

Polygiene AB (publ.)

INTERIM REPORT Q3 2020

**"WE WANT TO CHANGE THE
WAY WE VIEW CLOTHES –
FROM FAST CONSUMABLES
TO DURABLES"**



Polygiene®
STAYS FRESH

CONTENT

- Q3 IN BRIEF
- SIGNIFICANT EVENTS IN BRIEF
- VIRALOFF
- MESSAGE FROM THE CEO
- POLYGIENE IN BRIEF
- FINANCIAL TRENDS

- STATEMENTS OF PROFIT OR LOSS/GROUP
- STATEMENTS OF FINANCIAL POSITION/ GROUP
- CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY/GROUP
- CASH FLOW STATEMENTS/GROUP
- MULTI-YEAR OVERVIEW/GROUP

- STATEMENTS OF PROFIT OR LOSS/PARENT COMPANY
- STATEMENTS OF FINANCIAL POSITION/PARENT COMPANY
- CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY/PARENT COMPANY
- CASH FLOW STATEMENTS/PARENT COMPANY
- MULTI-YEAR OVERVIEW/PARENT COMPANY

- ADDITIONAL INFORMATION AND NOTES
- SHARE CAPITAL, THE SHARE AND OWNERSHIP STRUCTURE
- RISK AND UNCERTAINTIES
- DEFINITIONS
- FINANCIAL CALENDAR

” POLYGIENE BELIEVES
WE CAN WASH OUR CLOTHES
HALF AS MUCH AND KEEP
OUR CLOTHES ALIVE TWICE
AS LONG.”



Q3 IN BRIEF

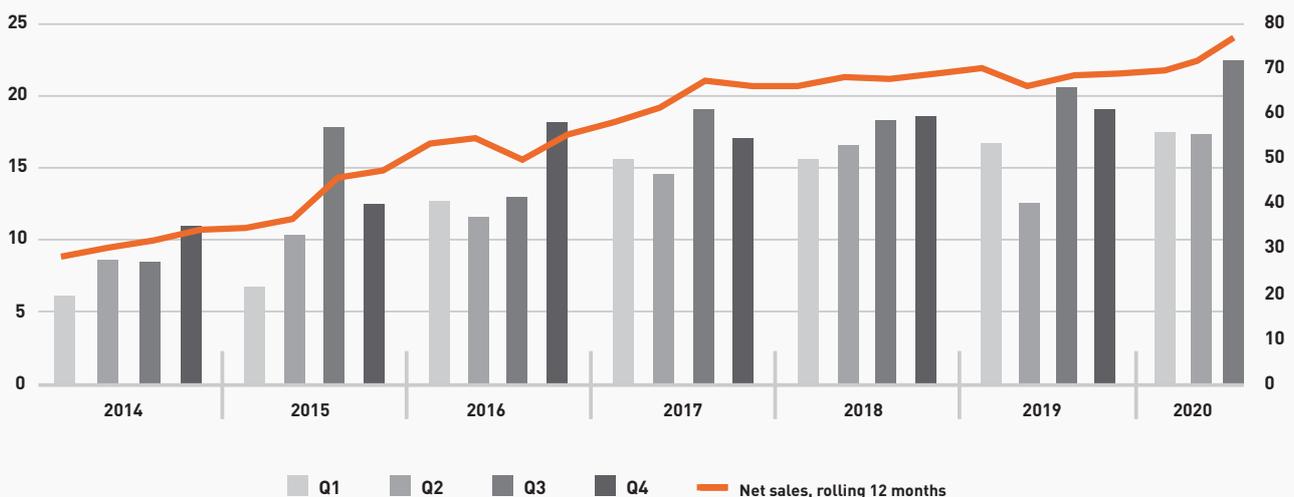
- The best quarter ever with a net sales of 22.9 (20.5) and with a positive growth by 11.7 % compared to the same period last year.
- The operating profit/loss before tax for the period has improved over the previous year and amounted to MSEK 2.4 (2.0).
- The gross margin has increased at 70.4 (69.9) %.
- The cash flow in the third quarter was positive, MSEK 0.5 (1.8).

KEY RATIOS

Group	July - Sept 2020	July - Sept 2019	YTD 2020	Full year 2019	Full year 2018
Net sales, MSEK	22.9	20.5	57.6	68.8	69.0
Operating profit EBIT, MSEK	2.4	2.0	1.5	-6.6	-2.8
Operating margin EBIT, %	10.3	9.3	2.5	-9.2	-3.9
Profit after tax, MSEK	2.1	1.6	1.4	-5.2	0.7
Operating margin after tax, %	8.8	7.2	2.4	-7.2	0.9
Earnings per share, SEK	0.10	0.08	0.07	-0.25	0.03
Cash flow, MSEK	0.5	1.8	-0.9	1.2	-7.2

NET SALES, ROLLING 12 MONTHS

NET SALES MSEK



SIGNIFICANT EVENTS IN BRIEF

EVENTS DURING Q3 2020 (JULY-SEPTEMBER)

- Polygiene is overall winner in Scandinavian Outdoor Group (SOG) awards 2020! Each year the knowledgeable and competent jury from the SOG reviews new products and technologies across several categories and this year Polygiene's ViralOff® was picked as the best new technology of the year and also declared overall winner of 2020!

- **Diesel** press releases its partnership with Polygiene. As new consumer trends on fabric protection emerge, DIESEL is proud to announce the introduction of an ultra-innovative denim treatment that physically halts 99 % of any viral activity. Developed in partnership with Polygiene, it will be implemented across a selection of the brand's Spring/Summer 2021 denim styles, aiming at a greater range of products moving forward.

- **Returnity** is introducing New Packaging Treated with Polygiene's ViralOff Antimicrobial Solvent Effective for 30 washes to combat surge of plastic waste due to COVID-19.

- Polygiene and **TK-Domashniy Tekstyl** sign distributor agreement. TK-Domashniy Tekstyl is a major player in home textiles, working on all levels in their field, from raw materials, lego production and over 5000 consumer articles, exporting to many countries beyond the Ukraine.

