

# ORGANOCLICK

## Interim Report January-June 2020

Corporate identity number: 556704-6908

### April to June

Net sales SEK 36,064 (32,709) thousands

Revenue growth 10.3 (6.7) percent

EBITDA SEK 4,769 (3,725) thousand

Cash flow from operating activities SEK 116 (-1,077) thousand

Earnings per share before and after dilution SEK -0.01 (-0.02)

- The Green surface coatings & maintenance products business unit increased its sales by 23 percent during the quarter.
- OrganoTex® was launched in the UK together with the agent FTUK and began to be sold in Germany via Internetstores.
- OrganoClick was granted Vinnova-funding of SEK 1.3 million for further development of its fluorocarbon-free (PFAS-free) textile impregnation OrganoTex® within the R&D-project POPFREE.

### January to June

Net sales SEK 58,312 (54,858) thousands

Revenue growth 6.3 (11.9) percent

EBITDA SEK 3,401(4,526) thousand

Cash flow from operating activities SEK -3,170 (-3,082) thousand

Earnings per share before and after dilution SEK -0.08 (-0.06)

KEY RATIOS (for definitions, please refer to page 20)	3 months		6 months		12 months	
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	LTM 30 jun 2020	Jan-Dec 2019
Net sales	36,064	32,709	58,312	54,858	88,933	85,480
EBIT	1,608	740	-2,854	-1,351	-16,634	-15,131
Cash flow from operating activities	116	-1,077	-3,170	3,082	-11,103	-11,013
Gross margin after variable costs, %	42.1	42.9	42.5	44.1	40.1	41.0

## CEO COMMENT

The second quarter was the most uncertain quarter we have ever entered as a listed company. We did not know whether we would see a major revenue drop or be able to escape the financial turmoil caused by COVID-19 without harm. We can now conclude that our journey of growth continued, with a 10 percent sales increase during the quarter for a total of MSEK 36.1 (32.7). We were also able to improve our profitability, and we reached a significant milestone as we for the first time as a listed company achieved a positive net profit of MSEK 0.9 (-0.3) for the group!

Our business units and product segments have fared very differently, however. Within the Functional wood business unit, sales increased by approximately 4 percent to MSEK 24.2 (23.4). The growth was mainly driven by increased sales to the German market, while the quarter saw slightly decreasing sales to the important Swedish professional construction sector. Our estimate is that the Swedish professional market will remain weak for the rest of the year, but that we will attain good growth on the German market.

The business unit Green surface coatings & maintenance products showed a strong quarter, increasing its sales by more than 23 percent to MSEK 10.8 (8.7). Maintenance products for homes and private houses provided the main contribution, thanks to our new customer contracts as well as the home improvement trend during the COVID-19 pandemic. Nevertheless, sales of OrganoTex® decreased somewhat as our retailers experienced a decline in sales during April and May, followed by a recovery in June. We are anticipating continued strong growth in the future and expect both our new and existing customers to drive solid growth for the year as a whole.

Within the Biocomposites business unit, sales of coffin materials and sound absorbents both continued to increase. The coffin material production is working well and sales are increasing steadily. The demand for sound absorbents has seen a very healthy development,

but our production capacity has been a limiting factor. To remedy the situation, we have invested in our first robot which will be deployed during the third quarter. In addition, we are assessing further investments to raise capacity in view of 2021. Our aim is to increase the supply of sound absorbents considerably, and we are confident in the development of coffin material sales as well, as Fredahl Rydén is about to introduce the Saga coffin in both Norway and Denmark.

Within Nonwoven & technical textiles, sales continue to increase to existing customers. As regards our development projects, we are moving closer to novel product launches with both existing and new customers. Our goal is still to bring at least one new project related to a major volume product to the finish line before the end of 2020.

Sales during the third quarter are off to a good start for most of our product segments. The big question is how the economic trend will develop in the Swedish construction industry. However, our assessment is that every business unit will contribute growth for the year. At present, we are focused on developing our sales in relation to the prevailing circumstances, and we are making use of the digital tools at hand to engage with our current and prospective customers. In the end, we strive to enhance our growth, improve our profitability and rid nature of plastics and chemical pollution!



A handwritten signature in blue ink that reads "Mårten Hellberg". The signature is fluid and cursive.

Mårten Hellberg  
VD, OrganoClick AB

# BUSINESS SUMMARY

Every year, more than 8 million tonnes of plastic and hundreds of thousands tonnes of toxic chemicals are released to the world's oceans and into nature. Many of these are not degradable, but accumulate in the form of microplastics or persistent pollutants. Plastics and environmental contaminants have thus become one of the major global challenges of our time. The result is visible along the seashores as well as in the alarm reports about poisoned watercourses. OrganoClick AB (publ) is a Swedish cleantech company that develops, produces and markets functional materials based on environmentally friendly fiber chemistry, which addresses several of the aforementioned problems. The products marketed by OrganoClick include: the durable water repellent technology for textiles OrganoTex®, which can substitute hormone-disruptive fluorocarbons (PFAS); the flame and rot-resistant timber ORGANOWOOD®, which can substitute heavy metals used in traditional wood protection; eco-labelled surface treatment and maintenance products for homes and properties, under the brand BIOkleen®, and the biobased binder OC-BioBinder™ which, together with the company's biocomposite OrganoComp® can substitute fossil-based plastic. OrganoClick was founded in 2006 as a commercial spin-off company based on research performed at Stockholm University and the Swedish University of Agricultural Sciences. OrganoClick has won a number of prizes, such as "Sweden's Most Promising Start-up" and "Sweden's Best Environmental Innovation", and has also received a number of awards, such as the WWF "Climate Solver" award, and has also appeared for two years on the Affärsvärldens and NyTekniks list of Sweden's top 33 hottest technology companies. OrganoClick is listed on Nasdaq First North Growth Market and has its head office, production and R&D located in Täby, north of Stockholm.

## TECHNOLOGY

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

## THE GROUP'S STRUCTURE, BUSINESS UNITS AND CUSTOMERS

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

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

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

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

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

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

## THE GROUP'S DEVELOPMENT AND OBJECTIVES

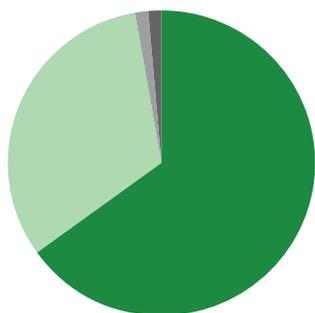
The Group has made fast progress since the first product was launched in 2012. Net sales has grown from MSEK 20.9 in 2014 to MSEK 85.5 in 2019, corresponding to an average annual growth rate of 32.5 percent. The Group has built up a sales and marketing organization and its production facility to be able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

