

PRESS RELEASE
November 10, 2016

Polygiene AB (publ.) Interim Financial Statements 1 January–30 September 2016

Strong quarter with new partners within Home Textiles

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

Financial trends in brief

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

Q4 is normally strongest in revenue terms. In step with continued growth, and penetration of new segments, our seasonal variations will be eliminated, although some shifts between individual quarters may still take place. In addition, a certain sluggishness in sales for the retail sector in the USA is reported. Several store chains have held substantial stocks, reducing orders for new products. For the first nine months of the year, net revenues increased by 13% in SEK (13% excluding exchange rate effects).

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

Significant events during the period (July–September)

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

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

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

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

The partnership combines Polygiene's expertise within odor control technology with Fogni's market-leading manufacturing process for safe, anti-bacterial and odorless fiber filling materials for a wide range of manufacturers of home textiles, bed linen and furniture, meeting the increasing demand from South Korean consumers.

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

Dcore goes all-in for Polygiene's odor control

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

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

Share options

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

Significant events after the end of the period

Haymo Strubel new Director of Commercial Operations for Europe at Polygiene

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

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

New Technical Director appointed for Polygiene

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

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

Malmö 2016-11-10

Board of Directors

This report has not been audited by the company Auditors. See attached PDF for the full report. This information is information that Polygiene AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 08.00 CET on 10 November, 2016.

For more information, contact:

Christian von Uthmann, CEO, Polygiene

Tel: + 46 (0)70 319 77 21, e-mail: cvu@polygiene.com

About Polygiene

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