- India-based textile manufacturer **Skywalk** International signs partnership with Polygiene to treat textiles and facemasks with Polygiene ViralOff. The order value is estimated between USD 150 000 to USD 200 000 per year.

- **Hakers**, garment factory and mask producer is one of the biggest producers of sport, outdoor garments and company uniforms in Taiwan, with customers like

Champion USA, Under Armour, Marmot and Dallas Cowboys. The first order, for masks, has an order value of SEK 2.4 million. The masks will not be sold but used by Dallas Cowboys and other organizations involved with the team. For these masks the Biostatic Stays Fresh Technology is used, but for coming orders they are discussing use of Polygiene ViralOff for masks and other products.

- In partnership with Polygiene, **Welspun** has announced its Antiviral Carpet Tiles, a flooring solution that reduces viruses and thereby the transmission of them, including the human coronavirus.

- **WEKO** is a leading German supplier of industrial application systems for surface finishing. Together with Polygiene it will now offer solutions for applying Polygiene ViralOff as a spray of microdroplets. This saves up to 80 % of water, 80 % of chemistry and 90 % of drying energy.

- **S.M. Group** launches Denimmune fabrics, treated with Polygiene ViralOff. The Pakistan-based manufacturer of denim presented the new textile product at Denim Expo recently. The production is already rolling and the order value for Polygiene is estimated at 5 MSEK annually.

- **Dane Momcilovic** will assume the role of Chief Technology Officer (CTO) with a focus on streamlining processes and driving the technical team forward. He will be based at the head office in Malmö and brings with him a solid background in managing technical teams. His expertise is especially important now as Polygiene has broadened its product portfolio, developed new technologies and more stringent regulations. Prior to joining Polygiene, Dane served as Group R&D Manager at Diab.

- Polygiene AB announces that the investment fund, part of the segment **Lloyd Fonds**, Lloyd Fonds AG, have acquired 2.4 % of the company.

99 % REDUCTION OF
VIRUSES IN 2 HOURS



ViralOff
POLYGIENE TECHNOLOGY



- **Dr. Scholl's®**, the most trusted brand in foot care, is now teaming up with odor-controlling specialist Polygiene to keep its premium insoles fresh from odor and microbes. Moving forward, Dr. Scholl's insoles will combine two Polygiene technologies – antibacterial Stays Fresh Technology and Odor Crunch® treatment – to stop the growth of odor-causing bacteria.
- In the first test ever using the **ISO method* on the SARS-CoV-2 virus on textiles**, Polygiene ViralOff was confirmed the first commercial textile treatment in the world to reduce the virus by over 99 % over two hours.
- **Takisada-Nagoya** is a leading textile company in Japan. Founded in 1864 the annual turnover is approximately USD 590 Million. They will sell treated fabrics with all the Polygiene brands from ViralOff to Biostatic Stays Fresh, both domestically and internationally.
- In the current situation with Covid-19, consumers and brands alike seek new solutions. Concerns over viruses begin even at the shopping stage, where markets like Italy require disinfection of garments before they are sold to consumers. **YKK** has developed a line of zippers with tape treated with Polygiene's ViralOff, so these parts are essentially self-cleaning.

SIGNIFICANT EVENTS AFTER Q3

- Starting in October 2020, Polygiene will treat **Marks & Spencer's** kitchen towels. The towel is treated with Polygiene antimicrobial Stays Fresh Technology and is part of M & S globally distributed core programs. The yearly forecasted order value of the kitchen towels is USD 75 000.
- **BEDGEAR®** is a US leader in bedding. Together with Polygiene they now announce the new Germ Shield® Protector that incorporates a lab-tested antimicrobial technology that inhibits 99% of microbes and germs. This is part of BEDGEAR's longstanding commitment to provide sleepers with clean, and safe products that deliver a healthy sleep environment. Central to the Germ Shield Protector is Polygiene's proven technology that suppresses the build-up of germs, bacteria and odor.
- **HSP Hanse Shopping** launches a new range of such products, all treated with Polygiene's ViralOff®. This reduces the need to hot wash or even discard them, out of concern for viruses and other microbes. The products are intended for the mass market in Europe and North America, through supermarkets and other mass retail outlet, to be made available at over 50 000 retail stores in Europe and almost 100 000 retail stores in the US.

** ISO 18184:2019 Textiles — Determination of antiviral activity of textile products*



Bild: DIESEL

POLYGIENE VIRALOFF

ANTIVIRAL TREATMENT TECHNOLOGY

POLYGIENE VIRALOFF IS A BRAND FOR A TREATMENT OF TEXTILES AND OTHER PRODUCTS THAT REDUCES VIRUSES BY 99% IN TWO HOURS*

Why are we launching this product?

In the times of the novel Corona virus we see an enormous need of a treatment with antiviral properties. Polygiene once started in the care segment during the fight against SARS in 2004. Because of our roots and going through the necessary techniques, skills, methods, and processes needed, we launched the antiviral treatment technology brand ViralOff®.

ViralOff is the answer to an acute situation, but it will also be a more longterm solution that enhances the hygiene and protection factor on a number of products even when the Covid-19 pandemic has settled down. There are strong indications that antimicrobial wear will be the new normal in a number of applications, going forward.

When was it launched?

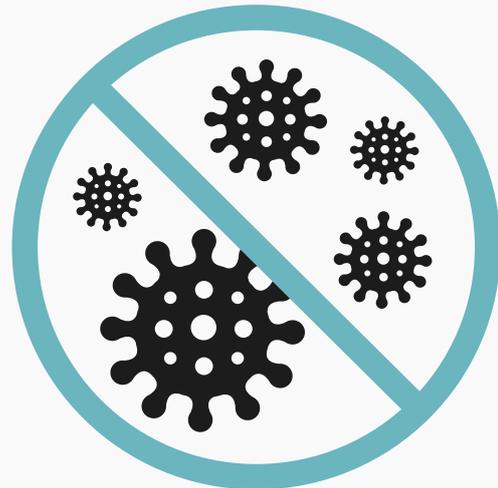
Polygiene ViralOff was launched April 7, 2020, and as projects develop fast during these demanding times, Polygiene can already present a number of products with the ViralOff functionality.

