

Polygiene AB (publ.)

Interim Financial Statements 1 January–30 September 2016



polygiene.com/ir



Polygiene®
STAY FRESH

A person wearing a red jacket, black leggings, and colorful hiking shoes is seen from behind, walking on a forest path. The path is covered with fallen leaves and branches, and there are large, moss-covered rocks in the foreground. The background is a dense forest with sunlight filtering through the trees.

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Financial trends in brief

Key ratios	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Whole year 2015
Net sales, MSEK	14.9	19.0	41.4	36.6	56.3	51.5
Operating profit EBIT, MSEK	-0.4	3.8	-4.0	4.4	-2.8	5.6
Profit after tax, MSEK	-0.4	3.8	-4.0	4.4	0.7	9.2
Operating margin EBIT, %	-2.8	19.7	-9.8	12.1	-5.1	10.9
Operating margin after tax, %	-2.8	19.7	-9.8	12.1	1.3	17.8
Earnings per share, SEK	-0.02	0.23	-0.21	0.27	0.04	0.55
Cash flows, MSEK	2.4	0.9	-1.5	-0.8	20.8	21.5

Net revenues for Q3 increased by 14.6% from Q2, but decreased by 21% (22% adjusted for foreign exchange effects) from the equivalent quarter of the previous year. The decrease in revenue from the equivalent period of the previous year is mainly explained by how Q3 of the previous year included shifts due to seasonal variations, resulting in an exceptionally strong quarter.

Q4 is normally strongest in revenue terms. In step with continued growth, and penetration of new segments, our seasonal variations will be eliminated, although some shifts between individual quarters may still take place. In addition,

a certain sluggishness in sales for the retail sector in the USA is reported. Several store chains have held substantial stocks, reducing orders for new products. For the first nine months of the year, net revenues increased by 13% in SEK (13% excluding exchange rate effects).

Q3 profits were impacted by planned increased marketing activities and hiring, plus expenses related to the share listing on Nasdaq First North. Q3 investment in PR and marketing activities increased by MSEK 1.3 over the same period of the previous year. These investments increased by MSEK 5.6 for the first nine months of the year.

Significant events during the period (July–September)

Evezary – South Korea’s largest home textile company in an alliance with Polygiene

Polygiene has signed a new partnership agreement with Evezary, South Korea’s largest manufacturer of bed linen and home textiles, with its own stores and distribution. The alliance with Evezary Co., Ltd. gives Polygiene a strong footing in the home textile segment in South Korea. “Polygiene’s Odor Control Technology” was first introduced in the products from Around Home, which is one of Evezary’s brands with global sales both online and in stores.

Polygiene in new cooperation with South Korean Fogni for odorless filling materials in home textiles and furniture

Polygiene has established a strategic partnership with Fogni, South Korea’s leading manufacturer of functional and ecofriendly fiber filling materials used in home textiles and furniture, as well bed linen for the home, healthcare sector and the hotel industry.

The partnership combines Polygiene’s expertise within odor control technology with Fogni’s market-leading manu-

facturing process for safe, anti-bacterial and odorless fiber filling materials for a wide range of manufacturers of home textiles, bed linen and furniture, meeting the increasing demand from South Korean consumers.

Polygiene’s odor control technology with anti-bacterial functionality was introduced in September 2016 in filling materials for beds and sofas delivered by Fogni to well-known Korean brands, such as Heali Plus, Halo World, Jakomo, Doldam and Milk Naumu.

Dcore goes all-in for Polygiene’s odor control

After a three-year test period, the Swedish fitness clothing brand Dcore is focusing fully on Polygiene’s odor control method, while also expanding their range.

The focus on odor control means that around 90% of the fitness clothing produced and sold by Dcore is treated using Polygiene’s odor control method. Dcore is best known for gym and fitness clothing which is sold online. Dcore is now widening its product range and the clothing will also be sold via physical stores, as a supplement to online sales.

Share options

In 2014, Polygiene issued 6,000 warrants to staff and members of the board, which after conversion based on the share split implemented in the fall of 2015, entitled holders to subscription for 1,200,000 shares in total at a purchase price of SEK 3 per share. As of 19 July 2016, all the warrants in this program had been exercised to subscribe for shares. After registration of the new shares, the total number of outstanding shares in Polygiene AB increased from 19,316,000 to 20,516,000 and the share capital increased from SEK 1,931,600 to 2,051,600.

