



INTERIM REPORT Q4 2021

POLYGIENE
GROUPTM

Content

Q4 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.	16
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. .	22
Risk and uncertainties.	23
Financial calendar	23

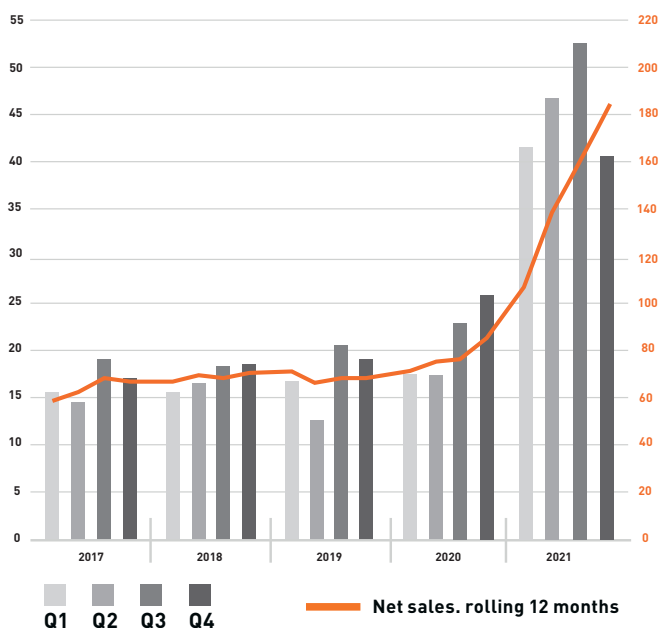
Polygiene Groups technologies do not just offer a function. but also an added value and a brand promise that textiles and surfaces will stay fresh. protected. and last longer.

Q4 in brief

KEY RATIOS

Group	Oct - Dec 2021	Oct - Dec 2020	Full year 2021	Full year 2020	Full year 2019
Net sales, MSEK	40.2	26.6	181.6	83.9	68.8
Operating profit EBIT, MSEK	3.9	-2.4	40.9	-1.1	-6.6
Operating margin EBIT, %	9.6	-8.5	22.5	-1.2	-9.2
Profit after tax, MSEK	39.0	-3.2	64.2	-1.7	-5.2
Operating margin after tax, SEK	97.1	-11.4	35.3	-2.0	-7.2
Earnings per share, SEK	1.10	-0.15	1.82	0.07	-0.25
Cash flow, MSEK	2.7	-3.1	46.4	-0.5	1.2

NET SALES, MSEK



OCTOBER - DECEMBER

- Net sales amounted to MSEK 40.2 (26.6), a positive growth by 51 %
- The operating profit/loss EBIT amounted to MSEK 3.9 (-2.4), a increase by 263 %
- The gross margin amounted to 67.8 (64.9) %
- The cash flow amounted to MSEK 2.7 (-3.1)
- A stamp duty has been incorrectly classified as an issue cost on the acquisition of Addmaster. In the interim period, it has been found to be an acquisition cost and affects the result by MSEK -2.3 and therefor increased share premium fund by the same amount
- The other profit of the period contains a translation difference of Goodwill by MSEK 36.1

Significant events in brief

EVENTS DURING FOURTH QUARTER OCTOBER - DECEMBER 2021

- Tricorp, leading workwear brand in the Netherlands launches products with Polygiene Biostatic™ Stays Fresh technology in which pre- and post-consumer waste is used
- The reference Brazilian surf wear brand Oceano launches, in close cooperation with surfer icon and TV personality Everaldo "Pato" Teixeira, a collection with Polygiene technologies that focus on preserving the oceans
- Vicunha, one of the world's largest suppliers of denim presents a new collection featuring Polygiene Stays Fresh® technologies for the 2021/22 season - a major break-through for Polygiene® in the denim segment, and in the Brazilian market in general
- Biomaster™ protected children's ride-on luggage Trunki wins design award. The UK company behind the original ride-on luggage, was honored in the Best Children's Backpack/Suitcase Design category
- Brand är launch first reusable FFP2 certified respirator with Polygiene ViralOff™ treatment. Respirators with a FFP2 level of protection are required in a number of countries and offer a higher, two-way protection as they protect the wearer as well as those around them. These multi-use respirators hugely minimize the load on the environment and were sold out immediately after the launch
- Speedlink, one of Europe's leading PC and video game console accessories brands, launch a new mousepad featuring Polygiene ViralOff providing hygienic protection for gamers
- Mix Innovations Ltd develops revolutionary Biomaster protected hydration system that gives runners, cyclists and others the ability to switch between water and sports drinks, without contamination of the water source, and making cleaning easier
- Diesel and Polygiene join forces as the brand Diesel starts secondhand sales – used Diesel jeans are collected, reconditioned and treated with Polygiene ViralOff and Polygiene OdorCrunch before they are resold
- Passenger comfort specialist Train Bits & More Ltd. has partnered with Biomaster to offer bus and train operators greater product protection against bacteria on coatings for handrails, seat handles and arm rests