What are the benefits?

ViralOff has a 99 % reduction of viruses, in a textile or material, in two hours, according to a standard ISO18184:2019 test. When we developed ViralOff we had two criteria we wanted to fulfill: First, we should be able to show a real antiviral effect that could be tested by a standard test. In that way our partners can do real and professional claims.

**“ Think of it as a sanitizer for garments”,
says Ulrika Björk, CEO Polygiene.**

Secondly, this treatment should be applied on products where it is relevant to have an antiviral effect. Today that englobes both products in the care segments, as well as products for the public in environments where we need an additional protection.



**99 % REDUCTION OF
VIRUSES IN 2 HOURS**

ISO18184:2019, ATCC VR-1679 (H3N2)



ViralOff

POLYGIENE TECHNOLOGY

In which products can it be used?

It can be used in almost any wearable product, which ranges from personal protection equipment and scrubs for healthcare workers, doctors, nurses as well as first responders wear, to products for consumers where an antiviral functionality is relevant, such as gloves and facemasks, as well as bed sheets and even furniture and table tops. An added advantage will be that these products also can be used longer.

*ISO18184:2019, ATCC VR-1679 (H3N2)

ViralOff is not intended to prevent disease, it is used for protection of the treated product. The product is available in most markets, but it is not yet approved for use with antiviral claims, by the US FDA and US EPA, in North America.

A professional photograph of Ulrika Björk, CEO, sitting in a modern black chair. She is wearing a dark grey blazer over a white shirt, dark trousers, and black boots. Her hands are clasped in her lap, and she is looking directly at the camera with a slight smile. The background is a bright, out-of-focus office space with large windows.

"ALL KEY FIGURES CLEARLY
SHOW THAT THE COMPANY
CONTINUES TO IMPROVE ITS
FINANCIAL POSITION."

ULRIKA BJÖRK, CEO

A message from the CEO

STRONGEST QUARTER EVER, NEW STRONG PARTNERSHIP AGREEMENTS IN PLACE

Net sales for the quarter amounted to MSEK 22.9 (20.5), an increase of 11.7% (currency-adjusted growth 21%) compared to the same period last year. Operating profit before tax was MSEK 2.4 (2.0), an improvement over 2019. Cash flow was positive MSEK 0.5 (1.8) during the period.

Net sales increased by 11.7% compared to the previous year. A stronger krona in relation to the USD has negatively affected growth in SEK. Corresponding growth in USD was 21%, indicating a very strong quarter compared to the same quarter last year which, until now, was the best in company history. Gross margin remained stable at 70.4% (69.9), slightly above the prior-year level. All-time high quarterly sales with a good profit margin, combined with solid cost control, created the conditions for reporting a positive operating profit of MSEK 2.4 (2.0) for the quarter. For the first time in five years, we also reported a positive accumulated EBITDA of MSEK 1.5 (-4.5). For the third quarter in a row, the company generated a positive cash flow. All key figures clearly show that the company continues to improve its financial position.

ViralOff® now accounts for an ever-growing share of total sales, representing 34.7% of the quarterly revenue. The company's other business area based on an antibacterial function declined 19.8%, mainly due to a general downturn in the Sport and Outdoor of between 30-50% globally for 2020. While US brands are hit most overall in the industry, Polygiene is worst affected in Europe. One of our major partners experienced revenue losses of 59% the third quarter alone over last year, as well as decreased revenue of MSEK -5.3 since the coronavirus outbreak in March. While regrettable, this represents a temporary decline due to global pandemic. As we enter the fourth quarter, there are signs of recovery as many sports companies report strong third-quarter figures, which bodes well for a resumption of production.

There is also clear upward trend as September sales alone eclipsed previous quarter sales! With the fourth quarter off to a promising start, I am almost sure to be able to present another record quarter in the next interim report.

New partnerships shows the breadth of ViralOff

Interest in ViralOff has not abated since its launch in April and continues to result in exciting new partnership agreements. It is especially rewarding that these agreements represent wide-ranging product lines, a testament to the breadth and strength of ViralOff within various areas of use. These include everything from textile floors with Welspun, functional shoe soles with well-known Dr. Scholls® to the giant YKK with great global potential and a fantastic agreement with Takisada-Nagoya in Japan. Even after the end of the quarter, interesting partners have been announced, including a collaboration with HSP Hanse Shopping, a German wholesale cleaning products supplier.

Of the 70 agreements signed in the past six months, about 30 of them resulted from single orders first placed by the companies. Volumes vary depending on partner requirements; however, it is critical to be able to support our partners throughout the various phases of the go-to-market process: application, testing, communication and launch. Adding value to our partner brands is the strength of Polygiene. It is what differentiates Polygiene from competitors. I expect that all signed agreements are in place and that our deliveries will occur during the first half of 2021.

New management team in place

On September 1, Andreas Holm was appointed Chief Commercial Officer, a new position created to provide a central driving force to structure commercial activities in the regions. That same month, the company's new Chief



Technology Officer, Dane Momsilovic, joined the team. Like Andreas, Dane will work centrally to develop processes around the company's technological issues. Daniel Röme, former interim CTO, will focus solely on innovation and product development. An important part of the scalability in the future lies in being able to grow efficiently without adding resources at the same rate.

Due to personal reasons Mats Georgson has decided to step down as the company's operational Chief Marketing Officer, and we thank him for his valuable efforts. He will return to his role as an external brand consultant for Polygiene, which he held for many years before taking on the role of CMO. Andreas will serve as interim CMO during the recruitment process.

