

POLYGIENE GROUP AB (PUBL.)

INTERIM REPORT Q1 2023

POLYGIENE[®]
GROUP
FOR MINDFUL LIVING

ir.polygiene.com

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Q1 IN BRIEF

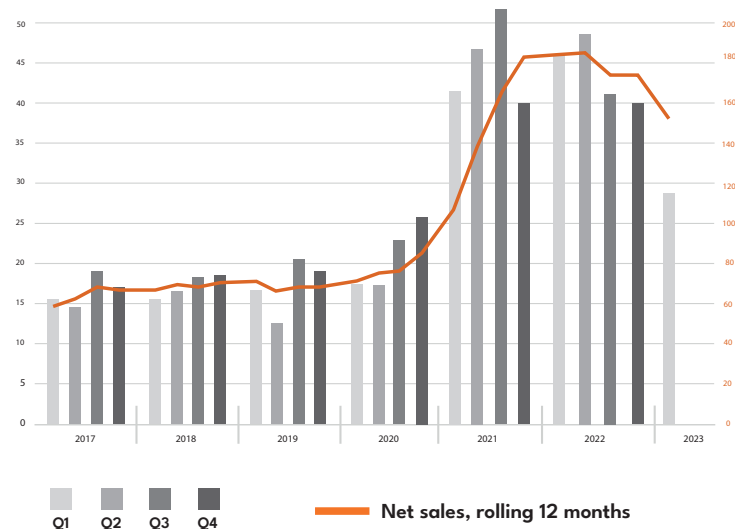


POLYGIENE
POLYMER-ASSISTED FINISHING
M
SWEDEN - MADE IN INDIA
POLYESTER

KEY RATIOS

GROUP	JAN - MAR 2023	JAN - MAR 2022	FULL YEAR 2022	FULL YEAR 2021	FULL YEAR 2020
Net sales, MSEK	28.0	45.1	173.6	181.6	83.9
Operating profit (EBITDA), MSEK	-0.2	9.3	22.2	41.2	5.7
Operating margin (EBITDA)	-0.6 %	20.7 %	12.8 %	22.7 %	6.8 %
Profit after tax, MSEK	4.4	7.1	21.8	64.2	-1.7
Operating margin after tax	15.7 %	15.8 %	12.6 %	35.3 %	-2.0 %
Earnings per share, SEK	0.12	0.19	0.60	1.82	-0.08
Cash flow, MSEK	-1.2	1.4	-6.2	46.4	-0.5

NET SALES, MSEK



JANUARY - MARCH

- Net sales amounted to MSEK 28.0 (45.1). There is an exchange rate impact of approximately 2 % in the quarter compared to last year
- The gross margin was 76.4 (67.1) %
- Operating profit before depreciations (EBITDA) amounted to MSEK -0.2 (9.3)
- Operating profit after depreciations and before tax (EBIT) amounted to MSEK -2.8 (3.8)
- The cash flow amounted to MSEK -1.2 (1.4) (-0.6 including FX impact). Cash and cash equivalents amounted to MSEK 47.6 (54,0)

SIGNIFICANT EVENTS IN BRIEF

SIGNIFICANT EVENTS DURING JANUARY - MARCH 2023

POLYGIENE GROUP ACQUIRED THE FORMER DISTRIBUTOR BIOMASTER US, FOCUSING ON PRODUCT PROTECTION AND HARD SURFACES

Biomaster US has previously distributed Addmaster’s products to a range of customers in the US including global manufacturers of kitchens, bathrooms and flooring as well as manufacturers of hospital equipment and other hard surfaces. The company holds important import licenses and warehouse capacity that can now also handle products for the Freshness business, which provides a nice synergy effect for the Polygiene Group.

STRATEGIC DISTRIBUTION AGREEMENT TAKES POLYGIENE TO ONE OF THE WORLD’S LARGEST MARKETS

By expanding its horizons to the growing Asian market, Polygiene Group™ has built a strong distribution relationship with new partner N9 World Technologies Pvt Ltd in India. The partnership with one of India’s leading companies in advanced specialty chemicals has opened up a whole new market for Polygiene. The goal is to introduce Polygiene BioMaster™ and other Polygiene technologies to a larger market, thus playing a strategic role in the growth of anti-microbial protection and communicating the Mindful Living™ message to the Indian market.

POLYGIENE TECHNOLOGIES CAN REDUCE ENVIRONMENTAL IMPACT BY A THIRD

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

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

To accelerate activities in China, Polygiene has entered into an agreement with Chinese distributor Suzhou Standing Textile Technologies Ltd in China. STT is well established as a textile supplier for both local and international brands. The cooperation is part of the company’s broader strategy in China to welcome distributors as a new sales channel in the Freshness segment.

CHANGE IN THE BOARD OF DIRECTORS OF POLYGIENE GROUP

Rajesh Varma, board member since 2022, announced his resignation from the company’s board on March 8, 2023.



