ANNUAL REPORT 2022

OrganoClick®

WE ARE WORKING TO REPLACE PLASTICS AND FOSSIL CHEMICALS WITH BIOBASED SOLUTIONS

Front page: With green chemistry we mimic nature's own solutions and create sustainable materials and products, fossil-free and 100% biodegradable. For instance, the world's first fossil-free and home compostable premium napkins produced by our customers, that are entirely green on the inside with the help of our biobased binder. We call it Made Green Inside by OrganoClick.

Our business concept.
The infinite long version.

we call it Made Green Inside, and it is our business concept that all products we develop must be manufactured from biobased raw materials, be biodegradable and free from harmful chemicals and plastics,

Maria Wennman, R&D Director, studying a sample of our biobased binder for nonwoven.

Unimaginable 11 million tonnes of plastic and hundreds of thousands tonnes of toxic chemicals are released into the world's oceans and nature every year. That is one of the greatest environmental challenges of our time and a problem that we at OrganoClick want to play a role in solving. With our green chemical innovations, we are replacing hidden plastics and fossil chemicals in cellulose-based materials with biobased and biodegradable alternatives. We call it Made Green Inside by OrganoClick.

OrganoClick AB (publ) is a Swedish greentech company that develops and markets green chemical products and material technologies. The company was founded in 2006 as a spin-off from Stockholm University and the Swedish University of Agricultural Science, based on biomimetic research into natural chemical processes.

OrganoClick has won a number of awards, including the WWF "Climate Solver" award, and has been ranked among the 50 fastest-growing technology companies in Sweden and recognized by Affärsvärlden and NyTeknik in their listing 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 centre in Täby, north of Stockholm. In 2022, net sales amounted to MSEK 115 with about 50 employees.

NOBEL PRIZE WINNING CHEMISTRY

OrganoClick's core technology was developed with inspiration from nature's own chemistry. By attaching organic molecules to the surface of cellulose fibers in materials such as wood, textile, paper or nonwoven, new features such as flame retardance, rot protection, water resistance and changed mechanical properties can be achieved.

Our name is composed of the words "Organo" for organocatalysis and "Click" for click-chemistry. The discovery of organocatalysis was awarded the Nobel Prize in Chemistry 2021, and the discovery of click-chemistry was awarded the Nobel Prize in Chemistry 2022.

We are very proud that OrganoClick in 2006 was one of the first companies in the world to begin developing products based on these groundbreaking green chemical technologies.

OUR GREEN INNOVATIONS

Based on our technologies, we have developed a wide range of green chemical products for industrial customers and consumers.

1 Our biobased and biodegradable binder is used to replace plastic binders in nonwoven. One example is our customers, who have replaced the plastic binders in their premium napkins, thus creating the world's first 100 percent fossil-free premium napkins. Other applications for our binders are nonwoven for hygiene products, wet wipes, filter materials and agricultural mulch films.

2 Our biocide-free wood protection technologies are used by our partner Bergs Timber to manufacture OrganoWood timber. OrganoWood timber is sold to both professional construction companies and consumers, through hundreds of retailers and distributors across the Nordics and Central Europe. For maintenance of wood constructions, homes and properties, the Group also markets biobased and eco-labeled maintenance products under the BIOKleen brand through building and paint dealers.

3 Under our consumer brand OrganoTex, we market PFAS-free and biodegradable clothes- and shoe care products and textile impregnations.

The products are sold through more than 300 Nordic sports and outdoor retailers, including Naturkompaniet, XXL, Stadium, etc.

THE FUTURE LOOKS GREEN. IT HAS TO!

The Group has made steady progress since the first product was launched in 2012. Over the past five years, the Group's net sales have grown from MSEK 75 in 2017 to MSEK 115 in 2022. In the last year, the Group has expanded its factory in Täby to a doubled production capacity of more than 20,000 tonnes per year. Our goal is to continue to grow organically at a rapid pace and reach a positive cash flow by 2023—and in the process, build a sustainable business while we simultaneously replace thousands of tonnes of plastic and fossil chemicals with biobased solutions.

Dear Shareholder,

The year 2022 turned out to be eventful. We achieved major successes but were also faced with new macroeconomic challenges. Within our industry-related product segments, growth for the year as a whole was healthy. Our construction-related consumer brands, on the other hand, had a rough year as the DIY market suffered a big setback. The Group's sales grew by 5 percent overall, to MSEK 115 (110), but varied considerably between our business units. Our profitability remained burdened by increased raw material prices, which reduced the gross margin after variable costs to 38 (40) percent. The most significant milestone was Duni's wide product launch of the Bio Dunisoft premium napkin, in which our biobased binder replaces traditional plastic binders.

Binder sales gain momentum

Our biobased and biodegradable binders have for over ten years been developed to replace traditional plastic binders in the nonwoven industry. At the end of 2022, the first high volume deliveries finally began with Duni's launch of the Bio Dunisoft premium napkins. Our business with Ahlstrom also developed in the right direction and contributed to our sales growth. All in all, sales for the Nonwoven & technical textiles business unit increased by 323 percent to MSEK 10 (2).

Several customer projects with other nonwoven manufacturers also progressed positively and two new customers are preparing product launches. We assess that growth will be very strong in 2023.

"The most significant milestone was Duni's wide product launch of the Bio Dunisoft premium napkin"

Increasingly challenging environment for our consumer products

Our business unit Green coatings & maintenance products, which supplies consumer products to the construction, paint, sports and outdoor sectors, experienced a harsher business climate in 2022.

The DIY market saw a sharp decline after two very strong years during the pandemic. At the end of the year, the brewing recession was manifested in a decline in sales across all our product segments.

Our brand OrganoTex, however, continued to grow throughout the year, with a strong sales performance to new customers as well as growth with existing customers. Sweden remains our strongest market, but we are now growing rapidly in Norway and the Netherlands as well. Sales increased by 30 percent overall during the year, to MSEK 7.8 (6.0). For the business unit as a whole, however, sales deteriorated by -10 percent due to the weak construction market.

Our focus for 2023 is on the international expansion of OrganoTex, with the Benelux countries and Germany as the priority markets. We foresee that this expansion will drive strong growth for both the brand and the business unit as a whole.

A year of transition for Functional Wood

The Functional wood business unit had a transitional year with a sales growth of 5 percent. The wood raw material market continued to be characterized by high price volatility, but began to stabilize towards the end of the year.

During the year, sales of OrganoWood Silicium HT, a further development of our first-generation wood protection technology, commenced. In early 2023, we also launched our third-generation wood protection technology, OrganoWood Nowa. Both these wood protection technologies have been developed in parallel since 2015 and offer better rot protection and durability than our previous product.

Our new standard product will be OrganoWood Nowa, owing to a more effective production process, while OrganoWood Silicum HT becomes a premium product.

The economic situation in the Swedish construction market will continue to be challenging in 2023, with activity declining. Nevertheless, we are hopeful that we will be able to achieve good growth in export markets with our new products—particularly in the German market, where the previously very popular Siberian larch has all but disappeared on account of the war in Ukraine. In our assessment, OrganoWood Nowa is well positioned to fill this void and generate healthy sales growth.

New strategy focused on green chemistry and profitable growth

In recent years, we have increasingly concentrated on our core competencies: the development and manufacturing of our green chemical products.

To gain an even clearer operational focus and improve cost efficiency, a new strategy was devised for the years ahead under which the Group will focus on i) profitable growth, ii) becoming more clearly defined as a green chemical company, and iii) focusing our further international expansion on three product areas: nonwoven binders, industrial wood protection and textile impregnation.

In addition, the Biocomposites business unit is moving to a licensebased business model. During Q3 2022, the manufacture of BAUX sound absorbents was outlicensed to a licensing partner. Discussions on an outlicensing of the coffin material are ongoing, and our ambition is to bring them to conclusion in 2023. As such, the Biocomposites business unit merges with Nonwoven & technical textiles under the new name Nonwoven & fiber technologies as of January 2023.

As the next step of this strategy, we will begin to offer manufacturing of OrganoWood timber under license also to wood treatment companies. We will then supply these customers with our wood protection products. Consequently, the scalability of this business will improve while we become more clearly defined as a green chemical company.

Our environmental work is bearing results

During 2023, we achieved one of our strategic environmental objectives by obtaining certification as a carbon neutral company in accordance with Scope 1 and Scope 2. We are now solely using 100 percent renewable energy in our production. Something we are very proud of. Moreover, we invested in a water treatment system that now cleans our process water so that it can be reused in our production.

Still, the greatest benefit to the environment comes from the substitution of fossil plastics and fossil chemicals with our biobased products. The sales of our biobased binders alone replaced about 200 tonnes of fossil plastics last year. In 2023, this volume will be multiplied.

The future looks green!

The year 2023 is off to a great start! We are implementing our new strategy, which feels very inspiring. With a strong product portfolio and several new customers and contracts, 2023 looks to be a really good year. At the moment, the future looks green. As it has to!

Sincerely

Mårten Hellberg
Mårten Hellberg
CEO, OrganoClick AB


"We are implementing our new strategy, which feels very inspiring"
Mårten Hellberg, CEO OrganoClick AB

THE YEAR IN BRIEF

2022 was an eventful but also a challenging year for OrganoClick. Sales of our biobased binders and OrganoTex textile impregnation grew substantially. At the same time, the downturn in the European construction sector had a negative impact on our construction-related products. We took great steps forward in our development projects with industrial customers, with several products planned for launch in 2023. Overall, sales grew by 5 percent for the Group. Read more about the highlights of 2022 below:

1 Launch of OrganoWood Silicium HT

After a development effort spanning seven years, OrganoClick's subsidiary OrganoWood launched its second-generation wood protection technology: OrganoWood Silicium HT. The novel technology combines silicon impregnation with high-temperature drying, which extends the life of the timber and at the same time makes it gray over time in a beautiful way.

2 Launch of Ellepot's organic paper pot for plants

Ellepot, a world-leading Danish manufacturer of paper pots for plants, launched a 100 percent biobased and compostable paper pot for professional plant growing. The unique wetlaid nonwoven material is the result of a longstanding cooperation between Ellepot, the nonwoven manufacturer Ahlstrom, and OrganoClick, where our biobased binders have replaced the traditional plastic binders in the nonwoven material. Good for the soil, good for nature!

3 Opinion articles in Dagens Industri and Aktuell Hållbarhet

OrganoClick wrote two opinion articles about the problems of hidden plastics that are present in a wide range of consumer goods containing plastic binders. This plastic has been ignored in the EU Single-Use Plastics Directive, which should be amended in order not to discourage sustainable innovations.

4 OrganoClick winner of global innovation award

OrganoClick won the prestigious "New Technology" innovation prize at the TechTextil Innovation Award 2022 in Frankfurt. TechTextil is the leading European fair in the technical textiles industry. OrganoClick received the award for its biobased binders, which are developed from, among other things, shrimp shells and orange peels and replace plastic binders in technical textiles and nonwoven.

5 Doubled production capacity and circular water system

To meet increasing demand for our products, we invested in a new production line with capacity to manufacture +10,000 tonnes of binders per year. Our total capacity thus increases to more than 20,000 tonnes in our factory in Täby. To advance the greening of our production even further, we also invested in a water treatment system which now is cleaning and recirculating all our process water!

6 OrganoTex establishes cooperation with Snickers Workwear

Snickers Workwear and OrganoClick entered into a cooperation by launching a PFAS-free and biodegradable textile impregnation for workwear based on our OrganoTex technology. The products will be marketed under the Snickers Workwear brand, with a clear connection to OrganoClick's brand OrganoTex, and sold through Snickers' European building suppliers and DIY customers.

7 OrganoClick certified as a carbon neutral company!

For several years, one of OrganoClick's strategic sustainability objectives has been to become a carbon neutral company by 2023. Following a three-year project, in which OrganoClick gradually has decreased its carbon footprint, the company has now managed to obtain the certificate as a ClimatePartner Carbon Neutral company in accordance with Scope 1 and Scope 2!

8 Duni initiates wide release of Bio Dunisoft

Duni, world-leading manufacturer of premium napkins, initiated a wide release of the premium napkin Bio Dunisoft, in which traditional plastic binders have been replaced by OrganoClick's biobased binders. In contrast to traditional premium napkins, Bio Dunisoft is 100 percent fossil free and compostable, with a significantly reduced carbon footprint.

Our 20 most important milestones

2006

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

2008

- OrganoClick completes its first financing round with investors Anders Wall and his Beijerinvest, TetraPak´s former President Bertil Hagman, and Claes-Göran Beckeman, the former CTO of TetraPak and SCA Hygiene Products. Anders Wall remains one of the major owners of the company.

2010

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

2011

- OrganoClick begins construction of its first production facility in Täby, moving there from the University campus.

2012

- The company introduces its first proprietary products, as ORGANOWOOD timber and wood preservatives are launched via the Swedish construction supply chain XL-BYGG.
- The company finalizes its first textile product, OC-BioBinder, a biobased binder for nonwoven and technical textiles.

2013

- For the second year, the company is named one of Sweden's 33 hottest young technology companies by magazines NyTeknik and Affärsvärlden.
- The company's net sales increase above MSEK 10.

2014

- ORGANOWOOD timber is named "hottest building material of the year" at the Nordic region's largest construction fair, Nordbygg.

2015

- FilippaK becomes the first fashion brand to use our textile impregnation OrganoTex for water repellent fabrics.
- The OrganoClick share is listed on NASDAQ First North Growth Market.
- OrganoClick builds a new factory in Täby with annual capacity to produce 10,000 tonnes of green chemical products.

2016

- OrganoClick completes its first acquisition, of the chem-tech company Biokleen Miljökemi AB, which adds MSEK 23 in sales to the Group.

2018

- OrganoTex for consumers is launched in the Swedish market and is available at more than 150 retailers by the end of the year, including Naturkompaniet.

2019

- The OrganoComp biocomposite finds its first customers in the leading manufacturer of burial coffins, Fredahl Rydéns, and Baux, a leading manufacturer of acoustic panels.

2021

- Duni, the world-leading manufacturer of premium napkins and the first major customer for our biobased binders OC-BioBinder, launches the Bio Dunisoft napkin.
- For the first time, OrganoClick reports net sales exceeding MSEK 100 for a year.

2022

- OrganoClick is certified as a Carbon Neutral company according to Scope 1 and Scope 2.
- OrganoClick's biobased binder for nonwoven receives the New Innovation 2022 award at the world's largest fair for technical textiles, TechTextil in Frankfurt.

Financial development OrganoClick Group 2018–2022

Net sales in the OrganoClick Group have increased steadily year on year ever since the initial product launch in 2012. Over the past five years, the Group's sales have grown organically from MSEK 75 in 2017 to MSEK 115 in 2022.

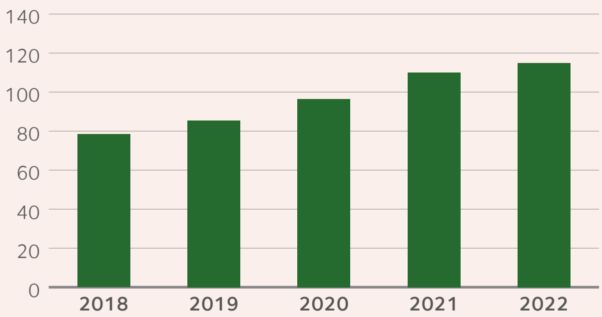
The Swedish market continues to account for a majority of the Group's sales, but exports have increased their weight over the past five years, from 12 percent in 2017 to 21 percent in 2022. The result, on the other hand, has varied as a result of the Group's various growth efforts and investments in increased production capacity.

In 2022, the Group's product offering underwent a major changeover, which included that the manufacturing of certain products was contracted out under license to enhance the Group's focus on sales and manufacturing of green chemical products. This resulted in one-off items in the form of impairment losses and write-down costs, which burdened the result for 2022 with approximately MSEK 10.

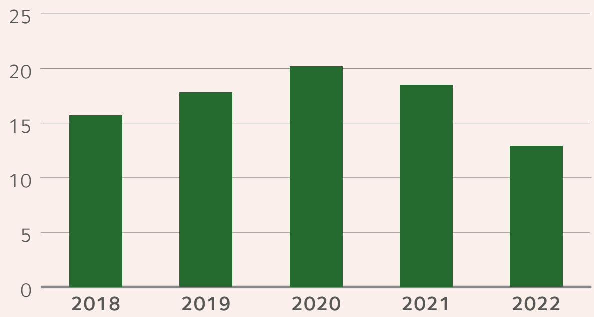
These measures, however, reduce the Group's fixed operating costs by MSEK 5–6 in view of 2023, which is one of the steps we are taking towards profitable growth.

For the Group, the focus will henceforth be to achieve profitable growth as soon as possible through a combination of lower costs and continued sales growth. The gross margin will also be strengthened gradually by means of changes in the product mix and a higher capacity utilization rate.

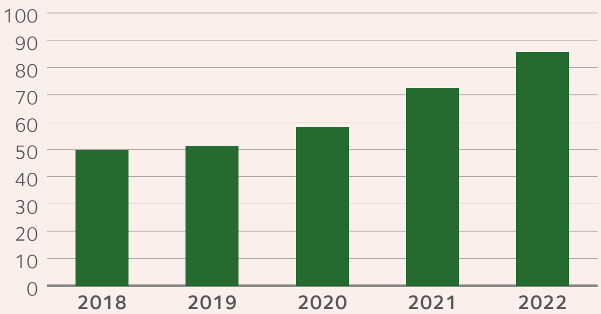
Our goal is to reach a positive cash flow from operating activities during 2023 and in the somewhat longer term achieve an operating margin of 20 percent.



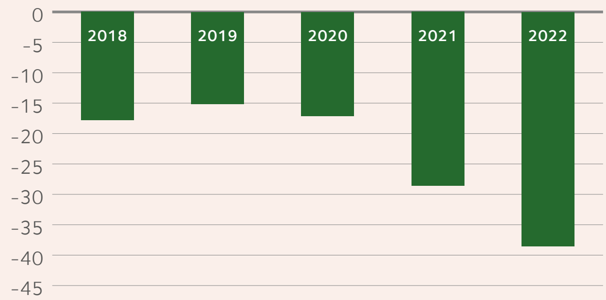
Sales 2018–2022
Over the past five years, the Group's sales have grown by an average of 8% per year. In 2022, sales amounted to SEK 115.0 (110.1) million.



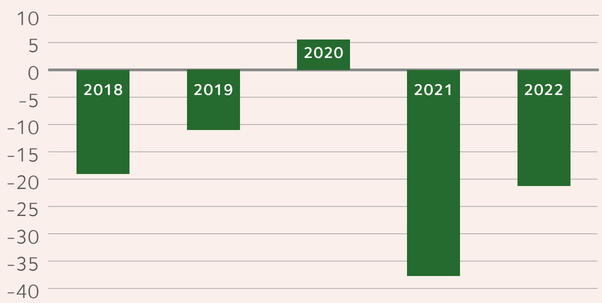
Gross profit 2018–2022
Gross profit for 2022 was SEK 12.9 (18.5) million. Excluding restructuring costs of a non-recurring nature of SEK 5.3 million, gross profit was SEK 18.2 (18.5) million.



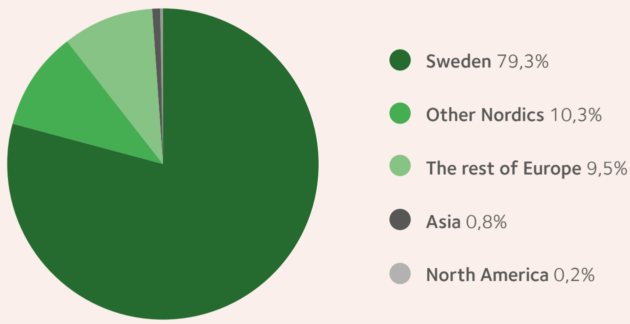
Operating expenses 2018–2022
Operating expenses (excl. raw materials) amounted to SEK 85.7 (72.5) million. This years expenses were charged by one-off impairment and settlement costs of SEK 10 million. Excluding these, operating expenses were SEK 75.7 (72.5) million.



