total non-current assets		**64,007**	**59,137**
Current assets			
Raw materials, supplies and finished inventories	18	7,225	7,258
		7,225	**7,258**
Short-term receivables			
Trade receivables	19	801	615
Due from group companies		1,533	3,597
Income tax receivables		294	248
Other receivables		279	841
Prepaid expenses and accrued income	20	2,280	1,892
		5,187	**7,193**
Cash and cash equivalents	21	28,427	56,136
Total current assets		**40,840**	**70,587**
TOTAL ASSETS		**104,846**	**129,724**

PARENT COMPANY BALANCE SHEET (CONTINUED)

SEK 000s	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		921	921
Fund for development expenditures		6,348	5,029
Total restricted equity		**7,269**	**5,950**
Non-restricted equity			
Share premium reserve		243,764	243,764
Retained earnings		-137,160	-116,154
Profit/loss for the year		-25,835	-19,687
Total non-restricted equity	22	**80,769**	**107,923**
Total equity		**88,038**	**113,873**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	24	-	1,770
Liabilities to group companies		4,710	4,710
Total non-current liabilities		**4,710**	**6,480**
Current liabilities			
Liabilities to credit institutions	24	1,770	1,780
Trade payables		3,938	2,738
Other short-term liabilities	25	696	1,021
Accrued expenses and deferred income	26	5,694	3 ,832
Total current liabilities		**12,099**	**9,371**
TOTAL EQUITY AND LIABILITIES		104,846	129,724

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK 000s	Share capital	Fund for development expenditures	Share premium reserve	Retained earnings	Profit/ loss for the year	Total equity
Equity at 1 January 2019	**745**	**4,207**	**157,910**	**-98,295**	**-17,038**	**47,529**
New share isssue	176	-	89,824	-	-	**90,000**
Share issue expenses	-	-	-3,970	-	-	**-3,970**
Capitalized development expenditures	-	1,673	-	-1,673	-	**-**
Depreciation of previously capitalized development expenditures	-	-852	-	852	-	**-**
Transfer previous year's profit/loss	-	-	-	-17,038	17,038	**-**
Profit/loss for the year	-	-	-	-	-19,687	**-19,687**
Equity at 31 December 2019	**921**	**5,029**	**243,764**	**-116,154**	**-19,687**	**113,873**
Equity at 1 January 2020	**921**	**5,029**	**243,764**	**-116,154**	**-19,687**	**113,873**
Capitalized development expenditures	-	2,183	-	-2,183	-	**-**
Depreciation of previously capitalized development expenditures	-	-864	-	864	-	**-**
Transfer previous year's profit/loss	-	-	-	-19,687	19,687	**-**
Profit/loss for the year	-	-	-	-	-25,835	**-25,835**
Equity at 31 December 2020	**921**	**6,348**	**243,764**	**-137,160**	**-25,835**	**88,038**

PARENT COMPANY CASH FLOW STATEMENT

SEK 000s	Note	2020	2019
Cash flow from operating activites			
Operating profit/loss		-26,073	-18,999
Adjustment for non-cash items	28	5,520	4,763
Interest received		429	322
Interest paid		-191	-1,010
Income tax paid		-46	-72
Cash flow from operating activities before changes in working capital		**-20,360**	**-14,996**
Changes in working capital			
Changes in inventories and work in progress		32	214
Changes in trade receivables		-186	246
Changes in other operating receivables		-336	602
Changes in trade payables		1,200	122
Changes in other operating liabilities		1,537	-206
Cash flow from changes in working capital		**2,248**	**978**
Cash flow from operating activities		**-18,113**	**-14,018**
Cash flow from investing activities			
Investments in intangible assets	15	-6,130	-4,389
Investments in property, pland and equipment	16	-3,937	-1,034
Loans to group companies		2,250	-2,250
Cash flow from investing activities		**-7,817**	**-7,673**
Cash flow from financing activities	29		
New share issue		-	90,000
Share issue expenses		-	-3,970
Borrowings		-	12,000
Repayment of debt		-	-19,063
Amortization of debt		-1,780	-2,718
Cash flow from financing activities		**-1,780**	**76,250**
Cash flow for the year		**-27,709**	**54,559**
Cash and cash equivalents at beginning of year	21	56,136	1,577
Exchange rate differences in cash and cash equivalents		-	-
Cash and cash equivalents at end of year	21	**28,427**	**56,136**

NOTES

NOTE 1 GENERAL INFORMATION

OrganoClick AB (publ) and its subsidiaries ("the Group" or "OrganoClick") is a chemical and materials technology Group that develops and manufactures ecologically sustainable fiber-based materials and chemical products. Sales are conducted within the business units Functional wood, Green coatings & maintenance products, Biocomposites and Nonwoven & technical textile. The products marketed by OrganoClick include the flame and rot-resistant timber ORGANOWOOD®, the water repellent textile treatment OrganoTex®, the biocomposite material OrganoComp® and the Groups biobased binders. The Parent Company, reg.no. 556704-6908, is a public listed company registered in Sweden and seated in Stockholm. The visiting address to the headquarters is Linjalvägen 9, 187 66 Täby, Sweden.

The consolidated financial statements for 2020 covers the Parent Company and its subsidiaries, collectively referred to as "the Group" or "OrganoClick".

On 13 April 2021, this consolidated and annual report was approved by the Board of Directors for publication.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of OrganoClick AB, the Group, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups, and the Annual Accounts Act.

The most important accounting policies applied by the Group are presented below. These policies have been applied consistently for all presented years unless otherwise specified.

The Parent Company's accounting policies are consistent with the Group's unless otherwise specified. See the separate headline for the Parent Company at the end of these accounting policies.

The preparation of reports in accordance with IFRS requires certain estimates to be made for accounting purposes. The senior management is further required to make certain assessments when the Group's accounting policies are applied. The areas which involve a high degree of judgment, which are complex, or such areas in which assumptions and estimates are of material significance for the consolidated financial statements, are set forth in Note 4.

New standards and interpretations

New and amended standards applied by the Group effective as of 1 January 2020:

- Definition of material – Amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The Group has further chosen to apply the following amendments prematurely:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- Covid-19-Related Rent Concessions – amendments to IFRS 16

The amendments specified above has not had any impact on the Group's financial statements.

New standards and interpretations not yet adopted by the Group

A number of new standards and interpretations will come into force for financial years starting on or after 1 January 2020 and have not been applied when preparing these financial statements. These new standards and interpretations are not expected to have material impact on the Group's financial statements for this or future periods, nor on future transactions.

Consolidated accounts

Subsidiaries

Subsidiaries are such companies in which the Group holds a controlling interest. The Group holds a controlling interest in a company when it influences the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the consolidated accounts, the subsidiaries are included from the day the Group assumes a controlling interest. They are excluded from the consolidated accounts from the date on which the controlling interest ceases.

The Group's acquisitions of subsidiaries are recognized according to the purchase method. The acquisition value is calculated at the total fair value at the time of acquisition of assets paid, issued equity instruments and accrued and assumed liabilities. Identifiable acquired assets and assumed and contingent liabilities in a business acquisition are initially measured at fair value on the acquisition date, irrespective of the extent of any non-controlling interest. The amount by which the purchase price exceeds the fair value of the Group's share of identifiable acquired assets and assumed and contingent liabilities is recognized as goodwill. If the acquisition value is less than the fair value of the assets, liabilities and contingent liabilities of the acquired subsidiary, the difference is recognized directly in the income statement.

Intra-group transactions, balance sheet items and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, but any losses are regarded as an indication of possible impairment. Where appropriate, the accounting policies for subsidiaries have been changed to ensure consistent application of the Group's principles.

Non-controlling interests

Non-controlling interests in the profit or loss and equity of subsidiaries are reported separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Preference shares

Preference shares outstanding in a subsidiary to the Group are classified as equity instruments and recognized as non-controlling interests.

Segment reporting

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 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 from 2020 for four business units, 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.

Translation of foreign currency

Functional currency and reporting currency

Items presented in the financial statements for the various units in the Group are valued in the currency which is used in the economic environment in which the relevant company primarily operates (functional currency). In the consolidated financial statements, the Swedish krona (SEK) is used; this is the Parent Company's functional currency and reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency in accordance with the exchange rates applicable on the transaction date. Exchange rate gains and losses which arise in conjunction with payments of such transactions and in conjunction with translation of monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are recognized in the income statement.

Exchange rate gains and losses related to lending, borrowing, cash and cash equivalents are recognized in the income statement as financial income and expenses. All other exchange rate gains and losses are recognized in Other operating income or Other operating expenses in the income statement.

Group companies

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

a. assets and liabilities for each of the balance sheets are translated using the exchange rate at the balance sheet date;

b. revenue and expenses for each of the income statements are translated using the average exchange rate (provided that this average exchange rate is a reasonable approximation of the accumulated effect of the exchange rates applicable on the dates of the transactions, otherwise revenue and expenses are translated using the exchange rate at the dates of the transactions), and

c. all exchange rate differences that arise are recognized in other comprehensive income. Goodwill and adjustments of fair value which arise upon the acquisition of a foreign business are treated as assets and liabilities of such business and translated using the exchange rate at the balance sheet date. Exchange rate differences are recognized in other comprehensive income.

Revenue recognition

The recognition of revenue is based on when the control of the product or service is transferred to the customer. The Group recognizes revenue to illustrate the transfer of promised goods and services to customers with an amount which reflects the compensation that the Group is expected to be entitled to in exchange for these goods and services according to the following five-step model:

Step 1: Identify the contract

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the prices to the performance obligations

Step 5: Recognize revenue as performance obligations are met by the company

Sale of goods

The Group's revenue is generated by the sale of goods to other companies, for example retail and industries, and the product range consists of proprietary products, including timber, maintenance products for homes and properties, binders and biocomposites. The performance obligation is to deliver the goods ordered by customers. Revenue is recognized when the control of the promised goods is transferred to the customer. The goods are considered to be transferred when the customer has assumed control of the goods in accordance with the terms of delivery. This usually occurs when the goods leave the Group's storage facilities, but, depending on shipping terms, it may also occur at a later time, in individual cases.

The transaction price primarily comprises the fixed price of the quantity sold less applicable discounts. Volume discounts that reduce the recognized revenue exist in certain segments of the operations. The amount of volume discounts is continuously assessed over the year for each customer, and recognized revenues are reduced accordingly while provisions are made based on the estimated discount rate. At year end, the final volume discounts are determined on the basis of the actual sales volume and the provision is reduced in the following year when the discount is credited to the customer.

Customers are given only limited rights to return products except when the products are faulty. Upon the return of goods sold, previously recognized revenue is reversed, and the corresponding amount is recognized as a liability to the customer.

Some of the Group's products are subject to warranties that are settled by means of repayment or replacement products. In the event of repayment, recognized revenue is reduced. Replacement products increase cost of goods sold.

All sales of goods are recognized at a specific point in time. No revenue is recognized over time.

Government grants

Government grants to conduct research and development projects are recognized at fair value when there is reasonable certainty that the grant will be received and that the conditions associated with the aid will be satisfied. Government grants relating to costs are recognized in the income statement. The income is recognized in the same periods as the costs which the grant is intended to cover. In cases where a government grant is related to a development project which is capitalized as an asset, the government grant reduces the acquisition value of the asset. The government grant affects the reported result over the useful life of the asset by way of a reduced depreciation charge.