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

## FINANCIAL DEVELOPMENT ORGANOCLICK GROUP 2015-2019 MSEK

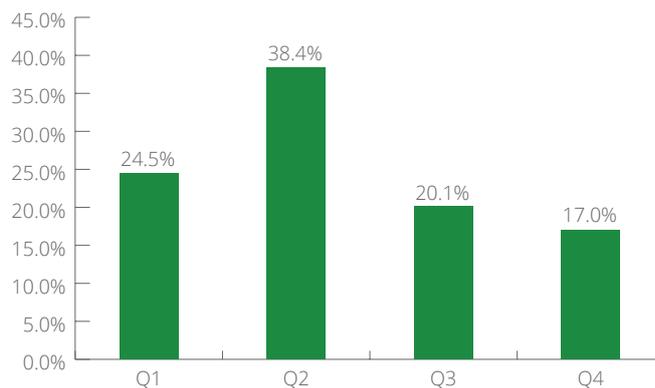
	2015	2016	2017	2018	2019
Net sales	30,462	38,847	74,682	78,395	85,480
Operating profit/loss	-20,793	-29,041	-23,456	-17,822	-15,131
Total assets	82,313	81,201	101,778	88,103	173,199
Total equity	59,481	41,671	54,286	34,798	102,470
Total liabilities	22,832	39,530	47,491	53,306	70,729
Cash flow from operating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

NET SALES / OPERATING SEGMENTS



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

GROUP SALES/QUARTER



# COMMENTS ON THE FINANCIAL DEVELOPMENT

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

## THE GROUP

### Profit/loss April-June

The revenue in the second quarter amounted to kSEK 36,064 (32,709), corresponding to a sales growth of 10.3 (6.7) percent. Sales within the Functional wood business unit amounted to kSEK 24,249 (23,362) with a growth of 3.8 (13.6) percent compared with the previous year. The lower growth compared with the previous year can be attributed to reduced demand from the professional construction segment which is the most important source of revenue for the business unit. On the other hand, export sales have increased during the quarter, mostly to Germany and Denmark. Within the Green surface coatings & maintenance products business unit, revenue increased by 23.4 (-11.8) percent to kSEK 10,765 (8,724), attributable to increasing supply to the Group's new customers and to heavy demand for the Group's maintenance products for homes and properties. Revenue within the Biocomposites business unit increased to kSEK 611 (405) and revenue within the Nonwoven & technical textiles business unit amounted to kSEK 323 (37).

Gross margin (after variable costs) amounted to 42.1 (42.9) percent and was slightly negatively impacted by changes in the product mix; more timber was sold through foreign distributors, where the Group has a somewhat lower gross margin. Gross profit amounted to kSEK 10,348 (9,517). It was positively impacted by the higher sales and negatively impacted by the lower gross margin and by higher personnel costs due to a higher number of employees within production. During the quarter, the Group has benefited from a COVID-19-related tax relief for social security contributions totaling kSEK 615 and state aid for sickleave payments totaling kSEK 153. Operating profit/loss, EBIT, amounted to kSEK 1,608 (740) and EBITDA to kSEK 4,769 (3,725). Reduced borrowings within the Group resulted in lower financial expenses, kSEK -681 (-1,011). Profit for the period amounted to kSEK 878 (-286).

### Cash flow and investments April-June

Cash flow from operating activities amounted to kSEK 116 (-1,077), primarily a consequence of the result improvements. Cash flow from working capital amounted to kSEK -3,800 (-3,698). The inventories have decreased during the quarter, thus freeing up liquidity, kSEK 2,940 (389). At the same time, liquidity has been tied up in receivables since the Group is in its high season with sales increasing over the first quarter, kSEK -8,214 (-6,033). The higher amount tied up compared with the previous year is attributable to the termination of a factoring solution in use last year.

During the quarter, investments totaling kSEK -1,634 (-1,789) were made in intangible fixed assets in the Group's development projects, patents and trademarks. An additional kSEK -271 (-183) was invested in tangible fixed assets in the form of production equipment. In financing activities, the Group increased its utilization of its bank overdraft facility by kSEK 6,848 (74); the increase compared with the previous year is attributable to a lower degree of utilization at the

end of the first quarter this year than at the corresponding period closing last year. Invoice factoring debt increased by kSEK 5,650 (4,690) due to higher receivables. The Group amortized kSEK -2,504 (-2,637) during the period for loans and leases. Cash flow for the period was kSEK 8,205 (79).

### Profit/loss January-June

The revenue in the first six months of the year grew by 6.3 (11.9) percent compared with the previous year and totaled kSEK 58,312 (54,858). Sales within the Functional wood business unit saw a growth of 4.4 (9.4) percent and totaled kSEK 35,679 (34,161). The lower growth compared with the previous year can be attributed to reduced demand from the important professional construction segment in Sweden. This year's export efforts, on the other hand, have made a positive contribution, mainly due to sales in Germany, Denmark and Italy. Sales within the Green surface coatings & maintenance products business unit amounted to kSEK 20,713 (19,859) with a growth of 4.3 (13.8) percent. The downturn in growth was due to a weak first quarter for the Group's wood protection products. At the same time, sales of the Group's car care products and OrganoTex products dwindled as a result of the COVID-19 outbreak, as car use and retail sale were reduced during the period. The revenue within the Biocomposites business unit amounted to kSEK 1,253 (477), mostly from sales of coffin materials but with an additional contribution from sound absorbents. Revenue within the Nonwoven & technical textiles business unit amounted to kSEK 537 (180).

Gross margin (after variable costs) amounted to 42.5 (44.1) percent; the product mix and a higher proportion of timber sold through foreign distributors had a negative impact on the margin. Despite the growth in sales, the cumulative gross profit was lower than the previous year and amounted to kSEK 15,002 (15,399). This is attributable to the lower gross margin in combination with higher personnel costs related to production. As a consequence of the Group's effort to enter novel export markets and initiate new customer projects, a larger number of employees have resulted in increased sales and R&D related fixed costs. R&D is further impacted by amortization charges for more patent families. During the year, the Group has received COVID-19-related tax relief for social security contributions in the amount of kSEK 828 and state aid for sickleave payments in the amount of kSEK 153. Operating profit/loss, EBIT, amounted to kSEK -2,854 (-1,351) and EBITDA amounted to kSEK 3,401 (4,526). The net financial result amounted to kSEK -1,248 (-1,930) due to reduced borrowings within the Group. The result for the first half of the year amounted to kSEK -4,175 (-3,237). As the Group reports negative earnings, the effective tax will be zero. Deficit deductions increase and the Group does not capitalize deferred tax on deficit deductions. In the income statement, deferred tax is recognized for temporary differences.

### Cash flow and investments January-June

Cash flow from operating activities amounted to kSEK -3,170 (-3,082), kSEK 2,237 (2,536) of which being cash flow from profit and kSEK -5,407 (-5,618) of which being cash flow from working capital. Liquidity has been freed up by a decrease in inventories, kSEK 569 (-2,212) and tied up in receivables, kSEK -12,171 (-11,961). This is attributable to seasonal variations where the second quarter is the strongest with regard to sales. Increased trade payables for higher raw material purchases during the high season resulted in a positive liquidity effect of kSEK 7,303 (6,038).