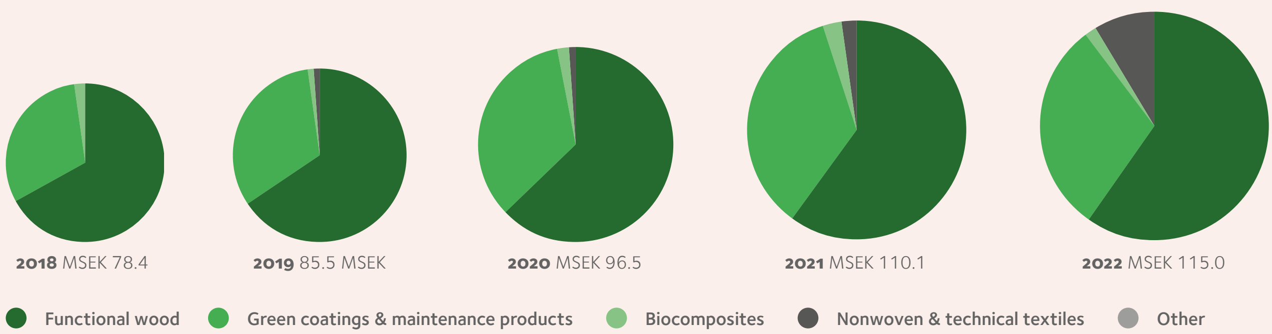
Operating profit (EBIT) 2018–2022
The operating loss for 2022 was SEK -38.5 (-28.6) million. Excluding restructuring costs of a non-recurring nature of SEK 10 million, operating profit was SEK -28.5 (-28.6) million.



Cash flow from operating activities 2018–2022
Cash flow from operating activities for 2022 was SEK -14.5 (-37.7) million.



Sales by geographic market
Sweden is the Group's largest market with 79.3 (82.7) % of sales. Other Nordics accounts for 10.2 (8.5) % while the rest of Europe accounts for 9.5 (8.1) %.



Sales/business unit 2018–2022. In 2022, the largest business unit was Functional wood with a total of 59.8 (59.7) % of the Group's sales. The fastest growing business unit was Nonwoven & technical textiles with a total share of 8.5 (2.1) % of sales.

Our business

OrganoClick manufactures and sells biobased chemical products that replace hidden plastics and toxic chemicals in fiber-based materials such as nonwoven, paper, textiles, wood, and biocomposites. By taking inspiration from natural chemical processes, our researchers have developed green chemical technologies and products that provide water resistance, grease repellence, mechanical strength, rot protection, or flame protection to cellulose-based materials such as nonwoven, wood, paper and biocomposites.

OUR BUSINESS CONCEPT—TO NOT REMAIN

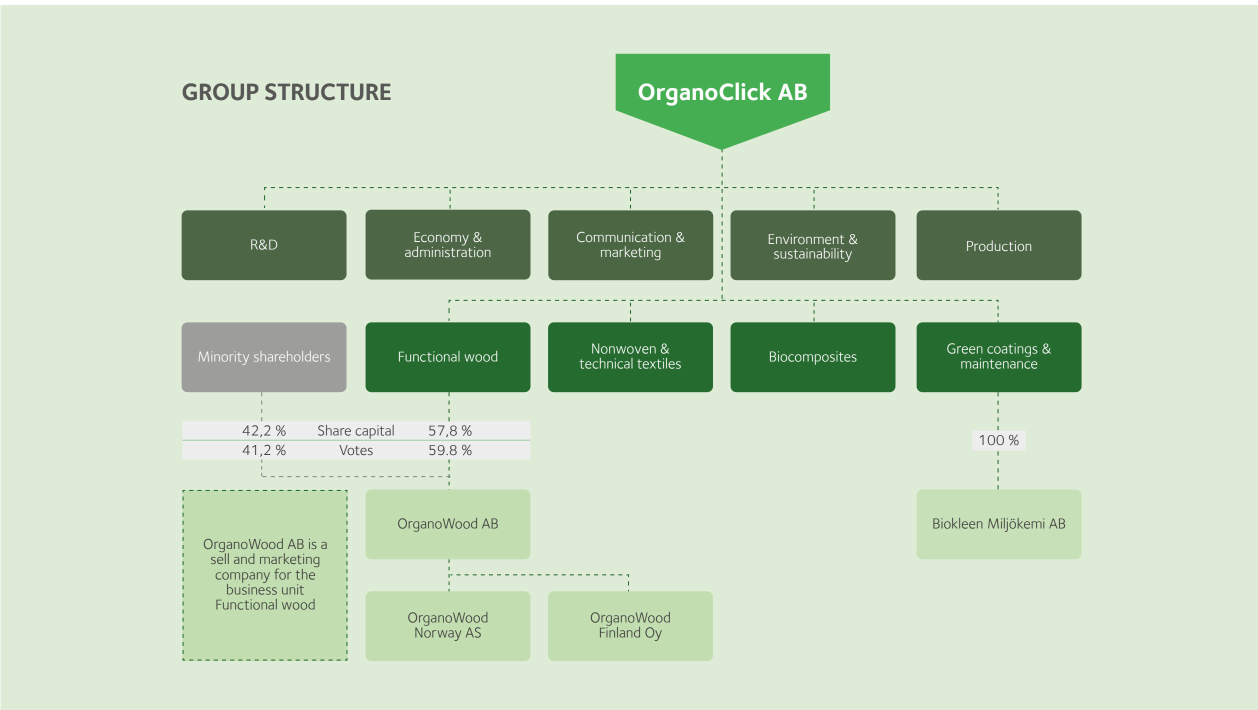
OrganoClick was founded on an ambition to develop 100 percent biobased and biodegradable products that can replace fossil-based plastics and chemicals. We maintain extremely high environmental requirements on our products and our product development. All our products are designed so that they decompose safely and are returned to the biological cycle—without any negative impact on the environment – after their use. This is what drives us every day and the reason why our customers hire us to assist them in replacing plastics and toxic chemicals, thus making their materials 100 percent biobased and biodegradable. We call it Made Green Inside by OrganoClick!

OUR BUSINESS MODEL—FOCUS ON GREEN CHEMISTRY

Based on our technology platform, OrganoClick has developed products that target both industrial customers and consumers. We mainly sells and markets our products under our own brands OrganoTex, OrganoWood, BIOkleen and OC-BioBinder. We manufacture our green chemical products in-house in our factory in Täby. Our partly-owned (60 percent) subsidiary OrganoWood AB also markets and sells OrganoWood timber, impregnated with our biocide-free wood preservative, and which is produced by our production partner Bergs Timber in Nybro.

OUR GREEN INNOVATION LAB

In connection with our head office and production facility in Täby, we operate a modern R&D laboratory in which our chemists and chemical engineers work on the development of our green chemical products. Our laboratory is equipped with chemical analysis instruments to test the properties of materials. We also have a microbiology laboratory, which allows us to conduct accelerated testing of a material's resistance to rot and mold. In our pilot lab, we also have pilot equipment to manufacture nonwovens, modified timber, water-repellent fabrics and paper. In 2022, our efforts resulted in six new product launches, including new versions of OC-BioBinder's and OrganoWood Silicium HT.



OUR CIRCULAR PRODUCTION

We manufacture our green chemical products in our own production facility in Täby. The plant is approximately 5,000 m2 and includes offices, an R&D laboratory, and a production unit and warehouse. We operate a number of production lines to manufacture our various products. The most recent production line was installed in 2022, doubling our production capacity to more than 20,000 tonnes per year. Our products are transported in bulk by tank trucks or 1-tonne IBCs to our industrial customers. For our consumer products, we run fully automated filling lines for cans and bottles. During the year, we also invested in a completely new water treatment system. We are now cleaning all of our process water ourselves before reusing it in our production. Naturally, our processes are powered solely by 100 percent renewable energy. For us, this is circularity put into practice!

OUR DEDICATED STAFF

As an innovation driven industrial company, we gather a wide variety of different skills and personalities. Within the company we have chemists working on our product development, sales representatives working in our sales teams, marketing people involved in our branding, economists in our administration, and buyers and logisticians as well as machine operators and engineers engaged in production. There are 8 nationalities represented among our 45 employees. What brings us together is our great commitment to the environment and our sustainable products, and this melting pot of various skills and backgrounds comes through as one of our true strengths. Moreover, it renders our working days all the more interesting!

OUR ORGANIZATION AND COMPANY STRUCTURE

The OrganoClick Group consists of parent company OrganoClick AB (publ), subsidiary Biokleen Miljökemi AB and partly-owned (60 percent ownership) subsidiary OrganoWood AB. The business is since 2023 divided into the three business units of Nonwoven & fiber technologies, Green coatings & maintenance products, and Functional wood. Each business unit has its own sales team that sells and markets the company's products either to industrial customers (Nonwoven & fiber technologies and Functional wood) or to consumers through retailers (Green coatings & maintenance products). The Group has a joint Finance and Administrative unit, Marketing department, R&D unit, Operational unit and Environment department.

(1) Extensive R&D and testing is required to get the exact right formula for maximum functionality and performance.
(2) Filling of our cans in our automated filling line.
(3) Our co-worker Jacoub driving the truck in one of our warehouses.

Vision

Nature and water free from plastics and fossil chemicals

Misson

Replace plastics and fossil-based chemicals with biobased solutions

Goals

By replacing hidden plastics and fossil chemicals with our biobased chemical products, we help our customers to create biobased and biodegradable materials. Through development of products with the market's best environmental profile and performance, our aim is that our products will be our customers' first choice. In this way, the company will grow rapidly with continuously increasing sales and improved profitability.

The long-term objectives of the Group are to:

- Grow organically by between 20 and 30 percent annually
- Achieve a gross margin of more than 40 percent
- Achieve an operating margin (EBIT) of 20 percent
- Reach a biobased content of 100 percent in our products
- Have 100 percent of our products eco-labeled

Strategy

In recent years, OrganoClick has developed and launched a number of new green chemical products in close cooperation with strategic customers. These efforts have proved successful, leading to investments in enhanced production capacity in the company's factory in Täby. Based on the new customer base and new range of products, the Board of Directors has set out an updated strategy. As a consequence of the new strategy, a number of changes have been implemented that improve the cost-efficiency of the Group and enable increased focus on profitable growth.

UPDATED STRATEGY

The Group's strategic focus is to supply industrial customers and consumers with green chemical products for treatment of fiber-based materials. The focus areas for the next three years will be:

1) Becoming more clearly defined as a green chemical company

- Operationally, the Group will develop into a green chemical company. This includes outlicensing of the Group's manufacturing of biocomposites and the offering of our wood protection products to pressure impregnation companies in export markets for license production of OrganoWood timber.

2) Profitable growth

- The Group's objective is to reach a positive cash flow in 2023 and then continue to expand with gradually improving profitability.

3) Growth efforts in green chemistry

- Focus on sales and further development of our nonwoven binders in the European and North American nonwoven markets. This will be achieved by advancing collaborations with existing customers further and by continuing to pursue projects with new customers to the point of commercialization.
- Commencing sales of the company's new wood protection technology to the industrial pressure impregnation industry in Europe.
- Focus on building OrganoTex as a leading consumer brand for textile impregnation in Europe and North America and develop BIOkleen further in the Nordics.











Example of various applcation areas for nonwoven: Diapers, wet wipes, feminine hygiene products, tea bags, coffe filters, table cloths, napkins, agricultural mulch films, surgical gowns, hair protection, face masks and fiber cloth.

BUSINESS UNIT NONWOVEN & TECHNICAL TEXTILES

Nonwoven materials are used in a wide range of applications, such as diapers, sanitary towels, napkins, wet wipes, dish cloths, filter materials, face masks, and agricultural fabrics. They are often made from cellulose fibres bound together by fossil plastic binders.

OrganoClick has developed biobased binders, based on biopolymers from food industry side streams, which replace traditional plastic binders in nonwovens and technical textiles and thus create 100 percent biobased and biodegradable nonwovens. Our products are marketed and delivered under the OC-BioBinder brand.

The business unit also markets the biodegradable waterproofing product OC-aquasil Tex to nonwoven and textile manufacturers as a replacement for PFAS.

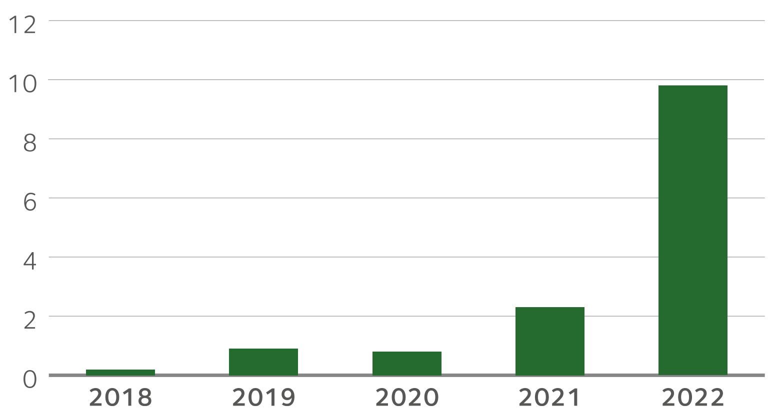
OUR MARKET

Nonwovens can be produced through a wide range of manufacturing technologies. Binders are used in the segments airlaid nonwoven, wetlaid nonwoven and chemically bonded carded nonwoven. The global market for nonwoven binders is worth approximately SEK 3-4 billions annually. Product areas in which our biobased and biodegradable binders are particularly useful include single-use items such as napkins, wet wipes, hygiene products, medical products (wound care, surgical gowns, bouffant caps), agricultural fabrics and packaging materials.

HIGHLIGHTS OF THE YEAR

2022 was a strong year for the business unit. Sales increased by 324% to 9.8 SEK (2.3) million driven by the broad launch of Duni's premium napkins Bio Dunisoft in which the traditional plastic binders was replaced with our biobased binder.

Sales to Ahlstrom also increased during the year as well as to some Asian technical textile manufacturer. Our portfolio of customer projects took big steps forward with two new nonwoven manufacturers which prepares product launch. A total of 10 customers have have done production tests during the year.



Sales in business unit Nonwoven & technical textiles 2018–2022.
Sales increased in 2022 by 324% to SEK 9.8 (2.3) million.

(1) **Duni initiates wide release of Bio Dunisoft.** Duni, market leader in premium napkins, has developed a 100 percent biobased and home compostable premium napkin made from airlaid nonwoven, in which our biobased binders have replaced the traditional plastic binders. At the end of 2022, the napkin was launched in all Duni's colours, and it has replaced a large part of Duni's previous product range. In addition to the napkin being plastic free and home compostable, an LCA has shown that the total CO_2 emissions are reduced by more than 20 percent. The napkin is sold under the Bio Dunisoft brand.

(2) **Ellepot and Ahlstrom launched plant pots.** Together with Ahlstrom, one of the largest nonwoven manufacturers in the world, and its customer Ellepot, OrganoClick has developed 100 percent biobased and biodegradable nonwoven for plant pots. The plant pots are used by professional growers of lettuce, vegetables and flowers during the growing phase of the plants to support root development. Traditional plant pots contain plastic binders that release microplastics to the soil, and our binder eliminates this problem. The plant pots were launched by Ellepot under the brand Organic 2.0 paper pot.

(3) **Winner of the New Innovation award at the TechTextil fair.** OrganoClick won the prestigious "New Technology" innovation prize at the TechTextil Innovation Award 2022 in Frankfurt. TechTextil is the leading European fair in the technical textiles industry. OrganoClick received the award for its biobased binders for nonwovens, which are developed from, among other things, shrimp shells and orange peels and replace plastic binders in technical textiles and nonwoven.

GREEN DEVELOPMENT ADVANCES

During 2022, we made significant progress in several customer projects. Around ten projects are in a production testing phase, and two customers are preparing product launches in 2023.

Much of our work on the customer projects involves optimizing and making technical adaptations of our binders for different applications. Third-party testing and certifications are then often required before products can be launched. At present, our main focus is on additional tabletop applications, wet wipes and cloths, hygiene products such as diapers and feminine care products, and agricultural applications.

We are seeing a very high level of interest from our customers in moving away from plastics. We are looking forward to helping them in this transformation in the coming years, as part of our mission to replace plastics with biobased solutions!

The big sellers: OrganoTex Wash-In and Spray-on Textile Waterproofing

BUSINESS UNIT GREEN COATINGS & MAINTENANCE PRODUCTS

Consumers increasingly demand fossil-free and eco-labeled chemical products.

Within the business unit Green coatings & maintenance products, OrganoClick sells, markets and delivers consumer products such as textile impregnations, and clothes and shoe care products under the OrganoTex brand, wood protection products under the OrganoWood brand, and complementary maintenance products for homes and properties under the BIOkleen brand.

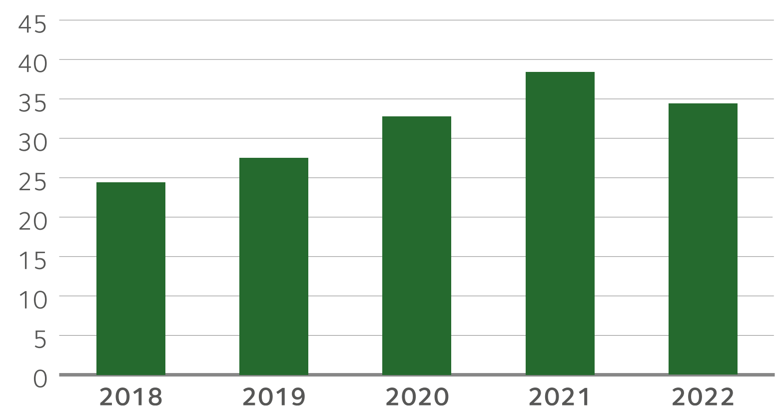
The products are sold through outdoor and sports retailers as regards OrganoTex and through the building suppliers and paint dealers as regards the OrganoWood and BIOkleen brands. In total, the Group has more than 1,000 retailers in Sweden and distributors across the rest of the Nordics, the United Kingdom and the Benelux.

OUR MARKETS

The textile impregnation market is a niche market with customers mainly among the outdoor and sports interested consumers. The global market is estimated at approximately SEK 1.5 billion per year, while the European market is estimated at approximately MSEK 500 per year. Outside Europe, the North American market is by far the largest.

We are selling OrganoTex products through retailers mainly in the sports and outdoor trade and via online shops.

The European and North American wood protection market for consumers is estimated at SEK 3-4 billion. OrganoWood wood protection and BIOkleen maintenance products are sold to consumers and professionals mainly through building suppliers and paint dealers.



Sales in business unit Green Coatings & Maintenance Products 2018-2022.
Sales decreased in 2022 by -10% to SEK 34.5 (38.4) million.

HIGHLIGHTS OF THE YEAR

The year 2022 started out strong. However, the economic downturn brought on a gradual weakening of the market for our consumer products. Overall, our sales declined by -10 percent to MSEK 34.5 (38.4) but with considerable differences between the product areas.

Our construction-related brands OrganoWood and BIOkleen were negatively affected by the deteriorating economic conditions but above all by a weaker market after two very strong years during the pandemic (2020–2021). Overall, sales of our wood protection and maintenance products decreased by -22 percent to MSEK 15.1 (19.4).

However, OrganoTex performed well over the year, driven by sustained strong sales to new customers as well as growth in sales to several existing customers. Overall, sales increased by 30 percent to MSEK 7.8 (6.0).

Our car care products were also burdened by the economic slowdown. Overall, sales decreased by -13 percent to MSEK 11.2 (12.9).

1 OrganoTex established cooperation with Snickers Workwear

During the fall, Snickers Workwear and OrganoTex launched textile impregnation products for workwear. The products will be marketed under the Snickers brand, co-branded with OrganoTex. Snickers will commence sales to their retailers in the European building suppliers during 2023.

2 BIOkleen expands its eco-labelled range

During the past few years, we have worked to improve BIOkleen's product range by increasing the proportion of biobased raw materials and by eco-labelling the products with the Swedish Society for Nature Conservation's 'Good Environmental Choice'. Ahead of 2022, a majority of BIOkleen products were eco-labelled, which is something that makes BIOkleen unique.

CONTINUED INTERNATIONAL EXPANSION

During 2023, OrganoTex will continue to expand internationally. Beyond the Nordic countries, the markets in focus will be Germany and the Benelux countries. For BIOkleen, the focus will be on strengthening the position of the brand across the Nordics.

