

Polygiene AB (publ.)

Annual Report 2021



polygiene.com/ir



Polygiene®
STAYS FRESH

Vision

At Polygiene, we believe that everyone should have the possibility to contribute to living a more mindful life. Our vision is to become the leading ingredient brand partner for anti-odor-, anti-microbial and anti-bacterial solutions that allow our customers and their consumers to easily and actively participate in our brand vision of, 'Mindful Living'.

In short, we want to change the way the world views products whilst offering the opportunity to stay confidently fresh and protected and do good for people and the planet.

Mission

Polygiene is the market leading ingredient brand partner for Freshness and Protection solutions. In partnership with premium brands, we deliver a product that is effective, safe to use, prolongs product life, contributes to a more sustainable lifestyle as well as a more profitable business for our partners. Our mission is to give partners the platform to create a raised desirability for their products through protection, sustainability and circularity benefits that they can communicate to their customers and consumers.

We aim to:

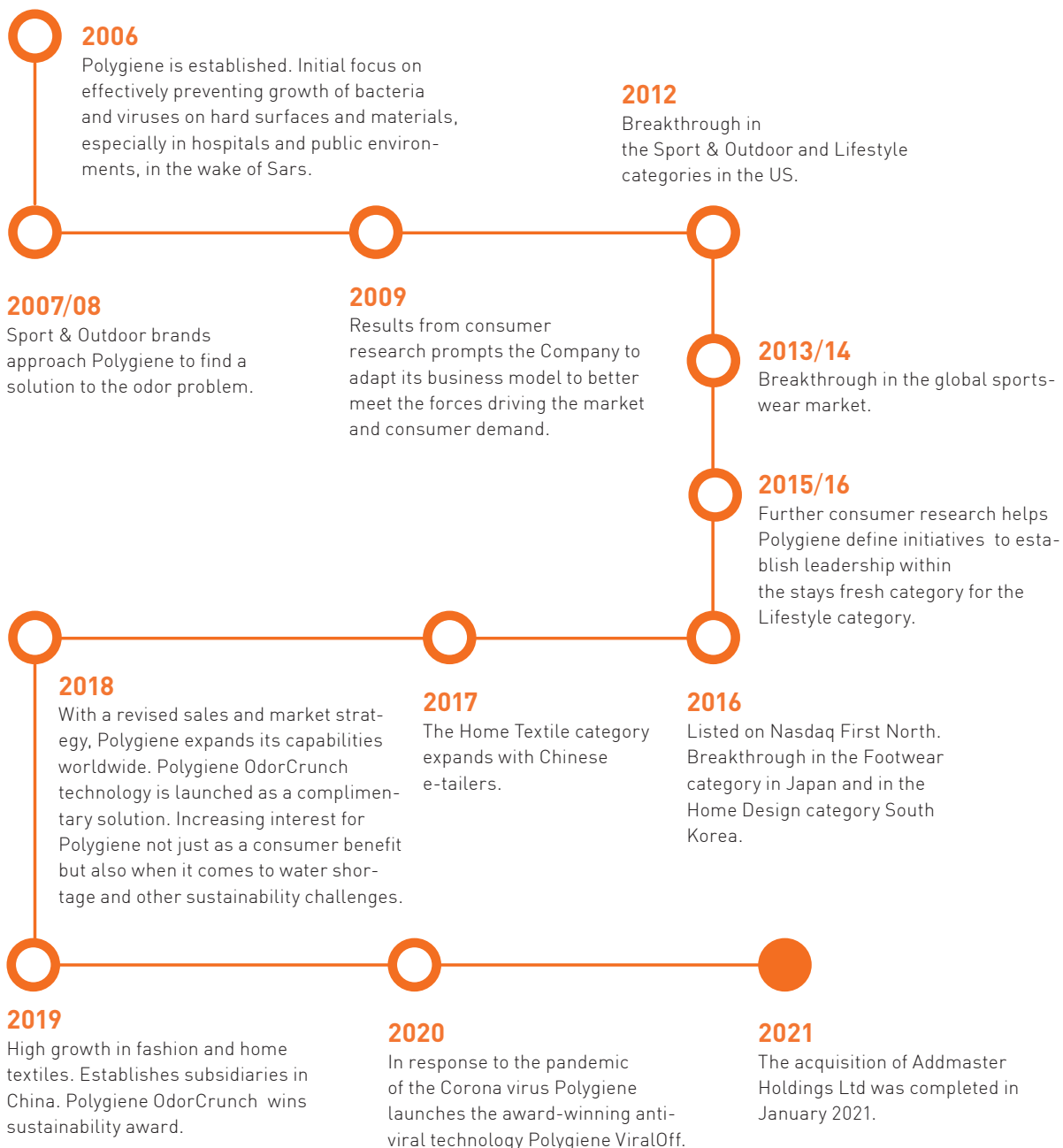
- Be the leading, comprehensive ingredient brand partner for hard and soft surfaces
- Cement our position as the leading global ingredient brand in Freshness and Protection
- Position Polygiene as experts in polymer and textile applications with a global technical and marketing support team
- Lessen the environmental impact through energy and water savings and the reduced use of detergents and disinfectants
- Make sustainability and circularity accessible to the everyday consumer
- Provide synergies for customers across the globe with our global footprint and network of suppliers and brands
- Do good for people and the planet



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Polygiene Timeline





This is the Polygiene Group

»We believe, that with our technologies, consumers can actively participate in living more mindfully. Our solutions for Freshness allow consumers to wear more and wash less and combat unwanted odor, whilst our Protection solutions offer anti-microbial Protection that brings an added level of confidence to your everyday life. With Polygiene you can rest assured to be confidently fresh and protected«

Polygiene is a lean, global business with more than 750 partners across various categories such as Sport & Outdoor, Fashion & Lifestyle, Workwear, Hospitality, Home & Pets, Healthcare, Water, Industrial and Paper & Packaging.

We are headquartered in Malmö, Sweden and our Scandinavian roots inform our product development and people agenda, ensuring a simplistic, inclusive, planet-first and fair culture.

Today, we work with the entire value chain – from development and manufacturing to marketing, distribution and customer support. As an organization, we are proud of our strong environmental focus and our manufacturing in Europe follows stringent environmental regulations. Our technology is applied in the manufacturer's already existing processes and therefore the environmental impact is minimized because additional energy and water is not required.

We are a leading global, consumer-oriented ingredient brand in Freshness and Protection with great brand recognition and equity. We work with our partner brands by providing treatments to products and other materials and support their roll out across the entire value chain. Our treatments provide odor, bacteria and virus control.

At Polygiene, we aim to keep it simple. Everyone should be able to access the solutions we provide; easily, without fuss and with the reassurance that our products are safe and effective for the purpose that they are intended for.

Team Polygiene

We are headquartered in Malmö, Sweden, but we see ourselves as an organization with a global reach. Apart from Sweden, we have employees in countries all over the world such as Americas, Germany, the UK, China and India.

This makes diversity and inclusion central to the way we work. Our people are as diverse as the millions of end-users we reach in the communities our customers operate in around the world.

We are proud of the fact that our people speak over 15 languages and identify with different cultural backgrounds. Every person who works with us brings with them a broad and interesting range of ideas, skills and experiences. We appreciate that diversity leads to innovation, collaboration and better decision making. All this helps us make extraordinary things happens for our customers.

We are also strong believers in an equal workforce and the idea that diversity is essential for an innovation-led company like ours.



Ulrika Björk CEO

»Our global team is the key to our success«



Nina Forsvall CFO

»We see an equal workforce as a given«

Needless to say, we have zero tolerance for discrimination of any kind – be it based on age, gender, ethnicity, religion, disability or sexual orientation.

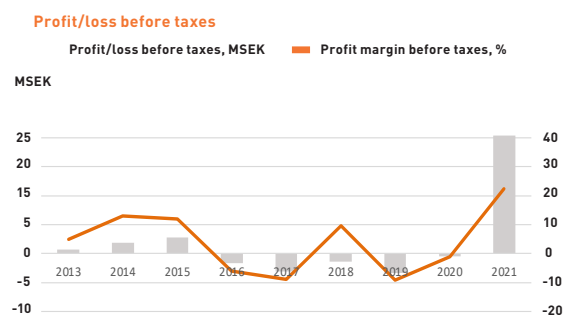
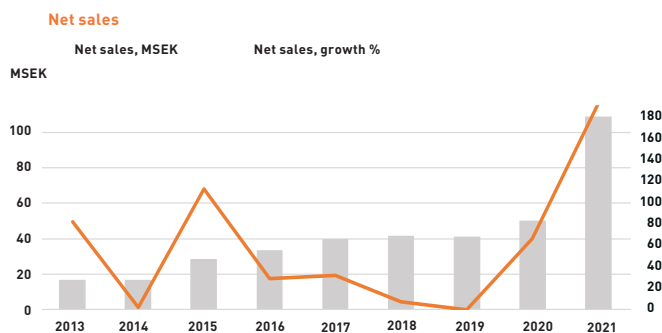
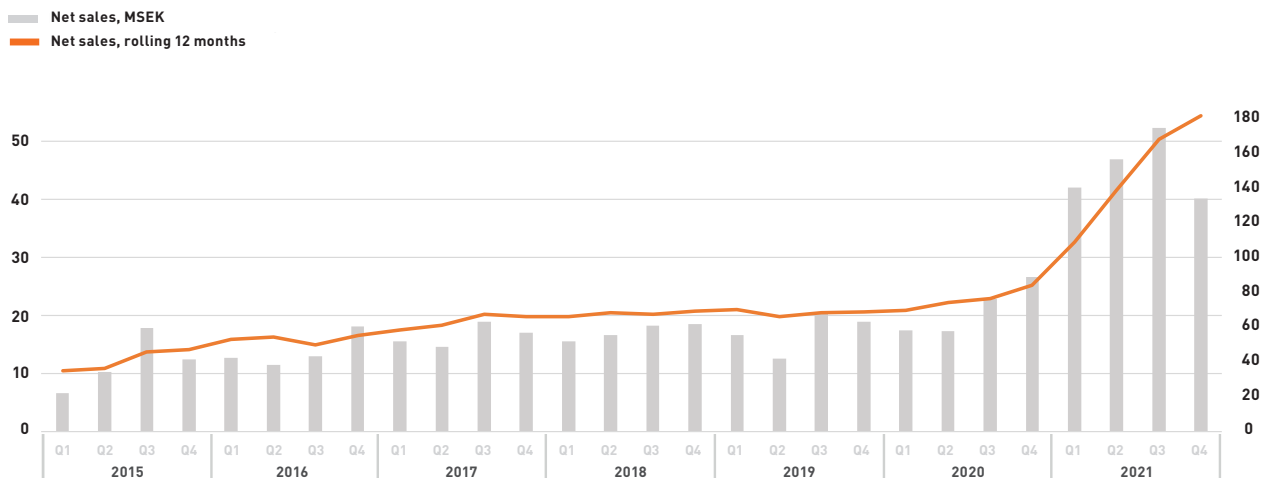
At Polygiene, we aspire to create an inclusive culture that embraces and celebrates our differences, because we know that having people from different backgrounds and different cultures coming together creates the best possible value - not just for our people and our customers, but also for society at large.



Sales

Sales is a key driver of the business, and our global sales force and extended network of sales agents ensure that we are always able to offer a global strategy with regional nuances. As a sales force, we have specialists within each of the categories that we support, making us key partners from a strategic and business development perspective by offering insights, market knowledge and access to our global network whenever you need it. We also believe that great business is a combination of the heart and the head, so combined with practical sales knowledge, we also bring loads of passion to the party.

Net sales MSEK



2021 in brief

SIGNIFICANT EVENTS DURING 2021

- Polygiene's subsidiary Addmaster and CAT® launches the first fully antimicrobial mobile phone
- Partnership with Swedish company Casall starting with the launch of a unique training glove treated with Polygiene ViralOff™
- Supermarket chain Asda starts treating store equipment with Addmaster's BioMaster technology
- Descente, part of the Anta Sports Group extensive portfolio, launches a number of training products for men and women with Polygiene BioStatic Stays Fresh technology increasing volumes from this renowned brand in the Chinese sports market
- New partner Hiut Denim launches limited edition commuter jeans with Polygiene Stays Fresh® technology
- Scottish partner Muirhead develops a sustainable natural leather with built-in antimicrobial technology designed to improve the hygiene of aircraft cabins
- MGR Foamtex, world-leader in advanced passenger upholstery for cabin seatings, announces that its MGRSafeWall™ system with BioMaster successfully tested against SARS-CoV-2. The antimicrobial treatment is now used in aviation seating
- The Chinese company Guangzhou Ehang Electronics launches a new range of mobile phone accessories with Addmaster's BioMaster to make mobile phones more hygienic
- Nine West and Polygiene Lounge Wear apparel in successful Korean Hyundai Home Shopping campaign that sell out immediately
- In-flight magazine, Hemispheres, is back in the cabins with BioMaster antimicrobial Protection. The magazine is circulated monthly and reaches 139 million business and leisure travellers annually
- The North Face Japan's latest range of sneakers comes with Polygiene Stays Fresh® technology – giving the sneakers a reduced environmental footprint as they stay fresh longer. The North Face Japan is part of the Goldwin group
- Happy Plugs, Swedish fashion tech brand available in over 70 countries, now introduces several of its newest models of earphones with BioMaster antimicrobial technology
- Polygiene closes major deal with North American global retailer with an order of approximately MSEK 2.5 for technical t-shirts with Polygiene Stays Fresh technology. The styles for both men and women will be launched for fall season 2021
- Polygiene is introducing Tellus webinar series promoting changed views on products – from fast consumable to durables. The first webinar is held in July for Americas and other regions will follow
- Global sportswear brand Mizuno's subsidiary in China has started a partnership with Polygiene targeting the rapidly growing demand for durable and high-performance active-wear in the Chinese market
- ZippSAFE boosts hygiene of its soft locker technology that replaces hard materials such as metal or wood with a smart textile and Polygiene ViralOff™ antimicrobial technology
- Catchbox wireless microphones that can be circulated in an audience and Polygiene ViralOff technology provides peace of mind in shared spaces as events and group education start again
- BioMaster partner Casking presents a range of gym grips with built in antimicrobial technology to present a solution to improving the levels of hygiene for existing gym equipment
- Tricorp, leading workwear brand in the Netherlands launches products with Polygiene Biostatic™ Stays Fresh technology in which pre- and post-consumer waste is used
- The Brazilian surf wear brand Oceano launches a collection with Polygiene technologies that focuses on preserving the oceans. This is done in close cooperation with surfer icon and TV personality Everaldo "Pato" Teixeira
- Vicunha, one of the world's largest suppliers of denim presents a new collection featuring Polygiene Stays Fresh® technologies for the 2021/22 season - a major break-through for Polygiene® in the global denim segment, and in the Brazilian market in general

- BioMaster™ protected children's ride-on luggage Trunki wins design award. The UK company behind the original ride-on luggage, is honored in the Best Children's design category
- Brand "är" launches first reusable FFP2 certified respirator with Polygiene ViralOff™ treatment that hugely minimize the load on the environment. The respirators sold out immediately
- Speedlink, one of Europe's leading PC and video game console accessories brands, launch a new mousepad featuring Polygiene ViralOff providing hygienic Protection for gamers
- Diesel and Polygiene join forces as the brand Diesel starts secondhand sales – used Diesel jeans are collected, reconditioned and treated with Polygiene ViralOff and Polygiene OdorCrunch before they are resold
- Passenger comfort specialist Train Bits & More Ltd partners with BioMaster to offer bus and train operators greater product Protection against bacteria on coatings for existing or new handrails, seat handles and arm rests
- Polygiene Americas expands its sales representation with MTI New York as external sales representatives, covering the states of New York and New Jersey
- Polygiene® Group announces the appointment of Sean Tindale as the new Chief Marketing Officer, with a solid background in marketing and brand building from the Bestseller group and Ecco, among others
- Polygiene Group strengthens the team with a number of highly qualified members: India Hanspal and Maria Beavon - Business Development Managers Addmaster, Tom Archer - Technical Sales Support Polygiene Group, Eva Doll - Customer Experience Manager Polygiene
- Polygiene appoints the Sport and Outdoor Industry expert Markus Hefter as Sales Director for the EMEA region. His latest role being Exhibition Group Director for ISPO Munich, the world's leading trade fair for the sports business.