Investments of kSEK -3,454 (-2,827) were made in intangible fixed assets in the form of development projects, patents, trademarks and licenses. The increase over the preceding year is primarily attributable to higher investments in patents. Investments in tangible fixed assets, mostly production equipment, amounted to kSEK -941 (-245). In financing activities, the Group increased its utilization of its bank overdraft facility by kSEK 1,816 (5,327) and increased its invoice factoring debt by kSEK 6,313 (10,240). The utilization of factoring credit is lower than the increase in receivables, since receivables this year increased more in group companies that do not use factoring credits while the previous year's increase in receivables took place in group companies that do. The Group amortized kSEK -4,910 (-4,857) during the period for loans and leases. Cash flow for the first six months of the year amounted to kSEK -3,047 (2,336).

### Financial position

Cash and cash equivalents in the Group amounted to kSEK 58,103 (8,458) at the end of the period with a quick ratio of 136.9 (45.0) percent. Net debt/equity ratio amounted to 1.9 (217.0) percent. The strengthened financial position is attributable to a new share issue netting kSEK 86,030 which was carried out in the fall of 2019 and made it possible to repay most of the parent company's credits. At the end of the quarter, a bank overdraft facility of kSEK 14,770 (14,021) was utilized in OrganoWood AB from a total facility of kSEK 15,000 (14,000). The bank overdraft facility changes depending on the requirement for the season.

### PARENT COMPANY

#### Profit/loss April-June

The parent company's revenue amounted to kSEK 9,700 (8,520) as sales of the Group's biocomposites and industrial products for technical textiles increased, as did internal sales. Gross profit amounted to kSEK -435 (-110) with a lower gross margin, which is attributable to higher proportion of internal sales as well as increased fixed production costs for a second production shift. Operating profit/loss (EBIT) amounted to kSEK -5,083 (-3,906) after increased fixed costs, mostly relating to different sales efforts and amortization charges for patents. EBITDA amounted to kSEK -3,739 (-2,776). Loss for the period amounted to kSEK -5,036 (-4,017).

#### Profit/loss January-June

The parent company's revenue in the first half of the year amounted to kSEK 18,531 (17,215) as sales of the Group's biocomposites, binders, and industrial water repellent products increased. Sales to subsidiaries decreased somewhat. Gross profit amounted to kSEK -1,730 (-425); it was negatively impacted by changes in the product mix and higher fixed production costs for a second production shift. Operating profit/loss, EBIT, amounted to kSEK -11,238 (-7,726) following increased personnel costs in the sales efforts initiated by the Group and increased amortization charges for more patents. EBITDA amounted to kSEK -8,596 (-5,564). Loss for the period amounted to kSEK -11,110 (-7,949).

### Financial position and investments

Cash and cash equivalents in the parent company at the end of the period amounted to kSEK 44,227 (1,138) and equity to kSEK 102,763 (39,581). The strengthened financial position is attributable to kSEK 86,030 in proceeds after issuance costs from a new share issue which was carried out by OrganoClick in the fall of 2019. The issue proceeds were used to repay loans and credits of kSEK 19,063. During the year, the parent company invested kSEK 3,010 (2,288) in intangible fixed assets in the form of development projects and patents and kSEK 941 (245) in tangible fixed assets in the form of production equipment.

# OTHER INFORMATION

## SIGNIFICANT EVENTS DURING THE PERIOD

- Internetstores initiates sales of OrganoTex® Textile Waterproofing through their European Outdoor shop CAMPZ.com
- The 2020 Annual General Meeting voted in accordance with the Nomination Committee's proposal for the re-election of Jan Johansson (Chairman), Håkan Gustavson and Claes-Göran Beckeman as board members and new election of Charlotte Karlgren and Malin Bugge as board members.
- OrganoTex® was launched in the UK together with the agent FTUK.
- OrganoClick was granted Vinnova-funding of SEK 1.3 million for further development of its fluorocarbon-free (PFAS-free) textile impregnation OrganoTex® within the R&D-project POPFREE.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

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

## RISKS AND UNCERTAINTIES

The Group's significant risks are primarily attributable to the market development for the Group's various product areas, financial risks as the Group may need additional capital injection to conduct its operations in its current form, production risks related to its own production and partners' production capacity and risks with intangible assets and product development. For a more detailed description of significant risks and uncertainties, refer to OrganoClick's Annual report for 2019, pages 48-49.

### Risks related to the Coronavirus pandemic (COVID-19)

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

## PERSONNEL

At the end of the period, the number of employees in the Group was 42 (36). Of these, 27 (21) were employed in the parent company, 11 (11) employed in the subsidiary OrganoWood AB and 4 (4) employed in the subsidiary Biokleen Miljökemi AB. Of the employees, 15 (12) were women and 27 (24) men.

## SHARE INFORMATION

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

OrganoClick AB's share has been listed on Nasdaq First North Growth Market since 2015. The number of shareholders at June 30 was 1,912 (1,481) and the closing price of the share at June 30 was 5.70 (5.50), giving a market capitalisation of SEK 525 (410) million.

### The largest shareholders in OrganoClick AB as at 30 June 2020<sup>1</sup>

Name	No. of shares	Share of votes and capital %
Anders Wall with companies and related foundations <sup>2</sup>	12,197,407	13.24
Bertil Hagman	7,689,662	8.35
Mårten Hellberg with company	7,376,969	8.01
Armando Córdova with company	5,286,069	5.74
Jonas Hafrén	4,123,006	4.48
Länsförsäkringar fondförvaltning AB	3,806,395	4.13
Credit Suisse (Switzerland) Ltd	3,723,300	4.04
Handelsbanken Microcap Sverige	3,400,000	3.69
CBLDN-EQ Nordic Small Cap	3,302,000	3.58
Fjärde AP Fonden	2,790,000	3.03
<b>Subtotal</b>	<b>53,694,808</b>	<b>58.29</b>
Other shareholders	38,417,981	41.71
<b>Total shares</b>	<b>92,112,789</b>	<b>100.00</b>

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

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

## FINANCIAL CALENDAR 2020

Interim report January-September 2020 on 10 November 2020

Interim report January-December 2020 on 17 February 2021

## CERTIFIED ADVISER

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

# FINANCIAL REPORTS SUMMARY

## CONSOLIDATED INCOME STATEMENT IN SUMMARY

SEK 000 <sup>s</sup>	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	2,3	36,064	32,709	58,312	54,858	85,480
Cost of goods sold		-25,716	-23,192	-43,310	-39,459	-67,717
<b>Gross profit</b>		<b>10,348</b>	<b>9,517</b>	<b>15,002</b>	<b>15,399</b>	<b>17,763</b>
Selling expenses		-5,321	-5,353	-10,811	-10,090	-18,915
Administrative expenses		-2,413	-2,546	-5,202	-5,157	-10,572
Research and development costs		-1,417	-1,009	-2,620	-1,983	-4,295
Other operating income	4	412	132	778	482	889
<b>Operating profit/loss</b>		<b>1,608</b>	<b>740</b>	<b>-2,854</b>	<b>-1,351</b>	<b>-15,131</b>
Financial income		27	0	58	0	29
Financial expenses		-681	-1,011	-1,306	-1,930	-3,709
<b>Net financial items</b>		<b>-654</b>	<b>-1,011</b>	<b>-1,248</b>	<b>-1,930</b>	<b>-3,680</b>
<b>Profit/loss before tax</b>		<b>954</b>	<b>-271</b>	<b>-4,102</b>	<b>-3,281</b>	<b>-18,811</b>
Income tax	5	-76	-15	-72	44	455
<b>Profit/loss for the period</b>		<b>878</b>	<b>-286</b>	<b>-4,175</b>	<b>-3,237</b>	<b>-18,356</b>
<b>Profit/loss for the period attributable to:</b>						
Shareholders´ of Parent Company		-1,348	-1,724	-7,161	-4,881	-20,391
Non-controlling interests		2,226	1,438	2,986	1,644	2,035
Earnings per share before and after dilution SEK		-0.01	-0.02	-0.08	-0.06	-0.26
Average number of shares before and after dilution <sup>1</sup>		92,112,789	75,761,668	92,112,789	75,761,668	79,927,844

