

Polygiene AB (publ.)

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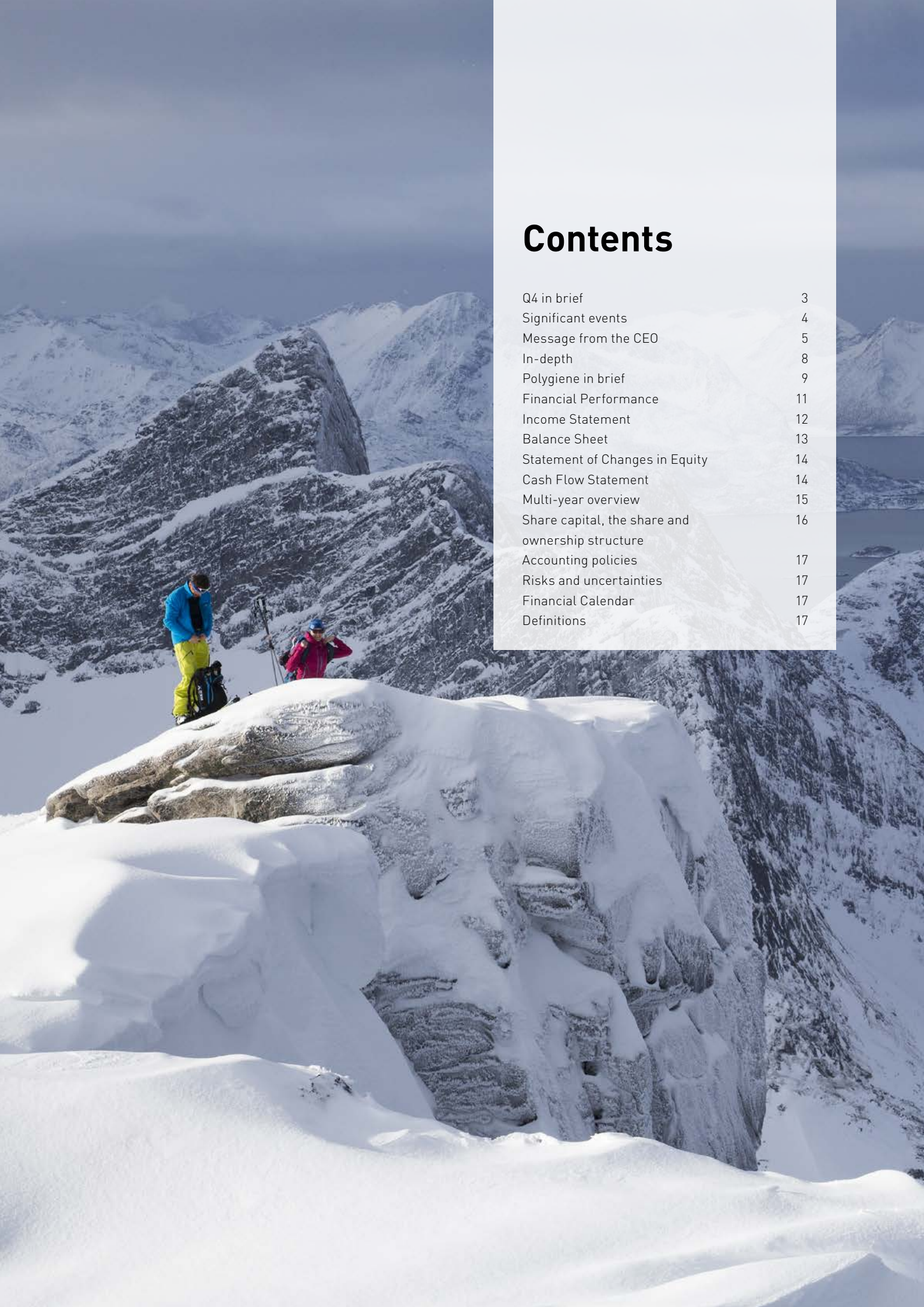
polygiene.com/ir



Polygiene®
STAYS FRESH

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Q4 in brief

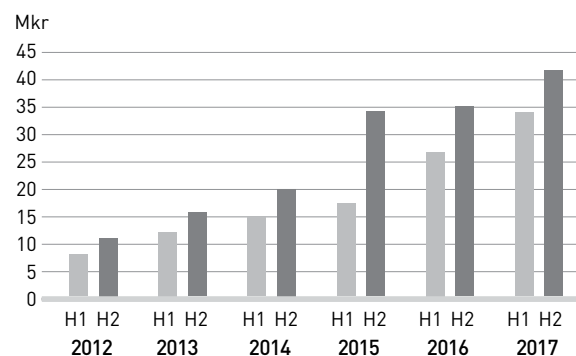
Tough end of the year but with zero earnings in the quarter

- Net revenue decreased by 2.1% (7.5% after foreign-exchange effects) in Q4, and amounted to MSEK 19.8 (20.2). Net revenue was MSEK 75.7 (61.6) for the full year.
- The operating profit before taxes for the period was MSEK 0.0 (0.6)
- The adjusted operating profit was MSEK 0.6 (1.1) for the quarter, after unrealized currency effects and withholding tax.
- The fixed costs have decreased by 11% compared to the corresponding quarter last year.
- The cash flow for Q4 was MSEK -4.5 (-6.0).
- The company's operative organization at the close of the quarter comprised 18 (14) employees.