Diesel and Polygiene join forces as Diesel starts secondhand sales – used Diesel jeans are collected, reconditioned and treated with Polygiene ViralOff™ and Polygiene OdorCrunch™ before they are resold.



Global sportswear brand Mizuno's subsidiary in China has partnered with Polygiene targeting the rapidly growing demand for durable and high-performance activewear in the Chinese market.

Message from the CEO

New Polygiene Group takes shape with strong financial position for the future

Net sales for the year totalled MSEK 181.6 (83.9), a 116 % increase compared to the previous year. An annual gross margin of 63.5 % (67.4 %) was reported. Operating profit before tax amounted to MSEK 40.9 (-1.1), providing an EBIT margin of 22.5 %. Cash flow from operating activities was positive at MSEK 37.6 (2.9).

To kick off 2021, the Polygiene Group completed its acquisition of Addmaster, announced in December 2020. The purchase of our long-term partner and supplier was a logical decision supporting our strategic direction and ambition to create the Polygiene of the future. The synergies are compelling, and the year has been characterized by the integration of our operations, focusing on a common brand platform. A comprehensive offering covering the treatment of all types of surfaces and materials is a critical step in positioning Polygiene as the leading Freshness and Protection brand. Welcoming Addmaster to the Group contributed to a much stronger financial position with an added turnover of MSEK 90.4. The company delivered strong results, both in terms of sales and profitability. Growth slowed somewhat during the last quarter due to global supply chain issues, which hopefully should ease in 2022. The underlying business and demand remain unchanged; the challenge lies in external factors such as the supply of goods and logistics.

Polygiene announced its five-year strategic plan with new long-term goals and management guidelines to serve as a framework for future development. Strong organic growth combined with an ambitious acquisition strategy will help increase revenues to SEK 1 billion and an EBIT margin of at least 30 % by 2026. These are challenging goals but completely attainable if we successfully continue to create value for our partners and our end-consumer demand.

It is essential to view profitable growth over the long term,

not by individual quarter, while we invest in projects that will drive business forward. The annual operating profit of MSEK 41 and an operating margin of 22.5 % this year indicate that we have taken the first critical steps in this direction.

2021 has been a strong year in terms of business development for both textiles and hard surfaces. Freshness is primarily driven by the textile industry's need to create sustainable solutions, especially by extending the life of garments and other products. In the wake of the pandemic, demand for Stays Fresh solutions declined since many of our customers in the Sport & Outdoor category were hard hit by lockdowns, which resulted in surplus

»This year indicated that we have taken the first steps in the direction towards SEK 1 billion in sales«



stock and reduced production. However, in 2021, we saw a renewed rise in demand, and many of our customers who lost ground during the first year of the pandemic regained footing, as reflected in a 29 % increase in Polygiene sales for this category. Agreements signed in 2020 slowly began to materialize, and some new customers also placed repeat orders. In contrast, the Lifestyle category experienced a 5 % decrease in sales volume as demand for face masks and personal protective equipment, which accounted for a large share of sales in 2020, diminished towards year end due to various factors. It is important to note that 2021 sales in the Lifestyle category were more than 50 % higher than in 2019, reflecting growth that is mainly attributable to our strong focus on sustainability.

Addmaster had a fantastic year, supported by solid organic growth of 38.4 %. We managed to navigate raw material shortages and price increases successfully, ensuring the impact on our business was less severe than initially feared. We implemented a strategic price increase for all customers in August to mitigate the effects of price increases experienced in previous months. In addition, contracts with new suppliers increase the likelihood of receiving deliveries of critical raw materials. Despite a challenging year, Addmaster reported the strongest year in the company's 20-year history. A broad swatch of first-time customers representing several new areas of use joined the Addmaster fold, a testament to the broad appeal of BioMaster. Beyond the success of BioMaster, ScentMaster and VeriMaster experienced solid growth. In 2022, these products will be reactivated and launched within the Freshness and Protection arena to leverage synergies further.

Integrating two business entities places enormous demands on both organizational structure and governance. Identifying new ways of working led to changes in management during the year. Several Addmaster executives have been appointed to Group management positions; at the same time, as a natural consequence of the acquisition, some employee attrition has occurred. Polygiene and Addmaster also identified the need to fill several other positions, especially within sales and marketing.

The Polygiene Group initiated a due diligence process in late autumn 2021 to acquire the antimicrobial brand SteriTouch from Radical Materials. The completion of the deal, minor in nature, was integral to the company's acquisition strategy and took place in early 2022. SteriTouch has direct synergies with Addmaster and will be fully integrated into the organization. Our journey towards attain-

ing our goal of one-billion Swedish kronor in revenues has begun. Although we still face external challenges on multiple fronts, I am convinced that our vision of creating a more sustainable world by extending product life will be the ultimate driving force for the Polygiene Group for years to come.

Finally, I would like to thank all my colleagues in the Polygiene Group for the fantastic work you do every day. And many thanks to the Board for your support and all shareholders for your continued trust in 2022.

Ulrika Björk, CEO

The Market

There is no doubt that the pandemic has continued to significantly impact business in 2021 and the adoption of new behavior and global business practices continues to accelerate. This means that small, agile businesses with low fixed assets have been able to maneuver and rethink their operating models fairly fast and potentially slingshot themselves into a leaner, cost reduced machine going in to 2022.

While we see the world starting to open up, there is still some way to go until we have some sense of normality, and the supply chain continues to be heavily influenced by the lock downs in 2020 and 2021. In fact, this is the single biggest challenge to most businesses as logistics costs have sky-rocketed and the double-edged sword of a global shortage of some raw materials and over demand of others has created a very unstable pricing model throughout the value chain.

The pandemic continues to force us to adapt to new realities and new habits and the crisis has undoubtedly raised the awareness of microbes and personal hygiene to a new level, acting as a catalyst for the Polygiene product protection business area. Overall, the base line awareness and demand for protected products has been raised significantly, so the overall outlook for Polygiene as a group, is very positive.

Freshness

The textile industry is one of the largest polluting industries and is a significant contributor to climate change. In the Paris agreement signed in 2015, there is a long-term goal to reduce carbon emission by 50 % by latest end of year 2030. To be able to achieve this challenging target, new initiatives and innovations need to take place. In a recently released report* by McKinsey together with Global Fashion Agenda, three areas have been identified as accelerated abatement potential. The production phase meaning upstream operations, has the biggest potential with 61 % of the total abatement potential. Next focus is to encourage sustainable customer behavi-

ors, and this is the area where stays fresh technologies could make a difference. By enabling the consumer to prolong the lifetime of garments and make conscious decisions with a circular approach, the impact will be enormous in the long run. This includes everything from buying patterns, reduced washing and drying, how to discard clothing at their end of life – and ultimately raise the awareness of a global problem. The last area is the responsibility of the brands and today all reliable brands require a trustworthy and sustainable profile to survive in the future. Their part in this is critical in the sense that they can both influence the end-customers and make demands to their suppliers at the production level. These three areas have big potential to flatten the curve and it enables us to have a chance to achieve the target of a 50 % reduction of carbon emissions, in a 10-year period.

A global survey** by management consultancy firm Accenture has found that 61 % of consumers have reported making more environmentally friendly, sustainable, or ethical purchases since the start of the pandemic. Accenture added that 9 out of 10 of that percentage said they were likely to continue doing so.

The addressable market for branded stays fresh technologies has been estimated to over 1900 million yards of textiles every year. The largest categories will be in the Lifestyle and Home textile categories and the fabrics to be treated will mainly be polyester and cotton.

Sources:

*McKinsey & Company / Global Fashion Agenda, Fashion on Climate, 2020

**https://www.accenture.com/_acnmedia/PDF-130/AccentureRetail-Research-POV-Wave-Seven.pdf/

Protection

In the past 12 months we saw the biggest demand ever for antimicrobial additives for hard surfaces. It's no secret why this happened. The human race fought back against the pandemic and the world was reminded daily of the dangers of microorganisms and how best to reduce our exposure to them. However there is every reason to believe the market will however continue to grow. We are now much better informed about the dangers of transmission and this should generate a desire for more hygienic products and surfaces. The global antimicrobial additives market forecast was valued at \$4.7 billion in 2020 and is projected to reach \$9.3 billion by 2030.*

In transport, it was used in aviation from aircraft cabin materials to in-flight magazines and was built into fixtures on buses and trains by fleet operators.

In 2021 hard surface applications were more diverse than ever. The technology helped keep golf courses and gyms open and made gardens more hygienic for the birds and the bees. It also helped create a number of world firsts, including the first ever fully antimicrobial

mobile phone and helped win consumer design awards for children's toys and beauty products.

In 2021, many more companies are incorporating antimicrobial additives into their products in response to the pandemic, but they are also being used to help the environment by reducing the number of single use plastics. The award-winning BioMaster antimicrobial additive was recognised for eliminating plastic waste by making single use plastics reusable – for example, the first antimicrobial coffee cup and the first antimicrobial bag for life.** The potential for new, greener, more sustainable plastics applications is unlimited.

In 2021, smart packaging with the latest in hard surface additive and Freshness technology also showed the way forward for fast moving consumer goods by helping brands differentiate and stand out on the shelves. ScentMaster technology made products more enticing for customers with packaging that arrested the growth of bacteria and even smelled better than its rivals.



Sources:

*alliedmarketresearch.com

**Queen's Award for Industry - Innovation

Strategy - Towards 2026

Polygiene will continue its journey to be the leading ingredient brand in the Freshness and Protection business areas by building long-term, trust-based relationships throughout the value chain. By defining a clear category model and marketing support based on a pull and push strategy, we will be more relevant than ever in terms of how we support manufacturing and brand partners to grow their business. No matter if you are a mill or a leading consumer brand, we will work hand-in-hand with you to help develop toolkits and communication material that amplifies your existing business and go-to-market model within your channel.

Towards the end of 2021, a clear roadmap towards 2026 was developed. With a topline target of SEK 1 billion within five years, Polygiene is clearly deploying a growth strategy. The strategy in the following focus areas.

Existing business

Continue to be the partner of choice to current partners and continually assess opportunities to extend our product offering where relevant and at the same time, cross sell existing products between the Freshness and Protection business areas.

New Categories

By opening up new areas of use for our technologies where we have not yet gained sufficient market share, the opportunity to grow our overall business is excellent. By ensuring that we have expert Business Development Managers by categories, we aim to open new doors as a trusted, expert supplier.

New technologies

As a growth and innovation company, we are always on the lookout for gaps in the market where we can deliver new, relevant technologies that add value to existing and potential partners. We believe that it is essential to understand where the market and regulations are going and be in tune with our brand partners innovation plans and deliver technologies that works.

Mergers and acquisitions

After a successful acquisition of Addmaster UK, we have laid the foundation to support the organic growth of the business by acquiring additional companies under the Freshness and Protection categories. With a clearly defined vision, mission and a trusted reputation, we aspire to become the leading global ingredient brand across hard and soft surfaces.



How we work

We offer an ingredient brand that through functional chemistry helps our customer to create added value to the consumers making a smaller CO₂ footprint. Our value propositions of Innovation, Trust, Know-how, Quality and Service are aligned to our customers' needs. They are designed and managed to create value for them and their products.

When we create value for our customers, we create value for ourselves. Our success can be attributed not just to our innovative technologies and our brand, but also to our commercial commitment to our partners.



TRINITY BUSINESS MODEL

We support our partners with three critical pillars – Technical, Marketing and Sales. We call this our Trinity Business Model.

Sales

Our Commercial team serve our brand partners based on their specific demand. We offer a full-service approach meaning that we support them all the way from the start when signing the agreement to the finishing line when the product is sold to the end-consumer. Initially the focus is on identifying opportunities, defined project plans and co-ordinating the application process. After the functional performance is delivered, the commercial team engage the marketing people to secure the co-branding and the communication. The sales managers do follow-ups and evaluate the joint business to constantly improve the relationship, and grow the business.

Technical

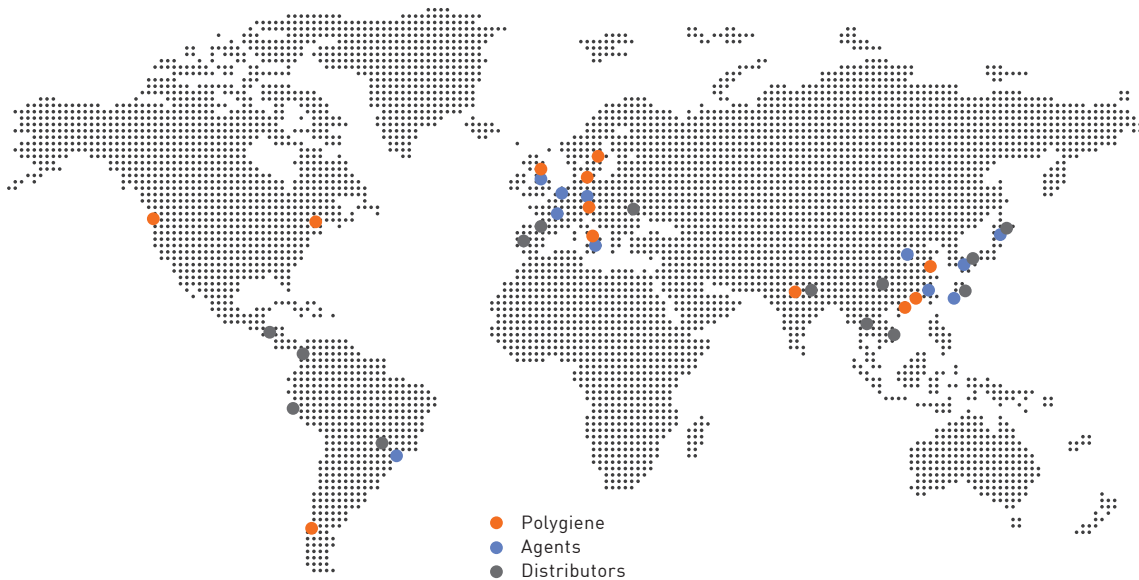
Our Technical team works closely with our customers to ensure that proper and effective treatment is carried out. We ensure compliance with quality and environmental requirements, and give updated advice on regulations and demands in the different markets. We also help our customers with mill certification programs, testing and hands-on support. We are always available to answer questions and resolve issues. As the market leader it is vital that we stay committed to drive long-term product development and innovation. We see this as an important investment for our continued success.

Marketing

Our Marketing team works closely with our brand partners to help them leverage the Polygiene brand and helps provide co-branding that communicates the benefits that communicate the benefits of our technologies. We also help with messaging and communication including Public Relations, retail and sales staff training, sales material, events, digital sales campaigns and social media. Our team is committed to educating end-consumers to appreciate the benefits of our technology and create preference for our brand. We routinely conduct market research across geographies and consumer categories to understand the needs of consumers, learn what the market trends are and get a better understanding of consumer drivers.

 INNOVATION  TRUST  QUALITY  KNOW-HOW  SERVICE

Regions



We are an efficient and focused company with a global reach. We have teams in place for America, EMEA and APAC. Our partners get their own dedicated team with expertise in technology, marketing and sales. We have offices in Americas, China, India, Germany, the UK and Sweden

We also have representatives in countries all over the world. We work with over 300 premium brands and have suppliers in strategic locations close to textile factories and facilities. With a global technical support team in place, partners can get support no matter where they are.



EMEA
Haymo Strubel
 VP Commercial Operations

In 2021, we have seen an overall growth of +22 % within the EMEA region. Many of our existing pre-pandemic brand partners returned to more normality in their sourcing and planning, which led to a more stable business in our Freshness area, mainly within Sports and Outdoor. In addition, with the continued pandemic, we were able to keep some of our antiviral Polygiene ViralOff business from the previous year 2020. Strategically, even though we saw growth in all our business areas, the feedback and order volumes within lifestyle were most significant, with our team signing up 2 global leaders to the Polygiene world – Diesel SpA and PVH Corporation with its brands Tommy Hilfiger and Calvin Klein.



