

POLYGIENE GROUP AB (PUBL.)

# INTERIM REPORT Q2 2022



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

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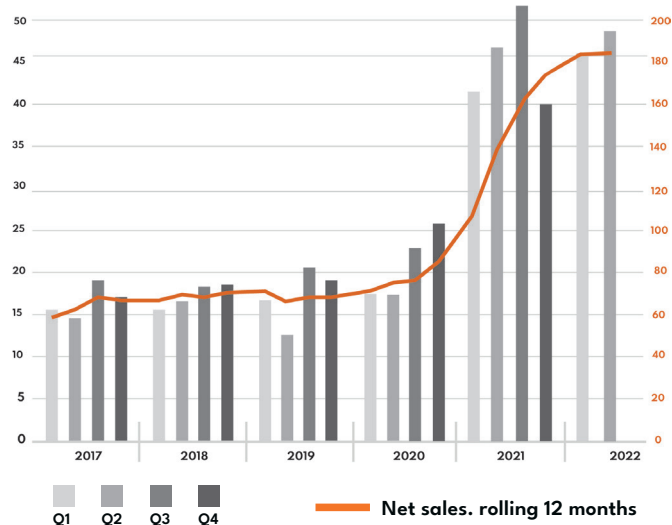
# Q2 IN BRIEF



## KEY RATIOS

GROUP	April - June 2022	April - June 2021	YTD 2022	Full Year 2021	Full Year 2020	Full Year 2019
Net sales, MSEK	47.5	46.9	92.6	181.6	83.9	68.8
Operating profit (EBITDA), MSEK	9.6	10.9	18.9	41.2	5.7	-2.8
Operating margin (EBITDA), %	20.3	23.4	20.5	22.7	6.8	-4.0
Profit after tax, MSEK	17.2	8.3	24.3	64.2	-1.7	-5.2
Operating margin after tax, %	36.2	17.6	26.2	35.3	-2.0	-7.2
Earnings per share, SEK	0.47	0.23	0.67	1.82	-0.08	-0.25
Cash flow, MSEK	-0.4	5.2	1.1	46.4	-0.5	1.2

## NET SALES, MSEK



## APRIL - JUNE

- Net sales amounted to MSEK 47.5 (46.9), a positive growth by 1.3 %
- The gross margin increased to 66.7 (61.9) %
- The operating profit before depreciation (EBITDA) amounted to MSEK 9.6 (10.9), corresponding to an EBITDA margin of 20.3 (23.4) %
- The operating profit after depreciation and before tax (EBIT) amounted to MSEK 11.5 (10.0), corresponding to an EBIT margin of 24.3 (21.3) %
- The cash flow amounted to MSEK -0.4 (5.2)
- Cash and cash equivalents amounted to MSEK 53.6 (41.5)

# SIGNIFICANT EVENTS IN BRIEF

## SIGNIFICANT EVENTS DURING APRIL - JUNE 2022

### POLYGIENE AB CHANGES COMPANY NAME

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

### MALOJA RELIES ON POLYGIENE FOR ITS BIKE STYLES

80 % of Maloja's bike styles in the new summer collection "Enrosadira" have a Polygiene® treatment for maximum performance during intense and long activities. Additionally, it gives the gear a longer life, and saves valuable environmental resources.

### E-LEATHER AND BIOMASTER NOMINATED FOR CRYSTAL CABIN AWARDS

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

### FULLY ANTIMICROBIAL SMARTPHONE NOMINATED FOR MULTIPLE AWARDS AND WINS INNOVATION AWARD

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

### ADDMASTER NOMINATED FOR EXPORT AWARD

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

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

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

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

Leading-edge technology makes Forloh's new Insect Shield® apparel best in class for warm weather adventures, combines fabric technologies and design in innovative new summer collection. The '100% made-in-America' technical outdoor brand, is proud to introduce new, lightweight Insect Shield® shirts and pants with Polygiene technology that delivers unprecedented comfort and protection in the most innovative garments ever designed for outdoor enthusiasts, according to Forloh.

### POLYGIENE BIOMASTER AND VERIMASTER IN PYLON COATINGS PRODUCTS

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

### POLYGIENE BIOMASTER TECHNOLOGY HELPS POWER ELECTRIC CAR SALES

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

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

In the light of the ongoing pandemic, the College of the Marshall Islands (CMI) has begun applying AggreCoat Silver antimicrobial surface coating throughout the campus. As educational institutions the world over continue their return to classrooms and lecture halls, hygiene is of paramount importance for students, teachers, and parents alike. We see indications that this type of precautions will be more common going forward.

