

POLYGIENE GROUP AB (PUBL.)

ANNUAL REPORT 2022

ir.polygiene.com

POLYGIENE[®]
GROUP
FOR MINDFUL LIVING

VISION

At Polygiene, we believe that everyone should have the possibility to contribute to living a more mindful life. Our vision is to become the leading ingredient brand partner for anti-odor-, anti-microbial and anti-bacterial solutions that allow our customers and their consumers to easily and actively participate in our brand vision of, 'Mindful Living'. In short, we want to change the way the world views products whilst offering the opportunity to stay confidently fresh and protected and do good for people and the planet.

MISSION

Polygiene is the market leading ingredient brand partner for Freshness and Product Protection solutions. In partnership with premium brands, we deliver a product that is effective, safe to use, prolongs product life, contributes to a more sustainable lifestyle as well as a more profitable business for our partners. Our mission is to give partners the platform to create a raised desirability for their products through protection, sustainability and circularity benefits that they can communicate to their customers and consumers.

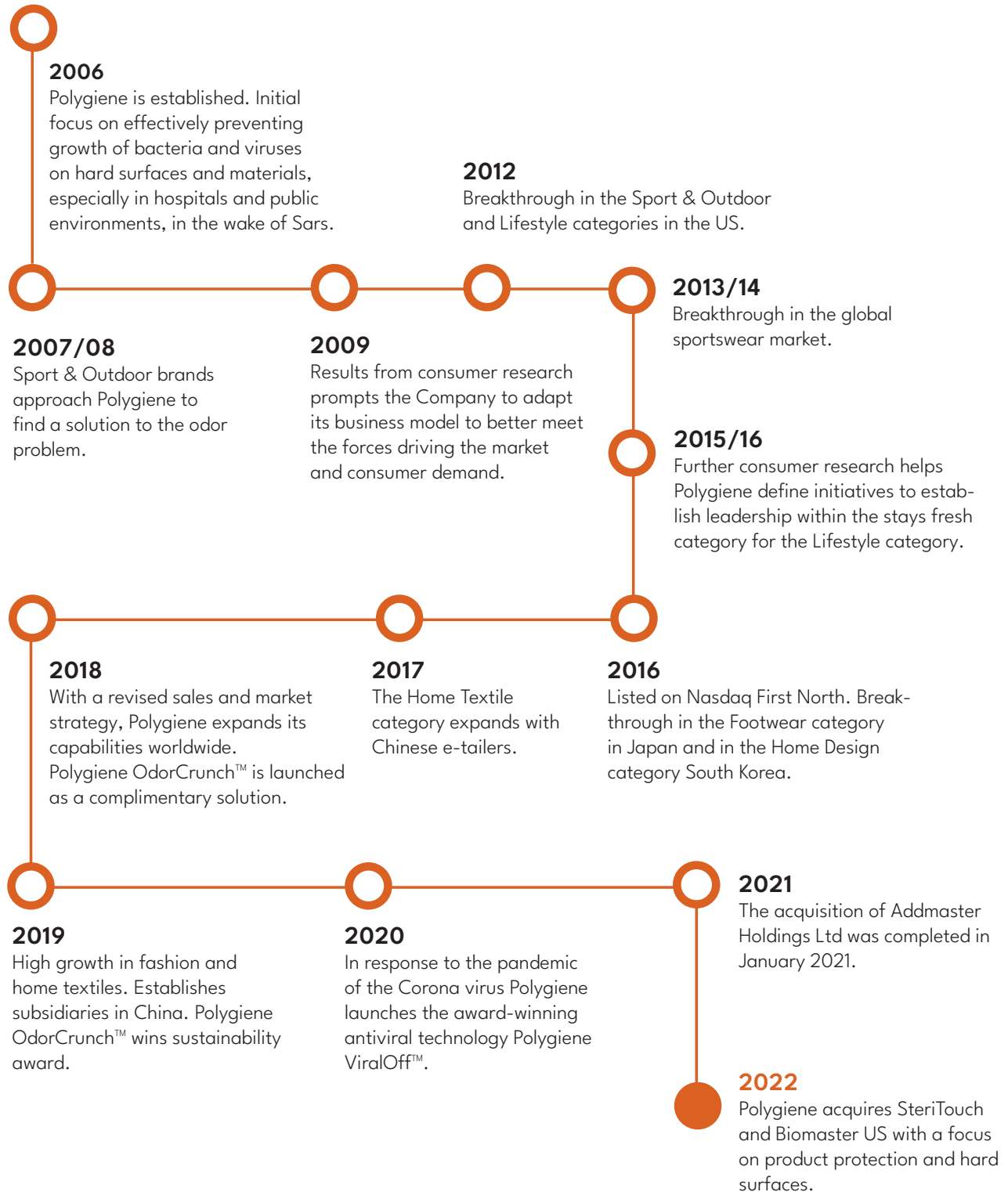
We aim to:

- Be the leading, comprehensive ingredient brand partner for hard and soft surfaces
- Cement our position as the leading global ingredient brand in Freshness and Product Protection
- Position Polygiene Group as experts in polymer and textile applications with a global technical and marketing support team
- Lessen the environmental impact through energy and water savings and the reduced use of detergents and disinfectants
- Make sustainability and circularity accessible to the everyday consumer
- Provide synergies for customers across the globe with our global footprint and network of suppliers and brands
- Do good for people and the planet

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POLYGIENE TIMELINE



THIS IS THE POLYGIENE GROUP

» We believe, that with our ingredient technologies, consumers can actively participate in living more mindfully. Our solutions for Freshness allow consumers to wear more and wash less and combat unwanted odors, whilst our Product Protection solutions offer anti-microbial and anti-counterfeit technologies that bring an added level of confidence to your everyday life. With Polygiene you can rest assured to be confidently fresh and protected all day, every day «



Polygiene is a lean, global business with more than 500 partners across various categories such as Sport & Outdoor, Fashion & Lifestyle, Workwear, Hospitality, Home & Pets, Healthcare, Water, Industrial and Paper & Packaging.

We are headquartered in Malmö, Sweden and our Scandinavian roots inform our product development and people agenda, ensuring a simplistic, inclusive, planet-first and fair culture. Today, we work with the entire value chain – from development and manufacturing to marketing, distribution, and customer support. As an organization, we are proud of our strong environmental focus and our manufacturing in Europe follows stringent environmental regulations.

Our technology is applied in the manufacturer’s already existing processes and therefore the environmental impact is minimized because additional energy and water is not required. We are a leading global, consumer-oriented ingredient brand in Freshness and Product Protection with great brand recognition and equity.

We work with our partner brands by providing treatments to products and other materials and support their roll out across the entire value chain. Our treatments provide odor, bacteria and virus control, along with anti-counterfeiting possibilities.

At Polygiene, we aim to keep it simple. Everyone should be able to access the solutions we provide; easily, without fuss and with the reassurance that our products are safe and effective for the purpose that they are intended for.

POLYGIENE®
GROUP
 FOR MINDFUL LIVING

TEAM POLYGIENE

We are headquartered in Malmö, Sweden, but we see ourselves as an organization with a global reach. Apart from Sweden, we have employees in countries all over the world such as North, Central and South America, Germany, the UK, China, India and Japan. Alongside this, we have more than 20 in-country agents and distributors acting on behalf of the Polygiene Brand.

This makes diversity and inclusion central to the way we work. Our people are as diverse as the millions of end-users we reach in the communities our customers operate in around the world.

We are proud of the fact that our people speak over 15 languages and identify with different cultural backgrounds. Every person who works with us brings with them a broad

and interesting range of ideas, skills and experiences. We appreciate that diversity leads to innovation, collaboration and better decision making. All this helps us make extraordinary things happen for our customers.

We are also strong believers in an equal workforce and the idea that diversity is essential for an innovation-led company like ours. Needless to say, we have zero tolerance for discrimination of any kind – be it based on age, gender, ethnicity, religion, disability or sexual orientation.

At Polygiene, we aspire to create an inclusive culture that embraces and celebrates our differences, because we know that having people from different backgrounds and different cultures coming together creates the best possible value - not just for our people and our customers, but also for society at large.

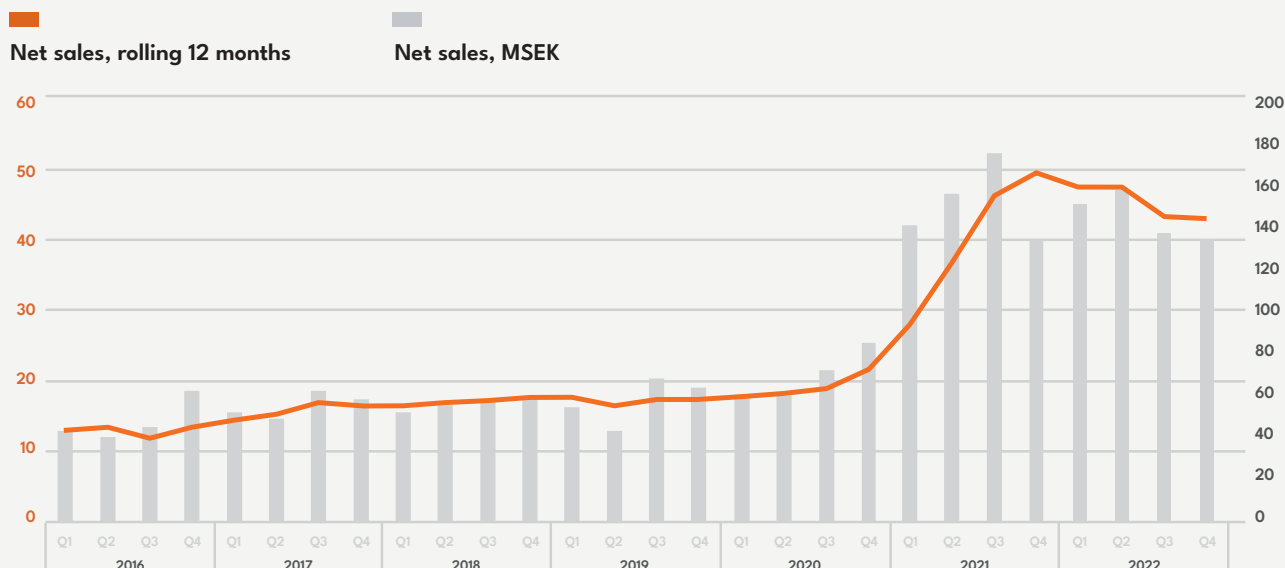


Company meeting gathering, Malmö June 2022

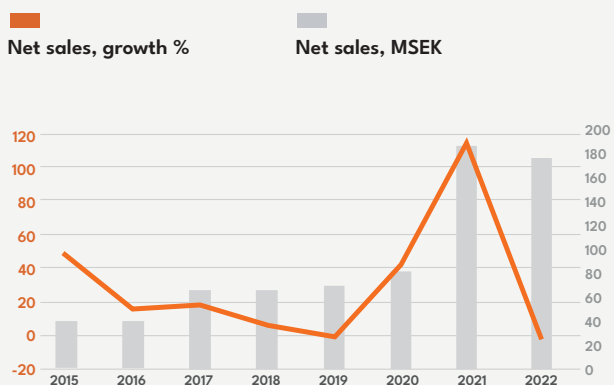
SALES

Sales is a key driver of the business, and our global sales force and extended network of sales agents and distributors ensure that we are always able to offer a global strategy with regional nuances. As a sales force, we understand how crucial it is to have specialists within each category that we deliver solutions to and during the course of 2022, we have become even more category focused, making us key partners from a strategic and business development perspective. We also believe that great business is a combination of the heart and the head, so combined with practical sales knowledge, we also bring loads of passion to the party.

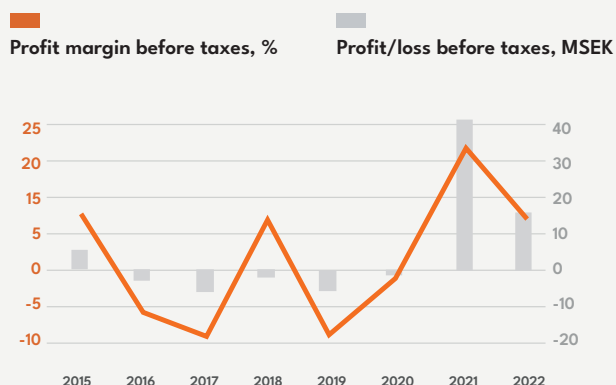
NET SALES MSEK



NET SALES



PROFIT/LOSS BEFORE TAXES



The graphs above illustrate the Group.

2022 IN BRIEF

SIGNIFICANT EVENTS DURING 2022

POLYGIENE ACQUIRES STERITOUCH

The acquisition relates to SteriTouch, which is part of the British privately owned company Radical Materials Limited.

ADDMASTER RECEIVES QUEEN'S AWARD

Addmaster's Innovation Award recognizes the company's contribution to improving public hygiene and eliminating plastic waste by creating a range of reusable plastics. This is the third Queens award the company receives.

POLYGIENE AB CHANGES COMPANY NAME

Polygiene AB changes company name to Polygiene Group AB, to clarify that the Group now consists of several legal entities and to distinguish it from the Group's brand, Polygiene.

MISLEADING ARTICLE

In April a number of articles are published criticising one of the Group's existing technologies. The allegations were answered by Polygiene Group™, which strongly dissociates itself from these erroneous claims.

SUE BETHEL NEW CTO FOR POLYGIENE GROUP

Sue has a background as CTO at Addmaster Ltd. She is located in the UK and will head the entire global technical team of the Polygiene Group.

POLYGIENE GROUP STRENGTHENS MANAGEMENT WITH TOP RECRUITMENT

Polygiene Group recruitment of Frank Stevens in the new position of Chief Operating Officer.

NEW SALES AGENT IN FRANCE IMPORTANT STEP FOR POLYGIENE GROUP

Jean Charles Marchionni starts as a new sales agent for the Polygiene Group in France.

POLYGIENE GROUP HIRES NEW CHIEF FINANCIAL OFFICER

Niklas Blomstedt starts as new CFO for Polygiene Group.

POLYGIENE ACQUIRES BIOMASTER® US WITH A FOCUS ON PRODUCT PROTECTION AND HARD SURFACES

The purchase is primarily to create a local establishment and take control of the business in the USA to align with the strategy to grow the North American market. The company holds key licenses and warehouse capacity that can now also handle products for the Polygiene Freshness™ area, providing a nice synergy for Polygiene Group.

MP ACTIVEWEAR BOOSTS WITH POLYGIENE MP

MP Activewear, born from the world's leading online sports nutrition brand MyProtein, launched Polygiene-treated products in their high-end running range Velocity Ultra as well as their Power Ultra collection.

FLOWFRESH UPDATES FLOORING WITH POLYGIENE

The long-time Polygiene-partner Flowcrete – part of the building products company CPG – launched a new and updated Flowfresh range that will be on the market during spring 2022.

TOMMY HILFIGER AND CALVIN KLEIN

The shirt collection Tommy Hilfiger "1985 Essential Polygiene", with Polygiene-technology, is available online, together with a number of styles in Calvin Klein swimwear collection 2022 for men.

E-LEATHER AND BIOMASTER NOMINATED FOR CRYSTAL CABIN AWARDS

The E-leather product Essence, made of recycled leather, offers built-in hygiene and antimicrobial protection, reduces waste, is less harmful to the planet and a safer choice for passengers.

ADDMASTER NOMINATED FOR EXPORT AWARD

Addmaster was nominated in the export category for the "Made in the Midlands Awards".

FULLY ANTIMICROBIAL SMARTPHONE NOMINATED FOR MULTIPLE AWARDS AND WINS INNOVATION AWARD

The Cat S42 H+ is the first fully antimicrobial smartphone with Polygiene BioMaster™ treatment, which stops the growth of microorganisms on all surfaces of the phone. It is nominated for the 2022 Mobile News Awards as well as the 2022 Mobile Industry Awards in the 'Innovation of the Year' category. The phone also wins the innovation award of 'The Business Magazine Southern Tech 150'.

CHINESE HOTSUIT OPTS FOR POLYGIENE STAYS FRESH TO KEEP GARMENTS FRESH FOR LONGER

Chinese sportswear brand Hotsuit, worn by influencers, celebrities and athletes is launching a new product range featuring Polygiene StayFresh antimicrobial technology that helps clothing stay fresh for longer. The treatment is being added to Hotsuit's latest collections of products and more items are being launched continuously.

POLYGIENE’S AIM IS SET FOR FULL COVERAGE ODOR CONTROL IN FORLOH HUNTING APPAREL

Leading-edge technology makes Forloh’s new Insect Shield® apparel best in class for warm weather adventures, combines fabric technologies and design in innovative new summer collection.

POLYGIENE BIOMASTER AND VERIMASTER IN PYLON COATINGS PRODUCTS

One of the most successful developments in recent years for the Australian manufacturer has been the BioGuard Coating range that creates more hygienic surfaces with the use of Polygiene BioMaster™. Additionally, the range incorporates Polygiene VeriMaster™ security technology to verify the presence of the antimicrobial technology.

POLYGIENE BIOMASTER TECHNOLOGY HELPS POWER ELECTRIC CAR SALES

Chinese Electric car manufacturer, NIO, is aiming to continue to be a leader in the automotive industry by providing long-lasting inbuilt surface protection with Polygiene BioMaster™ antimicrobial technology in their new model NIO ET7.

COLLEGE CAMPUS USES ANTIMICROBIAL SURFACE COATING FROM AGGRECOAT SILVER WITH POLYGIENE BIOMASTER

The College of the Marshall Islands (CMI) has begun applying AggreCoat Silver antimicrobial surface coating throughout the campus. As educational institutions the world over continue their return to classrooms and lecture halls, hygiene is of paramount importance for students, teachers, and parents alike.