Significant events after the end of the period

Haymo Strubel new Director of Commercial Operations for Europe at Polygiene

Polygiene AB has appointed Haymo Strubel as Director of Commercial Operations for Europe. Haymo is heading Polygiene's commercial activities in Europe from our offices in Munich.

Haymo comes from a senior management role in Sympatex Technologies GmbH's division for functional clothing, where he was responsible for brand development and headed the international commercial activities within functional textiles for the fashion, sports and outdoor industry. Before this, he was key account manager at YKK Group, the world's largest manufacturer of high-tech zippers, where he focused on building and developing the European customer base.

New Technical Director appointed for Polygiene

Polygiene has appointed Paul Middleton as Technical Director for textile applications. Paul will be responsible for working closely with the company's brand partners to ensure proper application of Polygiene Odor Control Technology to partner fabrics and thereby increase the consumers' perceived value of partner garments and gear.

Prior to joining Polygiene, Paul worked as development manager for Courtaulds, the UK's largest hosiery manufacturer and retailer. For more than a decade, he was involved in developing new yarns, garment structures, processing routing, special well-being effects on products – such as antibacterial odor control – and new finishing techniques. Before that, Paul worked as a dye house manager and technical manager in the textile finishing industry.

Comments from the CEO

Strong quarter with new partners within Home Textiles

We can see continued strong development in the market, with a strong Q3 in both financial and market terms. Net revenue amounted to MSEK 14.9, having increased by 14.6% from Q2 2016. This is 21% lower from the same quarter of the previous year (excluding foreign exchange effects the decrease is by 22%), but the periods are not fully comparable. We also achieved strong penetration of several important customers in the South Korean Home Textile segment.

We are continuing to increase our investment in marketing and staffing within the organization, according to plan. In combination with expenses related to our share's listing on Nasdaq First North last winter, this entails that we achieved a minor negative result for Q3. We see these investments as critical success factors in the process of building our brand through the sales chain to consumers and tuning our organization for sustained growth, in both competence and resource terms. This strategy will provide for continued strong growth, going forward.

We are increasing our local PR and marketing activities in our largest markets in the US, Europe and Asia. These activities are conducted both in collaboration with our brand partners directly towards stores, consumers, and opinion leaders, such as writers and journalists; and towards the industry at fairs and exhibitions around the globe. We can clearly see the importance and results of these local activities and will continue to expand in this area.

As an element of our offensive strategy we are pleased and proud that we have been able to recruit Haymo Strubel as new Director of Commercial Operations for Europe. Haymo will be based in Germany, from where he will lead our commercial activities in Europe. Haymo comes from a senior management role in the well-known Sympatex Technologies GmbH's division for functional clothing, where he was responsible for brand development and headed the international commercial activities within functional textiles for the fashion, sports and outdoor industry.

With his over ten years' experience from sales, marketing and relationship building within our industry, we are convinced that Haymo will further drive the sales work and strengthen our brand building in the region, going forward.

We saw continued strong demand in Q3 from current customers as well as new brand partners. We initiated



several exciting partnerships with new brand partners, while we have worked on many potential new partners. We see significant interest from many markets in Polygiene and our odor-control functionality. Segment details are presented below.

Sports & Outdoor

In this segment, which is our largest, we see continued strong demand from current and new brand partners. After a three-year test period, the Swedish fitness clothing brand Dcore has chosen to focus fully on Polygiene's odor control, while also expanding their range. This means that Dcore treats around 90% of its fitness clothing with Polygiene. Dcore is best known for gym and fitness clothing that is sold online. Dcore is now widening its product range and the clothing will also be sold via physical stores, as a supplement to online sales.

Lifestyle

Lifestyle is a very important segment for Polygiene and we see strong interest from our current and potential new brand partners who want to introduce our functionality in their garments. The trend and interest in Athleisure, the overlap between Athletic and Leisure, is continuing. Among other things, several customers have commenced "field testing" of the Polygiene functionality in parts of the range.

We have continued our investments in this segment by attending fairs and customer activities for which market research findings are reported. This gives both us and our customers an increased understanding of consumers' drivers and requirements, while we make Polygiene and our functionality better known within the industry.

Our objective is to take clear leadership in the Lifestyle segment, as we have done in Sport & Outdoor. Lifestyle as a segment differs from Sport & Outdoor in terms of its size, fewer, but larger, operators, and longer lead times. We have started up many interesting projects with brand partners and manufacturers, and hope to see positive results from these as early as this winter.