APAC
Peter Sjösten
 VP Commercial Operations

The pandemic situation affected APAC during 2021 because shutdown forced some of our partners to close many of their own factories and cut back on business with retailers. We can now see that APAC is quickly recovering and the wheels are starting to roll. We continue to grow in China and are planning to employ more salespeople in 2022. Many of our brand partners in the region are increasing despite the pandemic. Here are some examples: The North Face Japan (+77 %), Champion Japan (+68 %), Descent China (+116 %), Kathmandu NZ (+119 %).

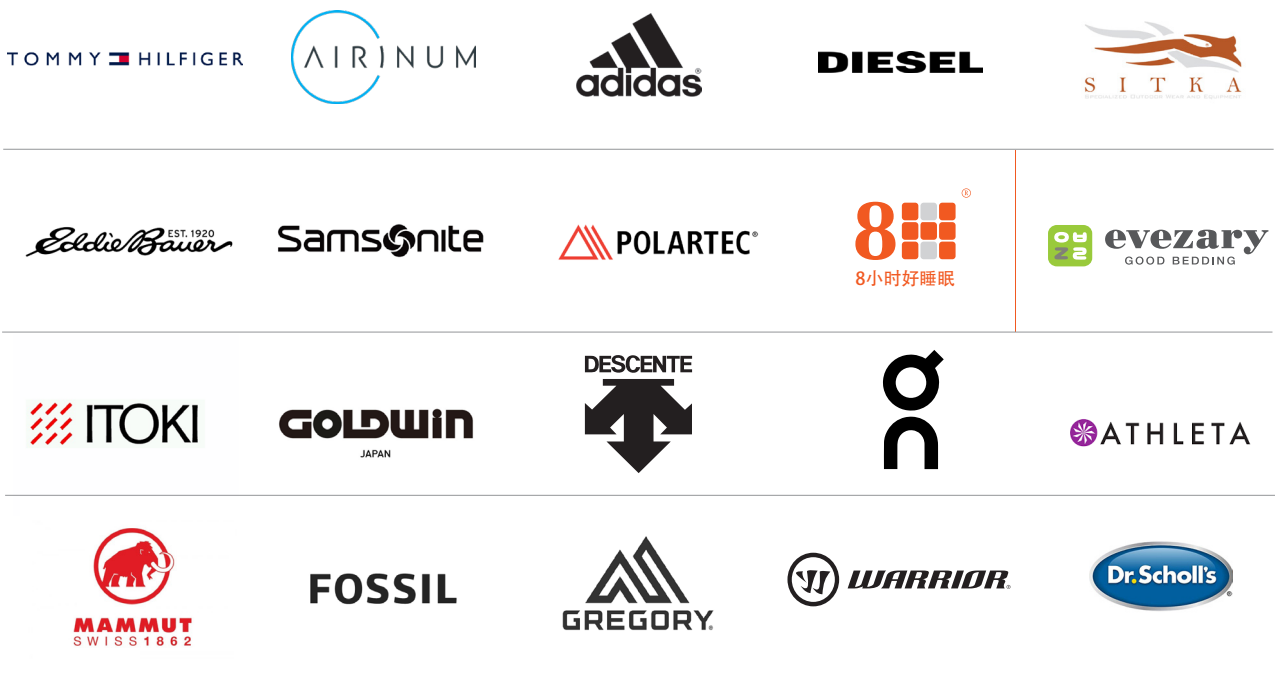


AMERICAS
Hans Bergman
 VP Commercial Operations

Despite a customer base that faced continued hardships, Polygiene AMERICAS saw a 61 % growth in 2021. From our inception, we have focused on three cornerstones to grow its market share: 1) Best in class customer service, 2) A continuous attention to our standard operation procedure, 3) A clear segmentation of its customers. Our formula of understanding customer needs and putting them first, continues to yield results. Some achievements include a 128 % growth of our top four clients, a retention rate of 98 %, and a successful entry into hard surfaces through the collaboration with Samsonite luggage.

Partners

Freshness



Protection



This is a small selection of all of our brands. For full partner list - visit polygiene.com/partners

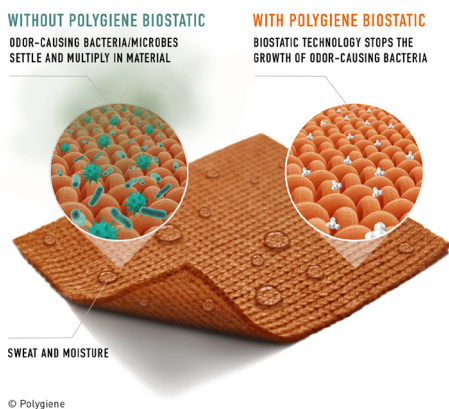
Our technologies - Freshness

Our technology portfolio has expanded significantly in 2021 with the acquisition of Addmaster UK. As a group, we now have three Freshness products, three Protection products and a couple of bespoke solutions under the MasterPiece banner.

Our product portfolio looks as follows:

Polygiene BioStatic-antibacterial technology that inhibits the growth of odor-causing bacteria in textiles

Polygiene BioStatic™ technology makes treated fabrics more durable because they save water, energy and the garments themselves, due to a reduced need for washing. The treatment is based on a silver salt solution and provides Protection against body odors that arise from odor-causing bacteria. The technology is certified according to bluesign® and Oeko-tex® Eco Passports.

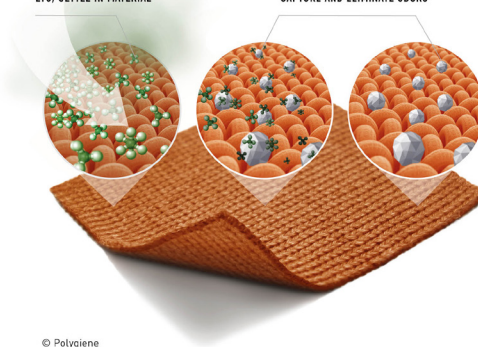


Polygiene OdorCrunch - natural odor control based on sand

Polygiene OdorCrunch™ technology is a natural product consisting of the main ingredient in sand (silica). Odor molecules from food or smoke, and body odor, which can stick to clothing, are effectively captured and eliminated – the product remains fresh, the need to wash decreases, which can make the product last longer. The production technology is patent-protected and no waste is accumulated during the production process. The technology is certified according to bluesign® and Oeko-tex® Eco Passports.

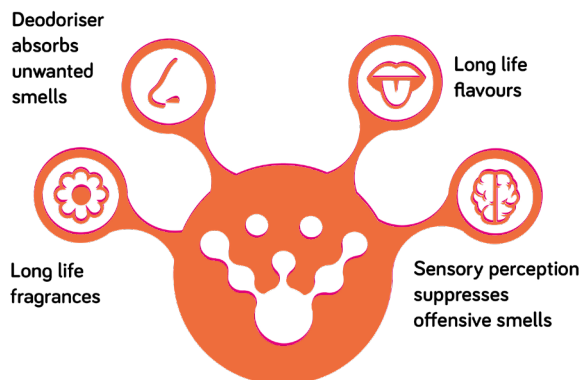
WITHOUT POLYGIENE ODORCRUNCH
ODOR MOLECULES (SMOKE, FOOD, BODY ODORS ETC) SETTLE IN MATERIAL

WITH POLYGIENE ODORCRUNCH
ODORCRUNCH TECHNOLOGY PARTICLES CAPTURE AND ELIMINATE ODORS



Polygiene ScentMaster masterbatches with fragrance for different materials

ScentMaster™ Masterbatches present a wide range of fragrances for introduction into a variety of product materials. Due to its high fragrance concentration, ScentMaster introduction rates are typically 1 % or lower – making it a cost-effective, as well as appealing addition to your product. Our popular standard fragrance additives include: Green Apple, Lemon, Orange, Strawberry, Pine, Raspberry, Peach and many more.



Our technologies - Protection

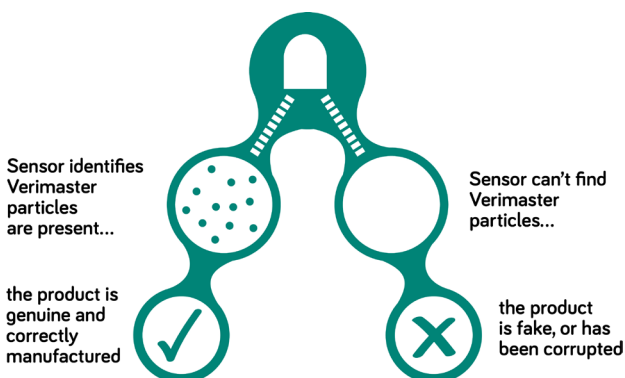
Polygiene BioMaster effective antimicrobial Protection for surfaces and coatings

Polygiene BioMaster™ is easily incorporated into any plastic, textile, paper, paint or coating. BioMaster guarantees fast, effective antimicrobial protection for the effective lifetime of the product, helps to keep surfaces clean and hygienic and reduces the risk of cross-contamination. Add effective and trusted antibacterial Protection to your product range by contacting BioMaster - the experts in antibacterial technology.



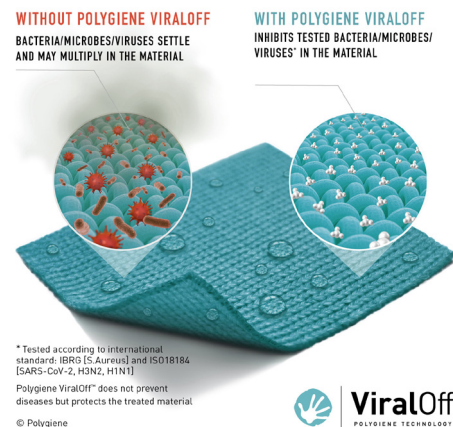
Polygiene VeriMaster - verification solution that protects trademarks against counterfeits

Polygiene VeriMaster™ Technology offers a fail-safe solution to your brand Protection and product verification requirements. Invisible to the naked eye and lasting the lifetime of your product, VeriMaster additives are detectable only by our sensory or optical detectors. This innovative technology secures the integrity of your brand through the recognition of authentic products – and the instant detection of fake ones. Similarly, VeriMaster can monitor the use of specified materials in your product, revealing the presence of any spurious components.



Polygiene ViralOff - antimicrobial technology that drastically reduces viruses and microorganisms in different materials

Polygiene ViralOff™ is an antimicrobial technology for the treatment of materials and products that reduces tested viruses and microorganisms by over 99 %*. The technology was developed in response to the Corona pandemic but is also a long-term solution that improves the hygiene and Protection factors of different materials. The technology is certified according to Oeko-tex® Eco Passports.



Polygiene MasterPiece Technologies - bespoke additive solutions

Polygiene MasterPiece™ Technology is available to any customer whose product specification demands the creation of a bespoke additive solution. Masterpiece will research, develop and implement your additive – even offering ongoing technical support throughout product manufacture.

*Reduces over 99 % of selected viruses within two hours on tested materials. Tested according to the international standard ISO1 8184 [SARS-CoV-2, H3N2, H1N1].

Polygiene – part of the solution

The apparel industry is among the most environmentally demanding on the planet. It may appear far-fetched, but the clothes we wash each week are responsible for environmental pollution. Every time, we launder clothing, detergent residue and microfibers wash right out into our rivers and oceans. Washing clothes is also resource intensive – it takes a lot of water and power. And lastly and most importantly frequent washing shortens the life of your clothes.

Sustainability has always been a business driver for us at Polygiene. It has prompted all our innovations, promoting lower energy and water use, less waste and a reduced environmental footprint. Or as we summarize it: Wear More. Wash Less.

Around the world, consumers are becoming more environmentally conscious. They want to support brands that are aligned with their personal values. To stay relevant, more and more brands are now embracing environmental responsibility. The Lifestyle and Sport & Outdoor

industry is no different. It has tuned in to consumer conversations around sustainability and is stepping up its game to offer eco-friendly alternatives to conscious consumers who want to pick clean and green. This is great news for us because our technology and products help our partner brands make their products viable for conscious consumers.

Our treatment not only neutralizes odor causing bacteria, and microbes, but it lasts for the life of the treated item. The treatment is applied at the manufacturer's facility



»Clothes and products that last longer are essential for the environment - CO₂ emissions and over-use of resources, are significantly reduced«

during product finishing, which also minimizes the environmental impact since no additional step in the process is added, nor is any additional energy and water required. The life of the product is also prolonged because it doesn't need to be washed frequently. Consumers get the most out of the apparel, while having to wash it less often. Also, products can be sold on the second-hand market and at the end of life, they can be recycled.

Extending the life of garments and products is crucial to reducing the pressure on the environment. An easy way to reduce wear and tear on clothes is to treat them so that they need to be washed less. This is exactly what several of Polygiene's technologies do. An LCA study at Polygiene's Biostatic, among others, shows that the cost of including a biocide in a garment can easily be offset by washing less. Because it is important to actually wash treated products less*.

Additionally, prolonging the lifetime of a product has a huge impact on the environment. Studies show that when doubling the lifetime of a garment, the carbon (CO₂) footprint is in principle halved (49 %)**. Increasing the lifetime of products and garments is therefore key in reducing the strain on the environment. So, keeping products in use for longer - buying fewer, but of better quality, is a win-win situation both for consumers and the planet. Our call to action - Wear More. Wash Less is exactly in line with this reasoning and in the study the environmen-

tal gain of less washing and longer life of garments is in line with a change to solar energy at upstream operations. As a consumer it can be difficult to influence the source of energy used at the production site, but making use of the garments you already have, is something everybody can do.

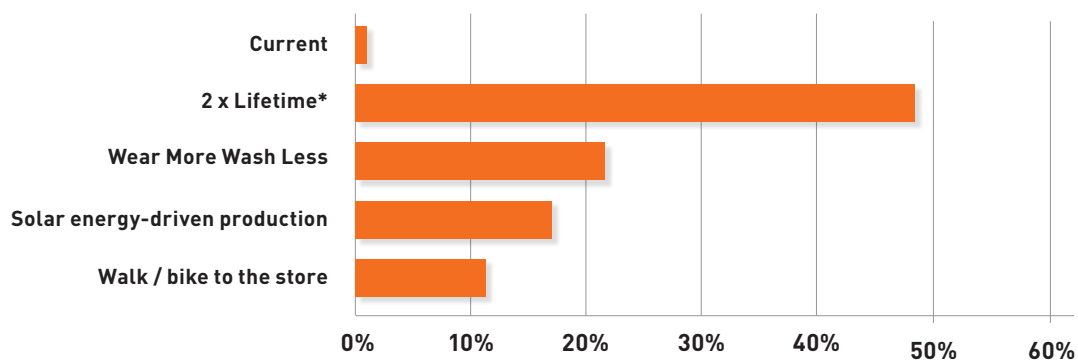
Our technologies live up to international standards

- Oeko-tex® Eco passport
- Bluesign® – Polygiene BioStatic and OdorCrunch
- Member ZDHC – Zero Discharge of Hazardous Chemicals
- Compliance with regulations in Europe, the US and Asia
- Compliance with REACH, the EU chemicals legislation

* Int J Life Cycle Assess (2017) 22:256–265 A comparative life cycle assessment of commercially available household silver-enabled polyester textiles

** Study "Royal Academy of Engineering Sciences (IVA), 2020. Sustainability in textiles from a consumer perspective. Independent appendix to Resource-efficient textiles in Sweden - Textiles from waste to resources, an industry report from the IVA project Resource efficiency and circular economy (ReCE). THEME: CLIMATE RESOURCES MAY 2020."

REDUCTION POTENTIALS OF CO₂ FOR A T-SHIRT



Studies show that when doubling the lifetime of a garment, the carbon (CO₂) footprint is in principle halved (49 %).

*Skip 1 of 2 washes and let hang dry.

Share capital, the share and ownership structure

Share capital

At the end of year 2021, Polygiene’s share capital totals SEK 3,554,959, allocated to 35,549,585 outstanding shares. The Polygiene Articles of Association provide that the share capital shall be not less than SEK 1,300,000 or more than SEK 5,200,000, and total outstanding shares shall be not less than 13,000,000 and shall not exceed 52,000,000. Par value for each share is SEK 0.10. Polygiene has a single class of shares, and every share carries equal rights to dividend and excess after liquidation, and entitles the holder to one vote per share. Polygiene shares are not, nor have they been, subject to offers based on mandatory bids, right of redemption, or right of sell-out. The shares are also not the subject of a takeover bid. The shares have been issued in compliance with Swedish law and are denominated in Swedish kronor. There are no legal limitations to the right to transfer the shares.