Key ratios	Oct–Dec 2017	Oct–Dec 2016	Full year 2017	Full year 2016
Net sales, MSEK	19.8	20.2	75.7	61.6
Operating profit EBIT, MSEK	0.0	0.6	-6.1	-3.4
Operating margin EBIT, %	-0.1	3.2	-8.1	-5.5
Adjusted operating profit, MSEK	0.6	1.1	-1.3	-3.3
Adjusted operating profit, %	3.1	5.6	-1.7	-5.4
Profit after tax, MSEK	0.7	0.9	-5.4	-3.2
Operating margin after tax, %	3.4	4.4	-7.1	-5.1
Earnings per share, SEK	0.03	0.04	-0.26	-0.16
Cash flows, MSEK	-4.5	-6.0	-9.1	-7.5

Adjusted operating profit is after foreign exchange effects and withholding tax

Net turnover first/second half of the years 2012–2017



Significant events in brief

Significant events during Q4 2017 (Oct–Dec)

- Polygiene takes the step into the world of yoga together with Andar, Korea's leading brand in sports and athleisure clothing for women.
- Polygiene terminates its liquidity agreement with Pareto Securities AB on September 29, 2017.
- Polygiene is recognized by the Swedish business daily Dagens Industri as a Gasell (Gazelle) company, one of Sweden's fastest growing companies.
- Electronics giant Olympus manufactures hygienic dictaphones using Polygiene technology.
- Polygiene appoints Erik Penser Bank AB as its new Certified Advisor.
- Polygiene begins collaboration with Chinese luxury athleisurewear brand Particle Fever supported by partially owned by Alibaba.
- Changes in the management group to increase focus on growth, profitability and organization. New CEO is appointed at yearend and the business area New Ventures & Strategies becomes a separate functional entity.
- A new book on the topic Wear More. Wash Less® with the title: "Love to Sweat" is launched by Polygiene. The aim of this book is to give a general view on sustainability in the textile and garment industries, as well as raise awareness on what we as consumers can do to act in a sustainable way on a daily basis.



Significant events after Q4

- Adidas launches Polygiene in its Terrex CC Voyager shoe which is considered as a breakthrough in the footwear segment. This hopefully will lead to an increase in volumes from both Adidas and other partners in the future.
- As previously mentioned, the company has as of January 1, 2018, transitioned to IFRS. Beginning with the first quarter, Polygiene is preparing its financial statements according to new accounting principles as dictated by the new standards.
- Polygiene has appointed a new CFO, Kristian Populin, formerly accounting manager at the company. Kristian has assumed the role as CFO after Ulrika Björk who was appointed as CEO before yearend.
- Hans Bergman and Chiara Galimberti have been employed as part of the Polygiene team as Commercial Directors for Europa and North America, respectively, to increase focus on sales and new partners. This is an important element in building a sales-driven organization in order to achieve the company's long-term goals for 2022
- A new collaboration with the premium brand Aigle in Japan starts out by Polygiene providing odor-control technology to men's and women's logo t-shirts in Aigle's spring summer collection 2018. Aigle is owned by Lacoste in Japan who is one of the subsidiary companies of Lacoste in France.

Message from the CEO

A tough ending to 2017 but looking ahead to accelerate in 2018!

2017 was an eventful year that saw the performance of our company fall somewhat lower than our projected forecast. Net sales for the year were MSEK 75.7 (61.6), compared to MSEK 80 forecast. The beginning of the fourth quarter saw a continuation of the strong sales and success from the previous quarter. In December, however, sales fell sharply, due in part to the reduction in order intake from our distributors in Asia. Our business is affected of seasonal fluctuations, and this drop will hopefully be corrected in 2018. As a result, fourth quarter sales amounted to MSEK 19.8 (20.2). Annual growth rate was approximately 22% (25% excluding currency effects), disappointing since we had projected a growth rate of at least 30% for 2017. Although we did not reach our (2017) sales target, we managed to drive down costs in time so that our earnings before interest and tax (EBIT) ended at -6.1 MSEK instead of the forecast -5.5 MSEK. This demonstrates that we have solid cost control and that there is room to compensate for unexpected fluctuations in sales.

The adjusted operating profit (excluding currency effects and withholding tax) for 2017 ended at MSEK -1.3, indicating that we are heading in the right direction. The U.S. dollar remained strong last year, which did not work to our advantage, causing a currency loss of MSEK -2.4. The withholding tax is still a cost for us but will be recoverable within a five-year period when our previous tax deficits are used.

During the fourth quarter, we have begun to implement a new business system, Microsoft Dynamics NAV, which is a prerequisite for streamlining the administrative work for accounting and back office functions. As we grow, we must take advantage of economies of scale by working smarter and by using better systems and tools.

As of January 1, 2018, we began to prepare the company's financial statements according to International Financial Reporting Standards (IFRS) in order to prepare Polygiene for the transition from Nasdaq First North to Nasdaq First North Premier and onwards. After consulting specialists, we decided to transition to a new revenue model for the portion of our revenue that is derived from royalties. The effect does not effect the gross profit in Swedish kronor, which remains unchanged. However, the revenue reported will be somewhat lower and the cost of goods sold will decrease by the same amount.



Ulrika Björk
CEO Polygiene AB

Age: Turns 50 in August

Family: Boyfriend and four kids (26, 23, 16, 14 years old)

City: Helsingborg, Sweden

Career: Background as CFO

Leisure: Family, travel, food and wine

Sport: Running, sailing, skiing

Organization

My main task as newly appointed CEO is to build an organization that is equipped to take Polygiene on a profitable five-year growth journey where we achieve a turnover of more than MSEK 400 while at the same time delivering a profit margin of at least 20%. Moreover, my ambition is to ensure that Polygiene delivers shareholder value and gains shareholder trust.