Footwear

Polygiene has great expectations of the shoes and soles segment. There is an enormous market, and the benefits to consumers are easy to see and understand.

Earlier this year, we took the first step into this segment with the cooperation with Converse in Japan, which introduced a new shoe collection with the Polygiene function. We can now see how several brands are expanding and developing their range. Some well-known global brands have well-advanced "field tests" of Polygiene-treated products. Several brands see opportunities to join forces with Polygiene in differentiating their products from those of competitors. SOLE, for example, now uses Polygiene treatment on all of their innersoles, and is running a social media campaign for its products, in collaboration with Polygiene.

We are convinced that this will be a very interesting future segment for Polygiene, but we have full respect for the necessary lead times in development and testing, which demand patience. Our capability to treat all cloth, foam, and plastic parts of shoes gives us a clear technical advantage over our competitors, and we can deliver a "consistent marketing story" that covers the consumer's entire wardrobe – from clothing, to shoes and equipment.

Home Textiles

This segment is more stable and less dependent on the seasons. We can see good growth opportunities in such markets as Japan, China and South Korea.

During the quarter, Polygiene signed a partnership agreement with Evezary, South Korea's largest manufacturer of bed linen and home textiles, with its own stores and distribution. The alliance with Evezary Co., Ltd. gives Polygiene a strong footing in the home textile segment in South Korea. "Polygiene's Odor Control Technology" was first introduced in the products from Around Home, which is one of Evezary's brands with global sales both online and in stores.

Polygiene has established a new strategic partnership with Fogni, South Korea's leading manufacturer of functional and ecofriendly fiber filling materials used in home textiles and furniture, as well bed linen for the home, healthcare sector and the hotel industry. This partnership combines Polygiene's expertise within odor control technology with Fogni's market-leading process for manufacturing safe, anti-bacterial and odor-free fiber filling materials. This gives many manufacturers of home textiles, bed linen and furniture the opportunity to meet the increased demand from South Korean consumers.

Polygiene's odor control technology with anti-bacterial functionality was introduced immediately in filling materials for beds and sofas delivered by Fogni to well-known Korean brands such as Heali Plus, Halo World, Jakomo, Doldam and Milk Naumu.

Protective & Other

This segment continues to show stable operation with our existing partners. Our largest customer continues to grow with us, and they are opening up new markets in South America and Asia. This customer is the market leader in hygienic flooring, primarily for the food industry.

We will continue to expand our collaboration with both new and current brand partners in additional product areas and markets. In step with this, we will add resources and competences to our organization, so that we can take advantage of both the short- and long-term growth opportunities we can see.

Christian von Uthmann, CEO

Operations

Why clothing stinks and what you can do about it

“Stinky polyester” is a well-known phenomenon that occurs when bacteria grow on textiles. There are a few fundamentally different approaches to avoiding the problem:

- Wash clothing more frequently – but even after laundering, clothing can still smell bad, which does not solve the problem entirely.
- Reduce the conditions for bacterial growth by choosing a material that does not promote the growth of bacteria, like wool.
- Treat the material with a solution like Polygiene that reduces bacterial growth in a skin-friendly and environmentally friendly way.
- Encapsulate the odor that arises.

Polygiene works with the best solutions for any given application and user segment. Capable of being applied to thread as well as fabric, the Company’s solutions are so effective that the application of only a small amount of solution is sufficient to provide lasting odor control that remains effective throughout the garment’s lifetime.

The Company’s solutions are largely based on naturally occurring silver salt made from recycled silver. The silver salts efficiently inhibit bacterial growth, thereby reducing odor and the need to frequently wash treated garments.

Polygiene’s textiles and applications expertise

Polygiene has developed and offers products and treatment methods, with the minimal application of Polygiene’s products, that ensure permanent odor control from the first use and throughout the product’s lifetime.

One of Polygiene’s strengths is the Company’s unique textile and applications expertise, which means that we can offer the best solution for each manufacturing process and area of use.

How does Polygiene stack up against competitors?

Today, Polygiene is the market leader in the odor control segment, with regard to technology leadership as well as brand recognition. The Company has taken on the task of establishing and developing the odor control/Polygiene Stay Fresh® category for textiles in many segments. Polygiene is the global category leader within the Sport & Outdoor segment and has taken advantage of this position to expand its category leadership to other segments.