The share

The Polygiene AB (publ.) share was listed on Nasdaq First North in Stockholm on 14 March 2016 with an introduction price of SEK 7.50. At the beginning of 2021 the share price was SEK 38.30, corresponding to a price increase of 411 % from the introduction on 14 March 2016. During the year the share price developed positively and at the end of the period the share price was SEK 49.85, corresponding to a price increase of 30 % for the year and 565 % since the introduction. The total market capitalization at the end of the period was MSEK 1 772 and the highest and lowest prices during the period were SEK 53.00 and 29.00, respectively.

Outstanding warrants

The following warrant programs are issued by the Parent Company and are addressed to employees and contracted consultants:

Program	Year	Quantity	Period of subscription	Exercise price
2	2019	300,000	1-30 June 2022	12.90
3	2020	300,000	1-30 June 2023	22.36
4	2021	300,000	1-30 June 2024	68.28

The warrants are subject to standard conversion terms in relation to new share issues and similar.

During the period June 1-30 2021, the warrant program 1 was exercised with the exercise price SEK 16.50.

Board authorizations to issue shares and warrants

At the end of 2021 the Board had the authorization to decide on a new share issue. The total number of shares, which according to the authorization can be issued, (alternatively through the conversion of convertibles and/or the exercise of warrants) must amount to a maximum 3,949,954 shares, which in this case corresponds to a dilution of 10 % calculated on the current number of shares.

Decision on new share issue and non-cash issue of shares

In January 2022 the Board decided on a direct new issue of 881,251 shares and a non-cash issue of 96,153 shares in connection with the acquisition of the business related to “SteriTouch” from the privately owned english company Radical Materials Limited.

Development in the share capital

Since the establishment of the company in November 2005, Polygiene’s share capital has changed as presented in the table on page 23. Since the establishment of the company and up to and including 2021, Polygiene has conducted a number of new share issues for a total amount of approximately MSEK 467. In order to enable greater investment in markets and sales activities and to increase the number of shareholders prior to the listing of company shares in March 2016, a new share issue directed at around one hundred selected business angels and private investors was conducted in December 2015. This directed new share issue totaled MSEK 22.5 in proceeds, with a price per share issued of SEK 7.50, which corresponds to a pre-money valuation of approximately MSEK 122 (corresponding to a post money valuation of approximately MSEK 145).

Shareholders in Polygiene

As of 31 December 2021, Polygiene had 2,983 (3,434) shareholders. The table below shows the 10 largest shareholders as of 31 December 2021.

Shareholders	Shares	Procent
Paul Morris*	4,477,056	12.6%
DNCA Invest	4,109,522	11.6%
Håkan Lagerberg*	2,359,030	6.6%
Nordnet Pensionsförsäkring	1,400,508	3.9%
Fosielund Holding AB	1,400,000	3.9%
Lancelot Asset Management	1,300,000	3.7%
Didner & Gerge Small & Microcap	1,200,000	3.4%
Avanza Pension	959,309	2.7%
Lloyds Fonds AG	860,000	2.4%
Jonas Wollin*	813,000	2.3%
Övriga	16,671,160	46.9%
Summa	35,549,585	100.0%

Dividend policy

The dividend policy is determined by the Annual General Meeting based on a proposal from the Board of Directors, and distribution of dividends is processed by Euroclear. The right to receive dividends flows to the shareholder registered in the company stock register maintained by Euroclear as of the record date for the issue of the dividend as determined by the Annual General Meeting. Dividends are normally paid as a cash amount per share through Euroclear, but may also be paid as other than cash, such as through a distribution in

kind. In the event that a shareholder cannot be contacted for payment of a dividend, the shareholder's receivable shall remain against the company, and is limited only by general statutory limitations law. In the event that the statutory limitation applies, the entire amount reverts to the company. Polygiene does not apply any restrictions or special procedures in regard to issuing cash dividends to shareholders domiciled outside Sweden. Except for possible limits imposed by the banking and clearing systems, payment is made in the same way as for shareholders domiciled in Sweden. Normally, withholding tax is deducted from dividend payments to shareholders who are not tax residents of Sweden. The amounts of possible future dividends issued to shareholders in Polygiene will depend upon several factors, including profits, financial position, cash flow, and operating capital requirements. Dividends to shareholders will not be issued until the long-term profitability of the company can be determined. In the coming years, the company does not anticipate issuing any dividends, as all available assets will be used for continued expansion.

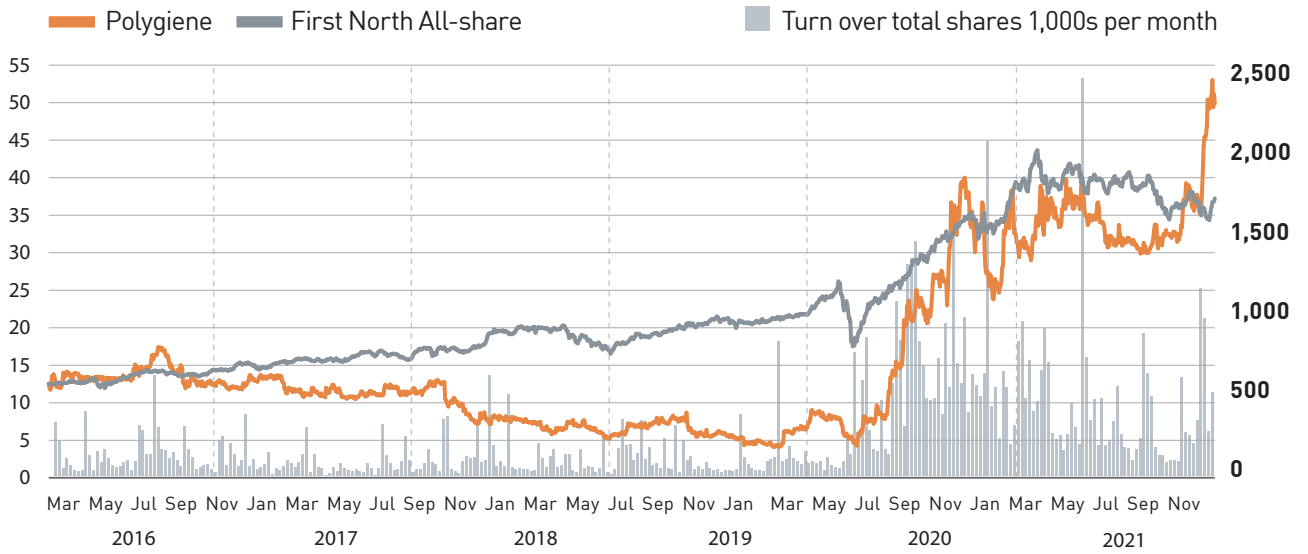
Shareholder agreements

To the extent of the Board of Director's knowledge, no shareholder agreements are concluded among shareholders in Polygiene.

Year	Action	Changes to equity (SEK)	Acc. share capital (SEK)	Change (number of shares)	Acc. number of shares	Par value (SEK)
2005	Formation of Company	100,000	100,000	1,000	1,000	100
2006	New share issue	200,000	300,000	2,000	3,000	100
2006	New share issue	842,500	1,142,500	8,425	11,425	100
2007	New share issue	476,200	1,618,700	4,762	16,187	100
2010	New share issue	1,060,700	2,679,400	10,607	26,794	100
2011	New share issue	753,900	3,433,300	7,539	34,333	100
2011	New share issue	1,512,900	4,946,200	15,129	49,462	100
2011	New share issue	1,206,500	6,152,700	12,065	61,527	100
2012	New share issue	468,000	6,620,700	4,680	66,207	100
2012	Capital reduction	-3,575,178	3,045,522	-	66,207	46
2012	Capital reduction	-1,721,382	1,324,140	-	66,207	20
2012	New share issue	287,460	1,611,600	14,373	80,580	20
2013	New share issue	20,000	1,631,600	1,000	81,580	20
2015	Share split 200:1	-	1,631,600	16,234,420	16,316,000	0.10
2015	New share issue	300,000	1,931,600	3,000,000	19,316,000	0.10
2016	New share issue	120,000	2,051,600	1,200,000	20,516,000	0.10
2021	New share issue	1,025,640	3,077,240	10,246,400	30,772,400	0.10
2021	Non-cash issue	456,418	3,533,658	4,564,185	35,336,585	0.10
2021	Warrants	21,300	3,554,959	213,000	35,549,585	0.10

* Refers to personal holdings and those of associated natural persons and legal entities. Source: Data from Euroclear and data known to the company.

Polygiene March 2016 - December 2021



Board of Directors, auditor and senior management

Board of Directors

The Board of Directors of Polygiene currently consists of six members elected for the period up to the end of the next Annual General Meeting. According to Polygiene's Articles of Association, the Board of Directors must have no less than three and no more than ten members, with a maximum of ten deputies. The current Board of Directors was elected for the period until the end of the next Annual General Meeting, which will take place on 11 May 2022.

Jonas Wollin, Martin Kössler, Håkan Lagerberg, Johan Thiel and Pamela Ravasio are, in the Board's opinion, independent in relation to major shareholders (which refers to shareholders who directly or indirectly own 10 % or more of the

shares or votes in the company). Paul Morris, with a holding of 4,477,056 shares (12.6 %), is not considered to be independent in relation to major shareholders. All Board members are, in the Board's opinion, independent in relation to the Group. Via his wholly-owned company Rudholm & Haak (HK) Ltd, Jonas Wollin is a supplier to Polygiene. Rudholm & Haak (HK) Ltd supplies products to Polygiene for a value of approximately MSEK 4.0 excluding VAT per annum. However, the value of the products that Rudholm & Haak (HK) Ltd supplies to Polygiene as a proportion of total company sales for Rudholm & Haak (HK) Ltd is considered relatively small. Therefore, despite the actual relationship of Jonas Wollin's company to Polygiene, he is still considered to be independent in relation to the Group.

Board of Directors

Name	Position	Born	Elected	Holdings*
Jonas Wollin	Chairman	1964	2011	813,500
Martin Kössler	Member	1965	2018	10,000
Håkan Lagerberg	Member	1968	2019	2,359,030
Johan Thiel	Member	1964	2020	25,000
Pamela Ravasio	Member	1975	2021	0
Paul Morris	Member	1969	2021	4,477,056

* Refers to personal holdings and those of associated natural persons and legal entities as of 31 December 2021.
Source: Data from Monitor, Euroclear and data known to the company

Board of Directors



Jonas Wollin
Chairman of the Board

Chairman of the Board since 2018, Board member since 2011. Born 1964 – has long experience as entrepreneur in the textile industry.

Education: Business studies at Hvitfeldtska Upper Secondary School.

Current assignments: Chairman and CEO of Rudholm Group Holding AB, Chairman of Rudholm & H.K AB, Borås Stad Textile Fashion Center AB, MUJ Invest AB, WooCode AB and InkInvest AB etc.

Previous assignments: Chairman of MUJ Invest AB, Portas AB and R. Scandinavia AB etc.

Holdings in Polygiene: 813,000 shares.



Martin Kössler
Board member

Board member since 2018. Born 1965 - has a profound competence of global Sports-, Ready-Made Clothing- and Outdoor-distribution.

Education: Corporate law with specialisation on international commercial law from School of Business, Economics and Law at Gothenburg University and Universität Mannheim.

Current assignments: CEO, international Capacity Building Company, Board member of USWE Sports AB, Digital Crew Nordic AB, MUJ Invest AB and Helping You Grow International Business AB.

Previous assignments: Chairman of Bergans Fritid AS, General Secretary of Scandinavian Outdoor Group or SOG.

Holdings in Polygiene: 10,000 shares



Johan Thiel
Board member

Board member since 2020. Born 1964 - has a strong entrepreneurial background and broad experience of creating growth and business benefits for both shareholders and customers/consumers.

Education: Frans Schartau: Economics, Michaël Berglund: Board Value, Professional Board of Directors Work, BTS: Business Management.

Current Assignments: CEO for Trifilon AB, Chairman of Inuheat Group AB, Board member of Qlucore AB, Audio AB, Light-Lab Sweden AB, Marsblade AB, Dynamic Code AB and Spektrum AB.

Previous assignments: CEO för MIPS AB

Holdings in Polygiene: 25,000 shares.



Paul Morris
Board member

Board member since 2021. Born 1969 – is a serial entrepreneur who founded Addmaster Limited Limited in 2000 which he sold to Polygiene in January 2021.

Education: Studied at Aelfgar Secondary School.

Current Assignments: Chairman of Humanoid Productions Ltd, Non-exec Board member for Business Innovation Staffordshire, Champion of Export for UK Government and MBE [Member of the British Empire].

Previous assignments: CEO for Addmaster

Holdings in Polygiene: 4,477,056 shares.



Håkan Lagerberg
Board member

Board member since 2019. Born 1968 - has international experience from leading positions in private and public companies, for example international sales, marketing and negotiation, both operational and strategic.

Education: Bachelor degree in International Law from Lund University and Masters degree in International Trade Law from Turin University in Italy.

Current assignments: CEO for Swedencare AB, Board member of Swedencare AB, HAOLAG AB, Mastan AB, Fuerte Holding AB and Vitrosorb AB.

Previous assignments: Chairman of One CC AB

Holdings in Polygiene: 2,346,573 shares.



Pamela Ravasio
Board member

Board member since 2021. Born 1975 - has a strong background in CSR and sustainability, with a long track record in driving sustainability deeper into the organization, especially SMEs, and making it a lasting and real part of the everyday business.

Education: MSc Computer Science; Swiss Federal Institute of Technology in Zurich (ETHZ), PhD Technical Sciences, Swiss Federal Institute of Technology in Zurich (ETHZ) and International Directors Programme & Certificate in Corporate Governance, INSEAD.

Current assignments: MD & Independent consultant for sustainability & ESG, innovation, at Shirahime Advisory; Board member of INSEAD International Directors' Global Club (IDN).

Previous assignments : Advisory Board Member of Fluidsolids AG and Advisory Board Member of Textile Exchange, Steering & Governance Committee Member of Global Social & Labor Convergence Project, Chair of Sustainability Committee & vice-chair PPE committee of Federation of European Sporting Goods Industry (FESI), Global Stakeholder Manager at Hohenstein Textile Testing Institute, Head of CSR & Sustainability at European Outdoor Group.

Holdings in Polygiene: - shares

Senior Management



Ulrika Björk
CEO

Born 1968, employed since 2017 and has a B.Sc Business and Economics from Lunds University. Ulrika was first recruited as CFO in Polygiene but was appointed as CEO in the end of year 2017. She has an extensive career within the finance area and business development and experience from restructuring processes. Ulrika was previously CFO at Hemmakväll AB, Head of Finance at Stena Line Travel Group AB, Controller at Kemira AB and held various financial positions within the IKEA-group. She also has board experience from Stena Line Travel Group AB, Hemmakväll AB and Best Travel A/S both as ordinary member as well as adjunct.

Holdings in Polygiene: 231,000 shares, 100,000 warrants 2019/2022, 100,000 warrants 2020/2023 and 70,000 warrants 2021/2024.



Nina Forsvall
CFO

Born 1965, employed since 2020. Nina has a B.Sc Business and Economics from Lunds University. She has held various positions within Finance and HR and has a broad experience from building structure and processes in fast growing companies. Nina has previously worked at Awapatent AB, Ipendo AB, Donya Labs AB and most recently at Bühler Nordic.

Holdings in Polygiene: 60,000 shares, 37,500 warrants 2020/2023 and 40,000 warrants 2021/2024.



Sandrine Garnier
Managing Director Addmaster UK Ltd

Born 1974, employed since 2014. Sandrine has a PhD in material sciences from the University of Nancy in France. She combines technical expertise with strategic business development and management skills, and has extensive international working experience both with entrepreneurial and multi-nationals businesses. Sandrine has previously worked at OMNOVA Solutions (now part of Synthomer) and BOSTIK (part of Arkema).

