

Polygiene AB (publ.)

Company Description prior to listing on Nasdaq First North

March 2016



polygiene.com/ir



Polygiene®
STAY FRESH

Table of contents

Important information	1
Risk factors	2
Background and objectives	5
Message from the CEO	7
Market overview	9
Business description	14
Financial development in brief	19
Comments to the financial development	20
Board of Directors, senior management and auditors	22
Share capital and ownership structure	27
Legal issues and additional information	29
Articles of association	31
Tax issues – Swedish tax considerations	32

Nasdaq First North ("First North") is an alternative market operated jointly by the Nordic exchanges within NASDAQ. Companies whose shares are traded on First North are not required to follow the same rules as companies whose shares are traded on the regulated main market; instead they use a less extensive rulebook than the main market, which is adapted for smaller growth companies. An investment in a company whose shares are traded on First North may therefore carry more risk than an investment in a company whose shares are traded on a regulated market. All companies whose shares are traded on First North have a Certified Adviser to ensure they comply with all requirements and rules for disclosure of information to the market and investors. A Certified Adviser monitors the company whose shares will be listed for trading on First North, and NASDAQ approves such an application for listing.



Important information

Definitions

"Polygiene AB", "Polygiene" or "the Company" refer to the company registered in the Swedish Companies Registration Office under register code number 556692-4287. "Polygiene" may also refer to the Company's products. "First North" refers to Nasdaq First North. "Company Description" refers to the description of the company in question prior to listing Polygiene on First North. "Euroclear Sweden" or "Euroclear" refers to Euroclear Sweden AB, registered in the Swedish Companies Registration Office under register code number 556112-8074. "Remium" refers to Remium Nordic AB registered in the Swedish Companies Registration Office under register code number 556101-9174.

Important information for investors

Each investor should carefully review the information provided in the Company Description, paying particular attention to the specific conditions set forth in the Risk Factor section, which describes certain risks associated with an investment in Polygiene. The Company Description was written in preparation for the planned listing of the Company's shares on First North. No new shares will be issued in connection with the listing and no prospectus will be registered at the Swedish Financial Supervisory Authority with regard to the listing. The Company Description does not constitute an invitation to acquire, subscribe to, or in any way trade in shares or any other securities in Polygiene.

Forward-looking statements

The Company Description contains forward-looking statements and assumptions about future market conditions, operations and earnings. These statements appear in several sections, and include statements concerning the Company's current intentions, assessments and expectations.

Words such as "considers", "intends", "assesses", "expects", "anticipates", "plans", and similar expressions indicate some of these statements. Similar forward-looking statements may also be identified by grammatical construction, phrasing or context. Actual events and financial outcomes may differ materially from the statements in this Company Description due to the risk factors and other events that may affect the Company's operations.

Presentation of financial statements

Amounts represented in the financial statements of the Company Description have, in some instances, been rounded so that the sums in the tables do not necessarily add up to the exact totals. Unless otherwise indicated, all amounts are in Swedish kronor.

Third-party information

The Company Description contains certain market and industry information that has been obtained from third parties. Although the information has been accurately reproduced and the Company believes that the sources are reliable, the Company has not independently verified the information; therefore the accuracy and completeness of the information cannot be guaranteed. To the best of the Company's knowledge and as far as Polygiene can ascertain by comparing other information that has been published by these sources, no information has been omitted in such a way that would render the reproduced information inaccurate or misleading. In certain sections, this document refers to Polygiene's position in the market. Such references are based on the Company's annual revenues relative to the markets' actual size as well as to the annual revenues of its competitors.

Share information for Polygiene

First day of trading on First North: 14 March 2016
 Ticker symbol: POLYG
 ISIN code: SE0007692157

Dates for financial information

Annual Report 2015	19 April 2016
Interim Report (Q1) 2016	11 May 2016
Annual General Meeting 2016	11 May 2016
Interim Report (Q2) 2016	25 August 2016
Interim Report (Q3) 2016	10 November 2016
Year-End Results 2016	February 2017

Risk factors

An investment in securities is always associated with risk. Risk factors, whether within or beyond the Company's control, may adversely affect the Company's future operations. These risk factors may cause the value of the Company's shares to decrease, causing investors to lose all, or part, of their invested capital. The risk factors described here do not claim to be exhaustive. Other risks and uncertainties that have not yet been identified by the Company or that at present are not regarded as being important may also negatively impact the Company's operations, financial position, earnings or share price.

These risk factors are neither ranked in order of importance nor intended to approximate the probability of the various circumstances that may occur in the future or, in any way, indicate how much influence these may have on the Company's operations, financial position, earnings or share price. Share ownership is always associated with risk, and shareholders in Polygiene are therefore urged to make their own assessments of the following risk factors, other potential risk factors and their significance on future operations.

Operational and market-related risks

Competition

Polygiene has several competitors in the market for biocidal and "odor-control" and/or "anti-odor" treatment of clothing, textiles, et cetera, several of which are large multinational chemical companies. These companies currently have a limited share of the market, but are expected to have greater financial resources than Polygiene. They may therefore have greater capacity to meet unexpected changes in the industry or in the global economic climate, which may adversely affect the Company's earnings and financial standing.

Legislation and opinion

The biocides industry (including silver salts) is tightly regulated with regard to health issues and the environment.

Changing or further tightening of these regulations may lead to increased operating costs for the Company and/or for its suppliers. Occasionally, there may be discussions in the media about the use of biocides. This may potentially adversely affect the Company's earnings and financial standing.

Market growth

"Anti-odor", "odor-control" and "wash-less" solutions for the outdoor and sportswear industry are experiencing rapid growth worldwide. If for any reason this market growth experiences a decline, this may have a material adverse effect on the Company's earnings and financial position.

Quality of raw materials

Since the Company is active in the biocidal treatment (including, among other things, treatment based on silver salts) of clothing, textiles and other products, the Company is dependent upon the quality of raw materials. Should the quality of raw materials from the Company's suppliers in any respect prove to be of poor or inferior quality, this may cause the market to react negatively to the Company's products, thereby adversely affecting the Company's earnings and financial position.

Absence of formal agreements

Customary practices in the textile industry do not call for the use of formal written agreements with suppliers, partners and customers. The majority of Polygiene's contracts with suppliers, partners and customers are therefore based on verbal agreements and established practices between the parties. Although the contract model is consistent with industry practice, it carries the risk that discussions and disputes may arise between Polygiene and its counterparts concerning issues such as quality, quantity, contract times, delivery times and pricing. If the Company's counterparts fail to fulfil their respective obligations, the agreement

structure may make it more difficult for Polygiene to demand accountability from its counterparts. This may adversely affect the Company's earnings and financial position.

Reliance on suppliers

The Company is dependent upon its suppliers. It is important that deliveries are made on time and at the right price in order for the Company to remain competitive. Delays in deliveries, increases in the price of raw materials, or failure of the Company's suppliers to meet their obligations may adversely affect the Company's earnings and financial position.

Customers and cooperation agreements

Polygiene's sales occur, in part, through its own sales force and, in part, through distributors and agents, primarily in the U.S., Japan, China, Taiwan, South Korea, Thailand, Germany, Switzerland, Austria, the United Kingdom, France, the Benelux countries, Italy, the Czech Republic, Israel, Australia and Poland. These partners are important to the Company's future growth because they cover markets that are otherwise difficult for the Company to reach. There is no guarantee that the companies with which Polygiene currently cooperates, or will cooperate with, will be able to meet their obligations. Furthermore, there is a risk that Polygiene's size and financial position may affect the Company's ability to enter into cooperation agreements with additional strategic partners as well as to secure significant new customer agreements. Most of the agreements that Polygiene has with its major partners are based on verbal agreements (see the previous section, "Absence of formal agreements"). There can therefore be no guarantee that existing collaborations will not be terminated or declared invalid, or that the Company's existing collaborations will not be subject to change. If such change occurs, this may adversely affect the Company's earnings and financial position.

Dependence on key personnel and employees

Polygiene currently employs skilled personnel, many of whom have been active in the Company since its establishment. These people have solid knowledge both of Polygiene and of the industry in which the Company operates. It is important for the Company to retain key personnel and employees in order to be able to continue to develop according to plan. It is also important to keep staff turnover low because high staff turnover can be both time-consuming

and costly, which may adversely affect the Company's earnings and financial position.

Financing and future capital requirements

The management and the Board actively and continually work with the Company's governance and control, including profit, liquidity and financial position. The Board continually tests the prerequisites for continued company operation. After the new share issue in December 2015, the Board believes that the Company has sufficient financial resources to fund activities for the coming year. Since the Company is currently in a phase of expansion with relatively large capital requirements, the Company may therefore be obliged to raise additional funds in the future in order to address expansion costs or the increased demand for the Company's products. There is a risk that such funding may not be obtained when the need arises or on terms which are acceptable to the Company. If the Company is unable to obtain financing, when required, Polygiene may be required to significantly curtail its activities or, ultimately, to completely suspend its operations.

Credit risk

The Company has a significant economic exposure towards its customers. Should one or more of its customers be unable to meet obligations for payment to the Company, this may adversely affect the Company's cash flow, earnings and financial position.

Product liability

Polygiene sells most of its products by assuming responsibility for functionality. Although Polygiene believes that the Company has a well-developed process for product development and quality control with a special documentation system and high standards for systematic procedures, any defects in the Company's products resulting in liability and claims against the Company cannot be ruled out. Polygiene may therefore become responsible for damages caused by its products. Such liability is normally covered by insurance, but may also adversely affect the Company's financial position and brand name.

Licenses and permits

The Company complies with the requirements of regulatory authorities, for example those involving environmental and health issues, for the business activities conducted. Applicable regulatory and supervisory authorities' requirements, however, may change in the future. Should the Company fail

to fulfil the existing, or any future, changed requirements, the conditions for conducting operations would cease and thereby risk affecting the Company's earnings and financial position.

Currency risk

The Company is currently engaged in sales in the U.S., Europe and Asia, which exposes the company to currency risks. Sales primarily occur in USD but also in GBP, EUR and JPY, and to some extent in other currencies. Currently, Company expenses are primarily in SEK; however, when purchasing raw materials and making payments to agents and distributors, the Company also has expenses in other currencies, including USD, GBP, EUR and JPY. At present the Company does not hedge its currency transactions. Future currency fluctuations may therefore adversely affect the Company's earnings and financial position.

The brand

The Company is dependent upon its strong brand. A company's brand and what it stands for are important factors when existing and new customers select a supplier. Issues involving quality, logistics or operations, for instance, may damage the Polygiene brand and thereby cause difficulties in retaining existing customers and/or attracting new ones. In addition, the Company faces the risks that its employees or other representatives may undertake activities that are unethical, criminal or in violation of Polygiene's internal guidelines and policies. This may result in customers and suppliers associating the Company with such activities, which could have a material adverse effect on the Polygiene brand. If Polygiene's brand reputation is damaged, this may result in a loss of sales or hindrances in growth opportunities, and therefore have a material adverse effect on the Company's business, prospects, earnings and financial position.

Risks related to international operations

Polygiene's operations are exposed to risks as a result of the products being sold in different countries. Therefore, future earnings may be affected by various factors, including legal, tax or financial costs to the Company, changes in a country's political or economic conditions, trade restrictions and requirements on the import or export licenses as well as inadequate protection of intellectual property. There is a risk that Polygiene's operations may be adversely affected by these types of factors.

Dispute resolution

Polygiene may, from time to time, be subject to litigation regarding its operations. Such lawsuits may concern the infringement of intellectual property rights, contractual issues or product liability issues. Disputes and claims can be time consuming, disrupt operations, involve considerable sums or fundamentally important issues, and entail significant costs, and thereby adversely affect the Company's operations, earnings and financial position.