The Company has demonstrated it can deliver a safe, comprehensive solution to the apparel and premium brands that contain Polygiene, something that no competitor has yet been able to duplicate. However, there are other chemical suppliers who, purely on a technical level, can deliver viable preparations, but so far, no competitor has succeeded in building a comprehensive concept. The Polygiene concept is based on careful testing throughout the entire value chain along with quality assurance of all our many applications. In the odor control segment, Polygiene is considered by its partners – both upstream and downstream – the market leader in both its odor control technology and its co-branding appeal.

In addition, Polygiene is safe to use next to the skin. Treated garments do not cause any skin irritation and do not interfere with the skin’s natural bacteria. The Company’s consistent and. No competitor in the industry has succeeded in building

2/3 2/3 OF THE ENVIRONMENTAL IMPACT OF APPAREL OCCURS DURING CONSUMER USE



Source: Study conducted in 2006 by Cambridge University, titles “Well dressed?”

a co-brand in the odor control category like Polygiene has. The Company's consistent and systematic approach in offering its customers value-added co-branding is also unique. Significant resources are invested in training customer employees and in marketing in order to continually increase the value of the Polygiene brand and the value of partner brands that use Polygiene in their products. Through co-branding, Polygiene helps both its partners' brands and its partners' retailers with marketing and with communicating a clear customer benefit to consumers.

Polygiene provides its partner brands with peace of mind and added value.

Market potential

Synthetic materials – especially polyester – represent a growing share of global textile production. Polyester is used to manufacture sportswear, lifestyle and functional clothing, shoes, accessories, protective gear and home textiles.*

Textile materials based on polyester fibers have many advantages in terms of good, flexible characteristics as well as cost and resource efficiency. Polyester and other synthetic fibers can also be recycled, which holds true even if they are treated with Polygiene. However, a well-known disadvantage of polyester-based fabrics is that they provide an excellent breeding ground for odor-causing bacteria. "Stinky polyester" is well-known phenomenon, and Polygiene offers an effective, environmentally friendly solution that keeps clothing, shoes, protective gear such as helmets and knee pads, and other garments and articles odor free.

Polygiene now operates globally in the premium brand segment, and sales for 2015 total just over MSEK 50 across four segments, with the Sport & Outdoor segment our largest:

- *Sport & Outdoor* (sportswear, protective gear, outdoor, hunting, fishing and more): approximately MSEK 30.
- *Life style* (shirts, blouses, trousers, suits, undergarments, socks, shoes and more): approximately MSEK 5.

- *Home textiles* (towels, bedsheets, pillowcases, mattresses, pillows and more): approximately MSEK 10.
- *Other* (paint, flooring, sanitary equipment and more): approximately MSEK 5.

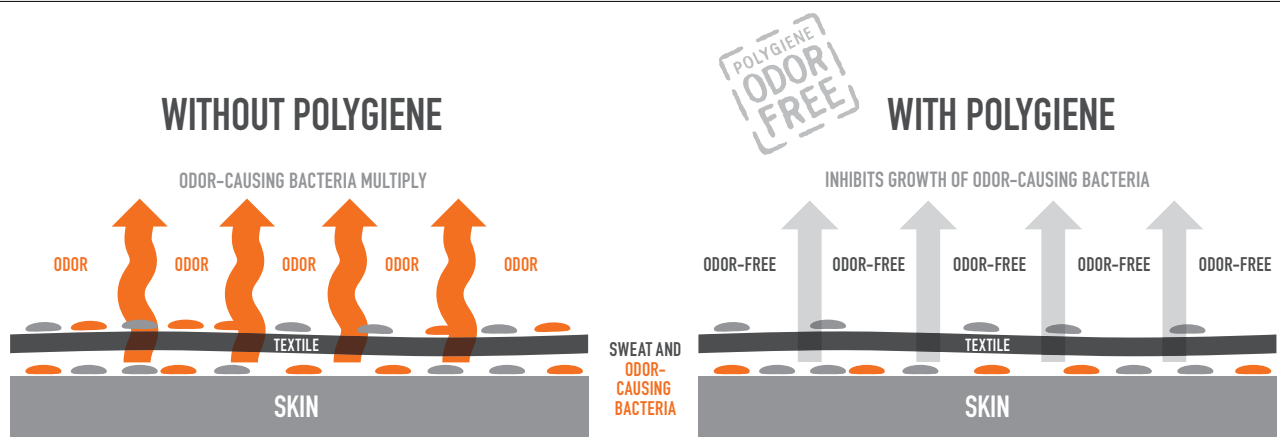
In 2015, over 15 million meters of fabric were treated with Polygiene products. This represents less than five percent of the long-term global sales potential of the company, according to Polygiene's own assessment of the relevant market potential.