COLLABORATIONS

STORM X POLYGIENE ODORCRUNCH™

Polygiene has partnered with aftercare specialists Storm Care Solutions Ltd to provide a sustainable and effective product that enables consumers to keep their clothes, shoes and accessories fresh and wear them for longer.

MP ACTIVEWEAR

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

COOPERATION WITH O'NEILL

Polygiene continues its collaboration with O'Neill for their SS23 training collection. This collection includes both Polygiene StayFresh™ and Polygiene OdorCrunch™ technology.

WARWICK MUSIC

Polygiene partners with Warwick Music Group to bring a new type of antimicrobial recorder "pCorder" to Welsh schools.

RICARDO BEVERLY HILLS

Continued collaboration with Ricardo Beverly Hills on their new Essentials 5.0 Travel Organizers.

POLYGIENE INDUSTRY ACTIVITIES

INNOVATION DAY

Polygiene participated in the Innovation Day organized by *The Society of Food Hygiene and Technology*.

COLOMBIATEX

For the first time Polygiene participated in Colombiatex, together with our partner CECOLOR.

EVENTS AFTER THE QUARTER

POLYGIENE GROUP ANTICIPATES LOWER SALES IN THE PERIOD JANUARY 1 TO MARCH 31, 2023

Revenues for the first quarter of 2023 are expected to be approximately 35% lower than the corresponding period last year. This is mainly due to reduced order intake due to continued high inventory levels throughout the supply chain.

POLYGIENE JOINS THE INFLUENTIAL EUROPEAN OUTDOOR GROUP (EOG)

Membership in EOG is a logical next step in Polygiene's mission to transform the outdoor clothing and textiles sector by helping manufacturers develop more sustainable products and facilitating the transition from consumables to durable goods.

Polygiene Team at Première Vision February, 2023



STRONG GROSS MARGIN AND BREAK-EVEN AT EBITDA LEVEL DESPITE LOWER SALES

Net sales for the quarter totaled MSEK 28.0 (45.1), corresponding to a 37.9 % decline compared to 2022. However, the gross margin was solid at 76.4 (67.1) %. The quarterly operating profit, (EBITDA), amounted to MSEK -0.2 (9.3) for an EBITDA margin of -0.6 (20.7) %. Cash flow was negative at MSEK -1.2.

The first quarter of the year was marked by high supply chain inventory levels and a market slowdown, leading to a 37.9 % decline in revenue compared to the previous year, as communicated in an April press release. The decrease can be attributed to our distributors and some manufacturers reducing their stock levels and customers focusing on inventory reduction rather than increasing stock levels. Moreover, the logistics and transportation industry has returned to normal levels of activity despite the challenges of the recent past, prompting distributors to no longer compensate for supply chain delays. All these factors pose challenges to our business.

Among the quarter's bright spots, despite market challenges, is a solid gross margin driven by the low level of orders from distributors, which typically have lower margins than direct sales. This combination of distributor and direct sales led to a nine-percentage-point increase in gross margin, partly compensating for the decline in revenue. Despite the low sales levels, we achieved an EBITDA of MSEK -0.2, adapting to market fluctuations and delivering profit in challenging times. The breakeven level has also decreased, resulting from measures implemented during the fourth quarter of 2022. We will continue to review our cost base to maintain profitability until long-term sales growth returns. Although individual quarters may vary, we anticipate returning to a stable growth trend and profitability soon.

The company's top priority is to focus on sales while maintaining control over costs and cash flow. However, balancing short-term measures with long-term gain is essential by avoiding hasty decisions that may not benefit the company in the long run. Our organization must be prepared for a turnaround, which we expect is not too far away.

PRODUCT PROTECTION

Sales revenues for the Product Protection business area reached MSEK 18.8 this quarter, a 28 % decline compared to last year. About a third of the decrease can be attributed to customers who chose alternative routes during the

pandemic and the polymer shortage. These customers are still with us, but not for the specific product on backorder for most of 2022. The situation has been resolved, and no shortage of raw materials now exists. Other missed sales opportunities result from orders that have been temporarily postponed but are expected to materialize in the order intake pipeline. Overall, the outlook for Product Protection appears promising, with several projects underway. Product Protection consists of a diverse product portfolio not yet fully activated. For example, OdorMaster and MasterPiece are two products that are part of exciting new development projects. The OdorMaster technology, directly impregnated into the polymer, absorbs odors into hard materials. This function can be beneficial in environments with volatile organic compounds (VOC), which are increasingly coming under more stringent regulations. MasterPiece includes tailor-made technologies developed according to specific customer needs and preferences.

