

POLYGIENE GROUP AB (PUBL.)

# ANNUAL REPORT 2023



[ir.polygiene.com](http://ir.polygiene.com)

**POLYGIENE®**  
**GROUP**  
FOR MINDFUL LIVING

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# POLYGIENE GROUP IN BRIEF

**2006**

Founded

**43**

In the team

**-4,4**

EBITDA %

**113,5**

Net sales, MSEK

**2**

**47 %** Polygiene  
**53 %** Addmaster

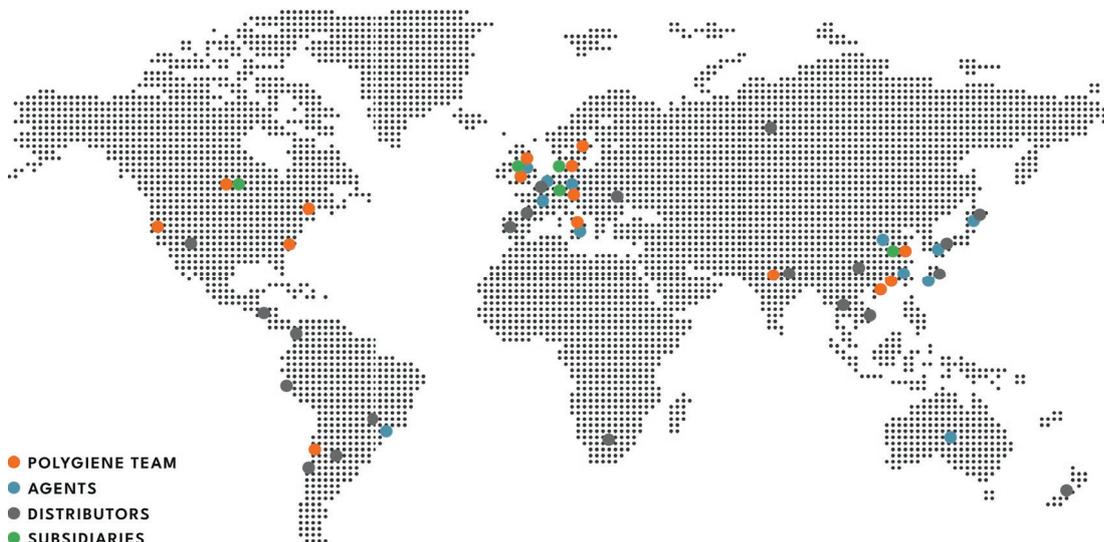
Business-segment, net sales

**500+**

Partners



## GEOGRAPHIC PRESENCE OF POLYGIENE GROUP



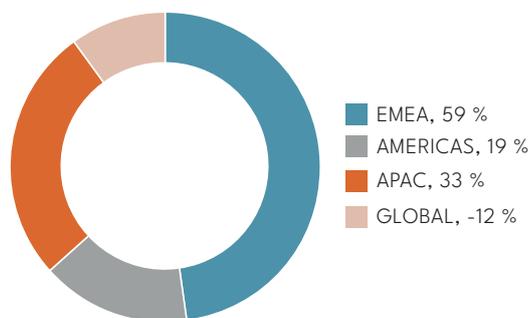
# NUMBERS IN BRIEF

## POLYGIENE GROUP IN SUMMARY

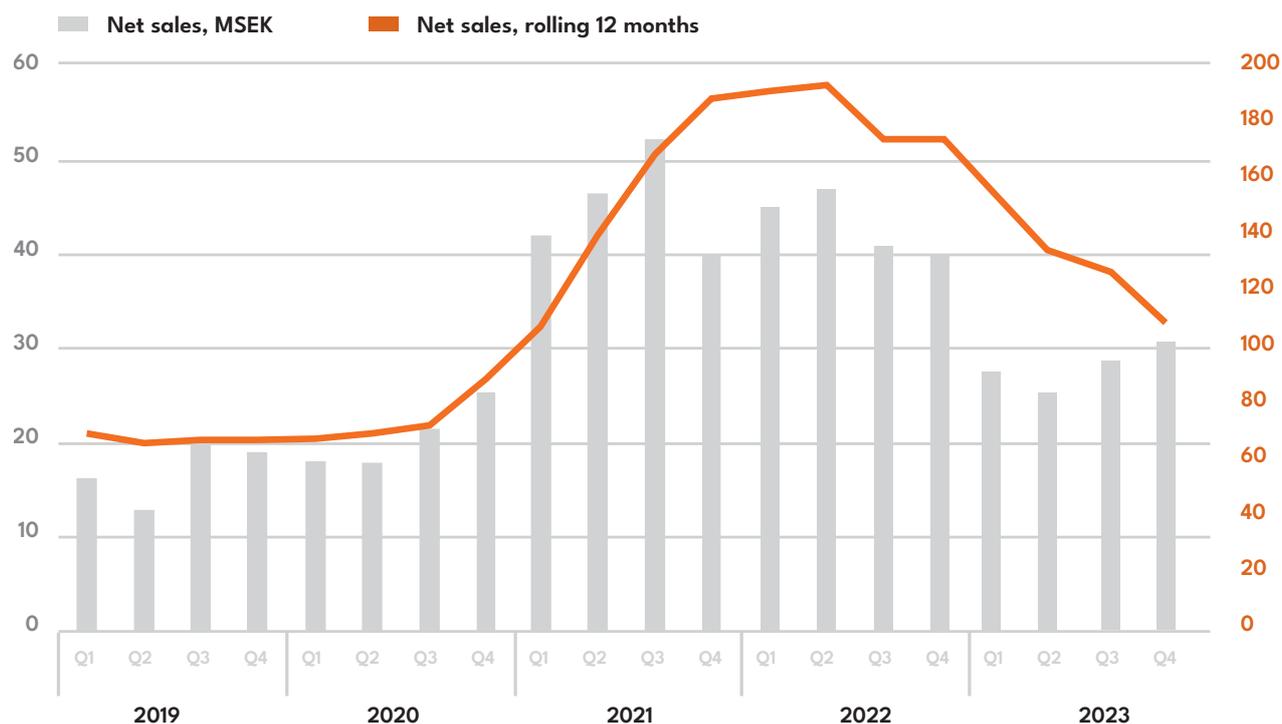
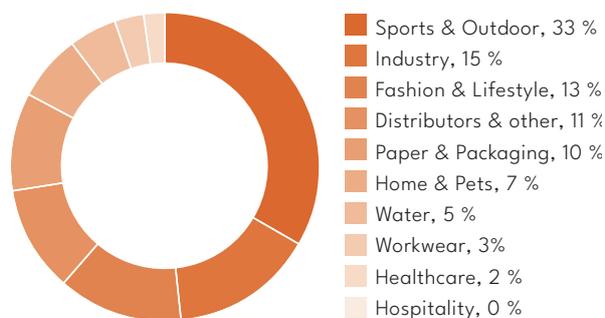
	FULL YEAR 2023	FULL YEAR 2022	FULL YEAR 2021	FULL YEAR 2020	FULL YEAR 2019
Net sales, MSEK	113.5	173.6	181.6	83.9	68.8
Operating profit before depreciation (EBITDA), MSEK	-5.0	22.2	41.2	5.7	-5.4
Operating margin before depreciation	-4.4 %	12.8 %	22.7 %	6.8 %	-7.8 %
Operating profit (EBIT), MSEK	-312.6	16.0	40.9	-1.0	-6.6
Operating margin	-275.3 %	9.2 %	22.5 %	0.0 %	-9.6 %
Earnings per share, SEK	-8.31	0.60	1.81	-0.08	-0.25
Cash flow, MSEK	-3.7	-6.2	46.4	-0.5	1.2

## NET SALES, MSEK

Annual net revenue by **region**:



Annual net revenue by **category**:



The above graphs represent the Group

## 2023 IN BRIEF

### POLYGIENE TECHNOLOGIES CAN REDUCE ENVIRONMENTAL IMPACT BY ONE-THIRD

Polygiene collaborated with Sweco® and conducted a life cycle assessment showing that washing clothes less frequently can reduce environmental impact by one-third. The results of this study demonstrate that by investing in garments with built-in Polygiene StayFresh™ technology, customers can save energy, water, and time each year.

### POLYGIENE GROUP SIGNED AN AGREEMENT WITH A NEW DISTRIBUTOR IN CHINA

To accelerate activities in China, Polygiene entered into an agreement with the Chinese distributor Suzhou Standing Textile Technologies Ltd. STT is well-established as a textile supplier for both local and international brands. This collaboration is part of the company's expanded strategy in China to embrace distributors as a new sales channel in the Freshness segment.

### MICROPAK – 3MT ORDER

MicroPak, a leading provider of packaging materials for footwear, apparel, bags, and accessories, tripled its normal order volume with Polygiene Group, demonstrating the company's strength in the industry.

### INNOVATION PROJECT LAUNCHED TO ADDRESS MICROFIBER EMISSIONS

In collaboration with the European Outdoor Group (EOG), Scandinavian Outdoor Group (SOG), and German Sporting Goods Industry Association (BSI), Polygiene Group initiated an open innovation project aimed at reducing microfiber emissions. During 2023/2024, Polygiene engages partners and suppliers to collectively further develop the potential solution.

### NEW TECHNOLOGY - STAYFRESHBIO™

Polygiene Group launched a unique plant-based antimicrobial technology for the textile market. The company signed an exclusive distribution agreement with an external manufacturer.

### FOCUS ON ADDMASTER

To create a clearer customer offering, a strategic decision was made to increase focus on the Addmaster business and resume the previous brand structure. By reallocating resources from Polygiene to Addmaster, the team in the UK could be strengthened with valuable expertise in sales and marketing.

David Clark was appointed as Business Development Manager and Paul Willocks as Marketing Manager for Addmaster at the end of the year. This strategic shift in focus entails an increased investment in the Addmaster business.

### X-PLAST / ZIPPSAFE

Polygiene Group began supplying Biomaster to X-Plast in Hungary, a manufacturer of wardrobe solutions for the Swiss company Zippsafe AG. The company provides space-saving locker solutions and revolutionizes the traditional locker with its soft locking solutions.

### STORM X POLYGIENE ODORCRUNCH™

Polygiene partnered with Storm Care Solutions Ltd, specialists in aftercare, to provide a sustainable and effective product, enabling consumers to keep their clothes, shoes, and accessories fresh and usable for longer.



Image: Zippsafe

**MP ACTIVEWEAR**

Polygiene StayFresh™ is now included in the entire MP Activewear’s Tempo Ultra collection.

**COLLABORATION WITH O’NEILL**

Polygiene continued its collaboration with O’Neill for their SS23 training collection. The collection features both Polygiene StayFresh and Polygiene OdorCrunch technologies.

**WARWICK MUSIC**

Polygiene collaborated with Warwick Music Group to develop a new type of antimicrobial recorder, “pCorder,” for Welsh schools.

**RICARDO BEVERLY HILLS**

The collaboration with Ricardo Beverly Hills regarding their new Essentials 5.0 Travel Organizers continued in 2023.

**BLACK YAK**

Polygiene Group and Black Yak, the outdoor clothing market leader in Korea, initiated a partnership including products featuring Polygiene OdorCrunch™ and Polygiene StayFresh™. A comprehensive co-funded launch took place during the summer of 2023.

**GUNZE**

Polygiene Group partnered with one of the leading underwear companies, Gunze, in Japan. A large number of products within the Lifestyle & Fashion and Sports & Outdoor segments were launched from SS23.

**SUKENO**

One of the largest sock manufacturers, Sukeno in Japan, entered into a partnership with Polygiene Group. The range of products treated with Polygiene StayFresh grew rapidly.

**BRETT MARTIN**

Brett Martin chose to add Biomaster technology to its entire antimicrobial product line. By integrating Biomaster into its range, Brett Martin aims to offer enhanced antimicrobial protection, demonstrating their commitment to providing reliable and innovative solutions across the product range.



Image: Marinepool

**KLEENCLAD**

Polygiene Group partnered with Kleenclad in Belfast, who now uses Biomaster in antimicrobial PVC sheets for Kleenclad in the UK. Kleenclad supplies the Indian and Sri Lankan markets, and their PVC sheets are used in hospitals, schools, and other public spaces.

**DELTACHEM IBERICA S.L**

Polygiene Group entered into a new agreement with the Spanish distribution partner Deltachem Iberica S.L. The company will now deliver both Product Protection and Freshness products to Polygiene Group partners in the region.

**POLYGIENE JOINED THE INFLUENTIAL EUROPEAN OUTDOOR GROUP (EOG)**

Membership in EOG was a logical next step in Polygiene’s vision to transform the outdoor clothing and textile sector by helping manufacturers develop more sustainable products and facilitate the transition from consumables to durable goods.

**EXPANSION IN GEOTEXTILES**

Addmaster signed an exclusive three-year agreement with a major international company that was a world leader in geotextiles. The agreement is valued at a minimum of 23 million SEK over a three-year period.

**ADDMASTER’S NEW WEBSITE**

To further strengthen its position as a leading player in the market, the company reverted to its original brand ‘Addmaster’ as of January 2024. In conjunction with this, the company launched a new standalone website, which is a valuable asset for both new and existing customers.

**MARINEPOOL**

Polygiene Group announced that the Munich-based sailing brand Marinepool launched products treated with Polygiene StayFresh. Marinepool is known for its sailing clothing, maritime fashion brands, and production of life jackets. The first Polygiene StayFresh-treated polo shirts are set to be launched in SS24.

**POSTPONED FINANCIAL GOALS**

At the end of the year, the company announced that no updated long-term financial goals would be communicated. The main reason was the turbulence and uncertainty of recent years affecting the business climate. The focus going forward will be to return to growth.

# A CHALLENGING YEAR WITH FOCUS ON STABILITY, PROFITABILITY, AND CASH FLOW

**Net sales for the year amounted to MSEK 113.5 (173.6) representing a decrease of -34.6%. Despite the decline, the company managed to achieve a stronger gross margin of 73.2% compared to 66.1% in the previous year. EBITDA amounted to MSEK -5.0 (22.2), translating to an EBITDA margin of -4.4 (12.8) %. The period also saw a negative cash flow of MSEK 3.7.**

2023 was marked by a challenging global environment characterized by rising inflation, geopolitical uncertainties, and high inventory levels throughout the value chain. These factors negatively impacted the company's operations, leading to the decrease of -34.6% in sales.

To address these challenges, Polygiene Group prioritized continuous cost optimization and operational efficiency improvements. The company implemented restructuring efforts, particularly in the latter half of the year. The restructuring costs were part of the one-time costs totaling MSEK -3.7 recorded in the fourth quarter. Additionally, Polygiene Group maintained its commitment to product development, introducing new offerings designed to cater to evolving customer needs.

Despite some difficulties, Polygiene Group remains in a strong financial position with a debt-free balance sheet. This financial stability provides a solid foundation and operational flexibility for future growth. The company successfully preserved a stable cash flow throughout the year, enabling investment in growth initiatives and the management of ongoing operations without requiring additional capital injections.

This robust financial position allows Polygiene to capitalize on an eventual economic recovery and renewed growth among its existing customer base. The company possesses a clear strategic vision and is a capable organization prepared to tackle upcoming challenges.

Based on valuable customer feedback and a thorough internal evaluation, a strategic decision was made to revert to the company's previous brand structure. This involves returning Addmaster to its independent brand identity, while Polygiene Group refocuses primarily on textiles.

This realignment aims to consolidate the entire Protection business under the Addmaster brand, fostering a clearer brand identity and strengthening the ability to concentrate on core competencies. The revised structure simplifies communication with various target audiences, allowing customers to effortlessly locate the products and solutions that best suit their requirements.

To further solidify the focus on hard surfaces, the company bolstered its team in late 2023 by adding a Business Development Manager and a Marketing Manager dedicated solely to Addmaster, both based in the UK. These new members of the team will play a crucial role in driving growth and solidifying the brand's position within this significant market. A revamped website, increased resources, and a well-defined brand platform, lay the groundwork for an expected turnaround for Addmaster.

Polygiene Group is proud to announce a significant milestone for Addmaster - a prestigious three-year exclusive agreement with a world leader in geotextiles. This partnership presents Addmaster with a unique opportunity to enter a completely new market with its innovative aqua-textile technology. Geo-Clean® Aquatextile is a specially designed geotextile that enhances water quality in the ground by capturing and naturally biodegrading oil and other pollutants present in stormwater. This collaboration solidifies Addmaster's position as a leading innovator within the additives industry and opens doors to new market prospects.