Primary growth engines during the next 3–5 years

- Increase penetration rate with current partners. Extend to more product lines. We see strong growth opportunities with our existing customers.
- Continue growth in the Sport & Outdoor segment. Establish partnerships with new brands/customers in the U.S. and Asia.
- Expand into the Lifestyle segment (including men's and women's suits, shirts, blouses, trousers, socks, undergarments and shoes) and establish a leading market position.
- Expanding reach in the Home Textiles segment, especially in Asia, and establish market leadership.
- Promote overall growth in Asia (including South Korea, Japan and China) in all segments.

A notable trend that can be discerned is the convergence of various market segments, for instance Sport and Lifestyle, where fitness and fashion are merging. This development is advantageous to Polygiene.

* <http://www.textileworld.com/textile-world/fiber-world/2015/02/man-made-fibers-continue-to-grow/>



Partners



A sample of partners. For a complete list of partners, see website www.polygiene.com

Financial trends

Net revenues and profit

Net revenue

The company's net revenue for Q3 totaled MSEK 14.9 (19.0), corresponding to an increase of 14.6% compared to the preceding quarter of 2016. Revenue nonetheless declined by 21% (22% adjusted for foreign exchange effects) compared to the same quarter of the previous year. The primary reason for the decrease was that Q3 2015 showed certain shifts due to seasonal variations, giving an extraordinarily strong quarter in 2015. Q4 is normally the strongest in revenue terms. In step with the expected continued growth, and penetration of new market segments, the seasonal variations will be eliminated, although some shifts between individual quarters may still take place. In addition, a certain sluggishness in sales for the retail sector in the USA is reported. Several store chains have held large stocks, reducing orders for new products.

Net revenue for the first nine months of the year increased by 13% to MSEK 41.4 (36.6). Excluding exchange rate effects, growth for the first nine months of the year was 13%. This growth came in all geographical markets and mainly from existing customers.

Costs

Expenses for Q3 totaled MSEK -15.6 (-15.5), which included the cost of goods purchased at MSEK -6.1 (-8.8), other external expenses of MSEK -6.8 (-4.7), staff costs of MSEK -2.3 (-1.5), and other operating expenses of MSEK -0.4 (-0.5). Expenses for the first nine months totaled MSEK 48.2 (33.1), which included the cost of goods purchased of MSEK -17.3 (-15.6), other external expenses of MSEK -20.8 (-11.1), staff costs of MSEK -6.9 (-5.2), and other operating expenses of MSEK -3.2 (-1.2).

The increase in the cost of goods purchased for the quarter and for the first nine months of the year is entirely related to the increased net revenue. The increase in other external expenses largely consists of expenses for increased investment in PR and marketing activities. Additionally, there are new regular expenses related to the share listing on Nasdaq First North. In Q1, non-recurring expenses totaling MSEK 0.9 were also charged for the share listing. The increase in staff costs is due to employing additional staff in Q1. Other operating expenses consist largely of negative exchange rate differences.

Profit

Operating profit EBIT totaled MSEK -0.4 (3.8), and profit after tax was MSEK -0.4 (3.8). Operating profit EBIT for the first nine months totaled MSEK -4.0 (4.4), and profit after tax was MSEK -4.0 (4.4). Profit for the first nine months was impacted by non-recurring expenses totaling MSEK -0.9 related to our listing on Nasdaq First North.

Financial position

Financial non-current assets

Financial non-current assets at the period end were MSEK 5.3 (1.8) and relate to deferred tax assets concerning tax loss carry forwards arising in previous years. The total tax loss carry forwards at the period end were MSEK 24.1.

Equity

Cash and cash equivalents totaled MSEK 40.4 (13.8) at the period end. The equity/assets ratio as of 30 September 2016 was 78.0 (54.8)%.

By exercising 1,200,000 warrants to subscribe for as many shares, the share capital was increased by MSEK 0.12, and equity increased by MSEK 3.6 during the quarter.