Interest income

Interest income is recognized as revenue over the corresponding term using the effective interest method. When a receivable has decreased in value, the Group writes down the carrying amount to the recoverable value, which comprises the estimated future cash flow discounted using the instrument's original effective interest rate, and then continues to dissolve the discounting effect as an interest income.

Leasing

The lease model for lessees entails that almost all lease agreements shall be recognized in the balance sheet. The right-of-use (the lease asset) and the liability are valued at the present value of the future lease payments. The right-of-use also includes direct costs attributable to the entering of the lease agreement. Depreciation of right-of-use and interest costs are recognized in the income statement.

Right-of-use is recognized included in the asset items Buildings, Machinery and Equipment, tools, fixtures and fittings in the balance sheet. In subsequent periods, right-of-use is recognized at cost less depreciation and, when applicable, impairment, and adjusted for any revaluations of the lease liability.

Lease liabilities are reported separately from other liabilities. In subsequent periods, the liability is recognized at amortized cost reduced by leasing payments made. The lease liability is revaluated if the terms are changed for e.g. lease period, residual value guarantees or lease payments.

There is no obligation to report shorter lease contracts (12 months or less) and agreements where the underlying asset has a low value in the balance sheet. These are recognized as an expense in the operating profit/loss on a straight-line basis over the lease period.

If the lease transfers ownership of the underlying asset to the Group at the end of the lease period, or if the acquisition value of the right-of-use reflects that the Group will exercise an option to buy, the Group depreciates the right-of-use from the start date to the end of the underlying asset's useful life. Otherwise, the Group depreciates the right-of-use from the start date to the end of the useful life or the end of the lease period, whichever occurs first.

Remuneration to employees

Remuneration to employees in the form of salary, bonuses, paid annual leave, compensated absences, etc., and pensions are recognized as they are earned.

Pension obligations

The Group companies have only defined contribution pension plans. In respect of defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans pursuant to mandatory or contractual obligations or on a voluntary basis. The Group has no further payment obligations when the contributions are paid. The contributions are recognized as personnel expenses when the employee performs his or her services. Prepaid contributions are recognized as an asset to the extent the Group may benefit from cash repayments or a reduction in future payments.

Compensation upon termination of employment

Compensation upon termination of employment is paid when an employee's employment is terminated by the Group prior to the normal retirement date or when an employee accepts voluntary severance in exchange for such compensation. The Group recognizes severance compensation when the Group is demonstrably obligated either to terminate an employee pursuant to a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made to encourage voluntary severance. Benefits payable more than 12 months after the balance sheet date are discounted to present value.

Profit-sharing and bonus plans

In cases where bonus payments have been resolved, the Group recognizes a liability and a cost for the bonus. The Group recognizes provisions when there is a legal or informal obligation to do so.

Current and deferred tax

The tax cost for the period comprises current and deferred tax. Tax is recognized in the income statement, unless the tax is attributable to items that are reported in other comprehensive income or directly in equity. In such events, related tax effects are also recognized in other comprehensive income or in equity, respectively.

Current taxes are calculated using the tax rules and tax rates that on the balance sheet date are decided upon or announced and which in all likelihood will be adopted in the respective countries where the Parent Company and its subsidiaries are active and generate taxable income. The management is continuously assessing the claims made in tax returns regarding situations where applicable tax rules are subject to interpretation. When deemed appropriate, provisions are made for amounts that likely will have to be paid to the tax authority.

Deferred tax is recognized for temporary differences that arise between the tax value of an asset or a liability and the respective book value in the consolidated accounts. Deferred tax is not recognized when it arises from a transaction which constitutes the initial recognition of an asset or liability which is not a business combination and which, at the time of the transaction, does not affect neither the book nor the tax value. Deferred tax is calculated using the tax rates (and rules) that are decided upon or announced on the balance sheet date and in all likelihood will apply at the time when the deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are set off when a legally enforceable right of set-off for current tax assets and liabilities exists and when the deferred tax assets and liabilities arise from taxes levied by the same taxation authority and relate either to the same taxable entity or to different tax entities which intend to settle current tax liabilities and assets on a net basis.

Property, plant, and equipment

All property, plant and equipment are recognized at acquisition value less accumulated depreciation, and, when applicable, accumulated impairment. The acquisition value includes expenses directly related to the acquisition of the asset.

Additional expenses are added to the carrying amount of the asset or recognized as a separate asset, whichever is most appropriate, only where it is likely that the future economic benefits associated with the asset will flow to the Group and the asset's acquisition value can be measured in a reliable manner. The carrying amount of the replaced part is derecognized from the balance sheet. All other forms of repairs and maintenance are recognized as expenses in the income statement during the period in which they are incurred.

In order to allocate their acquisition value down to the estimated residual value over the estimated useful life, property, plant and equipment are depreciated on a straight-line basis as follows:

Computers 3 years

Equipment 3-10 years

Machinery 3-10 years

The residual value and useful life of the assets are assessed on each balance sheet date and adjusted as required. The carrying amount of an asset is immediately written down to its recoverable value if the carrying amount is higher than the assessed recoverable value.

Gains or losses from divestments are established through a comparison between the sales revenue and the carrying amount and are recognized in Other operating income or Other operating expenses in the income statement.

Intangible assets

Patents

Acquired patents are recognized at acquisition value. Patents have a determinable useful life and are recognized at acquisition value less accumulated amortization. Amortization is performed on a straight-line basis in order to allocate the cost of the patents over their estimated useful life. The useful life of a patent is assessed individually for each one, and the useful lives are currently set to between five and ten years. The assessment is based on the fact that the company is in an expansionary phase where existing products are under continuous improvement and development. The product groups that are patented are replaced by new models with an interval of between five and ten years, and new patent applications are prepared for these products. General costs for consultation and market intelligence are expensed as incurred.

Capitalized product development expenses

Research expenses are recognized when incurred. Development expenses are recognized as assets as of the date when the project or activity to which they belong are considered to fulfil the capitalization criteria. Only when it is likely that the intangible asset will generate future economic benefits that will be available to the company, and when the acquisition value can be reliably calculated, the asset is capitalized. The company applies project accounts to manage this efficiently; this entails that all research and development expenditure is allocated to projects.

The Group distinguishes between four different project stages, which form the basis for the internal separation and categorization of the active projects:

1. Research projects - general search for new knowledge, with unpredictable outcome.
2. Feasibility studies - projects aiming to test a new concept to find out if it can be turned into products.
3. Development projects - projects arising from a decision to commence development of a product following the positive result of a feasibility study. Classification as a development project requires an assessment that a significant opportunity exists to develop a product that is technically and economically viable and thus will generate future financial benefits.
4. Process development projects - projects aiming to scale up a successful development project to production scale. This may entail the construction of machinery or the adaptation of products for large-scale manufacturing.

Projects in project phases 1 and 2 are expensed while projects in project phases 3 and 4 are recognized as assets.

Capitalized development expenditure comprises direct costs for material and services as well as personnel costs, with a fair share of indirect costs added. Development expenditure recognized as an asset is amortized over the estimated useful life of the asset. Amortization is initiated when the asset is ready for use, that is, at the respective market introduction of each product. Capitalized assets that are not yet ready for use are tested for impairment annually. Previously expensed development expenditure is not recognized as an asset in the subsequent period.

Impairment of non-financial fixed assets

Assets with an undetermined useful life are not depreciated. Instead, an annual assessment is conducted to ascertain the need for impairment. Tangible fixed assets are tested for impairment as soon as events or new circumstances give indication that the carrying amount may not be recoverable. The asset's value is written down by the amount by which the carrying amount exceeds the recoverable value. Intangible fixed assets, both those being amortized and those where amortization is yet to commence, mainly capitalized development projects and patents, are tested for impairment annually and when new circumstances give indication that the carrying amount may not be recoverable. The asset's value is written down by the amount by which the carrying amount exceeds the recoverable value.

The recoverable value is the higher of fair value less selling expenses and value in use. When testing for impairment, assets are grouped on the lowest level where there are separate identifiable cash flows (cash-generating units). Previously written down tangible and intangible fixed assets are tested on each balance sheet day for reversal of impairment losses.

Financial instruments

Classification and valuation

Financial assets are classified according to the business model in which they are managed, and to their cash flow characteristics. A financial asset that is held within the framework of a business model whose objective is to collect contractual cash flows, and the agreed terms for the financial asset which, at specified times, generate cash flows consisting only of payments of capital sums, and interest on the outstanding capital sum, is recognized at amortized cost. This business model is categorized as a 'hold to collect' business model. Financial assets are recognized with deductions for expected credit losses.

For liquid assets, trade receivables and other short-term receivables, the Group's business model is 'hold to collect', which means that the assets are recognized at amortized cost. As the expected term of trade receivables is short, the value is approximated to the nominal amount without discounting. Liquid assets include cash funds and bank balances, and other short-term liquid investments that can be easily converted into cash and are subject to a negligible risk of changes in value. In order to be classified as liquid assets, the term may not exceed three months from the date of purchase. As bank funds are payable on demand, the amortized cost corresponds to the nominal sum. In cash and cash equivalents, the Group includes only cash and available balances with banks.

A financial liability is classified to fair value through the income statement if it a holding for trading or if it is initially identified as a liability at fair value through the income statement. Other financial liabilities are classified to amortized cost. Trade payables are valued at amortized cost.

The expected term of trade payables is, however, short, and hence the liability is recognized at a nominal sum without discounting. Interest-bearing bank loans, bank overdraft facilities and other loans are valued at amortized cost using the effective interest method. Any differences between the loan sum received (net of transaction costs) and repayment or amortization of loans are recognized over the term of the loans.

Amortized cost and effective interest method

Amortized cost of a financial asset is the sum at which the financial asset is valued at the initial recognition date minus the capital sum, plus the accumulated depreciation using the effective interest method of any difference between that capital sum and the outstanding capital sum, adjusted for any impairments. The recognized gross value of a financial asset is the amortized cost of a financial asset before adjustments for any loss allowance. Financial liabilities are recognized at the amortized cost using the effective interest method or at fair value via the income statement.

The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected term, results in the initially recognized value of the financial asset or financial liability.

The fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and liabilities traded on an active market is determined by reference to the quoted market price.

The fair value of other financial assets and liabilities is determined according to generally accepted valuation models, such as discounting future cash flows and the use of information obtained from current market transactions.

For all financial assets and liabilities, the carrying amount is deemed to be a good approximation of its fair value, unless otherwise stated.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and recognized with a net amount in the balance sheet when there is a legal right to offset, and when the intention is to settle the entries with a net amount or to simultaneously realize the asset and settle the debt.

Impairments

The Group reports a loss allowance for expected credit losses on financial assets that are valued at amortized cost. At each balance sheet date, the change in expected credit losses is recognized in the results.

The Group values expected credit losses by evaluating a range of possible outcomes, money's time value and reasonable verifiable data, current conditions and forecasts for future financial conditions. For trade receivables, there are simplifications that mean that the Group shall directly report expected credit losses for the asset's remaining term. For all other financial assets, the Group values the loss allowance at an amount corresponding to 12 months expected credit losses. For financial instruments where there has been a significant increase in credit risk since the first recognition date, an allowance based on credit losses for the entire term of the asset is recognized.

