

# INTERIM REPORT Q2 2021



POLYGIENE  
**GROUP**™



# Content

Q2 in brief. . . . .	3
Significant events in brief. . . . .	4
Message from the CEO . . . . .	5
Polygiene in brief. . . . .	7
Financial trends. . . . .	8
Statements of profit or loss, Group . . . . .	9
Statements of financial position, Group. . . . .	10
Consolidated statements of change in equity, Group	11
Cash flow statements, Group . . . . .	12
Multi-year overview, Group. . . . .	13
Statements of profit or loss, Parent Company. . . . .	14
Statements of financial position, Parent Company. . .	15
Consolidated statements of change in equity, Parent Company	16
Cash flow statements, Parent Company. . . . .	17
Multi-year overview, Parent Company. . . . .	18
Additional information and notes. . . . .	19
Share capital, the share and ownerships structure	21
Risk and uncertainties. . . . .	22
Financial calendar . . . . .	22

*»Polygiene Groups technologies do not just offer a function, but also an added value and a brand promise that textiles and surfaces will stay fresh, protected, and last longer«*

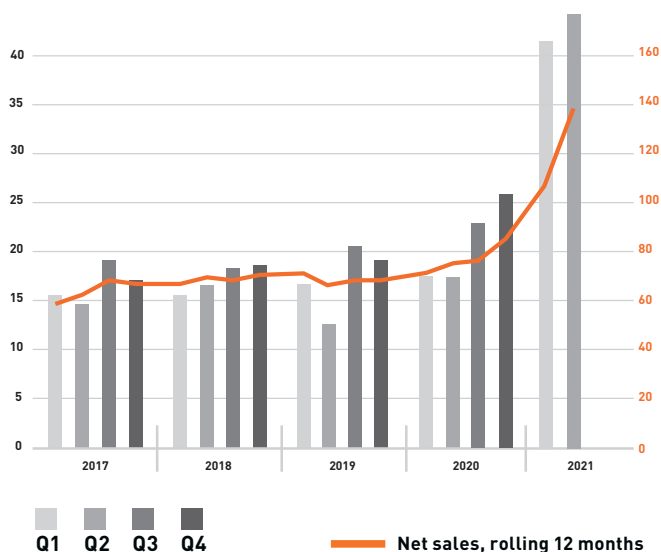
# Q2 in brief



## KEY RATIOS

Group	Apr-June 2021	Apr-June 2020	YTD 2021	Full year 2020	Full year 2019	Full year 2018
Net sales, MSEK	46.9	17.3	88.8	83.9	68.8	69.0
Operating profit EBIT, MSEK	10.0	-1.1	20.3	-1.1	-6.6	-2.8
Operating margin EBIT, %	21.3	-6.3	22.9	-1.2	-9.2	-3.9
Profit after tax, MSEK	8.3	-0.8	16.3	-1.7	-5.2	0.7
Operating margin after tax, SEK	17.6	-4.8	18.9	-2.0	-7.2	0.9
Earnings per share, SEK	0.23	-0.04	0.48	0.07	-0.25	0.03
Cash flow, MSEK	5.2	0	36.3	-0.5	1.2	-7.2

## NET SALES, MSEK



## APRIL - JUNE

- Net sales amounted to MSEK 46.9 during the second quarter and had a positive growth by 171 % compared to the same period last year
- The operating profit/loss EBIT amounted to MSEK 10.0 (-1.1)
- The gross margin amounted to 61.8 (70.3) %
- The cash flow is improved compared to the same quarter last year, MSEK 5.2 (0.0)



# Significant events in brief

## EVENTS DURING SECOND QUARTER APRIL - JUNE 2021

- Nine West and Polygiene Lounge Wear apparel sold out in successful Korean Hyundai Home Shopping campaign
- Brazilian brand KVARA to become the first company in the world to offer jiu-jitsu gis treated with Polygiene Stays Fresh® technology. The gi kimonos can now be used more than once, adding value to users and reducing the impact on the environment
- Arjowiggins, global manufacturer of famous brand names in paper products launched an antimicrobial surface treatment with Biomaster technology, which can be used in numerous applications, including packaging, medical prescriptions, restaurant menus, or cheques
- Polygiene® announces the appointment of 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
- 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, the Swedish fashion tech brand available in over 70 countries now introduces its newest model of earphones with Biomaster antimicrobial technology. Happy Plugs adds a new product to its range of Biomaster protected headphones – play headphones for the younger audience of ages 3 to 15 with a maximum enjoyment at safe volume levels for their ears
- 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
- Sport & Outdoor brand USWE is starting up a partnership with Polygiene to provide running vests that defeat odor and last longer. USWE specializes in bounce-free backpacks and hydration packs

## SIGNIFICANT EVENTS AFTER Q2

- Polygiene is introducing Tellus webinar series promoting changed views on products – from fast consumable to durables. The first webinar 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 activewear in the Chinese market



Several products from Mizuno China, including sweaters, jogging bottoms and down jackets, will feature the Polygiene Biostatic™ Stays Fresh technology. The partnership that is being launched in July, will see a number of items from Mizuno China for fall/winter 2021/22 treated with the technology

## Message from the CEO

# Another strong quarter with profitable growth paves the way

**Net sales for the quarter amounted to MSEK 46.9 (17.3), an increase of 171.1 % compared to the previous year. Organic growth, amounted to 47.3 % (adjusted for currency fluctuations, 65 %). During the period, a gross margin reported was 61.8 % (70.3). Operating profit before tax was MSEK 10.0 (-1.1), providing an operating margin of 21.3 %. Cash flow, MSEK 5.2 (0.0), was positive.**