» WE MUST RETURN TO ORGANIC GROWTH BY DEVELOPING OUR CUSTOMER BASE AND ACCELERATING FUTURE PRODUCT LAUNCHES, WHILE KEEPING A WATCHFUL EYE ON CASH FLOW AND COST STRUCTURE «

We have every reason to be optimistic about these products. To accelerate growth, we are working to develop the business and explore new channels for expansion. During the quarter, we signed an agreement with the Indian distributor N9 World Technologies Pvt Ltd to open the market for hard surfaces in India. Polygiene Group AB and our sales team visited the Plastindia Exhibition in New Delhi, one of the world's largest fairs in the plastics industry, in January.

Bag for life from Tesco treated with Polygiene BioMaster™



FRESHNESS

Revenues for Freshness, one of our business areas, amounted to MSEK 9.4 (-49.8 %). However, we experienced a decline in sales due to reduced orders from stocking distributors. Many textile customers, especially those in retail, are struggling with overstocked inventory due to the decline in private consumption, which led to the withdrawal of planned purchase orders and cancellations of new production after the Chinese New Year. Our colleagues in the industry indicate they face similar challenges.

In response to these market conditions, we are now focusing on markets that offer significant growth opportunities and are less affected by consumers' wait-and-see attitude. China, in particular, has regained confidence and will be increasingly important for Polygiene. As part of our broadened strategy, we have signed an agreement with textile distributor Suzhou Standing Textile Technologies Ltd in China. The STT sales organization will support, market and sell Polygiene's Freshness product portfolio in China. With a well-established network of local and international clients, STT shares values that align with Polygiene's Mindful Living mission.



Despite the challenging economic climate, seeing some of our customers continue to grow with us is gratifying. For instance, the PVH group led by Tommy Hilfiger saw a 46% increase this quarter. Collaboration with the American department store chain Target took shape to launch their men's workout clothing collection. Moreover, the Champion sports brand and several others are showing steady growth this quarter after experiencing a temporary decline in 2022. These signal a resurgence of activity underway, and we are hopeful for a recovery.

LOOKING AHEAD

I am confident that we can navigate these challenging times and return to organic growth by developing our existing customer base and accelerating future product launches while keeping a close eye on cash flow and cost structure. We are exploring opportunities in regions where there is demand for a bio-based, anti-microbial technology for textiles, and our goal is to launch a new supplement during 2023. With our scalable business model and dedicated team, I believe the Polygiene Group is well-positioned to achieve our profitability goals.

Ulrika Björk

Ulrika Björk CEO Polygiene Group

POLYGIENE GROUP IN BRIEF

OUR TREATMENTS MAKE SURE PRODUCTS STAY FRESH AND PROTECTED, WHICH MAKES THEM LAST LONGER.

Polygiene Group is offering the market a comprehensive solution and a strong ingredient brand for Freshness and Product Protection solutions for any product or surface. As a major player in the antimicrobial industry, the Group is creating a powerhouse capable of dominating the industry by being the provider of solutions for all applications and adding additional value to existing and future partners.

contributes to a more sustainable lifestyle as well as a more profitable business for our partners. Our vision is to fundamentally transform the industry, partly by encouraging consumers to change their behavior, and partly by getting the industry to adopt our functions and by doing so, be part of building an eco-friendly society with an approach to consumption that is more sustainable in the long term.

In partnership with premium brands, we deliver a product that is effective, safe to use, prolongs product life,