Following years of dedicated development, Polygiene Group is thrilled to introduce StayFresh BIO™, a revolutionary product complementing its well-established silver-based antimicrobial solution. StayFresh BIO™ is a biobased product formulated with an active ingredient derived from plant-based materials. Through a partnership with a biotechnology company, Polygiene Group has secured global exclusivity for this technology within the Sports & Outdoor and Lifestyle & Fashion segments. StayFresh BIO™ was successfully launched at the ISPO trade fair held in Munich at the end of November 2023.



The company's return to its previous brand structure aims to clarify its business focus and strengthen its ability to meet customer needs.

To guarantee adherence to the company's high standards and customer expectations, comprehensive testing will be conducted throughout the spring of 2024. Polygiene Group is confident that StayFresh BIO™ has the potential to become a groundbreaking product within the textile industry. This biobased technology represents a significant step towards achieving more sustainable and responsible textile production practices.

The release of microfibers from textiles poses a growing threat to our planet. These microscopic fibers, originating from both polyester and cellulose-based materials, contaminate our water bodies and oceans, harming wild-life and human health. Over the past few years, Polygiene Group has focused on developing an innovative solution



to reduce microfiber emissions. Phase 1 of the ShedGuard™ innovation project has successfully launched. Six selected innovation partners have signed agreements and initiated testing of the technology. The objective is to create a comprehensive database to map the impact of ShedGuard™ on microfiber emissions. Polygiene Group is excited to further develop ShedGuard™ and collaborate with partners for its broader implementation. Successful testing can position ShedGuard™ as a significant player in solving the microfiber pollution problem and contributing to a more sustainable textile industry.

The year concluded with a quarter showing clear signs of recovery. Positive signals from the market, our sales organization, and suppliers confirm a more favorable business climate compared to the previous year. This indicates that the market has revived after a challenging year.

While new long-term financial goals have been deferred due to the uncertain business climate, the company prioritizes returning to growth and establishing stability. I am confident that Polygiene Group has a solid foundation and the potential to achieve long-term success. The combination of a general market recovery and the strategic actions implemented internally gives me a positive feeling and strong confidence as I lead the company into 2024.

I would like to thank all employees for their outstanding performance during a challenging year. Your hard work and dedication have been crucial in navigating the challenges we faced. I also extend my gratitude to the Board for their support and guidance, and to our shareholders for their continued trust in the company.

**Ulrika Björk** CEO Polygiene Group

# THIS IS THE POLYGIENE GROUP

Polygiene Group is a global company with over 500 partners across various categories including Sports & Outdoor, Fashion & Lifestyle, Workwear, Hospitality, Home & Pets, Healthcare, Water, Industrial, and Paper & Packaging. The operating entities within the group primarily consist of Polygiene and Addmaster.

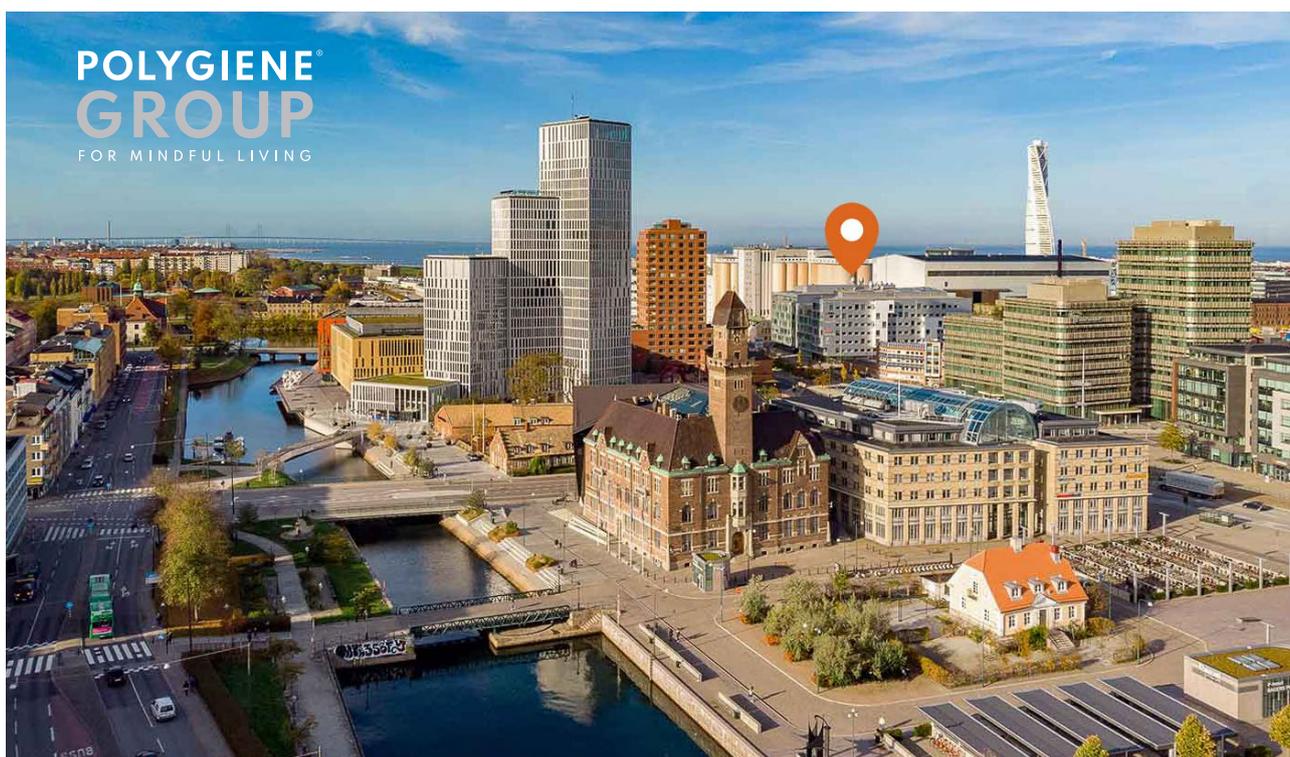
Headquartered in Malmö, Polygiene Group is characterized by a strong Scandinavian corporate culture. This culture forms the foundation of our vision, product development, and how we aim to evolve as a company. Our Swedish roots ensure a simple, inclusive, and enjoyable work environment where sustainability is prioritized.

**Polygiene** is a leading, global, consumer-focused ingredient brand in Freshness and Product Protection. Polygiene boasts high brand awareness and significant brand equity in the industry. In close collaboration with partners, the production facilities are equipped with our treatments. Polygiene supports the implementation of our solutions throughout the value chain.

**Addmaster** was founded with a clear focus on addressing the challenges posed by microbes and pathogens in various industries. Specialized antimicrobial technologies are carefully designed to inhibit the growth of microbes on hard surfaces, contributing to a more hygienic environment. Our flagship product, Biomaster, exemplifies our commitment to setting industry standards. Since 2000, we have consistently demonstrated the ambition to promote antimicrobial technology, earning Addmaster recognition for reliability and effectiveness.

Polygiene Group's treatments provide odor, bacteria, and virus control, and can also offer protection against counterfeiting. Polygiene Group strives to make it easy and seamless for everyone to benefit from our solutions. The products offered are simple, effective, safe, and reliable for their intended purpose.

Polygiene Group takes responsibility for the entire value chain, from development and manufacturing to marketing, distribution, and customer support. Manufacturing takes place in Europe, adhering to stringent environmental regulations worldwide. The technologies are integrated into manufacturers' existing processes, minimizing energy consumption and water usage during application. As an organization, we are highly proud of our strong environmental focus.



# VISION AND MISSION



## **Vision**

To encourage and enable Mindful Living.

### **WHAT THE VISION MEAN TO US**

Mindful Living encompasses the essence of awareness, compassion, responsibility and active participation in creating a more sustainable world.

### **MISSION**

At the core of our mission lies our Scandinavian ethos, propelling us to enhance lives and shape a better world through the strategic application of relevant technologies and services. We are dedicated to empowering brands, enabling them to create a meaningful impact in the lives of individuals and the global community.

### **POLYGIENE**

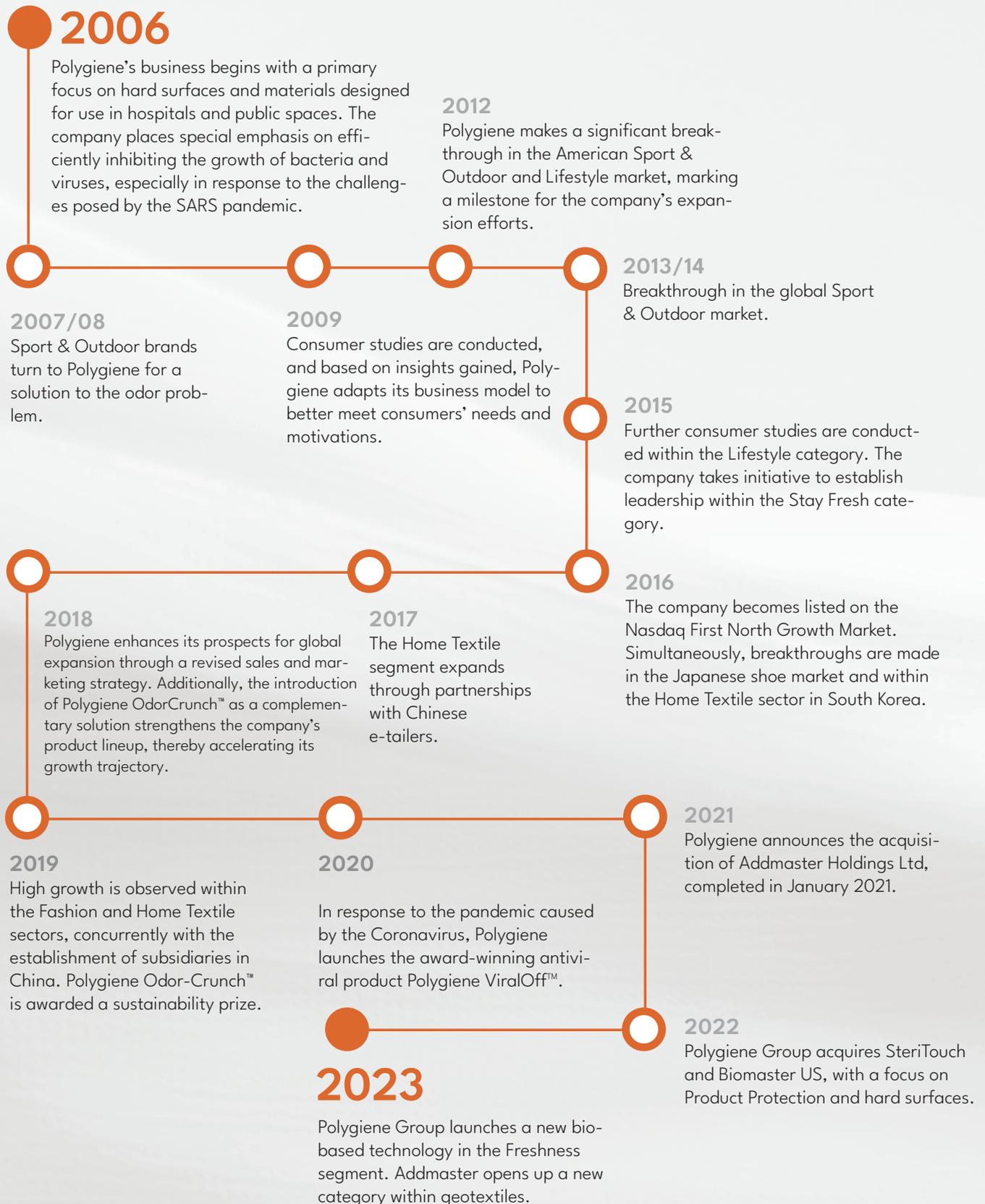
At Polygiene, we are global leaders in advanced antimicrobial and odor control technologies, and pioneers of sustainable solutions for textiles and consumer products. Our innovative treatments set benchmarks for performance and environmental responsibility, prioritizing eco-friendly

practices. Collaboration with our customers and partners ensures tailored solutions, spanning from research to ongoing innovation, shaping a future where hygiene and sustainability converge. We relentlessly redefine industry standards through excellence.

### **ADDMASTER**

At Addmaster, we aim to deliver technical speciality additive solutions that elevate the success of our customers, whilst seamlessly blending professionalism with a personal touch. We take pride in our highly proficient team, dedicated to providing exceptional service and fostering genuine connections. Committed to precision, we strive to empower every client's journey with a unique addition of value, ensuring that our unwavering commitment to excellence defines the path to success through enhanced product functionality.

# POLYGIENE GROUP TIMELINE



# TEAM POLYGIENE GROUP



*Company meeting, Malmö December, 2023*

Polygiene Group is headquartered in Malmö, but our operations extend far beyond Sweden’s borders. With employees in North, Central, and South America, Europe, China, India, and Japan, we represent a global organization. We also have a wide network of agents and distributors acting on behalf of the company, giving us a strong presence in the global market.

Diversity and inclusion are fundamental principles in our organization. Just like the millions of end-users we reach, our employees represent a rich variety of cultures, languages, and backgrounds. We speak over 15 languages and come from a multitude of cultures. Each employee brings unique ideas, skills, and experiences that collectively create a dynamic and innovative environment.

We view differences as a source of strength. By promoting collaboration and dialogue among our employees, we create a fertile ground for innovation and better decision-making. This multifaceted perspective propels us forward towards new heights and delivers exceptional results for our customers. Polygiene Group aims for a gender-equal organization where all employees are given equal opportunities to reach their full potential. We have zero tolerance for any form of discrimination and harassment.

We believe in creating an inclusive work environment where everyone feels welcome and valued. By embracing our differences, we can build a stronger organization and contribute to a more fair and equitable society. We are confident that our unique culture and commitment to innovation will lead us to new successes in the future.

Our core values are

**COURAGE    ACCOUNTABILITY**  
**PASSION    TEAMWORK**

# CORE VALUES

In order to uphold our customer promise and continue our journey of growth, it is imperative that we all align towards the same objective. This entails adhering to guidelines that define the culture we expect at Polygiene. To ensure clarity, we have established our culture and values to serve as guiding principles, enabling us to act in accordance with the true essence of Polygiene. Our vision and mission articulate the world we aspire to create, while our values delineate our approach to work and interpersonal

relationships. Furthermore, our cornerstones outline how we shape our business within the Polygiene Group. Since every action we take ultimately impacts our customers, it is essential that we serve as professional and dedicated ambassadors for Polygiene in all circumstances.

**We take pride in our unique culture and in being part of the Polygiene Group.**

# OUR STRATEGIC CORNERSTONES

## 1. Sell Added Value



## 2. Deliver Quality



## 3. Build Trust



## 4. Work smarter



# BUSINESS PROCESSES

Our achievements is built from a robust sense of mutual benefit: as we generate value for our customers, we also cultivate value for ourselves.

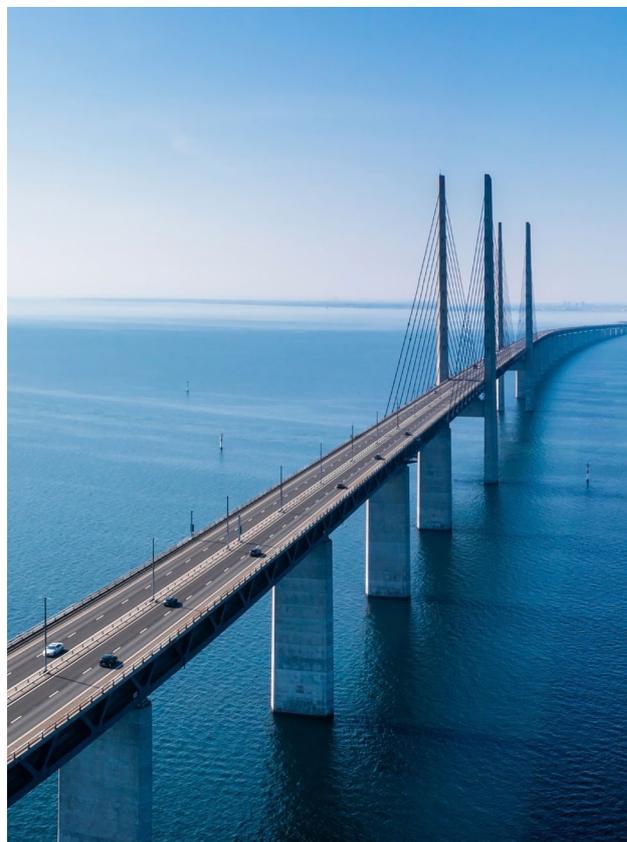
Our accomplishments cannot be solely attributed to our innovative technologies and strong brand, but equally important is our expertise in business and our steadfast commitment to serving our customers.