The development effort for all product segments will be focused on increasing the proportion of biobased content in the products and continuing the eco-labelling effort to cover additional products. We believe that this will be key to ensure that our products take leading positions in their respective markets.

Lapland View Lodge, Övertorneå.
Spans and terraces built with OrganoWood.

Villazero, Borlänge. Sweden's first carbon-neutral detached houses, built with, among other things facade, roof cladding and ecking from OrganoWood.

BUSINESS UNIT FUNCTIONAL WOOD

Biocides and heavy metals are the traditionally used means to protect wood from rot. Substances such as arsenic, chromium, copper and creosote are used globally in the most common wood preservatives.

OrganoClick has developed a biocidefree wood protection technology, which involves attaching minerals to the wood fibers. Instead of acting as a poison, these minerals form physical barriers or provide the timber with hydrophobic properties that make it more difficult for the rot fungus to degrade the wood.

The treated timber is sold and marketed under the OrganoWood brand through the company's partly-owned subsidiary OrganoWood AB. Today, OrganoWood timber is established in the Nordic countries, Germany, the United Kingdom, Switzerland and Austria through hardware retailers and wood distributors.

OUR MARKETS

OrganoWood modified wood is marketed by OrganoClick's partly-owned subsidiary OrganoWood AB, mainly towards the professional construction industry but also towards the consumer market, where the wood can replace the traditional pressure-impregnated wood. In the Nordic region, about 2.5 million m3 of pressure-impregnated wood is produced annually at a value of about SEK 5–6 billion.

The company's long-term strategy is to offer licenses for the manufacture of OrganoWood modified wood to wood treatment companies and supply them with the wood protection chemistry. Today, the impregnation of wood with traditional methods requires large amounts of wood preservatives. The global market for wood preservatives within our segments is estimated to be worth about SEK 10 billion.

OrganoWood's sales representative Tony Möllberg presents the novelty Silicum HT at Nordbyggmässan.

Project with OrganoWood in Espoo Finland, designed by Linja Arkkitehdit, part of Sweco Architects.

HIGHLIGHTS OF THE YEAR

2022 has been a transitional year for the business unit.

The beginning of the year saw the launch of the company's new wood protection technology OrganoWood Silicium HT, which combines silicon impregnation with high-temperature drying. This technology gives the wood a better rot protection and a longer durability. During the year, we have focused on phasing out our old technology and promoting the new technology in parallel to our continued international expansion.

Overall, sales in the business unit increased by 4 percent to MSEK 68.7 (65.7).

1 Launch of OrganoWood Silicium HT
OrganoWood's second-generation wood protection technology OrganoWood Silicium HT was launched, and the phasing out of our first-generation wood protection technology began. OrganoWood Silicium HT offers both improved rot protection and better durability compared with our first generation wood protection.

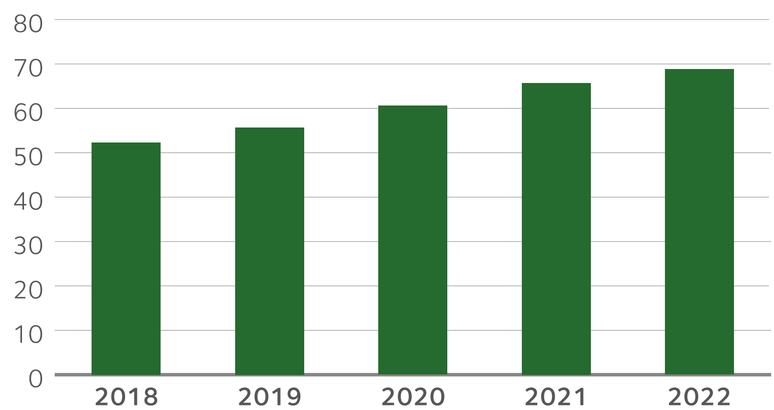
2 Finland grew sharply
During the year, Finland showed very good growth as the previously popular Siberian larch has virtually disappeared from the market as a result of the Russian invasion of Ukraine. Our assessment is that this will drive continued international sales growth also in 2023, as the Siberian larch has disappeared from Germany and the rest of Europe as well.

EXPANSION IN GERMANY AND ANOTHER NEW PRODUCT

In early 2023, yet another novel wood protection technology was launched: OrganoWood Nowa. This biocide-free technology is based on minerals that cross-link the wood fibers. This increases the hydrophobicity of the wood, hence giving it a higher resistance to rot.

The technology has been developed in parallel to Silicium HT since 2015 and has demonstrated very good performance in rot protection tests. The product will be the new standard product of the business unit, as it allows the use of standardized production equipment and thus is easier to manufacture.

Our focus on international expansion in Germany, the United Kingdom, and France will now continue. In addition, we will open discussions with various licensing partners to be able to scale up our operations faster.



Sales in business unit Functional wood 2018-2022. Sales increased in 2022 with 4% to SEK 68.8 (65.7) million.

BUSINESS UNIT BIOCOMPOSITES

OrganoClick has developed the biocomposite OrganoComp, which consists of cellulose fibers combined with our biobased binder OC-BioBinder. OrganoComp can be used to manufacture 3D-moulded products as a replacement for molded plastic.

The first products launched were acoustic panels, by the customer Baux, and burial coffins, by the Nordic region's leading manufacturer of burial coffins, Fredahl Rydéns. Other applications include packaging, furniture, and medical applications.

During 2022, net sales in the business unit totaled MSEK 2.0 (3.1).

During the year, the business unit out-licensed the production of Baux acoustic panels to a manufacturing partner.

The ambition is that also the production of coffin material shall be out-licensed to a partner during 2023.

Revenue for these products will then come from royalties and from the supply of biobased binders needed to manufacture OrganoComp.

In connection with this change of business model, the business unit will merge with the Nonwoven & technical textiles business unit under the new name Nonwoven & fiber technologies as of 2023.

DEVELOPMENT OF THE PRODUCT AREA

The outlicensing of Baux acoustic panels to a production partner has not only brought down our level of costs. During the years when we carried out in-house production of this product, the production capacity was always a bottleneck as our production line was never adapted for thin acoustic panels.

Our new licensing partner has machines adapted for this type of product and, as such, a significantly higher production capacity. As a result, Baux's sales will not suffer from the previously prevailing shortage of capacity.

The revenue we will generate going forward will consist of a royalty on each panel sold and revenue from the binders we deliver to our manufacturing partner. This revenue will start to generate profit for the Group as of 2023, and gradually increase thereafter as Baux's sales increase.

As regards our coffin material, the ambition is to enter into a licensing agreement with a manufacturing partner during 2023, using the same model as for Baux acoustic panels.

The Burial coffin Saga. The world's first molded coffin in biocomposite. Made with our strong materials that save half as many trees and produces minimal carbon dioxide emissions.

Baux's grand stand in Stockholm Furniture Fair 2023. The entire stand was dressed in their sound absorbent panel Acoustic Pulp, which among others contain wheat bran and which we deliver the material to.

Subsequently, all revenues from these products will derive from royalties and sales of binders, which will provide good synergies with our other manufacturing of binders.

Above: The material for Baux acoustic panels contains, among other things, wheat bran.

Left: The acoustic panels are perforated with thousands of tiny holes using laser.

Filippa Winkvist, Product Development Engineer at OrganoClick.

What is it like to work with us? We asked Filippa, Oscar and Pernilla—three of our approximately 50 committed employees.

WORKING WITH OUR R&D

A little over a year ago, **Filippa Winkvist** joined us at OrganoClick as a product development engineer, and she has been working on our biodegradable binders since.

Hey Filippa, tell us your story!

– I most recently come from Scania, where I worked for a short time as a development engineer in their materials department; that was my first job after receiving my M.Sc. in Engineering Chemistry.

Why did you choose OrganoClick?

– OrganoClick is exactly the kind of place I want to be! Here we are paving the way for a sustainable future with circular solutions. To have the opportunity to make the future a little better day by day feels both meaningful and fun.

– The work here is varied. There is a lot to do in the lab, where we are testing new formulations in projects that are still in lab scale but also projects where we are approaching scale-up in production. In addition, it involves a lot of research, documentation and planning, which is stimulating.

– We are also a great team here in R&D. Of course, I didn't know that before I started, but it was a pleasant bonus!

If you could dream, what would you like to achieve?

– My job here includes working with our binders, which replace fossil plastics in materials such as nonwoven. One dream of mine is to be involved in developing completely new green products without unnecessary plastic.

And how is it going thus far?

– Me and my colleagues are working in the lab with that aim in mind, and we make progress all the time. As we say at OrganoClick: the future looks green—it has to.

What was the most exciting of what you've done so far?

– Seeing our products go from lab scale to real production. We test and develop for months, maybe years, and then it scales up and becomes a real product for consumers or industry. It feels special to be part of that.

Oscar Dalla-Santa, Production manager at OrganoClick.

WORKING IN OUR PRODUCTION

Oscar Dalla-Santa joined us just over two years ago. He started out as a quality engineer, but was quickly given added responsibilities and tasks. Now, two years later, Oscar became OrganoClick's Production Manager at Arninge. The pace is often fast, the tasks are many. Right now, Oscar is on his way into the factory.

What's going on right now?

– In a few moments, I will introduce a new process operator to the rest of the team and plan for the upcoming large-scale production of binders and impregnation agents.

– Otherwise, the focus is on all the deliveries and incoming raw material flows to ensure that they are optimized as far as possible. In addition to this, I will be working on a project where we are currently exploring how to best dimension a new type of preparation tank for an upcoming manufacturing process.

– Indeed, there's a lot going on, says Oscar, giving a big hearty laugh. No two days are the same, which is fortunate because I feel the most comfortable in a fast-changing environment where a lot is happening.

Why did you join OrganoClick?

– I was attracted to the role as quality engineer. It sounded very exciting to work with several different types of modern products that challenge the traditional and not so sustainable products. When I came to the interview, met the people on site and got to see the factory, it clicked straight away.

What's the coolest thing about your job?

– I think it's really fun to be involved in making a diverse variety of many different environmental products. To do it as part of a flat and positive organization with a high sense of community, where you can have a direct impact, feels really great as well. But to see people grow in their roles and develop—well, that's probably the coolest experience you can have as a manager.

Tell us more about working in production.

– Working in production is very rewarding, because you can see directly what you have produced. As the products continue downstream through the process, you also become dependent on each other's output and work in the factory. This makes for a very tight-knit team, and it's really uplifting to work in an environment where there is such a strong sense of cohesion.

And how do you find the role as production manager?

– The factory is constantly growing, so there's a lot of focus on how to achieve the short-term goals while we also plan to achieve the future goals. In addition to supporting the process operators to succeed with their day-to-day operations, I'm currently spending a lot of time on various projects that aim to improve the production capacity and overall efficiency of the different production processes.

– That means many contact points and a lot of multitasking, to make sure that we continue to achieve our set goals. It can be challenging, but that is also what makes it fun.

”to see people grow in their roles and develop—well, that's probably the coolest experience you can have as a manager.”

If you could dream, what would you hope for us at OrganoClick to accomplish together?

– Here at OrganoClick, we are already on the right track. While other companies are searching high and low to find out how they can become more environmentally friendly, we have made it our whole business concept. For us, it's about continuing to develop and realize new, smart environmental products. Products that are sustainable for humans as well as the environment.

– When we do this on an industrial scale, we are capable of accomplishing tremendous change! We are setting the direction for other companies to follow. It's not a dream, really. Rather, it's concrete proof that many of our harmful chemicals and hidden plastics can be replaced by green sustainable alternatives in the near future.

WORKING WITH THE ORGANOTEX BRAND

Pernilla Sjöström joined OrganoClick just over a year ago and started in her new position as a sales representative in Sweden for our OrganoTex brand. One week Pernilla is visiting stores in Skåne, and the next week she is making her way up to the northern-most part of Sweden. Right now, Pernilla is back from doing a demo of OrganoTex at an event in the DN skyscraper in Stockholm, which we participated in.

What led you to take the job at OrganoClick?

– I had been working in sports and fashion for several years and it felt like I was done with that. I had many fun years in that industry, but at the end of the day, it all revolved around new collections coming in, and old ones going out. I didn't feel good about it.

> ”What a luxury to work for a company that is all about sustainable thinking and sustainable products! It's 100 percent real.”

– To have the chance to be part of this journey at OrganoClick and build the OrganoTex brand was an opportunity I wasn't going to miss. What a luxury to work for a company that is all about sustainable thinking and sustainable products! It's 100 percent real.

What might a typical day look like for you?

– On Monday, for example, I was in Karlstad. We conduct what we call clinics with the stores, where I tell them about the uniqueness of OrganoTex and demonstrate how the water repellence works on different materials. It also involves me showing how our detergents and shoe and textile impregnations can be used on existing garments to care for them and extend their lives.

– I first visited XXL and then TeamSportia, before moving on to Jaktia where I set up our new display rack and went over the benefits of our new product ShoeCare Cleaner.

– The staff in the shops are our most important ambassadors. It is essential that they are really familiar with all the advantages and what sets us apart from the competition.

TAKE CARE OF WHAT YOU ALREADY HAVE

You really go back and forth across Sweden, how does that feel?

– We actually have a whole lot of customers, so the trips can be long sometimes—but everyone is so interested and always eager to learn more. And there is so much to tell. Both about our unique technology and how functional garments should be treated to work 100 percent optimally.

– But quite often I'm also at the head office in Täby. It feels important to have a fixed point to start from and to get a chance to spend time with colleagues. We're actually not that big, which implies that I get to be involved in solving a lot of different issues, aside from just being out there selling.

What do you enjoy most about your work?

– The personal interaction with all those who sell our products! It gives me energy. In addition, of course, that we have a genuine product that is doing something really positive for the future.

– It's also exciting to work together with everyone else here at OrganoClick, from those involved with the lab and chemistry to the people in sales, marketing, finance... the mix and the atmosphere is a delight! Together, we make a great team.

Pernilla Sjöström, seller OrganoTex.

Sustainability report

In this Sustainability Report, we have taken inspiration from GRI Standards. However, it is not reviewed by 3rd party/auditor.

ORGANOCLICK'S IMPACT AND ROLE IN SOCIETY

The world is facing great challenges in managing and limiting the impact of the ongoing climate change and other negative environmental effects, in areas such as biodiversity, plastic pollution, and release of toxic and persistent chemicals from human activities. OrganoClick's technologies and products address these challenges by replacing fossil-based and non-biodegradable plastics and fossil chemicals. As such, OrganoClick's operations become a positive force in the effort to create a better environment. For each tonne of our biobased and biodegradable binder OC-BioBinder, we can substitute the corresponding amount of fossil-based plastic binders in, for example, napkins. For each litre of OrganoTex biodegradable textile impregnation produced, we can substitute one litre of PFAS-based bioaccumulative impregnation.

It is obvious that the linear model on which we have built our society is not sustainable, and it is essential that we adopt a circular approach to our management of the earth's resources. This implies that nothing should be regarded as waste, but rather as resources that can be used over and over, through reuse, recycling—and, perhaps most importantly—by maximizing the lifespan of the products we manufacture. This is an approach that aligns well with OrganoClick's products, as their very purpose is to extend the service life of products such as clothes, building materials and vehicles.

ORGANOCLICK AND THE UN SUSTAINABLE DEVELOPMENT GOALS

The 17 UN Sustainable Development Goals and the 2030 Agenda aim to eradicate poverty, mitigate climate change and create peaceful and secure societies. OrganoClick's activities has implications for a number of these goals, and the goals where we consider that we have the greatest opportunity to make a positive contribution are set out below. In conclusion, our products make highly significant secondary contributions towards a number of the 17 goals, by making it possible for our customers to phase out their use of toxic and fossil-based chemicals and materials..

The UN Sustainable Development Goals	OrganoClick's possible material impact
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Biobased and biodegradable products that enable the phasing out of toxic and fossil-based plastics and chemicals.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Products that extend the lifespan of other products. • Resource-efficient production and use of materials. • Biobased and biodegradable products that enable the phasing out of toxic and fossil-based plastics and chemicals. • Minimize the amount of hazardous waste.
13 CLIMATE ACTION	• Carbon-neutral production. • Biobased products that enable the phasing out of toxic and fossil-based plastics and chemicals. • Environmentally friendly transports.
14 LIFE BELOW WATER	• Reduce the amount of hazardous waste. • Biodegradable products that enable the phasing out of toxic, non-biodegradable and bioaccumulative plastics. • Biobased raw materials grown under certified sustainable conditions.
15 LIFE ON LAND	• Biobased raw materials grown under certified sustainable conditions. • Products that enable the phasing out of toxic, non-biodegradable plastics and chemicals.

OUR STAKEHOLDERS

OrganoClick's operations start with our customers' need for sustainable solutions that can replace the toxic and fossil-based plastics and chemicals in use today. Hence, sustainability is at the very core of our activities, and our understanding of the requirements, expectations and needs of our customers and other stakeholders is of vital importance for both our sustainability work and our commercial success. Through regular dialogue with our stakeholders, we are constantly building this understanding to enable us to map out which sustainability areas to prioritize. In addition to obvious stakeholders such as customers, suppliers, authorities, and owners, we also listen continuously to the needs and expectations of society at large and private consumers in terms of sustainable solutions related to our operations and our products. A list of selected stakeholders, their prioritized topics and our means of interacting with them is set out below:

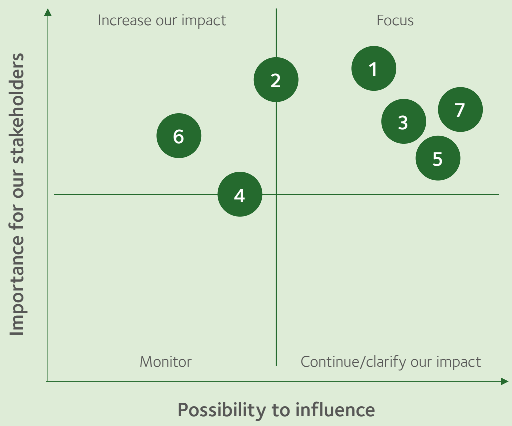
Stakeholder	Prioritized sustainability issues	Form of dialogue
Customers	Eco-labelled products Biobased products Biodegradable products Business ethics Climate impact Compliance	Meetings Customer surveys Audits Contracting Training Trade fairs
Suppliers	Business ethics	Ongoing dialogue Meetings Contracting
Personnel	Working environment Skills development Business ethics The company's overall environmental impact Equality and equal treatment Sustainable products	Daily communication Employee surveys Information meetings
Shareholders	Sustainability-related policies Business ethics Climate impact Sustainable products	General meetings Investor meetings
Providers of funds	Compliance Business ethics	Meetings
Authorities	Compliance	On-site inspections Authorization procedures Reportings

MATERIALITY ANALYSIS

By analyzing the prioritized sustainability issues of our stakeholders in relation to the company's potential to have an impact, a materiality analysis has been carried out. The analysis is broken down into the categories 'Environment', 'Social sustainability', and 'Business ethics' and highlights how our sustainability efforts should be prioritized.

Materiality analysis and categorization

Category	Sustainability area
Environment	1) Sustainable products a. Biobased b. Biodegradable c. Eco-labelled 2) Climate impact 3) Compliance
Social sustainability	4) Production of raw materials 5) Attractive employer a. Working environment and working conditions b. Equality and diversity c. Skills development 6) Compliance
Business ethics	7) Reliable professional business partner



Outcome of materiality analysis.

PRODUCT DEVELOPMENT AND ENVIRONMENTAL CONSIDERATIONS

Product development is always high on OrganoClick's agenda, in order to meet the different needs of our customers and open new business opportunities. The effort focuses on the development of biobased and biodegradable products. During 2022, we both launched new products and switched raw materials in existing products to increase the share of biobased raw materials. In addition, we launched Organowood Nowa, a new generation wood protection technology.

ATTRACTIVE EMPLOYER

It is essential to be an attractive employer and thus being able to recruit and retain competent staff. Through continuous dialogue and employee surveys, we ensure that we as an employer meet the needs of employees and identify ways to improve. For example, we offer occupational health care, skills development as needed, free access to our own well-equipped gym, wellness allowance, and occupational pension. To ensure the safety of our employees, systematic work environment management is implemented and risk analyses are carried out for the various parts of the business. Important issues such as health and safety, equal treatment, and addiction are addressed by clear policies.