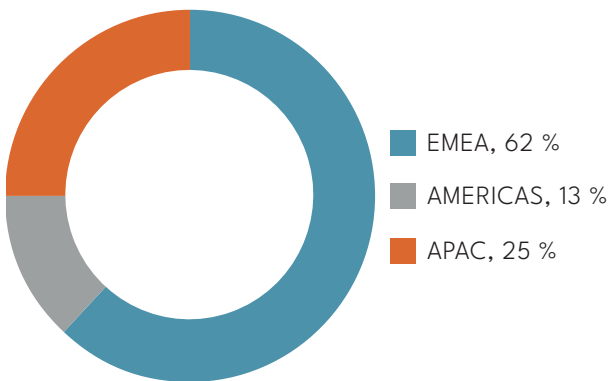
POLYGIENE®
FRESHNESS



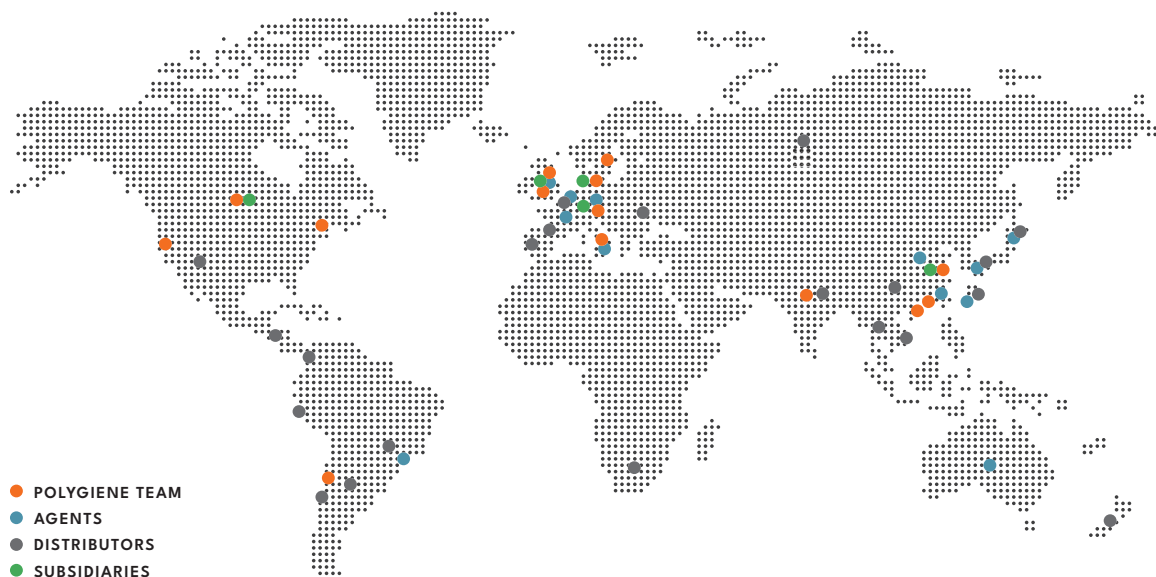
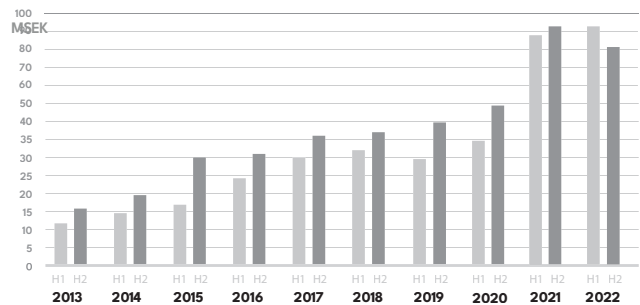
POLYGIENE®
PRODUCT PROTECTION

OPERATIONS

The first quarter's net sales can be allocated in the following way:



NET SALES FIRST/SECOND HALF OF THE YEARS 2013-2022



FINANCIAL TRENDS

NET REVENUES AND PROFIT

NET REVENUES AND GROSS MARGIN

Net revenues and gross margin Q1 totaled MSEK 28.0 (45.1). The current quarter has a positive foreign currency impact of approximately 2 % vs the previous year. Gross margins for the quarter were reported at 76.4 (67.1) %. Cost of goods sold totaled MSEK -7,5 (-14.9) for the quarter. Margin has been impacted by a good mix that partly is driven by the lower sales and a positive foreign exchange effect.

COSTS

OTHER EXTERNAL EXPENSES

The costs of the period MSEK -13.5 (-12.0), which is an increase of 12.5 % over the same quarter the previous year. The other costs include:

- Variable selling expenses MSEK -3.4 (-4.5) which consist mainly of commissions to agents and distributors related to Freshness sales
- Marketing expenses MSEK -1.8 (-0.6)
- Administrative expenses MSEK -4.5 (-4.7)
- Contracted consultants MSEK -3.8 (-2.2)

The increase in marketing costs is mainly cost for fairs as it has increased during this period compared to the previous year because it was not relevant in the pandemic years. The same reason applies to administrative costs as travel has increased. Last year included a nonrecurring cost of MSEK 0.7 due to the acquisition of Steritouch. Contracted consultants have increased as we added sales resources in US.

PERSONNEL EXPENSES

The expenses totaled MSEK -8.0 (-8.9). The decrease is mainly due to the cost savings activity started in Q4 2022.

DEPRECIATION

Depreciation of intangible- and tangible fixed assets totaled MSEK -1.3 (-1.0). Depreciation will increase in the coming periods due to increased investments in product development.

OTHER OPERATING EXPENSES

Other operating expenses -1.3 (-4.6) for the quarter and relate to exchange rate differences, mainly due to changes in the USD and GBP exchange rate compared to the previous quarter.

RESULT

Operating profit/loss (EBIT) totaled MSEK -2.8 (3.8) Other profits of the period contain foreign currency translation differences in the translation of foreign subsidiaries and goodwill. Profit of the period totaled MSEK 4.4 (7.1).

FINANCIAL POSITION

INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

The intangible fixed assets consist mainly of goodwill from acquisition of other business, investments in the ERP and CRM system and development. The tangible fixed assets consist mainly of leasing for the use of office premises.

FINANCIAL NON-CURRENT ASSETS

Financial non-current assets at the period-end where MSEK 14.8 (14.5) and consist of deferred tax assets related to tax loss carry forwards arising in previous years and withholding tax. The accumulated taxable loss carry forward at the period-end was MSEK 46.0.