The Polygiene Group reports strong growth in 2021 for the second consecutive quarter – 171.1 % compared to the same period last year. Organic growth, adjusted for currency fluctuations, was also strong at 65 %. This primarily is a result of the activation of the new agreements entered into during 2020, but also points to the slow recovery of existing customer operations. Despite the polymer shortage affecting the business in the short term, Addmaster continues to deliver stellar results, with growth at 77.5 % (excluding internal sales). The current global logistics situation continues to have a major impact on operations, with delays and rising shipping costs affecting gross margin. The transport industry is likely to experience continued challenges this year before operations normalize in the future. Despite a slightly weakened gross margin and non-recurring expenses of MSEK 1 for work related to the new branding platform, the Group has been able to deliver a solid operating profit of MSEK 10, providing an EBIT margin of 21.3 %. This demonstrates the scalability of our business. Without considering the above logistic challenges and non-recurring expenses, the EBIT margin would have been 26.7 %, compared to 24.8 % in the previous quarter. As the turnover continues to increase, we will make the leverage effect visible in our business model.

This quarter, we have focused on developing a future brand platform, leveraging the clear synergies between the Polygiene and Addmaster. We now share a common vision for the Polygiene Group, where the two brands – Biomaster and Polygiene – work together, creating marketing synergy. By linking company operations, we can utilize Group resources in a more efficient way and create central and local functions that work for both brands. I am pleased with the extensive work we have accomplished around branding so far and expect the way forward to be presented in the autumn. Progress has been intentionally slow and deliberate to ensure as little disruption as possible to our ongoing business and to anchor any changes resulting from the branding project internally, with our partners and customers as well as in the market.

The second quarter also saw the launch of Polygiene Telus, a webinar series intended to inspire a more conscious lifestyle and educate stakeholders in our area. The purpose is to create and deepen relationships with new and

existing customers during the pandemic when in-person meetings were either difficult or non-existent. In July, the premiere webinar debuted in the U.S. to much acclaim; similar webinars will be rolled out in other regions in the future. Our ambition is hold three to four webinars a year.

## Polygiene

The Polygiene brand has, in many respects, had a very positive quarter. Most satisfying are the repeat orders from new customers signed in 2020. These include new customers with strong brands, such as Diesel, Dr. Scholl's and Samsonite, but also new volume customers with recurring orders. Repeat orders signal customer satisfaction with the value our technology brings to their products. It also is an affirmation that our customers firmly believe that Polygiene is the right partner to work with. Recovery is also underway among existing customers who order Stays Fresh technology, which was most affected by the pandemic last year. Although the business has not yet completely rebounded, we see many key customers making sound progress, which is gratifying.

Several new partners signed agreements this quarter, matching the number of new agreements signed during the same period last year. Normally, a sales cycle requires between 6 and 18 months from agreement to order;

*»In the coming years, the goal is to continue to deliver strong profitable growth«*



due to the global pandemic we are seeing delays in new product launches, which have been postponed due to temporary factory shutdowns. Regions such as India, Japan and Korea have experienced challenges with standstills or decreased production capacity. This affects both other customers with production in these countries as well as all operations in the local market. This is a temporary situation that, hopefully, will soon be resolved.

### **Biomaster**

Addmaster, with the Biomaster brand at its forefront, experienced an impressive organic growth rate of 77.5 % this quarter due to new product launches by new and interesting customers. Biomaster is constantly breaking ground in new product areas, and press releases spreading the news help generate new business. For instance, Hemispheres, the onboard magazine for United Airlines, is now treated with Biomaster technology, following the heels of the inflight magazines of American Airlines and Hawaiian Airlines. Swedish fashion tech brand Happy Plugs introduced antimicrobial headphones in its latest model as well as another collection of treated headphones for a younger audience, ages 3 to 15. In addition, a Biomaster-treated fabric for airplane seat covers manufactured by MGR Foamtex Ltd was distinguished as a 2021 finalist in the Clean & Safe Air Travel category of the Crystal Cabin Awards, recognized internationally as a seal of quality in the aviation industry.

Higher raw material prices this past year have posed challenges, which has led to price increases in the market. The price of silver, a vital component in some of our products, has increased on average by 50 % in the last 12 months. Although extremely small amounts of the active substance are used to achieve the desired effect, price increases from suppliers have been inevitable. The rise in demand for antimicrobial ingredients in 2020 also contributed to a decrease in supply, further contributing to escalating prices. To compensate in part for the loss in margin, Addmaster has proactively adjusted prices. Set to take effect beginning in Q3, these price adjustments have been widely accepted by customers since no price increases have occurred in recent years.

### **Organization**

Based on the ongoing integration work and common vision for the future, we will take a structured approach to implementing changes within our organization. These changes will include the addition of Addmaster expertise to the management team as well as ensuring the most efficient use of shared resources. To meet the growing demand for Biomaster technology, India Hanspal joined the UK team in May as Business Development Manager.

India has hit the ground running, working independently and making significant contributions to the organization.

As mentioned, Marcus Hefter will join the Group on September 15 as Commercial Director, Europe, Middle East, Africa, Polygiene. EMEA is teeming with large, untapped potential. With additional resources dedicated to EMEA, we plan to gear up in the region, focusing also on key areas outside Europe.

The search for a new Chief Marketing Officer (CMO) has been ongoing. Because the CMO will play a key role in shaping our new brand platform, we are keen to identify the right person to develop sound strategies that will take both Polygiene and Biomaster brands to the next level.

### **Looking ahead**

I look back with satisfaction at an eventful year and on the last quarter as the work accomplished thus far paves the way to continued growth and increased efficiency. The first half of the year focused on identifying how best to integrate Addmaster into the Polygiene Group fold, to ensure collaborative ways of working, and to shape a shared vision of the future.