- Polygiene Americas expands its sales representation with MTI New York as external sales representatives, covering the states of New York and New Jersey

EVENTS AFTER Q4

- Polygiene set new financial targets for the period 2022 – 2026. According to the new targets, Polygiene should have net sales of more than BSEK 1, and an EBIT margin of more than 30% at the latest in year 2026
- Polygiene acquires business related to SteriTouch through the indirectly wholly owned subsidiary Addmaster (UK) Limited from the privately owned English company Radical Materials Limited. The purchase price amounts to a total of approximately GBP 3.5 million (approximately SEK 43.2[1] million), where approximately GBP 3.15 million (approximately SEK 38.9 million) is paid in cash and the remaining GBP 0.35 million (approximately SEK 4.3 million) is paid through newly issued shares in Polygiene
- After a two-year break due to the pandemic Polygiene is exhibiting again at Première Vision in Paris, a leading purchasing and design fair for the fashion industry. The fair is well attended and many brands show great interest in Polygiene's technologies and sustainability focus



Message from the CEO

New financial targets and acquisitions process close out the year

Operating net sales for the quarter amounted to MSEK 40.1 (26.6), corresponding to a 51% increase compared to last year. During the period, the gross margin reported was 67.8% (64.9%). Operating profit before tax totalled MSEK 6.2 (-2.4), providing an operating margin of 15.4 %. Cash flow was positive at MSEK 2.7 (-3.1).

The logistics and raw material supply challenges experienced earlier in the year continued into the fourth quarter. Raw material shortages remain unchanged; no solution is in sight for the foreseeable future regardless of efforts to identify alternative suppliers. Global supply chain issues have affected all players in the polymer industry including Polygiene, despite our large network. The consequences of orders lost and delayed has temporarily affected sales. The shortages primarily impact certain Biomaster and Scentmaster formulations. We expect to resolve these issues in due time, making gradual improvements, quarter by quarter.

Polygiene's textile segment was also affected by global logistics challenges. Orders that should have sent to distributors were postponed due to production and transportation difficulties. These challenges resulted in a reduction of MSEK 6.5 compared to the same period last year. However, most of the orders postponed will instead be fulfilled during the first quarter of 2022, thereby causing a shift in the two quarters. Organic growth, excluding orders to distributors, increased by more than 11% but these orders have been impacted by longer factory lead times. Factory production is not yet at full capacity primarily due to raw material and energy shortages.

Gross margin was strong at 67.8% (64.9%), a direct result of the postponement of distributor orders this quarter. Accumulated margin for the entire year was 63.5%, which is in line with forecasts given the increase in shipping costs. Operating profit before tax amounted to MSEK 6.2, providing an operating margin of 15.4 %. Other extraordinary costs this quarter temporarily reduced profitability, but we anticipate a return to normal levels beginning next quarter.

Polygiene and Biomaster

Despite the impact of external factors, there are positive market indicators. Polygiene welcomed several new partners in the Protection and Freshness segments this quarter. Train Bits & More Ltd. (TBM), the UK-based passenger comfort specialist, for instance, signed an agreement with Biomaster to use its antimicrobial solution on handrails, handles and armrests for bus and train opera-

tors. This breakthrough spurred dialogue with other players in the public transportation arena. In June we will for the first time be present with a booth at the Aircraft Interiors Expo (AIX) in Hamburg. AIX is the world's leading marketplace for airlines and the supply chain to meet. Another example: Muraspec, a premier supplier of high-quality wall coverings for public environments, including hotels, healthcare, cruise ships and homes, introduced Biomaster protective technology to 200 different products, adding value while meeting demand for products with permanent antimicrobial resistance.

Polygiene continues to be highly relevant as a sustainable solution for the textile industry, as evidenced by its collaboration with Diesel Second Hand. Beautifully worn Diesel jeans are recycled, repaired and treated with Polygiene and then made available, restored and renewed to the growing resale market. This responsible living part-

»Within five years, the company should present an annual turnover of BSEK 1, based on a strong organic growth in combination with an ambitious acquisition strategy «



nership has garnered media attention, and we have high hopes that Polygiene can replicate this high growth potential concept with other partners, new and old. We have identified several areas with substantial growth potential, some new to the company while others are already established as mature segments. We plan to dedicate our sales and market resources more efficiently based on each market segment. As part of the integration, the new sales and marketing division will act independently of the underlying technology and reflect one and the same area representing various technologies - for both hard and soft surfaces. We see substantial potential in the Transport and Hospitality sectors. Our focus will therefore be to develop and invest in these sectors the coming year.