NNT AND POLYGIENE TEAM UP TO CREATE NEW FRONTLINE WORKWEAR UNIFORMS FOR HEALTH PROFESSIONALS

Partner NNT and Polygiene create a new range of protective uniforms and scrubs for health professionals. The new workwear, marketed under the Workwear Group logo, incorporates Polygiene’s innovative StayFresh technology.

GEAR AND ACCESSORIES BRAND POLO MOTORRAD AND POLYGIENE LAUNCH MOTORCYCLE GLOVES POLO

Motorrad is known as the go-to brand with high-functioning products for motorcyclists across Europe with over 90 stores across the GAS area. The company uses Polygiene to avoid unpleasant odors, washing and to extend the products life.

FORBES LISTS POLYGIENE PARTNER GREGORY MOUNTAIN PRODUCTS AS OUTSTANDING FOR TRAVELLING

During summer 2022, Forbes made a list of items needed for longer and shorter trips. Polygiene was mentioned together with Gregory hardcases that both stay fresh and last longer, thanks to Polygiene technology.

O’NEILL AND POLYGIENE COOPERATE WITHIN ISPO COLLABORATORS CLUB

Partner and surf brand O’Neill wanted to find out how customers would receive its new activewear collection with Polygiene StayFresh™. Members of ISPO Collaborators Club from all over Europe were sweating hard for two months to see the performance of the technology.

EUROPEAN OUTDOOR SUMMIT ATTENDEES RECEIVE AN INITIAL PRESENTATION OF POLYGIENE’S LIFE CYCLE ASSESSMENT

Polygiene CMO, Sean Tindale, presented Polygiene’s LCA findings, showing data that proves that by skipping one wash load, the environmental impact of a t-shirt can be reduced by up to one-third.

FIAT LAUNCHES WITH POLYGIENE PRODUCT PROTECTION

A special edition car (RED) is launched to fight global health emergencies like AIDS or COVID. The vehicle’s seat fabric is treated with Polygiene ViralOff™.

Image: Nio



GLOBAL BUSINESS CLIMATE IMPACTS YEAREND RESULTS

Net sales for the year amounted to MSEK 173.6 (181.6), corresponding to a 4.4% decrease compared to the previous year. An annual gross margin of 66.0 (63.5) % was reported. Operating profit before tax amounted to MSEK 16.0 (40.9), providing an EBIT margin of 9.2%. Cash flow from operating activities was negative at MSEK -1.5 (37.6).

The year 2022 was eventful. The deceleration of the global economy had a major impact on our business, as reflected in this year's results. In the wake of 2021's pandemic-related logistics challenges, the year began with weak growth during the first six months in hopes that China would reopen. However, as the situation worsened, sales fell in the second half of the year, ending with a 4.4% decrease in total sales revenues compared to 2021. The impact of the war in Ukraine, vulnerable energy markets, increased interest rates, inflation and reduced purchasing power have been felt worldwide. Companies and individuals are straining as sales and real income drop, and global forecasts point to a recession.

In response to the logistics issues that plagued the industry in 2021, many companies built up high inventory levels in 2022 to minimize the risk of empty warehouses. Polygiene Group was no exception due to the low inventory levels experienced during the pandemic. When demand and purchasing power slowed, order intake decreased, and many actors, including a few of our customers, maintained high inventory levels. Overstock in warehouses caused a ripple effect throughout the entire value chain, from our customers to our distributors, who neither produced nor ordered to the same extent as past years. However, there is a silver lining; the annual gross margin proved solid due to the mix between indirect sales through our distributors and direct sales. The Group also offset increased raw material prices through a strategic price increase vis-à-vis our customers in the Protection segment. Considering the global economy, I am happy to report that Polygiene Group's financial position is stable. The company is debt-free, the current business is cash-flow positive, and the Group generated a profit despite a tough year. A steady cash flow enables us to have the resources needed for continued investments in the business.

Despite a year without significant growth, many positive takeaways remain. There was a high level of activity across all business areas, and the Group acquired two

companies to strengthen our market position. At the start of the year, the Group acquired SteriTouch, financed by a new issue of MSEK 40.

The main purpose of acquiring SteriTouch is to drive growth and create synergies with the BioMaster business, now an integral part of the Protection segment. In November the Group made a strategic acquisition, purchasing Biomaster, the former distributor of Addmaster at a purchase price of SEK 120,000, paid in cash. The acquisition will allow the Group to gain better control over distribution in the U.S. market and a better understanding of customer needs.

”
**2022 WAS A CHALLENGING
YEAR THAT WAS BOTH A TEST
AND A YEAR IN WHICH WE PUT
MANY CRUCIAL PIECES IN PLACE.** ”

In 2022, Polygiene was able to meet our customers face to face for the first time since the institution of pandemic travel bans. While our attendance at strategic trade fairs and in-person customer meetings are short-term expenses, they are key investments in future growth. Apart from travel costs, the Group invested in our trade show presence and collateral material and created of a new graphic profile, which increased (marketing?) costs compared to 2021. The launch of a new, SEO-optimized website now connects the various entities across the entire company under a common brand platform in a clear and logical way. And finally, the launch of Polygiene Group's vision, "For Mindful Living", strategically links the Freshness and Protection business segments with a promise to help customers and consumers support the transition to a more sustainable world. Our vision reflects the important position that the Group holds in the market, driven by an increased focus on sustainability and an increased demand for hygienic surfaces and materials.

Development of new technologies intensified during the year, allocating additional time and resources to ongoing innovation projects. Many projects are entering the final stage, which may lead to new product launches and an expanded portfolio in 2023. Innovation is resource intensive, and the Group depends on third parties throughout the various stages, which prolongs the development process. However, it also means a balance sheet unencumbered with fixed costs and greater flexibility in choosing our partners.

Several talented individuals joined our fold this year, and the management mantle was passed on to a new, highly competent team, which bodes well for the company's onward growth journey. Our organization is more vital now due to new sales talent acquired through Steritouch and Biomaster. To maintain profitability and leverage the synergies among the companies, the Group carried out a restructuring program at yearend, resulting in a few departures from the company. However, change is necessary to ensure a solid foundation to continue building our operations. The team at Polygiene Group is now in place, and no new recruitments are anticipated for the coming year. Despite its challenges, 2022 was a year in which the Group put crucial structure, talent and resources into place.



The hallmark of 2022 is positivity in the face of challenges, and I believe an upbeat outlook will pay off in the future. I hope that the economy will turn around in the not-too-distant future. Looking ahead, Team Polygiene is geared up for a successful 2023. Together, we want to challenge everyone to make more conscious choices every day -- for people, planet, purpose and profit. I would also like to take this opportunity to say a big thank you to my colleagues for the fantastic work you do and to our partners for the honor of delivering added value to your products. And finally, a big thank you to the Board for excellent support over the past year and to all our shareholders for your continued trust in 2023.

Ulrika Björk CEO Polygiene Group

THE MARKET

Global awareness and demand for hygienic surfaces and materials have increased significantly in the wake of the pandemic. Protecting surfaces and materials from microorganisms will be an important driving force for the Product Protection business area going forward. The Freshness business area, in turn, has relevant technologies to help solve the textile industry's challenges. Extending product lifespan and influencing consumer behavior are essential to reaching global sustainability goals. Adopting new ways of thinking and a sustainable mindset are the key to success. All indicators point to a bright future for the Polygiene Group™.

FRESHNESS

Among the world's most polluting industries is the textile industry. It is also a major contributor to climate change. Cutting carbon emissions in half by yearend 2030 is a long-term goal of the Paris Agreement. Achieving this challenging goal calls for new initiatives and innovation. A 2021 report by global management consulting McKinsey and the Global Fashion Agenda identified three spheres of influence that can accelerate emissions savings. The greatest potential, as much as 61% of total emissions savings potential, lies in the upstream textile production phases. Next in line is consumer behaviour, where new technology can make a difference. Consumers can reduce their carbon footprints by extending the useful lifespan of clothing, making more informed decisions and adopting a circular fashion mindset. Circular fashion encompasses everything from consumer purchasing patterns, reduced washing and drying, and upcycling worn clothing. Succeeding in raising consumer awareness and understanding of this global problem can have an enormous impact over the long term. The third area lies with the companies that produce clothing. Sustainability credentials play a crucial role for fashion and apparel brands of the future. Their influence is decisive; they can place demands on their suppliers and are responsible for communicating with customers. These three areas can potentially flatten the upward emissions curve, making a meaningful contribution to the challenging goal of a 50% reduction in carbon dioxide emissions in the coming decade. Proof positive that small efforts make a huge difference was the 2022 lifecycle

assessment study that Polygiene and Sweco ** conducted. Minimal investment, corresponding to 2% of the total eco-toxic cost of a Polygiene-treated tee shirt, can generate up to 35% in emissions savings by enabling consumers to skip every other wash. Moreover, washing less reduces wear on clothing, extending the life of the garments and delaying new production.

PRODUCT PROTECTION

In recent years, we have witnessed the largest-ever increase in demand for antimicrobial solutions for hard surfaces. The pandemic focused the world's attention on how reducing human exposure to microorganisms can safeguard human life. There is every reason to believe in continued growth in antimicrobial hard-surface protection. People are now more aware of how bacteria and viruses are transmitted, which will generate increased demand for hygienic products and surfaces in the future. The global antimicrobial additives market was valued at \$4.7 billion in 2020 and is forecast to reach \$9.3 billion by 2030.¹ During the peak pandemic years, Polygiene treated hard surfaces subject to the world's most stringent infection controls with antimicrobial technology. In 2022, Polygiene broke new ground in the transport industry, initiating collaboration with the aviation and automotive industries. We also witnessed success across a broad range of categories, including public spaces, hygienic factory floors, office supplies and wall panels, to name a few. Polygiene can treat all surfaces and materials, making its use as a public safety protective measure endless. The second half of 2022 saw an easing of the previous shortage of raw materials and polymers, and no shortages are anticipated in 2023. Other hallmarks of success include the various nominations and awards bestowed during 2022, including the United Kingdom's prestigious Queen's Award for Enterprise, recognizing outstanding achievements in innovation and international trade.

* McKinsey & Company / Global Fashion Agenda, Fashion on Climate, 2020

** Livscykelanalys av en t-shirt, jämförelse av miljövavtryck för scenarier med och utan antimikrobiell behandling, Sweco, Sverige 2022

*** ULRICA SKICKAR

STRATEGY MOVING FORWARD

Polygiene will continue its journey to be the leading ingredient brand in the Freshness and Product Protection business areas by building long-term, trust-based relationships throughout the value chain. By defining a clear category model and marketing support based on a pull and push strategy, we will be more relevant than ever in terms of how we support manufacturing and brand partners to grow their business. No matter if you are an upstream supplier or a leading consumer brand, we will work hand-in-hand with you to help develop toolkits and communication material that amplifies your existing business and go-to-market model within your channel.



Within five years, Polygiene aims to achieve net sales of more than MSEK 1,000 and an operating margin of 30 %. This objective may be revised during the year based on the developments in 2022 and the beginning of 2023 in the aftermath of the pandemic, the war in Ukraine and current recession.

EXISTING BUSINESS

Continue to be the partner of choice to current partners and continually assess opportunities to extend our product offering where relevant and at the same time, cross sell existing products between the Freshness and Product Protection business areas. We will also be looking into our Global partners where we are currently only supplying a region, or regional collection, and use business cases linked to ROI models to extend our collaboration both from a global footprint and across their collections.

NEW MARKETS

By opening up new areas of use for our technologies where we have not yet gained sufficient market share, the opportunity to grow our overall business is excellent. By ensuring that we have expert Business Development Managers by categories, we aim to open new doors as a trusted, expert supplier.

NEW TECHNOLOGIES

As a growth and innovation company, we are always on the lookout for gaps in the market where we can deliver new, relevant technologies that add value to existing and potential partners. We believe that it is essential to understand where the market and regulations are going and be in tune with our brand partners innovation plans and deliver technologies that work. During 2022, we fast-tracked several new technologies that are all based on customer needs or driven by impending legislation. Most of these new technologies will be launched between prior to December 2023.

MERGERS AND ACQUISITIONS

After a successful acquisition of Addmaster UK, we have laid the foundation to support the organic growth of the business by acquiring additional companies under the Freshness and Product Protection categories. With a clearly defined vision, mission, and a trusted reputation, we aspire to become the leading global ingredient brand across hard and soft surfaces and will continue to be on the lookout for brand and product acquisitions that fit under our brand umbrella of Mindful Living.

HOW WE WORK

We offer ingredient performance technologies that through functional chemistry help our customers to create added value to their consumers. Our value propositions of Innovation, Trust, Know-how, Quality and Service are aligned to our customers’ needs. They are designed and managed to create value for them and their products.

When we create value for our customers, we create value for ourselves. Our success can be attributed not just to our innovative technologies and our brand, but also to our commercial commitment to our partners.

SALES

Our Category and Commercial teams, serve our partners based on their specific requirements by channel, geography, and go-to-market plans. We offer a full-service approach meaning that we support them all the way from the start when signing the agreement to the finishing line when the product is sold to the end-consumer. Initially the focus is on identifying opportunities, defined project plans and co-ordinating the application process. After the functional performance is delivered, the category and commercial team engage the marketing people to secure the co-branding and the communication. The various team members then do follow-ups and evaluate the joint business to constantly improve the relationship and grow the business.

TECHNICAL

Our Technical team works closely with our customers to ensure that proper and effective treatment is carried out. We ensure compliance with quality and environmental requirements and give updated advice on regulations and demands in the different markets. We also help our customers with certification programs, testing and hands-on support. We are always available to answer questions and resolve issues. As the market leader it is vital that we stay committed to drive long-term product development and innovation. We see this as an important investment for our continued success.

MARKETING

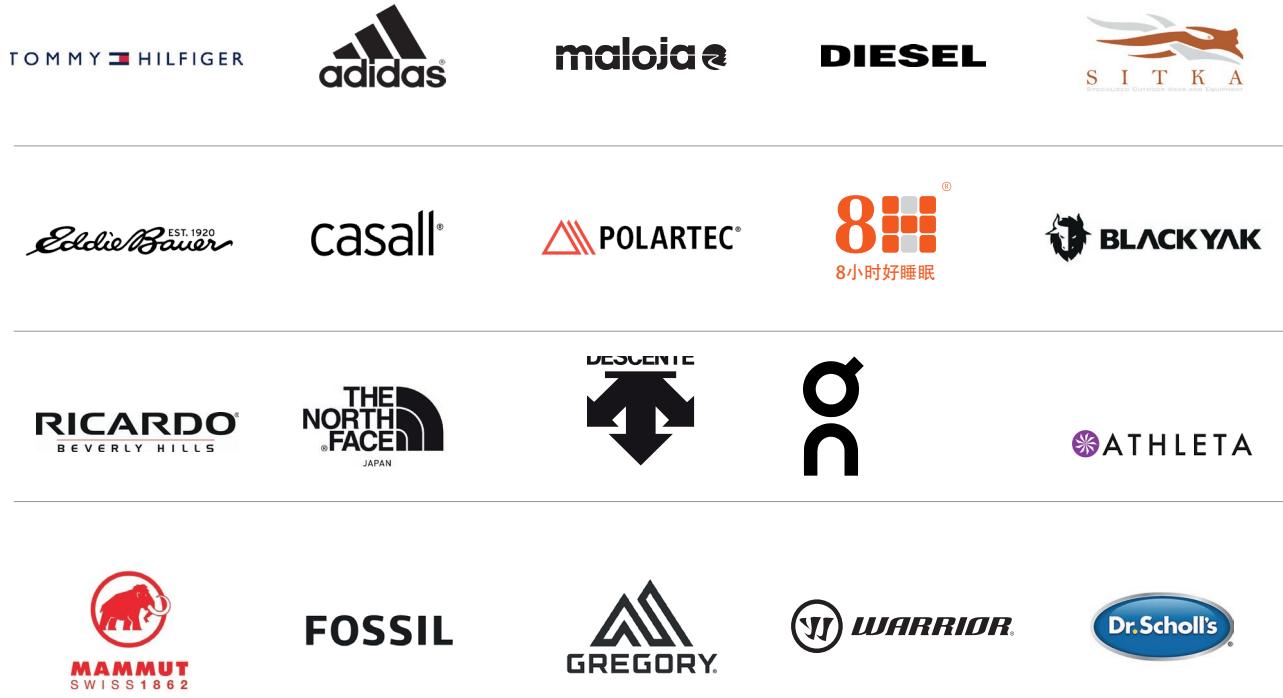
Our Marketing team works closely with our brand partners to help them leverage the Polygiene brand and helps provide co-branding that communicates the benefits of our technologies. We also help with messaging and communication including Public Relations, retail and sales staff training, sales material, events, digital sales campaigns, and social media. Our team is committed to educating end-consumers to appreciate the benefits of our technology and create preference for our brand. We routinely conduct market research across geographies and consumer categories to understand the needs of consumers, learn what the market trends are and get a better understanding of consumer drivers.



Number of employees per function, 46 in total.

PARTNERS

FRESHNESS



PRODUCT PROTECTION



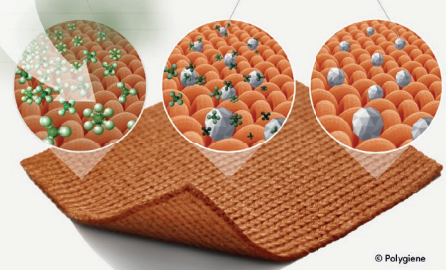
A selection of our partners. For a full list of partners - visit polygiene.com/partners

OUR TECHNOLOGIES

- FRESHNESS

WITHOUT POLYGIENE ODORCRUNCH™
Odor molecules (smoke, food, body odors etc) settle in material

WITH POLYGIENE ODORCRUNCH™
OdorCrunch technology particles capture and eliminate odors



© Polygiene

POLYGIENE ODORCRUNCH™

A NATURAL SOLUTION TO ELIMINATE ODORS

Polygiene OdorCrunch™ technology is a practical and eco-friendly solution to the problem of lingering odors on clothing and fabrics. Smoke, food, and body odors become ingrained into the fibers of textiles. Polygiene OdorCrunch works as a natural anti-odor treatment by capturing, ‘crunching,’ and permanently removing odors using natural silica particles, the primary component of common sand.