To succeed, it is important to have an organization that is both motivated and committed to achieving our goal of a more than fivefold increase in revenues over the next five years. To do so, we must build a more sales-driven organization, expand our sales resources, and streamline our sales process to speed growth. The appointments of two new sales executives—one for Europe and one for North America—is one example of the efforts that we are undertaking to strengthen our organization.

Driving change requires not only a change of mindset but also a strong, competent and well-established management team who share a common agenda, work well together and with the team, and can communicate the company's vision to everyone in our organization.

In early February 2018, our entire organization – 18 employees from six different countries – met in Malmö, Sweden, to create a long-term strategic plan and to inspire and motivate everyone for the challenges ahead. We had two extremely positive energy-filled days of exchanging ideas and looking forward with confidence to the future. Our people, our corporate culture and our brand are enormously important assets that will play a crucial role in our success.

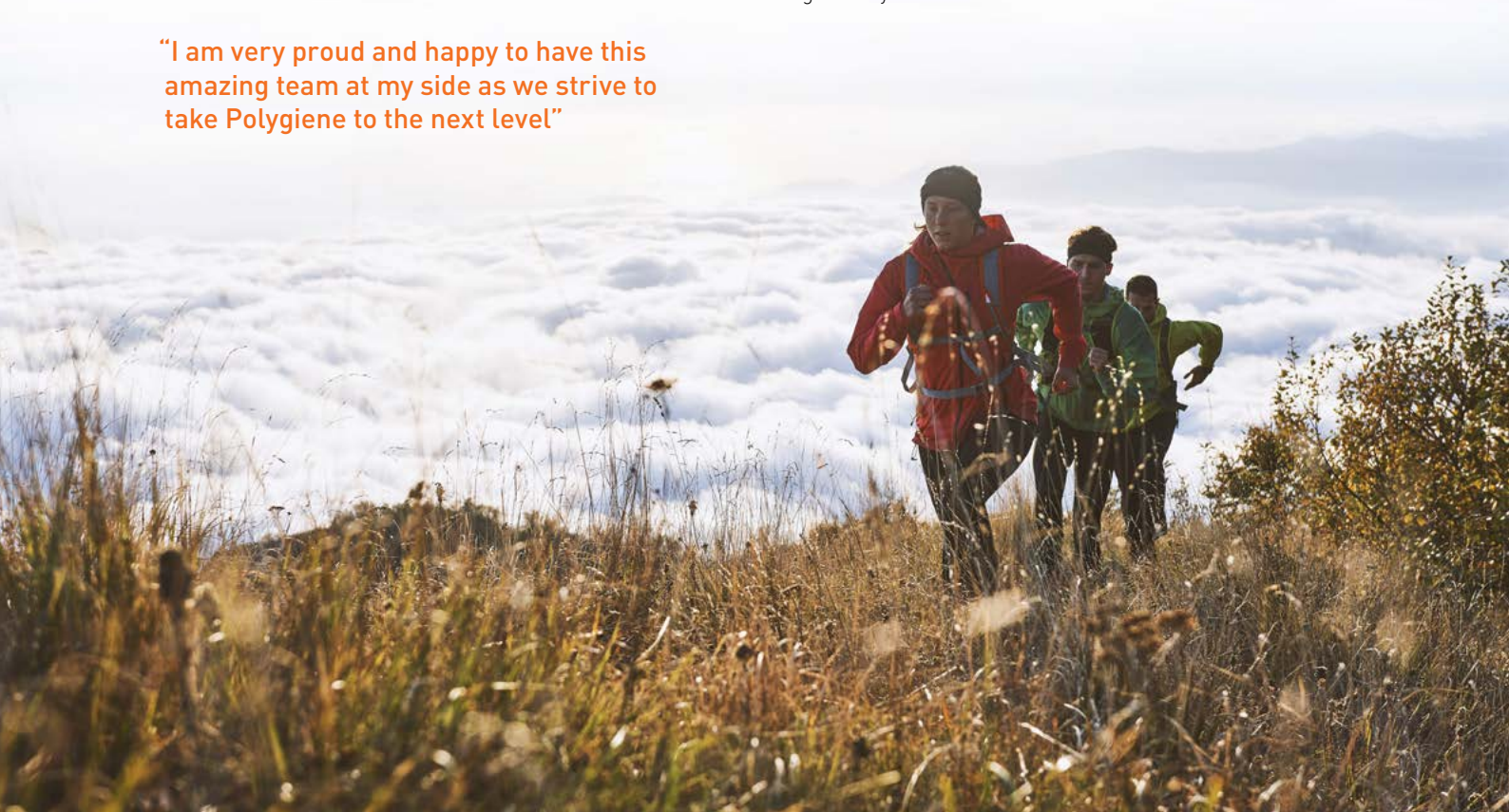
“I am very proud and happy to have this amazing team at my side as we strive to take Polygiene to the next level”

Sport & Outdoor

This segment is our absolute largest and will continue to be so in the future. Most of our revenues come from this segment and, not surprisingly, it is here that we allocate most of our marketing budget and resources. The December 2017 issue of the Polygiene News highlights our new collaborations, the trade fairs we participated in and our most recent activities. Noteworthy fourth-quarter news: Adidas, in collaboration with N.E.R.D and Pharrell Williams, launched a collection of Polygiene-treated products. The launch garnered a lot of media attention, which helped promote Polygiene too, and demonstrates how important it is for our brand to be seen alongside our brand partners. By 2022, our goal is to generate approximately MSEK 172 million in this segment.