In the coming years, the goal is to continue to deliver strong profitable growth, both from existing business as well as from new products and new segments. By increasing brand awareness among end consumers, we will be able to highlight how the choices we make every day can contribute to a more sustainable world. Continued and more intense focus on key messages around sustainability is therefore of utmost importance. Potential acquisitions in future are not being ruled out as long as the target company is relevant and will contribute to the Group in a positive way. With a solid, financial foundation and a lean organization supporting it, the Polygiene Group stands ready to make great strides in growing our business.

As we enter the busiest period of the year, key indicators point to the growth momentum that the Group is now experiencing will continue into the third quarter.

Exciting times lie ahead.



**Ulrika Björk** CEO Polygiene Group

# Polygiene Group in brief

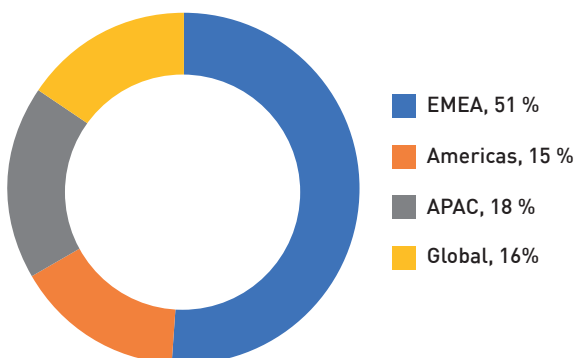
## Our treatments make sure products stay fresh and protected, which makes them last longer

Polygiene, together with Addmaster is offering the market a comprehensive solution and a strong ingredient brand for antimicrobial and stays fresh solutions for any product or surface. The two major players in the antimicrobial industry are creating a powerhouse capable of dominating the industry by being the provider of solutions for all applications and add additional value to existing and future partners.

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 vision is to fundamentally transform the industry, partly by encouraging consumers to change their behavior, and partly by getting the industry to adopt our functions and by doing so be part of building an eco-friendly society with an approach to consumption that is more sustainable in the long term.

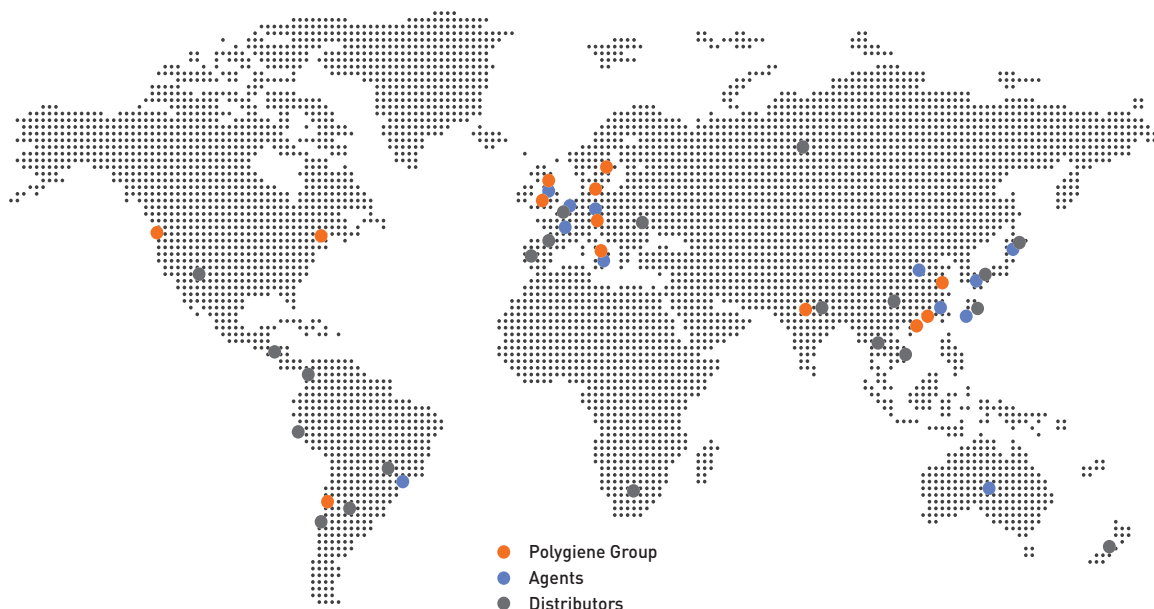
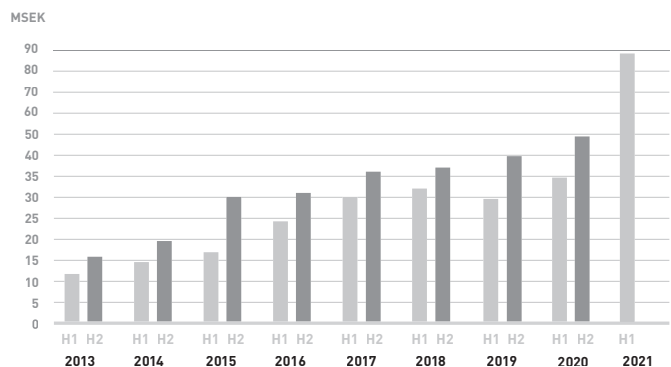
## Operations

The second quarter's net sales can be allocated in the following way:



## Net sales first/second half of the years 2013–2021

Steady growth and a stronger second half year annually from 2013 to 2021. These seasonal variations may be evened out somewhat as new partners are added from segments that have smaller seasonal variations.



