

REGULATORY PRESS RELEASE

Malmö, Sweden, 10 December, 2020

Polygiene AB (publ) acquires the leading UK based additive company Addmaster

Polygiene AB (publ) ("Polygiene" or the "Company") today announces that the Company has entered into a conditional agreement on acquisition of the privately owned UK based company Addmaster Holdings Limited ("Addmaster"), a leading global supplier of antibacterial additives for hard surfaces. The purchase price, on a cash and debt free basis, amounts to in total approximately SEK 374 million, where approximately SEK 249 million is paid in cash and approximately SEK 125 million is paid through 4,564,174 newly issued shares in Polygiene. The cash payment is intended to be financed through a directed cash new issue in Polygiene, which Polygiene intends to carry out following an accelerated book-building process in accordance with a separate press release. The completion of the acquisition of Addmaster is conditional on the total issue proceeds from the directed issue amounting to at least SEK 280 million and that both the directed issue and the issue of the consideration shares are approved at an extraordinary shareholders' meeting.

The acquisition of Addmaster

Addmaster is Polygiene's supplier of antimicrobial additives and the companies have had a strong partnership for over 12 years. Addmaster is primarily active in hard surfaces, which complements Polygiene, that is active in textiles and soft surfaces, well. The Company believes that there are significant synergies within the companies' customer bases because Addmaster's customers demand soft surfaces and Polygiene's customers demand hard surfaces. The Company estimates that there is a potential for total synergies of a total of approximately SEK 61 million in increased EBIT during 2021-2023, of which approximately SEK 55 million stems from additional sales and approximately SEK 6 million stems from cost savings in logistics and administration.

Over the past six years, Addmaster has had a sales CAGR (compound annual growth rate) of 15 per cent and an EBITDA CAGR of 21 per cent. During the twelve-month period October 2019 – September 2020, Addmaster's sales amounted to approximately SEK 72.5 million¹ with an EBITDA of approximately SEK 27.6 million, corresponding to an EBITDA margin of approximately 38 per cent.² For the same period, the new merged group consisting of Polygiene and Addmaster would have had pro forma sales of approximately SEK 130.5 million with an EBITDA of approximately SEK 29.5 million, corresponding to an EBITDA margin of approximately 23 per cent.

Paul Morris, founder of Addmaster, and Sandrine Garnier, Managing Director in Addmaster, will continue to be active in Addmaster following the acquisition.

"The transaction is a milestone in Polygiene's history and from a strategic perspective very logical given the great synergies that exist between the companies. Through the acquisition, we can strengthen our position in the market with a much broader offering, which will accelerate our already strong growth" says Ulrika Björk, CEO of Polygiene.

¹ Addmaster's total sales amounts to approximately SEK 54 million, excluding sales to Polygiene of approximately SEK 18.6 million.

² Based on unaudited management accounts for Addmaster.

"I am very excited to be part of bringing two leading companies together to create a global powerhouse in the antimicrobial market, utilising our joint strengths of branding, technology and organization" says Paul Morris, founder of Addmaster.

Preliminary unaudited consolidated accounts

Below is a preliminary unaudited consolidated pro forma income statement and balance sheet for the period October 2019 – September 2020 in order to describe a hypothetical income statement and balance sheet if the acquisition had been completed as of September 30, 2020. It is important to note that the preliminary consolidated income statement and the balance sheet should not be seen as an estimate for the current year or the next twelve months. Addmaster has GBP as accounting currency and in the preparation of the preliminary consolidated income statement and balance sheet, an exchange rate of GBP/SEK of SEK 11.50 has been used.

LTM per 30 Sep 2020	Polygiene	Addmaster	Adjustments	Proforma
<i>Unaudited financial accounts</i>				
LTM (SEK '000)				
Net revenue	76,731	72,470	-18,655	130,546
COGS	-23,610	-34,529	18,655	-39,484
Gross profit	53,121	37,942		91,062
<i>Gross margin %</i>	69%	52%		70%
Personnel expenses	-22,177	-6,649		-28,826
Marketing expenses	-4,803	-542		-5,345
Other OPEX	-24,249	-3,102		-27,351
Total OPEX	-51,228	-10,294		-61,522
EBITDA	1,893	27,648		29,541
<i>EBITDA margin %</i>	2%	38%		23%
D&A	-1,101	-639		-1,740
EBIT	792	27,008		27,800
<i>EBIT margin %</i>	1%	37%		21%
Net interest expenses	-1,660	0		-1,660
EBT	-868	27,008		26,143