RESPONSIBLE SUPPLY CHAIN

OrganoClick's suppliers are scattered across the globe and include both small and large businesses. OrganoClick has established a Code of Conduct based on the ten principles of UN Global Compact, and we make it clear in our contacts with suppliers that we expect them to adhere to it.

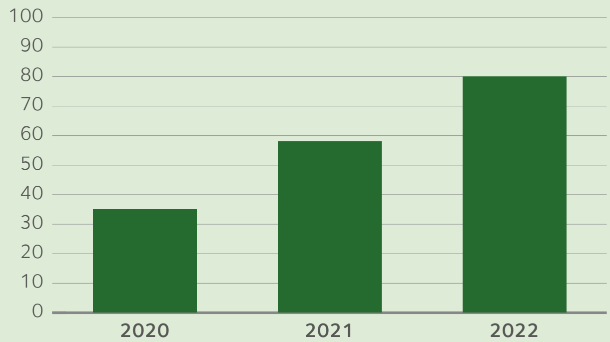
OBJECTIVES AND OUTCOMES

Product

Biobased Content

Using biobased raw materials and phasing out the use of fossil-based chemicals and materials is part of our mission and something that customers demand across all our segments. Some of our product groups were developed using only biobased raw materials from the onset. For others, our research & development department are making constant efforts to replace fossil raw materials with biobased alternatives. The graph below shows how the share of biobased raw materials has evolved in relation to the total amount of raw material used for our chemical products manufactured in OrganoClick's facility over the past three years. In addition to the transition from fossil to biobased raw materials, this trend is also affected by how the percentages of total sales for various product segments vary over time.

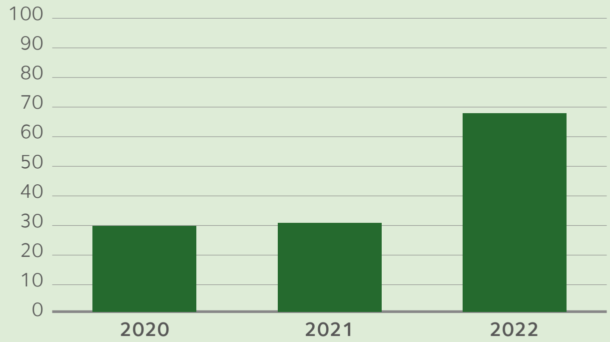
% (share of biobased raw material)



Eco-labelled Products

Eco-labelled products is another area in which we see a growing demand. Our stakeholders want to be certain that claims regarding the environmental issues solved by our products are assessed by independent parties. The graph below shows how the share of eco-labelled product has evolved in relation to the total amount of product, for our chemical products, over the past three years. In 2022, we obtained new Nordic Swan certifications for car care products and TÜV OK compost HOME certification for a number of our binders. In addition to these certifications, we also have products eco-labelled with the Swedish Society for Nature Conservation's 'Good Environmental Choice'.

% (share of eco-labelled products)



Climate

During 2022, our climate action made a great leap forward as we were certified as a Carbon Neutral company by ClimatePartner[1]. The certification applies to our activities in 2021 and will be followed up for 2022. The greenhouse gas emissions that underlie the certification are Scope 1, Scope 2 and parts of Scope 3 (staff commute to and from work, water consumption, waste managment and business travel).

More information about this certification and the project we are supporting to offset our climate impact is available at OrganoClick AB - ClimatePartner.[2]

Compared with 2021, our climate impact before carbon offsetting increased in 2022. This is mainly because of an increase in the number of business trips, which in 2021 was at an unusually low level due to the COVID-19 pandemic. For 2022, we have included OrganoWood AB, which also contributes to a slight increase—mainly in the form of air travel. The consumption of energy and water and the amount of waste generated declined in 2022 compared with 2021, both in absolute terms and in relation to the amount of product manufactured, which increased over the same period of time.

Waste

In 2022, an evaporator plant was put into operation to enable the recycling of water within our production facility and reduce the amount of hazardous waste. Indeed, we can already see clear indications of a sharp reduction in the amount of hazardous waste. Other waste such as paper and plastic is handled and recycled by external partners.

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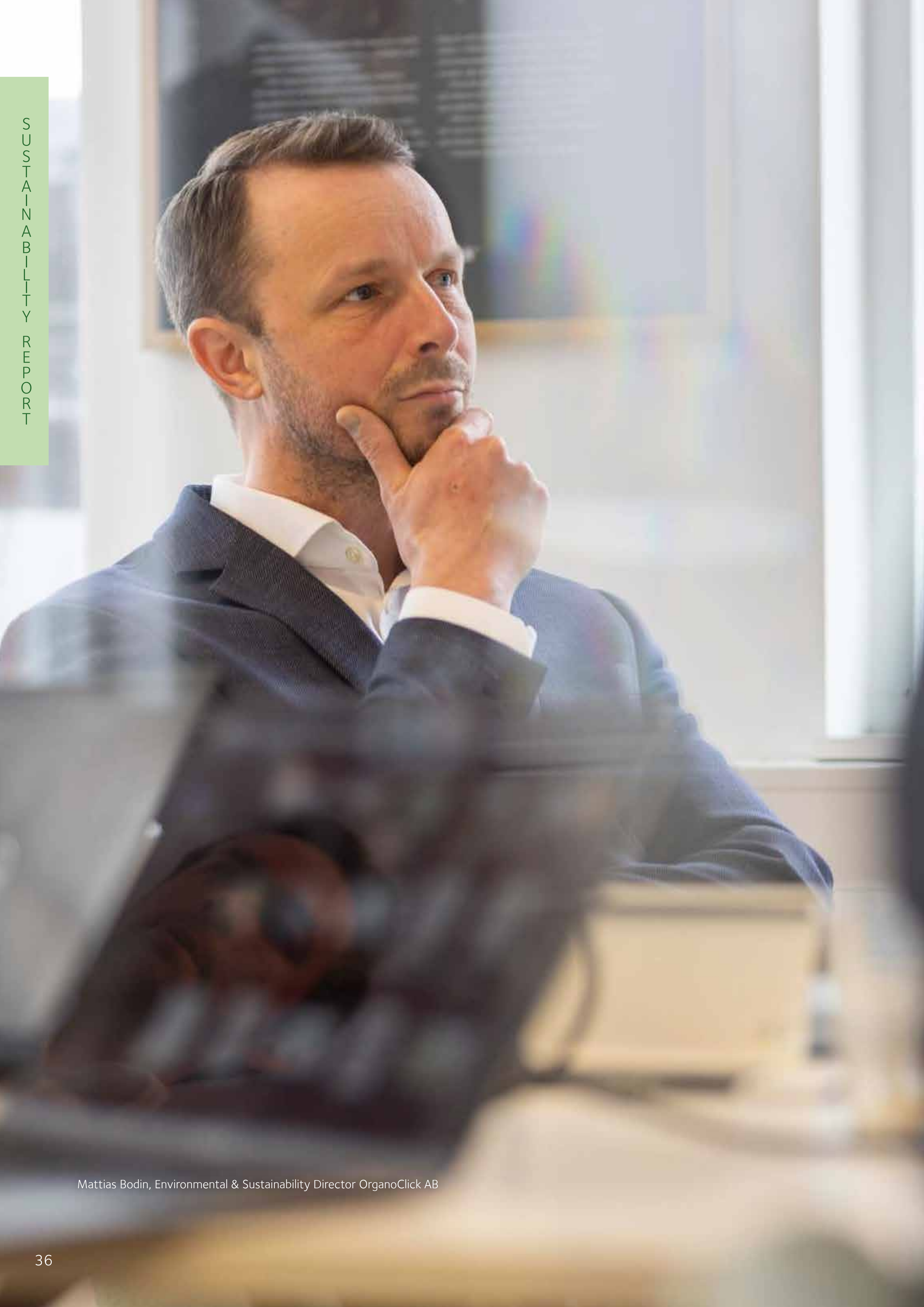
1) www.climatepartner.com
2) https://fpm.climatepartner.com/tracking/13966-2210-1001/en



Mattias Bodin, Environmental & Sustainability Director OrganoClick AB

SUSTAINABILITY REPORT

Indicators in summary

The table below shows indicators for 2021 and 2022 relating to the environment, social sustainability and business ethics. The indicators for the area 'Product' include chemical products, and the proportion of biobased raw materials includes those that are produced in OrganoClick's facility.

Area	Indicator	2022	2021
Environment			
Product	Proportion of products that are eco-labelled (%)	67	30
	Proportion of raw materials that are biobased (%)	80	58
Regulatory compliance	Number of violations of environmental legislation (fines, penalties)	0	0
Energy[1]	Energy consumption (MWh)	845	1,080
	Energy consumption/tonne produced (MWh/tonne)	0.5	0.7
Climate	CO_2e emissions (tonnes)	181	113
	CO_2e emissions/tonne produced (CO_2e/tonne)[1]	0.10	0.08
Water[1]	Water consumption (m^3)	9,374	11,030
	Water consumption/tonne produced (m^3/tonne)	5.4	7.3
Waste[1]	Amount of waste (tonnes) – Combustible, Industrial waste	100	182
	Amount of waste/tonne produced (tonnes/tonne)	0.06	0.12
Management system	Facilities certified according to ISO 14001 (percentage of total)	100	100
Social sustainability			
Compliance	Number of violations of occupational safety and health legislation (fines, penalties)	0	0
Health and safety	Number of workplace accidents resulting in absence	1	1
	Sick leave (%)	5,5	5
Gender equality	Gender distribution of the Board (women/men)	2/3	2/3
	Gender distribution of senior management (women/men)	2/6	2/5
Business ethics			
Code of conduct	Reported breaches involving serious irregularities	0	0

Objectives Going Forward

We have defined a number of new objectives for the next three-year period, as set out in the table below.

Area	Indicator	Year
Environment		
Product	100 percent of our products eco-labelled.[2]	2025
	95 percent of raw materials biobased.[3]	2025
Packaging	75 percent of plastics from recycled sources.[4]	2025
Logistics	100 percent of transports environmentally friendly.[5]	2025
Environment/Social sustainability		
Raw materials	All key ingredients sourced from farms certified in accordance with relevant standards[6] for environmental and social sustainability.	2025

1) Refers to OrganoClick AB's facility.
2) Calculated as the weight of environmentally certified product sold compared with the total amount of product sold. The environmental certification must be relevant in relation to the product type and the specific environmental aspect it is intended to address.
3) Calculated as the weight of biobased raw material used compared with the total amount of raw material used, taking market availability into account.
4) Refers to products where the use of recycled plastics would be regulatory feasible and excludes packaging that is part of a return system, for example IBC (Intermediate Bulk Container).
5) The objective includes truck transports procured by the company and fuels such as electricity, HVO and hydrogen.
6) Examples of relevant standards: Roundtable on Sustainable Biomaterials (RSB), Bonsucro, Roundtable of Responsible Soy (RTRS), International Sustainability and Carbon Certification (ISCC) and Roundtable on Sustainable Palm Oil (RSPO).

Board of Directors and Management

JAN JOHANSSON
Born in 1954. Chairman since 2016. **Education:** Master degree of Laws from Stockholm University. **Current assignments:** Chairman of the Board in Serneke Group AB, Midsummer AB and Novedo Holding AB. Vice Chairman of Chinese Vinda and member of the board in Kährs Holding AB. **Selected past assignments:** CEO and President of SCA, CEO and President of Boliden, Executive Vice President of Vattenfall. **Shareholding*:** 166,666 shares.

CHARLOTTE KARLBERG PH.D.
Born in 1963. Member of the board since 2020. **Education:** Ph.D. in Chemical Engineering from Lund University. **Current assignments:** CTO at Alimak Group AB. Chairman of the Board of HMS AB and Avassa AB and chair of a number of national R&D programs. **Selected past assignments:** Director General for Vinnova, the Swedish Innovation Agency. Various management positions in R&D and engineering at ABB. **Shareholding*:** 70,000 shares.

HÅKAN GUSTAVSON
Born in 1958. Member of the board since 2016. **Education:** MBA from Stockholm School of Economics. **Current assignments:** Advisor of Beijer Holding AB. Board member of Sturebadet Holding AB and several companies in the Wall/Beijer group. **Selected past assignments:** CFO/COO at Niscayah, Enea and MEC. **Shareholding*:** 440,000 shares.

MALIN BUGGE
Born in 1976. Member of the board since 2020. **Education:** Master's degree in Business & Marketing from Stockholm University, post-graduate degree from IHR. **Current assignments:** Chief Strategy Officer at Kurppa Hosk and partner at ARC. **Selected past assignments:** Strategy consultant at Differ, Essen International and Volt, Brand & Marketing Manager at Q-Park. **Shareholding*:** 15,000 shares.

CLAES-GÖRAN BECKEMAN
Born in 1942. Member of the board since 2008. **Education:** M.Sc. in Chemical Engineering from the Chalmers University of Technology. **Current assignments:** Board member of Cellcomb AB and OrganoWood AB. Member of the Royal Swedish Academy of Engineering Sciences. **Selected past assignments:** CTO of the business unit Hygiene Products at SCA, CTO at Tetra Pak and Tetra Laval. **Shareholding*:** 689,316 shares.

*Shareholding including by related parties, natural and legal persons. Shareholding as at 31 December 2022.

MÅRTEN HELLBERG
Born in 1980. CEO and co-founder since 2006. **Education:** M.Sc. in Engineering Molecular Biotechnology from Uppsala University and ENS de Lyon in France. Economics at Stockholm University. **Current assignments:** Board member of Svenska Aerogel Holding AB. **Selected past assignments:** Multiple Swedish champion in canoe slalom with 12 years on the Swedish national team. Co-founder of X-brane Biopharma in 2008. **Shareholding*:** 7,643,453 shares and 193,504 warrants.

JESSICA SUNDBORG
Born in 1982. CFO since 2013. **Education:** Master in Economics from Södertörn University. **Current assignments:** No assignments. **Selected past assignments:** Group Chief Accountant at Avega Group, auditing at the Swedish National Audit Office and Deloitte. **Shareholding*:** 205,000 shares and 122,437 warrants.

DAN BLOMSTRAND
Born in 1980. Business Development Director, employed since 2016. **Education:** M.Sc. in Chemical Engineering from Uppsala University. Economy and business development at the Uppsala School of Entrepreneurship. **Current assignments:** No assignments. **Selected past assignments:** Head of business unit Biocomposites at OrganoClick, Business Unit Manager at Aerosol Scandinavia and Global Account Executive at Catalent Pharma Solutions. **Shareholding*:** 144,935 shares and 100,000 warrants.

PETER RYDJA
Born in 1979. VP and Head of business unit Green coatings & maintenance products since 2021. **Education:** Master in Economics and B.Sc in Electrical Engineering from Mälardalen University. **Current assignments:** No assignments. **Selected past assignments:** CEO of Gateau AB, CFO at Fazer brands. **Shareholding*:** 30,000 shares and 100,000 warrants.

MARIA WENNMAN
Born in 1985. Research & Development Director, employed since 2012. **Education:** M.Sc. in Molecular Science and Chemical Engineering from the Royal Institute of Technology in Stockholm. **Current assignments:** No assignments. **Selected past assignments:** Development engineer and later Project Manager at OrganoClick, with responsibility for the development of the company's biobased binders for nonwoven in particular. **Shareholding*:** 30,650 shares and 63,694 warrants.

DANIEL LUND
Born in 1975. COO since 2021. **Education:** M.Sc. in Chemical Engineering from the Luleå University of Technology. **Current assignments:** No assignments. **Selected past assignments:** COO at Bactiguard, leading positions in production and logistics at Pfizer, Astra Zeneca and Medivir. **Shareholding*:** 250,000 shares and 193,504 warrants.

STEN ÅKERBLOM
Born in 1965. Brand manager since 2021. **Education:** Education in environmental science from Umeå University and degree in advertising and marketing from RMI Berghs. **Current assignments:** No assignments. **Selected past assignments:** Partner, Art Director and Brand Strategist at several advertising agencies, most recently BerntzonBylund /HH Group. **Shareholding*:** 38,000 shares and 138,361 warrants.

MATTIAS BODIN
Born in 1976. Environmental & Sustainability Director since 2022. **Education:** M.Sc. in Chemical Engineering from the Royal Institute of Technology in Stockholm. **Current assignments:** No assignments. **Selected past assignments:** Innovation Leader at H&M Group, Product Legislation & Compliance Manager at H&M Group. **Shareholding*:** 10,000 shares and 68,000 warrants.

*Shareholding including by related parties, natural and legal persons. Shareholding as at 31 December 2022.

Our biobased binder OC-BioBinder, completely fossil-free and 100% biodegradable.

Delivery of our binder is, among other ways, by tank truck from the factory in Arninge.

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 2022-01-01 to 2022-12-31. 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 and biobased chemical products 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 & Administration, Marketing & Communication, Production, Environment & Sustainability and Research & Development.

Sales and marketing within the Functional wood business unit is performed through the subsidiary OrganoWood AB. 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 2022, the Group employed 46 (51) 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 biodegradable textile impregnations as well as shoe and clothes care 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 supplies the biocomposite OrganoComp to various industrial companies. In its first applications, the material is used for burial coffins and sound-absorbing acoustic panels. These materials have been manufactured in-house but an out-licensing to manufacturing partners commenced in 2022. The Group will supply the licensees with the biobased binders needed for the material. The ambition is that all production of the materials shall be out-licensed as of 2023.

Within the business unit Nonwoven & technical textile the Group supplies biobased binders and water repellent products to industrial customers in nonwoven and technical textile. Products include the biobased binder OC-BioBinder that replaces the plastic binders in use today, and the biodegradable water repellent product OC-aquasil Tex that replaces fluorocarbons (PFAS). In 2022, Duni carried out a broad launch of the world's first fossil-free and home-compostable premium napkin where OrganoClick binders have replaced traditional plastic binders. A large number of customer projects are conducted where about ten projects are in production testing phase and two customers are preparing product launches.

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 while the third and 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 Group'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, Stockholm University, 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 has also manufactured the Group's biocomposites in-house. This production was, however, also partially out-licensed to a manufacturing partner in 2022. Over the course of the year, discussions on an out-licensing of the remaining production have been ongoing. The ambition is that all manufacturing of biocomposites will be out-licensed as of 2023.

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 2022, OrganoClick had 4,296 (4,614) shareholders divided on 97,950,000 shares. The five major owners on 31 December 2022 were: Peter Lindell (with company) 10,639,676 shares (10.86 percent), Mårten Hellberg (with company), 7,643,453 shares (7.80 percent), Beijer Ventures AB, 7,107,180 shares (7.26 percent), Anders Wall Foundations, 5,090,227 shares (5.20 percent) and CBLDN-EQ Nordic small cap fund 3,749,422 shares (3.83 percent).

OrganoClick AB has a wholly-owned subsidiary, Biokleen Miljökemi AB, and a part-owned subsidiary, OrganoWood AB. OrganoClick AB owns 57.9 (57.9) percent of the capital and 59.8 (59.8) percent of the votes in OrganoWood AB. Other ordinary shareholders own 38.8 (38.5) percent of the capital and 39.8 (39.8) percent of the votes and 3.3 (3.6) percent of the capital and 0.4 (0.4) percent of the votes are owned by 26 preference shareholders.

Share information

OrganoClick AB's share capital at the beginning of 2022 amounted to SEK 979,500 distributed on 97,950,000 shares. The quota value of all shares is 0.01 and they are equally entitled to share the company's assets and earnings. No change has taken place in the share capital during the year.

During January, a warrant-based incentive scheme was implemented through the issue of 979,500 warrants to senior executives of the company, which corresponds to a dilution of approximately one (1) percent of the number of outstanding shares and votes in the company. Exercise of warrants to subscribe for shares, in accordance with the warrant terms, shall be possible during the period between 12 January 2025 and 12 July 2025, inclusive.

OrganoClick AB's share has been listed on Nasdaq First North Growth Market since 2015. The closing price of the share on 31 December 2022 was 3.00 (7.00), giving a market capitalization of MSEK 294 (686).