# Financial trends

## Net revenues and Gross Margin

Q2 net revenues for the Group totalled MSEK 46.9 (17.3), for an increase of 171 % over the same quarter the previous year. Gross margins for the quarter reported at 61.8 (70.3) %. Cost of goods sold totalled MSEK -17.9 (-5.1) for the quarter.

## Costs

Other external expenses for the period totalled MSEK -10.4 (-7.9), which is an increase of 31.6 % over the same quarter the previous year. These costs include:

- Variable selling expenses MSEK -3.2 (-2.6) which consist mainly of commissions to agents and distributors
- Marketing expenses MSEK -2.0 (-1.0)
- Administrative expenses MSEK -3.7 (-2.6)
- Contracted consultants MSEK -1.5 (-1.7)

*The main reason for the large differences is that the subsidiary Addmaster is not included in the comparison period last year as they belong to the Group from 2021-01-01.*

**Personnel expenses** totalled MSEK -7.7 (-4.1).

**Depreciation** on intangible- and tangible fixed assets totalled MSEK -0.8 (-0.4).

**Other operating expenses** relate to exchange rate differences and totalled MSEK -0.2 (-1.2) for the quarter.

## Result

Operating profit/loss (EBIT) totalled MSEK 10.0 (-1.1), corresponding to operating margins of 21.3 (-6.3) %. Other profit of the period contains translations differences in the subsidiaries. The result after taxes totalled MSEK 8.3 (-0.8).

## Financial position

### Financial non-current assets

Financial non-current assets at the period-end where MSEK 13.5 (12.1) and consist of deferred tax assets related to tax loss carry forwards arising in previous years and withholding tax. The total tax loss carry forwards at the period-end was MSEK 23.6.

### Intangible and tangible non-current assets

The intangible fixed assets consist mainly of goodwill, investments in the ERP and CRM system and developing costs.

The tangible fixed assets consist mainly of leasing for the use of office premises.

### Cash flow and liquidity

Cash flow of the second quarter amounted to MSEK 5.2 (0.0). Full year cash flow amounted to MSEK 41.5 (7.1).

### Equity

Equity totalled MSEK 460.2 (28.6) at the period-end. The equity assets ratio as of 2021-06-30 was 94.3 (64.9) %.

### Organization

At the period-end, the operating organization, regardless the degree of service, was 42 (26) people. 34 (18) where employed and 8 (8) are contracted consultants. The operating organization amounts to 39.6 (21.25) full-time services.



# Statements of profit or loss of the Group

TSEK	Note	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-12-31
<b>Operating revenue</b>					
Net sales	8	46,876	17,298	88,831	83,932
Other operating income		47	256	94	3,323
<b>Total operating revenue</b>		<b>46,923</b>	<b>17,554</b>	<b>88,925</b>	<b>87,255</b>
<b>Operating expenses</b>					
Costs of goods sold		-17,890	-5,146	-32,676	-27,399
Other external expenses		-10,408	-7,889	-19,937	-37,064
Personnel expenses		-7,676	-4,055	-15,536	-17,083
Depreciation and write-downs		-767	-414	-1,513	-1,752
Other operating expenses		-182	-1,162	1,085	-5,008
Total operating expenses		-36,923	-18,666	-68,577	-88,306
<b>Operating profit/loss</b>		<b>10,000</b>	<b>-1,112</b>	<b>20,348</b>	<b>-1,051</b>
<b>Profit from financial items</b>					
Interest expenses and similar items		3	-7	-4	-35
<b>Profit after financial items</b>		<b>10,003</b>	<b>-1,119</b>	<b>20,344</b>	<b>-1,086</b>
Tax income for the period		-1,717	270	-3,540	-650
Other profit of the period		11	-	250	-
<b>Profit of the period</b>		<b>8,297</b>	<b>-849</b>	<b>16,804</b>	<b>-1,736</b>
<b>Earnings per share</b>		<b>0.23</b>	<b>-0.04</b>	<b>0.48</b>	<b>-0.08</b>

# Statements of financial position of the Group

TSEK	Note	2021-06-30	2020-06-30	2020-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets		371,354	3,272	4,501
Tangible assets		1,471	907	607
Financial assets	9	13,538	12,109	12,695
<b>Total fixed assets</b>		<b>386,363</b>	<b>16,288</b>	<b>17,803</b>
<b>Current assets</b>				
Finished items and items for sale		16,330	881	2,687
Trade receivables	9	35,447	17,729	28,635
Other current assets	9	8,540	2,040	4,033
Cash and cash equivalents		41,460	7,118	4,478
<b>Total current assets</b>		<b>101,777</b>	<b>27,768</b>	<b>39,833</b>
<b>TOTAL ASSETS</b>		<b>488 140</b>	<b>44 056</b>	<b>57 636</b>
<b>TOTAL EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>460,159</b>	<b>28,590</b>	<b>27,480</b>
<b>Untaxed reserves</b>		<b>63</b>	<b>-</b>	<b>-</b>
<b>Long-term liabilities</b>				
Leasing liabilities		19	171	-
Other current liabilities		-	-	1,151
<b>Total Long-term liabilities</b>		<b>19</b>	<b>171</b>	<b>1,151</b>
<b>Short-term liabilities</b>				
Accounts payable		12,628	9,886	21,379
Leasing liabilities		1,184	678	513
Other current liabilities		14,087	4,731	7,113
<b>Total short-term liabilities</b>		<b>27,899</b>	<b>15,295</b>	<b>29,005</b>
<b>Total liabilities</b>		<b>27,918</b>	<b>15,466</b>	<b>30,156</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>488,140</b>	<b>44,056</b>	<b>57,636</b>