Cash flow and liquidity

Cash flow from operating activities amounted to MSEK -1.2 (0.9) for Q3. Cash flow from operating activities for the first nine months of the year was MSEK -5.1 (-0.8). The negative cash flow from operating activities is due to the negative result for the period and an increase in trade receivables as a result of the increase in sales.

Cash and cash equivalents totaled MSEK 26.1 (5.3) at the end of the quarter. Via the option program exercised, cash and cash equivalents of MSEK 3.6 were contributed during the quarter.

Staff

The company's operating organization at the end of the quarter included 14 staff members, of whom 10 are employed and 4 are contracted consultants.

Income Statement

Income Statement in brief, TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Rolling 12 months	Whole year 2015
Operating revenues						
Net revenue	14,930	19,011	41,371	36,550	56,332	51,511
Other operating income	284	205	2,772	964	3,295	1,487
	15,214	19,215	44,143	37,514	59,627	52,998
Operating expenses						
Merchandise	-6,130	-8,849	-17,320	-15,579	-23,722	-21,981
Other external services	-6,835	-4,670	-20,793	-11,144	-25,407	-15,758
Staff expenses	-2,289	-1,493	-6,902	-5,164	-9,365	-7,627
Other operating expenses	-379	-452	-3,170	-1,221	-3,982	-2,033
	-15,633	-15,464	-48,185	-33,108	-62,476	-47,399
Operating profit/loss	-419	3,751	-4,042	4,406	-2,849	5,599
Financial income and expenses						
Interest income	0	0	0	1	41	42
Interest costs	-1	0	-2	0	-2	0
	-1	0	-2	1	39	42
Profit/loss before tax	-420	3,751	-4,044	4,407	-2,810	5,641
Tax	0	0	0	0	3,530	3,530
Profit/loss after tax	-420	3,751	-4,044	4,407	720	9,171
Profit after tax per share, SEK	-0.02	0.23	-0.21	0.27	0.04	0.55
Profit after tax per share after dilution, SEK	-0.02	0.21	-0.21	0.25	0.04	0.52

Statement of Financial Position

Statement of Financial Position in brief, TSEK	2016-09-30	2015-09-30	2015-12-31
Assets			
Non-current assets			
Intangible non-current assets	0	0	0
Property, plant and equipment	0	0	0
Financial assets	5,304	1,774	5,304
Total non-current assets	5,304	1,774	5,304
Current assets			
Inventories	222	143	225
Trade and other receivables	18,707	15,511	13,968
Other current assets	1,548	2,376	3,426
Cash and cash equivalents	26,061	5,300	27,545
Total non-current assets	46,538	23,330	45,164
TOTAL ASSETS	51,842	25,104	50,468
TOTAL EQUITY AND LIABILITIES			
Equity	40,413	13,758	40,843
Liabilities			
Trade and other payables	6,632	6,351	5,242
Other current liabilities	4,797	4,996	4,383
Total liabilities	11,429	11,346	9,625
TOTAL EQUITY AND LIABILITIES	51,842	25,104	50,468

Statement of Changes in Equity

Statement of Changes in Equity, TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Whole year 2015
Equity at period start	37,233	10,007	40,843	9,351	9,351
New share issues and warrants	3,600	0	3,614	0	22,500
Issue expenses	0	0	0	0	-179
Earnings for the period	-420	3,751	-4,044	4,407	9,171
Equity at period end	40,413	13,758	40,413	13,758	40,843

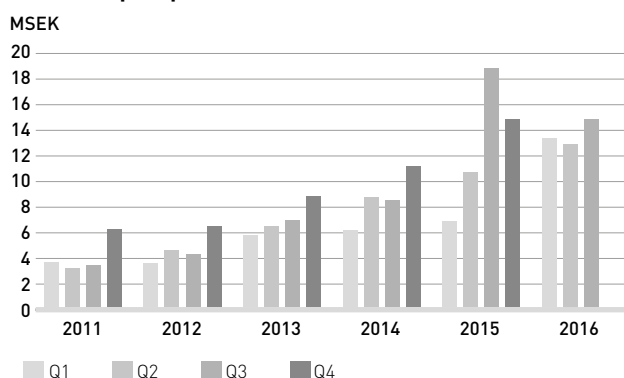
Statement of Cash Flows

Statement of Cash Flows, TSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Whole year 2015
Cash flow from operating activities before changes in working capital	-420	3,751	-4,044	4,407	5,641
Changes in working capital	-751	-2,827	-1,055	-5,180	-6,490
Cash flows from operating activities	-1,171	924	-5,099	-773	-849
Cash flows from investing activities	0	0	0	0	0
Cash flows from financial activities	3,600	0	3,614	0	22,321
Cash flows for the period	2,429	924	-1,485	-773	21,472
Cash and cash equivalents opening balance	23,631	4,376	27,545	6,073	6,073
Cash and cash equivalents at period end	26,060	5,300	26,060	5,300	27,545