Management changes

As part of the integration between the companies, some management changes have taken place. Andreas Holm, former Chief Commercial Officer, has left the company and will not be replaced. Dane Momcilovic, former Chief Technological Officer, also left the company on January 31. Due to dual functions in the new organization, we will not conduct any new external recruitment for these positions because these competencies already exist within the Group.

Communicating new long-term goals

In December, the company announced new long-term goals, detailing guidelines for the company's development over the next five years. Underlying strong organic growth in combination with an ambitious acquisition strategy will result in an annual turnover of BSEK 1 and an EBIT margin of at least 30% by 2026. It is a challenging goal but realistic and achievable if we are successful in continuing to build value for our partners, maintain brand relevance, and create consumer demand.

Business growth will come from our existing market segments and the new market segments stated above. To continue to be at the forefront, the company will rely on product development to play a significant role in the journey ahead. Finally, we will invest in our brand and increase our presence in the market to reach out and communicate our message – our unique value proposition. Sustainability is vital to our business. In 2022, we will intensify work in this arena, focusing on creating additional value by setting up systems to measure the company's climate footprint as well as the reduced environmental impact of a treated product.

Welcoming Steritouch to the Group

After an intensive yearend due diligence process, the Group welcomed Steritouch into the fold in January 2022. The purchase is fully aligned with our acquisition strategy. The Steritouch brand offers antimicrobial treatments for hard surfaces like the Addmaster business. The acquisition is purely a synergy deal, and we aim to integrate Steritouch operations. Many attractive partners populate the Steritouch customer base, and we see significant potential to develop business relationships with these partners within the Group. A business development manager has joined Addmaster Ltd. as part of the deal. A combination of cash and non-cash payments (consideration shares) financed the purchase.

Looking ahead

To summarize, the quarter was challenging, with many external factors impacting our business. However, the company's long-term goals remain intact. We are not alone in weathering temporary dips due to the pandemic. However, maintaining our momentum and delivering strong results and reports in the long-term is essential. Supporting business growth of new and existing partners is a critical success factor. As we begin 2022, we must rely on a fully integrated organization which has been operating successfully over the past year. Looking back at recent years and the company's transformation, I feel that we are now ready to look ahead and begin the journey towards a new goal: the billion-kronor mark.



Ulrika Björk VD Polygiene Group

Polygiene Group in brief

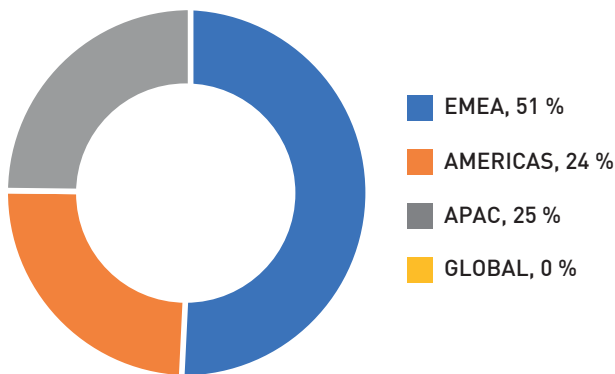
Our treatments make sure products stay fresh and protected, which makes them last longer

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.