### BIO5 LAUNCHES STATIONERY WITH SUPERPOWERS

The Polygiene BioMaster partner Bio5 is introducing a new range of antimicrobial writing and paper products made in the UK. In the current climate, awareness of hygiene is paramount, where schools and children are one of the areas of focus. Bio5 has worked with Polygiene BioMaster to create a range of high-quality stationery products with the added benefit of antimicrobial technology.



### MISLEADING ARTICLE

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

### SUCCESS FOR POLYGIENE GROUP AT AIRCRAFT INTERIORS EXPO

Polygiene Group exhibited for the first time at the AIX show in Hamburg in June with a booth that stood out in the crowd and showed why the technologies adds important value to aircraft interiors. In addition to a larger number of leads and meetings, Polygiene Group participated in a panel discussion together with 'The Germ Guy' Jason Tetro, moderator Paul Chen from VX Consulting and partner MGR Foamtex on 'How to Improve Cabin Interior Hygiene' and Polygiene Group was mentioned in several trade magazines including PAX International.

### SUCCESSFUL TRADE SHOWS IN THE US AND EUROPE IN JUNE

Polygiene Group exhibits at the Outdoor Retailer in Denver and OutDoor by Ispo trade shows in Munich, where the full range of antimicrobial protection and odor control technologies for both hard and soft surfaces is presented. We register strong presence and great interest from existing and potential customers in the booths and at the seminar with 'The Germ Guy', as the industry finally can come together at international shows again.

### POLYGIENE GROUP STRENGTHENS MANAGEMENT WITH TOP RECRUITMENT

Polygiene Group has just finalized the top recruitment of

Frank Stevens in the new position of Chief Operating Officer. Frank has a long, solid career in the field of textile chemicals with over 30 years of experience in the industry. His most recent position was as General Manager of Textiles for Scieessent LLC in the US, where he has worked for over 10 years.

### SUE BETHEL NEW CTO FOR POLYGIENE GROUP

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

### EVENTS AFTER THE QUARTER

#### NEW SALES AGENT IN FRANCE IMPORTANT STEP FOR POLYGIENE GROUP

Polygiene Group continues to expand its presence in Central Europe. From July 1 Jean Charles Marchionni will start as a new sales agent for the Polygiene Group in France. He has been rooted in the French sports and outdoor industry for more than 25 years and brings with him a broad network within the industry and the trade, but also on the association side.

#### POLYGIENE GROUP HIRES NEW CFO

In September Niklas Blomstedt starts as new CFO for Polygiene Group and succeeds current CFO Nina Forsvall. He comes with a solid experience in finance from Ericsson and Haldex, among others. His most recent role was as VP and Head of Finance at Arjo AB. Nina Forsvall will assume the role of HR manager for Polygiene Group.



Polygiene Group exhibited for the first time at the AIX show in Hamburg in June with a booth that stood out in the crowd and showed why the technologies adds important value to aircraft interiors.

# QUARTERLY GROWTH AND PROFIT MARGIN STRONG DESPITE MARKET TURBULENCE

## MESSAGE FROM THE CEO

**Net operating income for the quarter amounted to MSEK 47.5 (46.9), corresponding to an increase of 1.3 % compared with the previous year. The gross margin for the period was strong at 66.7 % (61.9 %). Operating profit before tax came to MSEK 9.6 (10.9), resulting in an operating margin of 20.3 (23.4) %. Cash flow was essentially unchanged at MSEK -0.4.**

The global economic situation continued to impact business. Rising inflation decreased consumer spending while increasing customer inventory levels and reducing new production. Despite these external factors, the Group reported growth this quarter. The supply of raw materials, previously a challenge, was stable due to solid work by our buyers in the past month. The business area Product Protection increased by 15 %, with organic growth representing 12 % of the increase; the remaining increase consists of turnover from SteriTouch™. The textile division Freshness declined by 11 % due to distributor interest in reducing inventory levels, which has a direct, but temporary, effect on Polygiene sales. On a positive note, additives delivered for production to the textile treatment facilities have increased by 11 %, indicating that distributors intend to replenish their inventory next quarter.