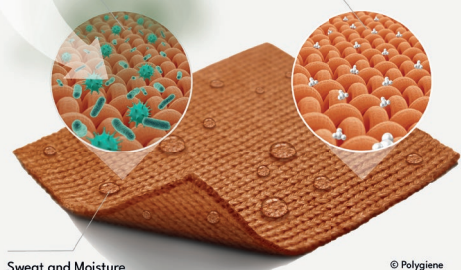
POLYGIENE STAYFRESH™

FRESHNESS FOR A LIFETIME

Polygiene StayFresh™ is embedded in textiles to provide freshness for the entire lifespan of most products. That means you need to wash less and replace items less frequently – good news for you, and good news for the environment. Used by sports & outdoor brands, all sorts of fashion and apparel applications, lifestyle and home products and even for pets, Polygiene StayFresh minimizes bacterial growth keeping items fresh and ultimately more sustainable.

WITHOUT POLYGIENE STAYFRESH™
Odor-causing bacteria/microbes settle and multiply in material

WITH POLYGIENE STAYFRESH™
StayFresh technology stops the growth of Odor-causing bacteria

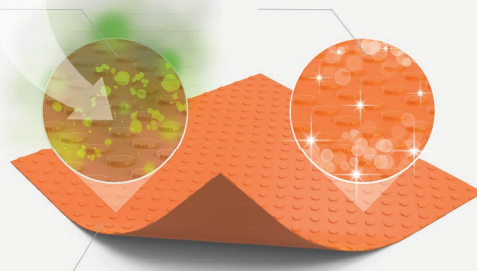


Sweat and Moisture

© Polygiene

WITHOUT POLYGIENE SCENTMASTER™
Malodors are perceived by the nose, and instantly classified as unpleasant or unwanted

WITH POLYGIENE SCENTMASTER™
The offensive or unwanted smells are suppressed and replaced with a pleasant odor instead



This technology works only with polymers

© Polygiene

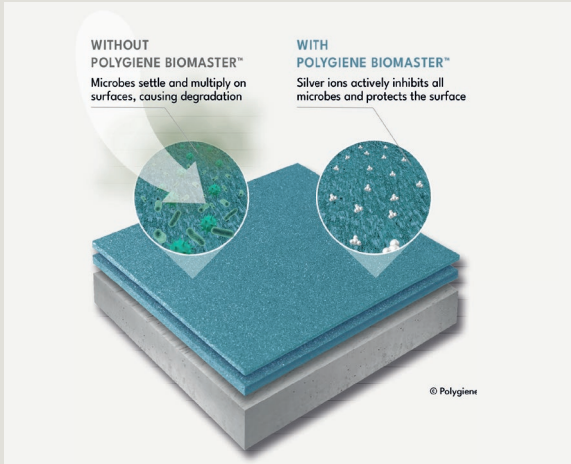
POLYGIENE SCENTMASTER™

A WORLD OF FRAGRANCE

Polygiene ScentMaster™ is a range of concentrated fragrances, flavor additives, and deodorizing technology that can be added to a wide range of polymers and applied to a variety of products and scenarios. From perfumed packaging that drives consumer loyalty to fragranced garbage bags that cut down on odors, we can create virtually any smell for an almost endless range of applications.

OUR TECHNOLOGIES

- PRODUCT PROTECTION



POLYGIENE BIOMASTER™

BUILT-IN PROTECTION FOR THE LIFE OF A PRODUCT

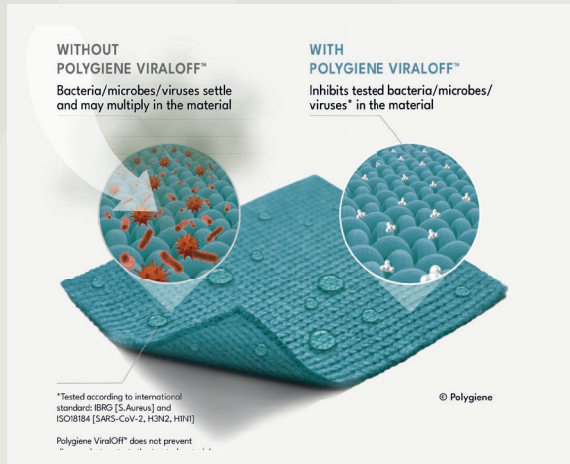
Polygiene BioMaster™ proactively inhibits and disrupts the growth of bacteria and microbes on treated surfaces at the molecular level and has three modes of action. Because it's integrated into materials and surfaces at the point of production, it stays active for the life of the product, so it provides 24/7 protection and results in less need for frequent replacement.

POLYGIENE VIRALOFF™

KILLS OFF MICROBES FAST

Polygiene ViralOff™ utilises an active ingredient that demonstrates a real antimicrobial effect on textiles that stands up to repeat testing. It's been proven to reduce tested viruses, including SARS-Cov-2 (Covid-19), Influenza A, bird flu, and Norovirus.

In all tests, Polygiene ViralOff achieved reduction rates of 99.99%. The application of Polygiene ViralOff works within just two hours, in accordance with international standard ISO18184:2019.



POLYGIENE VERIMASTER™

INDUSTRY-LEADING ANTI-COUNTERFEIT TECHNOLOGY

Polygiene VeriMaster™ is used to ensure your product isn't faked, and it can be applied to more specific processes, such as validating guarantees. A signature additive can be applied to a date-specific batch run, giving you an instant way of identifying when a product was made and preventing fraudulent claims on guarantees or warranties.

FOR MINDFUL LIVING.

The over consumption and the over production of all goods, from garments to detergents to electronic goods, to the food waste we generate and the endless cycle of needing something ‘new’ are a never-ending battle that we will face for as long as humanity inhabits planet earth. While we can never end over consumption, we believe that Polygiene plays a major role in being part of the solution to extend the life of products; and when you extend the life of products, you directly influence then need to produce new, replacement products as fast as before. If we can’t stop the production ‘machine’, at least we can slow it down. This is part of what we call **Mindful Living**.



With Mindful Living as our overarching guiding principle, we look for solutions within the Freshness and Product Protection business areas that allow people to participate in simple, meaningful ways without having to wade through the bog of political and big business lobbying.

We also know that legislation will force businesses and brands into taking ownership and responsibility in the downstream process, or, in more simple terms, from the time the product is purchased until its end of life. This means that brands will need to think in extended product life as part of their go-to-market strategy, from the design phase, and generate validated proof that they are acting in a mindful manner. Around the world, consumers are also becoming more environmentally conscious and environmentally educated.

They want to support businesses, movements, organizations and brands that are aligned with their personal values.

To stay relevant and compliant, more and more brands are now embracing environmental responsibility and using data to prove that they walk-the-walk. Alongside, this, the burgeoning secondhand product market is pushing brands to reclaim their products and repurpose them for resale or ‘second life’. Polygiene also adds huge value in this extended life cycle as items treated with Polygiene technologies minimize the number of bacteria and amount of odor present in secondhand items.



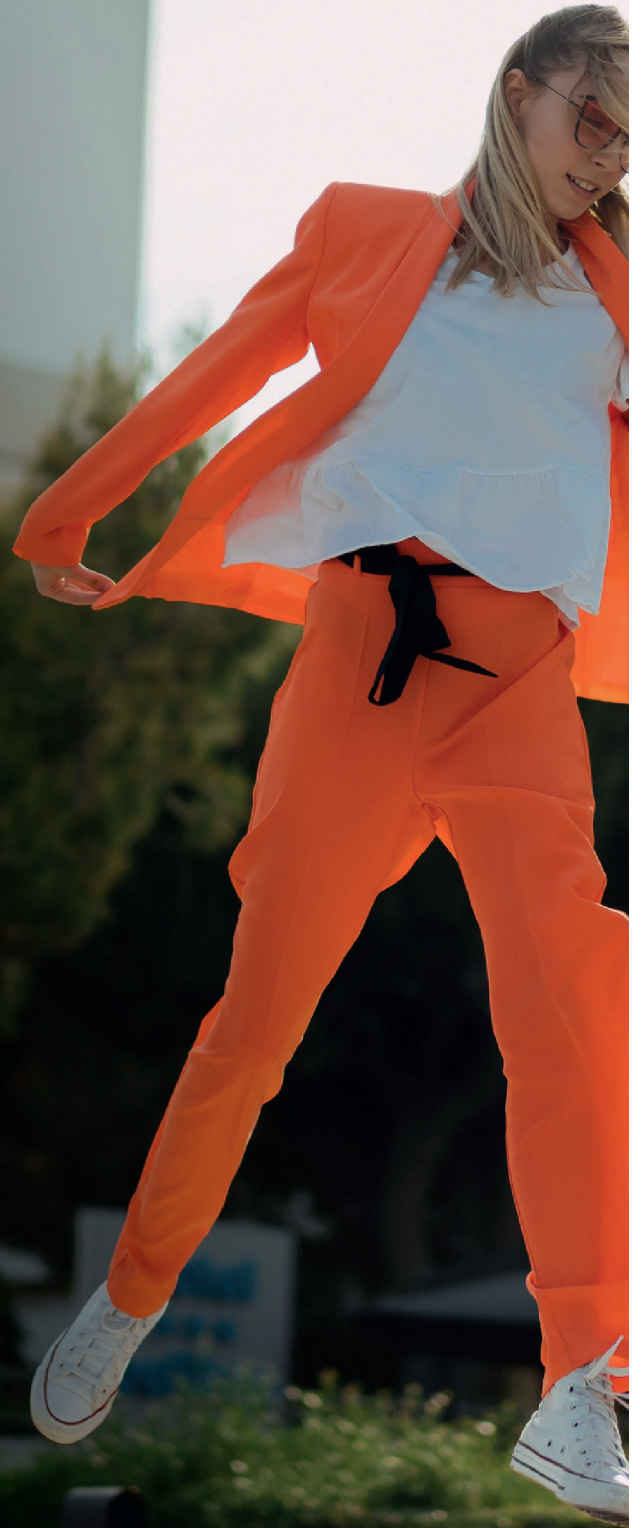
POLYGIENE®
FOR MINDFUL LIVING

POLYGIENE - PART OF THE SOLUTION

In the Freshness business area, our primary focus is on odor control and reduction to allow people to wear their garments or use their textiles for an extended period of time before having to launder them. By laundering garments and textiles less frequently, you slow down the shedding of fibres, giving them a longer lifespan. This means that you can keep your products for longer without having to replace them due to wear and tear. This also results in a number of additional benefits as when you launder less, you also;

- use less water – an ever-shrinking global commodity
- use less energy – running your washing machine uses a lot of electricity
- use less detergents – minimise the possibility of chemicals and microfibres from entering wastewater and save money
- save time – to do more of the things you love

Our treatment not only neutralizes odor causing bacteria, and microbes, but it lasts for the life of the treated item. The treatment is applied at the manufacturer's facility during product finishing, which also minimizes the environmental impact since no additional step in the process is added, nor is any additional energy and water required. Additionally, prolonging the lifetime of a product has a huge impact on the environment as recently proved in an external LCA (Life Cycle Assessment) conducted by SWECO on Polygiene StayFresh™. By wearing an average exercise t-shirt twice before laundering, as opposed to washing after every use, they calculated a reduction in the environmental impact of that garment by up to 37%. This is one garment, only skipping one wash cycle. Imagine the impact if all relevant garments were treated with Polygiene technology and washed less frequently!



POLYGIENE[®]
FRESHNESS

WASHING HALF AS MUCH REDUCES ENVIRONMENTAL IMPACT BY **ONE THIRD**.



THE LIFE CYCLE ASSESSMENT (LCA) IS A CRADLE-TO-GRAVE ANALYSIS TECHNIQUE TO ASSESS ENVIRONMENTAL IMPACTS ASSOCIATED WITH ALL THE STAGES OF A PRODUCT'S LIFE.



ONE

WE'VE ONLY GOT ONE PLANET, BUT ONE PERSON CAN MAKE ONE POSITIVE CHANGE WITH JUST ONE MORE WEAR. IT'S ONE GREAT IDEA! WE CALL IT MINDFUL LIVING.

HERE'S HOW IT WORKS...



90% POLYESTER, 10% ELASTANE T-SHIRT TREATED WITH POLYGIENE* WORN FOR 156 TRAINING SESSIONS IN A YEAR

SKIPPING EVERY SECOND WASH

1/3

REDUCTION IN ENVIRONMENTAL IMPACT

ONE LESS WASH MEANS YOU SAVE

⚡
💧
CO₂
🕒
💰


+

YOUR GEAR LASTS LONGER

*Polygiene StayFresh™ – odor control technology inhibiting odor causing microbes at the source.
 LCA: Information is based on "A Life Cycle Assessment of a T-shirt, investigating the environmental footprint for use scenarios with and without antimicrobial treatment", by Sweco, one of the leading European engineering consultancies, with experts within sustainability assessments, climate impact and more, Sweden 2022. A critical review of the LCA was carried out by an external independent LCA-expert. The Functionary Unit (FU) of the LCA defines the "unit of comparison which assures that the products being compared provide an equivalent level of function or service" (U.S.EPA, 2006, p79). FU: One active person training 3 x per week in Europe, 156 training sessions in a year. The EF 3 (Environmental Footprint 3) method, which consist of 16 impact categories is an initiative introduced by the European Commission. The time horizon of the scenarios is 2020 and the represented area is Switzerland. Worst case scenario - the results are calculated for the least favourable cases, ie it was assumed that all of the silver and other chemicals added to the fabric is released to water during the use stage. Releasing 100 % of the added chemical from the t-shirt during its life-time also gives a conservative approach regarding environmental impact from this emission. No tumble drying is included in the energy calculations. Results are presented in a single-score system, which means that the impact within all of the assessed categories, can be presented in the same scale. European Commission, PEFCR Guidance document.

POLYGIENE ODOR CONTROL KEEPS PRODUCTS FRESH SO YOU CAN **WASH LESS.**



ONE LESS WASH =
51 KWH
 SAVED PER YEAR
WHICH EQUATES TO
 **500** HOURS
 PER YEAR

**SKIPPING EVERY
SECOND WASH
GIVES YOU
FOUR
FREE DAYS
IN A YEAR
TO DO THE
THINGS YOU LOVE**



 **SAVE**
3800
 **LITERS**
OF WATER
JUST BY SKIPPING
ONE WASH

**AND WHEN YOU
WASH LESS
YOU SAVE MONEY
YOUR PRODUCTS
LAST LONGER
AND YOU GET THE
CONFIDENCE TO
BE STINK FREE!**



**SCAN THE QR CODE TO FIND OUT MORE ABOUT HOW
POLYGIENE PRODUCTS CAN HELP YOU STAY FRESH!**

CALCULATIONS: Energy/electricity use calculations: konsumentguiden.se, Vattenfall.se, Sweden. Time calculations based on U.S. Department of Energy test procedure Code of Federal Regulations, Title 10, Section 430 Appendix J1. Data compiled from: "Women's Work and Wages", Inga Persson and Christina Janung ed., Routledge, 1998; "Measuring Time Spent in Unpaid Household Work: Results From the American Time Use Survey", Rachel Krantz-Kent, Monthly Labor Review, 2009.

POLYGIENE - PART OF THE SOLUTION

In the Product Protection business area, our aim is to reduce the microbial and viral load, predominantly in plastics, coatings, foams, papers, and resins and reduce the number of counterfeit products entering the market through the implementation of our VeriMaster technology. Alongside this, we offer bespoke masterbatch solutions for various industries.

While the pandemic caused an unprecedented awareness of viral and microbial contamination and boosted short term sales, we see an ongoing need from partners to find innovative, relevant ways of incorporating our antimicrobial technologies to increase the value of their products. With an ever-expanding global population and the increased possibility of further pandemics, companies are turning towards partners that can help them be a part of the solution to negate and reduce cross contamination from various different viruses and bacteria and allow them to offer an increased level of product protection to their end consumers. Polygiene also plays an active role in reducing counterfeit products entering the market via taggant technology.

The result of this is brand integrity and protection and, in some instances, we have even seen companies winning insurance cases because they could prove that the products that failed were not theirs. The less counterfeit materials that are produced, the better it is for the world and the environment.

In the second-hand market for hard goods, goods treated with Polygiene’s additive technologies can be sold and reused with a higher level of comfort compared to untreated items. That is because the antimicrobial technology lasts for the lifetime of the products and continues to work 24/7/365. This means less contamination from the previous owners and ongoing antimicrobial action.



POLYGIENE®
PRODUCT PROTECTION

SHARE CAPITAL, THE SHARE AND OWNERSHIP STRUCTURE

SHARE CAPITAL

At the end of year 2022, Polygiene Group's share capital totals SEK 3,652,699, allocated to 36,526,989 outstanding shares. The Polygiene Group Articles of Association provide that the share capital shall be no less than SEK 3,600,000 or more than SEK 14,400,000, and the total outstanding shares shall be no less than 36,000,000 and shall not exceed 144,000,000. Par value for each share is SEK 0.10. Polygiene Group has a single class of shares, and every share carries equal rights to dividend and excess after liquidation and entitles the holder to one vote per share. Polygiene Group shares are not, nor have they been, subject to offers based on mandatory bids, right of redemption, or right of sell-out. Nor have the shares been subject to a takeover bid. The shares have been issued in compliance with Swedish law and are denominated in Swedish kronor. There are no legal restrictions on the right to freely transfer the shares.

