

**Answers to questions from the shareholder Sveriges Aktiesparares Riksförbund ahead of the Annual General Meeting on 11 May 2022 (in accordance with the Act (2022:121) on temporary exemptions for the conduct of general meetings of companies and associations)**

- Your sales have been positively affected by Covid-19. Do you feel that you are seeing a decline now or is the demand still high for the products that got a boost from the pandemic?

**Answer:** *Antiviral treatments are still in demand but not to the same extent as in 2020. The regulations in some regions restrict our customers from making anti-viral 'claims' against the end consumer, although the processing itself is permitted. Communication should instead be anti-microbial technology, which complicates the use of the name ViralOff. However, there is a great focus on hygiene in general, which is a direct consequence of Covid-19 and is reflected in the interest and demand from customers.*

- How have you been affected by the war in Ukraine? How have you managed to deal with raw material shortages and price increases?

**Answer:** *The direct impact is marginal, we only have a handful of customers in Russia that we now do not supply to because of the war. Indirectly, like everyone else, we are affected by a troubled world. Price increases in raw materials have been announced in the last quarter, but so far this has not been compensated by price adjustments in our ranks. When it comes to the raw material shortage, especially on the polymer side, we have managed to navigate this by connecting with more suppliers, finding replacement formulations and carefully planning deliveries to be able to meet our customers' production cycles.*

- Polygiene aims to achieve net sales of over MSEK 1,000 within 5 years with an operating margin of 30 %. Growth will primarily come from the existing business, but new products, new markets and acquisitions will also be contributing factors to achieving the goal. Is this goal fixed and how will it be achieved?

**Answer:** *The long-term goals remain as well as previously communicated growth strategies.*

- In which industries/niches of your business would acquisitions make you stronger?

**Answer:** *Partly through acquisitions similar to SteriTouch that operates in the same area to gain market share, and partly in other areas that strengthen our mission to extend the life of products.*

- Sydsvenska Dagbladet's series of articles about Polygiene affected your share price greatly. Is there reason to be self-critical about what information you have made available in your annual reports or that has been communicated in another way?

**Answer:** *We do not believe that we have failed in our disclosure of information. The evaluation of biocides in the EU has been ongoing since 2000 and is not something that is aimed at Polygiene or our industry specifically. Sydsvenskan's articles contained a lot of inaccuracies and ill-founded claims with a lack of source-critical review. Polygiene has issued a reply based on pure facts and objectively responded to the erroneous claims published by Svenskt Vatten via Sydsvenskan.*

- Do you think that you have been able to describe in a clearer way the risks associated with this type of negative publicity, but why, for example, Svenskt Vatten has had views on your business in the past?

**Answer:** *Since this is not the first time Svenskt Vatten has made a public announcement at Polygiene, it is common knowledge and we have responded to their claims with both press releases and disclosures over the years, to both customers and investors. The one-sided debate has been going on for over 10 years.*

- In the first article, it is written "In recent years, many clothing manufacturers and retailers in Europe have stopped selling silver-treated clothing. In Europe, hardly any silver is used anymore to remove odor in clothes. The European market is already dead in that regard." Do you think there is any substance in the statement and if so, is it a change that can also occur in other markets or is the view of silver-treated textiles in, for example, Asia/the United States different? Have you lost any parties that have stopped processing textiles?

**Answer:** *The market for antibacterial clothing in Sweden is non-existent. The Swedish brands we worked with earlier left us many years ago due to the silver debate. It's hard to comment on a detached quote from someone who is an "anonymous source with insight into the industry." However, it is extremely important to once again clarify that Polygiene does not sell silver chloride as a business idea, we sell a demanded function. We have different technologies in our portfolio, all 100 % allowed and regulated, to achieve this function and it is always the customer who ultimately controls what type of odor control they want to use. As a leader in Freshness solutions, we should always be able to offer the solution customers demand. We do not see any decline in demand for silver chloride either in Europe or in other parts of the world.*

- Are the growth opportunities greater in hard surfaces than textiles and if so, where do you see the greatest opportunities for growth?

**Answer:** *We see growth in both business areas, Freshness and Protection, but we instead choose to divide the business into different categories where we see great potential to grow together. We have identified a number of categories that we will primarily focus on, including the Transport Sector.*

- Treatment of textile shoes should be a large and interesting market. What percentage of shoes are treated today and what is the interest of shoe manufacturers?

**Answer:** *Footwear is indeed an interesting area for odor control and adds great consumer value. We have opened up some collaborations in this category, but not fully broken through. Dr Scholl's, Adidas, Astral are some examples of brands we collaborate with within Footwear, but the volumes are still of a smaller nature.*

- What has been the development of the treatment of home textiles that you highlighted in 2018 as very interesting?

**Answer:** *Home textiles have had a good development over the years and continue to grow. The share in 2018 was 4 % and today we are around 12 %. In terms of money, this means a tripling from approximately MSEK 3 in 2018 to MSEK 10 in 2021.*

- From what I can see are you not operating in Australia/New Zealand are these markets that are interesting or are there for example regulatory or other requirements that make it more difficult to establish there?

**Answer:** *Absolutely we are and we have some great partners both in New Zealand and Australia. Kathmandu from New Zealand is a strong partner in Outdoor that has grown steadily with us in recent years. In Australia, we have a large customer in workwear that we will certainly have reason to return to.*

- Your operating profit and cash flow are worse in Q1 against the corresponding period last year. What are the main reasons for this?

**Answer:** *Operating profit was marginally lower than last year. Operational operating profit in Q1 this year compared to the previous year was MSEK 9.3 compared with MSEK 9.8 last year. One-off costs stemming from the SteriTouch acquisition burdened earnings by MSEK 0.7, so it was a stronger result this year with both increased sales with a higher gross margin. The cost base is slightly higher as we have expanded the organization in 2021. Cash flow last year was made up of a major impact from the acquisition of Addmaster and may be counted as extraordinary.*

- Why do you choose to hold a postal meeting when Covid-19 is no longer a generally dangerous and socially dangerous disease and several other companies choose to have physical meetings that are supplemented by postal voting? Aktiespararna believes that it should be possible to participate physically and digitally at upcoming general meetings.
- **Answer:** *The Annual General Meeting was planned during Q1 and at that time there was a high spread of infection in society, which led to the decision on a postal meeting. We hereby also give our shareholders, many located throughout Sweden, the opportunity to participate on equal terms*