The cost base has increased this quarter partly due to the resumption of travel and participation in trade shows after a two-year hiatus caused by the global pandemic and partly due to strengthening the organization with additional competence. Ensuring an effective presence at strategic trade fairs should be regarded as an investment in future growth rather than a cost. Despite a few other non-recurring items, earnings before interest, taxes, depreciation, and amortization (EBITDA) indicate a solid profit margin of 20.3 (23.4) %. A weakened Swedish krona provides us with a tailwind, and the operating profit after depreciation and currency effects resulted in an EBIT margin of 24.2 (21.3) %. Upon attaining a higher growth rate, likely in the third quarter, we will approach our long-term goal of achieving a 30 % EBIT margin.

## POLYGIENE PRODUCT PROTECTION

In the wake of the pandemic, there is an increased interest in hygiene and cleanliness, as reflected by increased demand for BioMaster™ products, which protect materials and surfaces from cross contamination. Web requests in the past

month match those received at the height of the pandemic in 2020. In early June, we exhibited in Hamburg at AIX, the world's largest exhibition for aircraft interiors. The Polygiene Group participated for the first time with an eye-catching booth that attracted the attention of trade show-goers. The positive response has been overwhelming, generating many new leads. At the time of writing, follow-up and new meeting bookings are taking place, and I am convinced that we will soon sign new customers in the Transport category.

The Group announced its collaboration with NIO®, the Chinese electric car company, with the launch of BioMaster-treated seats. Testing is underway to treat other surfaces and materials, including the steering wheel and instrument panel. After the publication of the NIO press release, 30 other automotive industry players searched for our technologies and visited our website. We are working on integrating SteriTouch, which initially had a calm start, into the Group. There has been progress in migrating SteriTouch customers to BioMaster products to take advantage of economies of scale. As of

*» With a strong focus on growth and an increased intensity in product development, I'm certain that the future of Polygiene Group is bright«*



June 30, cumulative sales amount to MSEK 3.6. However, order intake is rising, and several newly acquired customers demonstrate the potential for strong growth in the future.

### POLYGIENE FRESHNESS

High inflation rates have had a significant impact on demand, primarily in the textile industry. Many in the clothing industry face tough challenges as consumers lose purchasing power due to rising prices. The quarter's figures reflect a decline in consumer spending, especially in the Home & Pets and Lifestyle & Fashion categories, where turnover has decreased compared to the previous year. On the other hand, the Sport & Outdoor category experienced solid growth of 31 %, rebounding from the pandemic downturn. The Group's largest Sport & Outdoor customer, alongside several key customers, continues to increase its orders for the second consecutive quarter. Unfortunately, other customers have more extensive inventory levels than expected and therefore have not matched production levels in the corresponding period of 2021. Workwear, a category with great potential, also experienced strong growth, more than doubling its turnover in the first half of the year compared to the same period last year. Treated workwear is a category we believe in due to its many advantages in the workplace.

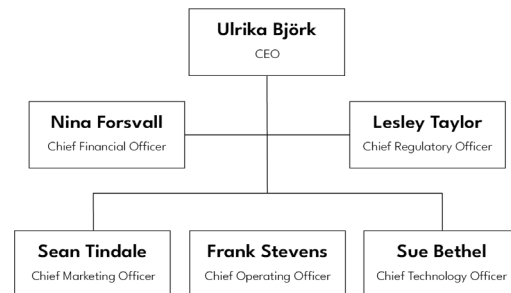
The biggest beneficiary of the decline in personal consumption expenditures is the environment. Extending the life of a garment is always the best way to reduce the consumer's climate footprint. Manufacturing new products will always have the greatest impact and represent the highest costs to the environment in terms of carbon footprint. Therefore, the focus must shift to producing more sustainable clothing and products. Brands that take more sustainable production seriously will be the winners in the future and, hopefully, win market share from fast fashion. Going forward, the sustainability perspective in the textile industry will remain the most significant driving force in the Freshness business area for the Group.

An independent third party recently conducted on our behalf a life-cycle assessment (LCA) comparing the environmental impact of a treated garment to that of an untreated one. The advantages of protecting a garment against the effects of odor and subsequently unnecessary laundering are obvious, and we will soon publish the results of the study. These data-based studies are essential tools to attract new customers as well as demonstrate the benefits of our stays fresh-solutions.

Our customers, who are well informed and already convinced of the benefits, remain confident with Polygiene Group as a partner. The Group also offers several technologies, and we are working intensively to expand the portfolio with innovations.