The Group's exposure to credit risk is primarily attributable to liquid assets and trade receivables. The Group notes that a credit risk attributable to liquid assets does exist, but deems this to be insignificant. The simplified model is used to calculate the credit losses on the Group's trade receivables. When expected credit losses are calculated, trade receivables are grouped based on business unit and geographic market. The expected credit losses on trade receivables are calculated using a commission matrix that is based on past events, current conditions and forecasts for future financial conditions, and the time value of the money if applicable.

Impairment of trade receivables is recognized in operational expenses.

The Group defines default as those cases where it is unlikely that the counterparty will meet its commitments, which is evidenced by signs of financial difficulties such as missed payments. Regardless, an asset is in default if the payment is more than 90 days late. The Group writes off a receivable when the assessment is that no reasonable additional opportunities for cash flows are available.

Inventories

Inventories are recognized at lower of the acquisition value and net realizable value. The acquisition value is determined using calculated prices. The acquisition value of finished goods and work in progress consists of raw materials. Loan expenses are not included. The net realizable value is the estimated sales price in operating activities, less estimated cost of completion and estimated costs necessary for achieving a sale.

Trade receivables

Trade receivables are recognized at amortized cost. As the expected term of trade receivables is short, the value is approximated to the nominal amount without discounting.

Cash and cash equivalents

Cash and cash equivalents include cash resources, bank balances and other current liquid investments with a term of less than three months from the date of acquisition. Cash and cash equivalents are recognized at amortized cost.

Share capital

Ordinary shares are classified as equity. Transaction expenses directly attributable to issuance of new shares are recognized, net after taxes, in equity as a deduction from the issue proceeds.

Dividend

Dividend to the shareholders of the Parent Company is recognized as a liability in the consolidated financial statements for the period when the dividend is approved by the Parent Company's shareholders.

Earnings per share

Earnings per share before dilution

Earnings per share before dilution is calculated by dividing:

- Profit/loss attributable to shareholders of the Parent Company less dividend attributable to preference shares
- with the weighted average number of ordinary shares outstanding during the period.

Trade payables

Trade payables are initially recognized at fair value and thereafter at amortized cost applying the effective interest rate method. The carrying amount of trade payables is presumed to correspond to its fair value, since this item is short-term by nature.

Provisions

Provisions are recognized when the Group has a legal or informal obligation as a consequence of earlier events, it is likely that an outflow of resources will be required to settle the obligation, and the amount can be calculated in a reliable manner. The provisions are valued at the present value of the amounts that are expected to be required to settle the obligation. The valuation uses a discount rate before tax that reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in provisions arising from the passage of time is recognized as interest expense.

The Group currently does not recognize provisions, but as sales grow and complaints become known and measurable, the assessment regarding warranty commitments may be taken into account.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation arising from occurred events and whose occurrence is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognized as a liability or provision as it is unlikely that an outflow of resources will be required.

The Parent Company's accounting policies

The Parent Company's annual accounts are prepared in accordance with the Swedish Annual Accounts Act (1995:1554) as well as the Swedish Financial Reporting Board's recommendations RFR 2 Accounting for Legal Entities. RFR 2 entails that the Parent Company's annual report for the legal entity shall apply all IFRSs and statements approved by the EU, insofar as possible within the scope of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and taking into consideration the connection between accounting and taxation. The recommendation states which exceptions and supplements are to be made compared with accounting pursuant to IFRS.

Changes in accounting policies and disclosure

New standards and interpretations not yet applied

At the time of preparation of the Parent Company's annual accounts as of 31 December 2020, the Parent Company's accounts are not affected by any new or modified standards or interpretations that have not yet entered into force.

Accounting policies of the Parent Company

The accounting policies applied by the Parent Company differs from the accounting policies of the Group in the following respects:

Presentation of income statement and balance sheet

The Parent Company complies with the form for presentation as set forth in the Swedish Annual Accounts Act. This entails, among other things, a different presentation regarding equity. Aside from this, the income statement and balance sheet are presented in the same way as for the Group. Some terms in the income statement differs between the Group and the Parent Company, which is related to the terminology used in the Annual Accounts Act and the IFRS standards, respectively. When applicable, provisions are presented under a separate heading in the Parent Company.

Shares in subsidiaries

Acquisition costs of shares in subsidiaries are capitalized as assets and recognized at cost less impairment. Received dividends are recognized as revenue when the right to receive the payment has been established. The shares the dividend is attributed to are then tested for impairment. When an indication exists that shares and participations in subsidiaries have decreased in value, the recoverable amount is estimated. If it is lower than the carrying amount, the value is written down. Write-downs are recognized in the item Result from participations in Group companies.

Financial instruments

The Parent Company does not apply IFRS 9 but applies RFR 2. Valuation of Financial instruments is based on the acquisition value.

Capitalized development expenditure/Fund for development expenditure

The Parent Company capitalizes development expenses. This is linked to restrictions on the possibilities to distribute equity. An amount equal to the capitalized amount must be allocated to a special restricted fund, 'Fund for development expenditure'. The fund for development expenditure shall be decreased in conjunction with amortization, impairment or disposal..

Leases

In the Parent Company, leasing fees are expensed on a straight-line basis over the lease period.

NOTE 3 FINANCIAL RISK MANAGEMENT

Financial risk factors

Through its operations, the Group is exposed to a number of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management policy focuses on contingencies on the financial markets and strives to minimize potentially adverse effects on the Group's financial result.

Risk management is handled by the CEO in consultation with the CFO, in accordance with policies adopted by the Board of Directors. The CEO and CFO identify, evaluate and hedge financial risks in close co-operation with the Group's senior management and operational units.

a) Market risks

(i) Currency risks

Transaction exposure

The Group operates internationally and is exposed to currency risks arising from various currency exposures, primarily to EUR but to some extent also to USD and GBP. The exposure is mostly attributable to the Group's sales to customers outside Sweden and purchases of raw materials and production equipment in foreign currency. The Group's exposure to foreign currency has increased over the last year with growing imports and exports. Such currency risks consist in part of the risk of fluctuations in the value of trade receivables and payables, in part of the currency risk arising from expected and contractual payment flows.

Net flows of foreign currency, KSEK

	2020	2019
EUR	-5,210	493
USD	-510	-370
GBP	-168	-135
Total	**-5,888**	**-13**

Sensitivity analysis

If the Swedish krona had weakened/strengthened by 10 percent against the exposure currencies EUR, USD and GBP, the impact on profit/loss before tax for the year would have been approximately KSES +/- 589 (1).

Translation exposure

The Group has two holdings in foreign operations, the net assets of which are exposed to currency risks. Currency risks also arise when the assets and liabilities of foreign subsidiaries are translated to the functional currency of the Parent Company - so-called translation exposure. Since the Group's translation exposure has been limited in 2019 and 2020, the Group has not included a sensitivity analysis.

(ii) Interest rate risks with respect to cash flows and fair value

Since the Group has interest-bearing liabilities, the Group's revenues and cash flows from operating activities are dependent of changes in market interest rates. The Group's interest rate risk arises through long-term borrowing. Borrowing at a variable interest rate exposes the Group to interest rate risks with respect to cash flows which is partially offset by cash balances with variable interest rates. Borrowing at fixed interest rate exposes the Group to interest rate risks with respect to fair value. As of the date of closure of accounts, the Group had 5 (3) borrowings from credit institutions totaling kSEK 8,119 (5,531) as well as an used overdraft facility of kSEK 4,007 (12,953). All of the Group's interest-bearing liabilities to credit institutions are variable-rate, with an average interest rate of 3.9 (3.8) percent. A 0,5 percentage point increase/decrease of interest rates on interest-bearing liabilities over the next 12 months would have a KSEK +/-61 (92) impact on interest costs.

b) Credit risk

Credit risk is managed on the Group level. Credit risks arise through cash and cash equivalents, balances held with banks and financial institutions, and credit exposure to the Group's customers, including outstanding receivables and agreed transactions. The maximum credit risk exposure consists of the book value of the exposed assets, and amounts to kSEK 45,014 (86,202), where the large change compared to the previous year is explained by reduced utilization of bank overdraft facilities and lower cash and cash equivalents after a negative cash flow during the year.

The risk that the Group's customers fail to meet their obligations, that is, that payment is not received from customers, is a customer credit risk. The Group actively assesses the customer credit risk by defining and reviewing customer categories internally, by continuously considering the customers' financial position and payment patterns, and by demanding payment in advance in case of uncertainty regarding a customer's financial position. The Group applies the simplified model for calculation of credit losses on receivables. When expected credit losses are calculated, trade receivables are grouped based on business unit and geographic market. The expected credit losses on trade receivables are calculated using a commission matrix that is based on past events, current conditions and forecasts for future financial conditions, and the time value of the money if applicable. On the basis of this, an expected credit loss percentage has been calculated, see table below.

December 31, 2020	Expected credit loss, %	Trade receivables before loss reservation	Expected credit loss	Trade receivables after loss reservation
Not overdue	0.1%	7,956	-8	7,948
Overdue 1-30 days	0.5%	952	-5	947
Overdue 31-60 days	3%	0	0	0
Overdue 61-120 days	20%	101	-20	81
Overdue > 121 days	50%	4	-2	2
Total		**9,013**	**-35**	**8,979**

December 31, 2019	Expected credit loss, %	Trade receivables before loss reservation	Expected credit loss	Trade receivables after loss reservation
Not overdue	0.1%	8,911	-9	8,902
Overdue 1-30 days	0.5%	3,161	-16	3,145
Overdue 31-60 days	3%	33	-1	32
Overdue 61-120 days	20%	12	-2	10
Overdue > 121 days	50%	22	-11	11
Total		**12,138**	**-39**	**12,099**

The Group deems the customer credit risk to be low, and the credit reserve amounts to an insignificant amount. The low credit loss reservation is explained by the fact that the Group is heavily exposed to the Swedish market where the Group currently deems credit risk to be low, at the same time as the majority of the customers are large and established companies in the construction and paint trade which the Group considers to reduce the credit risk. As of the date of closure of accounts, 89 (95) percent of the Group's trade receivables are Swedish companies, 7 (4) percent companies in other Nordic countries, and 4 (1) percent companies in the rest of Europe and Asia. The Group continuously examines the expected credit loss percentage and adjusts it when there are indications that it will not meet expectations moving forward.

The table below sets out the change in the loss reserve with regard to trade receivables.

Change in loss reserve relating to trade receivables

Opening balance 2019-01-01	**-33**
Reversed	33
New trade receivables	-39
Closing balance 2019-12-31	**-39**
Opening balance 2020-01-01	**-39**
Reversed	39
New trade receivables	-35
Closing balance 2020-12-31	**-35**

c) Liquidity risk

The Group's liquidity risk consists of the risk that loans need to be renewed with limited financing options and the risk that the Group is unable to fulfil its payment obligations due to insufficient liquidity. As per 31 December 2020, the Group had cash and cash equivalents of kSEK 32,028 (61,150) as well as a utilized bank overdraft facility of kSEK 4,007 (12,953). The Group has a non-utilized bank overdraft facility of kSEK 10,993 (47).