Looking ahead

The keen interest in Polygiene has also had an impact on the stock market, both in Sweden but above all globally. This is reflected in an influx of new shareholders, bringing the shareholder base to more than 3,100, a nearly fourfold increase compared to the previous year. During the quarter, we welcomed Lloyd Fonds AG, an investment and asset management company based in Germany, as one of our 10 majority owners.

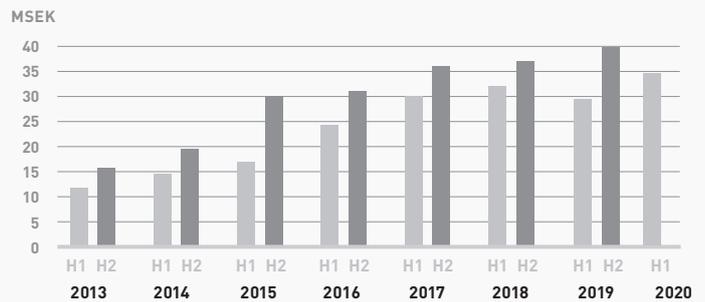
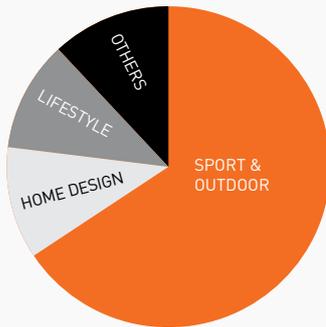
No doubt ours is an exciting industry. Interest in antimicrobial treatments is increasing as the pandemic continues to spread around the world. Due to Polygiene's strong brand profile and its reach beyond textiles, inquiries have started to pour in from other industries, which means that we must be creative and open to new partnerships that may lead to alternative structural transactions. The company continuously reviews the possibility of potential partnerships and acquisitions to create increased shareholder value.

Polygiene has achieved a successful turnaround during what has been a very challenging time and tough year for many industries. Once the global pandemic took hold, we quickly focused all our resources on launching a new product to meet global demand. Our legacy from Pers-torp, combined with timing and a world-class team, made it possible to quickly create a global brand for our new anti-viral technology, ViralOff. With a strong vision of extending the life of textiles, which is just in time, we will have an even stronger exchange in the future when our other business areas recover. It is with pride that I now see that we are going from strength to strength and, with 70 newly signed partnership agreements, the future can only be even stronger for Polygiene.

Ulrika Björk CEO Polygiene AB

POLYGIENE IN BRIEF

With Polygiene®, we can reduce washing our clothes by 50% and use them twice as long. To change the consumer mindset, people must feel confident that clothing and other products will stay fresh, without smelling bad. By working with that brand promise, we have become the leading global brand in odor control, with impressive public brand recognition. We help our partners provide our branded treatment to clothing, equipment, textiles and other materials. Polygiene has more than 140 partners worldwide in various segments, such as Sports & Outdoor, Lifestyle, Home Design, Footwear and Workwear.

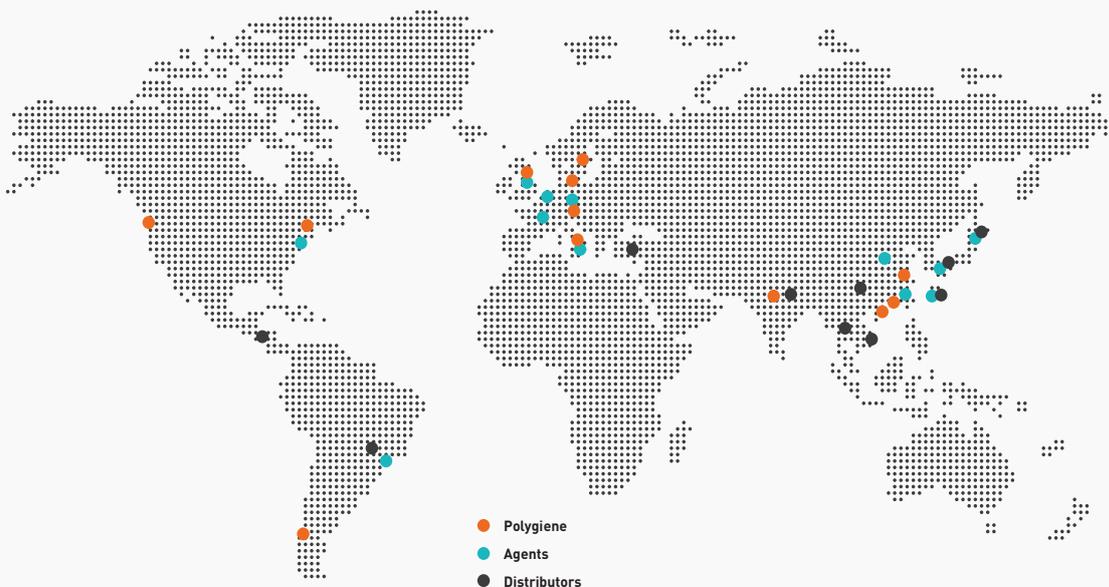


Operations

Approximately 67% of the turnover 2019 came from Sport & Outdoor, 11% from Home Design, 11% from Lifestyle and the other 11% from Footwear and Workwear. 2022 the estimation is that Lifestyle, Footwear and Home Design will grow.

Net sales first/second half of the years 2013–2020

This eight-year period shows steady growth and a stronger second half of the year. The seasonal fluctuations might be less pronounced as new partners from segments with less seasonal variations are added.



A Global Partner

Polygiene focuses mainly on manufacturers of leading premium brands and their customers, and actively works throughout the entire value chain—from development and manufacturing, to marketing, distribution and customer support.

FINANCIAL TRENDS

NET REVENUES AND PROFIT

Net revenues and Gross Margin

Q3 net revenues for the Group totalled MSEK 22.9 (20.5), for an increase of 11.7 % over the same quarter the previous year. Other operating income for the quarter totalled MSEK 0.7 (1.3) and consist of positive exchange rate differences. Gross margins for the quarter reported at 70.4 % (69.9). Cost of goods sold totalled MSEK -6.8 (-6.1) for the quarter.