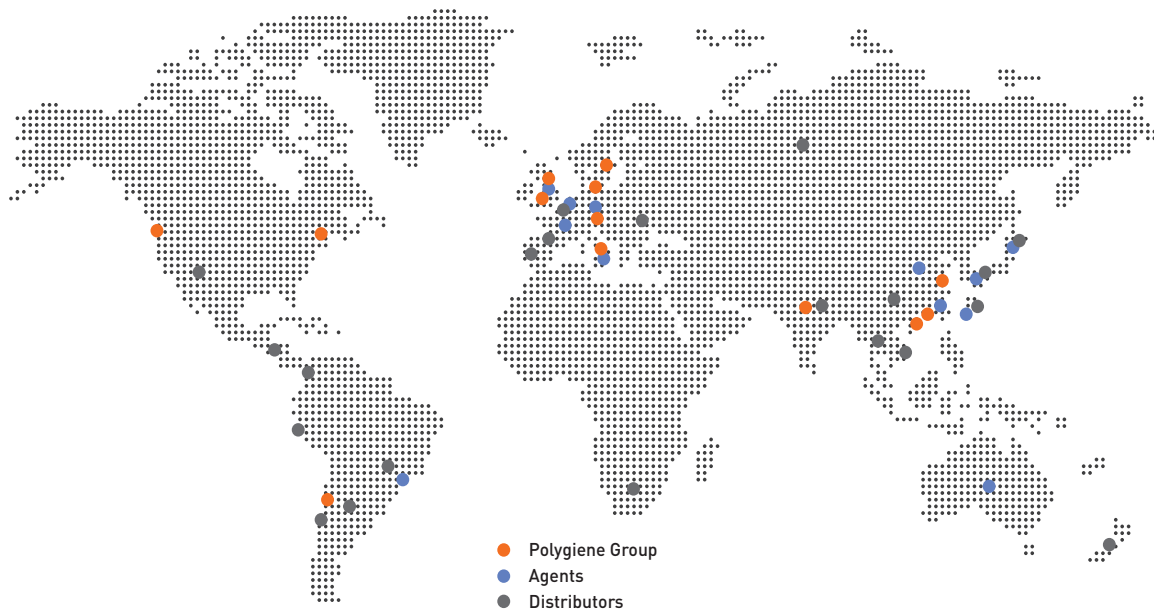
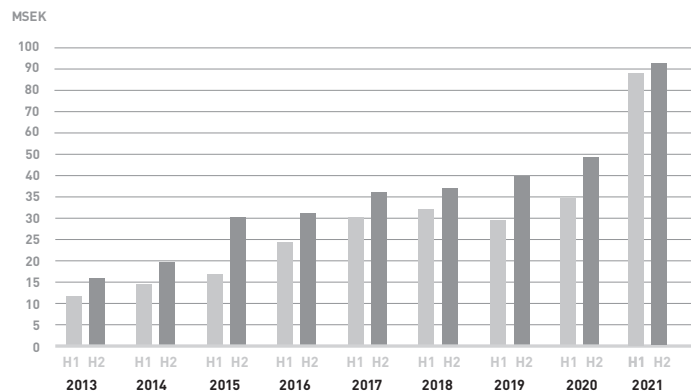
Operations

The fourth 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 that have smaller seasonal variations.



Financial trends

Net revenues and profit

Net revenues and Gross Margin

Q4 net revenues for the Group totalled MSEK 40.2 (26.6), for an increase of 50.8 % over the same quarter the previous year. Gross margins for the quarter reported at 67.8 (64.9) %, and full year gross margin was 63.5 (68.6) %. Cost of goods sold totalled MSEK -12.9 (-9.8) for the quarter.

Costs

Other external expenses for the period totalled MSEK -14.9 (-12.5), which is an increase of 19.2 % over the same quarter the previous year. These costs include:

- Variable selling expenses MSEK -4.4 (-3.9) which consist mainly of commissions to agents and distributors
- Marketing expenses MSEK -2.1 (-1.2)
- Administrative expenses MSEK -6.3 (-5.8). Non-recurring costs, MSEK -2.3 (-2.6) is associated with the acquisition of the subsidiary Addmaster. A stamp duty has in previous periods been booked as an issue cost instead of an acquisition cost, which has been corrected in this period
- Contracted consultants MSEK -2.1 (-1.6)

Staff costs totalled MSEK -7.9 (-4.8).

Depreciation on intangible- and tangible fixed assets totalled MSEK -0.8 (-0.5).

Other operating expenses relate to exchange rate differences, mainly on receivables and payables and totalled MSEK 0.3 (-2.6) for the quarter.

Result

Operating profit/loss (EBIT) totalled MSEK 3.9 (-2.4), corresponding to operating margins of 9.6 (-8.5) %. Other profit of the period contains translation differences. The result after taxes totalled MSEK 5.4 (-3.2). EBIT the full year was MSEK 41.3 (-1.1) for an operating margin of 22.7 (-1.2) %. Profit/ loss full year after tax was MSEK 33.8 (-1.7).

Financial position

Financial non-current assets

Financial non-current assets at the period-end where MSEK 14.0 (12.7) 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 22.8.

Intangible and tangible non-current assets

The intangible fixed assets consist mainly of goodwill, investments in the ERP and CRM system and R&D. The tangible fixed assets consist mainly of leasing for the use of office premises.

Cash flow and liquidity

Cash flow of the fourth quarter amounted to MSEK 2.7 (-3.1). Full year cash flow amounted to MSEK 46.4 (-0.4). The Group's cash and cash equivalents at the period-end amounted to MSEK 52.6 (4.5).

Equity

Equity totalled MSEK 519.2 (27.5) at the period-end. The equity assets ratio as of 2021-12-31 was 94.3 (47.7) %.

Personnel expenses

At the period-end, the operating organization, regardless the degree of service, was 47 (27) people. 38 (19) är employed and 9 (8) are contracted consultants. The operating organization amounts to 42.6 (24.1) full-time services.

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.