THE SHARE

The Polygiene Group AB (publ.) share was listed on Nasdaq First North in Stockholm on March 14, 2016 with an introduction price of SEK 7.50. At the beginning of 2022 the share price was SEK 8.17. The total market capitalization at the end of the period was MSEK 298 and the highest and lowest prices during the period were SEK 50.80 and 7.82, respectively.

OUTSTANDING WARRANTS

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

PROGRAM	YEAR	QUANTITY	PERIOD OF SUBSCRIPTION	EXERCISE PRICE
3	2020	300,000	June 1-30, 2023	22.36
4	2021	300,000	June 1-30, 2024	68.28
5	2022	300,000	June 1-30, 2025	26.62

The warrants are subject to standard conversion terms in relation to new share issues and similar. During the period June 1-30, 2022, the warrant program 2 exercised without redemption.

BOARD AUTHORIZATIONS TO ISSUE SHARES AND WARRANTS

At the end of 2022 the Board had the authorization to decide on a new share issue. The total number of shares, which according to the authorization can be issued, (alternatively through the conversion of convertibles and/

or the exercise of warrants) must amount to a maximum 4,058,554 shares, which in this case corresponds to a dilution of 10 % calculated on the current number of shares.

DECISION ON NEW SHARE ISSUE AND NON-CASH ISSUE OF SHARES

In January 2022 the Board decided on a direct new issue of 881,251 shares and a non-cash issue of 96,153 shares in connection with the acquisition of the business related to "SteriTouch" from the privately owned English company Radical Materials Limited.

DEVELOPMENT IN THE SHARE CAPITAL

Since the establishment of the company in November 2005, Polygiene Group's share capital has changed as presented in the table on page 24. Since the establishment of the company and up to and including 2022, Polygiene Group has conducted several new share issues for a total amount of approximately MSEK 515. To enable greater investment in markets and sales activities and to increase the number of shareholders prior to the listing of company shares in March 2016, a new share issue directed at around one hundred selected business angels and private investors was conducted in December 2015. This directed new share issue totalled 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 (corresponding to a post money valuation of approximately MSEK 145).

SHAREHOLDERS IN POLYGIENE GROUP

As of December 31, 2021, Polygiene Group had 2,729 (2,983) shareholders. The table below shows the 10 largest shareholders as of December 31, 2022.

SHAREHOLDERS	SHARES	PERCENT
Peter Gyllenhammar*	4,631,558	12.7 %
Paul Morris*	4,477,056	12.3 %
DNCA Invest	3,015,234	8.3 %
Håkan Lagerberg*	2,465,030	6.7 %
Familjen Eklund	2,150,000	5.9 %
Didner & Gerge Small & Microcap	1,600,000	4.4 %
Nordnet Pensionsförsäkring	1,525,588	4.2 %
Jonas Wollin*	874,000	2.4 %
Avanza Pension	732,539	2.0 %
SHB Fonder & Liv	700,000	1.9 %
Other	14,355,984	39.2 %
TOTAL	36,526,989	100.0 %

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

DIVIDEND POLICY

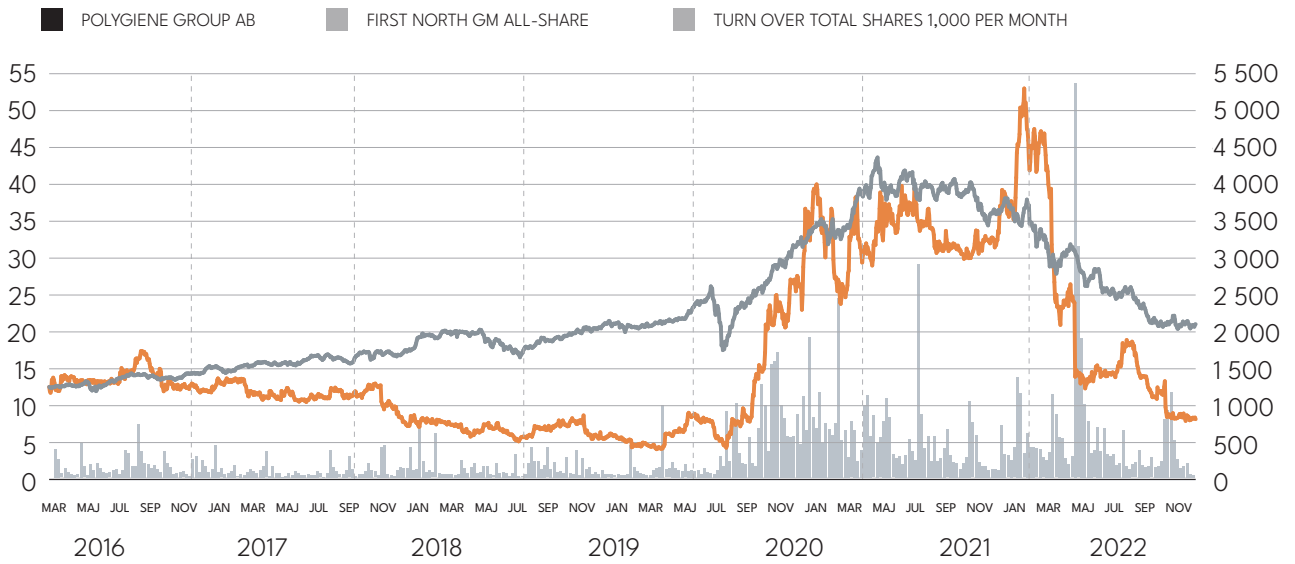
The dividend policy is determined by the Annual General Meeting based on a proposal from the Board of Directors, and distribution of dividends is processed by Euroclear. The right to receive dividends flows to the shareholder registered in the company stock register maintained by Euroclear as of the record date for the issue of the dividend as determined by the Annual General Meeting. Dividends are normally paid as a cash amount per share through Euroclear, but may also be paid as other than cash, such as through a distribution in kind.

If 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. If the statutory limitation applies, the entire

amount reverts to the company. Polygiene Group does not apply any restrictions or special procedures regarding 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 Group will depend upon several factors, including profits, financial position, cash flow, and operating capital requirements. 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.

YEAR	ACTION	CHANGES TO EQUITY (SEK)	ACC. SHARE CAPITAL (SEK)	CHANGE (NUMBERS 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	-	66,207	46
2012	Capital reduction	-1,721,382	1,324,140	-	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
2016	New share issue	120,000	2,051,600	1,200,000	20,516,000	0.10
2021	New share issue	1,025,640	3,077,240	10,256,400	30,772,400	0.10
2021	Non-cash issue	456,418	3,533,658	4,564,185	35,336,585	0.10
2021	Warrants	21,300	3,554,959	213,000	35,549,585	0.10
2022	New share issue	88,125	3,643,084	881,251	36,430,836	0.10
2022	Non-cash issue	9,616	3,652,699	96,153	36,526,989	0.10

POLYGIENE GROUP AB MARCH 2016 – DECEMBER 2022



BOARD OF DIRECTORS, AUDITOR AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors of Polygiene currently consists of five members elected for the period up to the end of the next Annual General Meeting. According to Polygiene's Articles of Association, the Board of Directors must have no less than three and no more than ten members, with a maximum of ten deputies. The current Board of Directors was elected for the period until the end of the next Annual General Meeting, which will take place on May 11, 2023. The board member Rajesh Varma was elected 2022, but resigned March 8, 2023.

Jonas Wollin, Martin Kössler, Håkan Lagerberg and Pamela Ravasio are, in the Board's opinion, independent in relation to major shareholders (which refers to shareholders who directly or indirectly own 10 % or more of the shares

or votes in the company). Paul Morris, with a holding of 4,477,056 shares (12.3 %), is not considered to be independent in relation to major shareholders. All Board members are, in the Board's opinion, independent in relation to the Group. Via his wholly owned company Rudholm & Haak (HK) Ltd, Jonas Wollin is a supplier to Polygiene. Rudholm & Haak (HK) Ltd supplies products to Polygiene to a value of approximately MSEK 4.0 excluding VAT per annum. However, the value of the products that Rudholm & Haak (HK) Ltd supplies to Polygiene as a proportion of total company sales for Rudholm & Haak (HK) Ltd is considered relatively small. Therefore, despite the actual relationship of Jonas Wollin's company to Polygiene, he is still considered to be independent in relation to the Group.

BOARD OF DIRECTORS

NAME	POSITION	BORN	ELECTED	HOLDINGS
Jonas Wollin	Chairman	1964	2011	874,000
Martin Kössler	Member	1965	2018	10,000
Håkan Lagerberg	Member	1968	2019	2,465,030
Pamela Ravasio	Member	1975	2021	0
Paul Morris	Member	1969	2021	4,477,056

BOARD OF DIRECTORS



JONAS WOLLIN

CHAIRMAN OF THE BOARD

Chairman of the Board since 2018, Board member since 2011. Born 1964 – has long experience as entrepreneur in the textile industry.

EDUCATION:

Business studies at Hvitfeldtska Upper Secondary School.

CURRENT ASSIGNMENTS:

Chairman and CEO of Rudholm Group Holding AB, Chairman of Rudholm & H.K AB, Borås Stad Textile Fashion Center AB, MUJ Invest AB, WooCode AB and InklInvest AB etc.

PREVIOUS ASSIGNMENTS:

Chairman of MUJ Invest AB, Portas AB and R. Scandinavia AB etc.

HOLDINGS IN POLYGIENE:

874,000 shares.



MARTIN KÖSSLER

BOARD MEMBER

Board member since 2018. Born 1965 - has a profound competence of global Sports-, Ready-Made Clothing- and Outdoor distribution.

EDUCATION:

Corporate law with specialisation on international commercial law from School of Business, Economics and Law at Gothenburg University and Universität Mannheim.

CURRENT ASSIGNMENTS:

CEO, international Capacity Building Company, Board member of USWE Sports AB, Digital CrewNordic AB, MUJ Invest AB and Helping You Grow International Business AB.

PREVIOUS ASSIGNMENTS:

Chairman of Bergans Fritid AS, General Secretary of Scandinavian Outdoor Group or SOG.

HOLDINGS IN POLYGIENE:

10,000 shares.



PAMELA RAVASIO

BOARD MEMBER

Board member since 2021. Born 1975 - has a strong background in CSR and sustainability, with a long track record in driving sustainability deeper into the organization, especially SMEs, and making it a lasting and real part of the everyday business.

EDUCATION:

MSc Computer Science; Swiss Federal Institute of Technology in Zurich (ETHZ), PhD Technical Sciences, Swiss Federal Institute of Technology in Zurich (ETHZ) and International Directors Programme & Certificate in Corporate Governance, INSEAD.

CURRENT ASSIGNMENTS:

MD & Independent consultant for sustainability & ESG, innovation, at Shirahime Advisory; Board member of INSEAD International Directors' Global Club (IDN).

PREVIOUS ASSIGNMENTS:

Advisory Board Member of Fluidsolids AG and Advisory Board Member of Textile Exchange, Steering & Governance Committee Member of Global Social & Labor Convergence Project, Chair of Sustainability Committee & vice-chair PPE committee of Federation of European Sporting Goods Industry (FESI), Global Stakeholder Manager at Hohenstein Textile Testing Institute, Head of CSR & Sustainability at European Outdoor Group.

HOLDINGS IN POLYGIENE:

0 shares.



PAUL MORRIS

BOARD MEMBER

Board member since 2021. Born 1969 – is a serial entrepreneur who founded Addmaster Limited Limited in 2000 which he sold to Polygiene in January 2021.

EDUCATION:

Studied at Aelfgar Secondary School.

CURRENT ASSIGNMENTS:

Chairman of Humanoid Productions Ltd, Non-exec Board member for Business Innovation Staffordshire, Champion of Export for UK Government and MBE (Member of the British Empire).

PREVIOUS ASSIGNMENTS:

CEO for Addmaster.

HOLDINGS IN POLYGIENE:

4,477,056 shares.



HÅKAN LAGERBERG

BOARD MEMBER

Board member since 2019. Born 1968 - has international experience from leading positions in private and public companies, for example international sales, marketing and negotiaton, both operational and strategic.

EDUCATION:

Bachelor degree in International Law from Lund University and Masters degree in International Trade Law from Turin University in Italy.

CURRENT ASSIGNMENTS:

CEO for Swedencare AB, Board member of Swedencare AB, HAOLAG AB, Mastan AB, Fuerte Holding AB and Vitrosorb AB.

PREVIOUS ASSIGNMENTS:

Chairman of One CC AB.

HOLDINGS IN POLYGIENE:

2,465,030 shares.

SENIOR MANAGEMENT



ULRIKA BJÖRK

CEO

Born 1968, employed since 2017 and has a B.Sc Business and Economics from Lunds University. Ulrika was first recruited as CFO in Polygiene but was appointed as CEO in the end of year 2017. She has an extensive career within the finance area and business development and experience from restructuring processes. Ulrika was previously CFO at Hemmakväll AB, Head of Finance at Stena Line Travel Group AB, Controller at Kemira AB and held various financial positions within the IKEA-group. She also has board experience from Stena Line Travel Group AB, Hemmakväll AB and Best Travel A/S both as ordinary member as well as adjunct.

HOLDINGS IN POLYGIENE:

813,231,000 shares, 100,000 warrants 2019/2022, 100,000 warrants 2020/2023 and 70,000 warrants 2021/2024. shares.



SUE BETHEL

CTO

Born in 1974 and employed since 2015. Sue has a PhD in Inorganic Chemistry from the University of Sheffield. She has a technical background working within a number of industries, dealing with suppliers and customers across the UK, Europe and Asia. Sue has previously worked at Avanti Blue Limited and the Disperse Group.

HOLDINGS IN POLYGIENE:

0 shares.



NIKLAS BLOMSTEDT

CFO

Born in 1968 and employed since September 2022. Niklas has a B.Sc in Business and Economics from Örebro University. He has worked in different positions within finance at Ericsson, Sony Ericsson, Haldex and Getinge. Niklas previously worked as VP and Head of Finance at Arjo AB

HOLDINGS IN POLYGIENE:

2,695 shares and 30,000 warrants 2022/2025.



FRANK STEVENS

COO

Born in 1964 and employed since 2022. Frank has a B.Sc. from NC State University in Raleigh, NC. He has worked in multiple countries throughout North, South and Central America, as well as Asia and his previous work experience, included 6 years as Global Business Development Manager for Yorkshire Asia Pacific while living in China and Indonesia along with 13 years as Founder and President of Stev-Tex Laboratories, Inc. in California, Mexico and Australia. Frank previously worked at Scissent in various capacities culminating in his position of General Manager of Textiles.

HOLDINGS IN POLYGIENE:

30,000 warrants 2022/2025.



SEAN TINDALE

CMO

Born 1976, employed from 2021. Sean has a DipHE in Business & Marketing along with a Digital Marketing Diploma from Hyper Island. He previously worked as Global Marketing Director for VERO MODA A/S, held various senior leadership roles at ECCO SKO A/S, ran his own Brand and Advertising Agency for 9 years and worked in consumer marketing for BAT South Africa.

HOLDINGS IN POLYGIENE:

5,321 shares and 40,000 warrants 2022/2025.



LESLEY TAYLOR

CHIEF REGULATORY OFFICER

Born 1976, employed since 2011. Lesley holds a BSc Hons in Biochemistry and Microbiology from the University of Wales, Aberystwyth. Her experience in antimicrobials spans 24 years, supporting both the business and customers with regulatory requirements globally. She's previously held positions at Law laboratories and as Technical and Regulatory Manager at BioCote Limited.

HOLDINGS IN POLYGIENE:

0 shares.

AUDITOR

The auditor for Polygiene Group is Grant Thornton Sweden AB with Per Kjellander as Chief Auditor. Per Kjellander 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 which will take place May 11, 2023.

DIRECTORS' REPORT 2022

The Board of Directors and CEO of Polygiene AB (publ), 556692-4287, domiciled in Malmö, Sweden, hereby present the Annual- and consolidated Report for the 2022 financial year.

THE GROUP

Polygiene Group is a group of companies that provides antimicrobial solutions for textiles and other surfaces to keep products fresh and free from bacteria and viruses. The technology makes it possible to prolong product lifespan by influencing consumer behavior and shaping a circular-economy mindset. Polygiene is strengthening its brand by actively working across the entire value chain – from development to manufacturing with subcontractors through to marketing, distribution and active customer support. Polygiene Group AB is listed on Nasdaq First North.

The parent company Polygiene Group AB conducts business through the sale of ingredient solutions for textile surfaces and material.

The subsidiary Addmaster (UK) Limited and the newly acquired company Biomaster US LCC conduct business through sales of ingredient solutions for non-textile surfaces and materials.

Polygiene Shanghai Ltd conducts business by selling the goods and services of the Polygiene Group.

The subsidiary Polygiene Services AB conducts its operations in the sign up, acquisition and transfer of warrants and other securities.

Polygiene (HK) Limited and Addmaster Holding Limited are dormant companies.

COMMENTS ON THE FINANCIAL DEVELOPMENT 2022

REVENUE

Polygiene Group's net sales in 2022 amounted to MSEK 173.6 (181.6). As the world economy worsened sales dropped during the second half of 2022 and together with high inventory levels in the supply chain the year ended with a corresponding decrease of 4.4 % versus last year (116.4 %). Other operating income in the Polygiene Group amounted to MSEK 0.2 (0.2).