Home Design

Asia continues to deliver strong growth in the home design segment. This is particularly true in China where existing customers most likely will double their volumes in 2018. Our success and lessons learned in Asia will serve us well as we work to open up the corresponding market segments in North America and Europe. To gain a better understanding of the industry and the value chain in these regions, Business Sweden conducted a major survey in Q3 2017 and survey findings will provide the basis to extend our reach and penetrate this market segment further. Unlike other market segments, home design is not a seasonal one. This means that sales will be more uniform from quarter to quarter, with a steady increase in volumes. It also means that, generally speaking, the annual sales window will be longer. Our goal is to generate approximately MSEK 65 million from this segment by 2022.





Footwear

One of the most important focus areas for our growth journey is the footwear segment. Successfully breaking into the footwear segment in a big way offers enormous potential for Polygiene. We are currently identifying key players who can be instrumental to our success. The value chain in the footwear segment is essentially different from the sport and outdoor segment, which we know very well from many years of experience. Our efforts here, however, demonstrate that we are moving in the right direction; our partner Adidas chose to treat a model in its Terrex Collection with Polygiene Stays Fresh Technology. Although the initial volume was modest, there is great potential to open up other possibilities not only at Adidas, but also at other brands. The addressable market for odor control within the footwear segment comprises an estimated 450 million pairs of shoes. We aim to generate approximately MSEK 62 from this segment by 2022.

Lifestyle

The next major segment identified as an key element in Polygiene's growth journey is the lifestyle segment. This includes fashion, shirts, pants, jackets, underwear, socks and travel products. We are already well established with several brands within athleisure wear, a subsegment of lifestyle that combines the functionality and comfort of sportswear with everyday casual wear. This provides great opportunities for Polygiene to take the next step and extend our brand into fashion as well. To reach our forecast volumes within a five-year period, we must strategically select the brands that can help us achieve our goal in terms of volume. Like the sport and outdoor segment, the lifestyle segment is demanding more functionality and technology. The Polygiene Wear More, Wash Less® concept with its focus on sustainability, environment and time-savings is therefore

very appealing. The prospects for the lifestyle segment to become one of the dominant segments for Polygiene in the future are strong. Our goal is to generate approximately MSEK 93 from this segment over the next five years.

Workwear

The market analysis conducted last spring indicated that workwear is the segment that offers Polygiene the least potential for growth. Therefore fewer resources will be allocated to it. The value that consumers place on workwear with odor control is high, but the market is relatively small. Our focus going forward will be on taking care of our existing customers within this segment, but also on cultivating a handful of strategically important partners. We aim to generate approximately MSEK 8 from this segment by 2022.

Protective Surfaces

Continuously on the upswing, this segment with a dozen-strong customers generates stable growth with floor, paint and plastic solutions primarily for the food industry. The business model and activities here are different; there is no need to establish Polygiene as an ingredient brand. Polygiene originated from this segment and we are committed to managing these customer relations well while, at the same time, developing long-term relationships with new partners. The potential for protective and anti-bacterial solutions is huge, especially in Asia where consumer interest in hygiene and bacteria-free surfaces is high.

The road ahead

We will continue to develop partnerships with many new interesting brands, and we will continue to grow and carry out activities with our existing customers. We will always provide the best support throughout the entire value chain. We will continue to build our brand and maintain and extend our position as a market leader within odor control and Stays Fresh solutions. And finally, we will strengthen our team and create a corporate culture based on sound values and cooperation. We will introduce working methods that are both effective and well-structured. And finally, we will continue to build a pleasant work environment that is both creative and productive.

I look humbly forward to my first year as CEO of Polygiene. There are many exciting projects going on that I hope to be able to share with you in the future. Now more than ever, global trends are focusing on greater environmental awareness and sustainability, which is completely in line with what we believe in and work towards. I am convinced that we are equipped to begin a fantastic journey, building a world-leading odor control company and Stays Fresh solutions. The market is there – it is now up to us to lay claim to it!

Ulrika Björk, CEO

In-depth: Addressable market, financial targets, organization, IFRS

Market potential

Polygiene has identified great potential for odor control solutions. Current estimates put the total addressable market for “branded odor control” worldwide at more than 1800 million units of clothing, footwear and textiles, which corresponds to at least 1900 million yards of textile each year. Most of the market has not yet been penetrated by Polygiene or its competitors. Here lies the future growth potential for Polygiene: to educate current and future customers (brand partners) about the added value of branded odor control. The total addressable market can be broken down in millions of units as follows: Sportswear (450 million), Fashion (660 million), Workwear (48 million), Footwear (450 million) and Home Textile (200 million). For more details: ir.polygiene.com

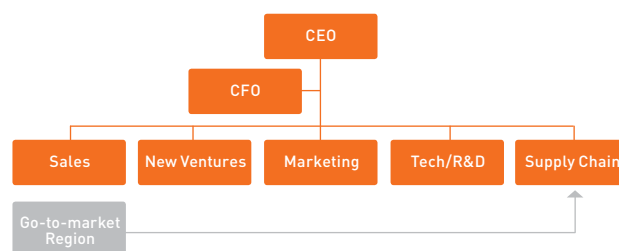
Financial goals 2022

Polygiene’s financial goals for 2022 shall be viewed in light of the market potential described above (which is more than twice the size of the company’s 2022 goals), the company’s extensive partner list and company’s focus on strengthening its organization and way of working. Polygiene aims to achieve net sales of more than MSEK 400 and an EBIT margin of at least 20% by 2022.