Costs

Other external expenses for the period totalled MSEK -8.7 (-9.3), which is a decrease of 6.5 % over the same quarter the previous year. These costs include:

- Variable selling expenses MSEK -3.6 (-3.3) which consist mainly of commissions to agents and distributors.
- Marketing expenses MSEK -1.1 (-1.6).
- Administrative expenses MSEK -2.1 (-2.9).
- Contracted consultants MSEK -1.9 (-1.5).

Covid-19 is a big factor for decreased costs compared to last year. Canceled fairs and lower travel costs, for example.

Staff costs totalled MSEK -3.9 (-3.5).

Foreign withholding tax is a type of deduction at source that Polygiene can recover when previous tax loss carry forwards are utilised. Polygiene believes that the withholding tax can continue to be reversed and balanced.

Depreciation on intangible- and tangible assets totalled MSEK -0.5 (-0.3).

Other operating expenses relate to exchange rate differences and totalled MSEK -1.3 (-0.5) for the quarter.

Result

Operating profit/loss (EBIT) totalled MSEK 2.4 (2.0), corresponding to operating margin of 10.3 (9.3) %. The result after taxes totalled MSEK 2.1 (1.6).

Financial position

Financial non-current assets

Financial non-current assets at the period end where MSEK 12.6 (8.1) 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 25.8.

Intangible and tangible non-current assets

The intangible fixed assets contains mainly of investments in the ERP system and developing costs.

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

Equity

Equity totalled MSEK 30.7 (36.0) at the period end. The equity assets ratio as of 2020-09-30 was 63.0 (69.7) %.

Cash flow and liquidity

Cash flow from operating activities of the third quarter amounted to MSEK 1.7 (2.9). Cash and cash equivalents for the Group totalled MSEK 7.6 (9.8) at the period end.

Staff

At the period end, the operating organization, regardless the degree of service, was 27 (25) people. 19 (17) where employed and 8 (8) are contracted consultants.

The operating organization amounts to 22.31 (20.05) full-time services.



**QUARTERLY REPORT Q3
GROUP**

STATEMENTS OF PROFIT OR LOSS GROUP

TSEK	Note	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-12-31
Operating revenue					
Net sales	8	22,874	20,471	57,606	68,803
Other operating income		674	1,331	2,135	2,562
Total operating revenue		23,548	21,802	59,741	71,365
Operating expenses					
Costs of goods sold		-6,771	-6,144	-17,631	-21,039
Other external expenses		-8,650	-9,348	-24,609	-37,462
Personnel expenses		-3,901	-3,553	-12,326	-15,624
Withholding tax		-	-	-	-
Depreciation and write-downs		-467	-258	-1,254	-1,192
Other operating expenses		-1,344	-467	-2,407	-2,619
Total operating expenses		-21,133	-19,770	-58,227	-77,936
Operating profit/loss		2,415	2,032	1,514	-6,571
Profit from financial items					
Interest expenses and similar items		-8	-14	-25	-52
Profit after financial items		2,407	2,018	1,489	-6,623
Tax income for the period		-340	-439	-49	1,452
Profit of the period from continuing operations		2,067	1,579	1,440	-5,171
Profit of the period		2,067	1,579	1,440	-5,171
Earnings per share (after tax)		0.10	0.08	0.07	-0.25

STATEMENTS OF FINANCIAL POSITION GROUP

TSEK	Note	2020-09-30	2019-09-30	2019-12-31
ASSETS				
Fixed assets				
Intangible assets	9	3,988	1,965	2,530
Tangible assets		726	1,578	1,265
Financial assets	10	12,632	8,952	11,036
Total fixed assets		17,346	12,495	14,831
Current assets				
Finished items and items for sale		1,589	188	1,027
Trade receivables	10	19,037	20,511	20,937
Other current assets	10	3,124	8,729	3,358
Cash and cash equivalents		7,563	9,766	4,909
Total current assets		31,313	39,194	30,231
TOTAL ASSETS		48,659	51,689	45,062
TOTAL EQUITY AND LIABILITIES				
Equity		30,657	36,024	29,207
Long-term liabilities				
Leasing of office premises		172	1,284	168
Total Long-term liabilities		172	1,284	168
Short-term liabilities				
Accounts payable		11,583	7,617	10,400
Leasing of office premises		509	166	1,006
Other current liabilities		5,738	6,598	4,281
Total short-term liabilities		17,830	14,381	15,687
Total liabilities		18,002	15,665	15,855
TOTAL EQUITY AND LIABILITIES		48,659	51,689	45,062

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY GROUP

TSEK	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Equity at period start	28,590	34,445	36,602	35,885
Adjustment	-	-	-2,284	-
New share issues and warrants	-	-	60	56
Transactions with the owners	28,590	34,445	34,378	35,941
Correction of error	-	-	-	-5,246
Earnings of period	2,067	1,579	-5,171	5,907
Total earnings of period	2,067	1,579	-5,171	661
Equity at period end	30,657	36,024	29,207	36,602

CASH FLOW STATEMENTS

GROUP

TSEK	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-12-31
Current activities				
Profit/loss before financial items	2,415	2,032	1,514	-6,521
Non-cash adjustment	414	126	1,035	638
Interest paid	-8	-14	-25	-52
Paid income tax	-340	-	-49	1,452
Cash flow from operating activities before changes in operating capital	2,481	2,144	2,475	-4,483
<i>Changes in working capital</i>				
Increase/decrease in inventory	-708	24	-562	-530
Increase/decrease in current receivables	-2,625	-3,137	1,901	10,109
Increase/decrease in current liabilities	2,535	3,885	2,130	2,754
Net cash flow from operating activities	1,683	2,916	5,944	7,850
Net cash flow from current activities	1,683	2,916	5,944	7,850
Investment activities				
Acquisition of intangible assets	-715	-261	-1,874	-676
Acquisition of tangible assets	-	-	-	-1,984
Acquisition of financial assets	-523	-840	-1,625	-4,051
Disposal of tangible assets	-	-	-	14
Cash flow from investing activities	-1,238	-1,101	-3,499	-6,697
Financing activities				
New share issue	-	-	209	60
Cash flow from financial activities	0	0	209	60
Cash flow of period	445	1,815	2,654	1,213
Cash and cash equivalents at period start	7,118	7,951	4,909	3,696
Cash and cash equivalents at period end	7,563	9,766	7,563	4,909