EXPENSES

Operating costs in 2022 amounted to MSEK -157.7 (-140.9), representing an increase of 11.9 (59.6) %. The cost of goods sold amounted to MSEK -59.0 (-66.4), providing a gross margin of 66.0 (63.5) %. Other external costs for the year amounted to MSEK -55.2 (-43.5). These expenses comprise:

- Variable selling costs, MSEK -17.2 (-15.2), mainly agent and distributor commissions
- Marketing costs, MSEK -9.5 (-6.9)
- Administrative expenses, MSEK -18.6 (-14.8)
- Contracted consultants MSEK -9.9 (-6.6)

During the year, Polygiene Group acquired new talents and increased the number of board members as well as board member retainer fees. The total costs for employee compensation amounted to MSEK -37.3 (-30.7), including one-off costs of MSEK 1.8 for restructuring. Other operating expenses amounted to MSEK -1.9 (2.8) and consist of exchange rate differences. Depreciation and write-downs of intangible and tangible fixed assets amounted to MSEK -4.4 (-3.1).

MULTI-YEAR OVERVIEW

GROUP (TSEK)	2022	2021	2020	2019	2018
Net sales	173,564	181,610	83,932	68,803	69,039
Operating profit/loss EBIT	15,992	40,858	-1,051	-6,571	-2,547
Balance sheet total	621,898	550,694	57,636	45,062	49,719
Equity/assets ratio (%)	95.3	94.3	47.7	64.8	73.6

PARENT COMPANY (TSEK)	2022	2021	2020	2019	2018
Net sales	80,021	93,724	80,032	68,803	69,039
Operating profit/loss EBIT	-15,672	3,764	-442	-6,726	2,545
Balance sheet total	532,528	528,678	57,247	43,682	49,673
Equity/assets ratio (%)	92.3	85.6	49.0	66.3	73.6

PROFIT AND LOSS

The operating profit/loss EBIT was MSEK 16.0 (40.9), corresponding to an operating margin of 9.2 (22.5) %. The profit after tax amounted to MSEK 21.8 (64.2). The Group's loss affects the deferred tax asset by MSEK 2.9 (-0.8). During the year, the change in accrued withholding tax affected the result by MSEK -4.5 M as repayment will not be able to take place before expiring.

BALANCE SHEET

The total assets in Polygiene Group as of December 31, 2022 amounted to MSEK 621.9 (550.7). The total fixed assets primarily consist of goodwill from the acquisition of another business. Accounts receivable amounted to MSEK 35.1 (34.6). Cash and cash equivalents amounted to MSEK 48.2 (52.6).

At yearend, Polygiene Group has an equity ratio of 95.3 (94.3) %, and a accumulated losses carried forward of MSEK 36.3 (22.0). The tax deficit has been assessed and can be utilized in the coming years why a deferred tax asset for a further MSEK 7.5 (4.5) is recognized in 2022.

CASH FLOW

Cash flow from current operations was MSEK -1.5 (37.6). A negative cash flow from investing activities amounted to MSEK -52.1 (-407.5), mainly due to the acquisition of the business related to SteriTouch from the company Radical Material Limited.

ORGANIZATION

At yearend, the Group's operational organization consisted of 49 (47) people, regardless of level of employment. There were 37 (38) employees and 12 (9) contracted consultants living in: Sweden (17), the UK (14), Latvia (1), Japan (1), Canada (2), the US (4), Germany (3), India (1), Chile (1), China (4) and Colombia (1).

GENDER DISTRIBUTION, %	2022	2021
Organization, women/men	58/42	62/38
Senior management, women/men	50/50	57/43
Board of Directors, women/men	20/80	17/83

SHARES

The Group's shares have been listed on Nasdaq First North in Stockholm since March 14, 2016, under the ticker symbol POLYG. The share capital on December 31, 2022 amounted to SEK 3,652,699 distributed over 36,526,989 outstanding shares of the same type. For more information about the shares, see Share capital and ownership relations on pages 23-24.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- In January 2022, Polygiene Group AB, through the wholly owned subsidiary Addmaster (UK) Limited, acquired the business related to SteriTouch from the privately owned English company Radical Materials Limited.
- At yearend 2022, Polygiene Group AB acquired all shares in the American company, Biomaster US LLC. See more information about the acquisitions in note 31.

OTHER SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

No significant events after the end of the financial year.

RISKS AND UNCERTAINTY FACTORS**EXISTING BUSINESS**

There is a risk that our current partners may choose not to use Polygiene Group's technology in their products due to policy decisions by their customers or increased production costs that temporarily increase the price point of the Group's treatments. This may have a negative impact on Polygiene Group's operations, results and/or financial position. Minimizing the risk that our partners only view Polygiene treatment as an additional cost is crucial. It is important to continue substantiating the added value that antimicrobial technologies bring to our partners' products. The Group can address risks to our business by using our expert knowledge of regulations, following advances in technology, and marketing our products successfully.

NEW TECHNOLOGY

The Group's ongoing and planned development projects include new technologies that will add value to existing and potential partners. Legal and regulatory changes may have a negative impact on ongoing development projects and current products. Polygiene Group has a deep understanding and broad knowledge of antimicrobial treatment as well as extensive experience in the regulatory area. We are therefore well equipped to respond and adapt to any regulatory changes well ahead of time and manage associated risks.

ACQUISITION

Acquisitions are a vital growth strategy among Polygiene Group. Finding suitable acquisitions is a risk factor that can impact the Group's growth rate. Integrating an acquisition into the Group is yet another risk. It often takes longer than expected to accomplish a seamless transition. The growth strategy can also be affected by the risk associated with financing acquisitions, which may become more difficult, expensive or impossible given the terms of acquisitions agreed upon within Polygiene Group. During the acquisition process, a comprehensive analysis of the acquisition object is carried out, where risks are identified and carefully managed before any acquisitions are made.

THE PANDEMIC AND THE GLOBAL ECONOMIC DOWNTURN

The pandemic and its aftereffects, including lockdowns and supply chain disruptions, have impacted operations during the year. Some of our distributors in Asia built up significant inventory in the second half of 2021, reducing repeat orders in 2022. High inventory levels are currently pervasive throughout the value chain, affecting short-term sales during the year; this, coupled with an uncertain economic situation, has impacted our long-term sales as customers have shifted their focus to efficient capital management. In addition, reduced consumer purchasing power has affected our sales and Polygiene Group.

Polygiene Group has implemented price increases to avert the effects of increased costs, and the assessment is that the Group has managed to handle the cost increases. Polygiene Group is closely following the development of the downturn in the world economy, which affects consumer products, especially in the Freshness segment. The Group is working to ensure a continued good cash flow and a debt-free company. Our yearend 2022 reorganization will have a positive impact in 2023. Polygiene Group also continues to review its cost basis on an ongoing basis.

Polygiene Group is primarily exposed to USD and GBP currency fluctuations. The Group has chosen not to engage in currency hedging due to the difficulty of predicting currency fluctuations and the short notice of our customers' orders.

UKRAINE

Developments in Ukraine affect the geopolitical situation and spread uncertainty in the global market. The Group has no operations in Russia or Ukraine, and believe the conflict there has no direct impact on the operating profit and/or financial position. To minimize risk, the Group continuously monitors the situation.

The Group is exposed to operational and financial risks as well as external factors that are beyond the Group's sphere of influence.

FUTURE DEVELOPMENT

Within five years (2026), Polygiene Group aims to achieve net sales of more than MSEK 1,000 and an operating margin of 30%. This objective may be revised during the year based on the developments in 2022 and the beginning of 2023 in the aftermath of the pandemic, the war in Ukraine and current recession.

SUSTAINABILITY WORK

The operations of the Group contribute to a more sustainable world by enabling savings on laundry/washing, reducing cleaning of surfaces and materials, and extending product lifespan.

Conducting a life-cycle analysis* together with Sweco resulted in a report indicating considerable environmental gains by washing clothing after every other wear, rather than after every wear due to Polygiene's Freshness solution. The Group also began measures to implement sustainability work within the Group and its subsidiaries, giving high priority on efforts to deliver on the Global Goals. As a first step, the Group will establish a baseline of its carbon footprint according to the GHG protocol, where Scope 1 and 2 have been measured continuously since 2021 and the Group aim to fulfill Scope 3 before year end 2023.

* "Information is based on A Life Cycle Assessment of a t-shirt, investigating the environmental footprint for use scenarios with and without antimicrobial treatment" by Sweco Sweden 2022

ALLOCATION OF PROFIT

Proposal for disposition of the the Group's profit and loss.

AVAILABLE FOR DISTRIBUTION BY THE ANNUAL GENERAL MEETING (TSEK)

Retained losses	-30,441
Share premium reserve	517,838
Profit for the year	-4,353
	483,044

THE BOARD OF DIRECTORS PROPOSES THAT

the following amount be carried forward	483,044
	483,044

Concerning the Group's results and financial position, reference is made to the following statements of profit or loss and statements of financial position with supplementary information.

STATEMENTS OF PROFIT OR LOSS

TSEK	NOTE	GROUP		PARENT COMPANY	
		2022-01-01 2022-12-31	2021-01-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
OPERATING INCOME					
Net sales	2, 3	173,564	181,610	80,021	93,724
Other operating income		162	191	191	190
TOTAL OPERATING INCOME		173,726	181,801	80,212	93,914
OPERATING EXPENSES					
Goods for resale		-58,991	-66,368	-20,397	-32,143
Other external expenses	4, 5	-55,203	-43,535	-47,393	-39,482
Cost compensation to employees	6, 7, 8	-37,302	-30,698	-22,256	-19,743
Depreciation, amortization and impairment of tangible and intangible fixed assets	12, 13	-4,353	-3,134	-2,343	-1,574
Other operating expenses		-1,885	2,792	-3,495	2,792
TOTAL OPERATING EXPENSES		-157,734	-140,943	-95,884	-90,150
OPERATING PROFIT		15,992	40,858	-15,672	3,764
GAIN (LOSS) FROM FINANCIAL ITEMS					
Profit from shares in group companies		-	-	13,182	-
Interest expense and similar items		-35	-391	-269	-2
PROFIT AFTER FINANCIAL ITEMS		15,957	40,467	-2,759	3,762
Tax expense	10	-7,599	-7,642	-1,594	-758
PROFIT FOR THE YEAR		8,358	32,825	-	-
Other total result - translation difference		13,483	31,358	-	-
TOTAL PROFIT FOR THE YEAR		21,841	64,182	-4,353	3,004
EARNINGS PER SHARE					
Basic earnings per share, before and after dilution	11				
Before		0.60	1.82	-0.12	0.09
After		0.58	1.76	-0.12	0.09

STATEMENTS OF FINANCIAL POSITION

ASSETS (TSEK)	NOTE	GROUP		PARENT COMPANY	
		2022-12-31	2021-12-31	2022-12-31	2021-12-31
FIXED ASSETS					
INTANGIBLE FIXED ASSETS					
	12				
Development and similar work		4,672	4,049	4,672	4,049
Software and licenses		3,626	2,041	3,490	2,035
Goodwill		461,478	407,218	-	-
Other intangible fixed assets		3,564	-	-	-
TOTAL INTANGIBLE FIXED ASSETS		473,340	413,308	8,162	6,084
TANGIBLE FIXED ASSETS					
Inventories	13	656	301	463	113
Right to use leased objects	5	1,575	2,393	-	-
TOTAL TANGIBLE FIXED ASSETS		2,231	2,694	463	113
FINANCIAL FIXED ASSETS					
Participation in group companies	16	-	-	459,429	458,185
Receivables group companies		-	-	314	-
Foreign withholding tax	14	7,007	9,458	7,007	9,458
Deferred tax assets	18	7,478	4,541	7,478	4,541
TOTAL FINANCIAL FIXED ASSETS		14,485	13,999	474,228	472,184
TOTAL FIXED ASSETS		490,056	430,001	482,853	478,381
CURRENT ASSETS					
INVENTORY					
Finished goods and goods for resale		35,518	28,158	6,071	3,870
TOTAL INVENTORIES		35,518	28,158	6,071	3,870
CURRENT RECEIVABLES					
Trade and other receivables	15, 19	35,064	34,593	21,918	25,289
Receivables group companies		-	-	344	458
Contract and other receivables	15, 20	9,893	4,138	2,955	2,839
Prepaid expenses and accrued income		3,158	1,252	2,051	1,453
TOTAL CURRENT RECEIVABLES		48,115	39,983	27,268	30,039
LIQUID ASSETS	15, 21, 24	48,209	52,552	16,336	16,388
TOTAL CURRENT ASSETS		131,842	120,693	49,675	50,297
TOTAL ASSETS		621,898	550,694	532,528	528,678

STATEMENTS OF FINANCIAL POSITION

EQUITY AND LIABILITIES (TSEK)	NOTE	GROUP		PARENT COMPANY	
		2022-12-31	2021-12-31	2022-12-31	2021-12-31
EQUITY	22				
RESTRICTED EQUITY					
Share capital		3,653	3,555	3,653	3,555
Development fund		4,672	4,049	4,672	4,049
TOTAL RESTRICTED EQUITY		8,325	7,604	8,325	7,604
NON-RESTRICTED EQUITY	34				
Share premium		522,942	474,820	517,838	474,820
Profit (loss) brought forward		38,662	-28,062	-30,441	-32,822
Profit (loss) for the year		21,841	64,182	-4,353	3,004
Share warrants		789	606	-	-
TOTAL NON-RESTRICTED EQUITY		584,234	511,546	483,044	445,002
TOTAL EQUITY		592,559	519,150	491,369	452,606
LONG TERM LIABILITIES					
Liabilities to group companies		-	-	10,600	45,930
Leasing office premises	5	19	19	-	-
TOTAL LONG TERM LIABILITIES		19	19	10,600	45,930
CURRENT LIABILITIES					
Advance payments from customers	15	1,000	35	-	32
Trade and other payables	15, 23	13,277	11,283	5,267	4,310
Payables group companies		-	-	17,529	16,883
Leasing office premises	5	1,619	2,381	-	-
Contract and other liabilities	15	3,963	8,194	751	3,109
Accrued expenses and deferred income		9,461	9,632	7,012	5,808
TOTAL CURRENT LIABILITIES		29,320	31,525	30,559	30,142
TOTAL LIABILITIES		29,339	31,544	41,159	76,072
TOTAL EQUITY AND LIABILITIES		621,898	550,694	532,528	528,678

THE GROUP'S STATEMENTS OF CHANGE IN EQUITY

2022

INCOMING BALANCE (TSEK)	NOTE	SHARE CAPITAL	DEVELOPMENT FUND	SHARE PREMIUM	PROFIT OR LOSS BROUGHT FORWARD	TOTAL EQUITY
2022-01-01		3 555	4 049	481 071	30 475	519 150
TRANSACTIONS WITH OWNERS						
New share issue		98	-	48 305	-	48 403
TOTAL TRANSACTIONS WITH OWNERS		98		48 305	--	567 273
Additional development expenses			623		-623	-
Translation difference					3 165	3 165
PROFIT FOR THE YEAR						
Fixed profit of the year					8 358	8 358
Other total result - translation difference					13 483	13 483
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	21 841	21 841
OUTGOING BALANCE 2022-12-31	22	3 653	4 672	529 376	54 858	592 559

2021

INCOMING BALANCE (TSEK)	NOTE	SHARE CAPITAL	DEVELOPMENT FUND	SHARE PREMIUM	PROFIT OR LOSS BROUGHT FORWARD	TOTAL EQUITY
2021-01-01		2 052	2 788	55 087	-32 446	27 481
TRANSACTIONS WITH OWNERS						
New share issue		1 503		425 704		427 207
TOTAL TRANSACTIONS WITH OWNERS		1 503		425 704	-	427 207
Additional development expenses			1 261		-1 261	-
Currency revaluation		-		280		280
PROFIT FOR THE YEAR						
Fixed profit of the year					32 824	32 824
Other total result - translation difference					31 358	31 358
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	64 182	64 182
OUTGOING BALANCE 2021-12-31	22	3 555	4 049	481 071	30 475	519 150

THE PARENT COMPANY'S STATEMENTS OF CHANGE IN EQUITY

2022

INCOMING BALANCE (TSEK)	NOTE	SHARE CAPITAL	DEVELOPMENT FUND	SHARE PREMIUM	PROFIT OR LOSS BROUGHT FORWARD	PROFIT OR LOSS	TOTAL EQUITY
2022-01-01		3,555	4,049	474,820	-32,822	3,004	452,606
Additional development expenses		-	623	-	-623	-	-
Transfer previous year's profit		-	-	-	3,004	-3,004	-
New share issue		98	-	43,018	-	-	43,116
NET PROFIT (LOSS) FOR THE YEAR		-	-	-	-	-4,353	-4,353
OUTGOING BALANCE 2022-12-31	22	3,653	4,672	517,838	-30,441	-4,353	491,369

2021

INCOMING BALANCE (TSEK)	NOTE	SHARE CAPITAL	DEVELOPMENT FUND	SHARE PREMIUM	PROFIT OR LOSS BROUGHT FORWARD	PROFIT OR LOSS	TOTAL EQUITY
2021-01-01		2,052	2,788	54,761	-30,617	-944	28,040
Additional development expenses		-	1,261	-	-1,261	-	-
Transfer previous year's profit		-	-	-	-944	944	-
New share issue		1,503	-	420,059	-	-	421,562
NET PROFIT (LOSS) FOR THE YEAR		-	-	-	-	3,004	3,004
OUTGOING BALANCE 2021-12-31	22	3,555	4,049	474,820	-32,822	3,004	452,606