The largest shareholders in OrganoClick AB as at 31 December 2022[1]

Name	No. of shares	Share of votes and capital %
Peter Lindell with compay	10,639,676	10.86
Mårten Hellberg with company	7,643,453	7.80
Beijer Ventures AB	7,107,180	7.26
Anders Wall Foundations	5,090,227	5.20
CBLDN-EQ Nordic small cap fund	3,749,422	3.83
CS (CH) Client Omnibus ACC	3,724,300	3.80
Avanza Pension	3,113,386	3.18
Sijoitusrahasto Aktia Nordic	3,100,000	3.16
Nordnet pensionsförsäkring AB	2,808,314	2.87
Armando Cordova med bolag	2,336,069	2.38
Subtotal	**49,312,027**	**50.34**
Other shareholders	48,637,973	49.66
Total shares	**97,950,000**	**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 and 14001 as part of the Group'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 year, the number of employees in the Group was 46 (51). Of these, 32 (36) were employed in the Parent Company, 11 (12) employed in the subsidiary OrganoWood AB and 3 (3) employed in the subsidiary Biokleen Miljökemi AB. Of the employees, 17 (18) were women and 29 (33) 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

- An Extraordinary General Meeting, on 12 January 2022, resolved in accordance with the proposal from the Board to introduce a warrant-based incentive program through an issue of 979,500 warrants and to approve transfer of the warrants to senior executives in the Company.
- The CEO and senior executives of OrganoClick chose to acquire 100 % of the warrants in the incentive program proposed by the Board.
- OrganoClick, Ahlstrom-Munksjö and Ellepot announced collaboration and the launch of a new organic plant pot for industrial cultivation made of nonwoven from Ahlström-Munksjö with OrganoClick's binder.
- Mattias Bodin was appointed new Environmental & Sustainability Director at OrganoClick and part of Group management.
- Manufacture of Baux sound absorbers out-licensed to manufacturing partners.
- OrganoClick won the global innovation award TechTextil Innovation Awards 2022 in the category New Technology.
- OrganoTex initiated cooperation with Snickers workwear.

Significant events after the end of the year

- OrganoClick's partly owned subsidiary OrganoWood launched the third generation of wood protection technology OrganoWood Nowa.
- OrganoClick announced a new strategic direction and efficiency program that reduces the Group's operating costs by SEK 5-6 million from 2023.

PERFORMANCE DEVELOPMENT

The Group

Profit/Loss

The year's revenue amounted to KSEK 115,047 (110,064), a sales growth of 4.5 (14.1) percent. In the Functional wood business unit, sales amounted to KSEK 68,770 (65,707), a growth of 4.7 (8.5) percent, with sales burdened by the overall downturn in the construction sector. Revenue within the Green coatings & maintenance products business unit amounted to KSEK 34,446 (38,407), which is a decline of -10.3 (17.1) percent. The business unit was negatively affected by an overall market downturn following two strong years of sales during the COVID-19 pandemic when consumers invested in their homes and outdoor environments as well as by a slowdown of consumer demand driven by increasing interest rates and high inflation. Both wood protection & maintenance products and car care products saw decreasing sales, while OrganoTex® textile and shoe care products grew by 30 percent. Revenue in the Biocomposites business unit amounted to KSEK 2,006 (3,056). The decline is explained by the change in business model for the Group's sound absorbents to a licensing model set to reduce sales but increase profit. Revenue within the business unit Nonwowen & technical textiles showed strong growth of 323.9 (176.3) percent and amounted to KSEK 9,826 (2,318), attributable to increasing deliveries of biobased binders to Duni in particular.

The gross margin weakened after the negative impact of the fourth quarter to 11.2 (16.8) percent, and the gross profit amounted to KSEK 12,934 (18,510). This is partially explained by the weakening of gross margin after variable costs to 37.9 (39.6) percent after the fourth quarter's stock clearance of existing OrganoWood timber in view of the launch of the new OrganoWood Nowa. A second reason lies in the recognition of a non-cash impairment loss of KSEK -5,251 on the Group's fiber moulding machine, which is a result of the Group's new strategic focus where the aim is to out-license all biocomposites manufacturing. Research and development costs have also increased due to non-cash impairment charges totaling KSEK -4,074 for patents and development projects associated with the production of biocomposites. The Group's growth efforts increased costs related to sales and administration during the year, and other operating income increased as a result of the sale of OrganoWood AB's high-temperature dryer. Operating profit/loss, EBIT, decreased sharply compared with the previous year due to the major impairments of KSEK -9,325 and amounted to KSEK -38,509 (-28, 590). At the same time, EBITDA strengthened somewhat to KSEK -11,882 (-12,991). Profit/loss for the year amounted to KSEK -41,621 (-31,033).

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 in internal gains in inventories, intangible assets and leases.

Cash flow and investments

Cash flow from operating activities amounted to KSEK -21,223 (-37,688) of which KSEK -13,282 (-15,158) was cash flow from profit/loss and KSEK -7,941 (-22,530) was cash flow from working capital. The working capital saw a positive development over the previous year due to reduced inventory build-up, KSEK -9,133 (-18,060). At the end of both 2021 and 2022, inventories were built up for new product launches and projected volume increases in binders in 2023.

During the year, the Group made investments of KSEK 6,202 (7,179) in intangible fixed assets, in the form of development projects and patents, and of KSEK 7,926 (7,470) in tangible fixed assets, most of which relating to a new production line for binders. Sales of tangible fixed assets have yielded KSEK 6,680 (0). In financing activities, the implementation of a warrant program raised proceeds of KSEK 1,446. The utilization of the bank overdraft facility increased by KSEK 7,223 (8,506) and the utilization of factoring loans increased by KSEK 5,778 (1,168), which exceeds the increase in trade receivables and is due to the fact that factoring loan agreements cover all companies within the Group as of 2022. The Group raised new loans of KSEK 8,868 (0), including to finance the Group's new line for binders. At the same time, loans of KSEK -3,219 (-1,770) relating to the now sold high-temperature dryer were repaid. Loans and leases of KSEK -10,472 (-9,166) were amortized. In the previous year, a new issue was carried out, which raised proceeds of KSEK 66,996 after issuance expenses. A part of the issue proceeds was used to acquire preference shares in OrganoWood AB for KSEK -11,178. Total cash flow amounted to KSEK -19,046 (2,219).

Financial position

Cash and cash equivalents in the Group amounted to KSEK 15,204 (34,248) at the end of the period with a quick ratio of 45.6 (92.1) percent. Net debt/equity ratio amounted to 72.9 (18.8) percent. In the fourth quarter, OrganoClick AB obtained a bank overdraft facility of KSEK 5,000, and at the end of the quarter, KSEK 19,737 (12,513) of bank overdraft facilities totaling KSEK 20,000 (15,000) was utilized. The bank overdraft facility changes depending on the requirement for the season.

The Parent Company

Profit/Loss

Revenue for the year amounted to KSEK 44,696 (39,076) due to increased sales of binders and OrganoTex textile and shoe care products and decreased internal sales of wood protection and maintenance products. Gross margin deteriorated compared with the previous year after a non-cash impairment loss of KSEK -4,594 related to the company's fiber moulding machine. The impairment is attributable to the Group's new strategic focus, which aims towards the out-licensing of all production of biocomposites. This negative impact was somewhat offset by lower fixed production costs compared with the previous year, and the gross profit amounted to KSEK -10,586 (-8,172). The company's growth efforts increased costs related to sales and administration, and non-cash impairments of patents and development projects associated with the production of biocomposites burdened research and development costs with KSEK -4,074. Operating profit/loss, EBIT, was burdened by considerable impairment charges totaling KSEK -8,668 and amounted to KSEK -45,494 (-34,592). EBITDA amounted to KSEK -29,801 (-28,629). Profit/loss for the year amounted to KSEK -44,245 (-34,269).

Cash flow and investments

Cash flow from operating activities amounted to KSEK -39,488 (-34,883) of which KSEK -28,474 (-27,915) was from profit/loss and KSEK -11,014 (-6,967) from working capital. In working capital, liquidity was tied up in inventories, KSEK -9,517 (-6,749) due to stock building in view of projected increased volumes of binders, and in trade receivables, KSEK -5,554 (-1,625) following increased sales, mainly of binders.

During the year, the Parent Company invested KSEK 4,729 (5,062) in intangible fixed assets in the form of development projects and patents and KSEK 7,560 (6,514) in tangible fixed assets to build a new production line for binders. Loans to group companies totaling KSEK 4,000 (-8,200) and shareholder contributions totaling KSEK 2,000 (2,000) were repaid. In financing activities, the implementation of a warrant program raised proceeds of KSEK 1,446. Both a bank overdraft facility and factoring loans were utilized during the year, raising liquidity of KSEK 4,954 (0) and KSEK 5,939 (0), respectively. Borrowings of KSEK 6,068 were raised to finance the company's new line for binders, KSEK -1,305 (0) of which were amortized. Loans of KSEK 5,200 (0) were received from group companies. In the previous year, a new share issue was carried out, which raised proceeds of KSEK 66,996 after issuance expenses. A part of the issue proceeds was used to acquire preference shares in OrganoWood AB for KSEK -11,178. Total cash flow amounted to KSEK -23,475 (1,389).

Financial position

Cash and cash equivalents in the Parent Company amounted to KSEK 6,341 (29,816) and equity to KSEK 77,966 (120,765) at the end of the year.

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 Russian invasion of Ukraine

The Group has no direct exposure to the countries that are parties to the war and is thus not impacted by, for example, the consequences of trade restrictions. Moving forward, the risks identified by the Group are that shortages or energy supply disruptions may occur, which would have a potential impact on the prices on the European energy market. Higher electricity costs would entail higher production costs for the Group as well as a risk of price rises on input materials from our suppliers. The Group further sees a risk that increased fuel prices result in higher freight costs, and that the weakening of the SEK results in more expensive raw material imports. Ultimately, this may lead to price increases for our customers, which may have a negative impact on the Group's sales.

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.

Risks related to key customers

OrganoClick has a number of key customers that may account for a significant share of the Group's sales. The loss of or severely reduced sales to one or several of these key customers would have a negative impact on the Group's sales and profitability as well as its ability to meet long-term objectives.

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.

Raw material supply

The Group has a number of key suppliers of critical raw materials. Should problems arise in the supply chain from these key suppliers, disruptions to the Group's production could ensue. This could result in an inability to meet the Group's commitments to customers to deliver the agreed quantity and quality in a timely manner, which could result in a deterioration of economic performance or a negative financial impact from penalties.

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.

Currency risk
Exchange rate fluctuations impact the Group's performance mainly in connection with purchases but also with some sales that are carried out in various currencies (transaction exposure), particularly USD and EUR.

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 shows steady growth in sales, during the last five years at an average annual rate of approximately 9 percent. In 2022, the Group's sales expansion continued, with group-level growth reaching 4.5 percent. On the other hand, the Group's costs increased more, in part due to growth investments in sales and marketing but mainly due to so-called non-cash impairments related to the biocomposites production to be out-licensed. Consequently, the loss increased. The Group's cash flow from operating activities improved, however. The out-licensing of the biocomposites production is part of a new strategy established by the Group, which involves an increased focus on the Group's green chemical products in a number of product categories. This strategic change also entails that the Biocomposites business unit merges with Nonwoven & technical textiles under the new name Nonwoven & fiber technologies. The changes implemented in 2022 to adapt the business to the new strategy will reduce the Group's cost base by approximately KSEK 5,000–6,000 per year as from 2023. The Group's ambition, moving forward, is to deliver good two-digit sales growth over the coming years. By accomplishing this at a lower level of costs and by increasing the gross margin through product mix changes and more efficient production, the Group's goal is to reach a positive cash flow in the coming year while improving performance towards profitability.

The Group's plan is to continue the sales expansion of OrganoWood timber on the existing markets in Sweden, Finland, Norway and Denmark in 2023, but with a strong focus on growth in the German and UK markets. In the Green coatings & maintenance products business unit, the goal for 2023 is to continue to grow in the Nordic market with the BIOkleen brand and to continue the export initiative in the Benelux and Germany with OrganoTex. In the business unit Nonwoven & fiber technologies, a sharp sales increase of OC-BioBinder is projected for 2023 to our existing nonwoven customers Duni and Ahlstrom as well as to additional nonwoven customers that are preparing product launches. All in all, the goal is that the Group's performance will strengthen considerably through these improvements in the coming year.

In view of the Group's performance and financial position in 2022, management has done an analysis of the Group's ability to continue as a going concern in the coming year. Management has analyzed known information about sales, costs, and liquidity, and has judged that there are no material uncertainties surrounding the analysis. Hence, it assesses that the Group meets the requirements for going concern. The basis of the assessment is that the company, as previously disclosed, is projected to increase the sales of binders to Duni sharply as the agreement is fully implemented; reduces the level of costs by MSEK 5–6 as of 2022 as a result of the restructuring program; and enters 2023 with a very high level of stock that will underpin the sales for 2023, thereby freeing up liquidity. The Group's projected positive development during 2023 leads to the objective to achieve a positive cash flow in 2023, which, together with the Group's lines of credit, is assessed to ensure sufficient financial resources for the coming year's operations.

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 banking 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 2022

The Annual General Meeting for the financial year 2021 was held on 17 May 2022. The AGM passed the following resolutions:

- to adopt the income statement and statement of financial position, and to dispose the accumulated result 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 500,000 to the Chairman of the Board and an annual fee of SEK 125,000 to the other ordinary members of the Board.
- that the Auditors' fee's would be paid in accordance with current approved invoicing.
- re-election of Jan Johansson, Charlotte Karlberg, Claes-Göran Beckeman, Håkan Gustavson and Malin Bugge as board members.
- re-election of PricewaterhouseCoopers as auditors, with authorized public accountant Sebastian Ionescu, until the end of the Annual General Meeting 2024.
- to adopt the nomination procedure and election of nomination committee for the Annual General Meeting 2023.
- that authorization is given to the Board of Directors to, during the period until the next Annual General Meeting and on one or more occasions, resolve on a new issue of shares, subscription warrants, or convertible bonds with or without deviation from the shareholders' preferential rights, to be paid in cash, in kind or by right of set-off. The issue may at most increase the share capital by 10 percent or SEK 97,950 (corresponding to 9,795,000 shares).

The AGM 2023

The Annual General Meeting will be held on May 17, 2023 at 5 pm at OrganoClick's head office in Arninge, Täby. 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.

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 17 May 2022 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 2022 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 registered audit firm PricewaterhouseCoopers AB is elected auditors until the annual general meeting 2024, with authorized public accountant Sebastian Ionescu as auditor in charge.

Proposed appropriation of profits

The Board of Directors and the Chief Executive Officer propose that no dividends be paid for the financial year 2022-01-01 to 2022-12-31.

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

Share premium reserve	310,701,387
Retained earnings	-196,042,896
Profit/loss for the year	-44,245,289
Total	**70,413,202**

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

Surplus carried forward to new account	70,413,202
Total	**70,413,202**

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 2023.

FINANCIAL DEVELOPMENT IN SUMMARY, THE GROUP

SEK 000s

Consolidated income statement	2022	2021	2020	2019	2018
Net sales	**115,047**	**110,064**	**96,458**	**85,480**	**78,395**
Operating profit/loss	**-38,509**[1]	**-28,590**	**-17,100**	**-15,131**	**-17,822**
Net financial items	-3,211	-2,578	-2,431	-3,680	-1,721
Profit/loss before tax	-41,720	-31,168	-19,531	-18,811	-19,543
Profit/loss for the year	**-41,621**[2]	**-31,033**	**-19,520**	**-18,356**	**-19,476**
Profit/loss for the year attributable to:					
Shareholders' of Parent Company	-44,399	-32,687	-23,646	-20,391	-20,245
Non-controlling interests	2,778	1,653	4,126	2,035	769
Other comprehensive income	2	1	-7	-1	-12
Comprehensive income for the year	**-41,619**	**-31,032**	**-19,527**	**-18,358**	**-19,488**
Comprehensive income for the year attributable to:					
Shareholders´ of Parent Company	-44,398	-32,686	-23,650	-20,392	-20,253
Non-controlling interests	2,779	1,654	4,123	2,034	764

Consolidated statement of financial position	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Intangible fixed assets	39,050	43,126	39,984	35,393	32,950
Property, plant and equipment	43,634	58,563	49,875	42,419	20,673
Other non-current assets	4,229	4,212	4,022	4,227	3,490
Total non-current assets	**86,913**	**105,902**	**93,881**	**82,040**	**57,113**
Current assets	60,739	48,236	26,894	30,009	24,869
Cash and cash equivalents	15,204	34,248	32,028	61,150	6,122
Total current assets	**75,943**	**82,484**	**58,922**	**91,159**	**30,991**
Total assets	**162,856**	**188,386**	**152,802**	**173,199**	**88,103**
Equity attributable to shareholders' of Parent Company	58,777	100,325	68,655	89,458	22,287
Non-controlling interests	8,779	7,404	14,288	13,013	12,511
Total equity	**67,556**	**107,729**	**82,943**	**102,470**	**34,798**
Non-current liabilities	19,878	26,277	24,701	23,977	15,120
Current liabilities	75,422	54,380	45,158	46,751	38,185
Total equity and liabilities	**162,856**	**188,386**	**152,802**	**173,199**	**88,103**

Consolidated cash flow statement	2022	2021	2020	2019	2018
Cash flow from operating activities	-21,223	-37,688	5,471	-11,012	-18,958
Cash flow from investing activities	-7,448	-14,649	-19,398	-7,007	-4,588
Cash flow from financing activities	9,625	54,556	-15,189	73,048	7,414
Cash flow for the year	**-19,046**	**2,219**	**-29,115**	**55,029**	**-16,131**

1) SEK -28,5 million exluding non-recurring costs of SEK 10.0 million.
2) SEK -31,6 million exluding non-recurring costs of SEK 10.0 million.

KEY FIGURES, THE GROUP[1]

SEK 000s	2022	2021	2020	2019	2018
Net sales	115,047	110,064	96,458	85,480	78,395
Revenue growth, %	4.5	14.1	12.8	9.0	5.0
Gross profit	12,934[2]	18,510	20,198	17,763	15,748
Gross margin, %	11.2	16.8	20.9	20.8	20.1
EBIT	-38,509[3]	-28,590	-17,100	-15,131	-17,822
EBIT margin, %	-33.5	-26.0	-17.7	-17.7	-22.7
EBITDA	-11,882	-12,991	-4,457	-3,117	-11,358
Profit/loss for the year	-41,621[4]	-31,033	-19,520	-18,356	-19,476
Profit margin, %	-36.2	-28.2	-20.2	-21.5	-24.8
Equity ratio, %	41.5	57.2	54.3	59.2	39.5
Quick ratio, %	45.6	92.1	98.7	162.6	43.3
Net debt/equity ratio,%	72.9	18.8	14.9	-5.8	98.7
Average number of employees	49	51	43	35	38
Average number of shares before and after dilution[5]	97,950,000	95,865,889	92,477,335	79,927,844	75,761,668
Number of shares issued at end of year	97,950,000	97,950,000	92,112,789	92,112,789	74,465,731
Equity per share before and after dilution SEK[5]	-0.45	-0.34	-0.26	-0.26	-0.27

1) For definitions and reconciliation of alternative performance measures, see pages 88-89.
2) SEK -18,2 million exluding non-recurring costs of SEK 5.3 million.
3) SEK -28,5 million exluding non-recurring costs of SEK 10.0 million.
4) SEK -31,6 million exluding non-recurring costs of SEK 10.0 million.
5) There is no dilution effect when the subscription price is higher than the share price.

The product range of OrganoTex. Textile and shoe impregnation as well as detergents for functional clothing, wool and down. ShoeCare Cleaner, the latest product in the family, is missing in the photo.

BIOkleens Eco-series. Biodegradable products for cleaning and maintaining houses, façade, roof and decking. Ecolabelled with the Swedish Society for Nature Conservation's Good environmental choice.