Organization

Polygiene is a function-based organization whereby its goals and strategic decisions are determined by the company’s management group. However, we currently work in a matrix organization where individual teams work locally to achieve the vision and strategies that are set globally.

Working in smaller, regional teams enables us to increase special competencies, to react faster and to become more sure-footed. We currently work in three regional go-to-



market teams: North America, Europa and Asia. Each team is comprised of sales, marketing, technical support and business development. Working with local agents and public relations agencies enables us to provide comprehensive services to customers.

Polygiene is transitioning to a new revenue accounting method for revenue derived from royalties.

A review of the company’s revenue model was conducted in accordance with International Financial Reporting Standards. As a result, the company in consultation with an accounting specialist decided to transition to a new revenue accounting model for the portion of revenue derived from royalties. As of January 1, 2018, the company reports net income instead of gross income for these revenues, which is in line with the transition to IFRS15. Polygiene’s first quarterly report for 2018 reflects this change.

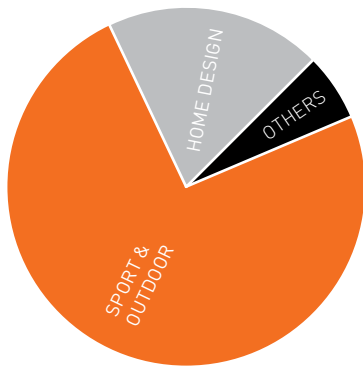
The new model will impact the company’s net sales and cost of goods sold. Gross profit in Swedish kronor and everything included therein remains unchanged. To be able to provide comprehensive historical financial information and obtain comparative figures, the 2014–2017 year has also been translated into the new model.

IFRS ADJUSTMENT	2013			2014			2015			2016			2017			CAGR 13–17	
	Old	New	Diff	Old	New	Diff	Old	New	Diff	Old	New	Diff	Old	New	Diff	Old	New
MSEK																	
Net sales	27.8	27.8	0.0	35.0	34.6	-0.3	51.5	48.0	-3.5	61.6	56.6	-4.9	75.7	68.9	-6.8	22%	20%
Cost of sales (COGS)	-11.1	-11.1	0.0	-13.5	-13.2	0.3	-22.0	-18.5	3.5	-26.0	-21.1	4.9	-33.0	-26.2	6.8		
Gross margin	16.7	16.7	0.0	21.5	21.5	0.0	29.5	29.5	0.0	35.5	35.5	0.0	42.7	42.7	0.0	21%	21%
Gross margin %	60%	60%		61%	62%		57%	61%		58%	63%		56%	62%			
Net sales annual growth %				26%	25%		47%	39%		20%	18%		23%	22%			

Unaudited numbers

Polygiene in brief

As the world-leading provider of odor control and Stays Fresh Technology for clothing, equipment, textiles and other materials, Polygiene helps people stay fresh and confident whatever they do and wherever they are. Today the company's over 140 global partners are found in a wide range of segments such as sports and outdoor, lifestyle and fashion, as well as home products and protective surfaces. With the aim to build growth as a global ingredient brand, Polygiene also wants to drive change in consumer behavior under the motto Wear More. Wash Less®. The strong brand is a major asset and the ongoing work with brand building and awareness is a key factor in reaching the future targets.



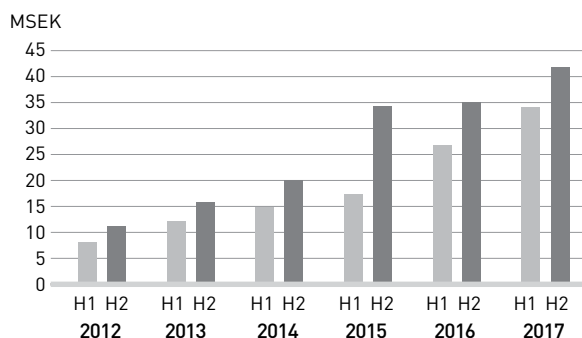
Operations

Approximately 80% of the turnover 2017 came from Sport and Outdoor, Home design 15% and the other 5% from Lifestyle, Footwear and Workwear. 2022 the estimation is that Lifestyle and Footwear will grow.



Partners

Polygiene currently has over 140 partner brands globally within the segments of Sport & Outdoor, Lifestyle, Home Textiles, Footwear, Work Wear and Protective surfaces. A global selection is presented here, see full [partner list](#).



Net turnover first/second half of the years 2012–2017

A steady growth and a stronger second half of the year from 2012 to 2017. The seasonal fluctuations might be less pronounced as new partners from segments with less seasonal variations are added.

400

MILLION SEK TURNOVER 2022

Financial targets

Based on a study of the addressable market within odor control and Stays Fresh-solutions and the annual potential of over 1.8 billion pieces, translates to the set targets of net sales over 400 MSEK, EBIT margin over 20%, effective no later than 2022.

Wear More. Wash Less[®]

Polygiene Stays Fresh Technology

Today consumer can reduce their environmental footprint simply by washing less frequently. Polygiene technology enables this by controlling odor in textiles. If garments are worn a bit longer and washed a bit less, their life is extended and water, energy and time will be saved. Or as we say it: Wear More. Wash Less[®].



AVERAGES BASED ON 392 LOADS OF LAUNDRY PER YEAR:

1 LOAD SKIPPED
per week



FREE-TIME GAINED
per year



WATER SAVED
per year



Save time

What would you do with three extra days? If one load of wash is skipped every week during a year, the time saved is three days to spend on something you love to do. Studies show that time is seen as a new currency today.