## SALES

Our commercial team works closely with our brand partners to tailor solutions that meet unique needs. We consider sales channels, geographical location, and specific marketing plans to achieve optimal results. Initially, our focus is on identifying opportunities, defining project plans, and coordinating the application process. Once product treatment is complete, the next step involves the commercial team collaborating with the marketing team to ensure co-branding and communication. Follow-ups and evaluations of joint operations are conducted to continuously improve and expand collaboration. Our team's comprehensive support means we assist the customer in every step of the way, from the initial contract signing to the end consumer's purchase.

## TEKNISK SUPPORT

Our technical team is an invaluable resource for our customers, working closely with them to ensure a correct and efficient treatment process. We guarantee compliance with all quality and environmental requirements and offer ongoing guidance on updated regulations and requirements in various markets. Polygiene Group's commitment goes far beyond normal expectations. We assist customers with certification programs, conduct tests at independent laboratories, and provide practical support as needed. The team is available to answer questions and solve problems, striving to create a secure and productive relationship with each customer. As market leaders, we take significant responsibility and continuously invest in long-term product development and innovation. By staying at the forefront of technological advancements, we offer customers the best and most efficient solutions on the market.



## MARKETING

Our dynamic marketing team collaborates closely with the group's brand partners to maximize the value of the Polygiene brand. Through powerful co-branding and clear communication, the unique benefits of our technology are conveyed to a wide audience. Polygiene Group creates engaging messages and communication materials, organizes successful PR activities, and efficiently produces sales materials. The team actively participates in relevant events, drives successful digital campaigns, and strategically manages social media. Retail and sales force education are central to the strategy. By imparting in-depth product knowledge and sales arguments, a solid unified front is created towards the end consumer.

We regularly conduct market research in different geographical areas and consumer categories to identify the factors driving consumer choices. Polygiene Group's ultimate goal is to create strong demand for treated products among end consumers.

# THE MARKET

Our innovative technologies offer effective and long-lasting solutions for protecting surfaces and materials from microorganisms. The pandemic has undoubtedly heightened awareness and demand for more hygienic surfaces and materials. This trend confirms the increased interest in segments where Polygiene Group™ is a leading player.

## POLYGIENE®

The industry is witnessing a positive trend towards more responsible consumption habits, where sustainability and hygiene are prioritized. Polygiene Group™ is well positioned to meet the increased demand with innovative and effective solutions. The heightened awareness of hygiene, the need for sustainable solutions, and Polygiene Group's™ strong position in both Product Protection and Freshness segments create opportunities for growth.

The Freshness business focuses on technologies to enhance freshness and functionality in textiles. Extending the lifespan of textile products is a crucial factor in achieving the set global sustainability goals. By providing solutions that combat odor, bacterial growth, and wear, Polygiene Group™ contributes to a more sustainable textile industry. The textile industry faces significant challenges related to environmental impact and climate change. The goals of the Paris Agreement, aiming for a 50 percent reduction in carbon dioxide emissions by 2030, require new initiatives and innovations.

A report from McKinsey and Global Fashion Agenda (2021) identifies three areas to positively change environmental impact:

- 1. Production:** The greatest potential (61%) lies in the production phase. Polygiene collaborates with suppliers to optimize processes and material choices to minimize environmental impact.
- 2. Consumer behavior:** Extending the lifespan of garments through conscious purchases, reduced washing, and circular thinking can have significant effects. Polygiene contributes by offering technologies that combat odor and wear, enabling less washing and longer garment use.
- 3. Sustainable consumer brands:** Today, a reliable and sustainable profile is required to survive in the market. Polygiene collaborates with brands to integrate our technologies into products and communicate the sustainability benefits to consumers.



**POLYGIENE®**



## **ADDMASTER**

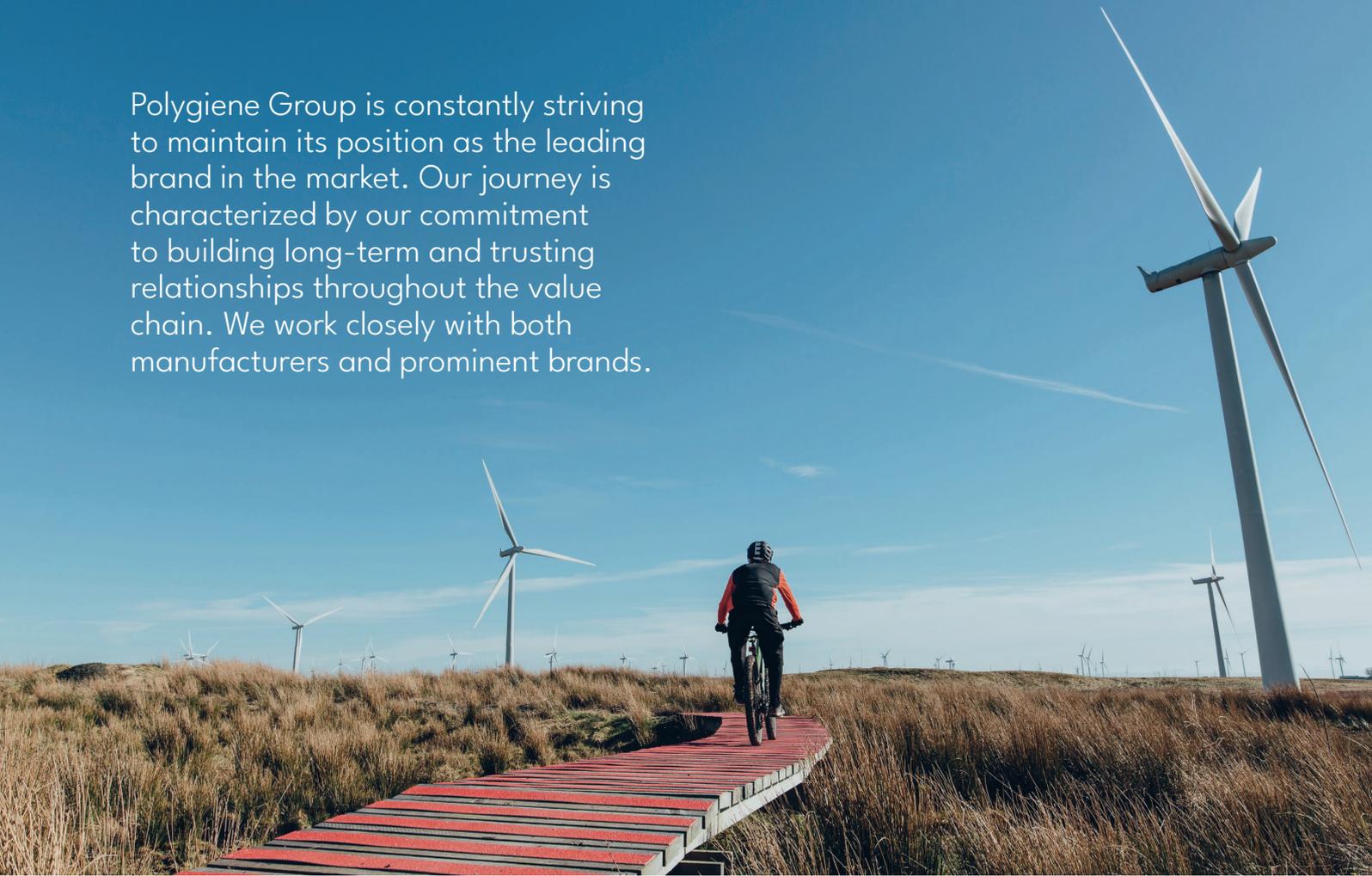
In recent years, there has been a significant increase in demand for antimicrobial solutions for hard surfaces. The pandemic has raised global awareness about the risks posed by microorganisms and the importance of reducing exposure to them. This heightened awareness is expected to drive continued growth in the market. The global market for antimicrobial additives was valued at \$4.7 billion in 2020 and is projected to reach \$9.3 billion by 2030 (McKinsey). During the pandemic, antimicrobial technology for hard surfaces was used on products subjected to rigorous infection control measures.

In 2023, Polygiene Group achieved a breakthrough in the transportation sector through partnerships with both the aviation and automotive industries. The group has also seen success in various other areas, including public environments, hygienic factory floors, pet products, and the water segment.

Polygiene Group is well positioned to capitalize on the strong growth in the antimicrobial solutions market, whether in textile or non-textile materials. With our innovative technologies, broad customer base, and strong brand, we have all the prerequisites to capture a larger share of the market.

# GROWTH STRATEGY

Polygiene Group is constantly striving to maintain its position as the leading brand in the market. Our journey is characterized by our commitment to building long-term and trusting relationships throughout the value chain. We work closely with both manufacturers and prominent brands.



Our strategy is built on a combination of “pull-and-push,” ensuring our relevance to partners at all levels. We provide technical expertise and regulatory support to integrate our technologies into our customers’ products. Tailored marketing activities enhance their communication about the added value that Polygiene Group brings, thus supporting growth.

## **EXISTING OPERATIONS**

Polygiene Group is committed to remaining the professional collaborative partner chosen by our partners, continually evaluating opportunities to expand the product range in relevant areas.

## **NEW CATEGORIES**

By identifying new applications for Polygiene Group’s technologies, we increase market share and create significant growth opportunities for the business.

## **NEW MARKETS**

We aim to open up new geographic markets and be a reliable and knowledgeable supplier by ensuring we have the right resources specialized in each area.

## **NEW TECHNOLOGY**

As a growth and innovation company, the Group continuously works to identify market needs where new relevant technologies can add value to existing and potential partners. Understanding the market and regulations, as well as customers’ innovation plans, is crucial to delivering new functional technology. During 2023 new products were launched, based on both customer needs and upcoming legislation.

## **ACQUISITIONS**

With a clear vision and mission, as well as a well-established reputation, we strive to become the leading global ingredient brand for hard and soft surfaces. We continuously seek product and company acquisitions that align with our vision of Mindful Living.

## OUR SUSTAINABILITY FOCUS

Both segments, Polygiene and Addmaster, share a focused ambition to drive development that addresses the global need to minimize contamination from various viruses and bacteria. Polygiene Group's technologies can protect people from harmful microorganisms while also taking responsibility for and optimizing the customer's production processes to not compromise the ability of future generations to meet their needs.

Globally, there is a persistent awareness of virus and bacterial contamination, generating a need among our partners and Polygiene Group to find innovative and relevant methods to protect surfaces and materials. By integrating Polygiene Group's antimicrobial technologies into products, the value of the product for both the producer and the end consumer is enhanced, offering a desired increased level of product protection.

The Addmaster segment aims to reduce the microbial and viral load in plastics, coatings, foams, papers, and resins. Tailored master-batch solutions are offered to meet specific needs across different industries. The antimicrobial technology has a lifespan that extends throughout the product's entire lifecycle, which also benefits the secondary market. Products treated with Addmaster additives are sold and reused with significantly greater reliability compared to untreated products, reducing the global environmental footprint.

The segment has also developed and implemented a technology to combat the spread of counterfeit products – VeriMaster technology – which constitutes another building block in the sustainability area. The technology provides brand integrity and strong brand protection. This is particularly interesting from an insurance perspective as the burden of proof is facilitated.

Within the Polygiene segment, the primary focus is on controlling and reducing odor, allowing people to use textiles for a longer period before they need to be washed. The Polygiene treatment lasts throughout the garment's lifespan. By washing garments less frequently, fiber wear is reduced, resulting in a longer lifespan. Other benefits of reduced washing include:

- **Less water consumption** – saving on a constantly shrinking raw material
- **Less energy used** – saving on an expensive energy source
- **Less detergent consumed** – reducing emissions of chemicals and fibers
- **Reduced time consumption** – time that can be better utilized

In collaboration with SWECO, an external LCA (life cycle analysis) has been conducted, with the result that by being able to wear a workout shirt on average two times before washing instead of washing after each use, a reduction in the garment's environmental impact of up to 37% was estimated. Global adoption of this technology could provide a significant environmental benefit.



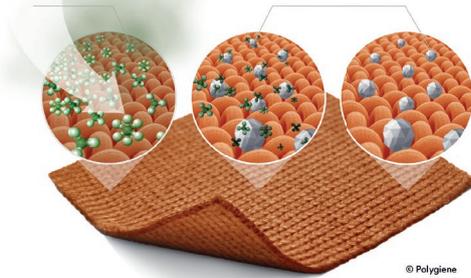
# TECHNOLOGIES



# POLYGIENE®

**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™

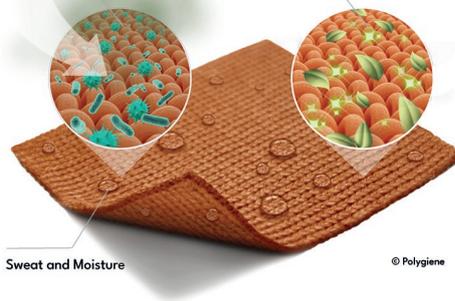
### A NATURAL SOLUTION TO ELIMINATE ODORS

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.

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

**WITH POLYGIENE STAYFRESHBIO™**  
StayFreshBIO technology inhibits the growth of odor-causing bacteria/microbes

**NEW!**



Sweat and Moisture

© Polygiene

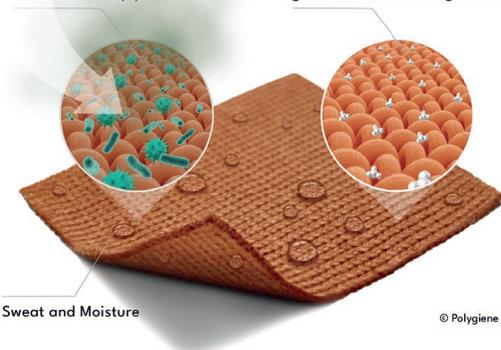
## POLYGIENE STAYFRESHBIO™

### NATURAL ODOR-REDUCING TECHNOLOGY

Polygiene StayFreshBio™ is a groundbreaking, 100% plant-based technology that has been proven to inhibit the growth of microbes by up to 99%. Polygiene StayFreshBio is not only highly effective in reducing odors in textiles and garments, but it also contributes to reducing the environmental impact of clothing as users can wear them more and wash them less.

**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

## POLYGIENE STAYFRESH™

### FRESHNESS FOR ALL

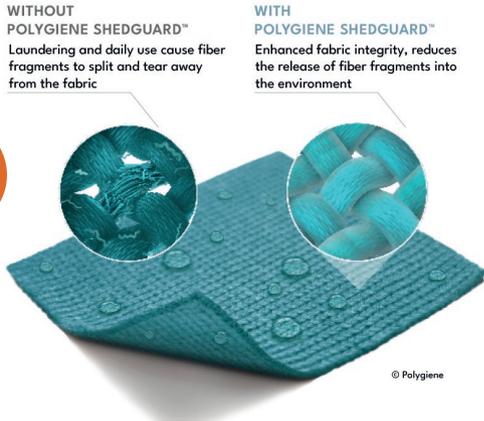
Polygiene StayFresh™ is embedded in textiles to provide freshness for the entire lifespan of most products. That means you need to wash less and replace items less frequently. Used by sports & outdoor brands, all sorts of fashion and apparel applications, lifestyle and home products and even for pets,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

# TECHNOLOGIES



# POLYGIENE®

**NEW!**



**WITHOUT POLYGIENE SHEDGUARD™**  
Laundering and daily use cause fiber fragments to split and tear away from the fabric

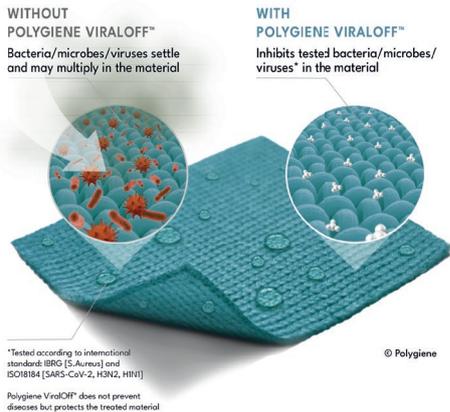
**WITH POLYGIENE SHEDGUARD™**  
Enhanced fabric integrity, reduces the release of fiber fragments into the environment

© Polygiene

## POLYGIENE SHEDGUARD™

### REDUCES MICROFIBER LOSS AND IMPROVES FABRIC RESISTANCE TO WEAR AND TEAR

Polygiene Shedguard is a textile finishing treatment designed to reduce the loss of microfibers from textiles during washing and improve resistance to fabric abrasion. On certain knitted materials, we have observed improvements of up to 70%.