Holdings in Polygiene: 114,006 shares.

Senior Management



Daniel Röme
CTIO

Born 1976, member of the Board from May 2018 to May 2020 and operational in the company since January 2019. Daniel holds a PhD in Chemistry and a Master of Science in Chemistry from Lunds University (Lunds Tekniska Högskola). He has experience of working in leading positions within innovation and business- and product development. Daniel has previously worked at Perstorp AB and Nexam Chemical AB and is currently a consultant in his own company, Rome Consulting AB, with assignments for various companies.

Holdings in Polygiene: 233,661 shares and 20,000 warrants 2021/2024.



Dane Momcilovic
CTO

Born 1976, employed since 2020. Dane holds a Master of Science Degree in Chemical Engineering and a Doctor Degree in Analytical Chemistry from Lunds University (Lunds Tekniska Högskola). He previously worked as Group R&D Manager at Diab Group AB and as CTO at Nexam Chemical AB.

Holdings in Polygiene: 27,300 shares and 40,000 warrants 2021/2024.



Lesley Taylor
Global Regulatory Affairs

Born 1976, employed since 2011. Lesley holds a BSc Hons in Biochemistry and Microbiology from the University of Wales, Aberystwyth. Her experience in antimicrobials spans over 24 years, supporting both the business and customers with regulatory requirements globally. She's previously held positions at Law laboratories and as Technical & Regulatory Manager at BioCote Ltd.

Innehav i Polygiene: -



Sean Tindale
CMO

Born 1976, employed since 2021. Sean has a DipHE in Business & Marketing along with a Digital Marketing Diploma från Hyper Island. He has previously worked as Global Marketing Director for VERO MODA A/S, held various senior leadership roles at ECCO SKO A/S, ran his own Brand and Advertising Agency for 9 years and worked in consumer marketing for BAT South Africa.

Innehav i Polygiene: 3,800 shares.

Auditor

The auditor for Polygiene is Grant Thornton Sweden AB with Per Kjellander as Chief Auditor. Per Kjellander is a Certified Public Accountant and member of FAR, the professional institute for authorized public accountants and advisers, and was elected to serve until the end of the Annual General Meeting which will take place in 2022.

Directors' Report 2021

The Board of Directors and CEO of Polygiene AB (publ), 556692-4287, domiciled in Malmö, Sweden, hereby present the Annual Report for the 2021 financial year.

The Group

Polygiene is a group that provides antimicrobial solutions for textiles and other surfaces to keep products fresh from bacteria and viruses. In connection with the acquisition of Addmaster, Polygiene expanded its product range and offers today several technologies, including technologies based on silver solutions. Several of the technologies are both blue-sign- and Oekotex-certified, which means that the technologies are approved based on the strict environmental requirements required by the industry. The technologies enables the lifespan of products to be extended, some products via a change in consumer behavior.

Polygiene is building its brand by actively working with the entire value chain, from development and manufacturing at subcontractor sites, to marketing, distribution and active customer support.

- The subsidiary Addmaster (UK) Limited is involved through sales of solutions for non-textile surfaces and materials.
- Polygiene Shanghai Ltd is involved through sales and invoicing of royalty.
- The subsidiary Polygiene Services AB is involved in subscription, acquisition and transfers of warrants and other securities.
- Polygiene (HK) Limited is dormant.
- Addmaster Holdings Limited is dormant.

The Group will be termed as Polygiene.

Comments on the financial development in 2021

2021 compared to 2020.

Revenue

Polygiene's net sales in 2021 amounted to MSEK 181.6 (83.9), representing an increase of 116.4 (21.9) %. Other operating income amounted to MSEK 0.2 (3.3).

Multi-year overview

Group TSEK	2021	2020	2019	2018	2017
Net sales	181,610	83,932	68,803	69,039	66,152
Operating profit/loss EBIT	40,858	-1,051	-6,571	-2,547	-6,109
Balance sheet total	550,694	57,636	45,062	49,719	53,101
Equity/assets ratio (%)	94.3	47.7	64.8	73.6	67.6
Parent Company TSEK	2021	2020	2019	2018	2017
Net sales	93,724	80,032	68,803	69,039	66,152
Operating profit/loss EBIT	3,762	-442	-6,726	2,545	-6,109
Balance sheet total	528,678	57,247	43,682	49,673	53,101
Equity/assets ratio (%)	89.0	49.0	66.3	73.6	67.6

Expenses

Operating expenses in 2021 amounted to MSEK -140.9 (-88.3), representing an increase of 59.6 (13.3) %. Cost of goods sold amounted to MSEK -66.4 (27.4) which provides a gross margin of 63.5 (67.4) %. Other external operating expenses for the year amounted to MSEK -43.5 (-37.1).

These expenses consist of:

- Variable selling costs, MSEK -15.2 (-12.4), which consist mainly of commissions to agents and distributors
- Marketing costs, MSEK -6.9 (-4.6)
- Administrative expenses, MSEK -14.8 (-13.2). Non-recurring costs, MSEK -2.3 (-2.6) is associated with the acquisition of the subsidiary Addmaster
- Contracted consultants MSEK -6.6 (-6.9)

During the year, a number of recruits were made in the Group and personnel expenses amounted to MSEK -30.7 (-17.1). Other operating expenses amounted to MSEK 2.8 (-5.0) and consist of exchange rate differences.

Profit/loss

The operating profit/loss EBIT amounted to MSEK 40.9 (-1.1). This is equivalent to an operating margin of 22.5 (-1.2) %. The profit after tax was MSEK 64.2 (-1.7).

The Parent Company's earnings affects the deferred tax asset by MSEK -0.8 (0.5).

Balance sheet

Total assets as of 31 December 2021 amounted to MSEK 550.7 (57.6). Total fixed assets increased to MSEK 430 and contains mostly of goodwill from acquisition of other business. Trade receivables amounted to MSEK 34.6 (28.6) as of 31 December 2021. Cash and cash equivalents amounted to MSEK 52.6 (4.5). Polygiene's equity/assets ratio was 94.3 (47.7) % at year end 2021.

Polygiene had a taxable deficit of MSEK 22.8 (25.7) at the end of the year. It is assessed that this deficit can be utilized in the coming years, so that a deferred tax asset for a further MSEK 4.5 (5.3) was recognised in 2021.

Cash flow

Cash flows from operating activities were positive at MSEK 37.6 (2.9). Cash flows from the investing activities were negative -407.5 (-3.6) mostly due to the acquisitions of the subsidiary Addmaster. The Group’s total cash flow during year 2021 amounted to MSEK 46.4 (-0.5).

Organization

At year-end 2021, Polygiene’s operational organization regardless of degree of service, consisted of 47 (27) people. 38 (19) were employees and 9 (8) were contracted consultants distributed among Sweden 16 people, UK 16, Lithuania 1, Japan 1, Canada 3, USA 1, Germany 3, India 1, Chile 1, China 4.

Gender distribution	2021	2020
Organization, women/men	62%/38%	56%/44%
Senior management, women/men	57%/43%	40%/60%
Board of Directors, women/men	17%/83%	20%/80%

Shares

Polygiene’s shares have been listed on Nasdaq First North in Stockholm under the POLYG ticker since 14 March 2016. The share capital as of 31 December 2021 amounted to SEK 3,554,959, comprising 35,549,585 outstanding shares in a single class of shares. For further information about the shares, see Share capital and ownership on pages 22-24.

Significant events during the financial year

- In early 2021, Polygiene acquired all outstanding shares and completed the acquisition of the UK based additive company Addmaster, a leading global supplier of antibacterial additives for hard surfaces. See more information about the acquisition in note 30.
- During the period June 1-30 2021, the warrant program 1, that was offered to employees and contracted consultants, was exercised with the exercise price SEK 16.50.
- In-flight magazine Hemispheres is back in the cabins with Biomaster antimicrobial protection. The magazine is circulated monthly and reaches 139 million business and leisure travellers annually
- Tricorp, leading workwear brand in the Netherlands launches products with Polygiene Biostatic™ Stays Fresh technology in which pre- and post-consumer waste is used See more significant event on page 6.

Other significant events after the financial year

In January 2022 Polygiene acquires, through the indirectly wholly-owned subsidiary Addmaster (UK) Limited, the business related to “SteriTouch” from the privately owned english company Radical Material Limited. The purchase price amounts to a total of GBP 3.5 million (approximately SEK 43.2 million), of which GBP 3.15 million (approximately MSEK 38.9) is paid in cash and the remaining GBP 0.35 mil-

lion (approximately SEK 4.3 million) is paid with newly issued shares in Polygiene. The cash payment is intended to be financed through a directed cash issue in Polygiene. In addition to the fixed purchase price, the seller may also receive a cash additional purchase price that may amount to a maximum of GBP 0.5 million (approximately SEK 6.2 million) based on 2022 years sales growth of the acquired business.

In April 2022, a number of articles were published criticising one of the Group’s existing technologies. These questions were answered in a press release published on April 14, where Polygiene strongly dissociates itself from erroneous claims about the company.

Risks and uncertainty factors

Existing business

An identified risk in the existing business is if our current partners for various reasons choose not to use Polygiene’s technology in their products. This may be due to internal policy decisions among customers, where the situation with increased production costs lead to additional treatments being temporarily removed. This could adversely affect the Group’s operation, earnings and/or financial position. To minimize the risk of being seen only as an additional cost, it is of great importance that Polygiene continues to prove the added value that antimicrobial technologies add. With our cutting-edge expertise in regulations, technology and marketing we reduce our exposure to competition.

In recent years, the global shortage of important raw materials has made it difficult for Polygiene to periodically meet demand. To reduce dependence on individual suppliers, more suppliers have been contracted to secure deliveries. An indirect consequence of the deficit of polymers could be a delay in an already planned production, as polymers are an important component in the customers end product. The shortage of raw materials has also lead to price increases which in the long run can have negative effect on the gross margin. The Group has partially offset this with price increases for its customers. There is still a great uncertainty about the global transport situation with delayed deliveries and more expensive freight costs as a result. The lack of sea and air freight affects not only the distribution of additive to distributors and customers, but also delays in other components included in our customer’s products.

Regulatory risks

Polygiene offers several products and technologies, including a technology based on a silver salt solution used in the production of textiles. Since the year 2000, an investigation has been going on within the EU where a variety of chemi-

cals are being evaluated, including the silver salt solution that is part of one of Polygiene's technologies. Today, the Group's textile sales in Europe amount to approximately 15 % of total sales. In order to reduce the risk, regulatory developments and environmental legislation regarding the ingredients in the technology are closely followed in order to be able to adapt, modify, replace or dispose of the products concerned. There are no indications of regulatory changes that may affect the Group's current operations in the near future.

New technologies

In addition to what is described in the section Regulatory risks, Polygiene has ongoing and planned development projects including new relevant technologies that will add value to existing and potential partners. There is a risk of changes in the legal and regulatory structure that may have an impact on ongoing development projects and current products. Within Polygiene there is a deep and broad knowledge as well as long experience in the regulatory field and the ability to effectively respond and adapt to regulatory changes in the long run reduces the risk of these factors.

Acquisitions

Acquisitions are an important part of the existing growth strategy. With the successful acquisition of Addmaster, the Group has laid the foundation to support the organic growth of the business and, with a strong financial position, to have the opportunity to make further acquisitions. There is a risk that Polygiene will not find any suitable acquisition objects, which may affect the Group's growth rate. Another risk is that the integration process takes longer than expected and can thus have a negative effect on the expected synergies. The growth strategy can also be affected by the financing risk, which at a given time can be made more difficult or expensive or not even made possible within the given terms of the Group. During the acquisition process, a comprehensive analysis of the acquisition object is performed, where any risks are identified and managed carefully before the acquisition decision is made.

Pandemic

The operation in China conducted by Polygiene's partners and customers, could adversely be affected by the local potential shutdowns due to Covid-19 which could adversely affect the Group's operation, earnings and/or financial position. The pandemic has created great uncertainty through the various measures that most countries, companies and authorities have implemented. This can affect product demand, supply of raw materials, delivery options and the global logistic chain. The risk of the pandemic is difficult to assess due to the uncertainty that still prevails.

Ukraine

The course of events in Ukraine affects the geopolitical situation and increases the uncertainties in the global market. Polygiene has no operations in neither Russia nor Ukraine and therefore believes that this event has no direct impact on the Group's operation, earnings and/or financial position. A few ongoing customer projects have been paused and a small number of orders have been rejected due to the current situation. Polygiene continuously monitors the development in order to minimize any risks.

Addition to the above, Polygiene is exposed to operational and financial risks as well as external factors that the Group cannot influence.

Future outlook

Polygiene aims to reach net sales of over SEK 1 billion within 5 years with an EBIT of 30 %. The growth will primarily come from existing operations, but new products, new markets and acquisitions will also be contributing factors to achieving the goal.

Sustainability work

Polygiene's operations contribute to a sustainable world by enabling savings on washing, cleaning and by extending the life of products. To make visible how much Polygiene can contribute, the Group is developing LCA analyzes together with an external, independent party. Polygiene has also started the internal sustainability work with high priority in order to be able to deliver towards the global goals. The first step is to measure the Groups carbon footprint according to the GHG protocol, with the ambition of being ready before the end of 2022.

Allocation of profit

Proposal for allocation of the Parent Company's profit/losses

Available for distribution by the Annual General Meeting (TSEK)	
Retained losses	-32,822
Share premium reserve	474,820
Profit for the year	3,004
	445,002

The Board of Directors proposes that

the following amount be carried forward	445,002
	445,002

Concerning the the Group's results and financial position, reference is made to the following statements of profit or loss and statements of financial position with supplementary information.

Statements of profit or loss

TSEK	Note	Group		Parent Company	
		2021-01-01 2021-12-31	2020-01-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating income etc.					
Net sales	2	181,610	83,932	93,724	80,032
Other operating income		191	3,323	190	3,322
Total operating income etc.		181,801	87,255	93,914	83,354
Operating expenses					
Goods for resale		-66,368	-27,399	-32,143	-27,389
Other external expenses	3, 4	-43,535	-37,064	-39,482	-34,236
Personnel expenses	5, 6, 8	-30,698	-17,083	-19,743	-16,159
Depreciation, amortization and impairment of tangible and intangible fixed assets		-3,134	-1,752	-1,574	-1,005
Other operating expenses		2,792	-5,008	2,792	-5,007
Total operating expenses		-140,943	-88,306	-90,150	-83,796
Operating profit		40,858	-1,051	3,764	-442
Gain (loss) from financial items:					
Interest expense and similar items		-391	-35	-2	-10
Profit after financial items		40,467	-1,086	3,762	-452
Tax expense	9	-7,642	-650	-758	-492
Profit for the year		32,825	-1,736	-	-
Other total result		31,358	-	-	-
Total profit for the year		64,182	-1,736	3,004	-944
Earnings per share, SEK					
Basic earnings per share, before and after dilution	10				
Before		1.82	-0.08	0.09	-0.05
After		1.76	-0.08	0.09	-0.05

Statements of financial position

ASSETS (TSEK)	Note	Group		Parent Company	
		2021-12-31	2020-12-31	2021-12-31	2020-12-31
Fixed assets					
Intangible fixed assets	11				
Development and similar work		4,049	2,788	4,049	2,788
Software and licenses		2,041	1,713	2,035	1,710
Goodwill		407,218	-	-	-
Total intangible fixed assets		413,308	4,501	6,084	4,498
Tangible fixed assets					
Inventories	12	301	64	113	49
Right to use leased objects	4	2,393	543	-	-
Total tangible fixed assets		2,694	607	113	49
Financial fixed assets					
Participation in group companies	15	-	-	458,185	50
Foreign withholding tax	13	9,458	7,396	9,458	7,396
Deferred tax assets	14, 17	4,541	5,299	4,541	5,299
Total financial fixed assets		13,999	12,695	472,184	12,745
Total fixed assets		430,001	17,803	478,381	17,292
Current assets					
Inventories etc.					
Finished products and goods for resale		28,158	2,687	3,870	2,687
Total inventories etc		28,158	2,687	3,870	2,687
Current receivables					
Trade and other receivables	14, 18	34,593	28,635	25,747	28,827
Contract and other receivables	14, 19	4,138	2,955	2,839	2,955
Prepaid expenses and accrued income		1,252	1,078	1,453	3,700
Total current receivables		39,983	32,668	30,039	35,482
Cash and cash equivalents	14, 20, 23	52,552	4,478	16,388	1,786
Total current assets		120,693	39,833	50,297	39,955
TOTAL ASSETS		550,694	57,636	528,678	57,247