Risks related to listing and shares

Share performance

An investment in Polygiene is associated with risks. There are no guarantees that the share price will rise after listing. The stock market development in general as well as the development of Polygiene's share price depends upon various factors, such as rising interest rates, policy changes, and economic fluctuation, which are beyond the Company's control. Equity markets are significantly characterized by psychological factors. Shares like Polygiene's may be affected by these factors in the same way as all others. Even if the Company experiences growth, there are risks that investors may suffer losses upon the divestment of their holdings.

Limited liquidity in the Company's shares

A prerequisite for the well-functioning trading of shares is that there is sufficient supply and demand, which results in the continuous price setting (buy-sell or bid-ask prices) of the shares. Under such conditions, the prospects are good for shareholders to convert their holdings to liquid assets; that is, the liquidity of the share is good.

It is impossible to predict how the liquidity of the Company's shares will develop after listing. If active, liquid trading does not develop, this may result in difficulties selling large blocks of shares within a short period of time without adversely affecting the share price.

Failure to issue dividends

To date, Polygiene has not declared or paid any dividends. The Board of Directors will propose the timing and size of any future dividend distributions. With regard to future dividends, the Board will consider various factors, including demands that the nature, scope and risks of the business have on the size of the equity as well as the Company's consolidation requirements, liquidity and financial position. As long as no dividends are distributed, any return on investment must be generated by an increase in the share price.

Background and objectives

The Company Polygiene is building the brand Polygiene® around odor control functionality and Polygiene STAY FRESH® solutions for consumers. Polygiene is building its brand by actively working with the entire value chain from development and manufacturing at subcontractor sites to marketing, distribution and active customer support.

Polygiene caters primarily to manufacturers of leading premium clothing brands and their customers. The offering consists of treatment of textiles or material, functional solutions, knowledge and active support for odor control and Polygiene's STAY FRESH concept. The aim is to offer customers comprehensive solutions for their respective product ranges and apparel brands. The advantage to the market and benefits to the Company's customers are:

- A general increase in freshness and improved hygiene on all materials, both soft and hard.
- Reduction of odor primarily on textiles (sportswear) and sports equipment that are difficult to wash (for example, helmets and other protective gear).
- Extended product life span by inhibiting the growth of odor-causing microbes, which cause product degradation and bad smell.
- The brand's ability to quickly and clearly communicate its advantages, and thereby realize the added value for both Polygiene's customers and consumers alike.

To the best of its knowledge, the Company uses the best functioning technologies that are also bluesign® certified, which means that they meet strict independent environmental and product life cycle standards. The additives sold by Polygiene are manufactured in the EU and Japan using minimal resources and complying with stringent environmental requirements. Some of Polygiene's solutions are based on low concentrations of silver salts made of recycled silver. Clothing treated with Polygiene can be recycled. Polygiene's solutions are not based on nanosilver.

Polygiene is a member of the Chemicals Group of Swerea, the Swedish Research Institute for Industrial Renewal and Sustainable Development, which means that the Company is continually updated on, and can actively contribute to, possible changes in legislation and regulations involving chemicals and other environmental issues.

Polygiene was established in January 2006 through a spin-off from the specialty chemicals company Perstorp

The Company develops and sells permanent odor control primarily to the textile industry (premium clothing brands), but also sells antibacterial solutions adapted for use on other types of surfaces. The technology was originally developed in the early 2000s to create antibacterial sur-

faces on various plastic materials and industrial flooring. Efforts to develop additional applications for other antibacterial surfaces have continued over the years, and products now also include applications for sanitary products, other flooring types and paint.

The technology for odor control for textiles was developed around 2007–2008 and has in recent years experienced rapid growth, especially in sportswear and sporting goods. Polygiene currently supplies its products and solutions to approximately 100 leading clothing brands, or brand partners, and Polygiene works continually to gain new customers.

Great potential in the odor control market

Polygiene has had a major impact in the Sport & Outdoor segment (including clothing, protective gear and related products), where the growth potential remains strong. New segments that are now actively being addressed are clothing (fashion-, sports- and workwear), footwear, home textiles and other segments. In several application areas, the Company has only started to cultivate certain segments to a limited extent, and the market penetration in these segments is still low.





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The assessment of the market potential in these new segments is therefore expected to be significant.

Market drivers and challenges

All signs indicate that demand for Polygiene's solutions for odor control and freshness will remain strong and continue to grow. Rise in demand is driven by several interacting factors, including a growing global middle

class with strong purchasing power and the worldwide boom of the health and wellness industry. This is compounded by the fact that people do not want to smell bad because this negatively affects one's self-confidence.

Another factor that increasingly affects demand is that consumers want to be both climate- and resource-smart. Clothing treated with Polygiene lasts considerably longer and requires less frequent laundering than untreated garments. This reduces the environmental impact from the manufacturing and laundering of textiles, which saves water as well as energy. Moreover, the consumer saves time because frequent laundering is not required.

Polygiene meets market needs

Polygiene meets, through its products and solutions, the needs of both consumers and brand partners for the best odor-control functionality, Polygiene STAY FRESH® and Polygiene – Wear More. Wash Less.®. Through its unique

overall concept, which includes not only the products but also the application technology and active marketing support, the Company helps its customers present Polygiene in the right context. In doing so, the advantages as well as the pleasure of using garments and products treated with Polygiene become clear. Polygiene complies with all product, environmental and safety requirements imposed through legislation and industry-specific certifications.

About the listing

The listing of Polygiene on First North is seen as a natural step in the Company's evolution as it constitutes a mark of quality in relation to customers and business partners and when recruiting personnel. It also contributes to creating liquidity for the Company's shareholders and provides the possibility for the Company to structure future transactions using its own shares as a means of payment, if necessary.

Board assurance

The Board of Directors of Polygiene is responsible for the information provided in this Company Description, which has been written as a result of the application for listing of the Company's shares on First North. The Board hereby declares that all reasonable precautions have been taken to ensure that the information in this Company Description is, to the best of its knowledge, correct and in accordance with actual conditions, and that no information has been omitted that could affect the image of Polygiene that is created by this Company Description.

Malmö, 9 March 2016
Board of Directors for Polygiene AB (publ.)

Message from the CEO

I would argue that Polygiene is essentially about helping people feel better and use their resources more effectively. Allow me to explain why.

Ask anybody about what's important in life. I'm sure that relationships with other people rank very high on, if not at the top of anybody's list. Relationships are built on mutual contacts where it is important that we feel secure and attractive – we want to be seen in a positive light when we meet other people. We generally react negatively when other people smell bad, and find the odor unpleasant. Likewise, we all worry that we may smell bad. Smelling bad lowers our self-confidence.

Concern about smelling bad is the reason that we change our clothing often; many of us do every day. The obvious source of odor is our clothing, sports equipment or the like, which after having been used a while smells increasingly bad. There will be many loads of laundry to do, and every load uses 50 liters of water in a modern washing machine. Moreover, doing laundry requires energy to heat the water and detergent to remove the dirt. Washing also wears clothing, shortening its lifetime. Wear and tear is not good for the environment.

For me, working for Polygiene is very exciting as we can offer a fantastic solution that is both safe and proven to be effective – Polygiene ensures you stay fresh by preventing odor. You don't need to wash your clothes every time you use them; they stay fresh. Since you can spend less time doing laundry, you have more time to do other things. At the same time, you reduce the burden on the environment when you wash less. What's more, Polygiene is based on recycled raw materials.

To me, Polygiene is one of the absolute best products on the market. For you as a consumer, it means when you wear clothing that contains our products, you can stay fresh and confident. Increasingly more consumers are discovering the benefits of Polygiene, something that we notice from the increased demand for Polygiene-treated garments.

We started the company about 10 years ago. It has been a long journey that required both foresight and endurance. Over the years, we have never compromised our convictions to focus on strong brands as customers and to build Polygiene to a strong co-brand. Long term, this meant that



we have stood by our convictions that Polygiene has something valuable to offer. We have avoided abrupt changes and drastic shifts in strategy even when it meant that profitability was not immediate.

We now see these positive results along with our current and new partners around the world. Sales are growing at a faster pace, and last year, sales exceeded MSEK 50. We are proud to have more than 100 premium brands as our partners around the world, and that number is continually growing.

Polygiene has become so well-known that premium brands within the Sport & Outdoor segment approach us and want to collaborate. This is a completely different scenario than our position a few years ago when we had to fight to explain to potential customers why they needed Polygiene. The fact is that Polygiene is doing well. Our goal is, of course, that Polygiene shall become even more well-known to clothing brands, retailers and, most of all, to consumers. We are talking not just about the Sport & Outdoor segment but also



about several other market segments. Polygiene makes it possible to change consumer behavior, shifting focus toward fresh clothing that lasts longer, conserves the Earth's resources and saves money for the consumer. Quality pays off!

We see a clear trend where the Sport and Lifestyle segments overlap. This is a favorable development for Polygiene because there is demand for odor control functionality in both segments. This will raise Polygiene's profile not only within the Sport & Outdoor segment, but also in the Lifestyle and Home Textiles segments. In addition to traditional marketing efforts at trade shows and other events as well as direct contact with premium brand companies and resellers, we are also increasing our efforts to be seen by consumers across all channels.

We are now transitioning from a privately owned company to becoming a publicly owned one. This provides us yet another tool to increase Polygiene's visibility for customers as well as consumers. The new share issue completed in the fall of 2015 makes it possible for us to invest the resources necessary to raise awareness about Polygiene

throughout the entire value chain – from the textile manufacturer to the consumer.

With Polygiene, we have managed to successfully establish a co-brand with a clear message and well-functioning solution. Despite our relatively small size, we are seen as an attractive employer that can recruit the best talent and, when we come into contact with new and existing customers, we are warmly welcomed.

Polygiene has the solution and the financial clout required to strengthen our organization, increase the Company's marketing efforts, and lift the Polygiene brand across a broad front. At the same time, we will continue to develop our products and make them even more effective and useful.

Polygiene has the potential to develop into yet another global Swedish success story, and it is my job as well as my team's job to make it happen. It seems like we are on our way!

Christian von Uthmann
Chief Executive Officer

Market overview*

Market drivers and needs

Global macrotrends: A growing middle class that has increasingly more leisure time and an increased awareness about health and wellbeing means that more people are spending more time and money on appearance, fashion, sports, fitness and wellness.

Consumer drivers: People are increasingly concerned about how they are perceived by others. They do not want to smell bad, and they want to feel confident on a daily basis and while exercising. Increasingly more consumers are asking for easy-care clothing that does not smell bad after use.

Polygiene has conducted market research, across many markets and consumer categories that clearly demonstrates the perceived needs of consumers:

- 90 percent say that odor negatively affects self-confidence.
- 30 percent have thrown away a newly laundered garment due to odor.
- 60 percent are willing to pay more for a garment that stays odor free.
- 63 percent would choose a base layer that has been treated with Polygiene for £70 over a non-Polygiene-treated base layer that costs £15. In other words, they value Polygiene's functionality and are willing to pay a significantly higher price to assure the odor-free functionality of the garment.

Furthermore, consumers want to be environmentally friendly and, at the same time, save time and money by washing their clothing less frequently. There is a clear trend that consumers are becoming more environmentally aware and are making climate-smart choices, which is well in line with Polygiene's concept, "Wear More. Wash Less."

Brand drivers: There is a polarization in the Sport & Outdoor segment. Companies either have a value brand, a brand that offers a product at a low price, or a premium or specialty brand that delivers the best functionality, the latest innovation, the best design and the best possible differentiation among other things, at a higher price. Polygiene focuses solely on reaching the premium and specialty brands. To justify a higher product price, these brands must be able to offer consumers both the best functionality and a clear, marketable product description, which Polygiene also does.