**WITHOUT POLYGIENE VIRALOFF™**  
Bacteria/microbes/viruses settle and may multiply in the material

**WITH POLYGIENE VIRALOFF™**  
Inhibits tested bacteria/microbes/viruses\* in the material

\*Tested according to international standards: ISO 15859 [S. Aureus] and ISO 18184 [SARS-COV-2, H3N2, H1N1]

Polygiene ViralOff™ does not prevent diseases but protects the treated material

© Polygiene

## 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.

# TECHNOLOGIES Addmaster

A POLYGIENE GROUP COMPANY



## Biomaster

Antimicrobial Technology

Biomaster antimicrobial technology is easily incorporated into any polymer, plastic, textile, paper, paint or coating. Biomaster offers effective antimicrobial product protection for the effective lifetime of the product, helping to keep surfaces clean and hygienic and reducing opportunities for microbial growth.



## Verimaster

Security Technology

Verimaster is an anti counterfeit technology. Invisible to the naked eye and lasting the lifetime of products, Verimaster anti counterfeit additives are detectable only by our sensory or optical detectors.



## Scentmaster

Fragrance Technology

Scentmaster masterbatches present a wide range of fragrances for introduction into a variety of product materials. Due to its high fragrance concentration, Scentmaster introduction rates are typically 1% or lower - making it a cost-effective, as well as appealing addition to products.



## Masterpiece

Bespoke Solutions

Masterpiece Technology is available to any customer whose product specification demands the creation of a bespoke additive solution. Masterpiece will research, develop and implement your additive – even offering ongoing technical support throughout product manufacture.

# SOME OF OUR PARTNERS



**POLYGIENE®**

TOMMY HILFINGER



maloja

**DIESEL**



**ROYAL ENFIELD**



**RICARDO**  
BEVERLY HILLS



ATHLETA



**Addmaster**

A POLYGIENE GROUP COMPANY

M&S

opro

dyson

Flowcrete  
for the world at your feet

ITOKI



Dycem



HITACHI



**NHS**

wanzi



A selection of our partners. For a complete list of partners, visit [polygiene.com/partners](https://polygiene.com/partners) or [www.addmaster.co.uk](https://www.addmaster.co.uk).

# SHARE CAPITAL, THE SHARE AND OWNERSHIP STRUCTURE

## SHARE CAPITAL

At the end of 2023, Polygiene Group's share capital amounts to 3,652,699 SEK divided into 36,526,989 outstanding shares. According to Polygiene Group's articles of association, the share capital shall amount to at least SEK 3,600,000 and at most SEK 14,400,000, and the number of shares shall be at least 36,000,000 and at most 144,000,000. The nominal value of the shares is SEK 0.10. Polygiene has only one class of shares, and all shares have equal rights to dividends and surplus upon liquidation, as well as entitling to one vote per share. The shares in Polygiene Group are not, and have not been, subject to any mandatory offer, redemption right, or obligation to redeem. The shares have also not been subject to any public takeover offer. The shares have been issued in accordance with Swedish legislation and are denominated in Swedish kronor. There are no restrictions on the right to freely transfer shares.

## THE SHARE

The shares of Polygiene Group AB (publ.) were listed on the Nasdaq First North Growth Market, Stockholm, on March 14, 2016, at a subscription price of SEK 7.50. By the end of 2023, the share price amounted to SEK 8.35. The total market capitalization at the end of the period amounted to MSEK 305, with the highest and lowest prices during the period being SEK 9.47 and SEK 4.3, 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 FOF SUBSCRIPTION	EXERCISE PRICE
4	2021	300 000	June 1-30, 2024	68.28
5	2022	300 000	June 1-30, 2025	26.62
6	2023	300 000	June 1-30, 2026	11.52

All subscription options are subject to customary conversion terms in connection with issuances and similar. During the period of June 1st to June 30th, 2023, Program 3 expired without any redemptions.

## BOARD AUTHORIZATIONS TO ISSUE SHARES AND WARRANTS

At the end of 2023, there was an authorization for the board to decide on a new share issuance. The total number of shares that may be issued (alternatively added through the conversion of convertible bonds and/or exercise of warrants) under this authorization shall not exceed 4,058,554 shares, which would correspond to a dilution of approximately 10% based on the current number of shares.

## DEVELOPMENT IN THE SHARE CAPITAL

The share capital of Polygiene Group has changed since the company was founded in November 2005, as shown in the table (see page 24). Since its inception and until 2023, Polygiene Group has carried out several new share issues totaling approximately MSEK 515. To enable increased investments in marketing and sales, as well as to increase the number of shareholders ahead of the listing in March 2016, a new share issue was conducted in December 2015, targeted at around a hundred selected business angels and private individuals. This targeted new share issue amounted to MSEK 22.5 and was conducted at a price of SEK 7.50 per share, corresponding to a pre-money valuation of approximately MSEK 122 (equivalent to a post-money valuation of approximately MSEK 145).

## SHAREHOLDERS POLYGIENE GROUP

On December 31, 2023, Polygiene Group had 2,228 (2,729) shareholders. The table below shows the ten largest shareholders as of December 31.

SHAREHOLDERS	SHARES	%
Peter Gyllenhammar*	9,092,000	24.9 %
Paul Morris*	4,477,056	12.3 %
Familjen Eklund	3,625,946	9.9 %
Håkan Lagerberg*	2,465,030	6.7 %
Didner & Gerge Small & Microcap	1,445,405	4.0 %
Familjen Girell	1,340,000	3.7 %
Protean Funds Scandinavia	964,581	2.6 %
Jonas Wollin*	879,000	2.4 %
Avanza Pension	667,567	1.8 %
Nordnet Pensionsförsäkring	598,055	1.6 %
Others	10,972,349	30.1 %
<b>TOTAL</b>	<b>36,526,989</b>	<b>100.0 %</b>

\*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

Decisions regarding dividend distribution are made by the general meeting of shareholders upon proposal from the board of directors, and distribution of dividends is handled by Euroclear. The right to receive dividends belongs to those who are registered as shareholders in the share register maintained by Euroclear on the record date for the dividend as decided by the general meeting of shareholders. Dividends are typically paid as a cash amount per share through Euroclear, but may also consist of non-cash items such as distribution in kind.

If shareholders cannot be reached to receive dividends, their claim on the company remains, limited only by general rules of prescription. If the statutory limitation applies,

the entire amount accrues to the company. Polygiene Group does not apply any restrictions or special procedures regarding cash dividends to shareholders residing outside Sweden. Except for any limitations imposed by banking and clearing systems, payment is made in the same manner as for shareholders residing in Sweden. However, shareholders who are not tax residents in Sweden are normally subject to Swedish withholding tax. The size of future potential dividends to shareholders in Polygiene Group depends on several factors such as earnings, financial position, cash flow, and working capital requirements. Dividends to shareholders will only be possible once long-term profitability can be foreseen. In the coming years, dividends are not expected to be paid out, and available funds will be used for further 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

# SHARE PERFORMANCE

## POLYGIENE GROUP AB MARCH 2016 – DECEMBER 2023



# BOARD OF DIRECTORS, AUDITOR AND SENIOR MANAGEMENT

## BOARD OF DIRECTORS

Polygiene Groups board currently consists of five members elected until the end of the next annual general meeting. According to Polygiene Group's articles of association, the board shall consist of a minimum of three and a maximum of ten members with a maximum of ten alternate members. The current board has been appointed until the end of the annual general meeting, which will be held on May 16, 2024.

Jonas Wollin, Bengt Engström, Håkan Lagerberg, and Pamela Ravasio are considered by the board to be independent in relation to major shareholders (defined as shareholders who directly or indirectly own 10% or more of the shares or votes in Polygiene Group). Paul Morris,

with a holding of 4,447,056 shares (12.3%), is considered not to be independent in relation to major shareholders. All board members are considered by the board to be independent in relation to Polygiene Group. Jonas Wollin, through his wholly-owned company Rudholm & Haak (HK) Ltd, is a supplier to Polygiene Group. Rudholm & Haak (HK) Ltd supplies products to Polygiene Group with an annual value of approximately MSEK 4.3 excluding VAT. However, the value of what Rudholm & Haak (HK) Ltd supplies to Polygiene Group is considered relatively small in relation to Rudholm & Haak (HK) Ltd's turnover, which is why Jonas Wollin, despite this corporate relationship, is considered to be independent in relation to Polygiene Group AB.

## BOARD OF DIRECTORS

NAME	POSITION	BORN	ELECTED	HOLDINGS
Jonas Wollin	Chairman	1964	2011	879,000
Håkan Lagerberg	Member	1968	2019	2,465,030
Pamela Ravasio	Member	1975	2021	0
Paul Morris	Member	1969	2021	4,477,056
Bengt Engström	Member	1953	2023	0

# 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 InkInvest AB.

**PREVIOUS ASSIGNMENTS:**

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

**HOLDINGS IN POLYGIENE:**

879,000 shares.



**BENGT ENGSTRÖM**

**BOARD MEMBER**

Board member since 2023. Born in 1953 - has held executive positions in various companies since the 1980s

**EDUCATION:**

Master's degree in Engineering from KTH

**CURRENT ASSIGNMENTS:**

Chairman of the Board of Directors at Nordic Flanges AB, Qleanair AB, Qlosr AB, BEngström AB, BEngström Förvaltning AB, and IFG Durac. Board member at Scanfil Oy, Real Holding AB, Scandinavian Chemotech AB, and KTH Executive School AB.

**PREVIOUS ASSIGNMENTS:**

Global VP Microwave Ovens, Europe VP Manufacturing & Technology at Whirlpool Corporation, EVP at Whirlpool Corporation, President of Whirlpool Europe, CEO of Duni AB, and Nordic CEO of Fujitsu.

**HOLDINGS IN POLYGIENE:**

0 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 in 1969 - founded Addmaster Holding Limited in 2000 and has a strong entrepreneurial background.

**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:**

311,000 shares, 70,000 warrants 2021/2024, 45,000 warrants 2022/2025 and 60,000 warrants 2023/2026.



**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, 30,000 warrants 2022/2025 and 30,000 warrants 2023/2026.



**MATT FISHER**

**COO**

Born in 1972, employed since April 2022. Matt holds a B.Sc. in Combined Science (Chemistry and Physics) from the University of Wolverhampton. His experience over the past 25 years has predominately been in the Automotive Industry, working with companies such as Kongsberg Automotive, Magnetti Marelli and BMW. Most of his experience has been in Manufacturing and Continuous Improvement Leadership.

**HOLDINGS IN POLYGIENE:**

0 shares.



**DANIEL RÖME**

**TECHNICAL DIRECTOR INNOVATION**

Born 1976, member of the Board from May 2018 to May 2020 and operational in the company since January 2019. Daniel holds a PhD in Chemistry and a Master of Science in Chemistry from Lunds University (Lunds Tekniska Högskola). He has experience of working in leading positions within innovation and business- and product development. Daniel has previously worked at Perstorp AB and Nexam Chemical AB and is currently a consultant in his own company, Rome Consulting AB, with assignments for various companies.

**HOLDINGS IN POLYGIENE:**

233,661 shares, 20,000 warrants 2021/2024 and 13,700 warrants 2023/2026.



**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.



**PER KJELLANDER**

**AUDITOR**

The auditor of Polygiene Group is Grant Thornton Sweden AB with Per Kjellander as the main responsible auditor.

Per Kjellander is a certified auditor and a member of FAR - the industry organization for auditors and advisors - and is elected until the end of the regular annual general meeting which will be held on May 16, 2024.

# DIRECTOR'S REPORT 2023

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 2023 financial year.

## THE GROUP

Polygiene Group™ is the global leader in antimicrobial technologies. The company treats hard surfaces and textiles to ensure that products are better protected, more hygienic, and remain fresh and odor-free. As a brand ingredient choice, the company works with over 500 global premium brands through Polygiene and its subsidiary Addmaster. Polygiene Group builds its brand by actively working with the entire value chain from development and manufacturing at suppliers to marketing, distribution, and active customer support. Polygiene Group AB is listed on the Nasdaq First North Growth Market.

The parent company Polygiene Group AB operates through the sale of solutions for textiles and hard surfaces.

The subsidiary Addmaster (UK) Limited and the company Biomaster US LLC operate through the sale of solutions for non-textile surfaces and materials.

Polygiene Shanghai Ltd operates through the sale of Polygiene Group's goods and services.

The subsidiary Polygiene Services AB operates in the subscription, acquisition, and transfer of options and other securities.

Polygiene Germany GmbH provides sales and marketing services to the parent company.

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

## COMMENTS ON THE FINANCIAL DEVELOPMENT REVENUE

Polygiene Group's net sales in 2023 amounted to MSEK 113.5 (173.6). The deteriorating external environment during the second half of 2022 continued into 2023. Together with high inventory levels in the supply chain, this led to a decrease in turnover of -34.6% (-4.4%). Other operating income in Polygiene Group amounted to MSEK 5.9 (0.2 MSEK).

## EXPENSES

Operating expenses in 2023 amounted to MSEK -432.0 (-157.7), corresponding to an increase of 273.9% (11.9%). This includes a write-down of goodwill of MSEK -295. Cost of goods sold amounted to MSEK -36.4 (-59.0), resulting in a gross margin of 73.2% (66.0%). Other external costs for the year amounted to MSEK -54.7 (-55.2). These costs consist of:

- Variable sales costs MSEK 12.6 (-17.2), primarily consisting of commissions to agents and distributors.
- Marketing costs MSEK -6.7 (-9.5).
- Administrative costs MSEK -18.3 (-18.6).
- Contracted consultants MSEK -17.1 (-9.9), including one-time costs of MSEK -2.5.

During the year, Polygiene Group terminated several employments. In total, the costs for employee compensation amounted to MSEK -33.4 (-37.3).

Other operating expenses amounted to MSEK -7.2 (-1.9) and consist of currency exchange differences. Depreciation and impairment of intangible and tangible fixed assets amounted to MSEK -300.4 (-4.4). This includes a write-down of goodwill of MSEK -295.

## MULTI-YEAR OVERVIEW

GROUP (TSEK)	2023	2022	2021	2020	2019
Net sales	113,542	173,564	181,610	83,932	68,803
Operating profit/loss EBIT	-312,589	15,992	40,858	-1,051	-6,571
Balance sheet total	313,780	621,898	550,694	57,636	45,062
Equity/assets ratio (%)	92.8 %	95.3 %	94.3 %	47.7 %	64.8 %

PARENT COMPANY (TSEK)	2023	2022	2021	2020	2019
Net sales	56,148	80,021	93,724	80,032	68,803
Operating profit/loss EBIT	-29,652	-15,672	3,764	-442	-6,726
Balance sheet total	340,403	532,528	528,678	57,247	43,682
Equity/assets ratio (%)	89.3 %	92.3 %	85.6 %	49.0 %	66.3 %

**RESULT**

Operating profit EBIT amounted to MSEK -312.6 (16.0). This corresponds to an operating margin of -275.3% (9.2%). The net profit and total result amounted to MSEK -303.6 (21.8). During the year, changes in deferred withholding tax affected the result by MSEK -8.4 (-4.5) as it was assessed that these will not be utilized before expiration.

**BALANCE SHEET**

As of December 31, 2023, the total assets of Polygiene Group amounted to MSEK 313.8 (621.9). The fixed assets primarily consist of goodwill from the acquisition of other businesses. Accounts receivable amounted to MSEK 22.4 (35.1). Cash and cash equivalents amounted to MSEK 44.1 (48.2). At the end of the year, Polygiene Group has an equity ratio of 92.8% (95.3%). At the end of the year, Polygiene Group has a tax loss carryforward amounting to MSEK 80.7 (42.2). The loss of MSEK 36.3 is expected to be utilized in the coming years, and a deferred tax asset of MSEK 7.5 (7.5) has been recognized. On the negative result of the year no deferred tax was recorded.

**CASH FLOW**

Cash flow from operating activities amounted to MSEK 3.8 (-1.5). Cash flow from investing activities was negatively impacted by MSEK -9.4 (-52.1). Total cash flow was MSEK -3.7 (-6.1), and MSEK -4.1 (-4.3) including the currency effect.

**ORGANIZATION**

As of the end of the year, Polygiene Group's operational organization consisted of 43 (49) individuals, regardless of employment percentage, with 33 (37) being employees and 10 (12) contracted consultants. Geographically, the employees are distributed as follows: Sweden 14, UK 14, Latvia 1, Canada 1, USA 3, Germany 3, India 1, Chile 1, China 4, and Colombia 1.

<b>GENDER DISTRIBUTION, %</b>	<b>2023</b>	<b>2022</b>
Organization, women/men	53/47	58/42
Senior management, women/men	40/60	50/50
Board of Directors, women/men	20/80	20/80

**THE SHARE**

Polygiene Group's share has been listed on the Nasdaq First North Growth Market in Stockholm since March 14, 2016, under the trading symbol POLYG. As of December 31, 2023, the share capital amounted to SEK 3,652,699, divided into 36,526,989 outstanding shares of the same class. For more information about the stock, please refer to the *Share capital and ownership structure* on pages 23-24.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

On December 21, Polygiene Group AB announced a write-down of goodwill related to Addmaster amounting to MSEK 295, and also that no new long-term financial goals will be disclosed. The previously communicated goals were set at the end of 2021, as the world slowly reopened after the pandemic.

**SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR:**

No significant events have been identified after the end of the financial year.

**RISKS AND UNCERTAINTIES  
EXISTING BUSINESS**

An identified risk in the existing operations is if collaborative partners, for various reasons, choose not to use Polygiene Group's technology in their products. This could be due to policy decisions by customers or situations where increasing production costs lead to the temporary removal of Polygiene Group's treatment for cost reasons. This could have a negative impact on Polygiene Group's operations, results, and/or financial position. To minimize the risk of being seen solely as an additional cost, it is crucial for Polygiene Group to continue proving the added value that antimicrobial technologies provide. With expertise in regulations, technology, and marketing, the company addresses vulnerability to competition. Polygiene Group is primarily exposed to USD and GBP, but has currently chosen not to hedge these currency flows due to the difficulty of predicting the flows, as customers have short-term planning for their orders.

**NEW TECHNOLOGY**

Polygiene Group's ongoing and planned development projects include new relevant technology that will add value to existing and potential partners. There is a risk that legal and regulatory changes may have a negative impact on ongoing development projects and current products. Within Polygiene Group, there is deep and broad knowledge, as well as extensive experience in the regulatory field. The ability to effectively respond to and adapt to regulatory changes well in advance is therefore significant, and will reduce the risk.

**ACQUISITION**

An important part of Polygiene Group's growth strategies consists of acquisitions. There is a risk that Polygiene Group does not find suitable acquisition targets, which may affect Polygiene Group's growth rate. Another risk is if the integration process in an acquisition takes longer than expected, thereby negatively affecting the expected synergies.

The growth strategy may also be affected by financing risk, which may at a given time become more difficult or expensive or even impossible under Polygiene Group's conditions. During the acquisition process, a comprehensive analysis of the acquisition target is conducted, identifying and managing any risks carefully before acquisition decisions are made.

#### THE PANDEMIC AND THE GLOBAL ECONOMIC DOWNTURN

The pandemic, with its effects such as lockdowns and challenging logistics chains, continued to have consequences in 2023. Some of our distributors in Asia built up large safety stocks during 2021 and the first half of 2022. High inventory levels were consistently present throughout the value chain even during the first three quarters of 2023. This, combined with the economic downturn, which has had a significant impact on our customers, has negatively affected sales.

Polygiene Group closely monitors developments in the global economy. Polygiene Group is working to ensure continued strong cash flow, a debt-free company, and has, among other things, implemented a reorganization at the end of 2023 that will have a positive impact in 2024.

#### UKRAINE, ISRAEL, AND PALESTINE

The developments in Ukraine, Israel, and Palestine affect the geopolitical situation and increase uncertainties in the global market. The Group has no operations in Russia, Ukraine, Israel, or Palestine and therefore considers that these events have no direct impact on the Group's operations, results, and/or financial position. We observe an increase in freight costs and lead times, and therefore, we are actively working to reduce the risk of continued cost increases by optimizing freight terms and exploring alternative shipping solutions. Polygiene Group continuously monitors the developments.

#### SUSTAINABILITY EFFORTS

The operations of Polygiene Group contribute to a more sustainable world by enabling savings in laundry, reduced cleaning of surfaces and materials, and by extending the lifespan of products. For more information see page 18.

#### ALLOCATION OF PROFIT

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

##### AVAILABLE FOR THE ANNUAL GENERAL MEETING (TSEK)

Share premium reserve	517,838
Accumulated deficit	-35,177
Result of the year	-187,478
	<b>295,183</b>

##### THE BOARD OF DIRECTORS PROPOSES THAT

the following amount be carried forward	295,183
	<b>295,183</b>

As for Polygiene Group's results and position otherwise, please refer to the subsequent report on comprehensive income as well as the report on financial position with accompanying notes.

## STATEMENTS OF PROFIT OR LOSS

TSEK	NOTE	GROUP		PARENT COMPANY	
		2023-01-01 2023-12-31	2022-01-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-31
<b>OPERATING INCOME</b>					
Net sales	2, 3	113,542	173,564	56,148	80,021
Other operating income		5,917	162	5,452	191
<b>TOTAL OPERATING INCOME</b>		<b>119,459</b>	<b>173,726</b>	<b>61,600</b>	<b>80,212</b>
<b>OPERATING EXPENSES</b>					
Goods for resale		-36,387	-58,991	-13,779	-20,397
Other external expenses	4, 5	-54,735	-55,203	-50,345	-47,393
Cost compensation to employees	6, 7, 8	-33,379	-37,302	-17,760	-22,256
Depreciation, amortization and impairment of tangible and intangible fixed assets	12, 13	-300,385	-4,353	-2,751	-2,343
Other operating expenses		-7,162	-1,885	-6,617	-3,495
<b>TOTAL OPERATING EXPENSES</b>		<b>-432,048</b>	<b>-157,734</b>	<b>-91,252</b>	<b>-95,884</b>
<b>OPERATING PROFIT</b>		<b>-312,589</b>	<b>15,992</b>	<b>-29,652</b>	<b>-15,672</b>
<b>GAIN (LOSS) FROM FINANCIAL ITEMS</b>					
Profit from shares in group companies		-	-	14,321	13,182
Write-down of shares in group companies		-	-	-162,991	-
Other interest income and similar items		3,186	-	830	-
Interest expense and similar items		-3,672	-35	-1,616	-269
<b>PROFIT AFTER FINANCIAL ITEMS</b>		<b>-313,075</b>	<b>15,957</b>	<b>-179,108</b>	<b>-2,759</b>
Tax expense	10	-8,873	-7,599	-8,370	-1,594
<b>PROFIT FOR THE YEAR</b>		<b>-321,948</b>	<b>8,358</b>	<b>-187,478</b>	<b>-4,353</b>
<b>ITEMS THAT MAY BE RECLASSIFIED IN THE INCOME STATEMENT</b>					
Other total result - translation difference		18,319	13,483	-	-
<b>TOTAL PROFIT FOR THE YEAR</b>		<b>-303,629</b>	<b>21,841</b>	<b>-187,478</b>	<b>-4,353</b>
<b>EARNINGS PER SHARE</b>					
Basic earnings per share, before and after dilution	11				
Before		-8.31	0.60	-5.13	-0.12
After		-8.31	0.58	-5.13	-0.12

## STATEMENTS OF FINANCIAL POSITION

ASSETS (TSEK)	NOTE	GROUP		PARENT COMPANY	
		2023-12-31	2022-12-31	2023-12-31	2022-12-31
<b>FIXED ASSETS</b>					
<b>INTANGIBLE FIXED ASSETS</b>	12				
Development and similar work		5,147	4,672	5,054	4,672
Software and licenses		3,717	3,626	3,318	3,490
Goodwill		185,897	461,478	-	-
Other intangible fixed assets		2,723	3,564	-	-
<b>TOTAL INTANGIBLE FIXED ASSETS</b>		<b>197,484</b>	<b>473,340</b>	<b>8,372</b>	<b>8,162</b>
<b>TANGIBLE FIXED ASSETS</b>					
Inventories	13	1,559	656	302	463
Right to use leased objects	5	3,785	1,575	-	-
<b>TOTAL TANGIBLE FIXED ASSETS</b>		<b>5,344</b>	<b>2,231</b>	<b>302</b>	<b>463</b>
<b>FINANCIAL FIXED ASSETS</b>					
Participation in group companies	16	-	-	296,578	459,429
Receivables group companies		-	-	716	314
Foreign withholding tax	14	-	7,007	-	7,007
Deferred tax assets	17	7,478	7,478	7,478	7,478
<b>TOTAL FINANCIAL FIXED ASSETS</b>		<b>7,478</b>	<b>14,485</b>	<b>304,772</b>	<b>474,228</b>
<b>TOTAL FIXED ASSETS</b>		<b>210,306</b>	<b>490,056</b>	<b>313,446</b>	<b>482,853</b>
<b>CURRENT ASSETS</b>					
<b>INVENTORY</b>					
Finished goods and goods for resale		30,205	35,518	3,530	6,071
<b>TOTAL INVENTORIES</b>		<b>30,205</b>	<b>35,518</b>	<b>3,530</b>	<b>6,071</b>
<b>CURRENT RECEIVABLES</b>					
Trade and other receivables	15, 18	22,366	35,064	16,450	21,918
Receivables group companies		-	-	228	344
Contract and other receivables	15, 19	3,748	9,893	697	2,955
Prepaid expenses and accrued income	19	3,009	3,158	2,812	2,051
<b>TOTAL CURRENT RECEIVABLES</b>		<b>29,123</b>	<b>48,115</b>	<b>20,187</b>	<b>27,268</b>
<b>LIQUID ASSETS</b>	15, 20, 23	<b>44,146</b>	<b>48,209</b>	<b>3,240</b>	<b>16,336</b>
<b>TOTAL CURRENT ASSETS</b>		<b>103,474</b>	<b>131,842</b>	<b>26,957</b>	<b>49,675</b>
<b>TOTAL ASSETS</b>		<b>313,780</b>	<b>621,898</b>	<b>340,403</b>	<b>532,528</b>

## STATEMENTS OF FINANCIAL POSITION

EQUITY AND LIABILITIES (TSEK)	NOTE	GROUP		PARENT COMPANY	
		2023-12-31	2022-12-31	2023-12-31	2022-12-31
<b>EQUITY</b>	21				
<b>RESTRICTED EQUITY</b>					
Share capital		3,653	3,653	3,653	3,653
Development fund		-	-	5,054	4,672
<b>TOTAL RESTRICTED EQUITY</b>		<b>3,653</b>	<b>3,653</b>	<b>8,707</b>	<b>8,325</b>
<b>NON-RESTRICTED EQUITY</b>	32				
Share premium		522,942	522,942	517,838	517,838
Development fund		5,054	4,672	-	-
Profit (loss) brought forward		62,344	38,662	-35,177	-30,441
Profit (loss) for the year		-303,629	21,841	-187,478	-4,353
Share warrants		882	789	-	-
<b>TOTAL NON-RESTRICTED EQUITY</b>		<b>287,593</b>	<b>588,906</b>	<b>295,183</b>	<b>483,044</b>
<b>TOTAL EQUITY</b>		<b>291,246</b>	<b>592,559</b>	<b>303,890</b>	<b>491,369</b>
<b>LONG TERM LIABILITIES</b>					
Liabilities to group companies		-	-	11,315	10,600
Leasing office premises	5	1,876	19	-	-
<b>TOTAL LONG TERM LIABILITIES</b>		<b>1,876</b>	<b>19</b>	<b>11,315</b>	<b>10,600</b>
<b>CURRENT LIABILITIES</b>					
Advance payments from customers	15	858	1,000	-	-
Trade and other payables	15, 22	7,388	13,277	3,174	5,267
Payables group companies		-	-	13,435	17,529
Leasing office premises	5	2,014	1,619	-	-
Contract and other liabilities	15	472	3,963	157	751
Accrued expenses and deferred income		9,926	9,461	8,432	7,012
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,658</b>	<b>29,320</b>	<b>25,198</b>	<b>30,559</b>
<b>TOTAL LIABILITIES</b>		<b>22,534</b>	<b>29,339</b>	<b>36,513</b>	<b>41,159</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>313,780</b>	<b>621,898</b>	<b>340,403</b>	<b>532,528</b>

# THE GROUP'S STATEMENTS OF CHANGE IN EQUITY

## 2023

INCOMING BALANCE (TSEK)	NOTE	SHARE CAPITAL	DEVELOPMENT FUND	SHARE PREMIUM	PROFIT OR LOSS BROUGHT FORWARD	TOTAL EQUITY
<b>2023-01-01</b>		<b>3,653</b>	<b>4,672</b>	<b>523,731</b>	<b>60,503</b>	<b>592,559</b>
<b>TRANSACTIONS WITH OWNERS</b>						
New share issue		-	-	93	-	93
<b>TOTAL TRANSACTIONS WITH OWNERS</b>		<b>-</b>	<b>-</b>	<b>93</b>	<b>-</b>	<b>93</b>
Additional development expenses		-	382	-	-382	-
Translation difference		-	-	-	2,223	2,223
<b>PROFIT FOR THE YEAR</b>						
Profit for the year		-	-	-	-321,948	-321,948
Other total result - translation difference		-	-	-	18,319	18,319
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-303,629</b>	<b>-303,629</b>
<b>OUTGOING BALANCE 2023-12-31</b>	21	<b>3,653</b>	<b>5,054</b>	<b>523,824</b>	<b>-241,285</b>	<b>291,246</b>

## 2022

INCOMING BALANCE (TSEK)	NOTE	SHARE CAPITAL	DEVELOPMENT FUND	SHARE PREMIUM	PROFIT OR LOSS BROUGHT FORWARD	TOTAL EQUITY
<b>2022-01-01</b>		<b>3,555</b>	<b>4,049</b>	<b>475,426</b>	<b>36,120</b>	<b>519,150</b>
<b>TRANSACTIONS WITH OWNERS</b>						
New share issue		98	-	48,305	-	48,403
<b>TOTAL TRANSACTIONS WITH OWNERS</b>		<b>98</b>	<b>-</b>	<b>48,305</b>	<b>-</b>	<b>48,403</b>
Additional development expenses		-	623	-	-623	-
Currency revaluation		-	-	-	3,165	3,165
<b>PROFIT FOR THE YEAR</b>						
Profit for the year		-	-	-	8,358	8,358
Other total result - translation difference		-	-	-	13,483	13,483
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>21,841</b>	<b>21,841</b>
<b>OUTGOING BALANCE 2022-12-31</b>	21	<b>3,653</b>	<b>4,672</b>	<b>523,731</b>	<b>60,503</b>	<b>592,559</b>

# THE PARENT COMPANY'S STATEMENTS OF CHANGE IN EQUITY

## 2023

INCOMING BALANCE (TSEK)	NOTE	SHARE CAPITAL	DEVELOPMENT FUND	SHARE PREMIUM	PROFIT OR LOSS BROUGHT FORWARD	PROFIT OR LOSS	TOTAL EQUITY
<b>2023-01-01</b>		<b>3,653</b>	<b>4,672</b>	<b>517,838</b>	<b>-30,441</b>	<b>-4,353</b>	<b>491,369</b>
Additional development expenses		-	382	-	-382	-	-
Transfer previous year's profit		-	-	-	-4,353	4,353	-
<b>PROFIT FOR THE YEAR</b>		-	-	-	-	<b>-187,478</b>	<b>-187,478</b>
<b>OUTGOING BALANCE 2023-12-31</b>	21	<b>3,653</b>	<b>5,054</b>	<b>517,838</b>	<b>-35,177</b>	<b>-187,478</b>	<b>303,890</b>

## 2022

INCOMING BALANCE (TSEK)	NOTE	SHARE CAPITAL	DEVELOPMENT FUND	SHARE PREMIUM	PROFIT OR LOSS BROUGHT FORWARD	PROFIT OR LOSS	TOTAL EQUITY
<b>2022-01-01</b>		<b>3,555</b>	<b>4,049</b>	<b>474,820</b>	<b>-32,822</b>	<b>3,004</b>	<b>452,606</b>
Additional development expenses		-	623	-	-623	-	-
Transfer previous year's profit		-	-	-	3,004	-3,004	-
New share issue		98	-	43,018	-	-	43,116
<b>PROFIT FOR THE YEAR</b>		-	-	-	-	<b>-4,353</b>	<b>-4,353</b>
<b>OUTGOING BALANCE 2022-12-31</b>	21	<b>3,653</b>	<b>4,672</b>	<b>517,838</b>	<b>-30,441</b>	<b>-4,353</b>	<b>491,369</b>

# CASH FLOW STATEMENT

	NOTE	GROUP		PARENT COMPANY	
		2023-01-01 2023-12-31	2022-01-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-31
<b>OPERATING ACTIVITIES (TSEK)</b>					
Operating profit		-312,589	15,993	-29,653	-15,672
Non-cash adjustment	26	299,548	8,707	1,096	4,375
Interest received		493	-	133	-
Interest paid		-90	-36	-	-269
Income tax paid		-3,864	-6,315	-400	-311
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>		<b>-16,502</b>	<b>18,349</b>	<b>-28,824</b>	<b>-11,877</b>
<b>CHANGES IN WORKING CAPITAL</b>					
Change in inventories		5,853	-6,413	2,541	-2,201
Change in trade and other receivables		23,193	-5,872	11,435	2,771
Change in trade and other payables		-8,758	-7,608	-7,740	6,442
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>3,786</b>	<b>-1,544</b>	<b>-22,588</b>	<b>-4,865</b>
<b>INVESTING ACTIVITIES</b>					
Loan to Group companies		-	-	-413	-
Received dividends		-	-	14,321	13,182
Acquisition of subsidiary		-	-1,244	-139	-1,244
Acquisition of intangible fixed assets	12	-3,190	-48,484	-2,882	-4,303
Acquisition of tangible fixed assets	5, 13	-4,868	-612	-31	-470
Acquisition of financial assets		-1,363	-1,769	-1,364	-2,083
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-9,421</b>	<b>-52,109</b>	<b>9,492</b>	<b>5,082</b>
<b>FINANCING ACTIVITIES</b>					
New shares issue		-	48,220	-	43,116
Warrants		93	183	-	-
Borrowings group companies		-	-	-	-43,385
Lease liabilities		3,119	-	-	-
Amortization of leased object		-1,262	-901	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>1,950</b>	<b>47,502</b>	<b>-</b>	<b>-269</b>
<b>CASH FLOW FOR THE YEAR</b>					
		<b>-3,685</b>	<b>-6,151</b>	<b>-13,096</b>	<b>-52</b>
Cash and cash equivalents at the beginning of the year		48,209	52,552	16,336	16,388
Translation differences in cash and cash equivalents		-378	1,808	-	-
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>		<b>44,146</b>	<b>48,209</b>	<b>3,240</b>	<b>16,336</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: ACCOUNTING POLICIES

### NATURE OF OPERATIONS

Polygiene Group™ is the global leader in antimicrobial technologies. The company treats hard surfaces and textiles to ensure that products are better protected, more hygienic, and remain fresh and odor-free. As the ingredient of choice for brands, the company collaborates with over 500 global premium brands through Polygiene and its subsidiary Addmaster. Polygiene Group provides a range of technologies that enhance the value of our customers' products, including OdorCrunch™, StayFresh™, Scentmaster™, ViralOff™, Biomaster™, and Verimaster™.