CASH FLOW STATEMENT

OPERATING ACTIVITIES (TSEK)	NOTE	GROUP		PARENT COMPANY	
		2022-01-01 2022-12-31	2021-01-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating profit		15,993	40,858	-15,672	3,764
Non-cash adjustment	27	8,707	3,149	4,375	1,573
Interest paid		-	-	13,182	-
		-36	-772	-269	-2
Income tax paid		-6,315	-6,916	-311	-
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		18,349	36,319	1,305	5,335
CHANGES IN WORKING CAPITAL					
Change in inventories		-6,413	-13,451	-2,201	-1,183
Change in trade and other receivables		-5,872	22,201	2,771	5,444
Change in trade and other payables		-7,608	-7,470	6,442	4,412
TOTAL CHANGE IN WORKING CAPITAL		-1,544	37,599	8,317	14,008
NET CASH FLOW FROM OPERATING ACTIVITIES		-1,544	37,599	8,317	14,008
INVESTING ACTIVITIES					
Acquisition of subsidiary	31	-1,244	-404,846	-1,244	-458,185
Acquisition of intangible fixed assets	12	-48,484	-3,143	-4,303	-3,139
Acquisition of tangible fixed assets	13	-612	-302	-470	-84
Disposal of tangible fixed assets		-	2,879	-	-
Acquisition of financial assets		-1,769	-2,062	-2,083	-2,062
CASH FLOW FROM INVESTING ACTIVITIES		-52,109	-407,474	-8,100	-463,470
FINANCING ACTIVITIES					
New shares issue		48,220	417,981	43,116	419,285
Warrants		183	336	-	-
Borrowings group companies		-	-	-	45,930
Amortized borrowings group companies		-	-	-43,385	-
Overdraft facilities		-	-1,151	-	-1,151
Amortization of leased object		-901	-900	-	-
CASH FLOW FROM FINANCING ACTIVITIES		47,502	416,266	-269	464,064
CASH FLOW FOR THE YEAR		-6,151	46,391	-52	14,602
Cash and cash equivalents at the beginning of the year		52,552	4,478	16,388	1,786
Translation differences in cash and cash equivalents		1,808	1,683	-	-
CASH AND CASH EQUIVALENTS AT YEAR-END		48,209	52,552	16,336	16,388

NOTES TO THE FINANCIAL STATEMENTS

NOT 1: ACCOUNTING POLICIES NATURE OF OPERATIONS

Polygiene Group™ is a leader in antimicrobial technologies and solutions to manage bad odors. Hard surfaces and textiles are treated to ensure that products get better protection and remain more hygienic so that they always feel fresh and odor-free. As a leading ingredient brand, Polygiene Group collaborates with over 500 top-class global brands within our Product Protection and Freshness segments. Polygiene Group provides a variety of technologies that add value to our customers' products and enable consumers to live a more harmonious life. Solutions and treatments are offered for products with technologies such as: OdorCrunch, StayFresh, ScentMaster, ViralOff, BioMaster and VeriMaster

The Group's brand is a significant asset whereby the company conducts continual activities to strengthen the brand and brand awareness is vital to achieving future targets.

GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS, AND GOING CONCERN ASSUMPTION

Polygiene Group AB (publ.), the Group parent, is a public limited company formed and domiciled in Sweden. The main offices and primary operations location are at Styr-
mangatan 2, 211 18 Malmö. Polygiene Group AB's shares are listed on Nasdaq First North.

The consolidated financial statements of the Group have been prepared in accordance with ÅRL, The Council of Financial Reporting's recommendations RFR 1 Supplementary accounting rules for groups and International Financial Reporting Standards (IFRS) as they have been adopted by the EU.

The financial reports have been prepared under the assumption that Polygiene Group conducts its business according to the going concern principle.

The consolidated financial statements for the year ended December 31 2022 were approved and authorised for issue by the Board of Directors on April 19, 2023.

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

At the date of authorisation of these financial statements, several new, but not yet effective Standards, amendments to existing Standards and Interpretations have been published by the IASB. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have an impact on the Group's financial statements.

BASIS FOR PREPARATION

The Group's financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of investment properties, investments and derivatives. Monetary items are expressed in SEK and are rounded to the nearest thousands except for earnings per share.

BASIS FOR CONSOLIDATION

The Group's financial statements consolidates those of the Parent Company and all of its subsidiaries as at December 31, 2022. All subsidiaries have a reporting date of December 31.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

BUSINESS ACQUISITIONS

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the group, which includes the fair value of any

asset or liability arising from an agreement on a conditional purchase price. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

For acquisitions where the transferred amount exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill.

FOREIGN CURRENCY TRANSLATION FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in currency SEK, which is also the functional currency of the Parent Company.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Monetary receivables and liabilities in foreign currency have been converted to the exchange rate on the balance sheet date. Exchange rate differences that arise when settling or recalculating monetary items are reported in the result in the financial year in which they arise, either as an operating item or as a financial item based on the underlying business event.

FOREIGN OPERATIONS

In the Group's financial statements, all assets, liabilities and transactions of group entities with a functional currency other than the SEK are translated into SEK upon consolidation.

During the consolidation, assets and liabilities have been recalculated at the exchange rate on the balance sheet date. Adjustments to goodwill and fair value arising from the acquisition of a foreign operation have been reported as assets and liabilities in the foreign operation and converted to SEK at the exchange rate on the balance sheet date. Income and expenses have been converted to SEK according to an average exchange rate during the reporting period. Translation differences are booked directly against other comprehensive income and reported separately under changes in equity. When divesting a foreign operation, the attributable accumulated translation differences that are reported in equity are reclassified to profit and reported as part of the profit or loss on the divestment.

SEGMENT REPORTING

Within Polygiene, there are two segments, Freshness and Product Protection. The basis for these business areas is the underlying technology. The focus on these segments is market and sales, why only sales and gross margin per segment are measured. Other parts are measured for the Group as a whole business.

REVENUE

Revenues relate to sales of chemical and royalties. When measuring whether a revenue shall be recognised, the Group follows a 5-step process:

1. Identifying the contract(s) with a customer
2. Identifying the performance obligation in the contracts
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations in the contracts
5. Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue from the sale of chemicals at a fixed price are recognised on the date the Group transfer controls of the assets to the customer. The transaction price is normally determined per quantity of chemical. Royalty revenues are recognised as revenue on the date when the end customer has received and gained control over the chemistry prior to the manufacture of, for example, garments. The transaction price can be calculated on the amount of finished fabric, or the number of garments produced or in another equivalent way. The cost for these chemicals is simultaneously recognised in the statement of profit or loss. Invoices referring to transferred products or services shall be paid when the customer receives the goods.

OPERATING EXPENSES

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

FIXED ASSETS INTANGIBLE ASSETS

Intangible fixed assets are initially reported at acquisition value less accumulated depreciation according to plan and any write-downs. Depreciation takes place on a straight-line basis over the expected useful life. Intangible assets have both a definable and indefinite useful life. The Intangible asset Goodwill has an indefinite useful life why a yearly impairment test is conducted.

Software, licenses and development costs with definable useful life are depreciated over 5 years.

GOODWILL

Goodwill represents future financial benefits that arise from a business acquisition, but which are not individually identified and reported separately. Goodwill is reported at acquisition value less accumulated write-downs.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially reported at acquisition value less accumulated depreciation according to plan and any write-downs. Depreciation takes place on a straight-line basis over the expected useful life.

Inventories are depreciated over three years. Rights of use-assets are depreciated over the leasing period, which is normally 3-5 years.

LEASING

THE GROUP AS LESSEE

For all agreements, the Group assesses whether the agreement is a lease agreement or contains a lease agreement. A lease is defined as "an agreement, or the agreements, which transfer to the right of use of an asset (the underlying asset) for a certain period of time in exchange for compensation". To apply this definition, the Group assesses whether the agreement meets the requirements of three evaluations which are:

- The agreement contains an identified asset that is either specifically identified in the agreement or implicitly specified by being identified at the time the asset has been made available to the Group
- The Group has the right to substantially all of the financial benefits arising from the use of the identified asset during the entire term of the lease, regarding the Group's rights within the defined scope of the agreement
- The Group has the right to control the use of the identified asset during the entire period of the lease. The Group assesses whether it holds the right to control the "how and for what purpose" the asset should be used throughout the lease period

The Group's rights of use consist of office premises.

VALUATION AND ACCOUNTING OF LEASE AGREEMENTS AS LESSEE

At the beginning of the lease agreement, the Group reports a right of use asset and a lease liability in the balance sheet. The right to use the asset is valued at acquisition value, which includes the amount to what the lease debt was initially valued, any initial direct expenses incurred by the Group and leasing fees paid before the start of the lease (reduced with any benefits received).

The Group writes off the right to use the asset linearly from the beginning of the lease to the earliest date of the right to use and the lease agreement ends. The Group also assesses a possible need for impairment of the right to use the asset when there is an indication of a decline in value.

At the beginning of the lease, the Group values the lease debt at the present value of the leasing fees not paid at this time. Leasing fees are discounted with the Group's marginal borrowing rate.

Leasing fees that are included in the valuation of the lease debt include fixed fees (including the fixed fees for their substance) as well as variable leasing fees based on an index.

After the commencement date, the debt is reduced by payments and increased by the interest rate. The liability is revalued to reflect any new assessment or change or if there are changes in the fees fixed to its substance.

When the lease liability is revalued, the corresponding adjustment is made regarding the right of use or in the Profit or loss if the right to use has already been assigned a value of zero.

The Group has chosen to report short-term leases and lease agreements for which the underlying asset has a low value by utilizing the practical solution found in IFRS 16. Instead of reporting a right of use asset and a lease liability, leasing fees of these leases are expensed on a straight-line basis over the lease period.

The rights to use a leased object are reported separately in the statement over financial position under Tangible fixed assets, while the lease debt is reported separately under short- and long-term liabilities.

IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS

The Group conducts an impairment test of its intangible assets with an indefinite useful life and its goodwill regularly during the year. The acquired businesses through Addmaster included Steritouch and Biomaster US have been established as the Group's cash-generating unit. The impairment requirements of all other individual assets or cash-generating units are tested when events or changed circumstances indicate that the carrying amount cannot be recovered.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate to calculate the present value of those cash flows and per 2022-12-31 the following rate was used 12,37 %. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

FINANCIAL INSTRUMENTS RECOGNITION AND DERECOGNITION

Financial assets and liabilities are recognised when the Group becomes a party to the contractual terms of the instrument.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

In the first financial statements, all financial assets are valued at fair value adjusted for transaction costs (if applicable) and is measured at amortised costs.

The classification of the financial assets will not be changed in subsequent periods unless the Group changes its business model for managing financial assets whereby all financial assets affected by the change will be reclassified as of the first day of the first financial year after the change to the business model.

A financial asset will be measured at amortised cost if both the following conditions are met and the asset is not determined to be measured at fair value through profit and loss:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS**FINANCIAL ASSETS AT AMORTISED COST**

Financial assets are measured at amortised cost applying the effective interest method after they are first recognised. Amortised cost is reduced by depreciation. Revenue exchange rate differences, and depreciation are recognised in the income statement. Any gain or loss when the asset is removed from the statement of financial position, are recognised in the income statement.

The Group derecognises a financial instrument in the statement of financial position when the contractual right to cash flows from the financial assets expires. The Group derecognised a financial liability from the statement of financial position when the agreed obligation is performed or been otherwise extinguished.

TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

Polygiene Group assesses the impairment of trade receivables collectively where the receivables are grouped based on the number of days past due because they have common credit risk characteristics.

The write-offs of trade receivables is presented in Other external costs.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

The Group's financial liabilities include loan, trade and other payables. All financial liabilities are valued at accrued acquisition value. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Polygiene Group has classified the financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

INVENTORIES

Inventories are stated at the lower of cost (calculated on a first-in-first-out basis) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

INCOME TAXES

Current tax is the income tax for the current financial year, which concerns the taxable profit for the year and the element of income tax for previous financial years has not yet been reported.

Current tax is assessed as the probable amount according to the tax rates and tax rules applying as at the balance sheet day.

Deferred tax is the income tax on the taxable results concerning future financial years, because of previous transactions or events.

Deferred tax is calculated on any temporary differences. A temporary difference exists when the reported value of an asset or liability deviates from the taxable value. Temporary differences are not considered regarding differences attributable to investments in subsidiaries, branches, affiliated companies or joint ventures, if the company can control the time of reversal of the temporary differences and it is not obvious that the temporary difference will be reversed within the foreseeable future. Differences originating from the initial reporting of goodwill, or on the initial reporting of an asset or liability, will not constitute temporary differences either, provided that the relevant transaction is not a business acquisition and does not affect tax or the recognised result.

A deferred tax asset concerning tax losses carried forward or other future tax deductions is recognised to the extent that is probable that the carry forward can be set off to profit on any future taxation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of available bank balances

EQUITY, RESERVES AND DIVIDEND PAYMENTS

Share capital represents the nominal (par) value of shares that have been issued.

The share premium fund contains premiums received on new issues of shares. Transaction costs associated with the new issue of shares have reduced the share premium fund, considering any income tax effects. Retained earnings includes all current and prior period retained profits and share-based employee remuneration. All transactions with owners of the Parent are recorded separately within equity.

POST-EMPLOYMENT BENEFITS AND SHORT-TERM EMPLOYEE BENEFITS**DEFINED CONTRIBUTION PLANS**

The Group pays fixed contributions into independent entities in relation to several state plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Group expects to pay because of the unused entitlement.

WARRANTS

Employees or by the Group contracted consultants, have the opportunity to take part of a warrant program that is decided at the Annual General Meeting. The premiums and value of the options are calculated based on the Black&-Scholes-model and are performed by an external, independent party. The allocation of the warrants is decided by the Board and the CEO. Participation in the program is not linked to the employment in the company and is therefore not subject to social security contributions.

SIGNIFICANT ASSESSMENTS IN APPLYING ACCOUNTING AND VALUATION PRINCIPLES AND UNCERTAINTY IN ESTIMATES

When preparing the financial statements, the Board of Directors must, in accordance with applicable accounting and valuation principles, make certain estimates, assessments and assumptions that affect the reporting and valuation of assets, provisions, liabilities, income and expenses. The outcome may deviate from these estimates and judgments and rarely amounts to the same amount as the calculated outcome.

SIGNIFICANT MANAGEMENT JUDGEMENTS

The following are significant judgements made by management in applying the accounting policies of the Group that have the most significant effect on the financial statements.

RECOGNITION OF FOREIGN WITHHOLDING TAX

Polygiene Group is currently able to demand repayment of foreign withholding tax, that can be recovered when previous tax losses are used. The Board judges that the withholding tax can continue to be recognised in the statement of financial position as a financial fixed asset. This year's assessment has led to a write-down of withholding tax by TSEK 4,531.

RECOGNITION OF DEFERRED TAX ASSETS

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Group management has devised a plan for how the Parent Company and the Group will achieve taxable profits in the foreseeable future. The Group's and the Parent Company's actual development follow this plan.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Shares in subsidiaries are reported at acquisition value after deductions for any write-downs. Acquisition value includes the purchase price paid for the shares and acquisition costs. The need for impairment of the financial assets is tested at least once a year to determine whether there are changed circumstances that indicate an need for impairment.

WRITE-DOWNS OF GOODWILL AND OTHER ASSETS

To assess impairment needs, the Group management calculates an impairment test at least once a year based on expected future cash flows and using an appropriate interest rate to be able to discount cash flow. The impairment requirements of all other individual assets or cash-generating units are tested when events or changed circumstances indicate that the carrying amount cannot be recovered.

DETERMINATION OF SEGMENTS

Within Polygiene, there are two segments, Freshness and Product Protection. The basis for these business areas is the underlying technology. The focus on these segments is market and sales (customer and products), why only sales and gross margin per segment are measured. Other parts are measured for the Group as a whole business as we are working with consolidation of the functions to enable synergies between all units.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company's financial statements are prepared and presented in accordance with the ÅRL and RFR 2 Accounting for legal entities. Accounting policies for the Parent Company correspond to the Group's except in what is disclosed below.

When the Parent Company applies different policies, this is disclosed under Parent Company accounting policies below. The parent company does not apply IFRS 9 Financial Instruments nor IFRS 16 Leases. All the parent company's instruments are valued based on the acquisition value according to the Annual Accounts Act. All leases in the parent company are reported on a straight-line basis as a cost over the lease period.

LAYOUT OF INCOME STATEMENT AND BALANCE SHEET

The statements of profit and loss and the statement of financial position for the Parent Company are prepared in accordance with the formats in the Annual Accounts Act. The differences mainly consist of financial items in the report on comprehensive income and equity. The report over changes in shareholders' equity is prepared in the same format as for the Group but with columns as required by the Annual Accounts Act.

GROUP AND ASSOCIATED COMPANIES

Participations in group- and associated companies and joint ventures are recorded under the historical cost convention. There is no reclassification of assets for sale.

TRADE RECEIVABLES AND ACCOUNTS PAYABLES

Some of the trade receivables and accounts payables are netted since they relate to the same party and will be settled net.

NOTE 2: REVENUE

GROUP	2022		
	GOODS	ROYALTY	TOTAL
PRIMARY GEOGRAPHIC MARKETS:			
APAC	27,138	12,097	39,235
EMEA	87,604	10,127	97,731
AMERICAS	21,562	9,244	30,806
GLOBAL	5,787	5	5,792
TOTAL	142,091	31,473	173,564

GROUP	2021		
	GOODS	ROYALTY	TOTAL
PRIMARY GEOGRAPHIC MARKETS:			
APAC	24,506	11,648	36,154
EMEA	89,812	10,546	100,358
AMERICAS	26,297	11,307	37,604
GLOBAL	7,494	-	7,494
TOTAL	148,109	33,501	181,610

The Group's revenues from agreements with customers can be divided into business areas as follows:

SEGMENT	2022		
	GOODS	ROYALTY	TOTAL
FRESHNESS	46,993	31,473	78,466
PRODUCT PROTECTION	95,098	-	95,098
TOTAL	142,091	31,473	173,564

SEGMENT	2021		
	GOODS	ROYALTY	TOTAL
FRESHNESS	57,746	33,501	91,247
PRODUCT PROTECTION	90,363	-	90,363
TOTAL	148,109	33,501	181,610

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

GOODS TRANSFERRED AT A POINT IN TIME:	2022	2021
Goods	142,091	148,109
Royalty	31,473	33,501
TOTAL	173,564	181,610

Currently Polygiene Group has three customers that represent of more than 10 % of the revenue separately.