# Consolidated statements of change in equity of the Group

<b>TSEK</b>	<b>2021-04-01 2021-06-30</b>	<b>2020-04-01 2020-06-30</b>	<b>2020-01-01 2020-12-31</b>	<b>2019-01-01 2019-12-31</b>
<b>Equity at period start</b>	<b>449,527</b>	<b>29,230</b>	<b>29,207</b>	<b>36,602</b>
Translations difference	376	–	–	–
Adjustments	–	–	-200	-2,284
Share premium	1,659	–	–	–
New share issues and warrants	301	209	210	60
<b>Transactions with the owners</b>	<b>451,863</b>	<b>29,439</b>	<b>29,217</b>	<b>34,378</b>
Earnings of period	8,285	-849	-1,737	-5,171
Other profit of the period	11	–	–	–
<b>Total earnings of period</b>	<b>8,296</b>	<b>-849</b>	<b>-1,737</b>	<b>-5,171</b>
<b>Equity at period end</b>	<b>460,159</b>	<b>28,590</b>	<b>27,480</b>	<b>29,207</b>



# Cash flow statements of the Group

TSEK	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-12-31
<b>Current activities</b>				
Profit/loss before financial items	10,000	-1,112	20,348	-1,051
Non-cash adjustment	-551	440	1,014	379
Interest paid	3	-7	-4	-35
Paid income tax	-22	270	-54	-158
<b>Cash flow from operating activities before changes in operating capital</b>	<b>9,430</b>	<b>-409</b>	<b>21,304</b>	<b>-865</b>
<i>Changes in working capital:</i>				
Increase/decrease in inventory	-298	-94	-1,955	-1,660
Increase/decrease in current receivables	-5,529	1,558	15,592	-8,373
Increase/decrease in current liabilities	-948	58	-14,636	13,815
<b>Net cash flow from operating activities</b>	<b>2,655</b>	<b>1,113</b>	<b>20,305</b>	<b>2,917</b>
<b>Net cash flow from current activities</b>	<b>2,655</b>	<b>1,113</b>	<b>20,305</b>	<b>2,917</b>
<b>Investment activities</b>				
Acquisition of subsidiary	-	-	-402,684	-
Acquisition of intangible assets	-542	-793	-1,302	-1,819
Acquisition of tangible assets	-7	-	-39	-72
Acquisition of financial assets	-	-	2,879	-
Disposal of tangible assets	-379	-545	-844	-2,151
<b>Cash flow from investing activities</b>	<b>-928</b>	<b>-1,338</b>	<b>-401,990</b>	<b>-4,042</b>
<b>Financing activities</b>				
New shares and warrants	3,728	209	419,549	209
Overdraft facilities	-	-	-1,151	1,151
Amortization of leased objects	-226	-	-462	-666
<b>Cash flow from financial activities</b>	<b>3,502</b>	<b>209</b>	<b>417,936</b>	<b>694</b>
<b>Cash flow of period</b>	<b>5,229</b>	<b>-16</b>	<b>36,251</b>	<b>-431</b>
Cash and cash equivalents at period start	36,231	7,134	4,478	4,909
Currency differences, cash and cash equivalents	-	-	731	-
<b>Cash and cash equivalents at period end</b>	<b>41,460</b>	<b>7,118</b>	<b>41,460</b>	<b>4,478</b>

# Multi-year overview of the Group

Group	Apr-June 2021	Apr-June 2020	YTD 2021	Full-year 2020	Full-year 2019
Net sales, TSEK	46,876	17,298	88,831	83,932	68,803
Sales growth, %	171	37	156	22	0
Operating profit/loss EBIT, TSEK	10,000	-1,112	20,348	-1,051	-6,571
Profit after tax, TSEK	8,297	-849	16,804	-1,736	-5,171
Operating margin EBIT, %	21	-6	23	-1	-9
Operating margin after tax, %	18	-5	19	-2	-7
Cash flow, TSEK	5,229	-16	36,251	-431	1,213
Equity, TSEK	460,159	28,590	460,159	27,480	29,207
Balance sheet total, TSEK	488,140	44,056	488,140	57,636	57,636
Equity/assets ratio, %	94.3	64.9	94.3	47.7	64.8
Number of shares at period end, THS	35,550	20,516	35,550	20,516	20,516
Average no. of shares at period end, THS	35,550	20,516	35,550	20,516	20,516
Earnings per share, SEK	0.23	-0.04	0.48	-0.03	-0.25
Cash flow per share, SEK	0.15	0.00	1.02	-0.02	0.06
Equity per share, SEK	12.94	1.39	12.94	1.34	1.42

# Statements of profit or loss of the Parent Company

TSEK	Note	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-12-31
<b>Operating revenue</b>					
Net sales	8	25,871	16,704	44,766	80,032
Other operating income		47	256	94	3,322
<b>Total operating revenue</b>		<b>25,918</b>	<b>16,960</b>	<b>44,860</b>	<b>83,354</b>
<b>Operating expenses</b>					
Costs of goods sold		-9,106	-5,146	-14,773	-27,389
Other external expenses		-9,436	-7,927	-17,557	-34,236
Personnel expenses		-5,062	-3,761	-10,231	-16,159
Depreciation and write-downs		-376	-228	-724	-1,005
Other operating expenses		-180	-1,162	1,743	-5,007
Total operating expenses		-24,160	-18,224	-41,542	-83,796
<b>Operating profit/loss</b>		<b>1,758</b>	<b>-1,264</b>	<b>3,318</b>	<b>-442</b>
<b>Profit from financial items</b>					
Interest expenses and similar items		-	-	-2	-10
<b>Profit after financial items</b>		<b>1,758</b>	<b>-1,264</b>	<b>3,316</b>	<b>-452</b>
Tax income for the period		-364	270	-591	-492
<b>Profit of the period</b>		<b>1,394</b>	<b>-994</b>	<b>2,725</b>	<b>-944</b>
<b>Earnings per share</b>		<b>0.07</b>	<b>-0.05</b>	<b>0.08</b>	<b>-0.05</b>