Polygiene Group's brand is a significant asset, and the ongoing efforts to strengthen the brand and its awareness are essential to achieve future goals.

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

Polygiene Group AB (publ), the parent company of the group, is a public limited company formed and headquartered in Sweden. Its main office and primary place of business are located at Styrmansgatan 2, 211 18 Malmö. Polygiene Group AB's shares are listed on the Nasdaq First North Growth Market.

Polygiene Group's financial reports have been prepared in accordance with the Annual Accounts Act, the Swedish Accounting Standards Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) as adopted by the EU. The financial reports have been prepared on the assumption that Polygiene Group continues its operations as a going concern.

The consolidated financial statements for the year ended December 31, 2023, were approved for issuance by the board of directors on April 12, 2024.

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

As of the date of approval of these financial reports, certain new standards, amendments, and interpretations of existing standards that have not yet come into effect have been published. Management assumes that all relevant pronouncements will be incorporated into Polygiene

Group's accounting policies when the pronouncement becomes effective. New standards, amendments, and clarifications that are not applied or specified below are not expected to have a material impact on Polygiene Group's financial reports.

### BASIS OF PREPARATION

Polygiene Group's financial reports have been prepared using the accrual basis and are based on historical cost (SEK). Monetary items are expressed in SEK and rounded to the nearest thousand, except for earnings per share.

### BASIS OF CONSOLIDATION

In the consolidated financial statements, the parent company and subsidiary operations are consolidated up to December 31, 2023. All subsidiaries have a year-end of December 31. All intra-group transactions and balances are eliminated upon consolidation, including unrealized gains and losses on transactions between group companies.

In cases where unrealized losses on intra-group sales of assets are reversed upon consolidation, the impairment need of the underlying asset is also assessed from a group perspective. Amounts reported in subsidiary financial statements have been adjusted where necessary to ensure compliance with Polygiene Group's accounting and valuation principles.

Results and other comprehensive income for subsidiaries acquired or disposed of during the year are reported from the date the acquisition or disposal takes effect, as applicable.

### BUSINESS ACQUISITIONS

Polygiene Group applies the acquisition method in accounting for business combinations. The consideration transferred by Polygiene Group to obtain control over a subsidiary is measured at the aggregate of the fair values of assets transferred, liabilities assumed, and equity instruments issued by Polygiene Group, including the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed when incurred.

Acquired assets and assumed liabilities are measured at their fair values at the acquisition date. For acquisitions where the transferred amount exceeds the fair value of the acquired assets and assumed liabilities separately recognized, the excess is recognized 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 assets and liabilities denominated in foreign currency have been translated into the balance sheet date's exchange rate. Exchange rate differences arising from settlement or translation of monetary items are recognized in the income statement in the fiscal year in which they arise, either as an operating item or as a financial item based on the underlying transaction.

## FOREIGN OPERATIONS

In the consolidated financial statements, all assets, liabilities, and transactions in subsidiary companies with a functional currency other than SEK are translated into SEK at the time of consolidation. In the consolidation process, assets and liabilities have been translated at the balance sheet date's exchange rate. Adjustments to goodwill and fair value arising from the acquisition of a foreign operation have been recognized as assets and liabilities in the foreign operation and translated into SEK at the balance sheet date's exchange rate. Revenues and expenses have been translated into SEK using the average exchange rate during the reporting period. Translation differences are directly recognized in other comprehensive income and presented separately under changes in equity. Upon disposal of a foreign operation, any related accumulated translation differences recognized in equity are reclassified to profit or loss and presented as part of the gain or loss on disposal.

## SEGMENT REPORTING

Within Polygiene Group, there are two segments: Polygiene and Addmaster. The foundation of these segments is the underlying technology. The focus within these segments is on market sales and technology, which is why only sales and gross profit are measured per segment. Other aspects are measured for Polygiene Group as a whole.

## 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 is recognized when Polygiene Group transfers control of the assets to the customer. The transaction price is typically determined based on the quantity of chemicals. Revenue from royalty is recognized when the end customer has received and gained control over the chemical for the production of, for example, garments. The transaction price may be calculated based on the quantity of finished fabric or the number of produced garments, or in a similar manner. At the same time, the cost of these chemicals is recognized in the statement of comprehensive income. Invoices for transferred goods or services are to be paid when the customer receives the goods.

## 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, trademarks and development costs with definable useful life are depreciated over 5 years.

## GOODWILL

Goodwill represents future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is recognized at cost less any accumulated impairments, which result from an annual impairment test.

## TANGIBLE FIXED ASSETS

Tangible fixed assets are initially recognized at cost, net of accumulated depreciation and any impairments. Depreciation is recognized on a straight-line basis over the expected useful life. Furniture and fixtures are depreciated over three years. Right-of-use assets are depreciated over the lease term, which is typically three to five years.

## LEASING THE GROUP AS LESSEE

For all agreements, Polygiene Group assesses whether the agreement is a lease or contains a lease. A lease is defined as "an agreement, or part of an agreement, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration." To apply this definition, Polygiene Group evaluates whether the agreement meets the following criteria:

- The agreement contains an identified asset that is either explicitly identified in the contract or implicitly specified by being identified at the time the asset becomes available to Polygiene Group.
- Polygiene Group has the right to substantially all of the economic benefits that arise from the use of the identified asset throughout the lease term, considering Polygiene Group's rights within the defined scope of the contract.
- Polygiene Group has the right to control the use of the identified asset throughout the lease term. Polygiene Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the lease term.

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

#### VALUATION AND ACCOUNTING OF LEASE AGREEMENTS AS LESSEE

At the commencement of a lease agreement, Polygiene Group records a right-of-use asset and a lease liability in the financial statement. The right-of-use asset is valued at cost, which includes the total initially recognized lease liability, any initial direct costs incurred by Polygiene Group, and lease payments made before the lease commencement date (net of any lease incentives received). Polygiene Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earliest termination date of the lease term or the end of the lease agreement.

Polygiene Group also assesses whether there is any indication of impairment for the right-of-use asset. At the lease commencement date, Polygiene Group measures the lease liability at the present value of the lease payments not yet paid. The lease payments are discounted using Polygiene Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments) and variable lease payments based on an index. Subsequent to the commencement date, the lease liability decreases as payments are made and increases as interest accrues. The liability is remeasured to reflect any changes in estimates or modifications to the lease terms, including changes in in-substance fixed payments. When the lease liability is remeasured, corresponding adjustments are made to the right-of-use asset or recognized in profit or loss if the right-of-use asset has already been reduced to zero.

Polygiene Group has chosen to account for short-term leases and leases of low-value assets using the practical expedient available in IFRS 16. Instead of recognizing a right-of-use asset and a lease liability for these leases, lease payments for these leases are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are separately disclosed in the financial statement under *Tangible fixed assets*, while lease liabilities are disclosed under current and non-current liabilities.

#### IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS

Polygiene Group conducts impairment testing of its indefinite-lived intangible assets and goodwill regularly throughout the year. The acquired businesses through Addmaster, including Steritouch and Biomaster US, have been identified as Polygiene Group's cash-generating unit. A cash-generating unit is a group of assets that generates cash flows that are largely independent of other assets. Any other individual assets or cash-generating units are tested for impairment when events or changed circumstances indicate that the carrying amount may not be recoverable.

An impairment is recognized for the amount by which the carrying amount of the asset or cash-generating unit 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 the expected future cash flows from each cash-generating unit and determines an appropriate discount rate to calculate the present value of these cash flows. As of December 31, 2023, this discount rate was 13.34%. The data used in assessing impairment is directly linked to Polygiene Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset improvements. Discount rates 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 VALUATION 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 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 expenses*.

### 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.

## INVENTORY

Inventory is valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Net realizable value is calculated as the sales value less the estimated selling expenses, taking into account any obsolescence.

## 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, unless the attributable transaction is a business acquisition or affects tax or reported profit, it does not constitute temporary differences either

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 Company are recorded separately within equity.

## POST-EMPLOYMENT BENEFITS AND WARRANTS ISSUED

### 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.

### CONTINGENT LIABILITIES

Contingent liabilities are recognized when there is a possible obligation arising from past events, and its existence is confirmed only by one or more uncertain future events, or when there are one or more obligations that are not recognized as liabilities or provisions because it is not probable that an outflow of resources will be required.

## 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.

### ACCOUNTING FOR FOREIGN WITHHOLDING TAX

Foreign withholding tax is a type of withholding tax that Polygiene Group may recover when prior tax losses are utilized. The Board assesses whether withholding tax continues to be recognized as a financial asset. This year's assessment has resulted in an impairment of withholding tax by MSEK 8.4.

## 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. The deferred tax on the deficit of the year has not been capitalized.

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.

## IMPAIRMENT OF GOODWILL AND OTHER ASSETS

To assess impairment, the Group management conducts at least one impairment test per year based on expected future cash flows, using an appropriate discount rate to discount the cash flow.

Based on this year's impairment test, the board's assessment has resulted in an impairment of MSEK 295, of which MSEK 50 stems from currency fluctuations since the acquisition. All other individual assets or cash-generating units are tested for impairment when events or changed circumstances indicate that the carrying amount may not be recoverable.

## DETERMINATION OF SEGMENTS

The Board of Directors and the CEO assess that the operations of Polygiene Group consist of two operating segments: Polygiene and Addmaster. These segments also form the basis for Polygiene Group's internal reporting. The foundation of these segments lies in the underlying technology.

The focus of these segments is on market and sales (i.e., customers and products), which is why only sales and gross profit are measured per segment. Other aspects are measured for Polygiene Group as a whole, as the focus is on consolidating functions to achieve synergies across 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.

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.

### 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: NET SALES

The geographic market Global primarily involves sales to distributors. Only when the sale reaches the end customer is the revenue allocated to other geographic markets. This is the reason why the Global market may sometimes show negative sales.

GROUP PRIMARY GEOGRAPHIC MARKETS:	2023		
	GOODS	ROYALTY	TOTAL
APAC	27,388	10,648	38,036
EMEA	62,138	4,948	67,086
AMERICAS	16,481	5,645	22,126
GLOBAL	-13,697	-9	-13,706
<b>TOTAL</b>	<b>92,310</b>	<b>21,232</b>	<b>113,542</b>

GROUP PRIMARY GEOGRAPHIC MARKETS:	2022		
	GOODS	ROYALTY	TOTAL
APAC	31,841	12,097	43,938
EMEA	89,084	10,127	99,211
AMERICAS	21,560	9,244	30,804
GLOBAL	-394	5	-389
<b>TOTAL</b>	<b>142,091</b>	<b>31,473</b>	<b>173,564</b>

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

SEGMENT	2023		
	GOODS	ROYALTY	TOTAL
POLYGIENE	31,724	21,232	52,956
ADDMASTER	60,586	-	60,586
<b>TOTAL</b>	<b>92,310</b>	<b>21,232</b>	<b>113,542</b>

SEGMENT	2022		
	GOODS	ROYALTY	TOTAL
POLYGIENE	46,993	31,473	78,466
ADDMASTER	95,098	-	95,098
<b>TOTAL</b>	<b>142,091</b>	<b>31,473</b>	<b>173,564</b>

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

GOODS TRANSFERRED AT A POINT IN TIME:	2022	2021
Goods	92,310	142,091
Royalty	21,232	31,473
<b>TOTAL</b>	<b>113,542</b>	<b>173,564</b>

### NOTE 3: SEGMENT REPORTING

Group management defines the group's business segments as Polygiene and Addmaster. The gross profit from these segments is monitored by Polygiene Group's executive decision-makers and serves as the basis for strategic decisions. Currently, no further segmentation monitoring is conducted. Reporting by segment is as follows:

REVENUE	2023		
	POLYGIENE	ADDMASTER	TOTAL
Net sales	52,956	60,586	113,542
Other income	5,735	182	5,917
<b>TOTAL SEGMENT INCOME</b>	<b>58,691</b>	<b>60,768</b>	<b>119,459</b>
Goods for resale	-12,568	-23,819	-36,387
<b>TOTAL SEGMENT GROSS PROFIT</b>	<b>46,123</b>	<b>36,949</b>	<b>83,072</b>

REVENUE	2022		
	POLYGIENE	ADDMASTER	TOTAL
Net sales	78,466	95,098	173,564
Other income	162	-	162
<b>TOTAL SEGMENT INCOME</b>	<b>78,628</b>	<b>95,098</b>	<b>173,726</b>

Goods for resale	-9,036	-49,955	-58,991
<b>TOTAL SEGMENT GROSS PROFIT</b>	<b>69,592</b>	<b>45,143</b>	<b>114,735</b>

SEGMENT ASSETS	2023		
	POLYGIENE	ADDMASTER	TOTAL
Intangible assets	8,372	189,112	197,484
Tangible assets	3,686	1,658	5,344
<b>TOTAL</b>	<b>12,058</b>	<b>190,770</b>	<b>202,828</b>

SEGMENT ASSETS	2022		
	POLYGIENE	ADDMASTER	TOTAL
Intangible assets	8,161	465,179	473,340
Tangible assets	1,035	1,196	2,231
<b>TOTAL</b>	<b>9,196</b>	<b>466,375</b>	<b>475,571</b>

## NOTE 4: REMUNERATION TO AUDITORS

GRANT THORNTON SWEDEN AB	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
	Audit engagement	638	474	626
Other services	33	310	33	310
<b>TOTAL</b>	<b>671</b>	<b>784</b>	<b>659</b>	<b>784</b>

## NOTE 5: LEASES

	GROUP	
	2023-12-31	2022-12-31
Short-term	2,014	1,619
Long-term	1,876	19
<b>TOTAL</b>	<b>3,890</b>	<b>1,638</b>

The Group holds four lease agreements for office and residential facilities. The office spaces are located in Malmö and Stafford (UK) and run for three and five years, respectively, while the residential spaces in Malmö have a duration of two years. Except for short-term leases and leases for which the underlying asset has a low value, a right-of-use asset and a lease liability are recognized in the statement of financial position. The Group classifies its right-of-use assets in the category of *Tangible fixed assets*. The borrowing rate has been assessed at 4.5% during the fiscal year.

As of December 31, 2023, the Group's total short-term lease liabilities amounted to TSEK 27 (46). The total cash flow related to leasing for the fiscal year ended December 31, 2023, amounted to TSEK 1,353 (901).