INVENTORY

The inventory value has increased compared to the previous period, MSEK 36.5 (32.7)

CASH FLOW AND LIQUIDITY

Cash flow of the first quarter amounted to MSEK -1.2 (1.4) (-0.6 including Fx impact). The Group's cash and cash equivalents at the period-end amounted to MSEK 47.6 (54.0).

EQUITY

Equity totaled MSEK 600 (569) at the period-end. The equity assets ratio as of 2023-03-31 was 96.5 (94.3) %.

PERSONNEL

At the period-end, the operating organization, regardless of the degree of service, was 47 (49) people whereof 35 (40) are employed and 12 (9) are contracted consultants. The operating organization amounts to 44 (44) full-time services. During Q1 the number of employees has decreased with 2 employees.

STATEMENTS OF PROFIT OR LOSS OF THE GROUP

TSEK	NOTE	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31
OPERATING REVENUE				
Net sales	8, 9	28,014	45,111	173,564
Other operating income*		886	55	162
TOTAL OPERATING REVENUE		28,900	45,166	173,726
OPERATING EXPENSES				
Cost of goods sold	9	-7,506	-14,896	-58,991
GROSS PROFIT OR LOSS		21,394	30,270	114,735
Other external expenses		-13,541	-11,963	-55,203
Personnel expenses		-8,025	-8,984	-37,302
OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)		-172	9,323	22,230
Depreciation and write-downs		-1,324	-954	-4,353
Other operating expenses*		-1,260	-4,573	-1,885
OPERATING PROFIT/LOSS (EBIT)		-2,756	3,796	15,992
PROFIT OR LOSS FROM FINANCIAL ITEMS				
Interest expenses and similar items		5	-	-
Interest expenses and similar items		-22	-13	-35
PROFIT OR LOSSES AFTER FINANCIAL ITEMS		-2,773	3,783	15,957
Tax for the period	10	-1,130	-407	-7,599
PROFIT OF THE PERIOD		-3,903	3,376	8,358
Other total profit**		8,303	3,746	13,483
TOTAL PROFIT OF THE PERIOD		4,400	7,121	21,841
EARNINGS PER SHARE BEFORE AND AFTER DILUTION				
Before dilution		0.12	0.19	0.60
After dilution		0.12	0.19	0.58

*Includes exchange rate differences referring to operating business

** Includes exchange rate differences regarding goodwill

STATEMENTS OF FINANCIAL POSITION OF THE GROUP

TSEK	NOTE	2023-03-31	2022-03-31	2022-12-31
ASSETS				
FIXED ASSETS				
Intangible assets	9, 11	482,636	455,517	473,340
Tangible assets	9	2,592	2,673	2,231
Financial assets		14,780	14,530	14,485
TOTAL FIXED ASSETS		500,008	472,720	490,056
CURRENT ASSETS				
Finished items and items for sale		36,470	32,689	35,518
Trade receivables		21,083	32,637	35,064
Other current assets		16,256	11,750	13,051
Cash and cash equivalents		47,597	53,981	48,209
TOTAL CURRENT ASSETS		121,406	131,057	131,842
TOTAL ASSETS		621,414	603,777	621,898
TOTAL EQUITY AND LIABILITIES				
EQUITY				
TOTAL EQUITY		599,679	569,308	592,559
LONG-TERM LIABILITIES				
Leasing liabilities		43	19	19
TOTAL LONG-TERM LIABILITIES		43	19	19
SHORT-TERM LIABILITIES				
Accounts payable		10,582	20,310	13,277
Leasing liabilities		1,852	2,205	1,619
Other current liabilities		9,258	11,935	14,424
TOTAL SHORT-TERM LIABILITIES		21,692	34,450	29,320
TOTAL LIABILITIES		21,735	34,469	29,339
TOTAL EQUITY AND LIABILITIES		621,414	603,777	621,898

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE GROUP

TSEK	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Equity at period start	592,559	519,150	519,150	27,480
TRANSACTIONS WITH THE OWNERS				
New share issues and warrants	-	47,768	48,407	427,488
TOTAL TRANSACTIONS WITH THE OWNERS	-	47,768	48,407	427,488
Translation difference	2,720	-4,732	3,161	-
NET PROFIT (LOSS) FOR THE YEAR				
Earnings of period	-3,903	3,376	8,358	32,824
Other profit of the period	8,303	3,746	13,483	31,358
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,400	7,121	21,841	64,182
EQUITY AT PERIOD END	599,679	569,308	592,559	519,150