The maturity analysis below shows the Group's liquidity risk with regard to financial liabilities (including interest payments) broken down by time remaining to contractual maturity.

Maturity analysis, Group

2020	1-3 months	3-12 months	1-3 years	3-5 years	5-8 years
Bank overdraft facility	4,040	-	-	-	-
Liabilities to credit institutions	551	1,458	2,493	1,458	1,002
Invoice factoring debt	5,228	-	-	-	-
Lease liabilities	1,829	5,487	12,447	7,852	439
Trade receivables	13,854	-	-	-	-
Total	**25,502**	**6,945**	**14,940**	**9,310**	**1,441**

2019	1-3 months	3-12 months	1-3 years	3-5 years	5-8 years
Bank overdraft facility	13,059	-	-	-	-
Liabilities to credit institutions	850	2,444	2,500	-	-
Invoice factoring debt	7,834	-	-	-	-
Lease liabilities	1,881	5,644	11,895	8,755	2,084
Trade receivables	5,988	-	-	0	-
Total	**29,612**	**8,089**	**14,396**	**8,755**	**2,084**

The Group is not exposed to any significant liquidity risk due to lease liabilities. The lease liabilities are followed up within the Group's finance function.

Capital risk management

The Group's financial objectives are to attain a strong financial position that contributes to the maintained confidence of investors, creditors and the market, to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to reduce the cost of capital. Until the Group reaches long-term and sustainable profitability, the Group's policy is to keep indebtedness low and solidity high.

The Group's equity includes non-controlling interests. The Group's equity ratio amounted to 54 (59) percent as at 31 December 2020. The Board of Directors proposes that no dividend be paid to shareholders.

The Group measures capital risk as net debt/equity ratio, defined as interest-bearing liabilities exclusive of lease liabilities and less cash and cash equivalents, as a percentage of equity.

Net debt/equity ratio

Group	2020	2019
Interest-bearing liabilities	18,354	27,320
Less: Cash and cash equivalents	-32,028	-61,150
Net debt	**-13,673**	**-33,829**
Equity	82,943	102,470
Net debt/equity ratio, %	**-16.5**	**-33.0**

Fair value

All financial assets are classified as financial assets valued at amortized cost and all financial liabilities are classified as financial liabilities valued at amortized cost.

Measurement to fair value comprises a valuation hierarchy regarding the data on which the valuation is based: This hierarchy is divided into three levels as below:

Level 1: The fair value of financial instruments traded on an active market (such as listed derivatives and equity securities) is based on quoted market prices on the balance sheet date. The quoted market price used for the Group's financial assets is the current bid price.

Level 2: The fair value of financial instruments not traded on an active market (e.g., OTC derivatives) is determined with the help of valuation methods that employ available market information to the largest possible extent and company-specific information to the least possible extent. All significant inputs required for a fair value measurement of an instrument are observable.

Level 3: In cases where one or several significant inputs are not based on observable market information. This applies, for example, to unlisted financial instruments.

All of the financial assets and liabilities of the Group are classified in Level 2. No transfers have occurred between levels in the fair value hierarchy, neither during the current nor the preceding financial year. For non-interest-bearing asset and liability items, such as trade receivables and trade payables where the remaining life is less than six months, the carrying amount is considered to correspond to fair value. The fair value of liabilities to credit institutions essentially corresponds to the carrying amount.

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

Financial assets and liabilities by valuation category

31 Dec 2020	Financial assets valued at amortized costs (Hold to collect)	Financial liabilities valued at amortized costs (Hold to collect)	Carrying amount
Financial assets			
Other non-current assets	3,153	-	3,153
Trade receivables	8,979	-	8,979
Other receivables	190	-	190
Prepaid expenses and accrued income	1,585	-	1,585
Cash and cash equivalents	32,028	-	32,028
	45,935	**-**	**45,935**
Financial liabilities			
Borrowings, non-current	-	4,645	4,645
Lease liabilities, non-current	-	18,700	18,700
Other non-current liabilities	-	1,000	1,000
Liabilities to credit institutions	-	7,481	7,481
Lease liabilities	-	7,307	7,307
Trade payables	-	13,854	13,854
Other liabilities	-	5,667	5,667
Accrued expenses and deferred income	-	9,560	9,560
	-	**68,214**	**68,214**
31 Dec 2019			
Financial assets			
Other non-current assets	3,440	-	3,440
Trade receivables	12,099	-	12,099
Other receivables	76	-	76
Prepaid expenses and accrued income	1,289	-	1,289
Cash and cash equivalents	61,150	-	61,150
	78,054	**-**	**78,054**
Financial liabilities			
Borrowings, non-current	-	2,352	2,352
Lease liabilities, non-current	-	20,340	20,340
Other non-current liabilities	-	1,000	1,000
Liabilities to credit institutions	-	16,133	16,133
Lease liabilities	-	7,516	7,516
Trade payables	-	5,988	5,988
Other liabilities	-	8,230	8,230
Accrued expenses and deferred income	-	7,471	7,471
	-	**69,030**	**69,030**

Net gains and losses arising from financial assets and liabilities are set forth in the table below, broken down by valuation category in accordance with IFRS 9.

2020	Financial assets valued at amortized costs (Hold to collect)	Financial liabilities valued at amortized costs (Hold to collect)	Carrying amount
Net financial items			
Interest income	103	-	103
Interest expenses	-	-2,534	-2,534
	103	**-2,534**	**-2,431**
2019			
Net financial			
Interest income	29	-	29
Interest expenses	-	-3,709	-3,709
	29	**-3,709**	**-3,680**

NOTE 4 ACCOUNTING ESTIMATES

Estimates and judgments are evaluated regularly based on historical experience and other factors, including expectations of future events which may be deemed reasonable under prevailing circumstances.

Important estimates and assessments for accounting purposes

The Group makes estimates and assessments of the future. The estimates for accounting purposes that these result in will, by definition, rarely correspond to the actual outcome. The estimates and judgments which entail a significant risk of material adjustments in the carrying amounts of assets and liabilities during the following financial year are outlined below.

Intangible assets - capitalization of development expenditure

The Group conducts extensive development activities. An intangible asset that arises from development, or in the development phase of an internal project, is recognized as an asset in the balance sheet only if the Group can demonstrate that all of the criteria in IAS 38:57 have been met. There are three main criteria that are analyzed in order to assess historical expenditure and whether it meets the criteria for capitalization, 1) the probability of future economic benefits, 2) whether financing had been arranged at the time when the expense was incurred, and 3) whether the expenses attributable to the development of the product can be reliably calculated.

As of 2020-12-31, the Group's capitalized development expenditures amounted to KSEK 15,532 (12,971). Each development project is tested for impairment annually and upon any indication of a need for impairment. The executive management assesses the need for impairment by considering expected future cash flows for the products developed within each project. See Note 15 for the assumptions and parameters used in the management's assessments. During the year, 3 (2) development projects with a book value of KSEK 54 (212) were terminated and written down. The management's assessment is that there is no further need for impairment loss. For detailed definitions relating to the Group's principles for capitalization of development expenditure, see Note 2.

Valuation of patents and trademarks

The Group's extensive development activities lead to major investments in patents, in particular, which are capitalized as assets in the balance sheet. As of the balance sheet date, the Group's patents amounted to KSEK 6,546 (5,133) and trademarks to KSEK 753 (322). Each patent family is tested for impairment annually and upon any indication of a need for impairment, whereby the management considers expected future cash flows for the products protected by the patents. See Note 15 for the assumptions and parameters used in the management's assessments. During the year, the management concluded that there was no need for impairment loss.

Valuation of goodwill

The Group has a goodwill item of kSEK 16,794 (16,794) which comes from the acquisition of Biokleen Miljökemi AB. The Company management has conducted an impairment test with discounted future cash flows, and the outcome of this justifies the goodwill item's size. No need exists for impairment loss. See Note 15 for the assumptions and parameters used in the management's assessment of the goodwill item.

Valuation of leases

The Group's rights-of-use for leases amounted to KSEK 28,833 (29,936) at year-end. The Group holds leases for properties, production equipment and vehicles. The amount of the lease liability is measured based on the agreed rent. Leases for properties have variable leasing fees in the form of property taxes that are not included in the amount of the lease liability. Assumptions regarding the estimated lease period have a significant impact on the valuation of the amount of a lease liability. The Group has two (three) lease agreements for properties that contain extension clauses, none of which have been taken into account in the estimation of the duration of lease periods. The reason is that it currently is impossible to determine with any degree of certainty if the Group will exercise its options to extend the agreements due to the relatively long remaining lease period and the uncertainty surrounding the future accommodation needs, as the Group is anticipating rapid growth over the next five-year period.

Valuation of inventories

At the end of the period, the Group has inventories valued at kSEK 14,331 (15,121). The Company management estimates that existing inventories will be used in sales during 2021.

Valuation of loss carryforwards

Every year, the Group examines the possibility of capitalizing new deferred tax assets arising from the carryforward of unused tax losses for the year, if appropriate. Deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Since the Group is not yet showing a profit against which the unused tax losses can be utilized, the Group's assessment is that the unused tax losses shall not be capitalized. As of 31 December 2020, the Group had tax losses to carry forward in the amount of kSEK 186,067 (167,223), which were not taken into account in the calculation of deferred tax assets.

NOTE 5 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 units, 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		Parent Company	
Net sales per business unit	**2020**	**2019**	**2020**	**2019**
Functional wood[1]	60,562	55,664	-	-
Green coatings & maintenance products[1]	32,797	27,507	4,569	1,930
Biocomposites	2,129	1,201	2,129	1,201
Nonwoven & technical textile	839	883	839	883
Other	130	224	130	141
Transactions between group companies[2]	-	-	*24,367*	*22,359*
Total	**96,458**	**85,480**	**32,035**	**26,515**
Net sales per geographic market				
Sweden	79,748	76,193	4,136	2,922
Other Nordics	11,591	7,834	2,235	370
The rest of Europe	4,447	375	631	29
Asia	638	1,034	631	792
North America	35	43	35	43
Transactions between group companies[2]	-	-	*24,367*	*22,359*
Total	**96,458**	**85,480**	**32,035**	**26,515**
Net sales by revenue type				
Products	96,328	85,255	7,538	4,016
Equipment and services	100	95	100	95
Services	30	129	30	44
Transactions between group companies[2]	-	-	*24,367*	*22,359*
Total	**96,458**	**85,480**	**32,035**	**26,515**

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 2019 amounts to SEK 3,032 thousand.

2. The transactions between the group companies take place at prices at arm's length.

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 care, 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.

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

The Group has 1 (1) customer within AO Functional wood, which accounts for more than 10 percent of the Group's sales. The customer accounts for 11 (13) percent of the Group's sales.

NOTE 6 TRANSACTIONS BETWEEN GROUP COMPANIES

Of the Parent Company's invoicing, kSEK 24,367 (22,359), corresponding to 76 (84) percent, relates to subsidiaries. Invoicing of SEK 814 (0) thousand has been made from OrganoWood AB to the Parent Company. The transactions between the group companies take place at prices at arm's length.