Societal drivers: There are more than seven billion people in the world, and all of them need clothing. In the U.S. and Europe, people use an estimated 30 kilograms (66 lbs.) of textiles per person per year. In India, which in 12 years is expected to surpass China in terms of population, this figure is 5 kilos (11 lbs.). In China, it is 14 kilos (30 lbs.) of textiles per person per year.* To keep pace with the world's growing

*Unless a specific reference source is explicitly provided, the statements and facts presented in this section reflect the Company's own views based on the expertise and collective knowledge of its employees.

2/3 2/3 OF THE ENVIRONMENTAL IMPACT OF APPAREL OCCURS DURING CONSUMER USE



Source: Cambridge University study, "Well dressed?," 2006.

population and rising standard of living, increasingly more textiles are being used and washed, which means that water consumption is also rapidly rising. Fresh water is a scarce resource in more and more places around the world. For example, water shortages, especially in major metropolitan areas, frequently occur in parts of the U.S., Europe and Asia. Groundwater levels are reaching record lows, and many major rivers are experiencing very low water levels and high levels of pollution. Polygiene’s concept, “Wear More. Wash Less.”, contributes to easing water scarcity by increasing the useful life of clothing while reducing the need to wash it frequently. This not only helps reduce the consumption of water, but also the consumption of the world’s resources.

Regulatory and governmental approvals – Polygiene is in good standing

Polygiene fulfills the requirements of chemicals legislation in the EU. The Company and its products are also approved by the U.S. Environmental Protection Agency (EPA) and the EU’s Biocidal Products Regulation (BPR). The latter two approvals are also important for Polygiene to be able to sell in the Asian markets. There are also product certifications specific to the textile industry that are of utmost importance; Polygiene holds all these. These include OEKO-TEX® and bluesign®, which are important for environmentally conscious companies. In Great Britain, products containing Polygiene have received a Medical Class 1** approval, which is proof of how safe it is to use Polygiene.

Why clothing stinks and what you can do about it

“Stinky polyester” is a well-known phenomenon that occurs when bacteria grow on textiles. There are several fundamentally different approaches to avoiding the problem:

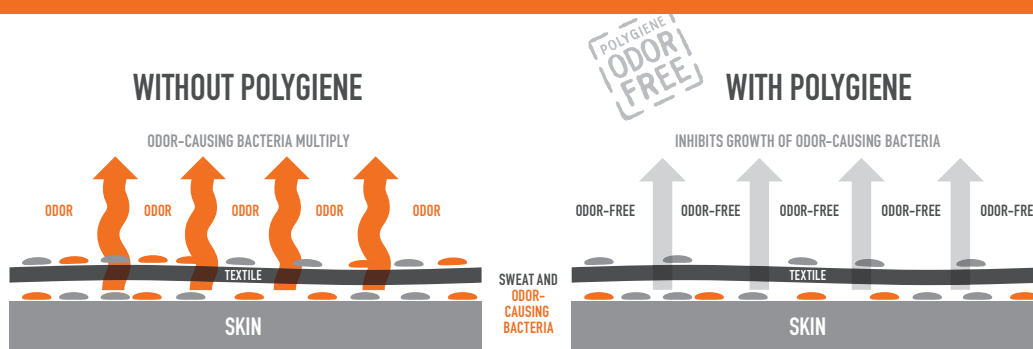
- Wash clothing more frequently – but even after laundering clothing can still smell bad, which means it does not solve the whole problem
- Reduce the conditions for bacterial growth by choosing a material, for instance wool, which does not promote the growth of bacteria
- Treat the material with a solution like Polygiene that reduces bacterial growth in a skin-friendly and environmentally friendly way
- Encapsulate odor that arises

Polygiene works with the best solutions for any given application and user segment. Capable of being applied to thread as well as fabric, the Company’s solutions are so effective that the application of only a small amount of solution is sufficient to provide long-lasting odor control that remains effective throughout the lifetime of the garment.

To a great extent, the Company’s solutions are based on naturally occurring silver salt made from recycled silver. The silver salts effectively inhibit bacterial growth, thereby reducing odor as well as the need to frequently wash the treated garments.

* <http://www.textileworld.com/textile-world/fiber-world/2015/02/man-made-fibers-continue-to-grow/>

** Medical Class 1 approval in the UK means that a product (such as a bandage) treated with Polygiene may be used on wounds.



Polygiene's textiles and applications expertise

Polygiene has developed and offers products and treatment methods, with the minimal application of Polygiene's products, that ensure permanent odor control from the first use and throughout the product's lifetime.

One of Polygiene's strengths is the Company's unique textile and applications expertise, which means that the Company can offer the best solution for each manufacturing process and area of use.

How does Polygiene stack up against competitors?

Today Polygiene is the market leader in the odor control segment, with regard to technology leadership as well as brand recognition. The Company has taken on the task of establishing and developing the odor control/Polygiene STAY FRESH® category for textiles in various segments.

Polygiene is the global category leader within the Sport & Outdoor segment and has taken advantage of this position in order to expand its category leadership to other segments.

The Company has demonstrated it can deliver a safe comprehensive solution to the apparel and premium brands that contain Polygiene, something that no competitor has yet been able to duplicate. However, there are other chemical suppliers who, purely on a technical level, can deliver viable preparations, but so far no competitor has succeeded in building a comprehensive concept. The Polygiene concept is based on careful testing throughout the entire value chain as well as quality assurance of all the various applications. In the odor control segment, Polygiene is considered by its

partners – both upstream and downstream – as the market leader both in terms of its odor control technology and its co-branding appeal.

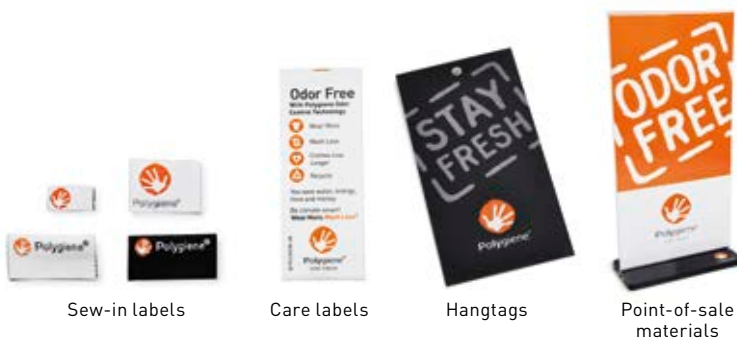
In addition, Polygiene is safe to use next to the skin. Treated garments do not cause any skin irritation and do not interfere with the skin's natural bacteria. No competitor in the industry has succeeded in building a co-brand in the odor control category like Polygiene has. The Company's consistent and systematic approach in offering its customers value-added co-branding is also unique. Significant resources are invested in training customer employees and in marketing in order to continually increase the value of the Polygiene brand as well as the value of partner brands that use Polygiene in their products. Through co-branding, Polygiene helps both its partners' brands and its partners' retailers with marketing and with communicating a clear customer benefit to consumers. Polygiene provides its partner brands with peace of mind and added value.

Market potential

Synthetic materials – especially polyester – represent a growing proportion of global textile production.* Polyester is used to manufacture sportswear, lifestyle and functional clothing, shoes, accessories, protective gear and home textiles.

Textile materials based on polyester fibers have many advantages in terms of good, flexible characteristics as well as cost and resource efficiency. Polyester and other synthetic fibers can also be recycled, which holds true even if they are treated with Polygiene. However, a well-known

* <http://www.textileworld.com/textile-world/fiber-world/2015/02/man-made-fibers-continue-to-grow/>



Polygiene delivers a comprehensive and proven solution

Polygiene supplies the additive as well as:

- Training with customized applications as well as sustainability and performance testing
- Brand development for product and functionality: hangtags, sew-in labels, care labels
- Workshops about Polygiene for the sales force, launch support
- Training and "seeding" for retail – "seeing is believing"
- Customer testimonials, PR/media, internet and support for social media



Polygiene partners

Through its unique offering and consistent work methodology, Polygiene has continually built the odor control market and at the same time won market share, making Polygiene the leading provider of odor control technology to premium brands. Polygiene now has about 100 brands as its partners.

disadvantage of polyester-based fabrics is that they provide excellent breeding grounds for odor-causing bacteria. "Stinky polyester" is well-known phenomenon, and Polygiene offers an effective, environmentally friendly solution that keeps clothing, shoes, protective gear such as helmets and knee pads, and other garments and articles odor free.

Polygiene now operates globally in the premium brand segment, and sales for 2015 amount to just over MSEK 50 across four segments, with the Sport & Outdoor segment being the largest.

- *Sport & Outdoor* (sportswear, protective gear, outdoor, hunting, fishing and more): approximately MSEK 30
- *Lifestyle* (shirts, blouses, trousers, suits, undergarments, socks, shoes and more): approximately MSEK 5
- *Home Textiles* (towels, bedsheets, pillowcases, mattresses, pillows and more): approximately MSEK 10
- *Other* (paint, flooring, sanitary equipment and more): approximately MSEK 5

In 2015, over 15 million meters of fabric were treated with Polygiene products. This represents less than five percent of the long-term global sales potential of the Company, according to Polygiene's own assessment of the relevant market potential.



A notable trend that can be discerned is the convergence of various market segments, for instance Sport and Lifestyle, where fitness and fashion are merging. This development is advantageous to Polygiene.

Polygiene well positioned to become the global leader in the odor control category in segments other than Sport & Outdoor

The most successful brand leaders in the textile industry within the ingredient brand category, such as Gore-Tex and Lycra, are characterized by distinct functionality. These brands address a clear and perceived consumer need, thereby creating significant customer value. This customer value can be communicated through co-branding in a simple and consistent manner by marketing consumer products that offer functionality, such as waterproof shoes or jackets with Gore-Tex membranes.

Successful ingredient brands can co-brand with premium brand partners, which strengthens the consumer appeal and value of both brands.

Polygiene's premium brand partners to a great extent use Polygiene co-branding in their marketing communications to describe the odor control functionality or Polygiene STAY FRESH®. This increases the consumer appeal and value of their products.

Experience from other types of ingredient brands indicates that the leader in each respective category (in terms of functionality) can become a strong market leader by setting a standard that other actors then may try to emulate. Polygiene has managed to take the leadership position in the odor control category and has very good prospects to further consolidate and strengthen this position within the Sport & Outdoor segment. Polygiene is also now well on its way to establishing a leadership position in the Lifestyle and Home Textiles segments.