Financial information

CONSOLIDATED INCOME STATEMENT

SEK 000s	Note	2022	2021
Net sales	5	115,047	110,064
Cost of goods sold	8,9	-102,113	-91,554
Gross profit		**12,934**	**18,510**
Selling expenses	8,9	-28,842	-28,367
Administrative expenses	7,8,9	-14,020	-11,572
Research and development costs	8,9	-12,202	-7,503
Other operating income	10	5,245	1,218
Other operating expense	10	-1,624	-877
Operating profit/loss	11	**-38,509**	**-28,590**
Financial income	12	15	70
Financial expenses	12	-3,226	-2,648
Net financial items		**-3,211**	**-2,578**
Profit/loss before tax		**-41,720**	**-31,168**
Income tax	13	99	135
Profit/loss for the year		**-41,621**	**-31,033**
Profit/loss for the year attributable to:			
Shareholders´ of Parent Company		-44,399	-32,687
Non-controlling interests		2,778	1,653
Earnings per share before and after dilution[1], SEK	14	-0.45	-0.34
Average number of shares before and after dilution[1]		97,950,000	95,865,889

1) There is no dilution effect for the period when the subscription price is higher than the share price.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	Note	2022	2021
Profit/loss for the year		**-41,621**	**-31,033**
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		2	1
Other comprehensive income for the year, net after tax		**2**	**1**
Comprehensive income for the year		**-41,619**	**-31,032**
Comprehensive income for the year attributable to:			
Shareholders' of Parent Company		-44,398	-32,686
Non-controlling interests		2,779	1,654

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000s	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible fixed assets	15		
Capitalized development expenditures		16,598	17,622
Patents, trademarks		5,399	8,299
Licences		258	411
Goodwill		16,794	16,794
		39,050	43,126
Property, plant and equipment	8, 16		
Buildings		18,115	22,594
Improvement expense of other property		335	451
Machinery		21,294	27,646
Equipment, tools, fixtures and fittings		3,889	5,313
Ongoing new facilities		–	2,559
		43,634	58,563
Other non-current assets			
Other long-term receivables		3,140	3,142
Deferred tax assets	13	1,089	1,070
Total non-current assets		**86,913**	**105,902**
Current Assets			
Inventories	18	41,524	32,391
Trade receivables	19	16,196	11,983
Income tax receivables		447	570
Other receivables		598	1,614
Prepaid expenses and accrued income	20	1,974	1,680
Cash and cash equivalents	21	15,204	34,248
Total current assets		**75,943**	**82,484**
TOTAL ASSETS		**162,856**	**188,386**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

SEK 000s	Note	31 Dec 2022	31 Dec 2021
EQUITY			
Share capital		980	980
Other contributed capital		307,059	307,059
Reserves		33	32
Accumulated loss including profit/loss for the year		-249,295	-207,746
Equity attributable to shareholders´ of Parent Company	22	**58,777**	**100,325**
Non-controlling interests	23	8,779	7,404
Total equity		**67,556**	**107,729**
LIABILITIES			
Non-current liabilities			
Borrowings from credit institutions	24	3,722	3,249
Lease liabilities		14,813	21,605
Other non-current liabilities		1,000	1,000
Deferred tax liabilities	13	343	423
Total non-current liabilities		**19,878**	**26,277**
Current liabilities			
Liabilities to credit institutions	24	20,833	13,910
Lease liabilities		9,137	8,379
Trade payables		15,478	13,365
Other liabilities	25	19,358	8,413
Accrued expenses and deferred income	26	10,616	10,314
Total current liabilities		**75,422**	**54,380**
TOTAL EQUITY AND LIABILITIES		**162,856**	**188,386**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK 000s	Share capital	Other contri-buted capital	Reserves	Accum-ulated loss	Total	Non-controlling interests	Total equity
	Attributable to shareholders' of Parent Company						
Equity at 1 January 2021	**921**	**243,764**	**32**	**-176,061**	**68,655**	**14,288**	**82,943**
Comprehensive income							
Profit/loss for the year	–	–	–	-32,687	-32,687	1,653	-31,033
Transfer enumeration preference shares	–	–	–	1,253	1,253	-1,253	0
Other comprehensive income							
Translation differences	–	–	1	–	1	0	1
Total comprehensive income	**–**	**–**	**1**	**-31,434**	**-31,433**	**401**	**-31,032**
Shareholder transactions							
New share isssue	58	66,938	–	–	66,996	–	66,996
Acquisition of preference shares in OrganoWood AB	–	-3,643	–	-251	-3,893	-7,285	-11,178
Total shareholder transactions	**58**	**63,295**	**–**	**-251**	**63,103**	**-7,285**	**55,818**
Equity at 31 December 2021	**980**	**307,059**	**32**	**-207,746**	**100,325**	**7,404**	**107,729**
Equity at 1 January 2022	**980**	**307,059**	**32**	**-207,746**	**100,325**	**7,404**	**107,729**
Comprehensive income							
Profit/loss for the year	–	–	–	-44,399	-44,399	2,778	-41,621
Transfer enumeration preference shares	–	–	–	1,403	1,403	-1,403	0
Other comprehensive income							
Translation differences	–	–	1	–	1	1	2
Total comprehensive income	**–**	**–**	**1**	**-42,996**	**-42,995**	**1,375**	**-41,619**
Shareholder transactions							
Transfer warrants	–	–	–	1,446	1,446	–	1,446
Total shareholder transactions	**–**	**–**	**–**	**1,446**	**1,446**	**–**	**1,446**
Equity at 31 December 2022	**980**	**307,059**	**33**	**-249,295**	**58,777**	**8,779**	**67,556**

CONSOLIDATED CASH FLOW STATEMENT

SEK 000s	Note	2022	2021
Cash flow from operating activites			
Operating profit/loss		-38,509	-28,590
Adjustment for non-cash items[1]	28	28,316	16,064
Interest received		15	70
Interest paid		-3,226	-2,648
Income tax paid		122	-54
Cash flow from operating activities before changes in working capital		**-13,282**	**-15,158**
Changes in working capital			
Changes in inventories and work in progress		-9,133	-18,060
Changes in trade receivables		-4,214	-3,004
Changes in other operating receivables		624	-2,083
Changes in trade payables		2,113	-489
Changes in other operating liabilities		2,670	1,106
Cash flow from changes in working capital		**-7,941**	**-22,530**
Cash flow from operating activities		**-21,223**	**-37,688**
Cash flow from investing activities			
Investments in intangible assets	15	-6,202	-7,179
Investments in property, pland and equipment	16	-7,926	-7,470
Sale of property, plant and equipment[1]		6,680	-
Cash flow from investing activities		**-7,448**	**-14,649**
Cash flow from financing activities	29		
New share issue		-	70,047
Share issue expenses		-	-3,051
Acquisition of preference shares in OrganoWood AB		-	-11,178
Transfer warrants		1,446	-
Net change bank overdraft facility		7,223	8,506
Net change invoice factoring debt		5,778	1,168
Borrowings		8,868	-
Repayment of debt		-3,219	-1,770
Amortization of debt		-10,472	-9,166
Cash flow from financing activities		**9,625**	**54,556**
Cash flow for the year		**-19,046**	**2,219**
Cash and cash equivalents at beginning of year	21	34,248	32,028
Exchange rate differences in cash and cash equivalents		2	1
Cash and cash equivalents at end of year	21	**15,204**	**34,248**

1) A reclassification has been made against the reported cash flow in the Year-end report 2022. From Adjustment for non-cash items/Cash flow from operating activities, SEK 6,680 thousand has been reclassified as the item Sales of property, plant and equipment/Cash flow from investing activities.

PARENT COMPANY INCOME STATEMENT

SEK 000s	Note	2022	2021
Net sales	5,6	44,696	39,076
Cost of goods sold	8,9	-55,281	-47,249
Gross profit		**-10,586**	**-8,172**
Selling expenses	8,9	-13,897	-10,794
Administrative expenses	7,8,9	-10,754	-8,894
Research and development costs	8,9	-10,950	-6,986
Other operating income	10	1,230	849
Other operating expense	10	-538	-593
Operating profit/loss	11	**-45,494**	**-34,592**
Interest income and similar items	12	550	420
Interest expenses and similar items	12	-240	-97
Net financial items		**310**	**322**
Profit/loss before tax		**-45,184**	**-34,269**
Appropriations		939	–
Income tax	13	–	–
Profit/loss for the year		**-44,245**	**-34,269**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	Note	2022	2021
Profit/loss for the year		**-44,245**	**-34,269**
Other comprehensive income for the year:		–	–
Comprehensive income for the year		**-44,245**	**-34,269**

PARENT COMPANY BALANCE SHEET

SEK 000s	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible fixed assets	15		
Capitalized development expenditures		11,224	11,897
Patents, trademarks		4,615	7,430
Licences		238	343
		16,077	19,670
Property, plant and equipment	16		
Improvement expense of other property		335	451
Machinery		13,691	10,980
Equipment, tools, fixtures and fittings		2,242	2,983
Ongoing new facilities		–	2,559
		16,268	16,974
Financial assets			
Shares in group companies	17	37,788	39,788
Due from group companies		1,651	1,651
Other non-current assets		1,175	1,548
		40,614	42,987
Total non-current assets		**72,960**	**79,630**
Current assets			
Raw materials, supplies and finished inventories	18	23,492	13,974
		23,492	13,974
Short-term receivables			
Trade receivables	19	7,981	2,426
Due from group companies		7,324	9,484
Income tax receivables		172	295
Other receivables		418	1,428
Prepaid expenses and accrued income	20	3,366	2,946
		19,261	16,579
Cash and cash equivalents	21	6,341	29,816
Total current assets		**49,093**	**60,370**
TOTAL ASSETS		**122,053**	**140,000**

PARENT COMPANY BALANCE SHEET (CONT.)

SEK 000s	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		980	980
Fund for development expenditures		6,573	7,245
Total restricted equity		**7,552**	**8,225**
Non-restricted equity			
Share premium reserve		310,701	310,701
Retained earnings		-196,043	-163,892
Profit/loss for the year		-44,245	-34,269
Total non-restricted equity	22	**70,413**	**112,540**
Total Equity		**77,966**	**120,765**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	24	3,722	-
Liabilities to group companies		4,710	4,710
Total non-current liabilities		**8,432**	**4,710**
Current liabilities			
Liabilities to credit institutions	24	5,994	-
Trade payables		12,415	7,611
Liabilities to group companies		3,415	-
Other short-term liabilities	25	7,689	1,334
Accrued expenses and deferred income	26	6,142	5,580
Total current liabilities		**35,655**	**14,525**
TOTAL EQUITY AND LIABILITIES		**122,053**	**140,000**

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 2021	**921**	**6,348**	**243,764**	**-137,160**	**-25,835**	**88,038**
New share issue	58	–	66,938	–	–	66,996
Capitalized development expenditures	–	1,911	–	-1,911	–	–
Depreciation and impairment of previously capitalized development expenditures	–	-1,014	–	1,014	–	–
Transfer previous year's profit/loss	–	–	–	-25,835	25,835	–
Profit/loss for the year	–	–	–	–	-34,269	-34,269
Equity at 31 December 2021	**980**	**7,245**	**310,701**	**-163,892**	**-34,269**	**120,765**
Equity at 1 January 2022	**980**	**7,245**	**310,701**	**-163,892**	**-34,269**	**120,765**
Transfer warrants	–		–	1,446	–	1,446
Capitalized development expenditures	–	2,129	–	-2,129	–	–
Depreciation and impairment of previously capitalized development expenditures	–	-2,802	–	2,802	–	–
Transfer previous year's profit/loss	–	–	–	-34,269	34,269	–
Profit/loss for the year	–	–	–	–	-44,245	-44,245
Equity at 31 December 2022	**980**	**6,573**	**310,701**	**-196,043**	**-44,245**	**77,966**

PARENT COMPANY CASH FLOW STATEMENT

SEK 000s	Note	2022	2021
Cash flow from operating activites			
Operating profit/loss		-45,494	-34,592
Adjustment for non-cash items	28	16,587	6,355
Interest received		550	420
Interest paid		-240	-97
Income tax paid		122	-1
Cash flow from operating activities before changes in working capital		**-28,474**	**-27,915**
Changes in working capital			
Changes in inventories and work in progress		-9,517	-6,749
Changes in trade receivables		-5,554	-1,625
Changes in other operating receivables		-878	-2,790
Changes in trade payables		4,804	3,673
Changes in other operating liabilities		131	524
Cash flow from changes in working capital		**-11,014**	**-6,967**
Cash flow from operating activities		**-39,488**	**-34,883**
Cash flow from investing activities			
Investments in intangible assets	15	-4,729	-5,062
Investments in property, plant and equipment	16	-7,560	-6,514
Loans to group companies		4,000	-8,200
Repaid shareholder contributions group companies		2,000	2,000
Cash flow from investing activities		**-6,289**	**-17,776**
Cash flow from financing activities	29		
New share issue		–	70,047
Share issue expenses		–	-3,051
Acquisition of preference shares in OrganoWood AB		–	-11,178
Transfer warrants		1,446	–
Net change bank overdraft facility		4,954	–
Net change invoice factoring debt		5,939	–
Borrowings		6,068	–
Loans from group companies		5,200	–
Repayment of debt		–	-1,770
Amortization of debt		-1,305	–
Cash flow from financing activities		**22,302**	**54,048**
Cash flow for the year		**-23,475**	**1,389**
Cash and cash equivalents at beginning of year	21	29,816	28,427
Exchange rate differences in cash and cash equivalents		–	–
Cash and cash equivalents at end of year	21	**6,341**	**29,816**


OrganoTex
ShoeCare
CLEANER
BIOBASERAD
INSPIRED BY NATURE
MADE IN SWEDEN

NOTES

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 for nonwoven. The Parent Company, Corp. id. 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 2022 covers the Parent Company and its subsidiaries, collectively referred to as "the Group" or "OrganoClick".

On 5 April 2023, this consolidated and annual report was approved by the Board of Directors for publication.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

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 principles 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 2022:

- Amendments to IFRS 3 Business Combinations regarding, inter alia, the treatment of contingent assets and contingent liabilities.
- Amendments to IAS 16 Property, Plant and Equipment relating to revenue earned before a tangible fixed asset is ready for its intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets regarding which expenses should be considered unavoidable when identifying and accounting for onerous contracts.

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 2022 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 principles 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.

The Group allocates profits between the shareholders of the Parent Company and non-controlling interests holding preference shares. Then a transfer is carried out within equity, a transaction with non-controlling interests, when the value adjustment of the preference shares results in negative equity for the holders of ordinary shares. This transfer is carried out because the holders of preference shares are not able to benefit beyond what the equity amounts to.

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 for the four business units Functional wood, Green coatings & maintenance products, Biocomposites and 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.

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.

NOTES

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:

Equipment 3–15 years
Machinery 3–15 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 depreciation, and, when applicable, accumulated impairment. 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 is 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 subsidiaries 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.

Derivatives and hedging measures

Derivative instruments are held only for financial hedging of risks and not for speculative purposes. When a derivative instrument does not meet the criteria for hedge accounting, it is classified as held for trading and recognized at fair value through profit or loss on the Other operating income or Other operating expenses line. Derivative instruments expected to be settled within twelve months after the end of the reporting period are classified as current assets or current liabilities.

Inventories

Inventories are recognized at lower of the acquisition value and net realizable value. The acquisition value of finished goods and work in progress consists of raw materials and other direct costs. 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 and the preference shares issued in a subsidiary of the Group 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,
- with the weighted average number of ordinary shares outstanding during the period.

Earnings per share after dilution

Earnings per share after dilution are calculated by adjusting the average number of shares for the effects of all potential ordinary shares that are dilutive. Warrant programs where the subscription price exceeds the average market price during the period are not dilutive.

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 principles

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 principles 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 2022, the Parent Company's accounts are not affected by any new or modified standards or interpretations that have not yet entered into force.

Accounting principles of the Parent Company

The accounting principles applied by the Parent Company differs from the accounting principles 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 cooperation with the Group's senior management and operational units.

a) Market risks

(i) Currency risks

Currency risk refers to the risk that changes in exchange rates will have a negative impact on the Group's income statement, balance sheet or cash flow. The Group's reporting currency is SEK.

Transaction exposure

The exposure is mostly attributable to the Group's sales denominated in EUR and purchases of raw materials and production equipment denominated in EUR and USD. 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. This risk is referred to as transaction exposure. The exposure has increased over recent years, with both exports and imports growing.

Net flows in foreign currency, SEK thousand

	2022	2021
EUR	3,748	1,740
USD	-8,220	-2,542
Total	**-4,473**	**-802**

Sensitivity analysis

As set out in the table above, the company's main transaction exposure is against USD, as no sales are currently conducted in USD. During the year and as purchase volumes denominated in currencies other than SEK have grown, the Group has started to hedge the net flow of sales and purchases using foreign exchange forwards in both EUR and USD, in accordance with its established guidelines.

If the Swedish krona had weakened/strengthened by 10 percent against the exposure currencies EUR and USD, the impact on profit/loss before tax for the year would have been approximately KSES +/-447 (80).

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 2021 and 2022, 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 4 (4) borrowings from credit institutions totaling KSEK 4,819 (4,645) as well as an used overdraft facility of KSEK 19,737 (12,513). All of the Group's interest-bearing liabilities to credit institutions are variable-rate, with an average interest rate of 7.0 (3.8) percent. A 1 percentage point increase/decrease of interest rates on interest-bearing liabilities over the next 12 months would have a KSEK +/-246 (172) 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 51,137 (58,744).

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 subsidiaries 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, 2022	Expected credit loss, %	Trade receivables before loss reservation	Expected credit loss	Trade receivables after loss reservation
Not overdue	0.1%	13,197	-13	13,184
Overdue 1-30 days	0.5%	2,500	-12	2,487
Overdue 31-60 days	3%	225	-7	218
Overdue 61-120 days	20%	278	-56	222
Overdue for more than 121 days	50%	171	-85	85
Total		**16,369**	**-173**	**16,196**

December 31, 2021	Expected credit loss, %	Trade receivables before loss reservation	Expected credit loss	Trade receivables after loss reservation
Not overdue	0.1%	10,572	-11	10,561
Overdue 1-30 days	0.5%	1,242	-6	1,236
Overdue 31-60 days	3%	77	-2	75
Overdue 61-120 days	20%	36	-7	29
Overdue for more than 121 days	50%	165	-82	82
Total		**12,092**	**-109**	**11,983**

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, 92 (95) percent of the Group's trade receivables are Swedish companies, 4 (3) percent companies in other Nordic countries, and 4 (2) percent companies in the rest of Europe, North America 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 2021-01-01	**-35**
Reversed	35
New trade receivables	-109
Closing balance 2021-12-31	**-109**

Opening balance 2022-01-01	**-109**
Reversed	109
New trade receivables	-173
Closing balance 2022-12-31	**-173**

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 2022, the Group had cash and cash equivalents of KSEK 15,204 (34,248) as well as a utilized bank overdraft facility of KSEK 19,737 (12,513). The Group has a non-utilized bank overdraft facility of KSEK 263 (2,487).

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

2022	1-3 months	3-12 months	1-3 years	3-5 years	5-8 years
Bank overdraft facility	20,102	-	-	-	-
Liabilities to credit institutions	370	942	2,354	1,699	-
Invoice factoring debt	12,173	-	-	-	-
Lease liabilities	2,289	6,868	12,818	3,426	-
Trade receivables	15,478	-	-	-	-
Total	**50,413**	**7,811**	**15,173**	**5,125**	**-**

2021	1-3 months	3-12 months	1-3 years	3-5 years	5-8 years
Bank overdraft facility	12,638	-	-	-	-
Liabilities to credit institutions	411	1,105	1,843	1,169	425
Invoice factoring debt	6,396	-	-	-	-
Lease liabilities	2,095	6,284	15,633	7,205	1,109
Trade receivables	13,365	-	-	-	-
Total	**34,905**	**7,389**	**17,476**	**8,374**	**1,534**

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.