NOTE 7 REMUNERATION AND PAYMENT OF EXPENSES TO THE AUDITORS

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
PricewaterhouseCoopers AB				
Audit engagements[1]	385	-	210	-
Deloitte AB				
Audit engagements[1]	-	397	-	216
Audit business in addition to audit engagements	-	70	-	70
Total	**385**	**467**	**210**	**286**

1. Audit engagements refer to the statutory audit of the annual and consolidated accounts and the administration of the Company's affairs by the Board of Directors and the Managing Director, as well as other statutory and contractual audits and examinations.

This further includes other tasks which are for the Company's auditor to perform, and consultation and other assistance in response to observations made during the aforementioned performance of audits, examinations and other tasks.

NOTE 8 LEASES

The Group holds a number of leases for premises, machinery and vehicles. The rights-of-use for these are included in items Buildings, Machinery and Equipment, tools, fixtures and fittings in Note 16: Property, plant and equipment.

Lease agreements for properties

OrganoClick has held three lease agreements for properties during 2020. An agreement for the Group's head office, production and laboratory runs for ten years until 2025-09-30, with a five-year extension clause. An agreement for Biokleen's former warehouse and offices ran until 2022-09-30 but was terminated prematurely in August 2020; hence, there are no remaining rights-of-use. In addition, the Group has an agreement for warehousing that was running for three years until 2021-09-30. This agreement has been extended until 2026-12-31, and a new agreement for premises adjacent to the existing warehouse was concluded at the same time. This agreement runs from 2021-01-01 until 2026-12-31, with an extension clause of 3 years. The newly signed agreement is not included in the rights-of-use as of the date of closure of accounts, but adds right-of-use assets of approximately KSEK 7,300 as of 2021-01-01.

No extension clauses have been taken into account in the assessment of the lease periods of right-of-use assets, as the Group is anticipating rapid growth over the next few years; this makes it impossible for the company management to determine with any degree of certainty on the day of closure of accounts whether the extension clause will be used.

Property leases have variable leasing fees in the form of property taxes.

Leasing agreements for production equipment

At year-end, the Group had six lease agreements for production equipment, three of which were added during the year. In addition, one agreement expired during the year and the asset was taken over. The agreements run between 36 and 72 months with residual values of between three and ten percent.

The Group has an option to buy out all machines for the nominal amount at the end of the lease period. The Group's commitment is secured through the lessor's ownership of underlying assets held under leasing agreements.

Leasing agreements for vehicles

At the beginning of 2020, the Group had ten lease agreements for leasing cars and trucks. During the current financial year, an estimated 60 (40) percent of vehicle lease agreements expired. All of the expired leases were dissolved and replaced by new leasing agreements and underlying assets. During the year, six new lease agreements were also added. The lease agreements run between 24 and 72 months with residual values, where applicable, of between 10 and 20 percent.

	Buildings		Machinery		Inventory		Total	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Inbound accumulated acquisition values	29,195	28,510	7,710	7,710	1,822	2,907	38,727	39,127
Adjustment of additional rights-of-use	2,067	-	1,950	-	2,958	485	6,975	485
Adjustment of disposed rights-of-use	-2,831	-	-619	-	-947	-1,570	-4,397	-1,570
Index adjustment adjustment	365	685	-	-	18	-	18	685
Outbound accumulated acquisition values	**28,796**	**29,195**	**9,041**	**7,710**	**3,852**	**1,822**	**41,323**	**38,727**
Inbound accumulated depreciation	-4,857	-	-3,165	-2,233	-770	-1,024	-8,791	-3,257
This year's depreciations	-4,688	-4,857	-980	-932	-878	-562	-6,545	-6,351
Adjustment of disposed rights-of-use	1,258	-	600	-	623	816	2,482	816
Outbound accumulated depreciation	**-8,286**	**-4,857**	**-3,545**	**-3,165**	**-1,024**	**-770**	**-12,855**	**-8,791**
Closing carrying amount	**20,510**	**24,338**	**5,496**	**4,545**	**2,827**	**1,052**	**28,468**	**29,936**

A maturity analysis of leasing liabilities is presented in Note 3 during the maturity analysis of the Group's financial liabilities linked to liquidity risk.

Income-affecting leasing agreements, Group

Amounts recognized in profit/loss	2020	2019
Depreciation on rights-of-use	-6,545	-6,351
Interest expenses for lease liabilities	-922	-1,070
Expenses attributable to short-term leasing contracts	-144	-144
Expenses attributable to low value leasing contracts	-57	-63
Expenses attributable to variable leasing fees that are not included in the valuation of the lease liability	-118	-118
Revenue from releasing rights-of-use	371	102

As of December 31, 2020, the Group has obligations regarding short-term leasing agreements of SEK 0 (0).

Variable leasing fees refer to property tax, otherwise the Group's leasing agreements contain no variable fees.

The Group received revenue from re-leasing part of a premises. The current agreement was terminated prematurely during the year and thus the subletting is terminated.

The total cash outflow for leasing agreements amounted to SEK 7,527 (7,594) thousand.

Operational lease and lease agreements, Parent Company

Expensed leasing fees for the year	2020	2019
Minimum lease payments	6,430	5,950
Variable fees[1]	118	118
Total	**6,548**	**6,068**

1 The variable fees refers to property tax on premises

The majority of leasing costs relate to leasing of premises. Of the total 2020 leasing costs in the Parent Company, SEK 4,648 (4,558) thousand, was attributable to rents for premises.

Non-cancellable lease payments amount to	2020	2019
Within a year	6,596	5,750
Between one year and five years	19,427	18,947
Later than five years	439	2,084
Total	**26,462**	**26,780**

NOTE 9 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION TO SENIOR EXECUTIVES

Average number of employees

	2020		2019	
Group	Average number of employees	of which are female, %	Average number of employees	of which are female, %
Sweden	43	38%	35	34%
Group, total	**43**	**38%**	**35**	**34%**
Parent Company				
Sweden	29	40%	20	36%
Parent Company, total	**29**	**40%**	**20**	**36%**

Gender distribution in the Group (including subsidiaries) for Board members and other senior executives

	2020		2019	
Group	Number on balance sheet date	of which are female, %	Number on balance sheet date	of which are female, %
Board members	10	20%	9	0%
CEO and other senior executives	12	42%	12	42%
Group, total	**22**	**32%**	**21**	**24%**
Parent Company				
Board members	5	40%	4	0%
CEO and other senior executives	6	50%	6	50%
Parent Company, total	**11**	**45%**	**10**	**30%**

Salaries, other allowances and social costs

	Group		Parent Comany	
	2020	2019	2020	2019
Board of Directors and CEO	4,060	4,030	1,922	1,835
Other employees	20,490	16,407	13,230	9,677
Total wages and other remuneration	24,550	20,437	15,152	11,512
Social expenses	9,186	8,842	5,362	4,789
of which are pension costs	2,711	2,519	1,638	1,387

Remuneration to senior executives, Parent Company

2020	Basic salary, board fees	Pension costs	Total
Board Members			
Jan Johansson (chair)	400	-	400
Charlotte Karlberg	100	-	100
Claes-Göran Beckeman	100	-	100
Håkan Gustavson	100	-	100
Malin Bugge	100	-	100
CEO, Mårten Hellberg	1,195	266	1,461
Other senior executives (5 people)	3,907	543	4,450
Total	**5,102**	**809**	**5,911**

2019			
Board Members			
Jan Johansson (ordf.)	400	-	400
Armando Cordova	100	-	100
Claes-Göran Beckeman	100	-	100
Håkan Gustavson	100	-	100
CEO, Mårten Hellberg	1,138	256	1,394
Other senior executives (5 people)	3,806	561	4,367
Total	**4,944**	**817**	**5,761**

Severance pay for senior executives

The CEO's notice period is twelve months, both on termination from the company and on the part of CEO. In the event of termination on the part of the company, or on the part of the CEO in the event of significant breach of contract by the company, the CEO is entitled to severance pay of twelve months' salary. No additional severance pay is payable.

Bonus

For the year, the subsidiary OrganoWood AB has established bonuses for the CEO and sales staff of KSEK 190 (0). No other bonuses exist within the Group.

NOTE 10 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSE

	Group		Parent Company	
Group	**2020**	**2019**	**2020**	**2019**
Exchange gains on receivables/ payables of an operating nature	454	142	31	10
Commission income	447	403	-	-
Rental income	371	102	-	-
Government grants received for R&D[1]	283	232	283	232
Profits, disposal/sale of property, plant and equipment	126	21	-	-
	1,681	**900**	**314**	**242**
Exchange losses on receivables/ payables of an operating nature	-597	-279	-134	-70
Losses, disposal/sale of property, plant and equipment	-201	-28	-151	-
Total	**-799**	**-307**	**-285**	**-70**

1) The parent company participates in a number of research and development projects part-funded by government grants. The grants are recognized as revenue when costs are incurred that such subsidies are intended to cover.

NOTE 11 OPERATING PROFIT/LOSS

Operating profit/loss has been charged with depreciation and write-downs as follows:

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Capitalized development expenditures	1,241	1,229	864	852
Patents	2,164	1,689	2,003	1,302
Trademarks	1	-	-	-
Software	92	298	54	120
Buildings	4,688	4,857	-	-
Improvement expenses of other property	64	39	64	39
Machines	2,635	2,517	1,655	1,585
Fixtures, tools and installations	1,704	1,387	676	620
Total depreciation and amortization	**12,590**	**12,014**	**5,316**	**4,518**

Depreciation has been allocated per function as follows

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Cost of goods sold	6,145	6,112	1,737	1,652
Selling expenses	736	614	-	-
Administrative expenses	1,093	1,467	339	418
Research and development costs	4,616	3,821	3,240	2,448
Total depreciation and amortization	**12,590**	**12,014**	**5,316**	**4,518**

Write-downs	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Intangible fixed assets	54	212	54	246
Total write-downs	**54**	**212**	**54**	**246**

Operating expenses per type of expense

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Cost of goods and material	56,156	50,416	20,321	15,711
Employee benefit expense (see Note 9)	35,059	30,102	21,679	16,801
Depreciation and amortization	12,643	12,212	5,370	4,715
Other expenses	9,700	7,880	10,738	8,287
Total	**113,558**	**100,610**	**58,108**	**45,514**

NOTE 12 FINANCIAL ITEMS

Interest income and financial exchange gains

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Interest income	103	29	103	29
Interest income on group receivables	-	-	326	293
Total	**103**	**29**	**429**	**322**

Interest expenses and financial exchange losses

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Interest expenses	-2,534	-3,709	-191	-1,010
Total	**-2,534**	**-3,709**	**-191**	**-1,010**

NOTE 13 TAX

Reported in income statement

Reported tax

Group	2020	2019
Current tax for the year	-	-
Change in deferred tax		
Deferred tax on impaired trade receivables	-1	8
Deferred tax on internal profits in capitalized development expenses	52	307
Deferred tax on internal profits in inventories	-21	131
Deferred tax on leasing	-20	9
Total	**10**	**455**

Reconciliation of effective tax

	Group		Parent Company	
	2020	**2019**	**2020**	**2019**
Reported profit before tax	-19,531	-18,881	-25,835	-19,687
Tax according to the applicable tax rate for the Parent Company (21.4%)	4,180	4,041	5,529	4,213
Tax effect of				
Other tax rates for foreign subsidiaries	0	0	-	-
Non-deductible expenses	-19	-48	-6	-16
Non-taxable income	0	0	0	0
Increase in loss carryforwards without corresponding activation of deferred tax	-4,160	-3,993	-5,523	-4,197
Reported effective tax	**0**	**0**	**0**	**0**

Reported effective tax

The current tax rate for the Group's income tax amounts to 21.4% (21.4%). The current tax rate for Sweden's income tax amounts to 21.4% (21.4%). The current tax rate for Norway's income tax amounts to 22% (22%). The current tax rate for Finland's income tax amounts to 20% (20%).