Statements of financial position

EQUITY AND LIABILITIES (TSEK)	Note	Group		Parent Company	
		2021-12-31	2020-12-31	2021-12-31	2020-12-31
Equity	21				
<i>Restricted equity</i>					
Share capital		3,555	2,052	3,555	2,052
Development fund		4,049	2,788	4,049	2,788
Total restricted equity				7,604	4,840
<i>Non-restricted equity</i>	33				
Share premium		474,820	54,761	474,820	54,761
Profit (loss) brought forward		-28,062	-30,711	-32,822	-30,617
Profit (loss) for the year		64,182	-1,736	3,004	-944
Share warrants		606	326	-	-
Total non-restricted equity				452,606	23,200
Total equity		519,150	27,480	452,606	28,040
Long term liabilities					
Overdraft facility		-	1,151	-	1,151
Liabilities to group companies	14	-	-	45,930	-
Leasing office premises	4	19	-	-	-
Total long term liabilities		19	1,151	45,930	1,151
Current liabilities					
Advance payments from customers	14	35	231	32	231
Trade and other payables	14, 22	11,283	21,379	21,193	21,342
Leasing office premises	4	2,381	513	-	-
Contract and other liabilities	14	8,194	1,631	3,109	1,564
Accrued expenses and deferred income		9,632	5,251	5,808	4,919
Total current liabilities		31,525	29,005	30,142	28,056
Total liabilities		31,544	30,156	76,072	29,207
TOTAL EQUITY AND LIABILITIES		550,694	57,636	528,678	57,247

The Group's statements of change in equity

2020						
Incoming balance (TSEK)	Note	Share capital	Development fund	Share premium	Profit (loss) brought forward	Total equity
2020-01-01		2,052	715	54,877	-28,437	29,207
Additional development expenses		-	2,073	-	-2,073	-
Adjustments		-	-	-	-200	-200
Warrants		-	-	210	-	210
Transactions with owners		-	-	210	-200	10
Fixed profit of the year		-	-	-	-1,736	-1,736
Total comprehensive income for the year		-	-	-	-1,736	-1,736
Outgoing balance 2020-12-31		2,052	2,788	55,087	-32,446	27,480

2021						
Incoming balance (TSEK)	Note	Share capital	Development fund	Share premium	Profit (loss) brought forward	Total equity
2021-01-01		2,052	2,788	55,087	-32,446	27,480
Additional development expenses		-	1,261	-	-1,261	-
New share issue		1,503	-	425,704	-	427,207
Warrants		-	-	280	-	280
Transactions with owners		1,503	-	425,704	-	427,487
Fixed profit of the year		-	-	-	32,824	32,824
Other total result		-	-	-	31,358	31,358
Total comprehensive income for the year		-	-	-	64,182	64,182
Outgoing balance 2021-12-31	20	3,555	4,049	480,791	31,736	519,150

The Parent Company's statements of change in equity

2020							
Incoming balance (TSEK)	Note	Share capital	Development fund	Share premium	Profit (loss) brought forward	Net profit (loss) for the year	Total equity
2020-01-01		2,052	715	54,761	-23,256	-5,288	28,984
Additional development expenses		-	2,073	-	-2,073	-	-
Transfer previous year's profit		-	-	-	-5,288	5,288	-
Net profit (loss) for the year		-	-	-	-	-944	-944
Outgoing balance 2020-12-31		2,052	2,788	54,761	-30,617	-944	28,040

2021							
Incoming balance (TSEK)	Note	Share capital	Development fund	Share premium	Profit (loss) brought forward	Net profit (loss) for the year	Total equity
2021-01-01		2,052	2,788	54,761	-30,617	-944	28,040
Additional development expenses		-	1,261	-	-1,261	-	-
Transfer previous year's profit		-	-	-	-944	944	-
New share issue		1,503	-	420,059	-	-	421,562
Net profit (loss) for the year		-	-	-	-	3,004	3,004
Outgoing balance 2021-12-31	20	3,555	4,049	474,820	-32,822	3,004	452,606

Cash flow statement

Operating activities (TSEK)	Note	Group		Parent Company	
		2021-01-01 2021-12-31	2020-01-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating profit		40,858	-1,051	3,764	-442
Non-cash adjustment	26	3,149	379	1,573	-152
Interest paid		-772	-35	-2	-10
Income tax paid		-6,916	-158	-	-
Cash flow from operating activities before changes in working capital		36,319	-865	5,335	-604
<i>Changes in working capital:</i>					
Change in inventories		-13,451	-1,660	-1,183	-1,660
Change in trade and other receivables		22,201	-8,373	5,444	-10,767
Change in trade and other payables		-7,470	13,815	4,412	13,357
Total change in working capital		37,599	2,917	14,008	326
Net cash flow from operating activities		37,599	2,917	14,008	326
Investing activities					
Acquisition of subsidiary		-404,846	-	-458,185	-
Acquisition of intangible fixed assets		-3,143	-1,819	-3,139	-1,813
Acquisition of tangible fixed assets		-302	-72	-84	-52
Disposal of tangible fixed assets		2,879	-	-	-
Acquisition of financial assets		-2,062	-2,151	-2,062	-2,161
Cash flow from investing activities		-407,474	-4,042	-463,470	-4,026
Financing activities					
New shares issue		417,981	-	419,285	-
Warrants		336	209	-	-
Borrowings		-	-	45,930	-
Overdraft facilities		-1,151	1,151	-1,151	1,151
Amortization of leased object		-900	-666	-	-
Cash flow from financing activities		416,266	694	464,064	1,151
Cash flow for the year		46,391	-431	14,602	-2,549
Cash and cash equivalents at the beginning of the year		4,478	4,909	1,786	4,335
Translation differences in cash and cash equivalents		1,683	-	-	-
Cash and cash equivalents at year-end		52,552	4,478	16,388	1,786

Notes to the financial statements

Note 1

ACCOUNTING POLICIES

Nature of operations

Polygiene is the world-leading provider of odor control and Stays Fresh solutions for clothes, sports equipment, textiles and other material designed so the user can feel fresh no matter what they do or where they do it. Today, the Group has over 750 global partners in a number of categories Sport & Outdoor, Fashion & Lifestyle, Workwear, Hospitality, Home & Pets, Healthcare, Water, Industrial and Paper & Packaging. In addition to the objective of building Growth as a global ingredient brand, Polygiene also wants to drive change in consumer behavior with the motto Wear More. Wash Less®. The Group's brand is a significant asset whereby the company conducts continual activities to strengthen our brand and brand awareness is vital to achieving future targets.

General information and statement of compliance with IFRSs, and going concern assumption

Polygiene AB (publ.), the Group parent, is a public limited company formed and domiciled in Sweden. The main offices and primary operations location are at Styrmansgatan 2, 211 18 Malmö. Polygiene AB shares are listed on First North.

The consolidated financial statements of the Group have been prepared in accordance with ÅRL, the recommendations RFR 1 regarding accounting policies for groups by the Board for Financial Reporting and International Financial Reporting Standards (IFRSs) as approved by the EU. They have been prepared under the assumption that the Group operates on a going concern basis.

The consolidated financial statements for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 19 April 2022.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have an impact on the Group's financial statements.

Basis for preparation

The Group's financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of investment properties, investments and derivatives. Monetary items are expressed in SEK and are rounded to the nearest thousands except for earnings per share.

Basis for consolidation

The Group's financial statements consolidates those of the Parent Company and all of its subsidiaries as at 31 December 2021. All subsidiaries have a reporting date of 31 December.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Basis combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

For acquisitions where the transferred amount exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in currency SEK, which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost, except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of group entities with a functional currency other than the SEK are translated into SEK upon consolidation.

Segment reporting

Within Polygiene, there are two business areas, Freshness and Protection. The basis for these business areas is the underlying technology. The focus on these business areas is market and sales, which is why only sales are measured per business area. Other parts are measured for the Group as a whole business. The business is therefore conducted as one segment in the Group.

Revenue

Revenues relate to sales of chemicals and royalties. When measuring whether a revenue shall be recognised, the Group follows a 5-step process:

1. Identifying the contract(s) with a customer.
2. Identifying the performance obligation in the contracts.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contracts.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from the sale of chemicals at a fixed price are recognised on the date the Group transfer controls of the assets to the customer. Royalty revenues are recognised as revenue on the date customer production using the Group's chemicals is completed and can be calculated on the quantity of for example finished fabric or total quantity of garments produced. The cost for these chemicals are simultaneously recognised in the statement of profit or loss. Invoices for transferred products or services shall be paid when the customer receives the products.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

Fixed assets

Intangible assets

Intangible fixed assets are initially reported at acquisition value less accumulated depreciation according to plan and any write-downs. Depreciation takes place on a straight-line basis over the expected useful life. Intangible assets have both a definable and indefinite useful life. Intangible assets with an indefinite useful life are not amortized but are tested annually with impairment together with impairment of goodwill.

Software, licenses and development costs with definable useful life are depreciated over 5 years.

Goodwill

Goodwill represents future financial benefits that arise from a business acquisition, but which are not individually identified and reported separately. Goodwill is reported at acquisition value less accumulated write-downs.

Tangible fixed assets

Tangible fixed assets are initially reported at acquisition value less accumulated depreciation according to plan and any write-downs. Depreciation takes place on a straight-line basis over the expected useful life.

Inventories are depreciated over 5 years. Rights of use-assets are depreciated over the leasing period, which is normally 3-5 years.

Leasing

The Group as lessee

For all agreements, the Group assesses whether the agreement is a lease agreement or contains a lease agreement. A lease is defined as "an agreement, or the agreements, which transfer the right of use of an asset (the underlying asset) for a certain period of time in exchange for compensation". To apply this definition, the Group assesses whether the agreement meets the requirements of three evaluations which are:

- The agreement contains an identified asset that is either specifically identified in the agreement or implicitly specified by being identified at the time the asset has been made available to the Group.
- The Group has the right to substantially all of the financial benefits arising from the use of the identified asset during the entire term of the lease, regarding the Group's rights within the defined scope of the agreement.

- The Group has the right to control the use of the identified asset during the entire period of the lease. The Group assesses whether it holds the right to control the “how and for what purpose” the asset should be used throughout the lease period.

The Group’s rights of use consist of office premises.

Valuation and accounting of lease agreements as lessee

At the beginning of the lease agreement, the Group reports a right of use and a lease liability in the balance sheet. The right to use the asset is valued at acquisition value, which includes the amount that the lease debt was initially valued, any initial direct expenses incurred by the Group and leasing fees paid before the start of the lease (reduced with any benefits received).

The Group writes off the right to use the asset linearly from the beginning of the lease to the earliest date of the right to use and the lease agreement ends. The Group also makes an assessment of a possible need for impairment of the right to use the asset when there is an indication of a decline in value.

At the beginning of the lease, the Group values the lease debt at the present value of the leasing fees not paid at this time. Leasing fees are discounted with the Group’s marginal borrowing rate.

Leasing fees that are included in the valuation of the lease debt include fixed fees (including the fixed fees for their substance) as well as variable leasing fees based on an index.

After the commencement date, the debt is reduced by payments and increased by the interest rate. The liability is revalued to reflect any new assessment or change or if there are changes in the fees fixed to its substance.

When the lease liability is revalued, the corresponding adjustment is made with regard to the right of use or in the result if the right to use has already been assigned a value of zero.

The Group has chosen to report short-term leases and lease agreements for which the underlying asset has a low value by utilizing the practical solution found in IFRS 16. Instead of reporting a right of use and a lease liability, leasing fees for these leases are expensed on a straight-line basis over leases.

The rights to use a leased object are reported separately in the statement over financial position under Tangible fixed assets, while the lease debt is reported separately under short- and long term liabilities.

Impairment testing of goodwill and other intangible assets

The Group conducts an impairment test of its intangible assets with an indefinite useful life and its goodwill at least once a year. The acquired business through Addmaster have been established as the Group’s cash-generating unit. The impairment requirements of all other individual assets or cash-generating units are tested when events or changed circumstances indicate that the carrying amount cannot be recovered.

An impairment loss is recognised for the amount by which the asset’s (or cash-generating unit’s) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group’s latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Financial instruments

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual terms of the instrument. In these first financial statements, all financial assets has been classified as measured at amortised costs.

Classification and subsequent measurement of financial assets

The classification of the financial assets will not be changed in subsequent periods unless the Group changes its business model for managing financial assets whereby all financial assets affected by the change will be reclassified as of the first day of the first financial year subsequent to the change to the business model.

A financial asset will be measured at amortised cost if both the following conditions are met and the asset is not determined to be measured at fair value through profit and loss:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost applying the effective interest method after they are first recognised. Amortised cost is reduced for depreciation. Revenue exchange rate differences, and depreciation are recognised in profit/loss. Any gain or loss when the asset is removed from the statement of financial position, are recognised in the income statement.

The Group derecognises a financial instrument in the statement of financial position when the contractual right to cash flows from the financial assets expires. The Group derecognised a financial liability from the statement of financial position when the agreed obligation is performed or been otherwise extinguished.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The write-offs of trade receivables is presented in Other external costs.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables. All financial liabilities are valued at accrued acquisition value.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Loss provisions for trade receivable and trade payables are netted since they relate to the same party and will be settled net.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Income taxes

Current tax is the income tax for the current financial year, which concerns the taxable profit for the year and the element of income tax for previous financial years has not yet been reported.

Current tax is assessed as the probable amount according to the tax rates and tax rules applying as at the balance sheet day.

Deferred tax is the income tax on the taxable results concerning future financial years, as a consequence of previous transactions or events.

Deferred tax is calculated on any temporary differences. A temporary difference exists when the reported value of an asset or liability deviates from the taxable value. Temporary differences are not considered with regard to differences attributable to investments in subsidiaries, branches, affiliated companies or joint ventures, if the company can control the time of reversal of the temporary differences and it is not obvious that the temporary difference will be reversed within the foreseeable future. Differences originating from the initial reporting of goodwill, or on the initial reporting of an asset or liability, will not constitute temporary differences either, provided that the relevant transaction is not a business acquisition and does not affect tax or the recognised result.

A deferred tax asset concerning tax losses carried forward or other future tax deductions is recognised to the extent that is probable that the carryforward can be set off to profit on any future taxation.

Cash and cash equivalents

Cash and cash equivalents consist of available bank balances.

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

The share premium fund contains premiums received on new issues of shares. Transaction costs associated with the new issue of shares have reduced the share premium fund, taking

into account any income tax effects.

Retained earnings includes all current and prior period retained profits and share-based employee remuneration. All transactions with owners of the Parent are recorded separately within equity.

Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Warrants

Employees or by the Group contracted consultants, have the opportunity to take part of a warrant program that is decided at the Annual General Meeting. The premiums and value of the options are calculated based on the Black&Scholes-model and are performed by an external, independent party. The allocation of the warrants is decided by the Board and the CEO. Participation in the program is not linked to the employment in the company and is therefore not subject to social security contributions.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment that arises from events occurring and whose occurrence is only confirmed by one or more uncertain future events or when there is one or more commitments that do not report as a liability or provision due to the fact that it is unlikely that a fate of resources will be required.

Significant management assessments

When preparing the financial statements, the Board of Directors must, in accordance with applicable accounting and valuation principles, make certain estimates, assessments and assumptions that affect the reporting valuation of assets, provisions, liabilities, income and expenses.

Significant management judgements

The following are significant judgements made by management in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of foreign withholding tax

Foreign withholding tax which Polygiene is currently able to demand repayment of, has been capitalized. The Board judges that the withholding tax can continue to be refunded and are separately recognised in the statement of financial position as a financial fixed asset.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Group management has devised a plan for how the Parent Company and the Group will achieve taxable profits in the foreseeable future. The Group's and the Parent Company's actual development follow this plan.