The Group's equity includes non-controlling interests. The Group's equity ratio amounted to 42 (57) percent as at 31 December 2022. 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	2022	2021
Interest-bearing liabilities	40,528	24,554
Less: Cash and cash equivalents	-15,204	-34,248
Net debt	**25,324**	**-9,694**
Equity	67,556	107,729
Net debt/equity ratio, %	**37,5**	**-9,0**

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 2022	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	3,140	-	3,140
Trade receivables	16,196	-	16,196
Other receivables	116	-	116
Prepaid expenses and accrued income	1,974	-	1,974
Cash and cash equivalents	15,204	-	15,204
	36,630	**-**	**36,630**
Financial liabilities			
Borrowings, non-current	-	3,722	3,722
Lease liabilities, non-current	-	14,813	14,813
Other non-current liabilities	-	1,000	1,000
Liabilities to credit institutions, current	-	20,833	20,833
Lease liabilities, current	-	9,137	9,137
Trade payables	-	15,478	15,478
Other liabilities	-	15,407	15,407
Accrued expenses and deferred income	-	10,616	10,616
	-	**91,015**	**91,015**

31 Dec 2021	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	3,142	–	3,142
Trade receivables	11,983	–	11,983
Other receivables	63	–	63
Prepaid expenses and accrued income	1,680	–	1,680
Cash and cash equivalents	34,248	–	34,248
	51,116	**–**	**51,116**
Financial liabilities			
Borrowings, non-current	–	3,249	3,249
Lease liabilities, non-current	–	21,605	21,605
Other non-current liabilities	–	1,000	1,000
Liabilities to credit institutions, current	–	13,910	13,910
Lease liabilities, current	–	8,379	8,379
Trade payables	–	13,365	13,365
Other liabilities	–	6,548	6,548
Accrued expenses and deferred income	–	10,314	10,314
	–	**78,370**	**78,370**

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.

2022	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	15	–	15
Interest expenses	–	-3,226	-3,226
	15	**-3,226**	**-3,211**
2021			
Net financial items			
Interest income	70	–	70
Interest expenses	–	-2,648	-2,648
	70	**-2,648**	**-2,578**

NOTES

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 2022-12-31, the Group's capitalized development expenditures amounted to KSEK 16,598 (17,622). 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 (0) development projects totaling SEK 1,389 (0) thousand were written down. These development projects concern the Group's biocomposite production, which has been discontinued. 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

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 and trademarks amounted to KSEK 5,399 (8,299). 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, 3 (0) patents totaling SEK 2,685 (0) thousand were written down. These patents concern the Group's biocomposite production that has been discontinued. The management's assessment is that there is no further 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 26,820 (32,922) 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 (two) 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 41,524 (32,391). The Company management estimates that existing inventories will be used in sales during 2023.

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 2022, the Group had tax losses to carry forward in the amount of KSEK 258,038 (216,706), 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 for the four business units Functional wood, Green coatings & maintenance products, Biocomposites and 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.

Net sales per business unit	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Functional wood	68,770	65,707	–	–
Green coatings & maintenance products	34,446	38,407	10,560	7,957
Biocomposites	2,006	3,056	2,006	3,056
Nonwoven & technical textile	9,826	2,318	9,826	2,318
Other	–	575	–	575
Transactions between group companies[1]	–	–	22,304	25,170
Total	**115,047**	**110,064**	**44,696**	**39,076**

Net sales per geographic market	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Sweden	91,223	91,024	15,159	8,999
Other Nordics	11,805	9,318	3,866	3,056
The rest of Europe	10,897	8,881	2,245	1,010
Asia	892	313	892	313
North America	231	528	231	528
Transactions between group companies[1]	–	–	22,304	25,170
Total	**115,047**	**110,064**	**44,696**	**39,076**

1) Sales within the Group 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, OrganoWood wood protection, BIOkleen cleaning and maintenance products, OrganoTex textile impregnation, washing detergent and shoe care, OrganoComp biocomposites and binders and hydrophobing products for nonwoven and technical textile. 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 15 (16) percent of the Group's sales.

NOTE 6 TRANSACTIONS BETWEEN GROUP COMPANIES

Of the Parent Company's invoicing, kSEK 22,304 (25,170), corresponding to 50 (64) percent, relates to subsidiaries. Invoicing of SEK 567 (509) 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

Net sales per business unit	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
PricewaterhouseCoopers AB				
Audit engagements[1]	385	523	249	288
Audit business in addition to audit engagements	36	–	36	–
Tax consultancy services	–	–	–	–
Other services	–	–	–	–
Total	**421**	**523**	**285**	**288**

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 2 (2) lease agreements for properties during the year. 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. The Group also has an agreement for a production facility that runs until 2026-12-31 with an extension clause of 3 years.

No extension clauses have been taken into account in the assessment of the lease periods of rights-of-use assets, as the Group is anticipating rapid growth over the next few years; this makes it difficult 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 6 (6) lease agreements for production equipment. During the year, 0 (3) agreements were added and 0 (3) agreements expired and was taken over in our own book. The agreements run between 36 and 72 months with residual values of ten percent.

The Group has an option to buy out all production equipment 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 2022, the Group had 20 (16) lease agreements for leasing cars and trucks. During the current financial year, an estimated 25 (13) percent of vehicle lease agreements expired. All of the expired leases were dissolved and the majority replaced by new leasing agreements and underlying assets. During the year 4 (6) new lease agreements were added. The lease agreements run between 18 and 72 months with residual values, where applicable, of 10 percent.

NOTES

Rights-of-use assets included as assets in the Group's financial position report

	Buildings		Machinery		Inventory		Total	
Group	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Inbound accumulated acquisition values	36,337	28,796	9,261	9,041	4,150	3,852	49,748	41,688
Adjustment of additional rights-of-use	–	7,283	–	5,835	617	1,039	617	14,158
Adjustment of disposed rights-of-use	–	–	–	-5,615	-721	-461	-721	-6,076
Adjustment for indexation/revaluation	1,211	258	–	–	34	-280	1,246	-22
Outbound accumulated acquisition values	37,549	36,337	9,261	9,261	4,080	4,150	50,890	49,748
Inbound accumulated depreciation	-13,743	-8,286	-1,010	-3,545	-2,073	-1,024	-16,826	-12,855
This year's depreciations	-5,690	-5,457	-977	-759	-1,297	-1,355	-7,964	-7,570
Adjustment of disposed rights-of-use	–	–	–	3,293	721	306	721	3,599
Outbound accumulated depreciation	-19,433	-13,743	-1,987	-1,010	-2,649	-2,073	-24,069	-16,826
Closing carrying amount	**18,115**	**22,594**	**7,274**	**8,251**	**1,431**	**2,077**	**26,821**	**32,922**

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	**2022**	**2021**
Depreciation on rights-of-use	-7 964	-7 570
Interest expenses for lease liabilities	-972	-1 063
Expenses attributable to short-term leasing contracts	-24	-144
Expenses attributable to low value leasing contracts	-67	-64
Expenses attributable to variable leasing fees that are not included in the valuation of the lease liability	-164	-171

As of December 31, 2022, 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 total cash outflow for leasing agreements amounted to SEK 8,704 (10,811) thousand.

Operational lease and lease agreements, Parent Company

Expensed leasing fees for the year	**2022**	**2021**
Minimum lease payments	8,128	8,036
Variable fees[1]	164	171
Total	**8,292**	**8,207**

1) The variable fees refers to property tax on premises.

The majority of leasing costs relate to leasing of premises. Of the total 2022 leasing costs in the Parent company, SEK 6,246 (5,935) thousand, was attributable to rents for premises.

Non-cancellable lease payments amount to	**2022**	**2021**
Within a year	8,396	7,930
Between one year and five years	16,088	22,262
Later than five years	–	1,109
Total	**24,484**	**31,302**

NOTE 9 EMPLOYEES, PERSONNEL COSTS AND REMUNERATION TO SENIOR EXECUTIVES

Average number of employees

Group	2022 Average number of employees	2022 of which are female, %	2021 Average number of employees	2021 of which are female, %
Sweden	49	36%	51	33%
Group, total	**49**	**36%**	**51**	**33%**

Parent Company	2022 Average number of employees	2022 of which are female, %	2021 Average number of employees	2021 of which are female, %
Sweden	34	36%	34	32%
Parent Company, total	**34**	**36%**	**34**	**32%**

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

Group	2022 Number on balance sheet date	2022 of which are female, %	2021 Number on balance sheet date	2021 of which are female, %
Board members	10	30%	10	30%
CEO and other senior executives	14	29%	13	31%
Group, total	**24**	**29%**	**23**	**30%**

Parent Company	2022 Number on balance sheet date	2022 of which are female, %	2021 Number on balance sheet date	2021 of which are female, %
Board members	5	40%	5	40%
CEO and other senior executives	8	25%	7	29%
Parent Company, total	**13**	**31%**	**12**	**33%**

Salaries, other allowances and social costs

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Board of Directors and CEO	4,496	4,312	2,133	2,009
Other employees	24,698	25,651	17,594	17,581
Total wages and other remuneration	**29,193**	**29,963**	**19,728**	**19,589**
Social expenses	12,103	11,952	8,109	7,786
of which are pension costs	3,414	3,459	2,413	2,341

Remuneration to senior executives, Parent Company

2022	Board fees, basic salary including car benefit	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	1,323	252	1,575
Other senior executives (7 people)	6,024	895	6,919
Total	**8,148**	**1,147**	**9,295**

2021	Board fees, basic salary including car benefit	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	1,254	259	1,514
Other senior executives (6,5 people)	5,360	814	6,174
Total	**7,414**	**1,073**	**8,487**

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 0 (182). No other bonuses exist within the Group.

NOTES

NOTE 10 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSE

	Group		Parent Company	
	2022	2021	2022	2021
Exchange gains on receivables/payables of an operating nature	1,235	176	417	27
Commission income	77	189	-	-
Government grants received for R&D[1]	1,048	801	774	801
Profits, disposal/sale of property, plant and equipment	2,834	12	-	-
Other operating income	51	40	39	21
Summa	**5,245**	**1,218**	**1,230**	**849**
Exchange losses on receivables/payables of an operating nature	-1,226	-400	-249	-202
Losses, disposal/sale of property, plant and equipment	-398	-477	-289	-392
Total	**-1,624**	**-877**	**-538**	**-593**

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 impairment as follows:

	Group		Parent Company	
	2022	2021	2022	2021
Development expenditures	3,654	1,669	2,802	1,014
Patents, trademarks	5,179	1,993	4,812	1,758
Software	152	140	105	89
Buildings	5,690	5,457	-	-
Improvement expenses of other property	116	102	116	102
Machines	9,745	4,058	7,113	2,236
Equipment, tools and installations	2,091	2,180	745	764
Total depreciation and impairment	**26,627**	**15,599**	**15,693**	**5,963**

	Koncernen		Moderbolaget	
Depreciation and impairment have been allocated per function as follows	**2022**	**2021**	**2022**	**2021**
Cost of goods sold	13,536	7,804	6,854	2,089
Selling expenses	1,240	1,297	-	-
Administrative expenses	1,479	1,463	385	398
Research and development costs	10,372	5,034	8,454	3,477
Total depreciation and impairment	**26,627**	**15,599**	**15,693**	**5,963**

	Group		Parent Company	
Impairment	**2022**	**2021**	**2022**	**2021**
Intangible fixed assets	4,074	-	4,074	-
Property, plant and equipment	5,251	-	4,594	-
Total impairment	**9,325**	**-**	**8,668**	**-**

Operating expenses[1] per type of expense

	Group		Parent Company	
	2022	2021	2022	2021
Cost of goods and material	71,449	66,493	28,042	23,505
Employee benefit expense (see Note 9)	42,849	43,012	28,868	28,110
Depreciation and impairment	26,627	15,599	15,693	5,963
Other expenses	16,252	13,892	18,279	16,345
Total	**157,177**	**138,996**	**90,882**	**73,924**

1) Operating expenses include Cost of goods sold, Selling expenses, Administrative expenses and Research and development costs. Other operating incone and Other operating expenses are excluded.

NOTE 12 FINANCIAL ITEMS

Interest income and financial exchange gains

	Group		Parent Company	
	2022	2021	2022	2021
Interest income	15	70	15	70
Interest income on group receivables	-	-	535	349
Total	**15**	**70**	**550**	**420**

Interest expenses and financial exchange losses

	Group		Parent Company	
	2022	2021	2022	2021
Interest expenses	-3,226	-2,648	-240	-97
Total	**-3,226**	**-2,648**	**-240**	**-97**

NOTE 13 TAX

Reported in income statement

Reported tax

Group	**2022**	**2021**
Current tax for the year	-	-
Change in deferred tax		
Deferred tax on impaired trade receivables	13	15
Deferred tax on internal profits in capitalized development expenses	18	31
Deferred tax on internal profits in inventories	-59	67
Deferred tax on market value futures	-20	-
Deferred tax on leasing and fixed assets	146	22
Total	**99**	**135**

Reconciliation of effective tax

	Group		Parent Company	
	2022	**2021**	**2022**	**2021**
Reported profit before tax	**-41,720**	**-31,168**	**-45,184**	**-34,269**
Tax according to the applicable tax rate for the Parent Company (20.6%)	8,594	6,421	9,308	7,059
Tax effect of				
Other tax rates for foreign subsidiaries	0	0	-	-
Non-deductible expenses	-61	-28	-32	-17
Non-taxable income	0	-	-	-
Group contribution	-	-	-193	-
Increase in loss carryforwards without corresponding activation of deferred tax	-8,533	-6,393	-9,082	-7,043
Reported effective tax	**0**	**0**	**0**	**0**

Reported effective tax

The current tax rate for the Group's income tax amounts to 20.6 (20.6) %.
The current tax rate for Sweden's income tax amounts to 20.6 (20.6) %.
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	**2022**	**2021**	**Period of validity**	**Tax rate**
OrganoClick AB	234,933	190,845	Unlimited	20,6%
OrganoWood AB	15,421	17,294	Unlimited	20,6%
OrganoWood Finland Oy	2,767	2,539	10 years[1]	20%
OrganoWood Norway AS	4,914	4,695	Unlimited	22%
Biokleen Miljökemi AB	4	1,332	Unlimited	20,6%
Total	**258,038**	**216,706**		

1) 10 years from declaration year

Reported in the balance sheet

Deferred tax assets

Group	**2022**	**2021**
Deferred tax on impaired trade receivables	36	22
Deferred tax on internal profits in capitalized development expenses	408	426
Deferred tax on internal profits in inventories	368	389
Deferred tax on leasing	278	232
Total	**1,089**	**1,070**

Deferred tax liability

Group	**2022**	**2021**
Deferred tax on market value futures	20	-
Deferred tax on leasing and fixed assets	324	423
Total	**343**	**423**

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 2021, 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.

A warrant program implemented in 2022 has resulted in the addition of Earnings per share after dilution. There is no dilution effect for the year when the subscription price exceeds the average market price.

Group	**2022**	**2021**
Profit/loss for the year attributable to Parent Company's shareholders	-44,399	-32,687
Total	**-44,399**	**-32,687**

Weighted average number of outstanding ordinary shares (number)	**2022**	**2021**
As of December 31	97,950,000	93,600,078
Bonus element	-	2,265,811
Weighted average number of ordinary shares outstanding, taking into account a bonus issue factor	**97,950,000**	**95,865,889**

Earnings per share before and after dilution, Group	**2022**	**2021**
Profit/loss for the year attributable to Parent Company's shareholders	-44,399	-32,687
Weighted average number of shares	97,950,000	95,865,889
Earnings per share, SEK	**-0.45**	**-0.34**

NOTES

NOTE 15 INTANGIBLE FIXED ASSETS

Group	Capitalized development expenditures 2022	Capitalized development expenditures 2021	Patents, trademarks 2022	Patents, trademarks 2021	Licenses 2022	Licenses 2021	Goodwill 2022	Goodwill 2021	Total 2022	Total 2021
Inbound accumulated acquisition values	23,973	20,214	20,466	17,473	1,953	1,762	16,794	16,794	63,185	56,241
New acquisitions	3,174	3,993	3,028	2,993	-	192	-	-	6,202	7,179
Divestments and disposals	-605	-234	-754	-	-	-	-	-	-1,359	-234
Outbound accumulated acquisition values	26,542	23,973	22,740	20,466	1,953	1,953	16,794	16,794	68,029	63,185
Inbound accumulated depreciation	-6,351	-4,682	-12,167	-10,174	-1,543	-1,402	-	-	-20,060	-16,257
Depreciation for the year according to plan	-2,265	-1,669	-2,494	-1,993	-152	-140	-	-	-4,911	-3,802
Impairments for the year	-1,389	-	-2,685	-	-	-	-	-	-4,074	-
Divestments and disposals for the year	61	-	5	-	-	-	-	-	66	-
Outbound accumulated depreciation	-9,944	-6,351	-17,341	-12,167	-1,695	-1,543	-	-	-28,980	-20,060
Closing carrying amount	**16,598**	**17,622**	**5,399**	**8,299**	**258**	**411**	**16,794**	**16,794**	**39,050**	**43,126**

Parent Company	Capitalized development expenditures 2022	Capitalized development expenditures 2021	Patents, trademarks 2022	Patents, trademarks 2021	Licenses 2022	Licenses 2021	Total 2022	Total 2021
Inbound accumulated acquisition values	16,272	14,361	17,247	14,471	1,054	914	34,573	29,745
New acquisitions	2,130	2,146	2,599	2,777	-	140	4,729	5,062
Divestments and disposals	0	-234	-603	-	-	-	-603	-234
Outbound accumulated acquisition values	18,401	16,272	19,243	17,247	1,054	1,054	38,699	34,573
Inbound accumulated depreciation	-4,375	-3,361	-9,817	-8,060	-711	-621	-14,903	-12,042
Depreciation for the year according to plan	-1,413	-1,014	-2,126	-1,758	-105	-89	-3,645	-2,861
Impairments for the year	-1,389	-	-2,685	-	-	-	-4,074	-
Divestments and disposals for the year	0	-	-	-	-	-	0	-
Outbound accumulated depreciation	-7,177	-4,375	-14,629	-9,817	-816	-711	-22,622	-14,903
Closing carrying amount	**11,224**	**11,897**	**4,615**	**7,430**	**238**	**343**	**16,077**	**19,670**

The Group's research and development expenses, excluding depreciation, amounted to SEK 6,544 (6,841) thousand, which corresponds to 6 (6) per cent of net sales. Of these expenses, SEK 3,174 (3,993) thousand have been capitalized, while the remaining SEK 3,370 (2,847) 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 5,466 (5,421) thousand. Of these expenses, SEK 2,130 (2,146) thousand has been capitalized, while the remaining SEK 3,336 (3,275) thousand has been charged to profit/loss for the year. In addition to this, investments have also been made in patents totaling SEK 3,028 (2,993) thousand in the Group and SEK 2,599 (2,777) thousand in the Parent Company.