Tax loss carryforwards

Total fiscal deficits	2020	2019	Period of validity	Tax rate
OrganoClick AB	156,657	130,848	Unlimited	21.4%[1]
OrganoWood AB	18,750	22,024	Unlimited	21.4%[1]
OrganoWood Finland Oy	2,491	2,587	10 years[2]	20%
OrganoWood Norway AS	4,398	4,737	Unlimited	22%
Biokleen Miljökemi AB	3,770	7,026	Unlimited	21.4%[1]
Total	**186,067**	**167,223**		

1.) From January 1, 2021, the tax rate will be reduced to 20.6%.
2). 10 years from declaration year

Reported in the balance sheet

Deferred tax assets

Group	2020	2019
Deferred tax on impaired trade receivables	7	8
Deferred tax on internal profits in capitalized development expenses	359	307
Deferred tax on internal profits in inventories	359	380
Deferred tax on leasing	144	93
Total	**869**	**787**

Deferred tax liability

Group	2020	2019
Deferred tax on leasing	356	285
Total	**356**	**285**

NOTE 14 EARNINGS PER SHARE

Earnings per share before and after dilution are calculated by dividing the earnings attributable to the Parent Company's shareholders by a weighted average number of shares outstanding during the period.

In 2019, the parent company issued ordinary shares at a price below the market price, which gave rise to a fund issue element, meaning the weighted average number of shares when calculating earnings per share was adjusted.

Group	2020	2019
Profit/loss for the year attributable to Parent Company's shareholders	-23,646	-20,391
Total	**-23,646**	**-20,391**

Weighted average number of outstanding ordinary shares (number)	2020	2019
As of December 31	92,112,789	78,962,105
Bonus element	-	965,739
Weighted average number of ordinary shares outstanding, taking into account a bonus issue factor	**92,112,789**	**79,927,844**

Earnings per share before and after dilution, Group	2020	2019
Profit/loss for the year attributable to Parent Company's shareholders	-23,646	-20,391
Weighted average number of shares	92,112,789	79,927,844
Earnings per share, SEK	**-0.26**	**-0.26**

NOTE 15 INTANGIBLE FIXED ASSETS

	Capitalized development expenditures		Patents		Trademarks		Licenses		Goodwill		Total	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Inbound accumulated acquisition values	16,411	13,899	13,143	10,094	322	305	1,483	1,401	16,794	16,794	48,152	42,493
New acquisitions	3,874	2,826	3,576	3,048	432	16	278	82	-	-	8,161	5,973
Disposals	-54	-212	-	-	-	-	-	-	-	-	-54	-212
Reclassification	-18	-101	-	-	-	-	-	-	-	-	-18	-101
Outbound accumulated acquisition values	20,214	16,411	16,719	13,143	754	322	1,762	1,483	16,794	16,794	56,241	48,152
Inbound accumulated depreciation	-3,440	-2,211	-8,010	-6,321	-	-	-1,310	-1,012	-	-	-12,760	-9,544
Depreciation for the year according to plan	-1,241	-1,229	-2,164	-1,689	-1	-	-92	-298	-	-	-3,498	-3,216
Write-downs for the year	-	-	-	-	-	-	-	-	-	-	-	-
Outbound accumulated depreciation	-4,682	-3,440	-10,173	-8,010	-1	-	-1,402	-1,310	-	-	-16,257	-12,760
Closing carrying amount	**15,532**	**12,971**	**6,546**	**5,133**	**753**	**322**	**359**	**173**	**16,794**	**16,794**	**39,984**	**35,393**

	Capitalized development expenditures		Patents		Trademarks		Licenses		Total	
Parent Company	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Inbound accumulated acquisition values	12,157	10,484	10,573	8,276	322	305	636	580	23,687	19,645
New acquisitions	2,276	1,986	3,295	2,330	281	16	278	56	6,130	4,389
Disposals	-54	-212	-	-34	-	-	-	-	-54	-246
Reclassification	-18	-101	-	-	-	-	-	-	-18	-101
Outbound accumulated acquisition values	14,361	12,157	13,868	10,573	603	322	914	636	29,745	23,687
Inbound accumulated depreciation	-2,497	-1,646	-6,057	-4,755	-	-	-567	-447	-9,121	-6,847
Depreciation for the year according to plan	-864	-852	-2,003	-1,302	-	-	-54	-120	-2,921	-2,274
Write-downs for the year	-	-	-	-	-	-	-	-	-	-
Outbound accumulated depreciation	-3,361	-2,497	-8,060	-6,057	-	-	-621	-567	-12,042	-9,121
Closing carrying amount	**11,000**	**9,659**	**5,808**	**4,516**	**603**	**322**	**292**	**68**	**17,703**	**14,565**

The Group's research and development expenses, excluding depreciation, amounted to SEK 5,920 (4,203) thousand, which corresponds to 6 (5) per cent of net sales. Of these expenses, SEK 3,874 (2,826) thousand have been capitalized, while the remaining SEK 2,046 (1,378) thousand have been charged to the profit/loss for the year. The Parent Company's expenses for research and development, excluding depreciation, amounted to SEK 4,758 (4,138) thousand. Of these expenses, SEK 2,276 (1,986) thousand has been capitalized, while the remaining SEK 2,482 (2,151) thousand has been charged to profit/loss for the year.

Information on government support in The Group

The Parent Company participates in a number of research and development projects that are partly financed by grants from Vinnova. Where development projects that receive state aid have been capitalized as development expenditures, state aid reduces the acquisition value of the asset.

Impairment testing of intangible fixed assets

Impairment testing of intangible fixed assets in the form of patents or ongoing and completed development projects is carried out annually and when there is an indication that impairment need exists. Testing is based on the smallest cash-generating unit, which is the legal person that owns the asset. The Group has assessed the patent families and development projects using discounted cash flows for the period 2021-2025, ie: a period of 5 years. For patents and completed development projects related to finished products, the analysis is based on the business budget and forecasts for the next five years. The most important assumptions in the model relate to sales development, and company management has based the assumptions on historical growth for each product together with projected future sales volumes. For patents and ongoing development projects related to still unfinished products, the analysis is based on market analyses, LOIs and customer discussions to assess the expected potential sales at product launch and a reasonable subsequent growth rate. The model works on an assumed growth rate beyond the forecasted five years of 2 (2) percent annually, which company management considers reasonable. As a discount rate, a pre-tax WACC of 14.4 (14.4) percent has been used. During the year, 3 (2) smaller ongoing development projects totaling KSEK 54 (212) were written down as management held that market potential was lacking. For other patents and development projects, the impairment test shows that the recoverable amount is higher than the carrying amount, and there is no need for impairment.

The Group has a goodwill item following the acquisition of Biokleen Miljökemi AB. An impairment test of goodwill has been made on the basis of an examination of two cash-generating units, the subsidiary Biokleen Miljökemi AB, and the production unit of OrganoClick AB, which manufactures Biokleen's products. The Group has assessed the goodwill item using discounted cash flows for the period 2021–2025, ie: a period of 5 years. The analysis is based on the business budget and forecasts for the next five years. The most important assumptions in the model relate to sales development, and company management has based the assumptions on historical growth in the company, together with the sales volumes in the new agreements signed in the last two years. The model works on an assumed growth rate beyond the forecasted five years of 2 (2) per cent annually, which company management considers reasonable. As a discount rate, a pre-tax WACC of 14.4 (14.4) per cent has been used for OrganoClick AB and a pre-tax WACC of 14.6 (14.4) per cent has been used for Biokleen Miljökemi AB. The WACC has risen against the previous year as a result of a changed financial position in the Group, with increased equity and reduced liabilities to credit institutions. The WACC for the latter has risen slightly compared to the previous year as a result of a changed financial position in the company with stronger equity. The impairment test shows that the recoverable amount is higher than the carrying amount, and there is no need for impairment.

A reasonably likely change in an important assumption on which company management has based its determination of the unit's recoverable value would not mean that the unit's carrying value would exceed its recoverable value.

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

	Improvement expense of other property		Machinery		Equipment, tools, fixtures and fittings		Ongoing new facilities		Total	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Inbound accumulated acquisition values	447	274	13,988	13,696	9,856	9,902	416	165	24,708	24,037
New acquisitions	-	173	829	127	889	318	9,519	416	11,237	1,034
Leases taken over	-	-	619	-	-	-	-	-	619	-
Divestments and disposals	-	-	-156	-	-183	-465	-	-	-340	-465
Reclassification	-	-	416	165	18	101	-416	-165	18	101
Outbound accumulated acquisition values	447	447	15,696	13,988	10,581	9,856	9,519	416	36,243	24,708
Inbound accumulated depreciation	-117	-79	-5,284	-3,699	-6,823	-6,464	-	-	-12,224	-10,241
Leases taken over	-	-	-619	-	-	-	-	-	-619	-
Depreciation for the year according to plan	-64	-39	-1,655	-1,585	-827	-824	-	-	-2,546	-2,448
This year's disposals	-	-	6	-	183	465	-	-	189	465
Reclassification	-	-	-	-	-	-	-	-	-	-
Outbound accumulated depreciation	-182	-117	-7,552	-5,284	-7,467	-6,823	-	-	-15,201	-12,224
Closing carrying amount	**265**	**330**	**8,144**	**8,704**	**3,114**	**3,033**	**9,519**	**416**	**21,042**	**12,484**
Rights-of-use[1]	-	-	5,496	4,545	2,827	1,052	-	-	8,323	5,597
Closing carrying amount including rights-of-use	**265**	**330**	**13,640**	**13,250**	**5,941**	**4,085**	**9,519**	**416**	**29,365**	**18,081**

	Improvement expense of other property		Machinery		Equipment, tools, fixtures and fittings		Ongoing new facilities		Total	
Parent Company	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Inbound accumulated acquisition values	447	274	13,988	13,696	8,103	8,149	416	165	22,954	22,284
New acquisitions	-	173	829	127	622	318	2,485	416	3,937	1,034
Divestments and disposals	-	-	-156	-	-	-465	-	-	-156	-465
Reclassification	-	-	416	165	18	101	-416	-165	18	101
Outbound accumulated acquisition values	447	447	15,077	13,988	8,743	8,103	2,485	416	26,753	22,954
Inbound accumulated depreciation	-117	-79	-5,284	-3,699	-5,242	-5,088	-	-	-10,643	-8,866
Depreciation for the year according to plan	-64	-39	-1,655	-1,585	-676	-620	-	-	-2,396	-2,243
Reclassification	-	-	6	-	-	465	-	-	6	465
Outbound accumulated depreciation	-182	-117	-6,933	-5,284	-5,918	-5,242	-	-	-13,033	-10,643
Closing carrying amount	**265**	**330**	**8,144**	**8,704**	**2,825**	**2,860**	**2,485**	**416**	**13,719**	**12,311**

1. For more information on the Group's leasing agreements, see Note 8: Leases.

NOTE 17 SHARES IN GROUP COMPANIES

Parent Company	2020	2019
Inbound accumulated acquisition values	30,610	30,610
Shareholder contribution this year, conditional	-	-
Outbound accumulated acquisition values	30,610	30,610
Closing carrying amount	**30,610**	**30,610**

Specification of Parent Company holdings of shares and participations in subsidiaries

	Biokleen Miljökemi AB	OrganoWood AB	OrganoWood Finland Oy[1]	OrganoWood Norway AS[1]
Corp. Id. No.	556663-3078	556801-8906	2654270-5	915070574
Seat	Vaggeryd	Stockholm	Pori, Finland	Moss, Norge
Number of shares	1,000	1,200,000	60	60
Share of capital, %	100	54.5	54.5	54.5
Share of votes, %	100	59.4	59.4	59.4
Carrying amount	22,840	7,770	23	33
Equity as of 2020/12/31	3,613	7,057	50	31
Profit/loss 2020	3,234	3,232	-2	-17

1. OrganoWood Finland Oy and OrganoWood Norway AS are indirectly owned subsidiaries. The companies are wholly owned by OrganoWood AB.