Business description*

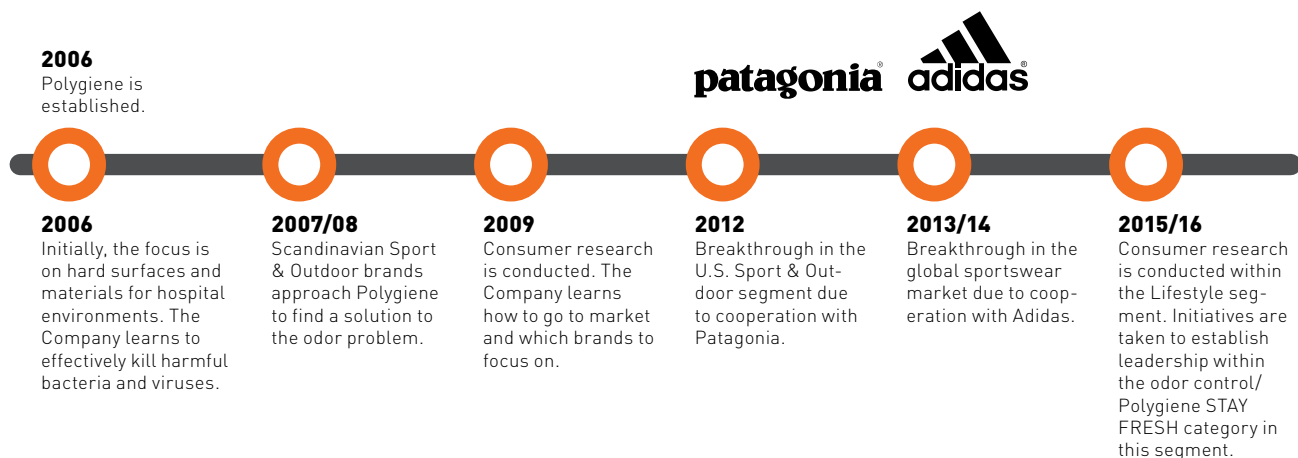


What Polygiene does and its historical milestones

Polygiene is, step by step, building an increasingly stronger brand based on odor control and Polygiene STAY FRESH solutions for consumers. The Company provides its customers (premium brands), retailers and consumers with a safe and effective solution, making it easy to understand why, for example, garments treated with Polygiene will not smell bad, and why they will stay fresh longer. As a result of treatment with Polygiene, clothing can be worn longer and stay fresh. This means that clothing and gear can be washed less and last longer. Overall, the positive environmental effect is significant.

Polygiene was established in 2006 through a spin-off from the Perstorp Group. Some important milestones to date are shown below.

*The statements and facts presented in this section reflect the Company's own views and collective knowledge if no other specific reference source is explicitly cited.



Vision, goals and strategy

VISION Polygiene shall be the leading global brand for odor control, making it possible for consumers to stay fresh in an effective and environmentally sustainable way.

GOALS Market-leading ingredient brand (within the Sport & Outdoor, Lifestyle, Home Textiles and other segments) that, in partnership with the premium brands and retailers, delivers the market's best solution for odor control that is effective, permanent and safe to use and contributes to a more sustainable world.

STRATEGY To develop and deliver the Polygiene brand and comprehensive solutions within the functional area of odor control by conducting business in a focused, creative and professional manner in close cooperation with our premium brand partners (customers), agents, distributors and suppliers. This contributes not only to the growth of the market but also to that of Polygiene and its partners – a winning formula for the entire value chain.

Polygiene's preferred growth strategy is organic growth, not acquisition-driven growth.



VISION

Polygiene shall be the leading global brand for odor control, making it possible for consumers to stay fresh in an effective and environmentally sustainable way.

Organization, agents and distributors

Polygiene’s organization currently consists of 11 employees (CEO, CFO, CCO, two in sales and marketing, four in research, application development and technical support, and two in order management). These employees are based in Sweden (Malmo and Stockholm), the United Kingdom (Nottinghamshire), the U.S. (Salt Lake City) and China (Hong Kong).

In addition, Polygiene has several agents and distributors covering a variety of countries and regions, including China, Japan, Thailand, South Korea, Benelux, Czech Republic, France, Germany, Austria, Switzerland, Italy, Poland, Turkey, Scandinavia, the United Kingdom, North America, Ecuador, Israel and Australia. The Company’s agent and distributor network enables Polygiene to reach more customers as well as extend its geographic coverage.

The Company also has an Advisory Board consisting of branding expert Mats Georgson, communication expert Jenny Öijermark, and environmental expert and former Director General of the Swedish Chemicals Agency Gunnar Bengtsson. The Advisory Board consists of people with expertise that the Company values. This committee has been appointed by the Company together with the members themselves. Compensation is paid as consulting fees to Advisory Board members.

The way forward

The Company is experiencing strong growth, and the intent is to increase the number of employees in 2016 and beyond, as well as to expand the number of agents and distributors on a selective basis.

Business model and value chain

Polygiene has a unique value chain and business model closely linked to the Company’s main customers – that is, companies that represent major clothing and equipment brands. The business model is based on both the sale of odor control functionality to customers and a comprehensive solution that includes a communication and information package for retail stores and consumers, training of customer salespeople, continuous customer support, management of hardware in the form of application of the odor control solution at the respective customer’s textile supplier, all the administration involved in these services, including quality assurance, quality control and follow-up. This business model, which involves close cooperation among Polygiene, Company agents, distributors, and brand partners and their suppliers, has been carefully established, tested and developed over the years. It therefore is, and will be, difficult for competitors to copy. Polygiene supplies high value to its brand partners, which enables the Company to secure good margins.

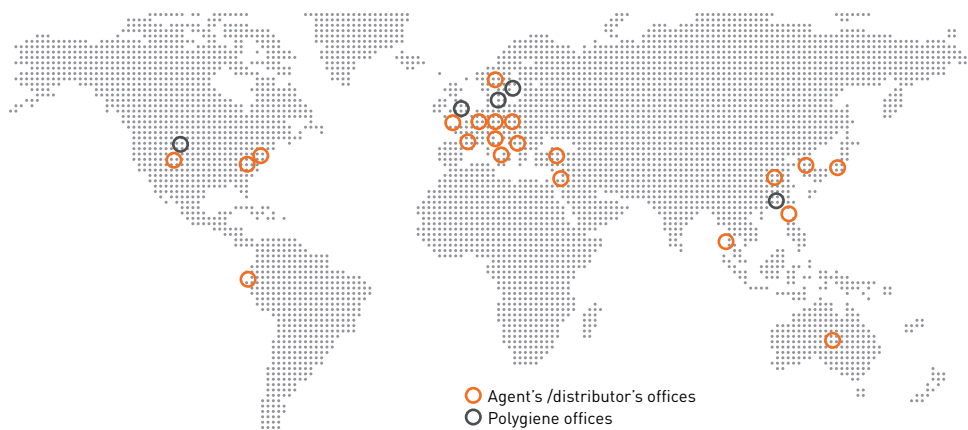
Examples of Polygiene’s success in various segments

Sport & Outdoor

Polygiene is the market leader in this segment. The following are good examples of the Company’s success in the Sport & Outdoor segment.

PATAGONIA A well-known and prestigious brand in the Outdoor industry. Patagonia has been very successful in demonstrating the added value of co-branding with Polygiene. See the video at www.polygiene.com.

Polygiene in the world



Within the Sport & Outdoor segment, Patagonia is considered by many as the most reputable company in terms of environmental care, health and safety, functionality, design and quality. They have a very strict selection process for their suppliers. The importance of Patagonia becoming a brand partner back in 2012 cannot be stressed enough. This event paved the way for Polygiene partnerships with other U.S. brands.

ADIDAS Probably Europe’s most well-known sports brand and one of the world’s largest sportswear companies. Adidas enjoys impressive brand credentials within sports. This, no doubt, gave Polygiene a stamp of quality when the Company successfully established itself as a supplier to Adidas. Polygiene is now being introduced to increasingly more Adidas products, making Adidas one of the Company’s fastest growing accounts. As in the case of Patagonia, the collaboration with Adidas has opened doors for Polygiene.

ATHLETA The leading brand and the largest producer of fashionable women’s activewear, including yoga wear, in the U.S. Athleta is also one of Polygiene’s fastest growing accounts.

LA SPORTIVA A major Italian outdoor footwear manufacturer that just a few years ago expanded into sportswear and accessories.

La Sportiva has established close cooperation with Polygiene to the mutual satisfaction of both companies.

La Sportiva includes Polygiene in all of its product launches for its base- and mid-layer apparel, and is happy to share the benefits of Polygiene with its retail staff and customers.

SITKA One of the hunting and fishing industry’s leading brands of performance apparel in the U.S. This market segment appreciates the benefits of Polygiene odor control technology, and Sitka is very satisfied with its cooperation with Polygiene. This is the first major hunting and fishing brand to join Polygiene as a brand partner, and a solid partnership with Sitka promises future growth opportunities.

POC A leading Swedish premium brand of protective gear (helmets, gloves, body armor and knee pads) and clothing. POC has consistently and successfully introduced Polygiene into its products, and it now uses Polygiene in bicycle and ski helmets, gloves and increasingly more product lines.

Home textiles

SHOWA NISHIKAWA A major Japanese home textiles brand. The company sells bed linens and other home textiles. Polygiene’s experience is that Japanese consumers are very particular about hygiene and odor, which is why Polygiene has been well received in this market.

SEALY A major Japanese bed and mattress manufacturer that has strengthened its product offering by including Polygiene in for example its beds and mattresses.

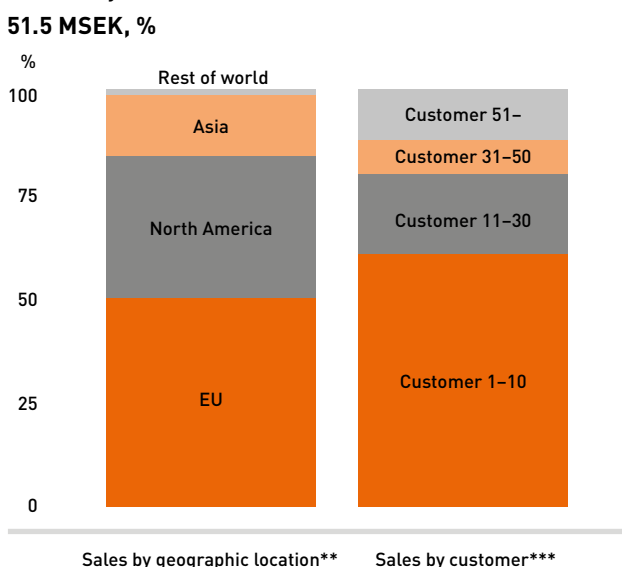
Other application areas

FLOWCRETE International flooring company specializing in commercial flooring products for use in environments such as hospitals, cleanroom manufacturing facilities and other public spaces. Flowcrete has been working with Polygiene from the start and developed much of its unique product offering in close collaboration with Polygiene.

Primary growth engines during the next 3–5 years

- Increase penetration rate with current partners. Extend reach into more product lines. Good growth opportunities exist with Polygiene’s customers.
- Continue growth within the Sport & Outdoor segment. Establish partnerships with new brands/customers in for example the U.S. and Asia.
- Expand into the Lifestyle segment (including men’s and women’s suits, shirts, blouses, trousers, socks, undergarments and shoes) and establish market leadership.