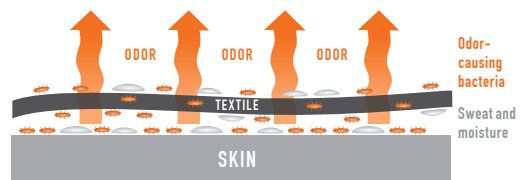


How it works

Polygiene's method is based on treatment of materials to reduce bacterial growth, which is the source of odors mainly in synthetic materials. To a great extent, Polygiene's solutions are based on silver salt made from recycled silver which remains effective throughout the garments lifetime. The solutions can be applied into fibers as well as fabrics and other materials.

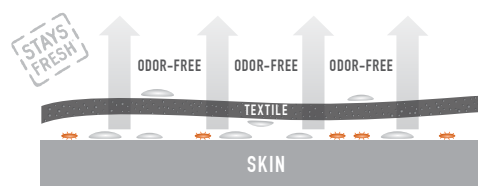
WITHOUT POLYGIENE

ODOR-CAUSING BACTERIA SETTLES AND MULTIPLY IN FABRIC/MATERIAL



WITH POLYGIENE

INHIBITS THE GROWTH OF ODOR-CAUSING BACTERIA IN FABRIC/MATERIAL



Stays Fresh

Polygiene – a Global Partner

Polygiene focuses mainly on manufacturers of leading premium brands and their customers. Working actively with the entire value chain, from development and manufacturing, to marketing, distribution and customer support. Polygiene has a global network of agent, distributors and regional offices.

Financial Performance

Net revenue and profit

Net revenue and margin

The company's net revenue for the fourth quarter amounted to MSEK 19.8 (20.2), corresponding to a decrease of 2.1 percent compared to the same quarter last year (7.5% adjusted for foreign currency effects). 2017 ended at MSEK 75.7 (61.6), about MSEK 4.3 lower than the forecast of MSEK 80. The annual growth rate for 2017 was 22% (25% adjusted for foreign currency effects) compared to 2016.

Other operating income amounted to MSEK 0.0 (0.8) and consists of positive foreign currency effects.

During the quarter, a gross margin of 53.1 (56.8) percent was reported, which is in line with the forecasts of 56.8%.

Costs

Sales costs, which include commissions to agents, amounted to MSEK -1.0 (-1.4).

Marketing expenses totalled MSEK -2.5 (-2.7) for the fourth quarter, lower than the previous quarter. Historically, about 60% of these costs fall during the first six months of the year and 40% during the second half of the year. This is primarily due to events and major trade shows that occur during the first quarter.

Administrative expenses amounted to MSEK -1.6 (-1.9) and have decreased compared to both the previous year and those trends that impacted 2016. This post is subject to anticipated customer loss of MSEK -0.3 (0.0). The total administration costs for the year have decreased by MSEK -0.5.

The costs associated with personnel and consultants have increased due to recruiting four new employees to strengthen the operative organization compared to the same period last year. During the fourth quarter, these costs amounted to MSEK -4.5 (-5.1). Annual salary costs increased by 22%.

Other operating costs consist of foreign currency effects and withholding tax (WHT). WHT is a type of tax that Polygiene can recover when previously taxable deficits are activated. These expenses amounted to MSEK -0.6 (-0.5) for the fourth quarter, and MSEK -4.8 (0.1) for the entire year (2017).

The total fixed costs (marketing, administration and personnel) amounted to MSEK -8.7 (-9.7) for the fourth quarter. This corresponds to a decrease of 11%.

Results

The operating profit (EBIT) for the fourth quarter amounted to MSEK 0.0 (0.6), representing an operating margin of 0.0 (3.2) percent. For the sake of comparison, it is important to present the results after making adjustments for foreign currency effects and the withholding tax. For the fourth quarter, the adjusted operating income amounted to MSEK 0.6 (1.1).

Financial position

Financial assets

At end of the fourth quarter, the financial assets amounted to MSEK 6.3 (5.5) and relate to deferred tax assets for the tax loss carryforwards incurred in previous years. The total tax loss carryforwards at the end of the fourth quarter amounted to MSEK 28.3.

Intangible assets

A total of MSEK 0.3 has been invested during the fourth quarter to protect the Polygiene brand against trademark infringement in new markets. These costs are in addition to the previous trademark protections registered earlier this year. Another MSEK 0.5 has been invested in creating a digital platform to increase brand awareness among consumers, and finally 0.2 is invested in a new CRM system.

Equity

Equity at the end of the fourth quarter amounted to MSEK 35.9 (41.3). The equity/assets ratio as of December 31, 2017 was 67.6 (72.0) percent.

Cash flow and liquidity

Cash flow from operating activities amounted to MSEK -3.2 (-6.0) and from investments activities MSEK -1.2 (0.0) during the fourth quarter.

At the end of the quarter, the company's cash and cash equivalents amounted to MSEK 10.9 (20.0).

Staff

At the end of the quarter, the company's operating organization consisted of 18 (14) staff members, of whom 14 (10) are employed and 4 (4) are consultants. The increase consists mainly of competencies within the fields of sales and marketing.

