



ORGANOCLICK NEWS LETTER: CEO comments OrganoClick's project portfolio

OrganoClick's mission is to replace fossil based plastics and toxic chemicals with renewable, biobased solutions. We currently do this with our supply of functional, durable and non-toxic wood through our joint-venture OrganoWood, which is used in climate smart buildings and wooden constructions. We also supply eco-labelled maintenance products for the house owners where we actively work to increase the amount of biobased components in our products. Within these two areas, which currently accounts for most of our revenue, we have a continuous growth which we believe will continue for many years as we now expands these businesses internationally.

It is however within our development projects in the business unit Biocomposites, and in the product area Biobinders for nonwoven and technical textile, we believe we have our highest future growth potential. Within these areas, we contribute directly with the development of renewable and biodegradable solutions that can replace fossil based plastics. The global waste problem we now see in the oceans, where there is soon more plastics than fish, has created a big, global demand of biodegradable alternative to the currently used plastics. This global transformation is still yet in an early stage, and it is not an easy challenge to develop new products which can replace the plastic products that have been optimized for decades. It is both a question of technical performance that needs to be achieved and a cost of the product that needs to be in line with the current solutions.

We however begin to achieve economic competitive products, that are now launched by our industrial customers. In September, one of the global leaders in manufacturing of interlining textiles, used to achieve rigidity in suits, jackets and shirts, launched a new biobased and biodegradable eco-series of interlinings in which our biobinders are the key component. Together with this customer we have performed a development project during nearly two years which now has resulted in an approved product. We made the first smaller commercial deliveries in August prior to their product launch. Their customers are most well-known fashion brands which sells suits, jackets and shirts. They believe their first sales volumes will come during 2019 as the fashion brands are always planning one season ahead.

Another global nonwoven customer's customer is now in their final phase of certifying a biodegradable agritextile for farming. This project has been running for three years, including field tests on real plants during more than a year with approved results. In a third customer project, production tests are currently ongoing for napkins and wet wipes. This segment we believe has great potential as large volumes of binders are used for these products. We also take part in several publically financed development projects, for example the recently started Biorock in which a biobased hospital coat will be developed. In this project we collaborate with partners from the whole value chain including Cellcomb, Re:newcell, UMV Coating Systems and Stockholm county's health care provider. In all these projects, OrganoClick's biobased binder is a critical component which replaces the currently used plastic based binders.

Within our business unit Biocomposite, our development work is also progressing rapidly. In our project with Baux, we now have received the production tools for their interior design products. The first test production will be made during October. The purpose with this project is to replace synthetic, fossil based material with our 100 % renewable biocomposite OrganoComp®. Baux goal is to launch the product in the beginning of 2019.

In October we will also receive the full size prototype tool for our risk waste container. Risk waste containers are single use products which, used in all hospitals globally during every surgery, in all pharmacies globally, and in all chemical and biological lab within the pharmaceutical industry and in universities. OrganoComp® replaces the fossil plastic polypropylene which is currently used. A life cycle analysis performed by the Region Västtra Götaland shows that our product reduces carbon emissions with more than 80 % compared with the current risk waste container. This project is a little more technical challenging than our project with Baux and our goal is to have a first product certified during Q2 2019 and thereafter initiate first smaller deliveries to customer which will start testing the product. We are in near contact with all relevant customers and other interested parties on the Swedish market, and the interest for our project is big.

In a third project we are now making a prototype for a Swedish furniture supplier. They have during the last year evaluated OrganoComp® as a replacement to plastics in a furniture and have now ordered a prototype tool in order to make a real product. This is our first project within the furniture business that have reached such a mature stage.

For our first customer of OrganoComp®, the coffin manufacturer Fredahl Rydén, we have continued with deliveries during August and September. Fredahl Rydén has continued with its controlled sale to a selected number of Swedish funeral homes. Their purpose was to make a broad Swedish launch directly after the summer, but as the production rate during the final assembly is not yet on the required level, and the level of rejected product still is a bit high after the final assembly, their broad launch has been somewhat delayed. Our fiber moulding production of OrganoComp® is now working very good and the quality of the material surface is good. However, the lightweight construction we developed for the coffin, behaves a little bit different to the particle boards that Fredahl Rydén use. This has created challenges in the final assembly, in particular in the gluing of the different components, which is more sensitive with our thin material. We have however made big progress during the last six months and Fredahl Rydén will launch broadly as soon as the production rate is at the level and quality as they require in order for them to supply their customers with the reliability and accuracy as is required in this sensitive business.

Within the coffin business we are also engaged in discussions with potential partners in both North America and Southern Europe which we believe are very interesting markets. We now hope for a good autumn during which we continue to increase our deliveries of our renewable materials and biobinders which replaces the fossil plastic.

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About OrganoClick

OrganoClick AB (publ) is a public Swedish cleantech company listed on Nasdaq First North. The company develops, produces and markets functional materials based on environmentally friendly fiber chemistry. Examples of products that are marketed by OrganoClick are the water-repellent fabric treatment OrganoTex®, the flame and rot-resistant timber OrganoWood®, green biocomposites branded OrganoComp®, biobinders for nonwoven materials and BIOkleen®s cleaning and maintenance products for house and home. 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 within environmentally friendly fiber chemistry. 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 has its head office, production and R&D located in Täby, north of Stockholm. OrganoClick's Certified Adviser on Nasdaq First North is Erik Penser Bank.

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