ABC analysis: Share of total revenues 2015*



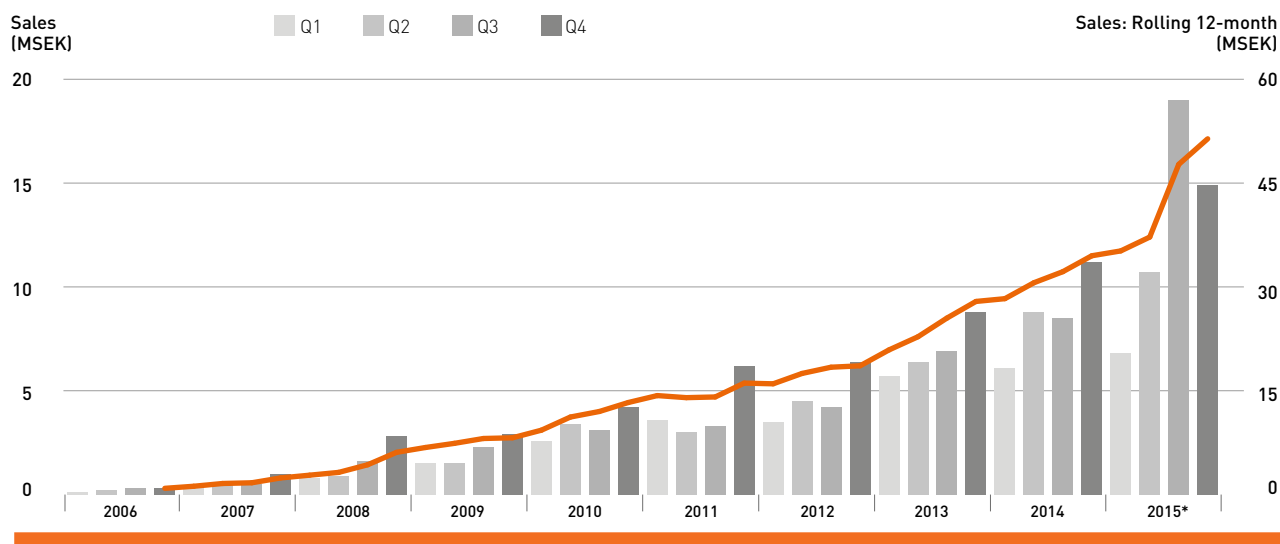
* Unaudited figures
 ** Based on the location of customer headquarters/purchasing office
 *** Customer segments ranked by revenues

- Expanding reach in the Home Textiles segment, especially in Asia, and establish market leadership.
- Promote overall growth in Asia (including South Korea, Japan and China) in all segments.

Financial goals

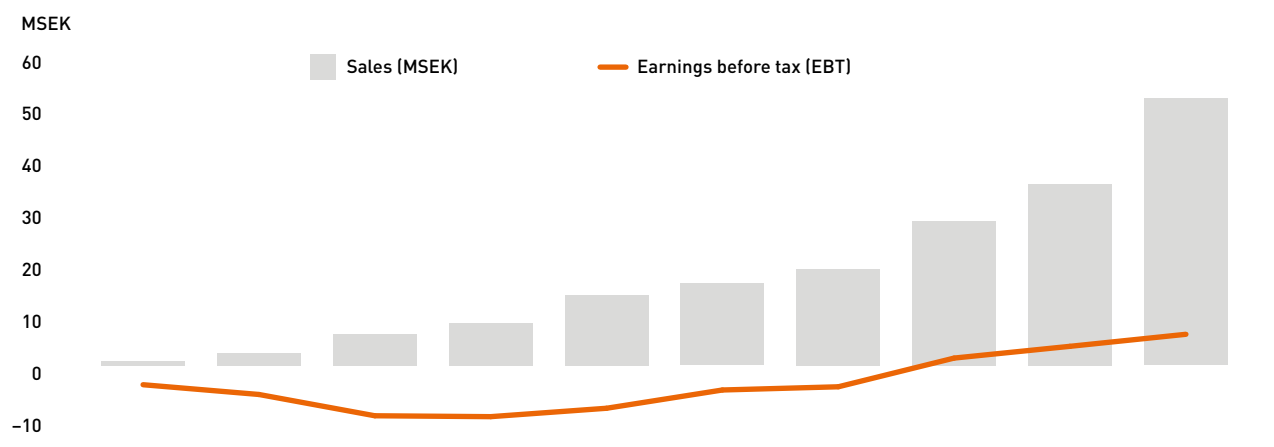
The Board of Directors’ target is for average annual organic growth in net revenues to exceed 30 percent over a business cycle. Furthermore, the Board’s target is that, in the long term, the earnings before tax or pretax profit margin (EBT%) shall exceed 15 percent over a business cycle.

Quarterly sales 2006–2015



* Unaudited figures.

Sales and earnings before tax 2006–2015



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
EBT % of sales	-400 %	-231 %	-158 %	-121 %	-61 %	-30 %	-22 %	5 %	11 %	11 %
Sales growth		160 %	153 %	33 %	67 %	16 %	18 %	49 %	26 %	47 %

* Unaudited figures.

Financial development in brief

This financial summary is based on information in Company (audited) annual reports for 2013 and 2014, the (unaudited) year-end report from 2015, and unaudited cash flow statements from 2013 to 2015. The audited annual reports for 2013 and 2014, and the unaudited year-end report from 2015 are hereby incorporated into this Company Description by reference, and are available at polygiene.com/ir.

The 2014 audited annual report was prepared for the first time according to the Swedish Annual Accounts Act and

Swedish Accounting Standards Board General Recommendations BFNR 2012:1 Annual Report and Consolidated Financial Statements (K3). The transition to the K3 regulations in 2014 has not affected the company's income statement, balance sheet or notes, except for extended disclosure requirements. Therefore, this had no effect on Company equity at the transition or in comparison to 2013.

The information contained in this Company Description is not audited except as reported from our annual reports.

Income statement			
KSEK	2015*	2014	2013
Net sales	51,511	34,957	27,804
Other income	1,487	1,521	294
Operating expenses	-47,399	-32,803	-26,685
Depreciation	0	0	0
Operating profit/loss	5,599	3,675	1,413
Net interest income/expense	42	8	5
Profit/loss before tax	5,641	3,683	1,418
Tax	3,530	1,760	0
Profit/loss for the year	9,171	5,443	1,418

Balance Sheet			
KSEK	2015*	2014	2013
Fixed assets	5,304	1,774	14
Stock	225	160	295
Short term receivables	17,394	8,169	5,542
Cash and cash equivalents	27,545	6,073	3,919
Total current assets	45,164	14,402	9,756
Total assets	50,468	16,176	9,770
Equity	40,843	9,351	3,918
Long term liabilities	0	0	0
Short term liabilities	9,625	6,825	5,852
Total equity and liabilities	50,468	16,176	9,770
Equity/assets ratio	80.9 %	57.8 %	40.1 %

Summary statement of cash flows			
KSEK	2015*	2014	2013
Cash flow before changes in operating capital	5,641	3,637	1,418
Changes in operating capital	-6,491	-1,519	961
Cash flows from operating activities	-849	2,118	2,379
Cash flows from investing activities	0	0	0
Cash flows from financial activities	22,321	37	200
Changes to cash and cash equivalents	21,471	2,155	2,579

* Unaudited figures.

Comments to the financial development

2015 in comparison with 2014

Revenues

Net revenues for the Company were MSEK 51.5 (35.0) in 2015, representing growth of 47 (26) percent. The revenues growth can be attributed to higher sales to existing customers, and sales to many new customers.

Expenses

2015 operating expenses were MSEK 47.4 (32.8), representing an increase of 44 (23) percent. Most of this increase is due to cost of goods sold, which is directly attributable to sales growth. The increase in expenses was also related to investments in marketing, sales related expenses and staff costs.

Profit/loss before tax

Profit before tax in 2015 was MSEK 5.6 (3.7). This represents an operating margin of 11.0 (10.5) percent.

Balance Sheet

Total assets as of 31 December 2015 were MSEK 50.5 (16.2). The increase is primarily due to higher trade receivables and cash assets. As of 31 December 2015, trade receivables were MSEK 14.0 (6.6), which resulted from the significant increase in sales during 2015. As of 31 December 2015, cash and cash equivalents were MSEK 27.5 (6.1), primarily from which MSEK 22.5 derives from the new share issue concluded in December. The new share issue, together with 2015 profits, brought an increase in equity from MSEK 9.4 to MSEK 37.5 at year-end 2015. The company equity/assets ratio was 80.9 (57.8) percent.

Cash flows

Cash flows from operating activities were negative, SEK 0.8 million, largely due to the significant increase in trade receivables. The new share issue in December contributed approximately MSEK 22.3 to financial activities, net after issue expenses.

2014 in comparison with 2013

Revenues

Net revenues for the Company were MSEK 35.0 (27.8) in 2014, representing growth of 26 (49) percent. This growth in revenues comes from higher sales to existing customers, and sales to many new customers.

Expenses

Operating expenses were MSEK 32.8 (26.7) in 2014, representing an increase of 23 (16) percent. The largest portion of this increase resulted from the cost of goods sold, which is directly attributable to sales growth.

Profit/loss before tax

Profit before tax in 2014 was MSEK 3.7 (1.4). This represents an operating margin of 10.5 (5.1) percent.

Balance Sheet

Total assets as of 31 December 2014 were MSEK 16.2 (9.8). The increase is due to increases in non-current assets, trade receivables, and cash assets. Non-current assets increased in value to MSEK 1.8 due to capitalizing deferred tax assets that are attributable to previous years' tax loss carry forwards. As of 31 December 2014 trade receivables were MSEK 6.6 (4.3), which resulted from the increase in sales during 2014. Cash and cash equivalents as of 31 December 2014 were MSEK 6.1 (3.9). The positive results for 2014 brought an increase in equity from MSEK 3.9 to MSEK 9.4 and company equity/assets ratio was 57.8 (40.1) percent at year-end 2014.

Cash flow

Positive cash flows of MSEK 2.1 (2.4) from operating activities were driven by the positive results for the company which exceeded the effects caused by changes to operating capital.

Looking forward

For 2016, we anticipate continued sales growth driven by greater market penetration in the Sport, Lifestyle and Home Textiles segments. The company plans to assure this expansion through reinforcing resources, including adding staff.

Report regarding operating capital and capital requirements

Cash and cash equivalents at Polygiene were MSEK 27.5 (including proceeds from the latest new share issue) as of 31 December 2015. The Board of Directors' assessment is that this constitutes sufficient funds for current planned financial activities over the next 12 months.

Significant events after 31 December 2015

The following significant events occurred after 31 December 2015:

- The Extraordinary General Meeting of shareholders held 14 January 2016 resolved to change the company form from private limited liability company to public limited liability company.
- The Company Board of Directors decided to apply for listing of the company shares on First North.

Board of Directors, senior management and auditors

The Board of Directors of Polygiene currently consists of six members elected for the period to the end of the next Annual General Meeting. Company senior management are currently Christian von Uthmann (CEO), Jan Bertilsson (CFO) and Peter Sjösten (CCO).

Board of Directors

The Articles of Association for Polygiene provide for a Board of Directors with no less than three and no more than 10 members with a maximum of 10 deputies. The current Board of Directors was elected for the period until the end of the next Annual General Meeting, which the company plans to hold 11 May 2016. All members of the Board are, in their opinion, independent in relation to the larger shareholders (which refers to shareholders that directly or indirectly own 10 percent of company shares or votes). Richard Tooby, Jonas Wollin and Mikael Bluhme are, in the Board's opinion independent in relation to the Company while Lennart Holm, Mats Georgson and Per Palmqvist Morin cannot be consid-

ered independent of the Company due to their consulting assignments from the Company. The consulting assignment for Per Palmqvist Morin, however, is limited to the period from Q4 2015 to Q1 2016 and involves assisting the Company in raising capital and its initial listing on First North. Per Palmqvist Morin is not expected to retain any further assignment from the Company. Through his wholly owned business, Rudholm H.K. AB, Jonas Wollin is supplier to Polygiene. Rudholm H.K. AB supplies products to Polygiene for a total annual value of MSEK 1.5, excluding value-added tax. However, the value of the product that Rudholm H.K. AB supplies to Polygiene in relation to total company sales for Rudholm H.K. AB (approx. MSEK 66 in 2014) is relatively small. Therefore, despite the actual relationship of Jonas Wollin's company to Polygiene, he is still considered independent in relation to the Company. Additional information regarding transactions with associates is presented under the heading 'Related party transactions' in the 'Legal Issues and additional information' section.

Board of Directors				
Name	Position	Born	Elected	Holdings*
Lennart Holm	Chairman	1960	2015	762,720 shares, 150 TO 2014/2016, 80,000 TO 2015/2018
Mikael Bluhme	Member	1966	2015	10,000 shares
Mats Georgson	Member	1968	2008	677,000 shares and 150 TO 2014/2016.
Per Palmqvist Morin	Member	1966	2015	653,600 shares
Richard Tooby	Member	1969	2015	1,420,400 shares
Jonas Wollin	Member	1964	2011	752,000 shares and 150 TO 2014/2016.