Income Statement

Income Statement in brief, TSEK	Oct–Dec 2017	Oct–Dec 2016	Full year 2017	Full year 2016
Operating revenue				
Net sales	19,771	20,186	75,680	61,557
Other operating income	45	802	1,102	3,574
	19,816	20,988	76,782	65,131
Operating expenses				
Costs of sales	-9,268	-8,730	-33,045	-26,049
Sales costs	-1,067	-1,427	-6,632	-5,397
Marketing costs	-2,478	-2,694	-11,464	-10,573
Administrative costs	-1,643	-1,932	-7,431	-7,991
Contracted employees	-1,307	-1,466	-5,063	-4,352
Personnel expenses	-3,254	-3,604	-13,128	-10,505
Other operating costs	-186	0	-186	0
Övriga rörelsekostnader	-635	-486	-5,934	-3,656
	-19,838	-20,339	-82,883	-68,523
Operating profit/loss	-22	649	-6,101	-3,392
Financial income and expenses				
Interest income	0	0	0	0
Interest costs	-1	-2	-8	-5
	-1	-1	-8	-5
Profit/loss before tax	-23	647	-6,109	-3,397
Tax	700	233	700	233
Profit/loss after tax	677	880	-5,409	-3,164
Profit after tax per share, SEK	0.03	0.04	-0.26	-0.16
Profit after tax per share after dilution, SEK	0.03	0.04	-0.26	-0.16

Balance Sheet

Balance Sheet in brief, TSEK	2017-12-31	2016-12-31
Assets		
Fixed assets		
Intangible assets	2,533	0
Tangible assets	0	0
Financial assets	6,287	5,537
Total fixed assets	8,820	5,537
Current assets		
Inventories	313	218
Trade receivables	31,699	29,927
Other current assets	1,339	1,613
Cash and cash equivalents	10,930	20,023
Total current assets	44,281	51,781
TOTAL ASSETS	53,101	57,318
TOTAL EQUITY AND LIABILITIES		
Equity	35,885	41,293
Liabilities		
Accounts payable	12,213	9,139
Other current liabilities	5,003	6,886
Total liabilities	17,216	16,025
TOTAL EQUITY AND LIABILITIES	53,101	57,318

Statement of Changes in Equity

Statement of Changes in Equity, TSEK	Oct–Dec 2017	Oct–Dec 2016	Full year 2017	Full year 2016
Equity at period start	34,208	40,413	41,293	40,843
New share issues and warrants				3,614
Issue expenses				0
Earnings for the period	677	880	-5,409	-3,164
Equity at period end	35,885	41,293	35,885	41,293

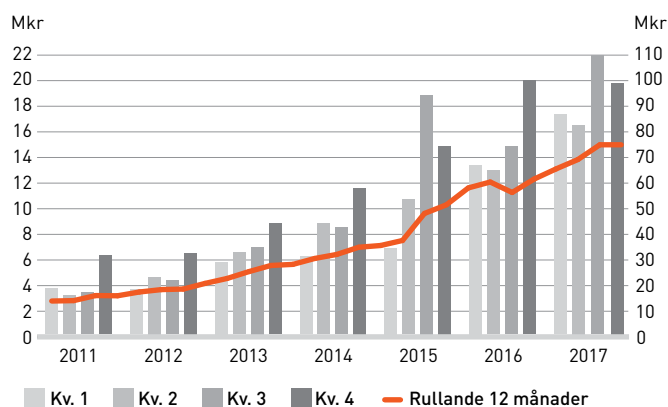
Cash Flow Statement

Kassaflödesanalys i sammandrag, Tkr	Oct–Dec 2017	Oct–Dec 2016	Full year 2017	Full year 2016
Profit/loss before financial items	-22	649	-6,101	-3,392
Interest paid	-1	-2	-8	-5
Depreciation	186	0	186	0
Cash flow from operating activities before changes in operating capital	163	647	-5,923	-3,397
Increase/decrease in inventory	-78	4	-94	7
Increase/decrease in current receivables	-4,456	-11,284	-1,498	-14,146
Increase/decrease in current liabilities	1,144	4,596	1,191	6,400
Cash flow from operating activities	-3,227	-6,037	-6,324	-11,136
Investment activities				
Investments in intangible fixed assets	-1,184	0	-2,719	0
Acquisition of subsidiaries	-50	0	-50	0
Cash flow from investing activities	-1,234	0	-2,769	0
Financing activities				
New share issue	0	0	0	3,600
Option premiums	0	0	0	14
Cash flow from financing activities	0	0	0	3,614
Change in cash and cash equivalents	-4,461	-6,037	-9,093	-7,522
Cash and cash equivalents at the beginning of the year	15,391	26,060	20,023	27,545
Likvida medel vid periodens slut	10,930	20,023	10,930	20,023
	-4,461	-6,037	-9,093	-7,522

Multi-year overview

Multi-year overview	Oct–Dec 2017	Oct–Dec 2016	Full year 2017	Full year 2016	Full year 2015
Net sales, TSEK	19,771	20,186	75,680	61,557	51,511
Sales growth, %	-2.1	34.9	22.9	19.5	47.4
Operating profit EBIT, TSEK	-22	649	-6,101	-3,392	5,599
Operating margin EBIT, %	0.0	3.2	-8.1	-5.5	10.9
Adjusted operating profit, TSEK	613	1,135	-1,268	-3,309	6,836
Adjusted operating profit, %	3.1	5.6	-1.7	-5.4	13.3
Profit after tax, TSEK	677	880	-5,409	-3,164	9,171
Operating margin after tax, %	3.4	4.4	-7.1	-5.1	17.8
Cash flows, TSEK	-4,461	-6,037	-9,093	-7,522	21,471
Equity, TSEK	35,885	41,293	35,885	41,293	40,843
Balance sheet total, TSEK	53,101	57,318	53,101	57,318	50,468
Equity/assets ratio, %	67.6	72.0	67.6	72.0	80.9
Number of shares at period-end, thousands	20,516	20,516	20,516	20,516	19,316
Average no. of shares at period-end, thousands	20,516	20,516	20,516	19,716	16,566
Earnings per share, SEK	0.03	0.04	-0.26	-0.16	0.55
Cash flow per share, SEK	-0.22	-0.29	-0.44	-0.37	1.30
Equity per share, SEK	1.75	2.01	1.75	2.01	2.11
Share price at period end, SEK	11.45	12.50	11.45	12.50	—