Statements of profit or loss of the Group

TSEK	Note	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating revenue					
Net sales	8	40,179	26,635	181,610	83,932
Other operating income		54	1,189	191	3,323
Total operating revenue		40,233	27,824	181,801	87,255
Operating expenses					
Costs of goods sold		-12,944	-9,767	-66,368	-27,399
Other external expenses		-14,908	-12,482	-43,535	-37,064
Personnel expenses		-7,950	-4,843	-30,698	-17,083
Depreciation and write-downs		-838	-500	-3,134	-1,752
Other operating expenses		260	-2,602	2,792	-5,008
Total operating expenses		-36,380	-30,194	-140,943	-88,306
Operating profit/loss		3,853	-2,370	40,858	-1,051
Profit from financial items					
Interest expenses and similar items		270	-10	-391	-35
Profit after financial items		4,123	-2,380	40,467	-1,086
Tax income for the period		-1,347	-614	-7,642	-650
Other profit of the period		168	-183	-4,732	-
Translation difference Goodwill quarter 1	10	30,130	-	30,130	-
Translation difference Goodwill quarter 2	10	-7,615	-	-7,615	-
Translation difference Goodwill quarter 3	10	1,324	-	1,324	-
Translation difference Goodwill quarter 4	10	12,251	-	12,251	-
Profit of the period		39,033	-3,177	64,182	-1,736
Earnings per share		1.10	-0.15	1.82	-0.08

Statements of financial position of the Group

TSEK	Not	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets	10	413,308	4,501
Tangible assets		2,694	607
Financial assets	11	13,999	12,695
Total fixed assets		430,001	17,803
Current assets			
Finished items and items for sale		28,158	2,687
Trade receivables	11	34,593	28,635
Other current assets	11	5,390	4,033
Cash and cash equivalents		52,552	4,478
Total current assets		120,693	39,833
TOTAL ASSETS		550,694	57,636
TOTAL EQUITY AND LIABILITIES			
Equity		519,150	27,480
Long-term liabilities			
Leasing liabilities		19	–
Other current liabilities		–	1,151
Total Long-term liabilities		19	1,151
Short-term liabilities			
Accounts payable		11,283	21,379
Leasing liabilities		2,381	513
Other current liabilities		17,861	7,113
Total short-term liabilities		31,525	29,005
Total liabilities		31,544	30,156
TOTAL EQUITY AND LIABILITIES		550,694	57,636

Consolidated statements of change in equity of the Group

TSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Equity at period start	473,436	30,657	27,480	29,207
Adjustments	465	–	–	-200
Share premium	6,215	–	425,705	–
New share issues and warrants	–	–	1,783	210
Transactions with the owners	480,116	30,657	454,968	29,217
Earnings of period	2,775	-2,994	32,824	-1,737
Other profit of the period	36,258	-183	31,358	–
Total earnings of period	39,033	-3,177	64,182	-1,737
Equity at period end	519,150	27,480	519,150	27,480

Cash flow statements of the Group

TSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Current activities				
Profit/loss before financial items	3,853	-2,370	40,858	-1,051
Non-cash adjustment	972	497	3,149	379
Interest paid	270	-10	-772	35
Paid income tax	-1,357	-613	-6,916	158
Cash flow from operating activities before changes in operating capital	3,738	-2,496	36,319	-865
<i>Changes in working capital:</i>				
Increase/decrease in inventory	-8,794	-1,098	-13,451	-1,660
Increase/decrease in current receivables	12,381	-10,588	22,201	-8,373
Increase/decrease in current liabilities	-2,502	12,053	-7,470	13,815
Net cash flow from operating activities	4,823	-2,129	37,599	2,917
Net cash flow from current activities	4,823	-2,129	37,599	2,917
Investment activities				
Acquisition of subsidiary	-	-	-404,846	-
Acquisition of intangible assets	-1,363	-825	-3,143	-1,819
Acquisition of tangible assets	-25	-68	-302	-72
Disposal of tangible assets	-	-	2,879	-
Acquisition of financial assets	-550	-63	-2,062	-2,151
Cash flow from investing activities	-1,938	-956	-407,474	-4,042
Financing activities				
New shares and warrants	-	-	418,317	209
Overdraft facilities	-	-	-1,151	1,151
Amortization of leased objects	-214	-	-900	-666
Cash flow from financial activities	-214	0	416,266	694
Cash flow of period	2,671	-3,085	46,391	-431
Cash and cash equivalents at period start	49,881	7,563	4,478	4,909
Currency differences, cash and cash equivalents	-	-	1,683	-
Cash and cash equivalents at period end	52,552	4,478	52,552	4,478