CASH FLOW OF THE GROUP

TSEK	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31
CURRENT ACTIVITIES			
Profit/loss before financial items	-2,756	3,796	15,993
Non-cash adjustment	1,291	5,451	8,728
Interest income	5	–	–
Interest paid	-19	-13	-36
Paid income tax	-2,059	-1,441	-6,315
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING CAPITAL	-3,538	7,793	18,370
<i>Changes in working capital:</i>			
Increase/decrease in inventory	-362	-4,531	-6,413
Increase/decrease in current receivables	12,395	-4,056	-5,872
Increase/decrease in current liabilities	-7,460	3,101	-7,609
NET CASH FLOW FROM OPERATING ACTIVITIES	1,035	2,307	-1,524
INVESTMENT ACTIVITIES			
Acquisition of subsidiaries	–	–	-1,244
Acquisition of intangible assets	-999	-43,093	-48,647
Acquisition of tangible fixed assets	-774	-206	-469
Acquisition of financial assets	-163	-531	-1,769
CASH FLOW FROM INVESTING ACTIVITIES	-4,824	-1,938	-52,129
FINANCING ACTIVITIES			
New shares and warrants	–	43,116	48,403
New loan leased objects	24	–	–
Amortization of leased objects	-308	-175	-901
CASH FLOW FROM FINANCIAL ACTIVITIES	-284	42,941	47,502
CASH FLOW OF PERIOD	-1,185	1,418	-6,151
Cash and cash equivalents at period start	48,209	52,552	52,552
Currency differences, cash and cash equivalents	573	11	1,808
CASH AND CASH EQUIVALENTS AT PERIOD END	47,597	53,981	48,209

MULTI-YEAR OVERVIEW OF THE GROUP

	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Net sales, TSEK	28,014	45,111	173,564	181,610	83,932
Sales growth, %	-37.9	7.5	-4.4	116.4	22.0
Operating profit/loss EBITDA, TSEK	-172	9,323	22,230	41,200	5,709
Operating margin EBITDA, %	-0.6	20.7	12.8	22.7	6.8
Profit after tax, TSEK	4,400	7,121	21,841	64,182	-1,736
Operating margin after tax, %	15.7	15.8	12.6	35.3	-2.1
Cash flow, TSEK	-1,185	1,418	-6,151	46,391	-431
Equity, TSEK	599,679	569,308	592,559	519,150	27,480
Balance sheet total, TSEK	621,414	603,777	621,898	550,694	57,636
Equity/assets ratio, %	96.5	94.3	95.3	94.3	47.7
Number of shares at period end, THS	36,527	36,527	36,527	35,550	20,516
Average no. of shares at period end, THS	36,527	36,527	36,527	35,550	20,516
Earnings per share before dilution, SEK	0.12	0.19	0.60	1.81	-0.08
Earnings per share after dilution, SEK	0.12	0.19	0.58	1.76	-0.08
Cash flow per share, SEK	-0.03	0.04	-0.17	1.30	-0.02
Equity per share, SEK	16.42	15.59	16.22	14.60	1.34

NOTES

NOTE 1: NATURE OF OPERATIONS

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

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

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

NOTE 2: GENERAL INFORMATION AND COMPLIANCE WITH IAS 34 AND ÅRL

This interim report presents the period from January 1 to March 31, 2023 and is prepared in SEK, the Parent's functional currency. The interim report was prepared according to IAS 34 Interim Financial Reporting and ÅRL.

This interim report does not contain all the information required for financial reporting under IFRS and should therefore be considered jointly with the annual financial statements for fiscal year 2022 except description of the basic regulatory frameworks applied. Complete additional information under IFRS is published in 2022 annual financial reporting.

The interim report has not been subject to general auditing by the group's auditors. The interim report for the quarterly period January 1 to March 31, 2023 was approved for publishing by the Board of Directors on April 26, 2023. This interim report was prepared in compliance with IFRS, which agrees with the accounting and valuation principles which can be read in the Parent Company and the group's 2022 financial statements.

NOTE 3: RISKS AND UNCERTAINTIES

The group's operations are affected by several factors which can involve risks to the group's operations and profit. For more information, please refer to the group's 2022 Annual Report. The global recession and the high stock levels in the total supply chain have impacted Polygiene Group sales. The group has implemented price increases to parry cost increases driven by the increased inflation and our assessment is that we thereby, with some lag, managed to manage its cost increases. Polygiene is working to continue to have a strong cash situation and to be debt free. The group has also adjusted the number of employees during the end of 2022 that will have positive impact in 2023 and is continuously reviewing its cost base.

The group are mainly exposed to changes in USD and GBP. Polygiene decided to not work with hedging due to the difficulty with the customer short call off lead-times. The course of events in Ukraine affects the geopolitical situation and increases uncertainties in the global market. The group has no operations in either Russia or Ukraine and therefore believes that this event has no direct impact on the group's operations, results and/or financial position. To minimize any risks, The group continuously monitor the development of events.