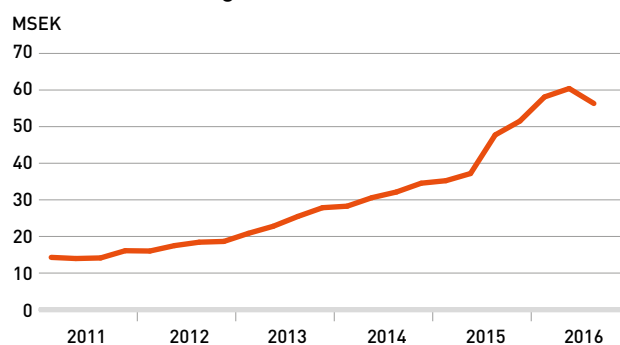
Financial trends in brief

Multi-year overview	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Whole year 2015	Whole year 2014
Net sales, TSEK	14,930	19,011	41,371	36,550	51,511	34,957
Sales growth, %	21.5	124.6	13.2	56.5	47.4	25.7
Operating profit EBIT, TSEK	-419	3,751	-4,042	4,406	5,599	3,675
Profit after tax, TSEK	-420	3,751	-4,044	4,407	9,171	5,443
Operating margin EBIT, %	-2.8	19.7	-9.8	12.1	10.9	10.5
Operating margin after tax, %	-2.8	19.7	-9.8	12.1	17.8	15.6
Cash flows TSEK	2,429	924	-1,485	-773	21,472	2,155
Equity, TSEK	40,413	13,758	40,413	13,758	40,843	9,351
Debt/equity ratio, %	78.0	54.8	78.0	54.8	80.9	57.8
Total shares at period-end, thousands	20,516	16,316	20,516	16,316	19,316	16,316
Average no. of shares at period-end, thousands	18,916	16,316	18,916	16,316	16,566	16,316
Earnings per share, SEK	-0.02	0.23	-0.21	0.27	0.55	0.33
Cash flow per share, SEK	0.13	0.06	-0.08	-0.05	1.30	0.13
Equity per share, SEK	1.97	0.84	1.97	0.84	2.11	0.57
Share price at period end, SEK	17.40	-	17.40	-	-	-

Net sales per quarter



Net sales for rolling 12 months



Share capital, the share and ownership structure

Share capital

Equity in Polygiene totals SEK 2,051,600 allocated to 20,516,000 outstanding shares. The company has a single class of share and each share carries an equal right to dividend. Par value for each share is SEK 0.10.

In 2014, Polygiene issued 1,200,000 warrants to staff and members of the board and the board chair, which entitle holders to subscribe for an equal number of shares. These warrants could be exercised during the period from 1 May to 1 August 2016 and had an exercise price of SEK 3.00 per share. All of the warrants were exercised during Q3, which increased the share capital by SEK 120,000 and the number of shares by 1,200,000.

In 2015, Polygiene issued 250,000 warrants to staff and members of the board and the board chair, which entitle holders to subscribe for an equal number of shares. These warrants may be exercised during the period from 1 to 31 December 2018 and have an exercise price of SEK 15.00 per share.

For more information regarding changes to equity, see the company's 2015 Annual Report.

The share

The Polygiene AB (publ.) share was listed on the Nasdaq First North Stockholm Exchange on March 14, 2016.

Total turnover for the Polygiene share in Q3 was 2,818,771 shares, corresponding to an average of 42,709 shares per trading day. The share price at period end was SEK 17.40, corresponding to a market capitalization of MSEK 357. Highest and lowest prices for the period were SEK 17.80 and 12.90, respectively.