MULTI-YEAR OVERVIEW GROUP

Group	July - Sept 2020	July - Sept 2019	YTD 2020	Full year 2019	Full year 2018
Net sales, TSEK	22,874	20,471	57,606	68,803	69,039
Sales growth, %	12	12	16	0	4
Operating profit/loss EBIT, TSEK	2,415	2,032	1,514	-6,571	-2,805
Profit after tax, TSEK	2,067	1,579	1,440	-5,171	661
Operating margin EBIT, %	10	9	3	-9	-4
Operating margin after tax, %	9	7	2	-7	1
Cash flow, TSEK	445	1,815	2,654	1,213	-7,234
Equity, TSEK	30,657	36,024	30,657	29,207	36,606
Balance sheet total, TSEK	48,659	51,689	48,659	45,062	49,719
Equity/assets ratio, %	63,0	69,7	63,0	68,5	73,5
Number of shares at period end, THS	20,516	20,516	20,516	20,516	20,516
Average no. of shares at period end, THS	20,516	20,516	20,516	20,516	20,516
Earnings per share, SEK	0.10	0.08	-0.03	-0.25	0.03
Cash flow per share, SEK	0.02	0.09	0.13	0.06	-0.35
Equity per share, SEK	1.49	1.76	1.49	1.42	1.78



QUARTERLY REPORT Q3
PARENT COMPANY

STATEMENTS OF PROFIT OR LOSS PARENT COMPANY

TSEK	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-12-31
Operating revenue				
Net sales	21,059	20,471	54,325	68,803
Other operating income	674	1,331	2,135	2,562
Total operating revenue	21,733	21,802	56,460	71,365
Operating expenses				
Costs of goods sold	-6,765	-6,144	-17,623	-21,039
Other external expenses	-8,696	-9,535	-24,768	-38,431
Personnel expenses	-3,594	-3,553	-11,411	-15,346
Withholding tax	-	-	-	-
Depreciation and write-downs	-275	-85	-691	-656
Other operating expenses	-1,344	-467	-2,407	-2,619
Total operating expenses	-20,674	-19,784	-56,900	-78,091
Operating profit/loss	1,059	2,018	-440	-6,726
Profit from financial items				
Interest expenses and similar items	-2	-2	-	-4
Profit after financial items	1,057	2,016	-440	-6,730
Tax income for the period	-233	-439	81	1,442
Profit of the period	824	1,577	-359	-5,288
Earnings per share (after tax)	0.04	0.08	-0.02	-0.26

STATEMENTS OF FINANCIAL POSITION PARENT COMPANY

TSEK	Note	2020-09-30	2019-09-30	2019-12-31
ASSETS				
Fixed assets				
Intangible assets	9	3,984	1,965	2,530
Financial assets	10	12,682	9,002	11,076
Total fixed assets		16,666	10,967	13,606
Current assets				
Finished items and items for sale		1,589	188	1,027
Trade receivables	10	19,037	20,511	21,356
Other current assets	10	3,393	8,899	3,358
Cash and cash equivalents		5,082	9,611	4,335
Total current assets		29,101	39,209	30,076
TOTAL ASSETS		45,767	50,176	43,682
TOTAL EQUITY AND LIABILITIES				
Equity		28,623	35,953	28,984
Short-term liabilities				
Accounts payable		11,565	7,617	10,400
Other current liabilities		5,579	6,606	4,298
Total short-term liabilities		17,144	14,223	14,698
Total liabilities		17,144	14,223	14,698
TOTAL EQUITY AND LIABILITIES		45,767	50,176	43,682

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY PARENT COMPANY

TSEK	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Equity at period start	27,797	34,376	36,556	35,885
Adjustment	-	-	-2,284	-
Transactions with the owners	27,797	34,376	34,272	35,885
Correction of error	-	-	-	-5,246
Earnings of period	826	1,577	-5,288	5,917
Total earnings of period	826	1,577	-5,288	671
Equity at period end	28,623	35,953	28,984	36,556

CASH FLOW STATEMENTS

PARENT COMPANY

TSEK	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-12-31
Current activities				
Profit/loss before financial items	1,061	2,018	-438	-6,726
Non-cash adjustment	230	85	647	-14
Interest paid	-2	-2	-4	-4
Paid income tax	-233	-	81	1,442
Cash flow from operating activities before changes in operating capital	1,056	2,101	286	-5,302
<i>Changes in working capital</i>				
Increase/decrease in inventory	-708	24	-562	-530
Increase/decrease in current receivables	-2,622	-3,307	2,052	9,689
Increase/decrease in current liabilities	2,567	4,098	2,446	1,581
Net cash flow from operating activities	293	2,916	4,222	5,438
Net cash flow from current activities	293	2,916	4,222	5,438
Investment activities				
Acquisition of intangible assets	-715	-261	-1,868	-676
Acquisition of financial assets	-523	-840	-1,607	-4,041
Disposal of tangible assets	-	-	-	14
Cash flow from investing activities	-1,238	-1,101	-3,475	-4,703
Financing activities				
New share issue	-	-	-	-
Cash flow from financial activities	0	0	0	0
Cash flow of period	-945	1,815	747	735
Cash and cash equivalents at period start	6,027	7,796	4,335	3,600
Cash and cash equivalents at period end	5,082	9,611	5,082	4,335