NOTE 18 INVENTORIES

	Group		Parent Company	
	2020	2019	2020	2019
Raw materials and consumables	7,582	6,343	4,958	5,152
Work in progress	977	326	11	-79
Finished goods	5,772	8,451	2,256	2,185
Total	**14,331**	**15,121**	**7,225**	**7,258**

The Group's inventories are reviewed several times a year and in connection with this, impairment tests are performed. If the impairment test shows that there is a need for impairment, inventory is written down. No impairment was made during the year.

NOTE 19 TRADE RECEIVABLES

	Group		Parent Company	
	2020	2019	2020	2019
Trade receivables	8,979	12,099	801	615
Total	**8,979**	**12,099**	**801**	**615**

Trade receivables are recognized after taking into account customer losses incurred during the year. This totaled SEK 0 (0) thousand in the Group. In the Parent Company, customer losses totaled SEK 0 (0) thousand.

As of December 31, 2020, trade receivables of SEK 1,030 (3,197) thousand were due within the Group. A credit reservation of trade receivables has been made, see Note 3.

Trade receivables overdue but not written-down

	Group		Parent Company	
	2020	2019	2020	2019
Not overdue	7,948	8,902	693	471
Overdue 1-30 days	947	3,145	104	139
Overdue 31-60 days	-	32	-	-
Overdue 61-120 days	81	10	3	5
Overdue for more than 121 days	2	11	1	-
Total	**8,979**	**12,099**	**801**	**615**

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2020	2019	2020	2019
Prepaid rents	160	103	1,240	1,181
Prepaid leasing fees	178	174	287	124
Prepaid insurance premiums	337	219	200	99
Accrued grant income	47	198	47	198
Accrued commission income	-	78	-	-
Other prepaid costs	863	518	507	290
Total	**1,585**	**1,289**	**2,280**	**1,892**

NOTE 21 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2020	2019	2020	2019
Cash and bank balances	32,028	61,150	28,427	56,136
Total	**32,028**	**61,150**	**28,427**	**56,136**

NOTE 22 EQUITY

Group & Parent Company Equity

Reconciliation of the opening and closing balances for the Group's and Parent Company's components in equity is reported in a separate report on changes in equity, following the Group's and Parent Company's balance sheet, respectively.

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 23. Preference shares were issued in 2013, which provided an additional MSEK 20 to OrganoWood AB's equity and is owned by 81 minority shareholders.

Description of components in Group equity

Other contributed capital

Refers to equity contributed by the owners. This includes premium funds.

Reserves

Reserves include all exchange rate differences that arise when translating financial reports from foreign operations that have prepared their financial reports in a currency other than the currency in which the Group's financial reports are presented. The Parent Company and the Group present their financial reports in Swedish kronor.

Accumulated loss including profit/loss for the year

Accumulated losses, including profit/loss for the year, include accumulated losses in the Parent Company and its subsidiaries.

Description of components in Parent Company equity

Restricted equity

Share capital

At the beginning of 2020, the Parent Company's share capital amounted to SEK 921,128, distributed across 92,112,789 shares with a quotient value of SEK 0.01. The share capital was unchanged at the end of the year.

Fund for development expenditures

When the Parent Company activates expenses for its own development work, the corresponding amount must be transferred from non-restricted equity to a development expenditures fund that constitutes restricted equity.

Non-restricted equity

Share premium reserve

When a share is issued at a premium, that is, for the shares to be paid more than the share's quotient value, an amount corresponding to the amount received in addition to the share's quotient value shall be transferred to the share premium fund.

Retained earnings

Consists of the previous year's non-restricted equity, after any dividend was paid. Together with the profit/loss for the year, this represents the sum of non-restricted equity, that is, the amount available for distribution to the shareholders.

Share capital development

Year	Event	Increase in share capital	Total share capital	Increase in total number of shares	Total number of shares	Quotient
2006	Company founded		100,000.00		21,859,907	0.0046
2008	New issue	5,300.00	105,300.00	53	21,859,960	0.0048
2008	New issue	4,000.00	109,300.00	40	21,860,000	0.0050
2009	New issue	4,000.00	113,300.00	800,000	22,660,000	0.0050
2010	New issue	125,000.00	238,300.00	25,000,000	47,660,000	0.0050
2011	New issue	18,103.43	256,403.43	3,620,686	51,280,686	0.0050
2013	New issue	17,093.56	273,496.99	3,418,712	54,699,398	0.0050
2013	New issue	1,695.26	275,192.25	339,051	55,038,449	0.0050
2014	Bonus issue	275,192.25	550,384.50	0	55,038,449	0.0100
2015	New issue	110,294.12	660,678.62	11,029,412	66,067,861	0.0100
2015	Exercise of warrants	10,600.00	671,278.62	1,060,000	67,127,861	0.0100
2016	New issue	8,232.24	679,510.86	823,224	67,951,085	0.0100
2017	New issue	5,444.97	684,955.83	544,497	68,495,582	0.0100
2017	New issue	59,701.49	744,657.32	5,970,149	74,465,731	0.0100
2019	New issue	176,470.59	921,127.91	17,647,058	92,112,789	0.0100

NOT 23 NON-CONTROLLING INTEREST

In the subsidiary OrganoWood AB there are two types of shares, ordinary shares and preference shares. OrganoClick AB owns 54.5 (54.5) % of the capital and 59.4 (59.4) % of the votes in OrganoWood AB, Kvigos AB owns 35.5 (35.5) % of the capital and 38.6 (38.6) % of the votes and 9.1 (9.1) % of the capital and 1.0 (1.0) % of the votes are owned by 81 preference shareholders.

The carrying amount of non-controlling interest is presented below for ordinary shares and preference shares in OrganoWood AB, respectively.

Ordinary shares	2020	2019
Inbound carrying amount	-14,806	-14,286
Ordinary share minority's share of profit for the year	-623	-520
Outbound carrying amount of ordinary shares	**-15,429**	**-14,806**

Preference shares		
Inbound carrying amount	39,547	36,992
Preference share minority's share of profit for the year	4,746	2,555
Outbound carrying amount of preference shares	**44,293**	**39,547**
Total profit/loss attributable to non-controlling interests	4,123	2,034
Total closing carrying amount	**28,864**	**24,741**

The preference share

In 2013, OrganoWood AB issued 200,000 preference shares with a nominal amount of SEK 100 per share, corresponding to a total amount of the issue of MSEK 20. The terms of the preference shares are established in OrganoWood AB's Articles of Association.

The preference shares do not carry dividend rights, but holders are only entitled to a redemption value. The redemption value was SEK 184.80 as of 31 May 2019 and the amount increases by 12 percent per annum as of 1 June 2019. As of 31 december 2020, the redemption value per preference share is SEK 221.50 (197.70).

No dividend may be paid to the holders of ordinary shares until there is enough non-restricted equity to redeem the preference shares.

At OrganoWood AB's Annual General Meeting on 7 May 7 2020, it was decided to allow the preference shares to run in accordance with the prescribed contiditions as there was not enough non-restricted equity to redeem them. The aim is to redeem the preference shares when non-restricted equity so permits.

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Information about OrganoWood AB

	2020	2019
Non-current assets	22,472	13,460
Current assets	17,857	25,261
Total	**40,329**	**38,722**
Equity	7,057	3,825
Non-current liabilities	7,296	3,232
Current liabilities	25,976	31,664
Total	**40,329**	**38,722**

	2020	2019
Net sales	62,735	58,660
Operating profit/loss	4,929	3,460
of which, minority	*1,972*	*1,384*
Total comprehensive income	3,232	1,654
of which, minority	*1,293*	*662*

NOTE 24 LIABILITIES TO CREDIT INSTITUTIONS

	Group		Parent Company	
	2020	2019	2020	2019
Almi				
Growth loan 1	667	1,167	-	-
Business loan	-	815	-	-
Investment credit	758	-	-	-
Growth loan 2	1,150	-	-	-
Danske Bank				
Acquisition credit	1,770	3,550	1,770	3,550
SEB				
Bank overdraft facility (limit SEK 15,000 (13,000) thousand)	4,007	12,953	-	-
Investment credit	3,775	-	-	-
Total	**12,126**	**18,485**	**1,770**	**3,550**
of which, long-term	**4,645**	**2,352**	**-**	**1,770**
of which, short-term	**7,481**	**16,133**	**1,770**	**1,780**

Interest rates on loans are between 3.90-5.45%

The growth loan 1 from Almi runs for 60 months until May 2022 and is amortized at SEK 42 thousand per month. The Investment credit from Almi runs for 36 months until January 2023 and is amortized at SEK 30 thousand per month.

The growth loan 2 from Almi runs for 48 months until November 2024 and will begin to be amortized at SEK 42 thousand per month from Febuary 2021.

The acquisition credit from Danske Bank runs for 60 months, and is amortized at SEK 445 thousand per quarter. The credit was fully repaid in January 2021.

The unused portion of bank overdraft facility totals SEK 10,993 (47) thousand.

The investment credit from SEB refers to the new vacuum dryer in OrganoWood AB. The loan runs for 84 months until September 2027 and is amortized at SEK 47 thousand per month.

NOTE 25 OTHER LIABILITIES

	Group		Parent Company	
	2020	2019	2020	2019
Withholding tax and social security contributions for employees	1,176	1,107	694	642
Invoice factoring debt	5,228	7,835	-	-
Grants received for other project partners	-	375	-	375
Other items	490	252	2	4
Total	**6,894**	**9,568**	**696**	**1,021**

NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2020	2019	2020	2019
Accrued holiday pay	3,466	2,875	1,917	1,467
Accrued social security charges	1,089	903	602	461
Accrued special payroll tax	529	589	320	271
Prepaid contributions	1,336	435	1,336	359
Accrued board fees	972	945	630	603
Accrued volume discount	796	822	-	-
Other items	1,371	902	889	670
Total	**9,560**	**7,471**	**5,694**	**3,832**

NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
Pledged collateral	2020	2019	2020	2019
Guarantee liability for debts in group companies	8,700	8,889	8,700	8,889
Floating charges	19,000	30,126	-	9,000
Total	**27,700**	**39,015**	**8,700**	**17,889**

OrganoClick AB has general guarantee liaison for the subsidiary OrganoWood AB's loans with Almi as well as bank overdraft facility with SEB.