* Refers to personal holdings and those of associated natural persons and legal entities as of 26 February 2016. TO 2014/2016 represents the share option series 2014/2016 where each option entitles to subscription of 200 shares, and TO 2015/2018 represents warrants series 2015/2018 where each option entitles the subscription of 1 share.

Board of Directors



Lennart Holm

Chairman of the Board

Born 1960, Chairman of the Board since October 2015 – has long experience with working in senior management positions for technology businesses. Lennart Holm also has international business experience.

Education: M. Sc. Chemical Engineering, Chalmers University of Technology, Gothenburg.

Primary occupation: Entrepreneur.

Other current assignments: Chairman of the Board of BillerudKorsnäs AB (publ.), Vida AB, Hamnkrogen vid sundets pärla AB, Nexam Chemical AB, Tuve Holding AB, Chamber Tech AB, Vigmed Holding AB (publ.), Hamnkrogen i Helsingborg Holding AB, Nexam Chemical Holding AB (publ.), Brunkeberg Systems AB, CBS Chamber Bygg Sweden AB, Axolot Solutions AB, MLH Management AB; Board Member and CEO of Lennart Holm Development AB, Dermazip AB, Board Member of Tuve Bygg AB, Vigmed AB, Assistsansbolaget Försäkring Sverige AB, Preventic Försäkring AB, Preventic Services AB, Holm Investment AB, Holm & Gross Holding AB and Hempel A/S.

Previous assignments (last five years): Chairman of the Board of Perstorp Holding AB, Croviva Invest AB, SI Technology Investments AB, Yellow Bridge Management AB, Board Member of Industrifonden, Lahega Kemi AB, Zenterio AB (publ.), BioMass C Holding AB, SOS Barnbyar Sverige, Nattaro Labs AB, Neco Norden AB and CBS Chamber Bygg Sweden AB.

Bankruptcy, compulsory liquidation, or similar: –
Holding in Polygiene: 762,720 shares, 150 warrants 2014/2016 and 80,000 warrants 2015/2018.

Independent in relation to larger shareholders, but not in relation to the Company.



Jonas Wollin

Member

Born 1964, Board Member since July 2011 – has long experience as entrepreneur in the textile industry.

Education: Business studies at Hvitfeldtska Upper Secondary School.

Primary occupation: Entrepreneur.

Other current assignments: Chairman of the Board of Rudholm & H.K AB, Bamatex AB, Simplicity AB, Print & Profile i Borås AB, IBD Sweden AB and Svensk Knalle Handel AB, Board Member and CEO of Craftsson AB, and Board Member of Borås Ridhus AB, Rudholm Group Property AB, Borås Stad Textile Fashion Center AB, Etikettgruppen Svenska AB, MUJ Invest AB, Portas AB, R. Scandinavia AB, Inkubatorn i Borås AB, Kaponjären 1 AB, WooCode AB, InkInvest AB, Golf Factory i Borås AB and MarketplaceBorås Economic association.

Previous assignments (last five years):

Chairman of the Board of MUJ Invest AB, Portas AB, R. Scandinavia AB, Board Member of Borås Näringsliv AB, MySoul i Borås AB, Simplicity Holding AB, Scandinavian Safety Restaurang AB, Mickson Fastighets AB, BoråsNäringslivs Economic Association, and Board deputy of Kaponjären 1 AB.

Bankruptcy, compulsory liquidation, or similar: –
Holding in Polygiene: 752,000 shares and 150 warrants 2014/2016.

Independent in relation to larger shareholders, and in relation to the Company.



Mats Georgson

Member

Born 1968, Board Member since January 2008 – has long experience as a business consultant entrepreneur.

Education: Ph.D., Marketing and Communication Science, University of Connecticut, USA, and B.A., Communication and Media Studies, Stockholm University. 10 years as academic lecturer at Stockholm University in Marketing and Trademark subjects.

Primary occupation: Business consultant. His customers over the last five years include Electrolux, Zound Industries (Marshall Headphones, Urbanears), Handelsbanken, Svenska Postkodlotteriet, Smart Media Solutions AB, Evoko AB, Adlibris, SSAB, Veolia, Casall, Outnorth, Gant, FOI, Unionen, Jernhusen, Hyundai, Flygbussarna, Dina Förräkringar, Movestic, CMORE, Proffice, Unibet, Nordens Ark, Nynas, SF Bio, Boxer, Försvarsmakten, Tetra Pak and more.

Other current assignments: Board Member of Annell Holding AB, Moretime Professional Services AB (publ.), Svettor AB, Evoko Unlimited AB, Pike Solution AB, Moretime Financial Services AB, Georgson Ventures AB, Board Member and CEO Georgson Strategy AB, and Board deputy of Brinning Konsult AB.

Previous assignments (last five years): Chairman of the Board of Georgson Strategy, Lantliv & Trädgård Bromma AB, Board Member of Annell Ljus och Form AB, Board deputy of Sista Versen 7724 AB, and owner of Georgson Konsult.

Bankruptcy, compulsory liquidation, or similar: – Mats Georgson is Board Member in Moretime Professional Services AB (publ.) and Moretime Financial Services AB. These companies initiated business reorganization proceedings under a ruling by the District Court of Stockholm on 26 February 2016.

Holding in Polygiene: 677,000 shares and 150 warrants 2014/2016.

Independent in relation to larger shareholders, but not in relation to the Company.

Board of Directors, cont'd.



Mikael Bluhme

Member

Born 1966, Board Member since October 2015 – has long experience with business consulting and entrepreneurship.

Education: IHM Business School.

Primary occupation: Entrepreneur.

Other current assignments: Chairman of the Board of RYNKAN AB, Envida AB, Board Member and CEO of CLAMO AB, and Board Member of TRAIN ALLIANCE SWEDEN AB (publ.).

Previous assignments (last five years): Chairman of the Board of Adomera AB, New TLD Company AB, CEO, External CEO and Board deputy of CeDel AB, and Board deputy of T.I.M. Consulting AB.

Bankruptcy, compulsory liquidation, or similar: –

Holding in Polygiene: 10,000 shares

Independent in relation to larger shareholders, and in relation to the Company.



Per Palmqvist Morin

Member

Born 1966, Board Member since October 2015 – has vast experience with and worked with leading chemicals sector businesses.

Education: B.Sc. Business Administration and Economics, Uppsala University.

Primary occupation: Consultant.

Other current assignments: Board Member of Per Morin Investment AB, KPM Consulting AB, Erebia AB, Board Member and vice CEO of Yellow Bridge Management AB.

Previous assignments (last five years): Board Member, CEO of Nexam Chemical AB and Nexam Chemical Holding AB (publ.).

Bankruptcy, compulsory liquidation, or similar: –

Holding in Polygiene: 653,600 shares

Independent in relation to larger shareholders, but not in relation to the Company.



Richard Tooby

Member

Born 1969, Board Member since October 2015 – has experience with chemical sector businesses, business consulting and entrepreneurship.

Education: M.Sc. Business Administration and Economics, Stockholm School of Economics.

Primary occupation: Business consulting and investments.

Other current assignments: Board Member of InCoax Networks Europe AB and RT Advisory Services AB.

Previous assignments (last five years): Board Member of Protista Corporation AB, Nexam Chemical AB and Richard Tooby Investment AB.

Bankruptcy, compulsory liquidation, or similar: –

Holding in Polygiene: 1,420,400 shares

Independent in relation to larger shareholders, and in relation to the Company.

Senior Management



Christian von Uthmann

CEO

Born 1963, employed since 2006 – has a Masters in Mechanical Engineering from KTH Royal Institute of Technology in Stockholm. Christian was previously logistics manager at PERGO and manager at Accenture. Christian was CEO of Perstorp Compounds AB for three years.

Other current assignments: Member of Commonhold association Obol på Föreningsgatan.

Previous assignments (last five years): Board Member of Polygiene AB.

Bankruptcy, compulsory liquidation, or similar: –

Holding in Polygiene: 235,000 shares, 2,460 warrants 2014/2016 and 40,000 warrants 2015/2018.



Jan Bertilsson

CFO

Born 1957, employed since 2016 – has a B.Sc. Business and Economics Gothenburg University. Jan was previously CFO at ReadSoft AB, Financial Manager at Comator Process AB and Bergsala AB and Atlas Resor AB and business consultant for Enator Väst AB and Resco AB.

Other current assignments: –

Previous assignments (last five years): Board Member of Lexmark Expert Systems AB, ReadSoft Financial AB, ReadSoft Software Service AB and external authorized signatory for Lexmark Enterprise Software Sverige Services AB.

Bankruptcy, compulsory liquidation, or similar: –

Holding in Polygiene: 15,000 shares and 25,000 warrants 2015/2018.



Peter Sjösten

CCO

Born 1955, employed since 2010 – has an Economics and Teaching Degree from Linköping University. Peter previously worked as General Manager at SpePharm Nordic and International Business Director at Nycomed. He was also previously General Manager at Espri Health.

Other current assignments: Chairman of the Board of Creative Marketing & Communication i Malmö AB.

Previous assignments (last five years): –

Bankruptcy, compulsory liquidation, or similar: –

Holding in Polygiene: 72,000 shares, 1,620 warrants 2014/2016 and 20,000 warrants 2015/2018.

Leading officials

Name	Position	Born	Employed	Holdings*
Christian von Uthmann	CEO	1963	2006	235,000 shares, 2,460 TO 2014/2016, 40,000 TO 2015/2018
Jan Bertilsson	CFO	1957	2016	15,000 shares and 25,000 TO 2015/2018
Peter Sjösten	CCO	1955	2010	72,000 shares, 1,620 TO 2014/2016, 20,000 TO 2015/2018

* Refers to personal holdings and those of associated natural persons and legal entities as of 26 February 2016. TO 2014/2016 represents the share option series 2014/2016 where each option entitles to subscription of 200 shares, and TO 2015/2018 represents warrants series 2015/2018 (where each option entitles the subscription of 1 share).

Auditors

The auditor for Polygiene is Ernst & Young Aktiebolag with Johan Thuresson as Chief Auditor. Johan Thuresson is a Certified Public Accountant and member of FAR, the professional institute for authorized public accountants and advisers,

and was elected to serve until the end of the Annual General Meeting planned for 11 May 2016. The auditor can be contacted at Ernst & Young AB, Box 4279, 203 14 Malmö, Sweden.

Additional information related to the Board of Directors and senior managers

Except as otherwise stated above, no Company director or member of senior management has, in the previous five years: (i) been convicted in any fraud-related matter, (ii) been deputy for a company that was entered into bankruptcy, compulsory liquidation, or undergone financial reconstruction, (iii) been subject to official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or (iv) been prohibited by any court from joining as a member of an issuer's administrative, management or supervisory body or from acting in the management or conducting the affairs of any issuer.

There are no family relationships among any of the Board members or senior management. No member of the Board or senior management has any private interest that is contrary to the interests of Polygiene. The information above, however, does identify the financial interest many of the Board and senior managers have through their holdings in shares and/or warrants.

All members of the Board or senior management, and proposed Board members can be contacted via the Company address: Stadiogatan 65, 217 62 Malmö, Sweden.

Remuneration to the Board and senior management

Members of the Board of Directors receive remuneration as adopted at Annual General Meeting. At the Extraordinary General Meeting held 15 September 2015, remuneration to the Board was adopted for the payment of SEK 175,000 in fees to the Chairman of the Board and SEK 100,000 in fees to other non-employee members of the Board.