Multi-year overview of the Group

Group	Oct - Dec 2021	Oct - Dec 2020	Full year 2021	Full year 2020	Full year 2019
Net sales, TSEK	40,179	26,635	181,610	83,932	68,803
Sales growth, %	51	40	116	22	0
Operating profit/loss EBIT, TSEK	3,853	-2,370	40,858	-1,051	-6,571
Profit after tax, TSEK	39,033	-2,994	64,182	-1,736	-5,171
Operating margin EBIT, %	10	-9	23	-1	-9
Operating margin after tax, %	97	-11	35	-2	-7
Cash flow, TSEK	2,671	-3,085	46,391	-431	1,213
Equity, TSEK	519,150	27,480	519,150	27,480	29,207
Balance sheet total, TSEK	550,694	57,636	550,694	57,636	45,062
Equity/assets ratio, %	94.3	47.7	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	1.10	-0.15	1.82	-0.03	-0.25
Cash flow per share, SEK	0.08	-0.15	1.30	-0.02	0.06
Equity per share, SEK	14.60	1.34	14.60	1.34	1.42

Statements of profit or loss of the Parent Company

TSEK	Note	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating revenue					
Net sales		19,873	25,706	93,724	80,032
Other operating income		48	1,187	190	3,322
Total operating revenue		19,921	26,893	93,914	83,354
Operating expenses					
Costs of goods sold		-6,477	-9,764	-32,143	-27,389
Other external expenses		-11,736	-9,461	-39,482	-34,236
Personnel expenses		-5,177	-4,747	-19,743	-16,159
Depreciation and write-downs		-454	-315	-1,574	-1,005
Other operating expenses		260	-2,602	2,792	-5,007
Total operating expenses		-23,584	-26,889	-90,150	-83,796
Operating profit/loss		-3,663	4	3,764	-442
Profit from financial items					
Interest expenses and similar items		-	-6	-2	-10
Profit after financial items		-3,663	-2	3,762	-452
Tax income for the period		786	-573	-758	-492
Profit of the period		-2,877	-575	3,004	-944
Earnings per share		-0.08	-0.03	0.09	-0.05

Statements of financial position of the Parent Company

TSEK	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets		6,084	4,498
Tangible assets		113	49
Financial assets		472,184	12,745
Total fixed assets		478,381	17,292
Current assets			
Finished items and items for sale		3,870	2,687
Trade receivables		25,747	28,827
Other current assets		4,292	6,655
Cash and cash equivalents		16,388	1,786
Total current assets		50,297	39,955
TOTAL ASSETS		528,678	57,247
TOTAL EQUITY AND LIABILITIES			
Equity		452,606	28,040
Long-term liabilities			
Other current liabilities		45,930	1,151
Total Long-term liabilities		45,930	1,151
Short-term liabilities			
Accounts payable		21,193	21,342
Other current liabilities		8,949	6,714
Total short-term liabilities		30,142	28 056
Total liabilities		76,072	29,207
TOTAL EQUITY AND LIABILITIES		528,678	57,247

Consolidated statements of change in equity of the Parent Company

TSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Equity at period start	453,158	28,615	28,040	28,984
Share premium	2,326	–	420,060	–
New share issues and warrants	–	–	1,503	–
Transactions with the owners	455,484	28,615	449,603	28,984
Earnings of period	-2,878	-575	3,003	-944
Total earnings of period	-2,878	-575	3,003	-944
Equity at period end	452,606	28,040	452,606	28,040

Cash flow statements of the Parent Company

TSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Current activities				
Profit/loss before financial items	-3,451	4	3,764	-442
Non-cash adjustment	454	312	1,573	-152
Interest paid	-	-6	-2	-10
Paid income tax	-	-573	-	-
Cash flow from operating activities before changes in operating capital	-2,997	-263	5,335	-604
<i>Changes in working capital:</i>				
Increase/decrease in inventory	-1,288	-1,098	-1,183	-1,660
Increase/decrease in current receivables	6,022	-13,051	5,444	-10,767
Increase/decrease in current liabilities	4,062	12,056	4,412	13,357
Net cash flow from operating activities	5,799	-2,356	14,008	326
Net cash flow from current activities	5,799	-2,356	14,008	326
Investment activities				
Acquisition of subsidiary	-	-	-458,185	-
Acquisition of intangible assets	-1,363	-825	-3,139	-1,813
Acquisition of tangible assets	-	-52	-84	-52
Acquisition of financial assets	-550	-63	-2,062	-2,161
Cash flow from investing activities	-1,913	-940	-463,470	-4,026
Financing activities				
New shares and warrants	-	-	419,285	-
Borrowings from group companies	-	-	45,930	-
Overdraft facilities	-	-	-1,151	1,151
Cash flow from financial activities	0	0	464,064	1,151
Cash flow of period	3,886	-3,296	14,602	-2,549
Cash and cash equivalents at period start	12,501	5,082	1,786	4,335
Cash and cash equivalents at period end	16,387	1,786	16,388	1,786