NOTE 3: SEGMENT REPORTING

The corporate management now defines the group's operating segments to Freshness and Product Protection. The gross profit from these segments is monitored by Polygiene Group's executive decisionmakers and is the basis for strategic decisions. No other follow-up per segment is currently taking place.

REVENUE	2022		
	FRESHNESS	PRODUCT PROTECTION	TOTAL
Net sales	78,466	95,098	173,564
Other income	162	-	162
TOTAL SEGMENT INCOME	78,628	95,098	173,726
Goods for resale	-9,036	-49,955	-58,991
TOTAL SEGMENT GROSS PROFIT	69,592	45,143	114,735

REVENUE	2021		
	FRESHNESS	PRODUCT PROTECTION	TOTAL
Net sales	91,434	90,176	181,610
Other income	191	-	191
TOTAL SEGMENT INCOME	91,625	90,176	181,801
Goods for resale	-16,460	-49,908	-66,368
TOTAL SEGMENT GROSS PROFIT	75,165	40,268	115,433

SEGMENT ASSETS	2022		
	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible assets	8,161	465,179	473,340
Tangible assets	1,035	1,196	2,231
TOTAL	9,196	466,375	475,571

SEGMENT ASSETS	2021		
	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible assets	6,084	407,224	413,308
Tangible assets	1,611	1,083	2,694
TOTAL	7,695	408,307	416,002

NOTE 4: REMUNERATION TO AUDITORS

GRANT THORNTON SWEDEN AB	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Audit engagement	474	499	474	499
Other services	310	307	310	307
TOTAL	784	806	784	806

NOTE 5: LEASES

	2022-12-31	2021-12-31
Short-term	1,619	2,381
Long-term	19	19
TOTAL	1,638	2,400

The Group has leasing agreements regarding office facility in Malmö and Stafford (UK) that runs for three-five years. With the exception of short-term lease agreements and leasing contracts for which the underlying asset has a low value, rights of use and leasing liabilities are reported in the statement of financial position. The Group classifies its rights of use in the category Tangible fixed assets. The borrowing rates was estimated at three percent during the financial year.

The Group's total current lease commitments as of December 31, 2022 amounted to TSEK 46 (23). The cash flow from leasing regarding the financial year ended December 31, 2022 amounted to TSEK 901 (2021: 900).

Future minimum lease fees:

	MINIMUM LEASE PAYMENTS DUE			
	WITHIN 1 YEAR	1 TO 5 YEAR	AFTER 5 YEARS	TOTAL
2022-12-31	1,619	19	-	1,638
2021-12-31	2,381	19	-	2,400

LEASING AGREEMENTS THAT ARE NOT RECOGNISED AS A LIABILITY

The Group has chosen not to report a lease liability for short-term lease agreements (leases with an expected lease term of 12 months or less) and for leases for which the underlying asset has a low value. In addition, certain variable lease payments are not permitted to be recognized as a lease liability and are therefore also expensed as incurred. Payments in respect of such leases are expensed on a straight-line basis. The cost of leasing fees that are not included in the calculation of the lease debt is as follows:

	GROUP	
	2022-12-31	2021-12-31
Short-term lease agreement	46	23
TOTAL	46	23

RIGHT TO USE LEASED OBJECTS

	GROUP	
	2022-12-31	2021-12-31
Accumulated cost brought forward	2,968	2,001
Entered leasing agreement	-	2,968
Terminated leasing agreement	-	-2,001
Index adjustment	185	-
ACCUMULATED COST CARRIED FORWARD	3,153	2,968

Accumulated depreciation brought forward	-575	-1,458
Terminated leasing agreement	-	1,828
Depreciation of the year	-1 003	-945
Accumulated depreciation brought forward	-1 578	-575
REPORTED VALUE	1,575	2,393

NOTE 6: EMPLOYEE BENEFITS EXPENSE

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Salaries - board and managing director	3,102	2,488	2,983	2,488
Salaries - other employees	25,501	21,228	13,194	11,876
Pensions, defined contribution plan - board and managing director	608	524	608	524
Pensions, defined contribution plan - other employees	1,574	1,522	963	1,005
Other statutory social security contributions	5,077	4,660	3,602	3,530
TOTAL	35,862	30,422	21,350	19,423

BASIC SALARY/BOARD FEE	2022	2021
Jonas Wollin, Chairman of the board	298	-
Martin Kössler, Board member	169	-
Johan Thiel, Board member	169	-
Håkan Lagerberg, Board member	169	-
Pamela Ravasio, Board member	169	-
Paul Morrison, Board member	169	-
Rajesh Varma, Board member	117	-
Ulrika Björk, CEO	1,842	608
Other senior management (4)	3,456	234
TOTAL	6,558	842

The Group has entered an agreement with the managing director which means that the managing director will receive nine months salaries in case of a notice of termination of employment contract. Rajesh Varma has resigned as of March 8, 2023.

NOTE 7: AVERAGE NUMBER OF EMPLOYEES

GROUP	2022		2021	
	AVERAGE NUMBER OF EMPLOYEES	WHEREOF MEN	AVERAGE NUMBER OF EMPLOYEES	WHEREOF MEN
Sweden	14	5	14	4
EU	3	2	3	2
Other	26	11	21	7
TOTAL	43	18	38	13

PARENT COMPANY	2022		2021	
	AVERAGE NUMBER OF EMPLOYEES	WHEREOF MEN	AVERAGE NUMBER OF EMPLOYEES	WHEREOF MEN
Sweden	14	5	14	4
EU	3	2	3	2
Other	6	6	3	3
TOTAL	23	13	20	9

NOTE 8: SPLIT BY GENDER

The Board includes 1 (2021: 1) women.

NOTE 9: SHARE BASED PAYMENTS

The warrants program is offered to all employees and contracted consultants in the Group. It is based on the development of the Parent Company's share within a three-year period. Each option entitles the holder to buy one share in the Parent Company for a predetermined price. The calculation is made by external valuer, which is independent of the Group. The programs are not linked to the participant's employment or involvement in the Group.

Program 2 expired during the year.

Warrants and weighted average exercise prices are as follows for the reporting periods presented:

GROUP	NUMBER OF SHARES		
	PROGRAM 3	PROGRAM 4	PROGRAM 5
Granted	300,000	300,000	300,000
OUTSTANDING DEC 31, 2022	300,000	300,000	300,000

The fair value of the warrants was determined using the Black & Scholes model, which takes into account factors that particularly apply to incentive programs. The condition regarding total return in respect of Program 3, 4 and 5 is a market condition that has been incorporated into the valuation using actuarial models. The following main assumptions were used in the valuation:

GROUP	PROGRAM 3	PROGRAM 4	PROGRAM 5
GRANT DATE	2020-06-04	2021-06-04	2022-06-01
Share price at date of grant (SEK)	15.50	36.60	15.30
Warrant life	3 year	3 year	3 year
Fair value per option at grant date (SEK)	0.70	1.12	0.61
Exercise price at date of grant (SEK)	22.36	68.28	26.62
Exercisable from	2023-06-01	2024-06-01	2025-06-01
to	2023-06-30	2024-06-30	2025-06-30
Weighted average remaining contractual life	6 months	18 months	30 months

NOTE 10: INCOME TAX ON PROFIT FOR THE YEAR

The main components of income tax on profit for the year and the relationship between expected tax expense based on a effective tax rate for the Group 20.6 % (2021: 20.6 %) and recorded tax expense in profit or loss as follows:

	GROUP	
	2022	2021
Net profit for the year before tax	15,957	40,467
Domestic tax rate Parent Company	20,6 %	20,6 %
Expected tax expense	-3,287	-775
Non deductible cost	-70	17
Non taxable income	1,895	-
Reversed withholding tax	-4,530	-
Adjustment for foreign subsidiaries	-1,607	-6,884
INCOME TAX EXPENSE IN PROFIT OR LOSS	-7,599	-7,642

TAX COMPONENTS:

Tax on profit or loss	-6,004	-
Reversed withholding tax	-4,531	-
Deferred tax on losses carried forward	2,936	-7,642
INCOME TAX EXPENSE IN PROFIT AND LOSS	-7,599	-7,642

	PARENT COMPANY	
	2022	2021
Net profit for the year before tax	-5,395	3,762
Domestic tax rate for the Parent Company	20,6 %	20,6 %
Expected tax expense	1,111	-775
Non deductuble cost	-70	17
Non taxable income	1,896	-
Adjustment for foreign subsidiaries	-4,531	-
CURRENT TAX EXPENSE IN PROFIT OR LOSS	-1,594	-758
TAX COMPONENTS:		
Reversed withholding tax	-4,531	-
Deferred tax on losses carried forward	2,937	-758
INCOME TAX EXPENCE IN PROFIT AND LOSS	-1,594	-758

NOTE 11: EARNINGS PER SHARE AND DIVIDENDS

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company. Reconciliation of the weighted average number of shares used for the pupose of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

NUMBER OF SHARES	2022	2021
Weighted average number of shares used in basic earnings per share before dilution	36,526,989	35,549,585
Granted warrants program 3, 4, 5	900,000	900,000
WEIGHTED AVERAGE NUMBER OF SHARES USED IN BASIC EARNINGS PER SHARE	37,426,989	36,449,585

NOTE 12: INTANGIBLE FIXED ASSETS

DEVELOPING ASSETS

GROUP	2022-12-31	2021-12-31
Accumulated cost brought forward	5,499	3,391
Purchase of the year	1,870	2,108
Accumulated cost carried forward	7,369	5,499
Accumulated depreciation brought forward	-1,450	-603
Depreciation of the year	-1,247	-847
Accumulated depreciation carried forward	-2,697	-1,450
BOOKED VALUE	4,672	4,049

PARENT COMPANY	2022-12-31	2021-12-31
Accumulated cost brought forward	5,499	3,391
Purchase of the year	1,870	2,108
Accumulated cost carried forward	7,369	5,499
Accumulated depreciation brought forward	-1,450	-603
Depreciation for the year	-1,247	-847
Accumulated depreciation carried forward	-2,697	-1,450
BOOKED VALUE	4,672	4,049

SOFTWARE AND LICENSES

GROUP	2022-12-31	2021-12-31
Accumulated cost brought forward	4,083	3,027
Purchase of the year	2,581	1,031
Acquisition of subsidiary	-	25
Accumulated cost carried forward	6,664	4,083
Accumulated depreciation brought forward	-2,042	-1,314
Depreciation of the year	-996	-728
Accumulated depreciation carried forward	-3,038	-2,042
BOOKED VALUE	3,626	2,041

PARENT COMPANY	2022-12-31	2021-12-31
Accumulated cost brought forward	4,054	3,023
Purchase of the year	2,432	1,031
Accumulated cost carried forward	6,486	4,054
Accumulated depreciation brought forward	-2,019	-1,313
Depreciation of the year	-977	-706
Accumulated depreciation carried forward	-2,996	-2,019
BOOKED VALUE	3,490	2,035

GOODWILL

GROUP	2022-12-31	2021-12-31
Accumulated cost brought forward	407,218	-
Purchase of the year	39,630	-
Acquisition of subsidiary	1,222	407,218
Exchange rate differences	13,408	-
Accumulated cost carried forward	461,478	407,218
BOOKED VALUE	461,478	407,218

TRADEMARK

GROUP	2022-12-31	2021-12-31
Accumulated cost brought forward	-	-
Purchase of the year	4,403	-
Accumulated cost carried forward	4,403	-
Accumulated depreciation brought forward	-	-
Depreciation of the year	-839	-
Accumulated depreciation carried forward	-839	-
BOOKED VALUE	3,564	-

All intangible fixed assets except goodwill, which is deemed to have an indefinite useful life, are depreciated on.

GOODWILL

The goodwill of 461,478 Tkr is related to the cash generated unit of Product Protection.

The impairment test is based upon the value in use. The value is based upon a cash flow forecast for a total of 5 years (5 years) where the first year is based upon the budget for the coming year. The cash flow for the 5 years beyond 2022 has an average growth of 20% (11,5%), a growth of the gross profit of 20% (12%) and an increase of cost of 7% (4%) . Previous year only Addmaster was included in the cash generated unit while in this year we have added Steritouch and Biomaster US. After 5 years the growth is calculated with 2% (2%). In the preset value calculation, we have used a rate of 12,37% (12%) after tax. Important assumptions in the forecast can be found below.

REVENUE GROWTH

The growth of the revenue is based upon the units business plan, including a general growth for existing customers, planned launches of existing products in new market, new customers and new products and solution including the added units.

COST OF GOODS SOLD AND GROSS PROFIT

The cash flow forecast is based upon a retained margin percentage. The assumption is based upon the fact that historically we have been able to compensate for cost increases. Synergies and volume growth is also expected to have a positive impact.

SENSITIVITY ANALYSIS

Polygiene Group has made a sensitivity analysis in the impairment , Adjustments of KPI used in the impairment:

	2022	2021
Discount rate, %	1	1
EBITDA-margin, %	-5	-5

The assets can also accept a forecast deviation of approx. 15% for the revenue in 2027.

The analysis is showing that there is no impairment needed.

During Q1 2022 Polygiene Group acquired SteriTouch, which is part of the British privately owned company Radical Materials Limited. There are great synergies for Polygiene Group to increase its market share in antimicrobial products for plastics, coatings and paints. SteriTouch will be incorporated into Addmaster's production lineup.

NOTE 13: TANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Accumulated cost brought forward	393	74	137	52
Acquisition of subsidiary	-	2,837	-	-
Purchase of the year	612	106	468	85
Sales and disbursements	-	-2,879	-	-
Exchange rate differences	-	255	-	-
Accumulated cost carried forward	1,005	393	605	137
Accumulated depreciation brought forward	-92	-10	-24	-3
Depreciation of the year	-268	-82	-118	-21
Disbursements	11	-	-	-
Accumulated depreciation carried forward	-349	-92	-142	-24
BOOKED VALUE	656	301	463	113

NOTE 14: WITHHOLDING TAX

GROUP	2022-12-31	2021-12-31
Accumulated cost brought forward	9,458	7,396
Balanced withholding tax during the year	2,080	2,062
Reversed withholding tax during the year	-4,531	-
Accumulated cost carried forward	7,007	9,458
BOOKED VALUE	7,007	9,458
PARENT COMPANY	2022-12-31	2021-12-31
Accumulated cost brought forward	9,458	7,396
Balanced withholding tax during the year	2,080	2,062
Reversed withholding tax during the year	-4,531	-
Accumulated cost carried forward	7,007	9,458
BOOKED VALUE	7,007	9,458

WITHHOLDING TAX EXPIRE DATE	YEAR	GROUP	PARENT COMPANY
Withholding tax 2019	2024	704	704
Withholding tax 2020	2025	2,161	2,161
Withholding tax 2021	2026	2,062	2,062
Withholding tax 2022	2027	2,080	2,080
		7,007	7,007

NOTE 15: FINANCIAL ASSETS AND LIABILITIES

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

GROUP		
FINANCIAL ASSETS	2022-12-31	2021-12-31
AMORTISED COSTS		
Foreign withholding tax	7,007	9,458
	7,007	9,458
Trade receivables	35,064	34,593
Other receivables	9,893	4,138
Cash and cash equivalents	48,209	52,552
	100,173	100,741

FINANCIAL LIABILITIES		
	2022-12-31	2021-12-31
AMORTISED COSTS		
Prepayments customers	1,000	35
Other liabilities	3,963	8,194
Trade and other payables	13,277	11,283
	18,240	19,512

PARENT COMPANY		
FINANCIAL ASSETS	2022-12-31	2021-12-31
AMORTISED COSTS		
Shares in subsidiary	459,429	458,185
Receivables group companies	314	-
Foreign withholding tax	7,007	9,458
	466,750	467,643
Trade and other receivables	22,262	25,747
Other receivables	2,955	2,839
Cash and cash equivalents	16,336	16,388
	508,303	512,617

FINANCIAL LIABILITIES		
	2022-12-31	2021-12-31
AMORTISED COSTS		
Prepayments customers	-	32
Other liabilities	751	3,109
Trade and other payables	22,796	21,193
Liability to group companies	10,600	45,930
	34,147	70,264

NOTE 16: PARTICIPATIONS IN GROUP COMPANIES

GROUP COMPOSITION

NAME/DOMICILE	REG NO.	SHARE, %		
		2022	2021	2020
Polygiene Services AB	559129-0936	100	100	100
Polygiene Shanghai Ltd	n/a	100	100	100
Polygiene (HK) Limited	n/a	100	100	100
Addmaster (UK) Limited	5024738	100	100	-
Biomaster US LLC	27-0806326	100	-	-

Polygiene (HK) Limited and Addmaster Holdings Limited are dormant.

CHANGES DURING YEAR:	PARENT COMPANY	
	2022-12-31	2021-12-31
Accumulated cost brought forward	458,135	50
Acquisition	1,294	458,135
ACCUMULATED COST CARRIED FORWARD	459,429	458,185

NOTE 17: PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

The group included the following associated company during 2022, but the company is dissolved in 2023. No individual items in the company is of material importance to the group.