Floating charges in OrganoClick AB and Biokleen Miljökemi AB are in their own custody as of December 31, 2020 which explains the differences between the years.

There were no contingent liabilities as of 2020/12/31 or at 2019/12/31.

NOTE 28 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

	Group		Parent Company	
Group	2020	2019	2020	2019
Depreciation/amortization of intangible fixed assets	3,498	3,216	2,921	2,274
Depreciation/amortization of property, plant and equipment	9,092	8,799	2,396	2,243
Impairment intangible fixed assets	54	212	54	246
Disposal of property, plant and equipment	78	-	151	-
Total	**12,722**	**12,226**	**5,520**	**4,763**

NOT 29 RECONCILIATION OF LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

Group	Closing balance 2019	Cash flow from financing activities	Other changes[1]	Closing balance 2020
Liabilities to credit institutions[2]	5,531	2,588	-	8,119
Liabilities to related parties	1,000	-	-	1,000
Lease liabilities	27,856	-6,523	4,674	26,007
Bank overdraft facility	12,953	-8,946	-	4,007
Invoice factoring debt	7,835	-2,607	-	5,228
Total liabilities attributable to financing activities	**55,175**	**-15,489**	**4,674**	**44,361**

Group	Closing balance 2018	Cash flow from financing activities	Other changes[1]	Closing balance 2019
Liabilities to credit institutions[2]	16,700	-11,169	-	5,531
Liabilities to related parties	4,750	-3,000	-750	1,000
Lease liabilities	5,894	-6,268	28,230	27,856
Bank overdraft facility	8,694	4,259	-	12,953
Invoice factoring debt	4,420	3,414	-	7,835
Total liabilities attributable to financing activities	**40,459**	**-12,764**	**27,480**	**55,175**

1. Other changes in Lease liabilities refer to changes in liabilities for use-of-rights as a result of additional or extended agreements for premises, production equipment and vehicles.

2. During the year, new loans of SEK 7,463 (10,000) thousand were raised and loans of SEK -4,875 (-21,169) thousand were amortised and/or repaid.

NOT 29 RECONCILIATION OF LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES (CONTINUED)

Parent Company	Closing balance 2019	Cash flow from financing activities	Closing balance 2020
Liabilities to credit institutions[1]	3,550	-1,780	1,770
Total liabilities attributable to financing operations	**3,550**	**-1,780**	**1,770**

Parent Company	Closing balance 2018	Cash flow from financing activities	Closing balance 2019
Liabilities to credit institutions[1]	13,330	-9,780	3,550
Loans to group companies[2]	-	0	-
Total liabilities attributable to financing operations	**13,330**	**-9,780**	**3,550**

1. During the year, new loans of SEK 0 (9,000) thousand were raised and loans of SEK -1,780 (-18,780) thousand were amortised and/or repaid.
2. During the year, the Parent Company received a loan of SEK 3,000 thousand from a subsidiary. The loan was also repaid during the year, which is why the cash flow is 0.

NOTE 30 EXCHANGE RATES

The table below shows the rates used for translation of financial reports from foreign operations that have prepared their financial reports in a currency other than the currency in which the Group's financial reports are presented (SEK). Exchange rates have been obtained from Sweden's Riksbank.

	NOK		EUR	
	2020	2019	2020	2019
Average exchange rate	0.9786	1.0747	10.4867	10.5890
Closing rate	0.9546	1.0579	10.0375	10.4340

The average exchange rate has been used when translating the income statement and the closing rate has been used when translating the balance sheet.

NOTE 31 TRANSACTIONS WITH RELATED PARTIES

The parent company has a close relationship with its subsidiaries, see note 17.Transactions between OrganoClick AB and its subsidiaries have been eliminated in the consolidated financial statements. Of the Parent Company's invoiced sales during the year, SEK 24,367 (22,359) 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 326 (293) thousand. In addition to guarantee liabilities, OrganoClick has outstanding interest-bearing loans to OrganoWood of SEK 1,650 (1,650) thousand. Invoicing of SEK 814 (0) thousand has been made from OrganoWood AB to the Parent Company. When selling raw materials 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.

As of 2020/12/31, OrganoClick AB had receivables from OrganoWood AB of SEK 964 (2,739) thousand, and Biokleen Miljökemi AB of SEK 596 (888) thousand. Biokleen Miljökemi AB had receivables from OrganoClick AB of SEK 0 (0) thousand, and OrganoWood AB had receivables from OrganoClick AB of SEK 26 (29) thousand.

OrganoWood AB has invoiced interest and guarantee fees, for loans and guarantee liabilities, of SEK 187 (260) thousand and consulting fees of SEK 5 (221) thousand from board member and shareholder Robert Charpentier, from own company Kvigos AB. In addition to guarantee liabilities, Kvigos AB has outstanding interestbearing loans to OrganoWood of SEK 1,000 (1,000) thousand. The transactions between OrganoWood AB and the board member and shareholder take place at prices at arm's length.

NOTE 32 EVENTS AFTER THE END OF THE PERIOD

- OrganoClick signed a 5-year frame work agreement with a leading nonwoven manufacturer for supply of OrganoClick's biobased binders with an estimated sales value around SEK 30 million per year.

NOTE 33 APPROPRIATION

At the disposition of the AGM, the following profits in the Parent Company are reported, (SEK thousands):

Share premium reserve	243,764
Retained earnings	-137,160
Profit/loss for the year	-25,835
Total	**80,769**

The Board of Directors and the CEO propose that the above amounts be disposed of as follows:

Surplus carried forward to new account	80,769
Totalt	**80,769**

The Board of Directors and CEO propose that no dividend be paid for the financial year 2020/01/01–2020/12/31.

SIGNATURES

The income statement and balance sheet will be submitted to the Annual General Meeting 2021/05/17 for adoption. The Board of Directors and the CEO assure that the consolidated financial statements have been prepared in accordance with international accounting standards IFRS as adopted by the EU and gives a true and fair view of the Group's position and earnings. The annual report has been prepared in accordance with generally accepted accounting principles and provides a true and fair view of the Parent Company's position and results. The Management report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and the Parent Company's operations, position and results and describes significant risks and uncertainties that the Parent Company and the companies that are part of the Group are facing.

Stockholm, 13 April 2021

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

Our auditor's report was submitted on April 13 2021
PricewaterhouseCoopers AB

Sebastian Ionescu
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of OrganoClick AB, corporate identity number 556704-6908

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of OrganoClick AB for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 38-80 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other matter

The audit of the annual accounts and consolidated accounts for year 2020 was performed by another auditor who submitted an auditor´s report dated 15 april 2020, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-37 and 84-87. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Director's and the Managing Director.
- Conclude on the appropriateness of the Board of Director's and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of OrganoClick AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 13 April 2021

PricewaterhouseCoopers AB

Sebastian Ionescu
Authorized Public Accountant

ALTERNATIVE PERFORMANCE MEASURES

DEFINITIONS 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
Income measures		
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 activites, 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.
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 (incl. leasing and invoice factoring debet) 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
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.

RECONCILIATION 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 000s	2020	2019
Gross margin, %		
Gross profit	20,198	17,763
Net sales	96,458	85,480
Gross margin, %	**20.9**	**20.8**
Gross margin after variable costs, %		
Net sales	96,458	85,480
Cost of goods sold, variable costs	-56,156	-50,416
Gross profit after variable costs	**40,302**	**35,064**
Gross margin after variable costs, %	**41.8**	**41.0**
EBIT, %		
Operating profit/loss	-17,100	-15,131
Net sales	96,458	85,480
EBIT, %	**-17.7**	**-17.7**
EBITDA		
Operating profit/loss	-17,100	-15,131
Plus: Depreciation	12,643	12,014
EBITDA	**-4,457**	**-3,117**
Profit margin, %		
Profit/loss for the period	-19,520	-18,356
Net sales	96,458	85,480
Profit margin, %	**-20.2**	**-21.5**
Net sales, change		
Net sales	96,458	85,480
Net sales corresponding period prior year	85,480	78,395
Net sales, change	**10,978**	**7,085**
Revenue growth, organic, %	**12.8**	**9.0**
Equity ratio, %		
Equity	82,943	102,470
Total assets	152,802	173,199
Equity ratio, %	**54.3**	**59.2**
Quick ratio, %		
Current assets, excluding inventories	44,590	76,038
Current liabilites	45,158	46,751
Quick ratio, %	**98.7**	**162.6**

SEK 000s	2020	2019
Net debt/equity ratio, %		
Interest-bearing liabilities	44,361	55,176
Less: Cash and cash equivalents	-32,028	-61,150
Net debt	**12,334**	**-5,974**
Equity	82,943	102,470
Net debt/equity ratio, %	**14.9**	**-5.8**
Return on shareholders´ equity, %		
Equity	82,943	102,470
Equity corresponding period last year	102,470	34,798
Average equity	**92,707**	**68,634**
Profit/loss for the period	-19,520	-18,356
Average equity	92,707	68,634
Return on equity, %	**-21.1**	**-26.7**
Capital employed		
Total assets	152,802	173,199
Less: Deferred tax liabilities	-356	-285
Less: Other current liabilites	-25,079	-15,192
Capital employed	**127,367**	**157,722**
Capital employed corresponding period last year	157,722	75,256
Average capital employed	**142,544**	**116,489**
Return on capital employed, %		
Operating profit/loss	-17,100	-15,131
Plus: Financial income	103	29
Operating profit/loss plus financial income	**-16,997**	**-15,102**
Average capital employed	142,544	116,489
Return on capital employed, %	**-11.9**	**-13.0**
Turnover per share before and after dilution SEK		
Net sales	96,458	85,480
Average number of shares before and after dilution[1]	92,112,789	79,927,844
Turnover per share before and after dilution SEK	**1.05**	**1.07**
Shareholders equity per share before and after dilution SEK		
Equity attributable to shareholders´ of Parent Company	54,080	77,730
Number of shares at end of period	92,112,789	92,112,789
Shareholder equity per share before and after dilution SEK	**0.59**	**0.84**

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

MORE INFORMATION

QUESTIONS

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FINANCIAL CALENDAR 2020

Interim report January-March 2021 on 5 May 2021
Annual General Meeting 2021 on 17 May 2021
Interim report January-June 2021 on 20 August 2021
Interim report January-September 2021 on 16 November 2021
Interim report January-December 2021 on 18 February 2022

ANNUAL GENERAL MEETING

The date for the 2021 Annual General Meeting is on May 17, 2021. The Annual General Meeting will be held without any physical meeting and it is therefore not possible for the owners to attend in person or through agents. Instead, the owners can send their votes to the meeting in advance by so-called postal voting. Notice will be published through a press release and announced in Post och Inrikes Tidningar and in Dagens Industri and published on the OrganoClick website.

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