Remuneration to the Board of Directors and senior management for fiscal year 2015 was paid as presented in the table below.

Remuneration to the Board and senior management (KSEK)	2015	2014
Chairman of the Board	87	—
Other Board members	200	—
CEO	1,185	1,026
Other senior management	866	768

Corporate governance

First North is an alternative stock market and is therefore not regulated fully, so Polygiene is not formally covered by the provisions of the Swedish Code of Corporate Governance. Polygiene complies with applicable regulations in the Swedish Companies Act (2005:551). After its initial listing on First North, the Company will also comply with the rules and recommendations provided in the First North Rulebook for generally accepted principles on the exchange.

Share capital and ownership structure

Share capital

Equity in Polygiene totals SEK 1,931,600 allocated to 19,316,000 outstanding shares. The Polygiene Articles of Association provide that share capital shall be not less than MSEK 1.3 and not exceed MSEK 5.2, and total outstanding shares shall be not less than 13,000,000 and not exceed 52,000,000. Par value for each share is SEK 0.10. The company has a single class of shares, and every share carries equal right to dividend and excess after liquidation, and entitles the holder to one vote per share. Polygiene shares are not, nor have they been, subject to offers based on mandatory bids, right of redemption, or right of sell-out. The shares are also not the subject of a take-over bid. The shares have been issued in compliance with Swedish law and are denominated in Swedish kronor. There are no legal limitations to the right to transfer the shares.

Outstanding warrants

Warrants 2014/2016

In 2014, Polygiene issued 6,000 warrants to staff and members of the Board which, after recalculation based on the share split (200:1 as adopted at the Extraordinary General Meeting held 15 September 2015), entitle holders to subscription of 200 (two hundred) shares per single option at a purchase price of SEK 3 (three) per share. These warrants may be exercised during the period of 1 April to 1 August 2016. In the event that all warrants in this program are exercised to purchase Polygiene shares, the company will issue a total of 1,200,000 new shares. These warrants are subject to standard conversion terms in relation to new share issues and similar.

Warrants 2015/2018

In December 2015, Polygiene issued 250,000 warrants to staff and members of the Board, which entitle holders to an equal number of shares. These warrants may be exercised during the period of 1–31 December 2018 at an exercise price of SEK 15 per share. In the event that all warrants in this program are exercised in the purchase of Polygiene shares, the company will issue a total of 250,000 new shares. These warrants are subject to standard conversion terms in relation to new share issues and similar.

Board authorizations to issue shares and warrants

The Extraordinary General Meeting held 15 September 2015 authorized the Board of Directors to issue at most 3,000,000 new shares in the Company, with or without preferential rights to existing shareholders, on one or more occasions, until the next Annual General Meeting, and with or without rules regarding payment in kind, offset, or other terms. The purpose of the authorization was to improve financial flexibility of the Company and to enable wider ownership distribution prior to the possible listing of Company shares on a stock exchange. In November 2015, the Board of Directors exercised this authorization in full, deciding to conduct a new share issue of 3,000,000 shares.

The Extraordinary General Meeting held 15 September 2015 authorized the Board of Directors to issue 250,000 warrants for shares in the Company for share-related incentive programs, on one or more occasions, until the next Annual General Meeting. In December 2015, the Board of Directors exercised this authorization in full in deciding to issue warrants in the share-related incentive program outlined above.

As the authorizations adopted at the Extraordinary General Meeting held 15 September 2015 have been fully exercised, the Board has no authorization for further new share issues, issuing warrants, or convertible debentures.

Equity

Equity in Polygiene has changed from the time the Company was formed in 2005 as described in the table below. Since formation in 2006, Polygiene has concluded several new share issues for total proceeds of over MSEK 40. In order to enable greater investment in marketing and sales activities and to increase the number of shareholders prior to listing Company shares in March 2016, a new share issue directed to approximately 100 selected business angels and private investors was conducted at the end of 2015. This directed new share issue totaled MSEK 22.5 in proceeds with a price per share issued of SEK 7.50, which corresponds to a pre-money valuation of approximately MSEK 122 (and corresponding to a post money valuation of approximately MSEK 145).

Year	Action	Changes to equity (SEK)	Accumulated share capital (SEK)	Total number of shares	Acc. number of shares	Par value (SEK)
2005	Formation of company	100,000	100,000	1,000	1,000	100
2006	New share issue	200,000	300,000	2,000	3,000	100
2006	New share issue	842,500	1,142,500	8,425	11,425	100
2007	New share issue	476,200	1,618,700	4,762	16,187	100
2010	New share issue	1,060,700	2,679,400	10,607	26,794	100
2011	New share issue	753,900	3,433,300	7,539	34,333	100
2011	New share issue	1,512,900	4,946,200	15,129	49,462	100
2011	New share issue	1,206,500	6,152,700	12,065	61,527	100
2012	New share issue	468,000	6,620,700	4,680	66,207	100
2012	Capital reduction	-3,575,178	3,045,522	0	66,207	46
2012	Capital reduction	-1,721,382	1,324,140	0	66,207	20
2012	New share issue	287,460	1,611,600	14,373	80,580	20
2013	New share issue	20,000	1,631,600	1,000	81,580	20
2015	Share split 200:1	—	1,631,600	16,234,420	16,316,000	0.10
2015	New share issue	300,000	1,931,600	3,000,000	19,316,000	0.10

Shareholders in Polygiene

As of 26 February 2016 Polygiene had approximately 160 shareholders.

The table below has the 10 largest shareholders as of 26 February 2016.

Shareholders	Shares	Percent
JP Morgan Bank Luxembourg	3,189,600	16.5
Remium AB (Emission VPC)*	2,595,150	13.4
Richard Tooby**	1,420,400	7.4
Roosgruppen AB	1,377,200	7.1
Erik A i Malmö AB	1,348,800	7.0
Lennart Holm**	762,720	3.9
Jonas Wollin**	752,000	3.9
Mats Georgson**	677,000	3.5
Per Palmqvist Morin**	653,600	3.4
Jan-Erik Rosenberg	604,600	3.1
Other	5,935,130	30.7
Total	19,316,000	100.0

* As of 26 February 2016, Remium holds 2,595,150 shares in Polygiene via a transport account at Euroclear. These shares are owned by about 10 non-Swedish shareholders. Shortly after the first trading date for Polygiene shares on Nasdaq First North, these shares will be transferred to regular ownership accounts of these shareholders.

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

Source: Public share register and Nominee list of owners from Euroclear Sweden AB

Stock exchange

Polygiene AB has applied for and received approval listing Company shares for trade on First North. The first trading date is estimated to be 14 March 2016. The company shares will have the ticker symbol POLYG.

Dividend policy

Dividend policy is determined by the Annual General Meeting based on proposal from the Board of Directors, and distribution of dividends is processed by Euroclear. The right to receive dividends flows to the shareholder registered in the Company stock register maintained by Euroclear as of the record date for the issue of the dividend as determined by the Annual General Meeting. Dividends are normally paid in a cash amount per share through Euroclear, but may also be paid as other than cash, as through a distribution in kind. In the event a shareholder cannot be contacted for payment of a dividend, the shareholder's receivable shall remain against the Company, and is limited only by general statutory limitations law. In the event the statutory limitation is passed, the entire amount reverts to the company. Polygiene does not apply any restrictions or special procedures in regard to issuing cash dividends to shareholders domiciled outside Sweden. Except for possible limits imposed by the banking and clearing systems, payment is made in the same way as for shareholders domiciled in Sweden. Normally, withholding tax is deducted from dividend payments to shareholders who are not tax residents of Sweden.

The amounts of possible future dividends issued to shareholders in Polygiene will depend upon several factors including profits, financial position, cash flow, and requirements for operating capital. Dividends to shareholders will not be issued until the long-term profitability of the Company can be determined. In the coming years, the company does not anticipate issuing any dividends, as all available assets will be used for continued expansion.

Shareholder agreements

To the extent of the Board of Director's knowledge, no shareholder agreements are concluded among shareholders in Polygiene.

Legal issues and additional information

General company information

Polygiene is a Swedish public limited liability company whose company registration number is 556692-4287, and was registered with the Swedish Company Registration Office on 1 December 2005. The Company's legal form is a limited liability company, as regulated by the Swedish Companies Act (2005:551). The Board of Directors is domiciled in Malmö, Sweden. Polygiene AB has no subsidiaries but owns 49 percent of the associated company Polygiene Limited, company registration number 06803458.

Certified Adviser at First North

Companies whose shares are traded on the First North exchange have a Certified Adviser to monitor that the company complies with the First North Rulebook for disclosure of information to the market and to investors. Remium, which is a member of and has agreements with the Nasdaq Stockholm Aktiebolag, is the Certified Adviser for Polygiene. A Certified Adviser audits companies whose shares are listed for trading on First North. The Nasdaq Stockholm Aktiebolag approves the application of listing of shares for trade. The Nasdaq Stockholm Aktiebolag monitoring function (Surveillance) is responsible for ensuring that the Company and their Certified Adviser comply with the regulatory framework that applies for First North. Surveillance also monitors trading on First North. As of 26 February 2016, Remium holds 2,595,150 shares in Polygiene via a transport account at Euroclear. These shares are owned by about 10 non-Swedish shareholders. Shortly after the first trading date for Polygiene shares on Nasdaq First North, these shares will be transferred to regular ownership accounts of these shareholders.

Appointed market maker

Polygiene has concluded an agreement with Pareto Securities AB under which Pareto Securities AB will act as the appointed market maker for Polygiene shares in relation to trading on First North. Their undertaking as market maker is primarily to, when possible, adjust quotations to buy and sell in response to changing market conditions so that the quotations (buy or sell) do not differ more than a specified level. The agreement means that Pareto shall place buy and sell quotations for not less than SEK 20,000 with a spread that does not exceed 3 percent. The purpose of this agreement is to thereby promote liquidity in trading of the Polygiene share.

Securities depository company

Polygiene shares are registered in a securities register as provided in the Swedish Financial Instruments Accounting Act (1998:1479). The Company stock register is maintained by Euroclear. Shareholders do not obtain any physical share certificates, but rather transactions for the shares are recorded electronically through registration in the Euroclear system, between authorized banks or other securities management companies.

Patents and other intellectual property

Polygiene's technology is not primarily protected by patent, but rather protection primarily consists of the unique know-how held by the company. However, the company currently holds a Swedish patent, SE 0400409-9, granted as of 15 August 2006. A PCT application was prepared based on the Swedish application, EP1727856. The patent is currently granted in Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Estonia, Finland, France, United Kingdom, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Lichtenstein, Luxembourg, Monaco, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Slovakia, Slovenia, and Turkey. The company also has two active patent applications in the U.S.: US20110165214 and US20070082971, with application dates of 27 January 2005 and 15 November 2010, respectively.

In Sweden, the Company has been granted protection for the following trademarks:

- "Polygiene – Wear More. Wash Less." registration number 012729521, word mark;
- "POLYGIENE," registration number 009134693, word mark;
- "Polygiene STAY FRESH," registration number 008767964, figurative mark;
- "Polygiene Safe to Touch," registration number 003737723, figurative mark; and
- "POLYGIENE," registration number 002140614, word mark.

All the above trademarks are EU trade marks, so they are protected throughout Europe.

The Company has also been granted protection for the trademark "Polygiene" in:

- Canada, registration number TMA830443, word mark;
- USA, registration number 2851274, word and figurative mark;
- Japan, registration number 0005422454, word mark;

- Australia, Switzerland, China, Egypt, Japan, North Korea, Macau, Norway, Senegal and Russia, application number 764122, word mark;
- Russia, registration number 439014, word and figurative mark; and
- Russia, registration number 433242, word and figurative mark.