# Statements of financial position of the Parent Company

TSEK	Note	2021-06-30	2020-06-30	2020-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets		5,082	3,267	4,498
Tangible assets		42	–	49
Financial assets	9	467,236	12,159	12,745
<b>Total fixed assets</b>		<b>472,360</b>	<b>15,426</b>	<b>17,292</b>
<b>Current assets</b>				
Finished items and items for sale		2,657	881	2,687
Trade receivables	9	25,752	17,729	28,827
Other current assets	9	4,026	2,311	6,655
Cash and cash equivalents		7,265	6,027	1,786
<b>Total current assets</b>		<b>39,700</b>	<b>26,948</b>	<b>39,955</b>
<b>TOTAL ASSETS</b>		<b>512,060</b>	<b>42,374</b>	<b>57,247</b>
<b>TOTAL EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>449,946</b>	<b>27,797</b>	<b>28,040</b>
<b>Long-term liabilities</b>				
Other current liabilities		45,930	–	1,151
<b>Total Long-term liabilities</b>		<b>45,930</b>	<b>–</b>	<b>1,151</b>
<b>Short-term liabilities</b>				
Accounts payable		10,573	9,845	21,342
Other current liabilities		5,611	4,732	6,714
<b>Total short-term liabilities</b>		<b>16,184</b>	<b>14,577</b>	<b>28,056</b>
<b>Total liabilities</b>		<b>62,114</b>	<b>14,577</b>	<b>29,207</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>512,060</b>	<b>42,374</b>	<b>57,247</b>

# Consolidated statements of change in equity of the Parent Company

<b>TSEK</b>	<b>2021-04-01 2021-06-30</b>	<b>2020-04-01 2020-06-30</b>	<b>2020-01-01 2020-12-31</b>	<b>2019-01-01 2019-12-31</b>
<b>Equity at period start</b>	<b>445,092</b>	<b>28,791</b>	<b>28,984</b>	<b>36,556</b>
Adjustments	–	–	–	-2,284
Share premium	3,439	–	–	–
New share issues and warrants	21	–	–	–
<b>Transactions with the owners</b>	<b>448,552</b>	<b>28,791</b>	<b>28,984</b>	<b>34,272</b>
Earnings of period	1,394	-994	-944	-5,288
<b>Total earnings of period</b>	<b>1,394</b>	<b>-994</b>	<b>-944</b>	<b>-5,288</b>
<b>Equity at period end</b>	<b>449,946</b>	<b>27,797</b>	<b>28,040</b>	<b>28,984</b>

# Cash flow statements of the Parent Company

TSEK	2021-04-01 2021-06-30	2020-04-01 2020-06-30	2021-01-01 2021-06-30	2020-01-01 2020-12-31
<b>Current activities</b>				
Profit/loss before financial items	1,758	-1,264	3,319	-442
Non-cash adjustment	376	228	672	-152
Interest paid	-	-	-2	-10
Paid income tax	-	270	-	-
<b>Cash flow from operating activities before changes in operating capital</b>	<b>2,134</b>	<b>-766</b>	<b>3,989</b>	<b>-604</b>
<i>Changes in working capital:</i>				
Increase/decrease in inventory	-78	-94	30	-1,660
Increase/decrease in current receivables	-5,996	1,554	5,014	-10,767
Increase/decrease in current liabilities	-611	265	-16,903	13,357
<b>Net cash flow from operating activities</b>	<b>-4,551</b>	<b>959</b>	<b>-7,870</b>	<b>326</b>
<b>Net cash flow from current activities</b>	<b>-4,551</b>	<b>959</b>	<b>-7,870</b>	<b>326</b>
<b>Investment activities</b>				
Acquisition of subsidiary	-	-	-402,684	-
Acquisition of intangible assets	-542	-793	-1,302	-1,813
Acquisition of tangible assets	-	-	-	-52
Acquisition of financial assets	-	-	-	-
Disposal of tangible assets	-379	-517	-794	-2,161
<b>Cash flow from investing activities</b>	<b>-921</b>	<b>-1,310</b>	<b>-404,780</b>	<b>-4,026</b>
<b>Financing activities</b>				
New shares and warrants	3,459	-	419,280	-
Overdraft facilities	-	-	-1,151	1,151
<b>Cash flow from financial activities</b>	<b>3,459</b>	<b>-</b>	<b>418,129</b>	<b>1,151</b>
<b>Cash flow of period</b>	<b>-2,013</b>	<b>-351</b>	<b>5,479</b>	<b>-2,549</b>
Cash and cash equivalents at period start	9,278	6,378	1,786	4,335
Currency differences, cash and cash equivalents	-	-	-	-
<b>Cash and cash equivalents at period end</b>	<b>7,265</b>	<b>6,027</b>	<b>7,265</b>	<b>1,786</b>