Subsidiaries and associated companies

Shares in subsidiaries are reported at acquisition value after deductions for any write-downs. Acquisition value includes the purchase price paid for the shares and acquisition costs. The need for impairment of the financial assets is tested at least once a year to determine whether there are changed circumstances that indicate a need for impairment.

Write-downs of goodwill and other assets

To assess impairment needs, the Group management calculates an impairment test at least once a year for each asset with an indefinite useful life and its goodwill, based on expected future cash flows and using an appropriate interest rate to be able to discount cash flow. The impairment requirements of all other individual assets or cash-generating units are tested when events or changed circumstances indicate that the carrying amount cannot be recovered.

Determination of segments

The Board of Directors and the CEO assess that the operations in the Group are integrated and constitute an operating segment. This is also the basis for the Group's management structure and for internal reporting. The Group management thus makes decisions based on the financial results for the Group as one unit.

Parent Company accounting policies

The Parent Company's financial statements are prepared and presented in accordance with the ÅRL and RFR 2 Accounting for legal entities. Accounting policies for the Parent Company correspond to the Group's except in what is disclosed below. When the Parent Company applies different policies, this is disclosed under Parent Company accounting policies below. The parent company does not apply IFRS 9 or 16.

Layout of income statement and balance sheet

The statements of profit and loss and the statement of financial position for the Parent Company are prepared in accordance with the formats in the Annual Accounts Act. The differences consist mainly of items of financial income and costs and within equity.

The report over changes in shareholders' equity is prepared in the same format as for the Group but with columns as required by the Annual Accounts Act.

Group companies

Participations in group companies, associates and joint ventures are recorded under the historical cost convention. There is no reclassification of assets for sale.

Trade receivables and accounts payables

Some of the trade receivables and accounts payables are netted since they relate to the same party and will be settled net.

Note 2

REVENUE

Group revenues from contracts with customers can be broken down as follows:

Group 2021	2021-12-31		2020-12-31
	Goods	Royalty	Total
Primary geographic markets			
APAC	24,506	11,648	36,154
EMEA	89,812	10,546	100,358
AMERICAS	26,297	11,307	37,604
GLOBAL	7,494	–	7,494
Total	148,109	33,501	181,610

Group 2020	2021-12-31		2020-12-31
	Goods	Royalty	Total
APAC	15,895	11,971	27,866
EMEA	16,709	9,862	26,571
AMERICAS	12,262	6,990	19,252
GLOBAL	10,204	39	10,243
Total	55,070	28,862	83,932

The Group's revenues from agreements with customers can be divided into business areas as follows:

Business areas 2021			
	Goods	Royalty	Total
FRESHNESS	57,746	33,501	91,247
PROTECTION	90,363	–	90,363
Total	148,109	33,501	181,610

Business areas 2020			
	Goods	Royalty	Total
FRESHNESS	55,070	28,862	83,932
PROTECTION	–	–	–
Total	55,070	28,862	83,932

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

Goods transferred at a point in time:		2021	2020
Goods		148,109	55,070
Royalty		33,501	28,862
Total		181,610	83,932

Currently Polygiene has three customers that represent of more than 10 % of the revenue separately.

Note 3

REMUNERATION TO AUDITORS

Expensed and other amounts:

	Group		Parent Company	
	2021	2020	2021	2020
Grant Thornton Sweden AB				
Audit engagement	499	340	499	340
Other services	307	–	307	–
Total	806	340	806	340

The main reason for the large differences between 2021 and 2020 is that the subsidiary Addmaster has been added.

Note 4

LEASES

Leasing liabilities presented in the statement of financial position are as follows:

	2021-12-31	2020-12-31
Short-term	2,381	513
Long-term	19	–
Total	2,400	513

cont. note 4 

The Group has leasing agreements regarding office facility in Malmö and Stafford (UK) that runs for 3-5 years. With the exception of short-term lease agreements and leasing contracts for which the underlying asset has a low value, rights of use and leasing liabilities are reported in the statement of financial position. The Group classifies its rights of use in the category Tangible fixed assets. The borrowing rate was estimated at 3 % during the financial year.

The Group's total current lease commitments as of December 31, 2021 amounted to TSEK 22. Total cash flow for leasing for the financial year ended December 31, 2021 amounted to TSEK 922 (2020: TSEK 688).

Future minimum lease fees as of 2021-12-31 are as follows:

	Minimum lease payments due			Total
	Within 1 year	1 to 5 years	After 5 years	
2021-12-31	2,381	19	-	2,400
2020-12-31	513	-	-	513

Leasing agreements that are not recognised as a liability

The Group has chosen not to report a lease liability for short-term lease agreements (leases with an expected lease term of 12 months or less) and for leases for which the underlying asset has a low value. Payments in respect of such leases are expensed on a straight-line basis.

The cost of leasing fees that are not included in the calculation of the lease debt is as follows:

	2021-12-31	2020-12-31
Short-term lease agreement	23	17
Total	23	17

Right to use leased objects

The movements in the net carrying amount of advance payments for the right to use leased objects are as follows:

Right to use leased objects	Group	
	2021-12-31	2020-12-31
Accumulated cost brought forward	2,001	1,984
Entered leasing agreement	2,968	-
Terminated leasing agreement	-2,001	-
Index adjustment	-	17
Accumulated cost carried forward	2,968	2,001

Depreciation	-1 458	-719
Terminated leasing agreement	1,828	-
Depreciation for the year	-945	-739
Closing depreciation	-575	-1,458
Reported value	2,393	543

Basic salary/Board fee	2021	2020
Jonas Wollin, Chairman of the board	225	225
Martin Kössler, Board member	125	125
Johan Thiel, Board member	125	125
Håkan Lagerberg, Board member	125	125
Pamela Ravasio, Board member	125	-
Paul Morris, Board member	125	-
Ebba Fåhraeus, Board member	-	125
Ulrika Björk, CEO	1,690	1,440
Total	2,540	2,165

The Group has entered an agreement with the managing director which means that the managing director will receive 9 months salaries in case of a notice of termination of employment contract.

Note 5

EMPLOYEE BENEFITS EXPENSE

Expenses recognised for employee benefits are analysed below:

	Group		Parent Company	
	2021	2020	2021	2020
Salaries - board and managing director	2,488	2,209	2,488	2,209
Salaries and wages - other employees	21,228	10,847	11,876	9,783
Pensions, defined contribution plan - board and managing director	524	425	524	425
Pensions, defined contribution plan - other employees	1,522	871	1,005	802
Other statutory social security contributions	4,660	2,730	3,530	2,672
Total	30,422	17,082	19,423	15,891

Note 6

AVERAGE NUMBER OF EMPLOYEES

Group	2021-12-31		2020-12-31	
	Average number of employees	whereof men	Average number of employees	whereof men
Sweden	14	4	13	4
EU	3	2	1	1
Other	21	7	5	3
Total	38	13	19	8

Parent Company	2021-12-31		2020-12-31	
	Average number of employees	whereof men	Average number of employees	whereof men
Sweden	14	4	13	4
EU	3	2	1	1
Other	3	3	3	3
Total	20	9	17	8

Note 7

SPLIT BY GENDER

The Board includes 1 (2020: 1) women.

Note 8

SHARE BASED PAYMENTS

The warrants program is offered to all employees and contracted consultants in the Group. It is based on the development of the Parent Company's share within a three-year period. Each option entitles the holder to buy one share in the Parent Company for a predetermined price. The calculation is made by external valuer, which is independent of the Group. The programs are not linked to the participant's employment or involvement in the Group.

During the period June 1-30 2021, the warrant program 1 was exercised with the exercise price SEK 16.50.

Warrants and weighted average exercise prices are as follows for the reporting periods presented:

Group	Number of shares		
	Program 2	Program 3	Program 4
Granted	300,000	300,000	300,000
Outstanding 31 December 2021	300,000	300,000	300,000

The fair value of the warrants was determined using the Black & Scholes model, which takes into account factors that particularly apply to incentive programs. The condition regarding total return in respect of Program 2,3 and 4 is a market condition that has been incorporated into the valuation using acute models.

Group	Program 2	Program 3	Program 4
	2019-06-07	2020-06-04	2021-06-04
Grant date			
Share price at date of grant (SEK)	6.44	15.50	36.60
Warrant life	3 years	3 years	3 years
Fair value per option at grant date (SEK)	0.20	0.70	1.12
Exercise price at date of grant (SEK)	12.90	22.36	68.28
Exercisable from	2022-06-01	2023-06-01	2024-06-01
to	2022-06-30	2023-06-30	2024-06-30
Weighted average remaining contractual life	2.4 years	2.4 years	2.4 years

Note 9

INCOME TAX ON PROFIT FOR THE YEAR

The main components of income tax on profit for the year and the relationship between expected tax expense is based on an effective tax rate for the Group 20.6 % (2020: 20.6 %) and recorded tax expense in profit or loss as follows:

	Group	
	2021	2020
Net profit for the year before tax	40,467	-1,086
Domestic tax rate for the Parent Company	20.6 %	20.6 %
Expected tax expense	-775	-42
Tax adjustments	17	250
Effect of changed tax rate	-	442
Adjustment for foreign subsidiaries	-6,884	-
Current tax expense in profit or loss	-7,642	650
Income tax on profit for the year consists of:		
Deffered tax assets on losses carried forward not previously recognised	-7,642	650
Income tax expense in profit or loss	-7,642	650

	Parent Company	
	2021	2020
Net profit for the year before tax	3,762	-452
Domestic tax rate for the Parent Company	20.6 %	20.6 %
Expected tax expense	-775	-42
Tax adjustments	17	250
Effect of changed tax rate	-	284
Income tax expense in profit or loss	-758	492
Income tax on profit for the year consists of:		
Deffered tax assets on losses carried forward not previously recognised	-758	492
Income tax expense in profit or loss	-758	492

Note 10

EARNINGS PER SHARE AND DIVIDENDS

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company as the numerator, i.e. no adjustments to profit where necessary in 2021 or 2020.

Reconciliation of the weighted average number of shares used for the purpose of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Number of shares	2021	2020
Weighted average number of shares used in basic earnings per share before dilution	35,549,585	20,516,000
Weighted average number of shares used in basic earnings per share after dilution	900,000	828,000
Weighted average number of shares used in basic earnings per share	36,449,585	21,344,000

Note 11

INTANGIBLE FIXED ASSETS

The movements in the net carrying amount of advance payments of development assets are as follows:

Group	2021-12-31	2020-12-31
Accumulated cost brought forward	3,391	894
Acquisitions	2,108	2,497
Accumulated cost carried forward	5,499	3,391
Accumulated depr. losses brought forward	-603	-179
Depreciation for the year	-847	-424
Accumulated depreciation carried forward	-1,450	-603
Carrying amount	4,049	2,788

The movements in the net carrying amount of advance payments of software and license are as follows:

	2021-12-31	2020-12-31
Accumulated cost brought forward	3,027	3,764
Acquisitions	1,031	421
Acquisitions of subsidiary	25	-
Adjustments	-	-1,158
Accumulated cost carried forward	4,083	3,027
Accumulated depr losses brought forward	-1,313	-1,949
Reclassification	-	-
Depreciation for the year	-728	-523
Adjustments	-	1,158
Accumulated depreciation carried forward	-2,042	-1,314
Carrying amount	2,041	1,713

The movements in the net carrying amount of goodwill are as follows:

	2021-12-31	2020-12-31
Accumulated cost brought forward	-	-
Acquisitions of subsidiary	407,218	-
Accumulated cost carried forward	407,218	-
Carrying amount	407,218	-

All intangible fixed assets except goodwill, which are deemed to have an indefinite useful life, are amortized. The Group conducts an impairment test of its intangible assets with an indefinite useful life and its goodwill at least once a year. An impairment loss is recognized for the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines an appropriate discount rate to be able to calculate the present value of these cash flows. The data used in testing impairment needs are directly linked to the Group's most recently approved budget, adjusted as needed to exclude the effects of future reorganisations and improvements in assets. Discount rates are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

The movements in the net carrying amount of advance payments of development assets are as follows:

Parent Company	2021-12-31	2020-12-31
Accumulated cost brought forward	3,391	894
Acquisitions	2,108	2,497
Accumulated cost carried forward	5,499	3,391
Accumulated depr. losses brought forward	-603	-179
Depreciation for the year	-847	-424
Accumulated depreciation carried forward	-1,450	-603
Carrying amount	4,049	2,788

The movements in the net carrying amount of advance payments of software and license are as follows:

	2021-12-31	2020-12-31
Accumulated cost brought forward	3,023	3,764
Acquisitions	1,031	417
Adjustment	-	-1,158
Accumulated cost carried forward	4,054	3,023
Accumulated cost brought forward	-1,313	-1,949
Depreciation for the year	-706	-522
Adjustment	-	1,158
Accumulated cost carried forward	-2,019	-1,313
Carrying amount	2,035	1,710

Note 12**OTHER TANGIBLE FIXED ASSETS**

Changes in reported values regarding equipment and the like are:

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Incoming accumulated acquisition values	74	-	52	-
Purchases via business acquisitions	2,837	-	-	-
Purchases	106	74	85	52
Sales / scraps	-2,879	-	-	-
Exchange rate differences	255	-	-	-
Closing accumulated acquisition values	393	74	137	52
Incoming accumulated depreciation	-10	-	-3	-
This year's depreciations	-82	-10	-21	-3
Closing accumulated depreciation	-92	-10	-24	-3
Reported value	301	64	113	49

Note 13**WITHHOLDING TAX**

The movements in the net carrying amount of advance payments of withholding tax are as follows:

The Group	2021-12-31	2020-12-31
Accumulated cost brought forward	7,396	5,235
Balanced withholding tax during year	2,062	2,161
Accumulated cost carried forward	9,458	7,396
Carrying amount	9,458	7,396

The Parent Company	2021-12-31	2020-12-31
Accumulated cost brought forward	7,396	5,235
Balanced withholding tax during year	2,062	2,161
Accumulated cost carried forward	9,458	7,396
Carrying amount	9,458	7,396

Note 14**FINANCIAL ASSETS AND LIABILITIES****Categories of financial assets and financial liabilities**

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Group

Financial assets	2021-12-31	2020-12-31
Amortised costs		
Foreign withholding tax	9,458	7,396
	9,458	7,396
Trade receivables	34,593	28,635
Contract assets and other receivables	4,138	4,033
Cash and cash equivalents	52,552	4,478
	100,741	44,542
Financial liabilities	2021-12-31	2020-12-31
Amortised costs		
Prepayment customers	35	231
Contract liabilities and other payables	8,194	8,546
Trade and other payables	11,283	21,379
	19,512	30,156

Parent Company

Financial assets	2021-12-31	2020-12-31
Amortised costs		
Shares in subsidiary	458,185	50
Foreign withholding tax	9,458	7,396
	467,643	7,446
Trade receivables	25,747	28,827
Contract assets and other receivables	2,839	6,655
Cash and cash equivalents	16,388	1,789
	512,617	44,717

Financial assets	2021-12-31	2020-12-31
Amortised costs		
Prepayment customers	32	231
Contract liabilities and other payables	3,109	7,634
Accounts payable	21,193	21,342
Liabilities to group companies	45,930	45,930
	70,264	75,137

Note 15**PARTICIPATIONS IN GROUP COMPANIES**

Set out below details of the subsidiaries held directly by the group:

Name/domicile	Reg no	Share, %		
		2021	2020	2019
Polygiene Services AB	559129-0936	100	100	100
Polygiene Shanghai Ltd	n/a	100	100	100
Polygiene (HK) Limited	n/a	100	100	100
Addmaster Holdings Limited	5024738	100	-	-

Polygiene (HK) Limited and Addmaster Holdings Limited are dormant.