Multi-year overview of the Parent Company

Group	Oct - Dec 2021	Oct - Dec 2020	Full year 2021	Full year 2020	Full year 2019
Net sales, TSEK	19,873	25,706	93,724	80,032	68,803
Sales growth, %	-23	35	17	16	0
Operating profit/loss EBIT, TSEK	-3,663	4	3,764	-442	-6,726
Profit after tax, TSEK	-2,877	-575	3,004	-944	-5,288
Operating margin EBIT, %	18	0	4	-1	-9
Operating margin after tax, %	15	-2	3	-1	-7
Cash flow, TSEK	3,886	-3,296	14,602	-2,549	735
Equity, TSEK	452,606	28,040	452,606	28,040	28,984
Balance sheet total, TSEK	528,678	57,247	528,678	57,247	43,682
Equity/assets ratio, %	85.6	48.9	85.6	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	-0.08	-0.03	0.09	-0.05	-0.26
Cash flow per share, SEK	0.11	-0.16	0.41	-0.12	0.04
Equity per share, SEK	12.73	1.37	12.73	1.37	1.41
Share price at period end, SEK	49.9	38.3	49.9	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 300 global partners within many business areas including Sports & Outdoor, Lifestyle, Home Textile, 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 main offices and primary operations location are at Styrmansgatan 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 October 1 to December 31, 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.

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 October 1 to December 31, 2021 was approved for publishing by the Board of Directors on February 23rd, 2022.

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

This interim report was prepared in compliance with IFRS, which agrees with the accounting and valuation principles which can be read in the Parent Company's 2020 annual report.

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.

In January 2022 Polygiene acquires, through the indirectly wholly-owned subsidiary Addmaster (UK) Limited, the business related to "SteriTouch" from the privately owned english company Radical Material Limited. The purchase price amounts to a total of GBP 3.5 million (approximately SEK 43.2 million), of which GBP 3.15 million (approximately MSEK 38.9) is paid in cash and the remaining GBP 0.35 million (approximately SEK 4.3 million) is paid with newly issued shares in Polygiene. The cash payment is intended to be financed through a directed cash issue in Polygiene. In addition to the fixed purchase price, the seller may also receive a cash additional purchase price that may amount to a maximum of GBP 0.5 million (approximately SEK 6.2 million) based on 2022 years sales growth of the acquired business.

Note 6. Seasonality and cyclicity

Historically sales are higher during the second half of the year. This has changed in 2021 through the acquisition of Addmaster, which is why seasonal variations are less.

Note 7. Contingent liabilities

The Board has not identified any contingent liabilities.

Note 8: Net sales from contracts with customers

The Group's revenues from geographic markets can be broken down as follows:

Q4 2021	Goods	Royalty	Total
Primary geographic markets:			
APAC	7,460	2,527	9,987
EMEA	17,397	2,879	20,276
AMERICAS	6,832	2,994	9,826
GLOBAL	90	–	90
	31,779	8,400	40,179
Q4 2020			
	Goods	Royalty	Total
Primary geographic markets:			
APAC	3,625	3,243	6,868
EMEA	5,366	2,190	7,556
AMERICAS	3,767	1,986	5,753
GLOBAL	6,458	–	6,458
	19,216	7,419	26,635

Note 9: Business acquisition**Acquisition of Addmaster 2021**

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

The total commercial purchase price, on a cash and debt-free basis, amounts to MGBP 33. The purchase price is paid partly with a cash payment of MGBP 22, with a supplement for interest and existing cash, and partly with a non-cash issue of 4,564,174 shares. The news about the acquisition was received positively by the market and the non-cash issue, which is recognized in the statement of financial position at the value of the Parent Company's shares at the time of the transaction, amounts to MSEK 147. Converted to SEK, the fair value of transferred remuneration amounts to a total of MSEK 453.

Fair value of transferred remuneration	2020-12-31
Amounts settled with cash and equivalents	305,602
Amounts settled with issued shares	147,423
Total	453,025

Reported amounts on identified net assets	2020-12-31
Tangible fixed assets	2,837
Intangible fixed assets	4,110
Rights to use leased assets	1,160
Total fixed assets	8,107

Finished products and goods for resale	11,267
Trade and other receivables	26,112
Cash and cash equivalents	48,179
Total current assets	85,558

Provisions	-59
Trade and other liabilities	-6,679
Leasing liabilities	-1,085
Total short-term liabilities	-7,823

Identified net assets	85,840
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Goodwill due to acquisition	367,184
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Transferred remuneration in cash	305,602
Acquired cash and cash equivalents	-48,179
Net cash flow due to acquisition	257,423

Total acquisition costs	5,111
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Transferred compensation

The acquisition of Addmaster was settled in cash with TSEK 303,439. During the year-end work, the Parent Company has drawn attention to a detail in the purchase agreement of the subsidiary Addmaster which means that an additional purchase price must be paid to one of the sellers. The clause entails an extra compensation of 195 TGBP. The amount will be paid to the seller in February 2022. The amount has been classified as a correction of errors and has therefore affected the final acquisition analysis. Acquisition-related costs of TSEK 5,111 are not included as part of the transferred compensation. The acquisition-related costs have been reported among other external expenses. TSEK 2,674 affected year 2020 and TSEK 2,437 affected the result in year 2021.