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

SEK 000 <sup>s</sup>	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Profit/loss for the period</b>	<b>878</b>	<b>-286</b>	<b>-4,175</b>	<b>-3,237</b>	<b>-18,356</b>
<b>Other comprehensive income for the period:</b>					
<i>Items that can later be reclassified into profit or loss</i>					
This period´s translation differences when translating foreign operations	-4	0	-6	2	-1
<b>Other comprehensive income for the period, net after tax</b>	<b>-4</b>	<b>0</b>	<b>-6</b>	<b>2</b>	<b>-1</b>
<b>Comprehensive income for the period</b>	<b>873</b>	<b>-286</b>	<b>-4,181</b>	<b>-3,236</b>	<b>-18,358</b>
<b>Comprehensive income for the period attributable to:</b>					
Shareholders´ of Parent Company	-1,350	-1,724	-7,165	-4,880	-20,392
Non-controlling interests	2,224	1,438	2,984	1,645	2,034

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

SEK 000 <sup>s</sup>	Note	2020-06-30	2019-06-30	2019-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
<i>Intangible fixed assets</i>				
Capitalized development expenditures		13,815	12,544	12,971
Patents, trademarks		6,226	4,654	5,455
Licences		334	267	173
Goodwill		16,794	16,794	16,794
		<b>37,169</b>	<b>34,260</b>	<b>35,393</b>
<i>Property, plant and equipment</i>				
Buildings		22,063	26,353	24,338
Improvement expense of other property		298	178	330
Machinery		12,734	14,609	13,250
Equipment, tools, fixtures and fittings		4,012	4,315	4,085
Ongoing new facilities		215	-	416
		<b>39,323</b>	<b>45,455</b>	<b>42,419</b>
<i>Other non-current assets</i>				
Other non-current receivables		3,192	3,440	3,440
Deferred tax assets	5	743	343	787
<b>Total non-current assets</b>		<b>80,427</b>	<b>83,499</b>	<b>82,040</b>
<b>Current Assets</b>				
Inventories		14,552	16,664	15,121
Trade receivables		24,271	18,943	12,099
Income tax receivables		357	267	468
Other receivables		589	1,211	1,033
Prepaid expenses and accrued income		3,684	1,168	1,289
Cash and cash equivalents		58,103	8,458	61,150
<b>Total current assets</b>		<b>101,555</b>	<b>46,710</b>	<b>91,159</b>
<b>TOTAL ASSETS</b>		<b>181,981</b>	<b>130,209</b>	<b>173,199</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY (CONT.)**

SEK 000 <sup>s</sup>	Note	2020-06-30	2019-06-30	2019-12-31
<b>EQUITY</b>				
Share capital		921	745	921
Other contributed capital		243,764	157,910	243,764
Reserves		32	38	36
Accumulated loss including profit/loss for the period		-174,152	-151,481	-166,991
<b>Equity attributable to shareholders´ of Parent Company</b>	6	<b>70,565</b>	<b>7,211</b>	<b>77,730</b>
Non-controlling interests	7	27,725	24,351	24,741
<b>Total equity</b>		<b>98,290</b>	<b>31,562</b>	<b>102,470</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings from credit institutions		2,434	8,506	3,352
Lease liabilities		17,393	23,110	20,340
Deferred tax liabilities	5	321	253	285
<b>Total non-current liabilities</b>		<b>20,148</b>	<b>31,869</b>	<b>23,977</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	8	18,222	22,451	16,133
Lease liabilities		7,753	7,458	7,516
Trade payables		13,291	10,831	5,988
Income tax liabilities		7	75	75
Other liabilities		16,106	17,761	9,568
Accrued expenses and deferred income		8,165	8,203	7,471
<b>Total current liabilities</b>		<b>63,543</b>	<b>66,778</b>	<b>46,751</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>181,981</b>	<b>130,209</b>	<b>173,199</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK 000 <sup>s</sup>	Attributable to shareholders' of Parent Company				Total	Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Accumulated loss			
Equity at 1 January 2020	921	243,764	36	-166,991	77,730	24,741	102,470
<b>Comprehensive income</b>							
Profit/loss for the period	-	-	-	-7,161	-7,161	2,986	-4,175
<b>Other comprehensive income</b>							
Translation differences	-	-	-4	-	-4	-2	-6
<b>Total comprehensive income</b>	-	-	-4	-7,161	-7,165	2,984	-4,181
<b>Shareholder transactions</b>							
Total shareholder transactions	-	-	-	-	-	-	-
Equity at 30 June 2020	921	243,764	32	-174,152	70,565	27,725	98,290
Equity at 1 January 2019	745	157,910	37	-146,600	12,092	22,706	34,798
<b>Comprehensive income</b>							
Profit/loss for the period	-	-	-	-4,881	-4,881	1,644	-3,237
<b>Other comprehensive income</b>							
Translation differences	-	-	1	-	1	1	2
<b>Total comprehensive income</b>	-	-	1	-4,881	-4,880	1,645	-3,236
<b>Shareholder transactions</b>							
Total shareholder transactions	-	-	-	-	-	-	-
Equity at 30 June 2019	745	157,910	38	-151,481	7,211	24,351	31,562
Equity at 1 January 2019	745	157,910	37	-146,600	12,092	22,706	34,798
<b>Comprehensive income</b>							
Profit/loss for the period	-	-	-	-20,391	-20,391	2,035	-18,356
<b>Other comprehensive income</b>							
Translation differences	-	-	-1	-	-1	0	-1
<b>Total comprehensive income</b>	-	-	-1	-20,391	-20,392	2,034	-18,358
<b>Shareholder transactions</b>							
New share issue	176	85,854	-	-	86,030	-	86,030
<b>Total shareholder transactions</b>	176	85,854	-	-	86,030	-	86,030
Equity at 31 December 2019	921	243,764	36	-166,991	77,730	24,741	102,470

## CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

SEK 000 <sup>s</sup>	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Cash flow from operating activities</b>						
Operating profit/loss		1,608	740	-2,854	-1,351	-15,131
Adjustment for non-cash items	9	3,118	2,999	6,298	5,893	12,225
Interest received		27	0	58	0	29
Interest paid		-681	-1,011	-1,306	-1,930	-3,709
Income tax paid		-155	-107	42	-76	-276
<b>Cash flow from operating activities before changes in working capital</b>		<b>3,916</b>	<b>2,621</b>	<b>2,237</b>	<b>2,536</b>	<b>-6,862</b>
<b>Changes in working capital</b>						
Changes in inventories and work in progress		2,940	389	569	-2,212	-668
Changes in trade receivables		-8,214	-6,033	-12,171	-11,961	-5,117
Changes in other operating receivables		-2,099	364	-2,027	-462	-440
Changes in trade payables		3,316	498	7,303	6,038	1,195
Changes in other operating liabilities		257	1,085	919	2,979	880
<b>Cash flow from changes in working capital</b>		<b>-3,800</b>	<b>-3,698</b>	<b>-5,407</b>	<b>-5,618</b>	<b>-4,151</b>
<b>Cash flow from operating activities</b>		<b>116</b>	<b>-1,077</b>	<b>-3,170</b>	<b>-3,082</b>	<b>-11,013</b>
<b>Cash flow from investing activities</b>						
Investments in intangible assets		-1,634	-1,789	-3,454	-2,827	-5,973
Investments in property, plant and equipment		-271	-183	-941	-245	-1,034
<b>Cash flow from investing activities</b>		<b>-1,905</b>	<b>-1,971</b>	<b>-4,396</b>	<b>-3,072</b>	<b>-7,007</b>
<b>Cash flow from financing activities</b>						
New share issue		-	-	-	-	90,000
Share issue expenses		-	-	-	-	-3,970
Net change bank overdraft facility		6,848	74	1,816	5,327	4,259
Net change invoice factoring debt		5,650	4,690	6,313	10,240	3,414
Depositions		-	-	300	-219	-219
Borrowings		-	1,000	1,000	1,000	10,000
Repayment of debt		-	-	-	-3,000	-20,063
Amortization of debt		-2,504	-2,637	-4,910	-4,857	-10,374
<b>Cash flow from financing activities</b>		<b>9,994</b>	<b>3,126</b>	<b>4,519</b>	<b>8,490</b>	<b>73,048</b>
<b>Cash flow for the period</b>		<b>8,205</b>	<b>79</b>	<b>-3,047</b>	<b>2,336</b>	<b>55,028</b>
Cash and cash equivalents at beginning of period		49,898	8,379	61,150	6,122	6,122
Cash and cash equivalents at end of period		58,103	8,458	58,103	8,458	61,150
<b>Change in cash and cash equivalents</b>		<b>8,205</b>	<b>79</b>	<b>-3,047</b>	<b>2,336</b>	<b>55,028</b>

## KEY FIGURES, THE GROUP

SEK 000 <sup>s</sup>	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	36,064	32,709	58,312	54,858	85,480
Revenue growth, %	10.3	6.7	6.3	11.9	9.0
Gross profit	10,348	9,517	15,002	15,399	17,763
Gross margin, %	28.7	29.1	25.7	28.1	20.8
EBIT	1,608	740	-2,854	-1,351	-15,131
EBIT, %	4.5	2.3	-4.9	-2.5	-17.7
EBITDA	4,769	3,725	3,401	4,526	-3,117
Profit/loss for the period	878	-286	-4,175	-3,237	-18,356
Profit margin, %	2.4	-0.9	-7.2	-5.9	-21.5
Equity ratio, %	54.0	24.2	54.0	24.2	59.2
Quick ratio, %	136.9	45.0	136.9	45.0	162.6
Net debt/equity ratio,%	1.9	217.0	1.9	217.0	-5.8
Return on shareholders' equity, %	1.4	neg.	neg.	neg.	neg.
Return on capital employed,%	1.2	0.7	neg.	neg.	neg.
Average number of employees	45	34	43	35	35
Average number of shares before and after dilution <sup>1</sup>	92,112,789	75,761,668	92,112,789	75,761,668	79,927,844
Number of shares issued at end of period	92,112,789	74,465,731	92,112,789	74,465,731	92,112,789
Turnover per share before and after dilution SEK	0.39	0.43	0.63	0.72	1.07
Earnings per share before and after dilution SEK <sup>1</sup>	-0.01	-0.02	-0.08	-0.06	-0.26
Shareholders equity per share before and after dilution SEK	0.77	0.10	0.77	0.10	0.84

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

## PARENT COMPANY INCOME STATEMENT IN SUMMARY

SEK 000 <sup>s</sup>	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales		9,700	8,520	18,531	17,215	26,515
Cost of goods sold		-10,135	-8,630	-20,261	-17,640	-30,078
<b>Gross profit</b>		<b>-435</b>	<b>-110</b>	<b>-1,730</b>	<b>-425</b>	<b>-3,563</b>
Selling expenses		-1,479	-889	-3,053	-1,582	-3,557
Administrative expenses		-1,793	-1,943	-3,916	-3,895	-7,816
Research and development costs		-1,473	-985	-2,682	-1,995	-4,305
Other operating income	4	97	22	143	171	242
<b>Operating profit/loss</b>		<b>-5,083</b>	<b>-3,906</b>	<b>-11,238</b>	<b>-7,726</b>	<b>-18,999</b>
Interest income and similar items		100	68	238	149	322
Interest expenses and similar items		-54	-180	-111	-371	-1,010
<b>Net financial items</b>		<b>46</b>	<b>-112</b>	<b>127</b>	<b>-222</b>	<b>-688</b>
<b>Profit/loss before tax</b>		<b>-5,036</b>	<b>-4,017</b>	<b>-11,110</b>	<b>-7,949</b>	<b>-19,687</b>
Income tax		-	-	-	-	-
<b>Profit/loss for the period</b>		<b>-5,036</b>	<b>-4,017</b>	<b>-11,110</b>	<b>-7,949</b>	<b>-19,687</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

SEK 000 <sup>s</sup>	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Profit/loss for the period</b>	<b>-5,036</b>	<b>-4,017</b>	<b>-11,110</b>	<b>-7,949</b>	<b>-19,687</b>
Other comprehensive income for the period:	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-5,036</b>	<b>-4,017</b>	<b>-11,110</b>	<b>-7,949</b>	<b>-19,687</b>

## PARENT COMPANY BALANCE SHEET IN SUMMARY

SEK 000 <sup>s</sup>	Note	2020-06-30	2019-06-30	2019-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
<i>Intangible fixed assets</i>				
Capitalized development expenditures		10,343	9,463	9,659
Patents, trademarks		5,586	4,501	4,837
Licences		248	73	68
		<b>16,177</b>	<b>14,037</b>	<b>14,565</b>
<i>Property, plant and equipment</i>				
Improvement expense of other property		298	178	330
Machinery		8,655	9,598	8,704
Equipment, tools, fixtures and fittings		2,754	2,775	2,860
Ongoing new facilities		215	-	416
		<b>11,922</b>	<b>12,551</b>	<b>12,311</b>
<i>Financial assets</i>				
Shares in group companies		30,610	30,610	30,610
Due from group companies		1,651	1,651	1,651
		<b>32,261</b>	<b>32,261</b>	<b>32,261</b>
<b>Total non-current assets</b>		<b>60,359</b>	<b>58,848</b>	<b>59,137</b>
<b>Current assets</b>				
Raw materials, supplies and finished inventories		7,687	8,032	7,258
		<b>7,687</b>	<b>8,032</b>	<b>7,258</b>
<b>Short-term receivables</b>				
Trade receivables		1,158	265	615
Due from group companies		2,798	1,566	3,623
Income tax receivables		133	129	248
Other receivables		234	434	841
Prepaid expenses and accrued income		3,874	1,748	1,892
		<b>8,196</b>	<b>4,142</b>	<b>7,219</b>
Cash and cash equivalents		44,227	1,138	56,136
<b>Total current assets</b>		<b>60,110</b>	<b>13,313</b>	<b>70,613</b>
<b>TOTAL ASSETS</b>		<b>120,469</b>	<b>72,161</b>	<b>129,750</b>