# Multi-year overview of the Parent Company

Group	Apr-June 2021	Apr-June 2020	YTD 2021	Full-year 2020	Full-year 2019
Net sales, TSEK	25,871	16,704	44,766	80,032	68,803
Sales growth, %	55	33	35	16	0
Operating profit/loss EBIT, TSEK	1,758	-1,264	3,318	-442	-6,726
Profit after tax, TSEK	1,394	-994	2,725	-944	-5,288
Operating margin EBIT, %	7	-7	7	-1	-9
Operating margin after tax, %	5	-6	6	-1	-7
Cash flow, TSEK	-2,013	-351	5,479	-2,549	735
Equity, TSEK	449,946	27,797	449,946	28,040	28,984
Balance sheet total, TSEK	512,060	42,374	512,060	57,247	43,682
Equity/assets ratio, %	87,8	65,6	87,8	48,9	66,4
Average no. of shares at period end, THS	35,550	20,516	35,550	20,516	20,516
Earnings per share, SEK	0.07	-0.05	0.08	-0.05	-0.26
Cash flow per share, SEK	-0.06	-0.02	0.16	-0.12	0.04
Equity per share, SEK	12.73	1.35	12.73	1.37	1.41
Share price at period end, SEK	32.3	22.8	32.3	38.3	8.9

# Additional information and notes

## Note 1. 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 200 global partners in many segments including Sports & Outdoor, Lifestyle, Home design, Footwear and Workwear. 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 Group conducts continual activities to strengthen the brand and awareness which is vital to achieve future targets. Polygiene AB (publ.), the Group Parent, is a public limited company formed and domiciled in Sweden. The headquarter is located at Styrmansgatan 2 in Malmö, Sweden. Polygiene AB shares are listed on Nasdaq First North Growth Market in Stockholm, Sweden.

## Note 2. General information and compliance with IAS 34 and ÅRL

This interim report presents the period from 1 April to 30 June 2021 and is prepared in SEK, the Parent's functional currency. The interim report was prepared according to IAS 34 Interim Financial Reporting and ÅRL.

The Parent Company publish consolidated financial statements in compliance with IFRS. This interim report for the Group is thereby also prepared in compliance with IFRS.

All group operations are conducted in a single segment. This interim report does not contain all the information required for financial reporting under IFRS and should therefore be considered jointly with the annual financial statements for fiscal year 2020 except description of the basic regulatory frameworks applied. Complete additional information under IFRS is published in our 2020 annual financial reporting. The interim report has not been subject to general auditing by the Group's auditors. The interim report for the quarterly period 1 April to 30 June 2021 was approved for publishing by the Board of Directors on August 25 2021.

## Note 3. Significant Accounting and valuation policies of the Parent

This interim report was prepared in compliance with IFRS, which agrees with the accounting and valuation principles and differs from those applied in the Parent's 2020 financial statements.

## Note 4. Significant estimates and assessments

When interim reporting is prepared, the Board of Directors and CEO must, in accordance with applicable accounting and valuation principles, make certain estimates, assessments, and assumptions that affect the reporting and valuation of assets, provisions, liabilities, income, and expenses. Actual outcome may vary from these estimates and assessments and the amounts very rarely equal the estimated outcome.

The estimates, assessments made in the interim report, including assessment of the most important sources of uncertainty are the same as those applied in the 2020 annual reports.

## Note 5. Significant events and transactions during and after the interim period.

A new share issue has occurred during the interim period of MSEK 3.5 as 213,000 warrants have been exercised at an exercise price of SEK 16.50 per share. The Parent Company issued a total of 228,000 warrants in 2018 to employees and contracted consultants and during the period 1-30 June 2021 they could be exercised.

## Note 6. Seasonality and cyclicity

Historically sales are higher during the second half of the year.

## Note 7. Contingent liabilities

The Group has no contingent liabilities.

**Note 8: Net sales from contracts with customers**

The Group and the Parent Company's revenues from contracts with customers can be broken down as follows:

<b>Q2 2021</b>	<b>Goods</b>	<b>Royalty</b>	<b>Total</b>
<b>Primary geographic markets:</b>			
Asia Pacific	5,906	2,672	8,578
EMEA	21,066	2,688	23,754
Americas	5,544	1,662	7,206
Global	7,298	40	7,338
	<b>39,814</b>	<b>7,062</b>	<b>46,876</b>

<b>Q2 2020</b>	<b>Goods</b>	<b>Royalty</b>	<b>Total</b>
<b>Primary geographic markets:</b>			
Asia Pacific	4,644	2,936	7,580
EMEA	3,127	3,161	6,288
Americas	2,557	850	3,407
Global	22	1	23
	<b>10,350</b>	<b>6,948</b>	<b>17,298</b>

**Note 9: Financial assets**

The Group and the Parent Company's changes in value of financial assets:

<b>Group TSEK</b>	<b>2021-06-30</b>	<b>2020-06-30</b>
<b>Trade receivables</b>		
Opening balance 2021-04-01	32,234	19,114
Change during the period	3,213	-1,385
<b>Closing balance</b>	<b>35,447</b>	<b>17,729</b>
<b>Withholding tax</b>		
Opening balance 2021-04-01	7,861	5,802
Change during the period	378	517
<b>Closing balance</b>	<b>8,239</b>	<b>6,319</b>
<b>Contracted assets</b>		
Opening balance 2021-04-01	2,684	414
Change during the period	144	-271
<b>Closing balance</b>	<b>2,828</b>	<b>143</b>

<b>Parent Company TSEK</b>	<b>2021-06-30</b>	<b>2020-06-30</b>
<b>Trade receivables</b>		
Opening balance 2021-04-01	20,239	19,206
Change during the period	5,720	-1,477
<b>Closing balance</b>	<b>25,959</b>	<b>17,729</b>
<b>Withholding tax</b>		
Opening balance 2021-04-01	7,861	5,802
Change during the period	378	517
<b>Closing balance</b>	<b>8,239</b>	<b>6,319</b>
<b>Contracted assets</b>		
Opening balance 2021-04-01	2,684	414
Change during the period	144	-271
<b>Closing balance</b>	<b>2,828</b>	<b>143</b>



# Share capital, the share and ownership structure

## Share capital

Equity in Polygiene totals SEK 3,554,959 allocated to 35,549,585 outstanding shares. Polygiene has a single share class, and each share carries an equal right to dividend. Par value for each share is SEK 0.10.