Identifiable net assets

The fair value of identifiable intangible assets has been determined as of December 31, 2020. The fair value of accounts receivable and other receivables acquired as part of the business combination amounted to TSEK 26,112.

Goodwill

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

Not 10: Goodwill

The Group's changes in the presented value for goodwill:

Group TSEK	2020-12-31	2019-12-31
Accumulated cost brought forward	367,622	5,441
Correction of acquisition	5,003	–
Translation difference quarter 1	30,130	–
Translation difference quarter 2	-7,615	–
Translation difference quarter 3	1,324	–
Translation difference quarter 4	12,251	–
Accumulated cost carried forward	408,715	5,441
Accumulated depr losses brought forward	-1,360	-1,360
Depreciation of the period	-136	-136
Accumulated depr carried forward	-1,496	-1,496
Carrying amount	407,219	3,945

Translation differences have not been reported in previous periods, which is why they have been corrected in this period.

Note 11: Financial assets

The Group's changes in value of financial assets:

Group TSEK	2021-12-31	2020-12-31
Trade receivables		
Opening balance	45,498	19,037
Change during the period	-10,905	9,598
Closing balance	34,593	28,635
Withholding tax		
Opening balance	8,908	6,841
Change during the period	550	555
Closing balance	9,458	7,396
Contracted assets		
Opening balance	2,421	397
Change during the period	-419	1,059
Closing balance	2,002	1,456

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.

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

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

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

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 fourth quarter, the total number of shares traded was 5,934,080 which corresponds on average to 92,720 shares per trading day. The share price at the end of the period was SEK 49.85, which corresponds to market Share capital, the share and ownership structure capitalization of MSEK 1,772. The highest and lowest share prices during the period were SEK 53.00 and SEK 31.45, respectively.

Ownership structure

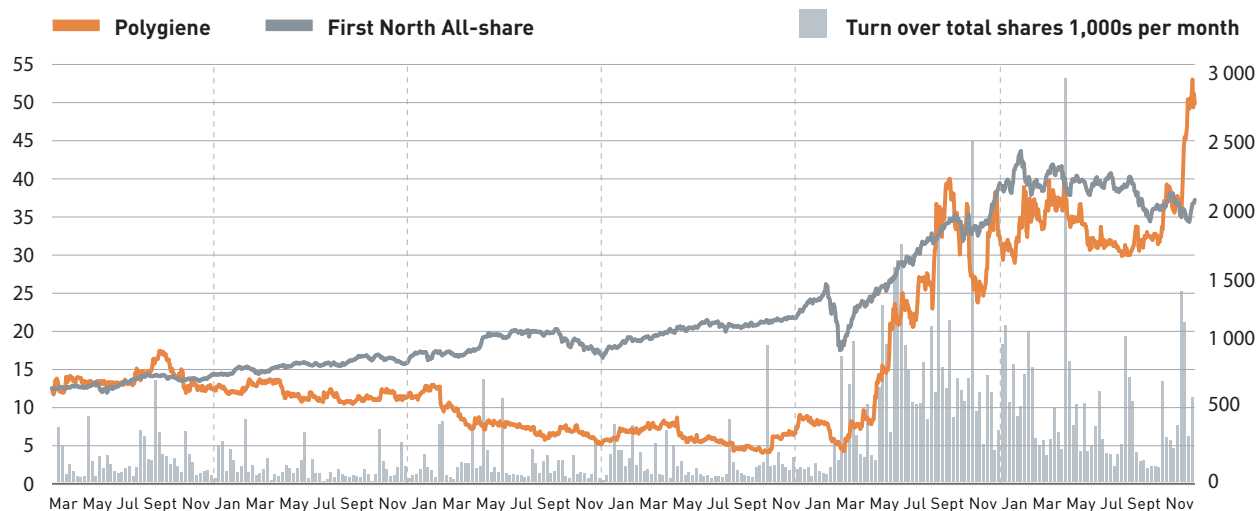
The number of shareholders at the end of the period amounted to 2,983 (3,434). The table below lists the 10 largest shareholders as of December 31, 2021.

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

*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 – December 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

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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 February, 26, 2021.

Financial Calendar 2022

Annual Report 2021	April 22
Interim Report Q1	April 28
Annual General Meeting	May 11
Interim Report Q2	July 28
Interim Report Q3	October 27
Interim Report Q4	February 16 2023