B/S per 30 Sep 2020	Polygiene	Addmaster	Adjustments	Proforma
<i>Unaudited financial accounts</i>				
LTM (SEK 000)				
ASSETS				
<i>Non-current assets</i>				
Intangible assets	3,988	4,395		8,383
Tangible assets	726	3,220		3,946
Financial assets	12,632	0		12,632
Goodwill	0	0	350,173	350,173
Total non-current assets	17,346	7,615	350,173	375,134
<i>Current assets</i>				
Inventories etc.	1,589	12,285		13,874
Accounts receivables and other current assets	22,161	18,851	-6,938	34,074
Cash & bank	7,563	50,156	-40,000	17,719
Total current assets	31,313	81,292	-46,938	65,667
Total Assets	48,659	88,907	303,235	440,801
EQUITY AND LIABILITIES				
<i>Equity</i>				
Total equity	30,657	79,827	310,173	420,657
<i>Liabilities</i>				
Non-current liabilities	172	0		172
Current liabilities	17,830	9,080	-6,938	19,972
Total provisions and liabilities	18,002	9,080	-6,938	20,144
Total Equity and Liabilities	48,659	88,907	303,235	440,801

Further information about the acquisition and the preliminary unaudited consolidated balance sheet and income statement can be found in an investor presentation published on Polygiene's website today.

Transaction terms and funding

The completion of the transaction is, in addition to customary contract terms, conditional on Polygiene carrying out a directed cash new issue of at least SEK 280 million to finance the cash part of the purchase price, transaction costs and working capital requirements. Polygiene has appointed Pareto Securities AB as Sole Manager and Bookrunner in connection with the directed issue, which will be initiated through an accelerated book-building procedure shortly after the publication of this press release. The completion of both the directed cash new issue as well as the issue of the consideration shares is further subject to approval at the extraordinary shareholders' meeting, which, if the directed issue is secured, is planned to be held around December 30, 2020. Notice of the extraordinary shareholders' meeting will be published in connection with the announcement of the outcome of the planned directed cash new issue. Shareholders who together hold approximately 28 per cent of the total number of shares and votes in Polygiene have undertaken to vote for the issues at the extraordinary shareholders' meeting.

Subject to the extraordinary shareholders' meeting resolving to approve the issues, the acquisition of Addmaster is expected to be completed around January 11, 2021.

The total purchase price, on a cash and debt-free basis, amounts to GBP 33 million (approximately SEK 374 million). Of the total purchase price, on a cash and debt-free basis, GBP 22 million (approximately SEK 249 million) shall be paid in cash and is intended to be obtained through the directed issue and the remaining GBP 11 million (approximately SEK 125 million) shall be paid through the issue of 4,564,174 new shares in Polygiene, corresponding to a dilution of approximately 18.2 per cent (prior to completion of the directed cash new issue). In determining the number of shares issued, a settlement price of 27.31 SEK per share (corresponding to the volume-weighted average price of the Company's shares on Nasdaq First North Growth Market during 25 trading days up to and including 9 December 2020) has been used and the conversion from GBP to SEK has been made at a conversion rate of 1 GBP = 11.3316 SEK.

The sellers have undertaken, with certain customary exceptions, not to sell the newly issued shares received as consideration for a certain period after the closing date. For 1/3 of the consideration shares, the commitment applies

for 12 months from the closing date, for 1/3 of the consideration shares, the commitment applies for 24 months from the closing date and for 1/3 of the consideration shares, the commitment applies for 36 months from the closing date.

For more information, visit ir.polygiene.com or contact:

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This information is such information as Polygiene AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on December 10, 2020 at 17:31 CET.

About Polygiene

As the world leader in stays fresh and odor control technologies, we want to change the way we view clothes - from fast consumables to durables. We treat clothes, home products and textiles to help people stay fresh, wash less and let clothes and products live longer. Over 140 global premium brands have chosen to use the Polygiene brand with their products. Polygiene is listed on Nasdaq First North Growth Market in Stockholm, Sweden. Erik Penser Bank AB acts as its Certified Adviser, Phone: 08-463 83 00, e-mail: certifiedadviser@penser.se.