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 2023–2027, 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 13.6 (14.5) percent has been used. During the year, 3 (0) development projects totaling KSEK 1,389 (0) and 3 (0) patents totaling KSEK 2,685 (0) were written down. These development projects and patents concern the Group's biocomposite production that has been discontinued. 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 the cash-generating unit, the subsidiary Biokleen Miljökemi AB. The Group has assessed the goodwill item using discounted cash flows for the period 2023–2027, 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 expected sales volumes going forward. 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 12.4 (15.0) per cent has been used. 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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Inbound accumulated acquisition values	735	447	33,309	15,696	11,111	10,581	2,559	9,519	47,714	36,243
New acquisitions	–	288	7,673	3,913	253	916	–	2,354	7,926	7,470
Leases taken over	–	–	–	4,836	–	–	–	–	–	4,836
Divestments and disposals	–	–	-9,684	-419	-361	-417	–	–	-10,044	-835
Reclassification	–	–	2,559	9,282	–	31	-2,559	-9,313	–	–
Outbound accumulated acquisition values	735	735	33,857	33,309	11,003	11,111	–	2,559	45,595	47,714
Inbound accumulated depreciation	-284	-182	-13,913	-7,552	-7,875	-7,467	–	–	-22,073	-15,201
Leases taken over	–	–	–	-3,275	–	–	–	–	–	-3,275
Depreciation for the year according to plan	-116	-102	-3,518	-3,300	-793	-825	–	–	-4,427	-4,227
Impairments for the year	–	–	-5,044	–	-207	–	–	–	-5,251	–
Divestments and disposals for the year	–	–	2,639	213	330	417	–	–	2,969	630
Outbound accumulated depreciation	-400	-284	-19,837	-13,913	-8,546	-7,875	–	–	-28,782	-22,073
Closing carrying amount	**335**	**451**	**14,020**	**19,395**	**2,458**	**3,236**	**-**	**2,559**	**16,814**	**25,642**
Rights-of-use[1]	–	–	7,274	8,251	1,431	2,077	–	–	8,705	10,328
Closing carrying amount including rights-of-use	**335**	**451**	**21,294**	**27,646**	**3,889**	**5,313**	**-**	**2,559**	**25,519**	**35,970**

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

NOTES

Parent Company	Improvement expense of other property 2022	2021	Machinery 2022	2021	Equipment, tools, fixtures and fittings 2022	2021	Ongoing new facilities 2022	2021	Total 2022	2021
Inbound accumulated acquisition values	735	447	19,998	15,077	9,249	8,743	2,559	2,485	32,541	26,753
New acquisitions	–	288	7,339	2,981	222	891	–	2,354	7,560	6,514
Divestments and disposals	–	–	-663	-309	-336	-417	–	–	-999	-726
Reclassification	–	–	2,559	2,249	–	31	-2,559	-2,280	–	–
Outbound accumulated acquisition values	735	735	29,233	19,998	9,136	9,249	–	2,559	39,102	32,541
Inbound accumulated depreciation	-284	-182	-9,018	-6,933	-6,266	-5,918	–	–	-15,567	-13,033
Depreciation for the year according to plan	-116	-102	-2,519	-2,236	-745	-764	–	–	-3,380	-3,102
Impairments for the year	–	–	-4,387	–	-207	–	–	–	-4,594	–
Divestments and disposals for the year	–	–	382	152	324	417	–	–	707	568
Outbound accumulated depreciation	-400	-284	-15,542	-9,018	-6,893	-6,266	–	–	-22,834	-15,567
Closing carrying amount	**335**	**451**	**13,691**	**10,980**	**2,242**	**2,983**	**–**	**2,559**	**16,268**	**16,974**

NOTE 17 SHARES IN GROUP COMPANIES

Parent Company	2022	2021
Inbound accumulated acquisition values	39,788	30,610
Repaid shareholder contribution, conditional	-2,000	-2,000
Acquisition of preference shares in OrganoWood AB	–	11,178
Outbound accumulated acquisition values	37,788	39,788
Closing carrying amount	**37,788**	**39,788**

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, Norway
Number of shares	1,000	1,200,000	60	60
Share of capital, %	100	57.9	57.9	57.9
Share of votes, %	100	59.8	59.8	59.8
Carrying amount	18,840	18,948	23	33
Equity as of 2022/12/31	3,353	10,218	50	-107
Profit/loss 2022	1,311	1,750	-4	-73

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	
	2022	**2021**	**2022**	**2021**
Raw materials and consumables	24,976	14,829	17,518	9,560
Work in progress	116	3,035	2	-
Finished goods	16,433	14,527	5,972	4,414
Total	**41,524**	**32,391**	**23,492**	**13,974**

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	
	2022	**2021**	**2022**	**2021**
Trade receivables	16,196	11,983	7,981	2,426
Total	**16,196**	**11,983**	**7,981**	**2,426**

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

As of December 31, 2022, trade receivables of SEK 3,013 (1,422) 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	
	2022	**2021**	**2022**	**2021**
Not overdue	13,184	10,561	7,099	1,485
Overdue 1-30 days	2,487	1,236	404	908
Overdue 31-60 days	218	75	198	12
Overdue 61-120 days	222	29	278	8
Overdue for more than 121 days	85	82	2	13
Total	**16,196**	**11,983**	**7,981**	**2,426**

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2022	**2021**	**2022**	**2021**
Prepaid rents	98	61	1,393	1,272
Prepaid leasing fees	76	111	450	511
Prepaid insurance premiums	512	415	446	277
Accrued grant income	259	-	259	-
Other prepaid costs	1,030	1,093	818	886
Total	**1,974**	**1,680**	**3,366**	**2,946**

NOTE 21 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2022	**2021**	**2022**	**2021**
Cash and bank balances	15,204	34,248	6,341	29,816
Total	**15,204**	**34,248**	**6,341**	**29,816**

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.

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 loss, 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 2022, the Parent Company's share capital amounted to SEK 979,500, distributed on 97,950,000 shares with a quotient value of SEK 0.01. No change has taken place in the share capital during 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 all the company's profits and losses from previous years, less any dividends.

NOTES

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
2021	New issue	58,372.12	979,500.03	5,837,211	97,950,000	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 57.9 (57.9) % of the capital and 59.8 (59.8) % of the votes in OrganoWood AB, other ordinary shareholders owns 38.8 (38.5) % of the capital and 39.8 (39.8) % of the votes and 3.3 (3.6) % of the capital and 0.4 (0.4) % of the votes are owned by 26 preference shareholders.

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

Ordinary shares	2022	2021
Inbound carrying amount	-5,311	-5,712
Share of ordinary shares in profit for the year	1,375	401
Outbound carrying amount of ordinary shares	-3,936	-5,311

Preference shares		
Inbound carrying amount	12,715	20,000
Parent Company aquisition of preference shares	–	-7,285
Enumeration preference shares	1,403	1,253
Transfer enumeration preference shares	-1,403	-1,253
Outbound carrying amount of preference shares	12,715	12,715
Total closing carrying amount	**8,779**	**7,404**

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. OrganoClick AB owns 36.4% of the preference shares, other ordinary shareholders in OrganoWood AB own 27.0% and 26 preference shareholders own 36.6%.

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 2022, the redemption value per preference share was SEK 277.8 (248.0).

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 16 May 2022, it was decided to allow the preference shares to run in accordance with the prescribed conditions 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.

Information about OrganoWood AB

Financial position	2022	2021
Non-current assets	16,280	23,767
Current assets	35,444	29,911
Total	**51,724**	**53,678**
Equity	10,218	8,468
Non-current liabilities	2,651	5,900
Current liabilities	38,855	39,310
Total	**51,724**	**53,678**

Profit/loss	2022	2022
Net sales	69,337	69,320
Operating profit/loss	4,286	3,248
of which, non-controlling interest	*1,714*	*1,299*
Total comprehensive income	1,750	1,411
of which, non-controlling interest	*700*	*564*

NOTE 24 LIABILITIES TO CREDIT INSTITUTIONS

	Group		Parent Company	
	2022	2021	2022	2021
Almi				
Growth loan 1	-	167	-	-
Investment credit	30	394	-	-
Growth loan 2	26	869	-	-
SEB				
Bank overdraft facility (limit SEK 20,000 (15,000) thousand)	19,737	12,513	4,954	-
Investment credit	-	3,216	-	-
Instalment loan	2,063	-	2,063	-
Promissory note loan	2,700	-	2,700	
Total	**24,555**	**17,159**	**9,717**	**-**
of which, long-term	**3,722**	**3,249**	**3,722**	**-**
of which, short-term	**20,833**	**13,910**	**5,994**	**-**

Interest rates on loans are between 4.6-7.6 (2.6-4.9) percent.

The investment credit from Almi expires in January 2023 and the growth loan from Almi has been resolved prematurely and the last remaining amortization will take place in January 2023.

The promissory note loan from SEB runs for 60 months unitl June 2027 and is amortized at SEK 150 thousand per quarter. Instalment loan from SEB refer to two different loans that both run for 60 months until August and September 2027 respectively and are amortized with a total of SEK 37 thousand / month.

The unused portion of bank overdraft facility totals SEK 263 (2,487) thousand.

NOTE 25 OTHER LIABILITIES

	Group		Parent Company	
	2022	2021	2022	2021
Withholding tax and social security contributions for employees	1,362	1,350	912	831
VAT debt	2,589	7	824	-
Invoice factoring debt	12,173	6,396	5,939	-
Other items	3,234	659	14	503
Total	**19,358**	**8,413**	**7,689**	**1,334**

NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2022	2021	2022	2021
Accrued holiday pay	3,993	3,914	2,523	2,260
Accrued social security charges	1,248	1,184	786	710
Accrued special payroll tax	667	675	471	457
Prepaid contributions	405	599	279	599
Accrued board fees	1,070	976	788	630
Accrued volume discount	1,593	1,561	-	-
Other items	1,640	1,404	1,295	924
Total	**10,616**	**10,314**	**6,142**	**5,580**

NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
Pledged collateral	2022	2021	2022	2021
Guarantee liability for debts in group companies	8,700	8,700	8,700	8,700
Floating charges	28,000	19,000	9,000	-
Total	**36,700**	**27,700**	**17,700**	**8,700**

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

There were no contingent liabilities as of 2022/12/31 or at 2021/12/31.

NOTE 28 ADJUSTMENT FOR NON-CASH ITEMS

	Group		Parent Company	
	2022	2021	2022	2021
Impairment intangible fixed assets	4,074	-	4,074	-
Depreciation/amortization of intangible fixed assets	4,911	3,802	3,645	2,861
Disposal of intangible fixed assets	1,293	234	603	234
Impairment property, plant and equipment	5,251	-	4,594	-
Depreciation/amortization of property, plant and equipment	12,392	11,797	3,380	3,102
Disposal of property, plant and equipment	396	230	291	158
Total	**28,316**	**16,064**	**16,587**	**6,355**

The impairments of intangible fixed assets and property, plant and equipment are a result of the Group's new strategic focus with the ambition to outlicense all biocomposite production. The impairments are attributed to patents and development projects for biocomposites as well as the Group's fiber moulding machine (used in the manufacture of biocomposites).

NOTES

NOT 29 RECONCILIATION OF LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

Group	Closing balance 2021	Cash flow from financing activities	Other changes[1]	Closing balance 2022
Liabilities to credit institutions[2]	4,645	174	-	4,819
Liabilities to related parties	1,000	2,800	-	3,800
Lease liabilities	29,984	-7,796	1,763	23,950
Bank overdraft facility	12,513	7,223	-	19,737
Invoice factoring debt	6,396	5,778	-	12,174
Total liabilities attributable to financing activities	**54,538**	**8,177**	**1,763**	**64,479**

Group	Closing balance 2020	Cash flow from financing activities	Other changes[1]	Closing balance 2021
Liabilities to credit institutions[2]	8,119	-3,474	-	4,645
Liabilities to related parties	1,000	-	-	1,000
Lease liabilities	26,007	-7,462	11,438	29,984
Bank overdraft facility	4,007	8,506	-	12,513
Invoice factoring debt	5,228	1,168	-	6,396
Total liabilities attributable to financing activities	**44,361**	**-1,263**	**11,438**	**54,538**

1) Other changes in Lease liabilities refer to changes in liabilities for right-of-use as a result of additional, extended or terminated agreements for premises, production equipment and vehicles.
2) During the year, new loans of SEK 6,068 (0) thousand were raised and loans of SEK -5,894 (-3,474) thousand were amortised and/or repaid.

Parent Company	Closing balance 2021	Cash flow from financing activities	Closing balance 2022
Liabilities to credit institutions[1]	0	4,763	4,763
Bank overdraft facility	0	4,954	4,954
Invoice factoring debt	0	5,939	5,939
Total liabilities attributable to financing operations	**0**	**15,655**	**15,655**

Parent Company	Closing balance 2020	Cash flow from financing activities	Closing balance 2021
Liabilities to credit institutions[1]	1,770	-1,770	0
Total liabilities attributable to financing operations	**1,770**	**-1,770**	**0**

1) During the year, new loans of SEK 6,068 (0) thousand were raised and loans of SEK -1,305 (-1,770) thousand were amortised and/or repaid.

NOTE 30 EXCHANGE RATES

The following table 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	
	2022	**2021**	**2022**	**2021**
Average exchange rate	1.0523	0.9980	10.6317	10.1449
Closing rate	1.0572	1.0254	11.1283	10.2269

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

OrganoWood AB has transactions with related parties. Invoiced and accrued interest and guarantee fees for loans and guarantees provided by board member and shareholder Robert Charpentier, via his own company Kvigos AB, amount to KSEK 180 (174). In addition to guarantee liabilities, Kvigos AB has outstanding interest-bearing loans to OrganoWood of KSEK 1,000 (1,000). Invoiced and accrued interest on loans provided by shareholder Ilija Batljan, via his own company Ilija Batljan Invest AB, amount to KSEK 112 (0). Outstanding interest-bearing loans from Ilija Batljan Invest AB to OrganoWood AB amount to KSEK 2,800 (0). The transactions between OrganoWood AB and the shareholders take place at prices at arm's length.

NOTE 32 EVENTS AFTER THE END OF THE PERIOD

- OrganoClick's partly owned subsidiary OrganoWood launched the third generation of wood protection technology OrganoWood Nowa.
- OrganoClick announced a new strategic direction and efficiency program that reduces the Group's operating costs by SEK 5-6 million from 2023.

NOTE 33 PROPOSED APPROPRIATION OF PROFITS

At the disposition of the AGM, the following profits in the Parent Company are reported, (SEK thousands):	
Share premium reserve	310,701
Retained earnings	-196,043
Profit/loss for the year	-44,245
Total	**70,413**

The Board of Directors and the CEO propose that the above amounts be disposed of as follows:	
Surplus carried forward to new account	70,413
Total	**70,413**

The Board of Directors and CEO propose that no dividend be paid for the financial year 2022/01/01 – 2022/12/31.

Signatures

The income statement and balance sheet will be submitted to the Annual General Meeting 2023/05/17 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, April 5 2023

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 5 2023
PricewaterhouseCoopers AB

Sebastian Ionescu
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of OrganoClick AB (publ), 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 (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 41-85 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 as of 31 December 2022 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 2022 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 Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1–40 and 88-90. The Board of Directors and the Managing Director are responsible for the 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 Directors 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. 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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 Directors and the Managing Director of OrganoClick AB (publ) for the year 2022 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 Directors 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 Directors 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's 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 5 April 2023
PricewaterhouseCoopers AB

Sebastian Ionescu
Authorized Public Accountant

Alternative performance measures

OrganoClick presents alternative performance measures in addition to the conventional financial key ratios established by IFRS, with the aim of giving investors and management the opportunity to evaluate and understand the development of the operational operations and financial status and to facilitate comparisons between different periods. Below, and on the follwoing page, are definitions and calculations for components that are included in alternative performance measures used in this report.

Non-IFRS key ratios	Definition/Calculation	Purpose
Performance 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, EBIT	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 impairments 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.	Organic growth excludes the effects of changes in the Group's structure, 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 equity ratio 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 and equity and measures the extent to which the company is financed by loans.

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES

SEK 000s	2022	2021
Gross margin, %		
Gross profit	12,934	18,510
Net sales	115,047	110,064
Gross margin, %	**11.2**	**16.8**
Gross margin after variable costs, %		
Net sales	115,047	110,064
Cost of goods sold, variable costs	-71,449	-66,493
Gross profit after variable costs	**43,598**	**43,571**
Gross margin after variable costs, %	**37.9**	**39.6**
EBIT margin, %		
Operating profit/loss	-38,509	-28,590
Net sales	115,047	110,064
EBIT margin, %	**-33.5**	**-26.0**
EBITDA		
Operating profit/loss	-38,509	-28,590
Plus: Depreciations/impairments	26,627	15,599
EBITDA	**-11,882**	**-12,991**
Profit margin, %		
Profit/loss for the period	-41,621	-31,033
Net sales	115,047	110,064
Profit margin, %	**-36.2**	**-28.2**

SEK 000s	2022	2021
Net sales, change		
Net sales	115,047	110,064
Net sales corresponding period prior year	110,064	96,458
Net sales, change	**4,982**	**13,607**
Revenue growth, organic, %	**4.5**	**14.1**
Equity ratio, %		
Equity	67,556	107,729
Total assets	162,856	188,386
Equity ratio, %	**41.5**	**57.2**
Quick ratio, %		
Current assets, excluding inventories	34,419	50,093
Current liabilites	75,422	54,380
Quick ratio, %	**45.6**	**92.1**
Net debt/equity ratio, %		
Interest-bearing liabilities	64,478	54,538
Less: Cash and cash equivalents	-15,204	-34,248
Net debt	**49,275**	**20,290**
Equity	67,556	107,729
Net debt/equity ratio, %	**72.9**	**18.8**

More information

QUESTIONS

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FINANCIAL CALENDAR

2023-05-05 Interim report January–March
2023-05-17 General Annual Meeting
2023-08-17 Interim report January–June
2023-11-09 Interim report January–September
2024-02-15 Year end report 2023

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on May 17, 2023 at 5 pm at the company's head office in Arninge, Täby. 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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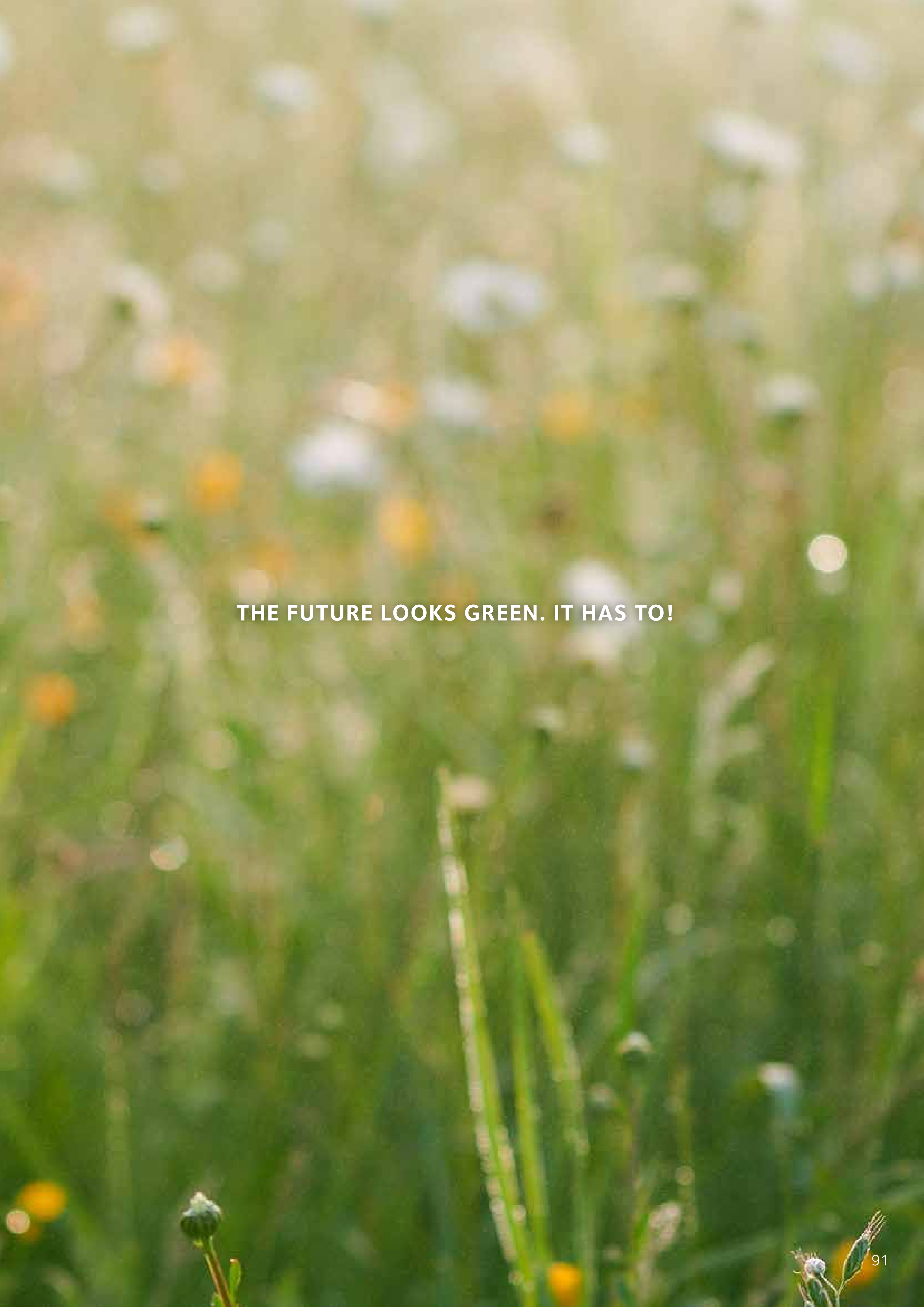
THE FUTURE LOOKS GREEN. IT HAS TO!

MADE GREEN INSIDE by OrganoClick

we call it Made Green Inside, and it is our business concept that all products we develop must be manufactured from biobased raw materials, be biodegradable and free from harmful chemicals and plastics,

OrganoClick®

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