## PARENT COMPANY BALANCE SHEET IN SUMMARY (CONT.)

SEK 000 <sup>s</sup>	Note	2020-06-30	2019-06-30	2019-12-31
<b>EQUITY AND LIABILITIES</b>				
<b>Restricted equity</b>				
Share capital		921	745	921
Fund for development expenditures		5,712	4,832	5,029
<b>Total restricted equity</b>		<b>6,634</b>	<b>5,577</b>	<b>5,950</b>
<b>Non-restricted equity</b>				
Share premium reserve		243,764	157,910	243,764
Retained earnings		-136,524	-115,958	-116,154
Profit/loss for the period		-11,110	-7,949	-19,687
<b>Total non-restricted equity</b>		<b>96,129</b>	<b>34,004</b>	<b>107,923</b>
<b>Total equity</b>		<b>102,763</b>	<b>39,581</b>	<b>113,873</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Liabilities to credit institutions		880	6,230	1,770
Liabilities to group companies		4,710	4,710	4,710
<b>Total non-current liabilities</b>		<b>5,590</b>	<b>10,940</b>	<b>6,480</b>
<b>Current liabilities</b>				
Liabilities to credit institutions		1,780	7,030	1,780
Trade payables		5,172	4,561	2,738
Tax liabilities		-	-	-
Liabilities to group companies		193	4,613	26
Other short-term liabilities		1,031	1,133	1,021
Accrued expenses and deferred income		3,941	4,303	3,832
<b>Total current liabilities</b>		<b>12,117</b>	<b>21,640</b>	<b>9,397</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>120,469</b>	<b>72,161</b>	<b>129,750</b>

# NOTES

## ACCOUNTING PRINCIPLES

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

## NOTE 1 CORRECTIONS OF ERRORS IN PREVIOUS PERIODS

A correction has been made in the Group's report on cash flows for the periods Apr-Jun 2019 and Jan-Jun 2019 attributable to leasing, where SEK 274 thousand and SEK 560 thousand, respectively, have been transferred from Cash flow from financing activities and Amortization of debt to Cash flow from operating activities and Interest paid.

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

## NOTE 2 OPERATING SEGMENTS AND BREAKDOWN OF REVENUE

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

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

The follow-up of the Group's net sales is done from 2020 for four business areas, the former three business units Functional wood, Green surface coatings & maintenance products and Biocomposites as well as the new business unit Nonwoven & technical textiles. The outcome per business unit consists of a combination of net sales of goods and services sold from different parts of the Group's operations, which, however, do not consist of separate income statements and balance sheets.

Group Net sales per business unit	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Functional wood <sup>1</sup>	24,249	23,362	35,679	34,161	55,664
Green surface coatings & maintenance products <sup>1</sup>	10,765	8,724	20,713	19,859	27,507
Biocomposites	611	405	1,253	477	1,201
Nonwoven & technical textile	323	37	537	180	883
Other	117	181	130	181	224
<b>Total</b>	<b>36,064</b>	<b>32,709</b>	<b>58,312</b>	<b>54,858</b>	<b>85,480</b>

1) A reclassification of sales has been made from the Functional wood business unit to Green surface coatings and maintenance products concerning wood protection products. The reclassified amount for Apr-Jun 2019 amounts to SEK 65 thousand, for Jan-Jun 2019 to SEK 2,789 thousand and for Jan-Dec 2019 to SEK 3,032 thousand.

Group Net sales per geographic market	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Sweden	29,971	29,901	47,739	49,214	76,193
Other Nordics	4,051	2,154	7,543	4,910	7,834
The rest of Europe	1,704	173	2,676	173	375
Asia	337	467	337	548	1,034
North America	-	13	16	13	43
<b>Total</b>	<b>36,064</b>	<b>32,709</b>	<b>58,312</b>	<b>54,858</b>	<b>85,480</b>
Net revenue by revenue type					
Products	35,947	32,529	58,182	54,678	85,255
Equipment and services	100	95	100	95	95
Services	17	86	30	86	129
<b>Total</b>	<b>36,064</b>	<b>32,709</b>	<b>58,312</b>	<b>54,858</b>	<b>85,480</b>

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

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

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

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

## NOTE 3 SEASONAL VARIATIONS

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

**NOTE 4 OTHER OPERATING INCOME**

Group	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Exchange gains on receivables of an operating nature	50	25	136	90	142
Commission income	137	89	238	227	403
Rental income	135	-	270	-	102
Government grants received for R&D	89	19	134	166	232
Profits, sale of fixed assets	-	-	-	-	10
<b>Total</b>	<b>412</b>	<b>132</b>	<b>778</b>	<b>482</b>	<b>889</b>
<b>Parent Company</b>					
Exchange gains on receivables of an operating nature	8	3	10	5	10
Government grants received for R&D	89	19	134	166	232
<b>Total</b>	<b>97</b>	<b>22</b>	<b>143</b>	<b>171</b>	<b>242</b>

**NOTE 5 INCOME TAX**

The Group's income tax consists of deferred tax. The Group reports deferred tax on internal gains in inventories and capitalized development and impaired trade receivables (deferred tax assets) and leasing (deferred tax assets and deferred tax liabilities).

**NOTE 6 EQUITY**

The Group's equity is calculated by consolidating the equity of the parent company and its subsidiaries. In the subsidiary OrganoWood AB there are two types of shares, ordinary shares and preference shares. For conditions regarding the preference shares, see Note 7. The preference shares, owned by 81 minority shareholders, represent SEK 20,000 thousand of OrganoWood AB's equity. An amount corresponding to a potential redemption price of the preference shares is also regularly allocated to a free fund. As of 30 June 2020, this amount was SEK 21,809 thousand.

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

**NOTE 7 ORGANOWOOD AB'S PREFERENCE SHARES**

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

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

amount shall be increased by twelve (12) percent annually.

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

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

At OrganoWood AB's Annual General Meeting on 7 May 2020, it was decided to continue to allow the preference shares to run in accordance with the terms of the Articles of Association (12 per cent annual adjustment of the value) when there was no non-restricted equity to redeem them. The aim is of redeeming the preference shares when non-restricted equity so permits.