Related-party transactions

Polygiene has an agreement with Board Member Per Palmqvist Morin's company KPM Consulting AB for remuneration to Per Palmqvist Morin for his work with the Company with regard to raising capital and listing company shares on First North. The agreement is for the fee of SEK 1,000 per hour excluding VAT. Total payments for fiscal year 2015 were SEK 128,170 excluding VAT.

Polygiene has an agreement with Chairman of the Board Lennart Holm for him to receive from the Company SEK 13,500 excluding VAT per month for the provision of consulting services one day every month that lies beyond his ordinary tasks as Chairman of the Board. This consulting assignment includes Lennart Holm's direct involvement in customer meetings, and, using his background as a chemist, he also assists Polygiene in reviewing competitors, environmental considerations, and issues related to the use of chemicals in general. The Extraordinary General Meeting held 15 September 2015 adopted a resolution regarding this agreement. Total payments for the 2015 fiscal year were SEK 54,000 excluding VAT.

Polygiene has an agreement with Board Member Jonas Wollin's company Rudholm H.K. AB for the delivery of labels to the Company. Rudholm H.K. AB supplied labels during fiscal year to Polygiene for a total value of a total of SEK 1,500,367 excluding VAT.

Polygiene has an agreement with Board Member Mats Georgson's company, Georgson Strategy AB, involving support related to strategic brand building. This consulting assignment involves Mats Georgson assisting Polygiene in identifying and documenting customers, competitors, and external factors to provide sound basis for selecting marketing methods in relation to various target groups. The agreement with Mats Georgson's company has not been formalized in writing, but was entered after verbal agreement. All transactions with related parties are concluded on standard market terms. Total payments for 2015 fiscal year were SEK 674,000 excluding VAT.

Material agreements

Polygiene has not concluded any formal written agreement that can be considered material. The majority of the agreements that Polygiene has with its partners, suppliers, and agents and distributors are based on verbal agreements and

established practices between the parties, (and often confirmed via e-mail) and course of dealing. The primary types of agreements Polygiene has in its operations are described below. Several of these agreements with partners have been formalized in writing, while others are concluded on the basis of verbal agreements (often confirmed via e-mail) and course of dealing.

Agreements with partners

Polygiene has concluded Partnership Agreements with several of its collaborative partners whereby they obtain a non-exclusive license to use the Polygiene brand in labeling their products in return for payments to Polygiene of a specific amount per manufactured garment (in certain cases payment is made per meter of fabric) treated with the Polygiene additive. Some of these agreements with partners have been formalized in writing, while others are concluded on the basis of verbal agreements (often confirmed via e-mail) and course of dealing.

Agreements with suppliers

There are no formal agreements between Polygiene and the manufacturer of the additive. Generally, Polygiene places a call-off order for the manufacturer with estimated volumes for the coming three years. Usually, meetings with Polygiene's suppliers are held twice per year and the call-off order is renewed and extended at these meetings.

Agreements with agents and distributors

Polygiene has agreements with agents and distributors covering many countries and several regions, including China, Japan, Thailand, South Korea Benelux, France, Germany, Austria, Switzerland, Italy, Czech Republic, Poland, Turkey, Ecuador, United Kingdom, Scandinavia, North America, Israel, and Australia.

Some of these agreements with partners have been formalized in writing, while others are concluded on the basis of verbal agreements (often confirmed via e-mail) and course of dealing.

Disputes and legal proceedings

In the last twelve months, Polygiene has not been party to any legal or arbitration proceedings (including as yet undetermined matters or such as Polygiene is aware may arise) and which recently have, or could have, significant impact on Polygiene's financial position or profitability.

Insurance

The Board of Directors of Polygiene assesses that the Company has insurance coverage appropriate for current operations. The Board will continually review Company insurance coverage throughout further operational expansion.

Articles of Association

Polygiene AB, Company registration no. 556692-4287

§ 1 Company name

The company name is Polygiene AB. The company is a public limited liability company (publ.).

§ 2 Domicile of the Board of Directors

The Board of Directors is domiciled in Malmö, Sweden.

§ 3 Corporate capacity

The company shall develop, manufacture, market, and distribute additives and know-how related to antibacterial and anti-viral products, and to generally improving hygiene on surfaces, applications, and to the reduction of odors on the above, and other activities compatible therewith.

§ 4 Share capital

The share capital shall be not less than MSEK 1.3 and not greater than MSEK 5.2.

§ 5 Number of shares

The number of shares shall be not less than 13,000,000 and not more than 52,000,000.

§ 6 Board of Directors and auditors

The Board of Directors shall consist of not less than three and not more than 10 directors with no more than 10 deputies. The company shall have not less than 1 and not more than 2 auditors, with or without deputies, or a registered auditing firm or auditor.

§ 7 Convening notice to general meeting of shareholders

Notice for convening a general meeting of shareholders shall be published for shareholders on the Company website and advertised in the 'Post- och Inrikes Tidningar' (official notification medium of the Swedish government). Publication of the notice of convening shall also be advertised in Svenska Dagbladet (a Swedish daily newspaper).

Shareholders who wish to participate in an Annual General Meeting shall be registered in the transcript or other representation of the complete share register no later than five working days prior to the meeting, and they shall notify the Company thereof no later than on the date specified in the convening notice. That date may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve, or New Year's Eve, and may not fall earlier than the fifth ordinary

business day prior to the Annual General Meeting. Shareholders or their representatives may not have more than two assistants at the meeting, and only when they notify the Company of the number of assistants prior to the meeting as indicated in the previous paragraph.

§ 8 Annual meeting of shareholders

The following business shall be conducted at the annual meeting:

- 1) Election of the Chairman of the meeting.
- 2) Preparation and approval of the voting list.
- 3) Approval of the meeting agenda.
- 4) Election of one or two adjusters.
- 5) Resolution concerning the due convening of the meeting.
- 6) Presentation of the annual report and the auditor's report and, where appropriate, consolidated financial statements and the consolidated auditor's report.
- 7) Resolution regarding:
 - a) Regarding adoption of the Income Statement and Balance Sheet, and where appropriate consolidated income statement and consolidated balance sheet;
 - b) Dispositions concerning the proposed treatment of the Company's unappropriated earnings or losses as stated in the adopted balance sheet, and
 - c) Discharge of the members of the Board and the CEO from liability.
- 8) Adopting the number of directors and deputies for the Board of Directors, auditors and deputy auditors.
- 9) Adoption of fees paid to members of the Board and auditors.
- 10) Election to the Board of Directors and of auditors.
- 11) Any other business that arises at the meeting in accordance with the Swedish Companies Act or articles of association of the Company.

§ 9 Fiscal year

The fiscal year shall be 1 January–31 December.

§ 10 Securities depository company

The Company's shares shall be registered in a securities register in accordance with the Swedish Financial Instrument Accounts Act (1998:1479).

Adopted at an Extraordinary General Meeting on 14 January 2016.

Tax issues

– Swedish tax considerations

Below follows a summary of tax considerations that may apply to natural persons and limited companies residing in Sweden for tax purposes, unless otherwise stated in regard to holding and trading company shares after its listing for trading on First North. This summary is based on the shares in the Company being considered listed shares for tax purposes, which will be the case when the listed shares are traded in sufficiently large volumes on First North.

This summary is based on prevailing legislation and is intended as general information only. It does not cover situations where securities are held for business purposes as current assets in business operations, or by a partnership. Furthermore, it does not include special rules for tax-free capital gains (including non-deductible tax losses) and dividends in the corporate sector that may be applicable when a shareholder owns shares to hold for business purposes. Nor does this include special rules that, in certain cases, may be applicable to shares held in companies which are or have been so-called close companies or to shares acquired by means of such so-called qualified shares in close companies. The summary also does not include shares held in an investment savings account (sw. investeringssparkonto) and that are covered by special rules for the flat-rate scheme. Further, special tax rules apply to certain categories of taxpayers, such as investment companies or insurance companies. The tax considerations for each individual security holder depend on their particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the specific tax consequences that may arise in connection with their specific circumstances, including the applicability and effect of foreign tax legislation and provisions in tax treaties.

Taxation on disposal of shares

Natural persons

When listed shares are sold or otherwise disposed, a taxable gain or tax-deductible loss may arise. Capital gains are taxed as income of capital at the rate of 30 percent. The capital gain or tax loss is normally calculated as the difference between

the sales consideration less selling expenses, and the acquisition value. The acquisition value of all shares in the same class and type is calculated collectively using the average method (Sw. genomsnittsmetoden). At disposal of shares listed for trading, the acquisition value may also be determined using the standard method at 20 percent of the sales consideration less selling expenses.

Capital losses on exchange listed shares may be offset in full against capital gains in the same year on shares and other listed ownership units (sw. delägarätter) except for units in securities funds or special funds that invest in only Swedish debt instruments, so-called fixed income funds. Capital losses on shares or other ownership units that cannot be offset in this way may be offset up to 70 percent against other income from capital.

Should there be a deficit in capital income, a tax credit is allowed on earned income, property tax and municipal property fees. The tax credit allowed is 30 percent of the deficit up to SEK 100,000, and 21 percent of any remainder. Deficits of this kind may not be carried forward to later tax years.

Tax on dividends

Natural persons are taxed on dividends from exchange listed shares in the capital income category at 30 percent. Withholding tax is normally deducted from the total dividend amount at the rate of 30 percent for natural persons residing in Sweden. The withholding tax is deducted by Euroclear Sweden, or in regard to nominee registered shares, by the nominee.

Legal entities

Limited companies are taxed on all income, including taxable capital gains and dividends in the business income category at the rate of 22 percent. Capital gains and losses are calculated in the same way as described for natural persons above.

Deductible capital losses on shares or other ownership units may only be deducted from taxable capital gains on shares and ownership units. Such a capital loss may also be

off-set against capital gains on shares and other ownership units in companies within the same group, when specific conditions are met and only in the case where intra-group contribution is permitted between the companies. A capital loss that cannot be utilized within one year may be carried forward and off-set against taxable capital gains on shares and other ownership units in subsequent tax years without limitation as to time.

Shareholders with limited tax liability in Sweden

Swedish withholding tax is normally deducted from dividend payments to shareholders with limited tax liability in Sweden. The tax rate is 30 percent, which is normally reduced by tax treaties Sweden has concluded with other countries to avoid double taxation. Many of the tax treaties that Sweden has concluded enable reduction of the Swedish tax to the tax rate provided in the treaty when the dividend is paid, when requisite details regarding the right to dividend are provided. In Sweden the deduction for withholding tax is normally implemented by Euroclear Sweden, or in regard to nominee registered shares, by the nominee.

In cases where the 30 percent withholding tax is deducted from payment of dividend to a person entitled to a lower tax rate, or when excess withholding tax is otherwise deducted, refund thereof may be requested from the Swedish Tax Agency, but not later than the fifth calendar year after the dividend payment.

Shareholders with limited tax liability in Sweden and whose holding is not associated with a fixed operating center in Sweden are normally not taxed for capital gains in Sweden on disposal of shares. These shareholders may, however, be subject to taxation in their country of domicile. However, as provided by a special tax rule, natural persons with limited tax liability in Sweden may be subject to Swedish capital gains taxation on the sale of shares if they have at any time during the year of the disposal, or any of the 10 preceding calendar years, been a permanent resident or usually resided in Sweden. Application of this rule may, however, be limited by tax treaties between Sweden and other countries.

*Note: This Company Description has been translated from Swedish.
The Swedish text shall govern for all purposes and prevail in case
of any discrepancy with the English version.*



Polygiene®

STAY FRESH

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