MULTI-YEAR OVERVIEW

PARENT COMPANY

Parent Company	July - Sept 2020	July - Sept 2019	YTD 2020	Full year 2019	Full year 2018	Full year 2017
Net sales, TSEK	21,059	20,471	54,325	68,803	69,039	66,152
Sales growth, %	3	12	9	0	4	19
Operating profit/loss EBIT, TSEK	1,059	2,018	-440	-6,726	2,547	-6,101
Profit after tax, TSEK	824	1,577	-359	-5,288	671	-5,409
Operating margin EBIT, %	5	9	-1	-9	3	-9
Operating margin after tax, %	4	7	-1	-7	1	-8
Cash flow, TSEK	-945	1,815	747	735	-7,330	-9,093
Equity, TSEK	28,623	35,953	28,623	28,984	36,556	35,885
Balance sheet total, TSEK	45,767	50,176	45,767	43,682	49,673	53,101
Equity/assets ratio, %	62,5	71,7	62,5	66,4	73,6	67,5
Number of shares at period end, THS	20,516	20,516	20,516	20,516	20,516	20,516
Average no. of shares at period end, THS	20,516	20,516	20,516	20,516	20,516	20,516
Earnings per share, SEK	0.04	0.08	-0.02	-0.26	0.03	-0.26
Cash flow per share, SEK	-0.05	0.09	0.04	0.04	-0.36	-0.44
Equity per share, SEK	1.40	1.75	1.40	1.41	1.78	1.75
Share price at period end, SEK	38.9	4.8	38.9	8.9	5.6	11.5



"WE WANT TO CHANGE
THE WAY WE VIEW
CLOTHES – FROM FAST
CONSUMABLES TO
DURABLES."

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 140 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 company 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 main offices and primary operations location are at Styrningsgatan 2, 211 18 Malmö. Polygiene AB shares are listed on Nasdaq First North.

Note 2. General information and compliance with IAS 34

This interim report presents the period from 1 July to 30 September 2020 and is prepared in SEK, the Parent's functional currency. The interim report was prepared according to IAS 34 Interim Financial Reporting.

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. The Group and Parent company are reported separately even though the amounts in most cases do not deviate by more than negligible amount.

The Group applies IFRS 16 Leases as of January 1, 2019. According to the transitional provisions in IFRS 16, the comparative figures have not been restated. Both short-term leases and leases where the underlying asset is of lesser value have been excluded from the calculation of the right to use the asset and the leasing debt. The balance at 2020-09-30 of the leasing debt amounts to TSEK 681.

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 2019 except description of the basic regulatory frameworks applied. Complete additional information under IFRS is published in our 2019 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 July to 30 September 2020 was approved for publishing by the Board of Directors on November 4, 2020.

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 2019 financial statements.

Revenue

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

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

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

Financial instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual terms of

the instrument. In these first financial statements, all financial assets have been classified as measured at amortised cost. The classification of 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.

After they are first recognized, financial assets are measured at amortised cost applying the effective interest method. Amortised cost is reduced for depreciation. Revenue, exchange rate differences, and depreciation are recognized in profit/loss. The gain or loss that arises when a financial instrument is derecognized in the statement of financial position recognized in the income statement.

The Group derecognizes a financial instrument in the statement of financial position when the contractual right to cash flows from the financial asset expire. The Group derecognized a financial liability from the statement of financial position when the agreed obligation is performed or been otherwise extinguished.

Loss provisions for trade receivables are always measured at the amount equal to the expected credit loss for the remaining lifetime.

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

Leasing

According to IFRS 16 Leasing should the majority of leased assets be recognized in the statement of financial position. The only exemptions are short-term and low-value leases agreements, which the Group has chosen to utilize. The implementation of IFRS 16 affects the year-end close because the lease agreement the Group has

chosen to capitalize (leasing for office space in Malmö) as an asset (the right to use the leased object)) and a financial liability for paying the lease agreement will be recognized. This has an effect on the equity ratio. The standard offers various transition methods and Polygiene has chosen to apply the standard with limited retroactivity.

Transactions in foreign currencies

Monetary assets and liabilities in foreign currencies have been translated to the balance sheet date exchange rate. Exchange rate differences arising in settlement or translation of monetary items are recognized in the income statement in the financial year in which they arise as either an operating item or financial item depending on the underlying business transaction.

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 2019 annual reports.

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

No significant events or transactions during this period.

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

Primary geographic markets:	Goods	Royalty	Total
2020-09-30			
Asia Pacific	4,331	3,740	8,071
EMEA	3,578	3,267	6,845
Americas	2,107	2,509	4,616
Global	3,342	-	3,342
	13,358	9,516	22,874

Primary geographic markets:	Goods	Royalty	Total
2019-09-30			
Asia Pacific	5,067	2,370	7,437
EMEA	4,712	4,117	8,829
Americas	1,150	3,032	4,182
Global	1	22	23
	10,930	9,541	20,471

Note 9: Other intangible assets

The Group and Parent Company's changes in the presented value for intangible assets:

Group TSEK	2020-09-30	2019-09-30	2019-12-31
Accumulated cost brought forward	4,657	3,430	6,265
Acquisitions	991	261	1,346
Reclassification	-	-	-2,953
Accumulated cost carried forward	5,648	3,691	4,658

Accumulated depr losses brought forward	-1,387	-1,641	-2,142
Adjustment	-	-	670
Depreciation of the period	-273	-85	-656
Accumulated depr carried forward	-1,660	-1,726	-2,128
Carrying amount	3,988	1,965	2,530

PARENT COMPANY TSEK	2020-09-30	2019-09-30	2019-12-31
Accumulated cost brought forward	4,653	3,430	6,265
Acquisitions	991	261	1,346
Reclassification	-	-	-2,953
Accumulated cost carried forward	5,644	3,691	4,658