Changes during year:	Parent Company	
	2021-12-31	2020-12-31
Accumulated cost brought forward	50	50
Acquisition	458,135	-
Accumulated cost carried forward	458,185	50

Note 16

PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

The Group has the following associates, where neither associate is individually material to the Group:

Namn	Reg no	Andel %
Polygiene Ltd	6803458	49

Note 17

DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes arising from temporary differences and unused tax losses are summarised as follow:

Group

2021 Changes during year	2021-01-01	Profit or loss	2021-12-31
Unused tax losses carried forward	5,299	-758	4,541
	5,299	-758	4,541

2020 Changes during year	2020-01-01	Profit or loss	2020-12-31
Unused tax losses carried forward	5,801	-502	5,299
	5,801	-502	5,299

Parent Company

2021 Changes during year	2021-01-01	Profit or loss	2021-12-31
Unused tax losses carried forward	5,299	-758	4,541
	5,299	-758	4,541

2020 Changes during year	2020-01-01	Profit or loss	2020-12-31
Unused tax losses carried forward	5,791	-492	5,299
	5,791	-492	5,299

Note 18

RECEIVABLES

Trade and other receivables consist of:

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Trade receivables	39,008	38,037	30,162	38,229
Currency adjustment of receivable	992	-2,171	992	-2,171
Allowance for credit losses	-	-205	-	-205
Trade receivable	40,000	35,661	31,154	35,853
Trade receivables net	40,000	35,661	31,154	35,853
Setoff against accounts payable	-5,407	-7,026	-5,407	-7,026
Non-financial assets	-5,407	-7,026	-5,407	-7,026
Total	34,593	28,635	25,747	28,827

Total credit exposure is MSEK 39.

Note 19

CONTRACT AND OTHER RECEIVABLES

Contract and other receivables consist of:

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Contract receivables	2,001	1,456	2,001	1,456
Other	2,137	1,499	838	1,499
	4,138	2,955	2,839	2,955

Note 20

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash at bank and in hand	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
- SEK	9,652	1,388	9,011	1,026
- EUR	9,378	274	1,378	274
- USD	21,547	186	5,707	186
- GBP	4,500	150	142	150
- CNY	7,325	2,330	-	-
	52,402	4,328	16,238	1,636

Note 21

EQUITY

Share capital

The share capital of the Parent Company consists only of fully paid ordinary shares with a nominal (par) value of SEK 0.10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholder's meetings of the Parent Company.

Shares issued and fully paid:	2021-12-31	2020-12-31
Beginning of the year	20,516,000	20,516,000
New issue of shares	15,033,585	-
Shares issued and fully paid	35,549,585	20,516,000
Total shares authorised at 31 December	35,549,585	20,516,000

Note 22

PAYABLES

Trade and other payables consist of the following:

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Trade payables gross	16,079	29,462	25,989	29,425
Currency adjustment of payables	611	-1,057	611	-1,057
Trade payables net	16,690	28,405	26,600	28,368
Trade payables setoff against receivables	-5,407	-7,026	-5,407	-7,026
Total	11,283	21,379	21,193	21,342

Note 23

PLEGGED ASSETS AND CONTINGENT LIABILITIES

For own provisions and liabilities:	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Company mortgage	5,000	5,000	5,000	5,000
Blocked cash equivalents	150	150	150	150

Deposited funds for the Group are attributed to lease agreements for the Parent Company's head office.

Note 24

RELATED PARTY TRANSACTIONS

The following transactions with related companies took place during the year:

	2021	2020
Polygiene Ltd	1,799	1,049
Rudholm & Haak (HK) Ltd	4,071	2,899
Rudholm & Haak AB	244	52
Rudholm & Haak India	84	19
RHG USA LCC (Rudholm Group)	-	145
Rudholm tekstil aksesuarlari sanayi ve tic Ltd	21	1

Rudholm & Haak is the Group's largest vendor of Hangtags and labels. Rudholm & Haak is related to Polygiene because of the Chairman of the Board of Directors has influence in this company, see note 5. There are no dealings or provisions. The transactions are priced at arm's length.

Note 25

POST-REPORTING DATE EVENTS

In January 2022 Polygiene acquires, through the indirectly wholly-owned subsidiary Addmaster (UK) Limited, the business related to "SteriTouch" from the privately owned English company Radical Material Limited. The purchase price amounts to a total of approximately MSEK 43.2, of which approximately MSEK 38.9 is paid in cash and the remaining, approximately MSEK 4.3 is paid with newly issued shares in Polygiene. The cash payment is intended to be financed through a directed cash issue in Polygiene and the remaining part as a non-cash issue of 96 153 shares. In addition to the fixed purchase price, the seller may also receive a cash additional purchase price that may amount to a maximum of approximately 6.2 MSEK based on 2022 years sales growth of the acquired business. This is classified as an asset acquisition.

The course of events in Ukraine has been identified by the Board. It is currently considered that the situation in Ukraine has no direct or indirect impact on the Group's operating activities. However, the Board will continuously monitor the development in order to minimize any risks of direct and indirect impact.

Note 26

NON-CASH ADJUSTMENTS AND CHANGES IN WORKING CAPITAL

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Depr., amort., and impairment of non-financial assets	3,134	587	1,574	-152
Other adjustments	15	-208	-1	-
Total adjustments	3,149	379	1,573	-152

Note 27

CONTINGENT LIABILITIES

The Board has not identified any contingent liabilities in the Group or Parent Company during the financial year.

Note 28

CONTINGENT ASSETS

The Board has not identified any contingent assets in the Group or Parent Company during the financial year.

Note 29

DEFINITION OF BUSINESS RATIOS

Equity/assets ratio - Equity as a ratio of total assets.

Operating profit, EBIT - Profit before interest and tax.

Note 30

BUSINESS ACQUISITION

Acquisition of Addmaster 2021

On January 8, 2021, the Group acquired 100 % of the shares in Addmaster Holdings Limited ("Addmaster"), a company based in Staffordshire, UK and received thus controlling influence in the company. Addmaster is a leading global supplier of antibacterial additives for hard surfaces and the acquisition was made to strengthen the Group's position in the market with a significant wider offer.

The total commercial purchase price, on a cash and debt-free basis, amounts to MSEK 453. The purchase price is paid partly with a cash payment of MSEK 305,6, with a supplement for interest and existing cash, and partly with a non-cash issue of 4,564,174 shares. The non-cash issue, which is recognised in the statement of financial position at the value of the Parent Company's shares at the time of the transaction, amounts to MSEK 147.

The details of the business combination are as follows:

Fair value of transferred remuneration	2020-12-31
Amounts settled with cash and equivalents	305,607
Amounts settled with issued shares	147,423
Total	453,025
Reported amounts on identifiable net assets	2020-12-31
Tangible fixed assets	2,837
Intangible assets	4,110
Right of use	1,160
Total fixed assets	8,107
Inventory	11,267
Accounts receivable and other receivables	26,112
Cash and cash equivalents	48,179
Total current assets	85,558
Provisions	-59
Accounts payable and other liabilities	-6,679
Leasing liabilities	-1,085
Total short-term liabilities	-7,823
Identifiable net assets	85,840
Goodwill on acquisition	367,184
Transferred compensation in cash and cash equivalents	305,602
Acquired cash and cash equivalents	-48,179
Net cash flow on acquisition	257,423
Total estimated acquisition costs	5,111

Transferred compensation

The acquisition of Addmaster was settled in cash with TSEK 305,602. During the year-end work, the Parent Company has drawn attention to a detail in the purchase agreement of the subsidiary Addmaster which means that an additional purchase price must be paid to one of the sellers. The clause entails an extra compensation of approximately MSEK 2,4. The amount will be paid to the seller in February 2022. The amount has been classified as a correction of errors and has therefore affected the final acquisition analysis. The acquisition-related costs have been reported among other external expenses. TSEK 2,674 affected year 2020 and TSEK 2,437 affected the result in year 2021. They mainly concern legal fees.

Goodwill

Goodwill of TSEK 367,184 mainly relates to growth expectations, expected future profitability, the significant knowledge and competence of Addmaster's personnel and expected synergy effects on the cost side related to logistics and administration. Goodwill has been allocated to the retail segment and is not expected to be tax deductible. In the other profit of the period, a division has been made of the currency translation on Goodwill per quarter as this has not been reported in previous quarterly reports.

Note 31

FINANCIAL INSTRUMENTS RISK

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in note 14. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's cash flows by minimising the exposure to volatile financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes.

Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

Exposures to exchange rate fluctuations arise from the Group's sales to and purchases from other countries. Sales and purchases are made primarily in USD and GBP and the main part of the fixed costs are in GBP and SEK.

With Addmaster now being a part of the Group, the Group's trading in foreign currency has increased and the currency exposure has been given a different weighting. In accordance with previous assessments, the Group does not use any instruments to hedge the exposures. Financial assets and liabilities in foreign currency that expose the Group to currency risk, are described below. The amounts shown are those reported to the Group Management, converted into SEK at the closing day rate:

The Group	Short-term exposure		
	USD	GBP	Other
2021-12-31			
Financial assets	30,721	4,915	3,331
Financial liabilities	6,202	2,590	4,212
Total exposure	36,923	7,505	7,543
2020-12-31			
Financial assets	35,839	32	2,073
Financial liabilities	7,574	15,840	623
Total exposure	43,413	15,872	2,696

The Parent Company	Short-term exposure		
	USD	GBP	Other
2021-12-31			
Financial assets	28,137	45	1,907
Financial liabilities	5,783	16,550	628
Total exposure	33,920	16,595	2,535
2020-12-31			
Financial assets	36,031	32	2,073
Financial liabilities	7,766	15,840	585
Total exposure	43,797	15,872	2,658

If the SEK had strengthened against the USD by 10 % (2020: 10 %) and GBP by 5 % (2020: 5 %) respectively then this would have had the following impact on the profit for the year:

The Group	Annual profit		
	USD	GBP	Total
2021-12-31	2,625	116	2,741
2020-12-31	2,682	-772	1,910
The Parent Company	USD	GBP	Total
2021-12-31	2,317	-846	1,471
2020-12-31	2,682	-772	1,910

If the SEK had weakened against the USD by 10 % (2020: 10 %) and GBP by 5 % (2020: 5 %) respectively then this would have had the following impact on the profit for the year:

The Group	Annual profit		
	USD	GBP	Total
2021-12-31	2,387	111	2,498
2020-12-31	2,438	-734	1,704
The Parent Company	USD	GBP	Total
2021-12-31	2,106	-806	1,300
2020-12-31	2,438	-734	1,704

The Group's goodwill has British pounds (GBP) as base currency and is thus recalculated each quarter with a subsequent currency effect. As this is not a monetary item, the Board has not seen any possibility of hedging against this currency effect that will affect the Group's comprehensive income.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures. The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions. The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer. Most of the trade receivables consist of 10 distributor which is recurrent.

Security

Some of the customers are located in a region that applies prepayment as tradition and the Group follows current regulations and requests payments before delivery. The Group has no collateral for the trade receivables.

Trade receivables

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2021 respectively as well as the corresponding historical credit

losses during that period. Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Based on the above, the expected credit loss for accounts receivable is perceived to be negligible based on history from the previous year:

The Group	Reported value, gross	
	2021-12-31	2020-12-31
The customer receivables maturity structure		
Not due	28,389	30,795
More than 30 days	2,165	4,388
More than 60 days	2,143	1,846
More than 90 days	3,990	1,008
Total	36,687	38,037

The Parent Company	Reported value, gross	
	2021-12-31	2020-12-31
The customer receivables maturity structure		
Not due	22,638	30,987
More than 30 days	1,678	4,388
More than 60 days	1,741	1,846
More than 90 days	4,104	1,008
Total	30,161	38,229

avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Not 32

CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while

Not 33

APPROPRIATIONS OF EARNINGS

The following profit/loss brought forward are to be decided upon by the Annual General Meeting:

(Tkr)	2021-12-31
Share premium reserve	474,820
Profit/loss brought forward	-32,822
Profit/loss for the year	3,004
	445,002
The Board of Directors propose that total profit/loss brought forward is appropriated as follows:	445,002
	445,002

Not 34

AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2021 (including comparatives) were approved by the Board of Directors on 19 April 2022.

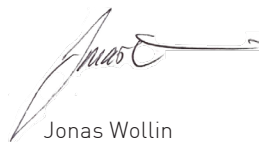
Malmö 19 April 2022



Ulrika Björk
CEO



Martin Kössler
Board member



Jonas Wollin
Chairman of the Board



Johan Thiel
Board member



Paul Morris
Board member

Helsingborg 19 april 2022
Grant Thornton Sweden AB



Per Kjellander
Authorized Public Accountant



Håkan Lagerberg
Board member



Pamela Ravasio
Board member

Auditor's report

To the general meeting of the shareholders of Polygiene AB (publ.) Corporate identity number 556692-4287

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Polygiene AB (publ.) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 29-50 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 2021 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 2021 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

The Board of Directors and the Managing Director are responsible for the preparation of the other information. The other information consists of the Annual report and information from the CEO (but does not include the Annual accounts, consolidated accounts of the Group or our Audit

Report concerning these) and is found on pages 1-28. Our opinion on the Annual accounts and consolidated accounts does not include the other information and we do not have an opinion regarding the adopting of the other information. In addition to our audit of the annual accounts and consolidated accounts it is our responsibility to read the other information specified above and consider any possible significant discrepancy compared to the annual accounts and consolidated accounts. During this review we also consider the overall knowledge that we have gained throughout the audit process and consider any significant misstatement in the other information. If we, based on the work performed regarding the other information, come to the conclusion that the other information does contain a significant misstatement, we have an obligation to report this. We have nothing to report regarding the other information.

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 and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable

assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to

cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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 Polygiene AB (publ.) for the year 2021 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.

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

Helsingborg 19 April 2022
Grant Thornton Sweden AB



Per Kjellander
Authorized Public Accountant

Annual General Meeting and financial calendar

Annual shareholders' meeting

The annual shareholders' meeting of Polygiene will be held on Wednesday May 11, 2022. The Board of Directors has decided that the annual shareholders' meeting will be held only by advance voting (postal vote) in accordance with temporary legislation. This means that the annual shareholders' meeting will be conducted without the physical presence of shareholders, proxies or external parties and that shareholders' exercise of voting rights at the annual shareholders' meeting can only take place by shareholders voting in advance in the order prescribed below. Information on the resolutions passed by the annual shareholders' meeting will be published on Wednesday 11 May 2022, as soon as the outcome of the advance voting is finally compiled.

Right to participate and notification

Shareholders wishing to participate in the annual shareholders' meeting by advance voting must:

- partly be listed in the company's share register kept by Euroclear Sweden AB as of Tuesday 3 May 2022; and
- partly have notified their participation no later than Tuesday 10 May 2022 by casting their advance vote to the company in accordance with the instructions under the heading "Voting in advance" below so that the advance vote is received by the company no later than that day.

Trustee registered shares

Shareholders whose shares are trustee-registered in the name of a bank or other trustee must, to be able to exercise their voting rights at the annual shareholders' meeting by advance voting, request the trustee to register their shares in their own name with Euroclear Sweden AB (so called "voting rights registration"). Such

voting rights registration must be implemented by the trustee no later than as of Thursday 5 May 2022. Accordingly, shareholders must well in advance before this date notify their trustee of their request of such voting rights registration.

Voting in advance

Shareholders may exercise their voting rights at the annual shareholders' meeting only by voting in advance, so called postal voting in accordance with Section 22 of the Act (2022:121) on temporary exceptions to facilitate the execution of shareholders' meetings in companies and other associations. A special form shall be used for advance voting. The form is available on the company's website (ir.polygiene.com). The advance voting form is considered as the notification of attendance to the annual shareholders' meeting. The completed voting form must be submitted to Polygiene no later than on Tuesday 10 May 2022. The completed and signed form shall be sent to Polygiene AB, Att. Emilié Fredriksson, Styrmansgatan 2, SE-211 18 Malmö, Sweden. A completed form may also be submitted electronically and is to be sent to emilie.fredriksson@polygiene.com.

If a shareholder votes in advance through a proxy, a written and dated power of attorney signed by the shareholder must be attached to the form. A proxy form is available on the company's website (ir.polygiene.com). If the shareholder is a legal entity, a registration certificate or equivalent document shall be enclosed to the form. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote is invalid. Further instructions and conditions are included in the advance voting form.

Financial Calendar

• Annual Report 2021	April 20 2022
• Interim Report Q1 2022	April 28 2022
• Annual General Meeting 2022	May 11 2022
• Interim Report Q2 2022	July 28 2022
• Interim Report Q3 2022	October 27 2022
• Year End Report 2022	February 16 2023

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