In June 2018, the Parent Company issued 228,000 warrants, which entitles the holders to subscribe to an equivalent number of shares. 213,000 warrants was exercised during the period 1-30 June 2021 with the exercise price SEK 16.50. The following programs has been issued by the Parent Company:

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

The warrants programs have been addressed to employees and contracted consultants. For more information on the development of share capital, please refer to the Polygiene AB Annual Report 2020.

## Shares

Shares in Polygiene AB (publ.) have been listed on Nasdaq First North, Stockholm, since March 14, 2016. During the second quarter, the total number of shares traded was 7,596,158 which corresponds on average to 124,527 shares per trading day. The share price at the end of the

period was SEK 32.25, which corresponds to market Share capital, the share and ownership structure capitalization of MSEK 1,147. The highest and lowest share prices during the period were SEK 39.80 and SEK 30.7, respectively.

## Ownership structure

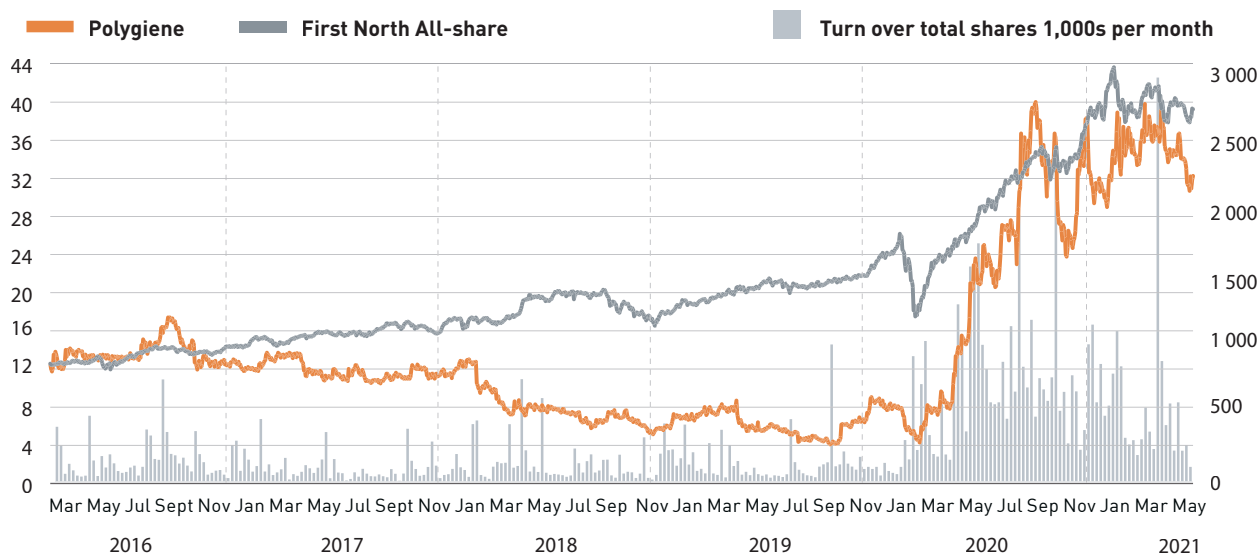
The number of shareholders at the end of the period amounted to 3,382 (1,638). The table below lists the 10 largest shareholders as of June 30, 2021.

Shareholders	Shares	Percent
Paul Morris*	4,477,056	12.6%
DNCA Invest	3,785,542	10.6%
Lloyds Fonds AG	2,560,000	7.2%
Håkan Lagerberg*	2,359,030	6.6%
Lancelot Asset Management	1,600,000	4.5%
Didner & Gerge Small & Microcap	1,100,000	3.1%
Svanberg & Co Invest	1,027,224	2.9%
Fosielund Holding AB	900,000	2.5%
Jonas Wollin*	813,000	2.3%
Avanza Pension	734,635	2.1%
Other	27,015,696	76.0%
<b>Total</b>	<b>35,549,585</b>	<b>100.0%</b>

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

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

## Polygiene March 2016 – June 2021





### Risks and uncertainty factors

The Group's operations are affected by several factors which can involve risks to the Group's operations and profit. For more information, please refer to the the Group's 2020 Annual Report.

### Definitions

**Operating profit EBIT:** Earnings before interest and tax.

**Operating margin EBIT:** Earnings for the period before interest and tax as a percentage of net revenues for the period.

**Operating margin after tax:** Earnings for the period after tax as a percentage of net revenues for the period.

**Earnings per share:** Earnings for the period after tax divided by the average number of shares.

**Equity/assets ratio:** Adjusted 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.

### Contact information

Questions related to the report:

Nina Forsvall, CFO

Tel: +46 (0) 72 550 88 11

E-mail: [nina.forsvall@polygiene.com](mailto:nina.forsvall@polygiene.com)

Ulrika Björk, CEO

Tel: +46 (0) 70 921 12 75

E-mail: [ulrika.bjork@polygiene.com](mailto:ulrika.bjork@polygiene.com)

Polygiene AB, Styrmansgatan 2, 211 18 Malmö Sweden

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. The information was submitted for publication, through the agency of the contact person set out below, at 08.00 CET on August 26, 2021.

## Financial Calendar 2021

Interim Report Q2

Interim Report Q3

Interim Report Q4

August 26

November 4

February 24 2022