	REG NO	SHARE, %	VALUE
Polygiene Ltd	6803458	49	-

NOTE 18: DEFERRED TAX ASSETS AND LIABILITIES

GROUP			
CHANGES DURING YEAR	2022-01-01	PROFIT OR LOSS	2022-12-31
Unused losses carried forward	4,542	2,936	7,478
	4,542	2,936	7,478

CHANGES DURING YEAR	2021-01-01	PROFIT OR LOSS	2022-12-31
Unused losses carried forward	5,299	-758	4,541
	5,299	-758	4,541

PARENT COMPANY

CHANGES DURING YEAR	2022-01-01	PROFIT OR LOSS	2022-12-31
Unused losses carried forward	4,542	2,936	7,478
	4,542	2,936	7,478

CHANGES DURING YEAR	2021-01-01	PROFIT OR LOSS	2022-12-31
Unused losses carried forward	5,299	-758	4,541
	5,299	-758	4,541

NOTE 19: TRADE AND OTHER RECEIVABLE

	GROUP		PARENT COMPANY	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Trade receivables	38,431	39,008	25,710	30,162
Currency adjustment of receivable	-558	992	-273	992
Allowance for credit losses	-120	-	-	-
Trade receivable	37,753	40,000	25,437	31,154
TRADE RECEIVABLES NET	37,753	40,000	25,437	31,154
Setoff against accounts payable	-2,689	-5,407	-3,175	-5,407
Non-financial assets	-2,689	-5,407	-3,175	-5,407
TOTAL	35,064	34,593	22,262	25,747

Total credit exposure is MSEK 38.

NOTE 20: CONTRACT AND OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Contract receivables, leasing contract	2,216	2,001	2,216	2,001
Other	2,717	2,137	739	838
	4,933	4,138	2,955	2,839
Setoff against trade payables	4,960	-	-	-
TOTAL	9,893	4,138	2,955	2,839

NOTE 21: CASH AND CASH EQUIVALENTS

	GROUP		PARENT COMPANY	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
CASH AT BANK AND IN HAND				
- SEK (of which TSEK 150 blocked)	13,624	9,802	12,802	9,161
- EUR	14,641	9,378	301	1,378
- USD	9,066	21,547	2,516	5,707
- GBP	3,065	4,500	717	142
- CNY	7,813	7,325	-	-
	48,209	52,552	16,336	16,388

NOTE 22: EQUITY

SHARE CAPITAL

The share capital of the Parent Company consists only of fully paid ordinary shares with a nominal (par) value of SEK 0.10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholder's meetings of the Parent Company.

SHARES ISSUED AND FULLY PAID:	2022-12-31	2021-12-31
Beginning of the year	35,549,585	20,516,000
New share issue	977,404	15,033,585
Shares issued and fully paid	36,526,989	35,549,585
TOTAL SHARES AUTHORISED AT DECEMBER 31	36,526,989	35,549,585

NOTE 23: TRADE PAYABLES

	GROUP		PARENT COMPANY	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Trade payables gross	11,183	16,079	25,536	25,989
Currency adjustment of payables	309	611	435	611
Trade payables net	11,492	16,690	25,971	26,600
Trade payables setoff against receivables	1,785	-5,407	-3,175	-5,407
TOTAL	13,277	11,283	22,796	21,193

NOTE 24: PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
FOR OWN PROVISIONS AND LIABILITIES:				
Company mortgage	5,000	5,000	5,000	5,000
Blocked cash equivalents	150	150	150	150

Deposited funds for the Group are attributed to lease agreements for the Parent Company's head office.

NOTE 25: RELATED PARTY TRANSACTIONS

GROUP	2022	2021
PURCHASES		
Polygiene Ltd - services	177	1,799
Rudholm & Haak AB - goods	3,879	4,071
Rudholm & Haak India - goods	176	244
RHG USA LCC (Rudholm Group) - goods	9	84
Rudholm tekstil aksesuarları sanayi ve tic Ltd - goods	26	21

PARENT COMPANY	2022	2021
SALES		
Addmaster Ltd - services	11,427	9,914
Biomaster US LLC - services	28	-
Polygiene Shanghai - services	889	451

	2022	2021
PURCHASES		
Polygiene Ltd - services	177	1,799
Addmaster Ltd - goods	11,420	24,200
Rudholm & Haak (HK) Ltd - goods	3,879	4,071
Rudholm & Haak AB - goods	176	244
Rudholm & Haak India - goods	9	84
Rudholm tekstil aksesuarları sanayi ve tic Ltd - goods	26	21

Rudholm & Haak is the Group's largest vendor of Hang-tags and labels. Rudholm & Haak is related to Polygiene Group because of the Chairman of the Board of Directors has influence in this company, see note 6. There are no dealings or provisions. The transactions are priced at arm's length.

NOTE 26: POST-REPORTING DATE EVENTS

No significant events have occurred after the balance sheet date.

NOTE 27: NON-CASH ADJUSTMENTS AND CHANGES IN WORKING CAPITAL

	GROUP		PARENT COMPANY	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Depreciation and write-downs on non financial items	4,353	3,134	2,343	1,574
Unrealized exchange rate gains and losses	5,700	-	2,032	-
Other adjustments	-1,346	15	-	-1
TOTAL ADJUSTMENTS	8,707	3,149	4,375	1,573

NOTE 28: CONTINGENT LIABILITIES

The Board has not identified any contingent liabilities in the Group or Parent Company during the financial year.

NOTE 29: CONTINGENT ASSETS

The Board has not identified any contingent assets in the Group or Parent Company during the financial year.

NOTE 30: DEFINITION OF BUSINESS RATIOS

Equity/assets ratio - Equity as a ratio of total assets.

Operating profit, EBIT - Profit before interest and tax.

NOTE 31: BUSINESS ACQUISITION ACQUISITION OF STERITOUCH

In January 2022, Polygiene Group, indirectly through its subsidiary Addmaster, acquired part of the business of the company Radical Material Limited - SteriTouch.

MSEK	2022-01-18
FAIR VALUE OF TRANSFERRED REMUNERATION	
Amount to be settled in cash	39,1
Amounts settled with issued shares	4,4
SUMMA	43,5
Acquired trademark	4,4
Acquired goodwill	39,1
Transferred compensation in cash	39,1
NET CASH FLOW IN ACQUISITION	39,1

TRANSFERRED COMPENSATION

The acquisition of SteriTouch was settled in cash with SEK 39.1 million.

GOODWILL

The acquisition includes the seller's customers, recipes and trademark. Goodwill relates mainly to the customer base and the synergies that enable increased market share in antimicrobial products.

ACQUISITION OF BIOMASTER US

On November 15, 2022, the Group acquired 100 % of the shares in Biomaster US LLC, a company based in Columbus, USA, thereby gaining controlling influence in the company. Biomaster is a distributor in antibacterial additives for hard surfaces and the acquisition was made to strengthen the distribution of additives.

	2022-11-15
FAIR VALUE OF TRANSFERRED REMUNERATION	
Amount to be settled in cash	1,244
TOTAL	1,244
REPORTED AMOUNTS OF IDENTIFIABLE NET ASSETS	
Inventory	109
Accounts receivables and other receivables	-305
TOTAL CURRENT ASSETS	-196
Trade payables and other payables	218
TOTAL CURRENT LIABILITIES	218
IDENTIFIABLE NET ASSETS	22
GOODWILL ON ACQUISITION	1,222
Transferred compensation in cash	1,244
NET CASH FLOW IN ACQUISITION	1,244

TRANSFERRED COMPENSATION

The acquisition of Biomaster was settled in cash with TSEK 1,244.

GOODWILL

Goodwill of TSEK 1,222 mainly refers to growth expectations, the significant competence of Biomaster's staff and distribution efficiencies. The goodwill is not expected to be tax deductible.

NOTE 32: FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

The group is exposed to various risks in terms of financial instruments. Summary information on the group's financial assets and financial liabilities divided into categories is found in note 15. The main types of risks are market risk, credit risk and liquidity risk. The group's risk management is coordinated at its headquarter in close cooperation with the board and they actively focuses on securing the group's cash flows by minimizing exposure to the volatile financial markets. The group does not actively trade in financial assets for speculative purposes.

MARKET RISK ANALYSIS

The group is exposed to market risk through its use of financial instruments and especially to currency risk, interest

rate risk and certain other price risks, as a result of both the current operations and the investment operations.

FOREIGN CURRENCY SENSITIVITY

Exposures to exchange rate fluctuations arise from the Group's sales and purchases from other countries. Sales and purchases are made primarily in USD and GBP and the main part of the fixed costs are in GBP and SEK.

With Addmaster now being a part of the Group, the Group's trading in foreign currency has increased and the currency exposure has been given a different weighting. In accordance with previous assessments, the Group does not use any instruments to hedge the exposures. Financial assets and liabilities in foreign currency that expose the Group to currency risk, are described below. The amounts shown are those reported to the Group Management, converted into SEK at the closing day rate.

GROUP	SHORT-TERM EXPOSURE			
	2022-12-31	USD	GBP	OTHER
Financial assets		33,493	17,579	25,457
Financial liabilities		1,850	7,814	4,196
TOTAL EXPOSURE		35,343	25,393	29,653
2021-12-31	USD	GBP	OTHER	
	Financial assets	30,721	4,915	3,331
Financial liabilities	6,202	2,590	4,212	
TOTAL EXPOSURE	36,923	7,505	7,543	

PARENT COMPANY

2022-12-31	USD	GBP	OTHER
	Financial assets	23,956	717
Financial liabilities	930	17,529	1,002
TOTAL EXPOSURE	24,886	18,246	2,064
2021-12-31	USD	GBP	OTHER
	Financial assets	28,137	45
Financial liabilities	5,783	16,550	628
TOTAL EXPOSURE	33,920	16,595	2,535

If the SEK had strengthened against the USD by 10 % (2021: 10 %) and GBP by 5 % (2021: 5 %) respectively then this would have had the following impact on the profit for the year:

GROUP	PROFIT OF THE YEAR		
	USD	GBP	TOTAL
2022-12-31	3,164	488	3,652
2021-12-31	2,625	116	2,741
PARENT COMPANY	USD	GBP	TOTAL
	2022-12-31	2,303	-841
2021-12-31	2,317	-846	1,471

TRANSACTIONS OF SALES AND PURCHASES:	USD	GBP	TOTAL
Group	3,076	-114	2,962
Parent Company	3,076	-114	2,962

GOODWILL:	USD	GBP	TOTAL
Group	123	20,828	20,951

If the SEK had weakened against the USD by 10 % (2021: 10 %) and GBP by 5 % (2021: 5 %) respectively then this would have had the following impact on the profit for the year:

GROUP	PROFIT OF THE YEAR		
	USD	GBP	TOTAL
2022-12-31	3,164	488	3,652
2021-12-31	2,387	111	2,498

PARENT COMPANY	USD	GBP	TOTAL
2022-12-31	2,303	-841	1,462
2021-12-31	2,106	-806	1,300

TRANSACTIONS OF SALES AND PURCHASES:	USD	GBP	TOTAL
Group	-3 076	114	-2 962
Parent Company	-3 076	114	-2 962

GOODWILL:	USD	GBP	TOTAL
Group	-123	-20 828	-20 951

The Group's goodwill has British pounds (GBP) as base currency and is thus recalculated each quarter with a subsequent currency effect. As this is not a monetary item, the Board has not seen any possibility of hedging against this currency effect that will affect the Groups comprehensive income.

CREDIT RISK ANALYSIS

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk from financial assets including cash and cash equivalents held at bank, trade and other receivables.

CREDIT RISK MANAGEMENT

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

The group continuously monitors the customer's credit quality based on a credit rating report. The group's policy is to only accept creditworthy counterparties. Credit terms vary between 30 and 90 days. The credit terms for customers that are negotiated specifically with the customer must be approved internally through an internal process.

The ongoing credit risk is managed through a regular review of the age analysis together with the credit limits per customer.

Most of the trade receivables consist of ten distributors which are recurrent.

SECURITY

Some of the customers are located in a region that applies prepayment as tradition and the Group follows current regulations and requests payments before delivery.

TRADE RECEIVABLES

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before December 31, 2022, respectively as well as the corresponding historical credit losses during that period. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectations of recovery.

Based on the above, the expected credit loss for accounts receivable is perceived to be negligible based on history from the previous year.

GROUP	REPORTED VALUE, GROSS	
	2022-12-31	2021-12-31
THE CUSTOMER RECEIVABLES MATURITY STRUCTURE		
Not due	29,534	28,389
More than 30 days	701	2,165
More than 60 days	2,850	2,143
More than 90 days	1,979	3,990
TOTAL	35,064	36,687

PARENT COMPANY	REPORTED VALUE, GROSS	
	2022-12-31	2021-12-31
THE CUSTOMER RECEIVABLES MATURITY STRUCTURE		
Not due	18,749	22,638
More than 30 days	1,304	1,678
More than 60 days	81	1,741
More than 90 days	2,922	4,104
TOTAL	23,056	30,161

NOTE 33: CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income. The group assesses the group's capital needs with the aim of maintaining an efficient overall financing structure and avoiding excessively large leverage effects. This also includes subordinate levels of the Group's various debt classes. The group manages the capital structure and makes adjustments to it in the event of changed economic conditions and with regard to the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the group can adjust the amount of dividends to shareholders, issue new shares or sell assets to reduce liabilities.

NOTE 34: APPROPRIATIONS OF EARNINGS

The following profit/loss brought forward are to be decided upon by the Annual General Meeting:

TSEK

Share premium reserve	517,838
Profit brought forward	-30,441
Loss of the year	-4,353
	483,044

THE BOARD OF DIRECTORS PROPOSE THAT THE TOTAL PROFIT BROUGHT FORWARD IS APPROPRIATED AS FOLLOWS:

Profit to be brought forward	483 044
	483 044

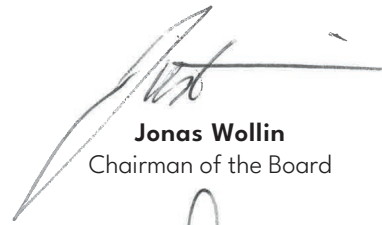
NOTE 35: AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2022 (including comparatives) were approved by the Board of Directors on April 19, 2023.

MALMÖ APRIL 19, 2023



Ulrika Björk
CEO



Jonas Wollin
Chairman of the Board



Martin Kössler
Board member



Paul Morris
Board member



Håkan Lagerberg
Board member



Pamela Ravasio
Board member

HELSINGBORG APRIL 19, 2023
GRANT THORNTON SWEDEN AB



Per Kjellander
Authorized Public Accountant

AUDITOR'S REPORT

**TO THE GENERAL MEETING OF THE SHAREHOLDERS OF POLYGIENE GROUP AB
(PUBL.) CORPORATE IDENTITY NUMBER 556692-4287**

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Polygiene Group AB (publ.) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 29-54 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation of the other information. The other information consists of the Annual report and information from the CEO (but does not include the Annual accounts, consolidated accounts of the Group or our Audit Report concerning these) and is found on pages 1-28. Our opinion on the Annual accounts and consolidated accounts does not include the other information and we do not have an opinion regarding the adopting of the other information.

In addition to our audit of the annual accounts and consolidated accounts it is our responsibility to read the other information specified above and consider any possible significant discrepancy compared to the annual accounts and consolidated accounts. During this review we also consider the overall knowledge that we have gained throughout the audit process and consider any significant misstatement in the other information. If we, based on the work performed regarding the other information, come to the conclusion that the other information does contain a significant misstatement, we have an obligation to report this. We have nothing to report regarding the other information.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Polygiene Group AB (publ.) for the year 2022 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general. The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:


- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Helsingborg April 19, 2023
Grant Thornton Sweden AB



Per Kjellander
Authorized Public Accountant

ANNUAL GENERAL MEETING AND FINANCIAL CALENDAR

ANNUAL SHAREHOLDERS' MEETING

The annual shareholders' meeting of Polygiene Group will be held on Wednesday May 11, 2023.

RIGHT TO PARTICIPATE AND NOTIFICATION

Shareholders wishing to participate in the annual shareholders' meeting by advance voting must:

- partly be listed in the company's share register kept by Euroclear Sweden AB as of Wednesday May 3, 2023 and
- also registered with the company latest Friday May 5, in writing to Polygiene Group AB according to the details in the notice of the annual meeting

TRUSTEE REGISTERED SHARES

Shareholders whose shares are trustee-registered in the name of a bank or other trustee must, to be able to exercise their voting rights at the annual shareholders' meeting by advance voting, request the trustee to register their shares in their own name with Euroclear Sweden AB (so called "voting rights registration"). Such voting rights registration must be implemented by the trustee no later than as of Friday May 5, 2023. Accordingly, shareholders must well in advance before this date notify their trustee of their request of such voting rights registration.

PROXY ETC.

If a shareholder is to be represented by a proxy, the proxy must present a written and dated power of attorney signed by the shareholder at the Annual General Meeting. The power of attorney may not be older than one year, unless a longer term of validity (but no longer than five years) is specified in the power of attorney. If the power of attorney is drawn up by a legal entity, the proxy must also present the current certificate of registration or equivalent document of authorization for the legal entity.

To facilitate admission, a copy of the power of attorney and other authorization documents should be attached to the registration for the Annual General Meeting. The power of attorney form is available on the company's website (ir.polygiene.com) and can be sent by post to shareholders who contact the company and submit their address.

FINANCIAL CALENDAR 2023

Annual Report 2022	April 20
Interim Report Q1	April 27
Annual General Meeting	May 11
Interim Report Q2	July 27
Interim Report Q3	October 26
Year End Report	February 15, 2024

QUESTIONS ABOUT THE ANNUAL REPORT

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The annual report is published in Swedish and in an English translation. In case of any discrepancies between the two versions, the Swedish version takes precedence.

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