Net sales per quarter and rolling 12 months



Share capital, the share and ownership structure

Share capital

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

In 2015, Polygiene issued 250,000 warrants to staff and members of the board and the board chair, which entitle holders to subscribe for an equivalent number of shares. These warrants may be exercised during the period from 1 to 31 December 2018 and have an exercise price of SEK 15.00 per share. For more information regarding changes in equity, see the company's 2016 Annual Report.

Share

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

Total turnover for the Polygiene share in Q4 was 1,444,856 shares, corresponding to an average of 22,576 shares per trading day. The share price at the end of the period was SEK 11.45 corresponding to market capitalization of MSEK 234.9. Highest and lowest prices during the period were SEK 13.60 and 11.70, respectively.

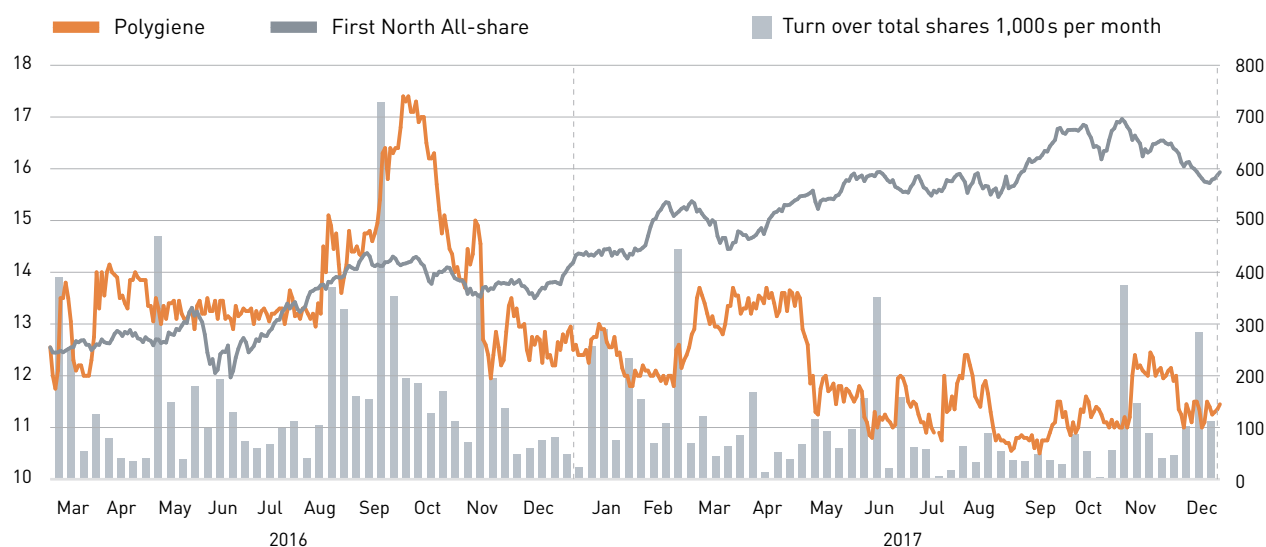
Ownership structure

The company had a total of 752 (767) shareholders at the period end. The table below lists the 10 largest shareholders as of 31 December 2017.

Shareholders	Shares	Percent
Richard Tooby*	2,065,800	10.1%
JP Morgan Bank Luxembourg	1,415,661	6.9%
Erik A i Malmö AB	1,348,800	6.6%
Clearstream Banking S.A. Luxembourg	1,161,193	5.7%
JPM Chase NA	940,000	4.6%
Aktia Fund Management	846,008	4.1%
Jonas Wollin*	813,500	4.0%
Lennart Holm*	800,220	3.9%
Mats Georgson*	707,000	3.4%
Christian von Uthmann*	668,978	3.3%
Other	9,748,840	47.5%
Total	20,516,000	100.0%

* Refers to personal holdings and those of associated natural persons and legal entities. Source: Data from Euroclear and data known to the company.

Polygiene 2016 Mars–2017 December





Accounting policies

This interim report was prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board General Recommendations BFNAR 2012:1 Annual reporting and consolidated financial statements (K3). The accounting policies used in preparing these financial statements match the accounting policies used in preparing the 2016 Annual Accounts and Financial Statements.

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

This report has not been audited by the Company's auditors.

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 2016 Annual Report.

Financial Calendar

Quarterly report Q1 2018	4 May
Year-End Release 2018	4 May

Definitions

Operating profit EBIT: Profit before interest and tax.

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

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

Adjusted operating profit: Adjusted operating profit is after foreign exchange effects and withholding tax.

Earnings per share: Profit 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.

Contact details, Addresses

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This information is information that Polygiene AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CET on 28 February 2018.

About Polygiene

Polygiene is the world-leading provider of odor control technology and Stays 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 140 global premium brands have chosen to use Polygiene Stays Fresh Technology in their products. Polygiene was established in 2006 and is listed on Nasdaq First North in Stockholm, Sweden. Erik Penser Bank AB acts as its Certified Advisor.



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