NOTE 4: SIGNIFICANT ESTIMATES AND ASSESSMENTS

When interim reporting is prepared, the Board of Directors and CEO 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. Actual outcome may vary from these estimates and assessments and the amounts very rarely equal the estimated outcome. The estimates and assessments made in the interim report, including assessment of the most important sources of uncertainty are the same as those applied in the 2022 annual report.

NOTE 5: SIGNIFICANT EVENTS AND TRANSACTIONS DURING AND AFTER THE INTERIM PERIOD

No significant events or transactions during this period or after had financial consequences.

NOTE 6: SEASONALITY AND CYCLICALITY

Historically sales are higher during the second half of the year. This has changed in 2021 through the acquisition of Addmaster which has steady sales during the year. This is why seasonal variations are less.

NOTE 7: CONTINGENT LIABILITIES

No identified contingent liabilities.

NOTE 8: NET SALES FROM CONTRACTS WITH CUSTOMERS

The group's revenues from geographic markets can be broken down as follows. The row for global includes sales to the distributors mainly within Freshness. When sales are made to the end customer the sales will be reallocated in each region. Previously all sales were allocated at once, and these numbers were low and stable, but in the latest quarters this has changed. From January 1 2023 Polygiene Group have decided to report as below and to adjust previous year.

Q1 2023			
PRIMARY GEOGRAPHIC MARKETS:	GOODS	ROYALTY	TOTAL
APAC	5,763	2,781	8,544
EMEA	20,020	1,453	21,473
AMERICAS	3,425	1,186	4,611
GLOBAL	-6,614	-	-6,614
	22,594	5,420	28,014

Q1 2022			
PRIMARY GEOGRAPHIC MARKETS:	GOODS	ROYALTY	TOTAL
APAC	5,308	4,195	9,503
EMEA	27,244	2,572	29,816
AMERICAS	5,396	1,875	7,271
GLOBAL	-1,479	-	-1,479
	36,469	8,642	45,111

Q1 2023			
SEGMENT:	GOODS	ROYALTY	TOTAL
FRESHNESS	3,937	5,420	9,357
PRODUCT PROTECTION	18,657	-	18,657
	22,908	5,106	28,014

Q1 2022			
SEGMENT:	GOODS	ROYALTY	TOTAL
FRESHNESS	10,365	8,642	19,007
PRODUCT PROTECTION	26,104	-	26,104
	36,469	8,642	45,111

NOTE 9: SEGMENT REPORTING

Group management defines Polygiene Group's operating segments as Freshness and Product protection. The gross profit from these segments is monitored by the Group's executive decision makers and is the basis for strategic decisions. No other follow-up per segment is currently performed.

FRESHNESS

SEGMENT INCOME	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31
Net sales	9,357	19,007	78,466
Other operating income	886	55	162
Total operating revenue	10,243	19,062	78,628
Cost of goods sold	-1,802	-3,206	-9,036
GROSS PROFIT	8,441	15,856	69,592

PRODUCT PROTECTION

SEGMENT INCOME	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31
Net sales	18,657	26,104	95,098
Other operating income	-	-	-
Total operating revenue	18,657	26,104	95,098
Cost of goods sold	-5,704	-11,690	-49,955
GROSS PROFIT	12,953	14,414	45,143
TOTAL	21,394	30,270	114,735

Q1 2023			
SEGMENT ASSETS	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible fixed assets	8,523	474,113	482,636
Tangible fixed assets	1,656	936	2,592
TOTAL	10,179	475,049	485,228

Q1 2022			
SEGMENT ASSETS	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible fixed assets	6,200	449,317	455,517
Tangible fixed assets	1,697	976	2,673
TOTAL	7,897	450,293	458,190

NOTE 10: TAXES

TAX OF THE PERIOD	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31
Writedown of withholding tax	-	-	-4,531
Tax on profit of the year	-1,130	-407	-3,068
TOTAL TAX	-1,130	-407	-7,599

NOTE 11: GOODWILL

GROUP TSEK	2023-03-31	2022-03-31	2022-12-31
ACCUMULATED COST BROUGHT FORWARD	461,476	407,218	407,218
Acquisition of business	-	4,260	39,630
Acquisition of subsidiaries	-	-	1,222
Translation difference	11,549	-327	13,406
ACCUMULATED COST CARRIED FORWARD	473,025	411,151	461,476

SHARE CAPITAL, THE SHARE AND OWNERSHIP STRUCTURE

SHARE CAPITAL

Equity in Polygiene Group totals SEK 3,652,699 allocated to 36,526,989 outstanding shares. Polygiene Group has a single share class, and each share carries an equal right to dividend. Par value for each share is SEK 0.10. The following warrant programs have been issued by the Parent Company and are addressed to employees and contracted consultants:

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

For more information on the development of share capital, please refer to the Polygiene Group’s Annual Report 2022.