PARENT COMPANY TSEK	2020-09-30	2019-09-30	2019-12-31
Accumulated depr losses brought forward	-1,386	-1,641	-2,142
Adjustment	-	-	670
Depreciation of the period	-273	-85	-656
Accumulated depr carried forward	-1,659	-1,726	-2,128
Carrying amount	3,985	1,965	2,530

Note 10: Financial assets

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

Group TSEK	2020-09-30	2019-09-30	2019-12-31
Trade receivables			
Opening balance	17,729	16,999	26,054
Change during the period	1,308	3,512	-5,117
Closing balance	19,037	20,511	20,937

Withholding tax			
Opening balance	6,319	3,763	2,636
Change during the period	522	840	2,599
Closing balance	6,841	4,603	5,235

Contracted assets			
Opening balance	143	336	-
Change during the period	254	-60	764
Closing balance	397	276	764

PARENT COMPANY TSEK	2020-09-30	2019-09-30	2019-12-31
Trade receivables			
Opening balance	17,729	16,999	26,054
Change during the period	1,308	3,512	-4,698
Closing balance	19,037	20,511	21,356

Withholding tax			
Opening balance	6,319	3,763	2,636
Change during the period	522	840	2,599
Closing balance	6,841	4,603	5,235

Contracted assets			
Opening balance	143	336	-
Change during the period	254	-60	764
Closing balance	397	276	764

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 share class, and each share carries an equal right to dividend. Par value for each share is SEK 0.10.

In June 2018, the company issued 228,000 warrants, which entitles the holders to subscribe to an equivalent number of shares. The warrants may be used during period from June 1 to June 30, 2021, and have the exercise price of SEK 16.50 per share. A corresponding program was implemented in June 2019 when the Parent company issued 300,000 warrants. The warrants may be used during period from June 1 to June 30, 2022, and have the exercise price of SEK 12.90 per share. A third corresponding program was implemented in June 2020 when another 300,000 warrants were issued. The warrants may be used during June 1 to June 30, 2023 and have the exercise price of SEK 22.36 per share. All warrants programs have been addressed to staff.

For more information on the development of share capital, please refer to the Polygiene AB Annual Report 2019.

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 11,813,372 which corresponds on average to 178,990 shares per trading day. The share price at the end of the period was SEK 38.90, which corresponds to market Share capital, the share and ownership structure capitalization of MSEK 798.1. The highest and lowest share prices during the period were SEK 39.40 and SEK 20.60, respectively.

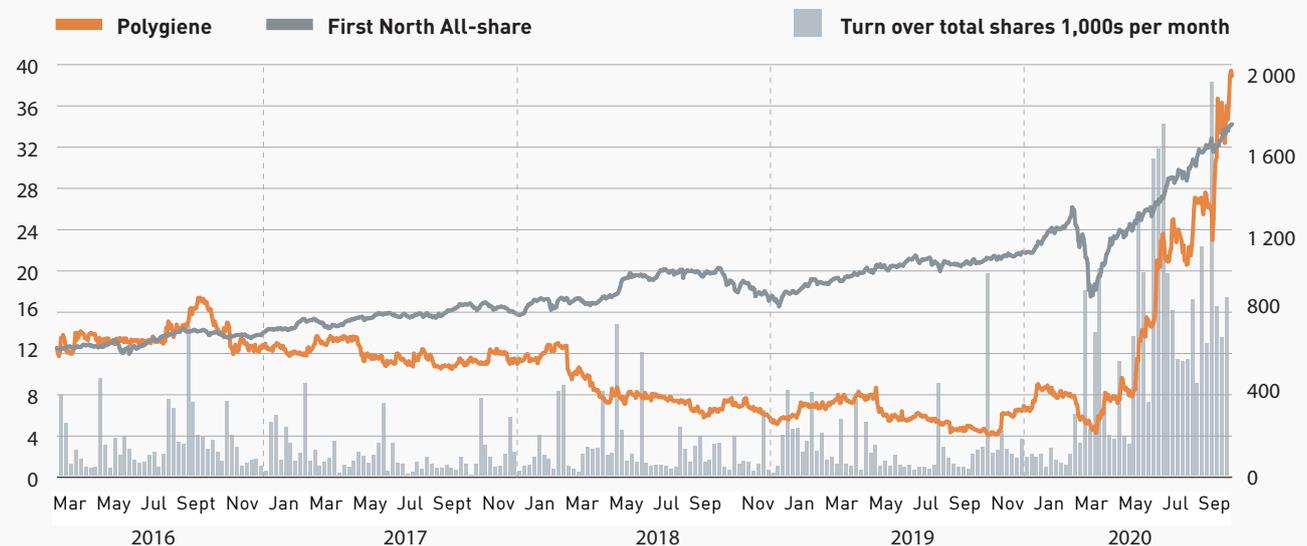
Ownership structure

The number of shareholders at the end of the period amounted to 3,169 (813). The table below lists the 10 largest shareholders as of September 30, 2020.

Shareholders		
Håkan Lagerberg*	2,326,573	11.3%
Avanza Pension	984,978	4.8%
Svanberg & Co Invest	983,914	4.8%
JPM Chase NA	940,000	4.6%
Jonas Wollin*	813,000	4.0%
SIX SIS AG	724,792	3.5%
LLoyd Fonds AG	630,362	3.1%
Clearstream Banking S.A.	622,359	3.0%
Nomura Securities CO Ltd	560,000	2.7%
Mats Georgson*	455,135	2.2%
Others	11,474,887	55.9%
Total	20,516,000	100.0%

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

Polygiene March 2016 – September 2020





Risks and uncertainty factors

Company operations are affected by several factors which can involve risks to the company's operations and profit. For more information, please refer to the company's 2019 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: 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 2021

End Report	February 25
Annual report	April 23
Interim Report Q1	May 6
Annual General Meeting	May 19
Interim Report Q2	August 26
Interim Report Q3	November 4

Contact information

Questions related to the report:

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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 November 5, 2020.

About Polygiene

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



Polygiene[®]
STAYS FRESH