Future minimum lease fees:

	MINIMUM LEASE PAYMENTS DUE			
	WITHIN 1 YEAR	1 TO 5 YEAR	AFTER 5 YEARS	TOTAL
2023-12-31	2,014	1,876	-	3,890
2022-12-31	1,619	19	-	1,638

### LEASE AGREEMENTS NOT RECOGNIZED AS LIABILITIES

Polygiene Group has chosen not to recognize a lease liability for short-term lease agreements (lease agreements with an expected lease term of 12 months or less) and for lease agreements for which the underlying asset has a low value. Payments for such lease agreements are expensed on a straight-line basis. Additionally, certain variable lease payments are not permitted to be recognized as lease liabilities, and therefore, these are also expensed as incurred. Costs related to lease payments that are not included in the calculation of lease liabilities are as follows:

	GROUP	
	2023-12-31	2022-12-31
Short-term lease agreement	27	46
<b>TOTAL</b>	<b>27</b>	<b>46</b>

### RIGHT TO USE LEASED OBJECTS

	GROUP	
	2023-12-31	2022-12-31
Accumulated cost brought forward	3,153	2,968
Entered leasing agreement	3,449	-
Index adjustment	148	185
<b>ACCUMULATED COST CARRIED FORWARD</b>	<b>6,750</b>	<b>3,153</b>

	GROUP	
	2023-12-31	2022-12-31
Accumulated cost brought forward	-1,578	-575
Depreciation of the year	-1,387	-1,003
<b>ACCUMULATED DEPRECIATION BROUGHT FORWARD</b>	<b>-2,965</b>	<b>-1,578</b>
<b>REPORTED VALUE</b>	<b>3,785</b>	<b>1,575</b>

## NOTE 6: EMPLOYEE BENEFITS EXPENSE

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Salaries - board and managing director	3,136	3,102	3,136	2,983
Salaries - other employees	23,197	25,501	9,723	13,194
Pensions, defined contribution plan - board and managing director	629	608	629	608
Pensions, defined contribution plan - other employees	1,299	1,574	730	963
Other statutory social security contributions	4,781	5,077	3,046	3,602
<b>TOTAL</b>	<b>33,042</b>	<b>35,862</b>	<b>17,264</b>	<b>21,350</b>

	2023	
	SALARIES AND BENEFITS	PENSIONS
Jonas Wallin, Chairman of the board	350	-
Martin Kössler, Board member	200	-
Håkan Lagerberg, Board member	200	-
Pamela Ravasio, Board member	200	-
Paul Morrison, Board member	200	-
Ulrika Björk, CEO	1,986	629
Other senior management	2,402	303
<b>TOTAL</b>	<b>5,538</b>	<b>932</b>

Polygiene Group has entered into an agreement with the CEO which entitles the CEO to severance pay equivalent to nine months' salary.

For information about warrants granted to senior executives, see page 28.

## NOTE 7: AVERAGE NUMBER OF EMPLOYEES

GROUP	2023		2022	
	AVERAGE NUMBER OF EMPLOYEES*	WHEREOF MEN	AVERAGE NUMBER OF EMPLOYEES*	WHEREOF MEN
Sweden	15	6	14	5
EU	4	2	3	2
Rest of the world	25	11	26	11
<b>TOTAL</b>	<b>44</b>	<b>19</b>	<b>43</b>	<b>18</b>

PARENT COMPANY	2023		2022	
	AVERAGE NUMBER OF EMPLOYEES*	WHEREOF MEN	AVERAGE NUMBER OF EMPLOYEES*	WHEREOF MEN
Sweden	15	6	14	5
EU	1	-	3	2
Rest of the world	7	5	6	6
<b>TOTAL</b>	<b>23</b>	<b>11</b>	<b>23</b>	<b>13</b>

\* includes 13 (9) consultants.

## NOTE 8: SPLIT BY GENDER

The Board includes 1 (1) women.

## NOTE 9: SHARE BASED PAYMENTS

Polygiene Group offers a warrant program to all its employees and contracted consultants. These programs are based on the performance of the parent company's shares over a three-year period. Each warrant grants the holder the right to purchase a share in the parent company at a predetermined price. The calculation of warrant premiums and exercise prices is conducted by an independent valuation expert hired by Polygiene Group. It's important to note that participation in these warrant programs is not contingent upon the participant's employment status or engagement with Polygiene Group.

During the year, Program 3 expired without any exercises.

Below are the warrants and their corresponding weighted average exercise prices for the current reporting periods:

GROUP	ANTAL OPTIONER		
	PROGRAM 4	PROGRAM 5	PROGRAM 6
Granted	300,000	300,000	300,000
<b>OUTSTANDING DEC 31, 2023</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

The fair value of the allocated warrants was determined using the Black-Scholes model, which considers factors specifically related to incentive programs. The condition regarding total return of the programs 4, 5, and 6 is a market condition incorporated into the valuation using actuarial models. The following key assumptions were utilized in the valuation:

GROUP	PROGRAM 4	PROGRAM 5	PROGRAM 6
<b>GRANT DATE</b>	<b>2021-06-04</b>	<b>2022-06-01</b>	<b>2023-06-01</b>
Share price at date of grant (SEK)	36.60	15.30	5.76
Warrant life	3 years	3 years	3 years
Fair value per option at grant date (SEK)	1.12	0.61	0.31
Exercise price at date of grant (SEK)	68.28	26.62	11.52
Exercisable from	2024-06-01	2025-06-01	2026-06-01
to	2024-06-30	2025-06-30	2026-06-30
Weighted average remaining contractual life	6 months	18 months	30 months

**NOTE 10: TAX EXPENSE**

The main components of the tax expense for the year and the relationship between the expected tax expense based on the Swedish effective tax rate for the group at 20.6% (20.6%) and the reported tax expense in the income statement are as follows:

	GROUP	
	2023	2022
Net profit for the year before tax	-313,075	15,957
Domestic tax rate Parent Company	20.6%	20.6%
Expected tax expense	64,493	-3,287
Non deductible cost	-513	-70
Non taxable revenue	1,451	1,895
Non-deductible impairment	-60,770	-
Adjustment of prior year's tax	729	-
Reversed withholding tax	-8,370	-4,530
Adjustment foreign subsidiaries	-472	-1,607
Loss carryforwards - unrecognized deferred tax	-5,421	-
<b>INCOME TAX EXPENSE IN PROFIT OR LOSS</b>	<b>-8,873</b>	<b>-7,599</b>

**TAX COMPONENTS:**

Tax on profit or loss	-1,232	-6,004
Reversed withholding tax	-8,370	-4,531
Deferred tax on losses carried forward	-	2,936
Adjustment of prior year's tax	729	-
<b>INCOME TAX EXPENSE IN PROFIT AND LOSS</b>	<b>-8,873</b>	<b>-7,599</b>

**PARENT COMPANY**

	PARENT COMPANY	
	2023	2022
Net profit for the year before tax	-179,108	-2,759
Domestic tax rate for the Parent Company	20.6%	20.6%
Expected tax expense	36,896	568
Non deductible cost	-64	-70
Non taxable income	2,950	1,895
Non-deductible write-down	-33,576	-
Reversed withholding tax	-8,370	-4,530
Loss carryforwards - unrecognized deferred tax	-6,206	543
<b>INCOME TAX EXPENSE IN PROFIT AND LOSS</b>	<b>-8,370</b>	<b>-1,594</b>

**TAX COMPONENTS:**

Reversed withholding tax	-8,730	-4,530
Deferred tax on losses carried forward	-	2,936
<b>INCOME TAX EXPENSE IN PROFIT AND LOSS</b>	<b>-8,730</b>	<b>-1,594</b>

**NOTE 11: EARNINGS PER SHARE AND DIVIDENDS**

Both basic and diluted earnings per share have been computed using the profit attributable to shareholders in the parent company as the numerator. The reconciliation of the weighted average number of shares used to calculate diluted earnings per share can be cross-checked against the weighted average number of ordinary shares employed in computing basic earnings per share, as outlined below:

NUMBERS OF SHARES	2023	2022
Weighted average number of shares used in basic earnings per share before dilution	36,526,989	36,526,989
Granted warrants program 4, 5, 6	900,000	900,000
<b>WEIGHTED AVERAGE NUMBER OF SHARES USED IN BASIC EARNINGS PER SHARE</b>	<b>37,426,989</b>	<b>37,426,989</b>

**NOTE 12: INTANGIBLE FIXED ASSETS****DEVELOPING ASSETS**

GROUP	2023-12-31	2022-12-31
Accumulated cost brought forward	7,369	5,499
Purchase of the year	2,065	1,870
Accumulated cost carried forward	9,434	7,369
Accumulated depreciation brought forward	-2,697	-1,450
Depreciation of the year	-1,590	-1,247
Accumulated depreciation carried forward	-4,287	-2,697
<b>BOOKED VALUE</b>	<b>5,147</b>	<b>4,672</b>

PARENT COMPANY	2023-12-31	2022-12-31
Accumulated cost brought forward	7,369	5,499
Purchase of the year	1,968	1,870
Accumulated cost carried forward	9,337	7,369
Accumulated depreciation brought forward	-2,697	-1,450
Depreciation for the year	-1,586	-1,247
Accumulated depreciation carried forward	-4,283	-2,697
<b>BOOKED VALUE</b>	<b>5,054</b>	<b>4,672</b>

**SOFTWARE AND LICENSES**

<b>GROUP</b>	<b>2023-12-31</b>	<b>2022-12-31</b>
Accumulated cost brought forward	6,664	4,083
Purchase of the year	1,125	2,581
Currency translation	-27	-
Accumulated cost carried forward	7,762	6,664
Accumulated depreciation brought forward	-3,038	-2,042
Depreciation of the year	-1,031	-996
Currency translation	24	-
Accumulated depreciation carried forward	-4,045	-3,038
<b>BOOKED VALUE</b>	<b>3,717</b>	<b>3,626</b>

<b>PARENT COMPANY</b>	<b>2023-12-31</b>	<b>2022-12-31</b>
Accumulated cost brought forward	6,486	4,054
Purchase of the year	803	2,432
Accumulated cost carried forward	7,289	6,486
Accumulated depreciation brought forward	-2,996	-2,019
Depreciation of the year	-975	-977
Accumulated depreciation carried forward	-3,971	-2,996
<b>BOOKED VALUE</b>	<b>3,318</b>	<b>3,490</b>

**GOODWILL**

<b>GROUP</b>	<b>2023-12-31</b>	<b>2022-12-31</b>
Accumulated cost brought forward	461,478	407,218
Purchase of the year	-	39,630
Acquisition of subsidiary	-	1,222
Currency translation	19,419	13,408
Impairment	-295,000	-
Accumulated cost carried forward	185,897	461,478
<b>BOOKED VALUE</b>	<b>185,897</b>	<b>461,478</b>

**EVALUATION OF GOODWILL IMPAIRMENT**

Only the cash-generating unit constituting the Addmaster segment has reported goodwill values of TSEK 185,897. The impairment test for the unit is based on the calculation of its value in use. This value is derived from cash flow forecasts of a total of 5 years, with the first year based on the unit's budget for the upcoming fiscal year. The calculated carrying amount this year showed an impairment requirement of MSEK 295, of which MSEK 50 is attributable to currency translation since the acquisition

The projected cash flows of a total of 5 years after 2023 have an average annual growth of 21 (20)%, an increase in gross profit by 21 (20)%, and an increase in expenses by 8 (7)%. After 5 years, a growth of 2% has been assumed. The projected cash flows have been discounted to present value using a discount rate of 13.34% after tax.

Key assumptions in the forecasts are described below.

**REVENUE GROWTH**

The growth of revenues is based on the unit's business plan. This includes a general market growth concerning existing customers, the unit's planned launch of existing products in new markets, new customers, and new products and solutions.

**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 Polygiene Group has been able to compensate for cost increases. Synergies and volume growth is also expected to have a positive impact.

**SENSITIVITY ANALYSIS**

Polygiene Group conducted a sensitivity analysis during the assessment of the impairment requirement, upon which the board decided on the impairment. The forecast is based on an increase in turnover primarily driven by a recovery, especially regarding existing customers. A deviation of 1 percentage point in WACC results in an impairment need of MSEK -15.5, while a deviation of 1 percentage point in EBITDA margin entails an impairment need of MSEK -2.4. A decrease in turnover by 15% over the forecast period results in approximately MSEK -68 in an impairment need.

**TRADEMARKS**

<b>GROUP</b>	<b>2023-12-31</b>	<b>2022-12-31</b>
Accumulated cost brought forward	4,403	-
Purchase of the year	-	4,403
Currency translation	65	-
Accumulated cost carried forward	4,468	4,403
Accumulated depreciation brought forward	-839	-
Depreciation of the year	-926	-839
Currency translation	20	-
Accumulated depreciation carried forward	-1,745	-839
<b>BOOKED VALUE</b>	<b>2,723</b>	<b>3,564</b>

All intangible fixed assets except goodwill, which are deemed to have an indefinite useful life, are amortized. The Group conducts an impairment test of intangible assets with indefinite useful life at least once a year. For a detailed description of the impairment testing process, refer to Note 1.

## NOTE 13: TANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accumulated cost brought forward	1,005	393	605	137
Purchase of the year	1,331	612	31	468
Currency translation	14	-	-	-
Accumulated cost carried forward	2,350	1,005	636	605
Accumulated depreciation brought forward	-349	-92	-142	-24
Depreciation of the year	-450	-268	-192	-118
Currency translation	8	11	-	-
Accumulated depreciation carried forward	-791	-349	-334	-142
<b>BOOKED VALUE</b>	<b>1,559</b>	<b>656</b>	<b>302</b>	<b>463</b>

## NOTE 14: FOREIGN WITHHOLDING TAX

	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accumulated cost brought forward	7,007	9,458	7,007	9,458
Balanced withholding tax during the year	1,363	2,080	1,363	2,080
Reversed withholding tax during the year	-8,370	-4,531	-8,370	-4,531
Accumulated cost carried forward	-	7,007	-	7,007
<b>BOOKED VALUE</b>	<b>-</b>	<b>7,007</b>	<b>-</b>	<b>7,007</b>

### WITHHOLDING TAX EXPIRE

	YEAR	GROUP		PARENT COMPANY	
		2023-12-31	2022-12-31	2023-12-31	2022-12-31
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
		-	<b>7,007</b>	-	<b>7,007</b>

## NOTE 15: FINANCIAL ASSETS AND LIABILITIES

### CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2022-12-31
<b>FINANCIAL ASSETS</b>			
<b>AMORTISED COSTS</b>			
Foreign withholding tax	-	-	7,007
<b>TOTAL LONG-TERM FINANCIAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>7,007</b>

Trade receivables	22,366	35,064
Other receivables	3,748	9,893
Cash and cash equivalents	44,146	48,209
<b>TOTAL SHORT-TERM FINANCIAL ASSETS</b>	<b>70,260</b>	<b>100,173</b>

FINANCIAL LIABILITIES		2023-12-31	2022-12-31
<b>AMORTISED COSTS</b>			
Prepayments customers		858	1,000
Other liabilities		472	3,963
Trade and other payables		7,388	13,277
<b>TOTAL SHORT-TERM FINANCIAL LIABILITIES</b>	<b>8,718</b>	<b>18,240</b>	

PARENT COMPANY		2023-12-31	2022-12-31
<b>FINANCIAL ASSETS</b>			
<b>AMORTISED COSTS</b>			
Shares in subsidiary		296,578	459,429
Receivables group companies		716	314
Foreign withholding tax		-	7,007
<b>TOTAL LONG-TERM FINANCIAL ASSETS</b>	<b>297,294</b>	<b>466,750</b>	
Trade and other receivables*		16,678	22,262
Other receivables		697	2,955
Cash and cash equivalents		3,240	16,336
<b>TOTAL SHORT-TERM FINANCIAL ASSETS</b>	<b>20,615</b>	<b>508,303</b>	

FINANCIAL LIABILITIES		2023-12-31	2022-12-31
<b>AMORTISED COSTS</b>			
Liability to group companies		11,315	10,600
<b>TOTAL LONG-TERM FINANCIAL LIABILITIES</b>	<b>11,315</b>	<b>10,600</b>	
Other liabilities		157	751
Trade and other payables*		16,609	22,796
<b>TOTAL SHORT-TERM FINANCIAL LIABILITIES</b>	<b>16,766</b>	<b>23,547</b>	

\* Including intercompany transactions.

## NOTE 16: PARTICIPATIONS IN GROUP COMPANIES

### GROUPS COMPOSITION

NAME	REG.NO	SHARE , %	
		2023	2022
Polygiene Services AB	559129-0936	100	100
Polygiene Shanghai Ltd	n/a	100	100
Polygiene (HK) Ltd	n/a	100	100
Addmaster (UK) Ltd	5024738	100	100
Biomaster US LLC	27-0806326	100	100
Polygiene Germany GmbH	DE361237475	100	-

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

CHANGES DURING YEAR:	PARENT COMPANY	
	2023-12-31	2022-12-31
Accumulated cost brought forward	459,479	458,185
Purchase	140	-
Acquisition subsidiaries	-	1,244
Impairment	-162,991	-
<b>ACCUMULATED COST CARRIED FORWARD</b>	<b>296,578</b>	<b>459,429</b>

The shares in Addmaster (UK) Ltd have been written down as a result of the impairment test of goodwill in the group. See Note 12.