SHARES

Shares in Polygiene Group AB (publ.) have been listed on Nasdaq First North Growth Market, Stockholm, since March 14, 2016. During the first quarter, the total number of shares traded was 8,378,542 which corresponds on average to 130,915 shares per trading day. The share price at the end of the period was SEK 6.55, which corresponds to market Share capital, the share and ownership structure capitalization of MSEK 239. The highest and lowest share prices during the period were SEK 9.80 and SEK 6.22, respectively.

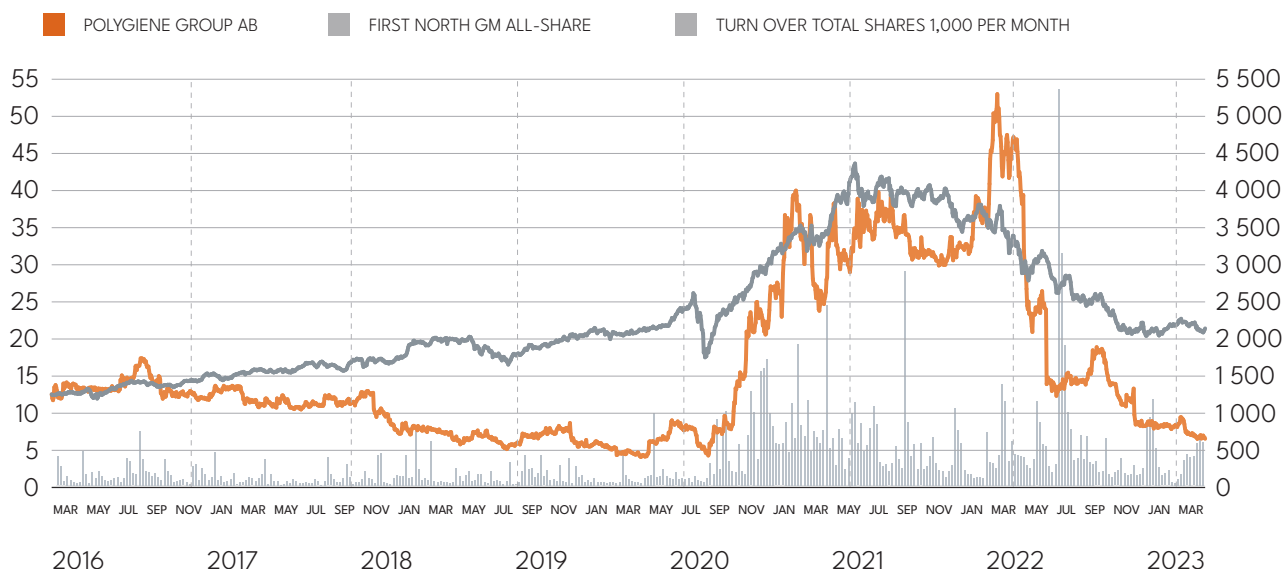
OWNERSHIP STRUCTURE

The number of shareholders at the end of the period amounted to 2,647 (2,282). The table below lists the 10 largest shareholders as of March 31, 2023.

SHAREHOLDERS	SHARES	PERCENT
Peter Gyllenhammar*	6,335,605	17,3 %
Paul Morris*	4,477,056	12,3 %
Familjen Eklund	3,615,946	9,9 %
Håkan Lagerberg*	2,465,030	6,7 %
Didner & Gerge Small & Microcap	1,600,000	4,4 %
Nordnet Pensionsförsäkring	1,547,758	4,2 %
Familjen Girell	1,330,000	3,6 %
Jonas Wallin*	874,000	2,4 %
Protean Funds Scandinavia	964,851	2,6 %
Avanza Pension	854,537	2,3 %
Other	12,462,206	34,1 %
TOTAL	36,526,989	100.0 %

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

POLYGIENE GROUP AB MARS 2016 – MARCH 2023





Anti-microbial floor, FlowFresh treated with Polygiene BioMaster™, in collaboration with partner Flowcrete.

DEFINITIONS

Operating profit (EBITDA): Earnings before depreciation, other operating costs, amortizations, interest and tax.

Operating margin (EBITDA): Earnings before depreciation, other operating costs, amortizations, interest and tax as a percentage of net revenues for the period.

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

Earnings per share: Earnings after tax divided by the average number of shares.

Equity/assets ratio: Adjusted equity in relation to balance sheet total.

Equity per share: Equity per share divided by the total number of shares outstanding at period end.

Cash flow per share: Cash flow divided by the average total shares outstanding.

CONTACT INFORMATION

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FINANCIAL CALENDAR 2023

Interim Report Q1	April 27
Annual General Meeting	May 11
Interim Report Q2	July 27
Interim Report Q3	October 26
Interim Report Q4	February 15, 2024

This information is information that Polygiene Group AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 CET on April 27, 2023.

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



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