Ownership structure

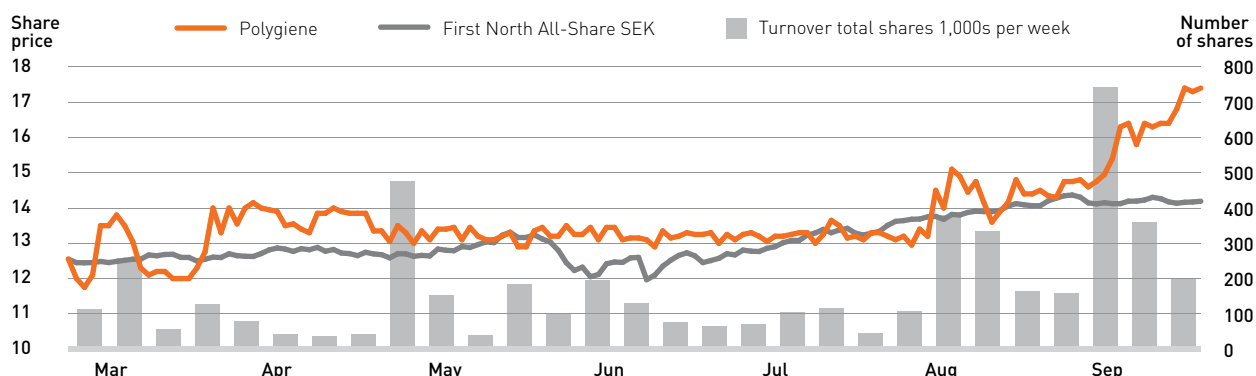
The company had a total of 757 shareholders at the period end. The table below lists the 10 largest shareholders as of 30 September 2016.

Shareholders	Shares	Per cent
JP Morgan Bank Luxembourg	2,910,061	14.2%
Richard Tooby*	2,065,800	10.1%
Nomura Securities Co Ltd Japan	1,500,000	7.3%
Erik A i Malmö AB	1,348,800	6.6%
Clearstream Banking S.A. Luxembourg	979,623	4.8%
Christian von Uthmann*	871,978	4.3%
Jonas Wollin*	813,500	4.0%
Lennart Holm*	800,220	3.9%
Mats Georgson*	707,000	3.4%
Roosgruppen AB	691,741	3.4%
Other	7,827,277	38.2%
Total	20,516,000	100.0%

* Refers to personal holdings and those of associated natural persons and legal entities.

Source: Data from Euroclear and data known to the company.

Polygiene 2016-03-14–2016-09-30



Source: IXX Frankfurt



Accounting policies

This annual report was prepared according to the Swedish Annual Accounts Act and Swedish Accounting Standards Board General Recommendations BFNAR 2012:1 Annual reporting and consolidated financial statements (K3). The accounting policies used in preparing these financial statements match the accounting policies used in preparing the 2015 annual accounts and financial statements.

Amounts are expressed in TSEK (thousands Swedish Krona) unless otherwise stated. Figures in parenthesis refer to corresponding amounts for the previous year.

This report has not been audited by the company Auditors.

Risks and uncertainties

Company operations are affected by several factors which involve risks to the company's operations and profit. For more information, please refer to the company 2015 annual report.

Definitions

Operating profit EBIT: Profit before interest and tax.

Operating margin EBIT: Profit for the period before interest and tax as per cent of net revenues for the period.

Operating margin after tax: Profit for the period after tax as per cent of net revenues for the period.

Earnings per share: Profit for the period after tax divided by a weighted average total shares outstanding.

Equity/assets ratio: Equity in relation to balance sheet total.

Equity per share: Equity per share divided by the total number of shares outstanding at period end.

Cash flows per share: Cash flows for the period divided by the average total shares outstanding.



Financial Calendar

Year-end report for 2016

28 February 2017

Contact information, Addresses

Questions related to the report:

Christian von Uthmann, CEO

Tel: +46 (0) 70 319 77 21

E-mail: cvu@polygiene.com

Jan Bertilsson, CFO

Tel: +46 (0) 72 558 26 69

E-mail: jb@polygiene.com

Polygiene AB, Stadiongatan 65, SE-217 62 Malmö

Tel: +46 (0) 40 26 22 22

This information is information that Polygiene AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CET on 10 November, 2016.

About Polygiene

Polygiene is the world-leading provider of odor control technology and Stay Fresh solutions for clothing, sports equipment, lifestyle textiles and other materials to help people stay fresh and confident. Polygiene brings the Scandinavian values of quality and care for the environment to life through its products and services. More than 100 global premium brands have chosen to use Polygiene Odor Control Technology in their products. Polygiene was established in 2006 and is listed on Nasdaq First North in Stockholm, Sweden. Remium Nordic AB acts as its Certified Adviser.



Polygiene®
STAY FRESH