## NOTE 17: DEFERRED TAX ASSETS AND LIABILITIES

GROUP	CHANGES DURING YEAR	2023-01-01	REPORTED IN	2023-12-31
			THE INCOME STATEMENT	
	Unused tax loss carry-forwards	7,478	-	7,478
		<b>7,478</b>	<b>-</b>	<b>7,478</b>

GROUP	CHANGES DURING YEAR	2022-01-01	REPORTED IN	2022-12-31
			THE INCOME STATEMENT	
	Unused tax loss carry-forwards	4,542	2,936	7,478
		<b>4,542</b>	<b>2,936</b>	<b>7,478</b>

PARENT COMPANY	CHANGES DURING YEAR	2023-01-01	REPORTED IN	2023-12-31
			THE INCOME STATEMENT	
	Unused tax loss carry-forwards	7,478	-	7,478
		<b>7,478</b>	<b>-</b>	<b>7,478</b>

PARENT COMPANY	CHANGES DURING YEAR	2022-01-01	REPORTED IN	2022-12-31
			THE INCOME STATEMENT	
	Unused tax loss carry-forwards	4,542	2,936	7,478
		<b>4,542</b>	<b>2,936</b>	<b>7,478</b>

The total accumulated deficits amount to MSEK 80.7, and there are no maturity date for these.

## NOTE 18: TRADE AND OTHER RECEIVABLE

	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accounts receivable - gross	23,508	37,873	17,768	25,437
Bad debt	-52	-120	-	-
<b>TRADE RECEIVABLES</b>	<b>23,456</b>	<b>37,753</b>	<b>17,768</b>	<b>25,437</b>
<b>FINANCIAL ASSETS</b>	<b>23,456</b>	<b>37,753</b>	<b>17,768</b>	<b>25,437</b>
Setoff against accounts payable	-1,090	-2,689	-1,090	-3,175
<b>NON FINANCIAL ASSETS</b>	<b>-1,090</b>	<b>-2,689</b>	<b>-1,090</b>	<b>-3,175</b>
<b>TOTAL</b>	<b>22,366</b>	<b>35,064</b>	<b>16,678</b>	<b>22,262</b>

Total credit exposure is MSEK 24 (38).

## NOTE 19: OTHER RECEIVABLES/ ACCRUED REVENUE AND PREPAID EXPENSES

	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
<b>OTHER RECEIVABLES</b>				
Contract receivables, leasing contract	-	2,216	-	2,216
Other receivables	1,529	2,717	697	739
	<b>1,529</b>	<b>4,933</b>	<b>697</b>	<b>2,955</b>
Setoff against trade payables	2,219	4,960	-	-
<b>TOTAL</b>	<b>3,748</b>	<b>9,893</b>	<b>697</b>	<b>2,955</b>

### ACCRUED REVENUE AND PREPAID EXPENSES

Accrued unbilled revenue	887	-	887	-
Accrued revenue and prepaid expenses	2,122	3,158	1,925	2,051
<b>TOTAL</b>	<b>3,009</b>	<b>3,158</b>	<b>2,812</b>	<b>2,051</b>

## NOTE 20: CASH AND CASH EQUIVALENTS

CASH AT BANK AND IN HAND	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
- SEK(of which TSEK 150 blocked)	1,203	13,624	290	12,802
- EUR	13,111	14,641	161	301
- USD	19,025	9,066	1,860	2,516
- GBP	4,758	3,065	929	717
- CNY	6,049	7,813	-	-
	<b>44,146</b>	<b>48,209</b>	<b>3,240</b>	<b>16,336</b>

## NOTE 21: EQUITY

### SHARE CAPITAL

The share capital of the parent company consists solely of fully paid-up common shares with a par value of SEK 0.10/share. All shares have equal rights to dividends and repayment of invested capital and represent one vote at the parent company's shareholders' meeting.

SHARES ISSUED AND FULLY PAID:	2023-12-31	2022-12-31
Beginning of the year	36,526,989	35,549,585
New share issue	-	977,404
<b>SHARES ISSUED AND FULLY PAID</b>	<b>36,526,989</b>	<b>36,526,989</b>
<b>TOTAL SHARES AUTHORISED AT DECEMBER 31</b>	<b>36,526,989</b>	<b>36,526,989</b>

## NOTE 22: TRADE PAYABLES

	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Trade payables	6,259	11,492	17,699	25,971
Trade payables setoff against receivables	1,129	1,785	-1,090	-3,175
<b>TOTAL</b>	<b>7,388</b>	<b>13,277</b>	<b>16,609</b>	<b>22,796</b>

## NOTE 23: PLEDGED COLLATERAL

FOR OWN PROVISIONS AND LIABILITIES:	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Company mortgage	5,000	5,000	5,000	5,000
Deposit funds	150	150	150	150

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

## NOTE 24: RELATED PARTY TRANSACTIONS

GROUP	2023	2022
<b>PURCHASES</b>		
Polygiene Ltd -services	-	177
Rudholm & Haak (HK) Ltd -goods	4,174	3,879
Rudholm & Haak AB -goods	159	176
Rudholm & Haak India -goods	-	9
Rudholm tekstil aksesuarlari sanayi ve tic Ltd -goods	11	26

PARENT COMPANY	2023	2022
----------------	------	------

SALES	2023	2022
Addmaster Ltd - services	10,974	11,427
Biomaster US LLC - services	201	28
Polygiene Shanghai - services	923	889

	2023	2022
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PURCHASES	2023	2022
Polygiene Ltd - services	-	177
Addmaster Ltd -goods	5,367	11,420
Polygiene Germany GmbH - services	3,520	-
Rudholm & Haak (HK) Ltd -goods	4,174	3,879
Rudholm & Haak AB -goods	159	176
Rudholm & Haak India -goods	-	9
Rudholm tekstil aksesuarlari sanayi ve tic Ltd -goods	11	26

Rudholm & Haak is Polygiene Group's largest supplier of hangtags and labels. The company is related as Polygiene Group's Chairman of the Board also has influence in this company. See Note 6. There are no transactions or provisions. The transactions are priced at arm's length.

## NOTE 25: POST-REPORTING DATE EVENTS

No significant events have occurred after the balance sheet date.

## NOTE 26: NON-CASH ADJUSTMENTS

	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Depreciation and write-downs - non financial items	5,384	4,353	2,752	2,343
Goodwill impairment	295,000	-	-	-
Unrealized exchange rate gains and losses	-709	5,700	-1,656	2,032
Other adjustments	-127	-1,346	-	-
<b>TOTAL ADJUSTMENTS</b>	<b>299,548</b>	<b>8,707</b>	<b>1,096</b>	<b>4,375</b>

## NOTE 27: CONTINGENT LIABILITIES

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

## NOTE 28: CONTINGENT ASSETS

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

## NOTE 29: DEFINITION OF BUSINESS RATIOS

**Equity/assets ratio** - Equity as a ratio of total assets.  
**Operating profit, EBIT** - Profit before interest and tax.

## NOTE 30: FINANCIAL INSTRUMENTS RISK

### RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

The Group is exposed to various risks regarding financial instruments. Summarized information about the Group's financial assets and financial liabilities divided into categories is provided in Note 15.

The main risk types are market risk, credit risk, and liquidity risk. The Group's risk management is coordinated at its headquarters in close collaboration with the board and actively focuses on securing the Group's cash flows by minimizing exposure to volatile financial markets. The Group does not actively engage in trading financial assets for speculative purposes.

### MARKET RISK ANALYSIS

The Group is exposed to market risk through its use of financial instruments, particularly currency risk, interest rate risk, and certain other price risks, as a result of both operating and investing activities.

### FOREIGN CURRENCY SENSITIVITY

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

With the inclusion of Addmaster in the Group, the Group's turnover in foreign currency has increased, and the currency exposure has been weighted differently. Consistent with previous assessments, the Group does not use instruments to hedge currency 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 Group management translated into SEK at the exchange rate on the balance sheet date:

GROUP	SHORT-TERM EXPOSURE		
	USD	GBP	OTHER
<b>2023-12-31</b>			
Financial assets	35,306	10,781	22,207
Financial liabilities	744	4,150	1,662
<b>TOTAL EXPOSURE</b>	<b>36,050</b>	<b>14,931</b>	<b>23,869</b>
<b>2022-12-31</b>			
Financial assets	33,493	17,579	25,457
Financial liabilities	1,850	7,814	4,196
<b>TOTAL EXPOSURE</b>	<b>35,343</b>	<b>25,393</b>	<b>29,653</b>

### PARENT COMPANY

<b>2023-12-31</b>	USD	GBP	OTHER
Financial assets	17,542	929	1,627
Financial liabilities	742	13,485	427
<b>TOTAL EXPOSURE</b>	<b>18,284</b>	<b>14,414</b>	<b>2,054</b>

<b>2022-12-31</b>	USD	GBP	OTHER
Financial assets	23,956	717	1,062
Financial liabilities	930	17,529	1,002
<b>TOTAL EXPOSURE</b>	<b>24,886</b>	<b>18,246</b>	<b>2,064</b>

If SEK had strengthened against USD by 10% and against GBP by 5%, this would have had the following effect on the year's result:

GROUP	USD	GBP	TOTAL
2023-12-31	3,456	332	3,788
2022-12-31	3,164	488	3,652

PARENT COMPANY	USD	GBP	TOTAL
2023-12-31	1,680	-628	1,052
2022-12-31	2,303	-841	1,462

TRANSACTIONS OF SALES AND PURCHASES	USD	GBP	TOTAL
Group	1,251	-46	1,205
Parent company	1,365	221	1,586

GOODWILL REVALUATION	USD	GBP	TOTAL
2023-12-31	-13	973	960
2022-12-31	-	670	670

If SEK had weakened against USD by 10% and against GBP by 5%, this would have had the following effect on the year's result:

GROUP	USD	GBP	TOTAL
2023-12-31	-3,456	-332	-3,788
2022-12-31	-3,164	-488	-3,652

PARENT COMPANY	USD	GBP	TOTAL
2023-12-31	-1,680	628	-1,052
2022-12-31	-2,303	841	-1,462

TRANSACTIONS OF SALES AND PURCHASES	USD	GBP	TOTAL
Group	-1,251	46	-1,205
Parent company	1,365	-221	1,144

GOODWILL REVALUATION	USD	GBP	TOTAL
2023-12-31	13	-973	-960
2022-12-31	-	-670	-670

The Group's goodwill is denominated in British pounds (GBP) and is therefore revalued each quarter with resulting currency effects. As this is not a monetary item, the board has not seen any opportunity to hedge against this currency effect, which will impact the Group's 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 at the group level based on the group's policies and procedures for credit risk management.

The credit risk related to liquid assets in banks and bank deposits is managed through deposits with large and reputable financial institutions.

The Group continuously monitors the credit quality of customers based on a credit rating report. The Group's policy is to only accept creditworthy counterparties. Credit terms range from 30 to 90 days. Credit terms negotiated specifically with the customer must be internally approved through an internal process. Ongoing credit risk is managed through regular review of the aging analysis along with credit limits per customer.

The majority of accounts receivable consist of around ten distributors who are recurring customers.

#### 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.

#### ACCOUNTS RECEIVABLE

The Group applies the simplified approach in IFRS 9 for the recognition of expected credit losses over the remaining term for all accounts receivable since these items do not have a significant financing component.

In assessing the expected credit losses, accounts receivable have been assessed collectively as they share common credit risk characteristics. They have been grouped based on the number of days past due and also depending on the geographical location of customers.

Expected losses are based on the payment profile of sales over the past 48 months before December 31, 2023, and January 1, as well as the corresponding historical credit losses during that period. Accounts receivable are written off (i.e., removed from the books) when there is no reasonable expectation of payment. Failure to make payments within 180 days from the invoice date and failure to

reach agreement with the Group on alternative payment plans are considered indicators that there is no probable expectation of receiving payment. Based on the above, the expected credit loss for accounts receivable is deemed immaterial. The Group has historically experienced very low customer losses, and it is assessed that the receivables that are overdue are expected to be settled.

GROUP	REPORTED VALUE, GROSS	
	2023-12-31	2022-12-31
<b>THE CUSTOMER RECEIVABLES MATURITY STRUCTURE</b>		
Not due	16,732	29,534
More than 30 days	818	701
More than 60 days	1,258	2,850
More than 90 days	3,558	1,979
<b>TOTAL</b>	<b>22,366</b>	<b>35,064</b>

PARENT COMPANY	REPORTED VALUE, GROSS	
	2023-12-31	2022-12-31
<b>THE CUSTOMER RECEIVABLES MATURITY STRUCTURE</b>		
Not due	11,406	17,955
More than 30 days	344	1,304
More than 60 days	1,279	81
More than 90 days	3,649	2,922
<b>TOTAL</b>	<b>16,678</b>	<b>22,262</b>

### NOTE 31: 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

Polygiene Group monitors its capital position based on the reported value of equity, adjusted for liquid assets as presented in the statement of financial position, along with cash flow hedges reported in other comprehensive income. Our management continuously evaluates Polygiene Group's capital requirements to uphold an effective overall financing structure, ensuring prudent leverage levels. This includes assessing various debt classes within the Group. We actively manage the capital structure, making necessary adjustments in response to changing economic conditions and the risk profile of our underlying assets. To maintain or optimize our capital structure, Polygiene Group may adjust dividend distributions, issue new shares, or divest assets to reduce debt levels.

**NOTE 32: 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	-35,177
Loss of the year	-187,478
	<b>295,183</b>

**THE BOARD PROPOSES THAT THE ACCUMULATED PROFIT BE TREATED AS**

to be carried forward to the new account	295,183
<b>TOTAL</b>	<b>295,183</b>

**NOTE 33: AUTHORIZATION OF FINANCIAL STATEMENTS**

The Group's financial statements for the fiscal year ended December 31, 2023 (including comparative figures) were approved by the Board on April 12, 2024.

**MALMÖ APRIL 12, 2024**

**Ulrika Björk**  
CEO

**Jonas Wollin**  
Chairman of the board

**Bengt Engström**  
Board member

**Paul Morris**  
Board member

**Håkan Lagerberg**  
Board member

**Pamela Ravasio**  
Board member

**HELSINGBORG APRIL 12, 2024**  
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 2023. The annual accounts and consolidated accounts of the company are included on pages 29 - 53 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 2023 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 2023 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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 - 28. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### 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 intend 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.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS 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 2023 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 the 12 April 2024,  
Grant Thornton Sweden AB**

Per Kjellander  
Authorised Public Accountant

# ANNUAL GENERAL MEETING AND FINANCIAL CALENDAR

## ANNUAL SHAREHOLDERS' MEETING

The Annual General Meeting of Polygiene will be held on Thursday, May 16, 2024.

## RIGHT TO PARTICIPATE AND NOTIFICATION

Shareholders wishing to attend the Annual General Meeting must:

- be registered in the share register maintained by Euroclear Sweden AB on Tuesday, May 7, 2024,
- notify the company no later than Friday, May 10, 2024, in writing to Polygiene Group AB, following the instructions in the notice of the Annual General Meeting.

## TRUSTEE REGISTERED SHARES

Shareholders who have their shares nominee-registered through a bank or another nominee must, to be entitled to participate in the Annual General Meeting, request to be temporarily registered in the share register maintained by Euroclear Sweden AB (so-called voting rights registration). The nominee must have completed the voting rights registration no later than Friday, May 10, 2024, which means that shareholders who wish to make such voting rights registration must notify the nominee well in advance of said date.

## PROXY ETC.

If shareholders are to be represented by a proxy, the proxy must bring a written, dated, and signed power of attorney to the Annual General Meeting. The power of attorney must not be older than one year, unless a longer validity period (up to a maximum of five years) has been stated in the power of attorney. If the power of attorney has been issued by a legal entity, the proxy must also bring the relevant registration certificate or equivalent authorization document for the legal entity. To facilitate entry, a copy of the power of attorney and other authorization documents should be attached to the notification of attendance to the Annual General Meeting. Power of attorney forms are available on the company's website ([ir.polygiene.se](http://ir.polygiene.se)) and are sent by post to shareholders who contact the company and provide their address.

## FINANCIAL CALENDAR 2024

Annual Report 2023	April 18
Interim Report Q1	April 25
Annual General Meeting	May 16
Interim Report Q2	July 23
Interim Report Q3	October 24
Year End Report	February 13, 2025

## 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 shall prevail.

**POLYGIENE<sup>®</sup>**  
**GROUP**  
FOR MINDFUL LIVING

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