**NOTE 8 CURRENT LIABILITIES TO CREDIT INSTITUTIONS**

Group	2020-06-30	2019-06-30	2019-12-31
Short-term portion of non-current liabilities to credit institutions	3,453	4,430	3,180
Current liabilities to credit institutions	-	4,000	-
Bank overdraft facility	14,770	14,021	12,953
<b>Total</b>	<b>18,222</b>	<b>22,451</b>	<b>16,133</b>

**NOTE 9. ADJUSTMENT FOR NON-CASH ITEMS**

Group	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Depreciation/amortization of intangible fixed assets	855	810	1,662	1,502	3,216
Depreciation/amortization of property, plant and equipment	2,306	2,175	4,593	4,375	8,799
Disposal of intangible fixed assets	-	15	-	15	212
Disposal of property, plant and equipment	-38	-	49	-	-
Unrealized exchange rate differences	-4	0	-6	2	-1
<b>Total</b>	<b>3,118</b>	<b>2,999</b>	<b>6,298</b>	<b>5,893</b>	<b>12,225</b>

**NOTE 10 FINANCIAL LIABILITIES AND ASSETS AT FAIR VALUE**

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

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

**NOTE 11 PLEDGED ASSETS AND CONTINGENT LIABILITIES**

<b>Group</b>	<b>2020-06-30</b>	<b>2019-06-30</b>	<b>2019-12-31</b>
Guarantee liability for debts in group companies	9,772	9,756	8,889
Floating charges	30,126	30,126	30,126
<b>Total</b>	<b>39,898</b>	<b>39,882</b>	<b>39,015</b>
<b>Parent Company</b>			
Guarantee liability for debts in group companies	9,772	9,756	8,889
<b>Total</b>	<b>9,772</b>	<b>9,756</b>	<b>8,889</b>

**NOTE 12 RELATED PARTIES**

The Parent Company has a close relationship with its subsidiaries. Transactions between OrganoClick AB and its subsidiaries have been eliminated in the consolidated financial statements. Of the Parent Company's invoiced sales during the quarter, SEK 14,279 (15,647) thousand were sales to group companies. From the Parent Company to OrganoWood AB, there are also invoiced interest and guarantee fees of SEK 181 (147) thousand. Invoicing of SEK 630 (0) thousand has been made from OrganoWood AB to the Parent Company. When selling raw materials and finished products from OrganoClick to its subsidiaries, internal gains arise in inventories, which are eliminated in the consolidated financial statements. The transactions between group companies take place at prices at arm's length.

In OrganoWood AB, invoiced and accrued interest and guarantee fees of SEK 62 (102) thousand and consulting fees of SEK 0 (201) thousand are invoiced by board member and also shareholder Robert Charpentier, from own company Kvigos AB.

**NOTE 13 ESTIMATES AND ASSESSMENTS**

The preparation of the interim report requires the management to make assessments and estimates and to make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. The critical estimates and sources of uncertainty in estimates can be found in the Group's annual report for 2019, page 74.

The Group has large intangible assets in the form of capitalized development expenditures SEK 13,815 (12,544) thousand, patents SEK 5,707 (4,341) thousand and trademarks SEK 519 (314) thousand. Impairment testing is done annually, or when required, for each individual development project and patent where the management looks at expected future cash flows for the products the development projects have produced and for the products the patents protect. Based on this, any impairment needs are assessed. The company management's assessment is that there is no need for impairment loss.

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

At the end of the period, the Group has inventories valued at SEK 14,552 (16,664) thousand. Company management estimates that existing inventories will be used in sales in the coming year.

At the end of the period, the Group's use-of-rights for leasing amounted to SEK 27,313 (32,630). In assessing the size of the lease debt, assumptions about estimating the length of the lease period are material. No changes have been made in the assessment of the length of the leasing periods compared with the annual report for 2019.

# ALTERNATIVE PERFORMANCE MEASURES

## ALTERNATIVE PERFORMANCE MEASURES

OrganoClick presents alternative performance measures in addition to the conventional financial key ratios established by IFRS, with the aim of giving investors and management the opportunity to evaluate and understand the development of the operational operations and financial status and to facilitate comparisons between different periods. Alternative performance measures adjusted for the effect of IFRS 16 have been removed as there is a comparative year for 2020 according to IFRS 16.

Non-IFRS key ratios	Definition/Calculation	Purpose
<i>Income measures</i>		
<b>Gross margin</b>	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.
<b>Gross margin after variable costs</b>	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.
<b>Operating margin</b>	Operating profit/loss for the period in relation to net sales for the period.	The operating margin is used to measure operational profitability.
<b>EBITDA</b>	Operating profit/loss excluding depreciation and write-downs of intangible assets and property, plant and equipment.	EBITDA is used to measure cash flow from operating activities, excluding the effects of previously made investments and accounting decisions.
<b>Profit margin</b>	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.
<b>Revenue growth</b>	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.
<b>Organic growth</b>	Changes in net sales, excluding acquisition-driven growth and changes in exchange rates.	Organic growth excludes the effects of changes in the Group's structure and exchange rates, enabling a comparison of net sales over time.
<i>Capital structure</i>		
<b>Equity ratio</b>	Equity in relation to total assets. Equity includes non-controlling interests.	The key figure reflects the company's financial position. Good financial position gives a readiness to handle periods of weak economic activity and financial preparedness for growth. At the same time, it provides a minor advantage in the form of financial leverage.
<b>Quick ratio</b>	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.
<b>Net debt</b>	Interest-bearing non-current and current liabilities minus interest-bearing assets including cash and cash equivalents.	Net debt show the ability to pay off all interest-bearing liabilities with available cash and shows the possibility of living up to financial commitments.
<b>Net debt/equity ratio</b>	Net debt in relation to shareholders' equity. Equity includes non-controlling interests.	The debt/equity ratio shows the relationship between debt equity and measures the extent to which the company is financed by loans.

<b>Non-IFRS key ratios</b>	<b>Definition/Calculation</b>	<b>Purpose</b>
<i>Return ratios</i>		
<b>Return on shareholders' equity</b>	Profit/loss for the period, as a percentage of average shareholders' equity. Equity includes non-controlling interests.	Return on equity reflects the effects of both the profitability of the business and the financial leverage. The measure is mainly used to analyse ownership profitability over time and can be compared with current bank interest rates or returns from alternative investments.
<b>Capital employed</b>	Total assets minus interest-free liabilities.	Capital employed measures the company's ability, in addition to cash and cash equivalents, to meet the needs of the business.
<b>Return on capital employed</b>	Operating profit/loss plus financial income as a percentage of capital employed.	Return on capital employed shows the return on externally financed capital, such as borrowings and equity and is used to analyse profitability, based on how much capital is used.
<i>Share data</i>		
<b>Turnover per share</b>	Net sales divided by the average number of shares for the period.	The key figure is to describe the size of the company's turnover per share.
<b>Shareholders' equity per share</b>	Equity in the Group (attributable to the Parent Company's shareholders) divided by the number of shares at the end of the period.	The key figure is to describe the size of the company's net value per share.

**ALTERNATIVE PERFORMANCE MEASURES**

OrganoClick presents alternative performance measures in addition to the conventional financial key ratios established by IFRS, with the aim of giving investors and management the opportunity to evaluate and understand the development of the operational operations and financial status and to facilitate comparisons between different periods. Alternative performance measures adjusted for the effect of IFRS 16 have been removed as there is a comparative year for 2020 according to IFRS 16.

SEK 000 <sup>6</sup>	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Gross margin, %</b>					
Gross profit	10,348	9,517	15,002	15,399	17,763
Net sales	30,064	32,709	58,312	54,858	85,480
<b>Gross margin, %</b>	<b>28.7</b>	<b>29.1</b>	<b>25.7</b>	<b>28.1</b>	<b>20.8</b>
<b>Gross margin after variable costs, %</b>					
Net sales	36,064	32,709	58,312	54,858	85,480
Cost of goods sold, variable costs	-20,874	-18,690	-33,528	-30,646	-50,416
<b>Gross profit after variable costs</b>	<b>15,190</b>	<b>14,019</b>	<b>24,784</b>	<b>24,212</b>	<b>35,064</b>
<b>Gross margin after variable costs, %</b>	<b>42.1</b>	<b>42.9</b>	<b>42.5</b>	<b>44.1</b>	<b>41.0</b>
<b>EBIT, %</b>					
Operating profit/loss	1,608	740	-2,854	-1,351	-15,131
Net sales	36,064	32,709	58,312	54,858	85,480
<b>EBIT, %</b>	<b>4.5</b>	<b>2.3</b>	<b>-4.9</b>	<b>-2.5</b>	<b>-17.7</b>
<b>EBITDA</b>					
Operating profit/loss	1,608	740	-2,854	-1,351	-15,131
Plus: Depreciation	3,161	2,984	6,255	5,876	12,014
<b>EBITDA</b>	<b>4,769</b>	<b>3,725</b>	<b>3,401</b>	<b>4,526</b>	<b>-3,117</b>
<b>Profit margin, %</b>					
Profit/loss for the period	878	-286	-4,175	-3,237	-18,356
Net sales	36,064	32,709	58,312	54,858	85,480
<b>Profit margin, %</b>	<b>2.4</b>	<b>-0.9</b>	<b>-7.2</b>	<b>-5.9</b>	<b>-21.5</b>
<b>Net sales, change</b>					
Net sales	36,064	32,709	58,312	54,858	85,480
Net sales corresponding period prior year	32,709	30,643	54,858	49,045	78,395
<b>Net sales, change</b>	<b>3,355</b>	<b>2,066</b>	<b>3,454</b>	<b>5,813</b>	<b>7,085</b>
<b>Revenue growth, organic, %</b>	<b>10.3</b>	<b>6.7</b>	<b>6.3</b>	<b>11.9</b>	<b>9.0</b>
<b>Equity ratio, %</b>					
Equity	98,290	31,562	98,290	31,562	102,470
Total assets	181,981	130,209	181,981	130,209	173,199
<b>Equity ratio, %</b>	<b>54.0</b>	<b>24.2</b>	<b>54.0</b>	<b>24.2</b>	<b>59.2</b>
<b>Quick ratio, %</b>					
Current assets, excluding inventories	87,003	30,046	87,003	30,046	76,038
Current liabilities	63,543	66,778	63,543	66,778	46,751
<b>Quick ratio, %</b>	<b>136.9</b>	<b>45.0</b>	<b>136.9</b>	<b>45.0</b>	<b>162.6</b>

SEK 000 <sup>s</sup>	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Net debt/equity ratio, %</b>					
Interest-bearing liabilities	59,950	76,936	59,950	76,936	55,176
Less: Cash and cash equivalents	-58,103	-8,458	-58,103	-8,458	-61,150
<b>Net debt</b>	<b>1,847</b>	<b>68,478</b>	<b>1,847</b>	<b>68,478</b>	<b>-5,974</b>
Equity	98,290	31,562	98,290	31,562	102,470
<b>Net debt/equity ratio, %</b>	<b>1.9</b>	<b>217.0</b>	<b>1.9</b>	<b>217.0</b>	<b>-5.8</b>
<b>Return on shareholders' equity, %</b>					
Equity	98,290	31,562	98,290	31,562	102,470
Equity corresponding period last year	31,562	48,481	31,562	48,481	34,798
<b>Average equity</b>	<b>64,926</b>	<b>40,021</b>	<b>64,926</b>	<b>40,021</b>	<b>68,634</b>
Profit/loss for the period	878	-286	-4,175	-3,237	-18,356
Average equity	64,926	40,021	64,926	40,021	68,634
<b>Return on equity, %</b>	<b>1.4</b>	<b>-0.7</b>	<b>-6.4</b>	<b>-8.1</b>	<b>-26.7</b>
<b>Capital employed</b>					
Total assets	181,981	130,209	181,981	130,209	173,199
Less: Deferred tax liabilities	-321	-253	-321	-253	-285
Less: Other current liabilities	-23,414	-21,383	-23,414	-21,383	-15,192
<b>Capital employed</b>	<b>158,246</b>	<b>108,573</b>	<b>158,246</b>	<b>108,573</b>	<b>157,722</b>
Capital employed corresponding period last year	108,573	90,635	108,573	90,635	75,256
<b>Average capital employed</b>	<b>133,410</b>	<b>99,604</b>	<b>133,410</b>	<b>99,604</b>	<b>116,489</b>
<b>Return on capital employed, %</b>					
Operating profit/loss	1,608	740	-2,854	-1,351	-15,131
Plus: Financial income	27	0	58	0	29
<b>Operating profit/loss plus financial income</b>	<b>1,636</b>	<b>740</b>	<b>-2,796</b>	<b>-1,351</b>	<b>-15,102</b>
Average capital employed	133,410	99,604	133,410	99,604	116,489
<b>Return on capital employed, %</b>	<b>1.2</b>	<b>0.7</b>	<b>-2.1</b>	<b>-1.4</b>	<b>-13.0</b>
<b>Turnover per share before and after dilution SEK</b>					
Net sales	36,064	32,709	58,312	54,858	85,480
Average number of shares before and after dilution <sup>1</sup>	92,112,789	75,761,668	92,112,789	75,761,668	79,927,844
<b>Turnover per share before and after dilution SEK</b>	<b>0.39</b>	<b>0.43</b>	<b>0.63</b>	<b>0.72</b>	<b>1.07</b>
<b>Shareholders equity per share before and after dilution SEK</b>					
Equity attributable to shareholders' of Parent Company	70,565	7,211	70,565	7,211	77,730
Number of shares at end of period	92,112,789	74,465,731	92,112,789	74,465,731	92,112,789
<b>Shareholder equity per share before and after dilution SEK</b>	<b>0.77</b>	<b>0.10</b>	<b>0.77</b>	<b>0.10</b>	<b>0.84</b>

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

# SIGNATURES

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

OrganoClick AB (publ.)  
Corporate identity number: 556704-6908

## Review of auditors

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

Stockholm, 21 August 2020

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Jan Johansson  
*Chairman of the Board*

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Claes-Göran Beckeman  
*Board member*

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Charlotte Karlberg  
*Board member*

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Malin Bugge  
*Board member*

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Håkan Gustavson  
*Board member*

---

Mårten Hellberg  
*CEO*

# MORE INFORMATION

## QUESTIONS

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