### ORGANIZATION

Several changes in the Group management team have taken place this quarter, and the new management team will take shape as follows:



As of September 15, 2022, Niklas Blomstedt will replace Nina Forsvall as the Group's new CFO while Nina will move into a role as the Group's HR-manager. Daniel Röme has left the management team to focus solely on R&D and strategic questions, and Sandrine Garnier has left the Group as planned.

### LOOKING AHEAD

Despite external factors affecting our business, there is a very high level of business activity throughout the Group, with ongoing customer projects within our existing business. We are working on several new business opportunities that hold great potential. The organization has been re-energized after a successful Company Meeting in June, and the recent recruitment of Frank Stevens as COO adds great value to the journey ahead. With a strong focus on growth and an increased intensity in product development, I'm certain that the future of Polygiene Group is bright.

I would also like to take the opportunity to wish everyone a great summer!

**Ulrika Björk** CEO Polygiene Group

# POLYGIENE GROUP IN BRIEF

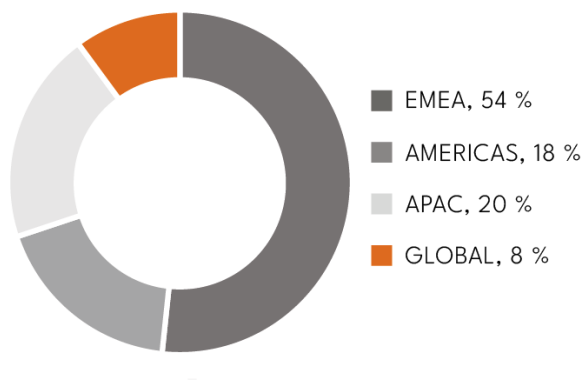
## OUR TREATMENTS MAKE SURE PRODUCTS STAY FRESH AND PROTECTED, WHICH MAKES THEM LAST LONGER

Polygiene Group is offering the market a comprehensive solution and a strong ingredient brand for antimicrobial and stays fresh 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 add additional value to existing and future partners.

In partnership with premium brands, we deliver a product that is effective, safe to use, prolongs product life, contributes to a more sustainable lifestyle as well as a more profitable business for our partners. Our 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.

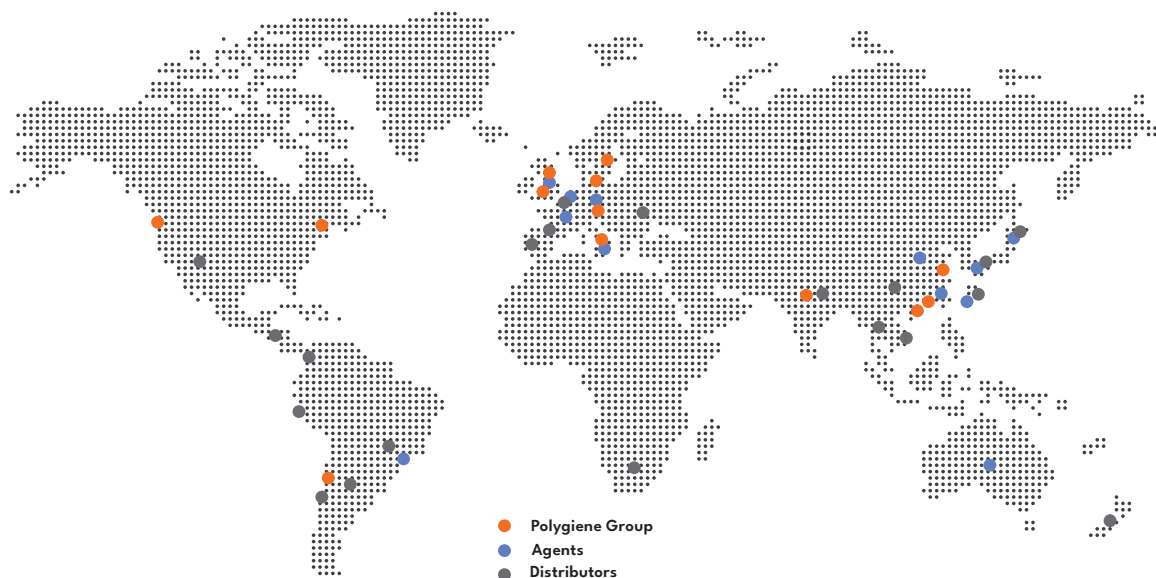
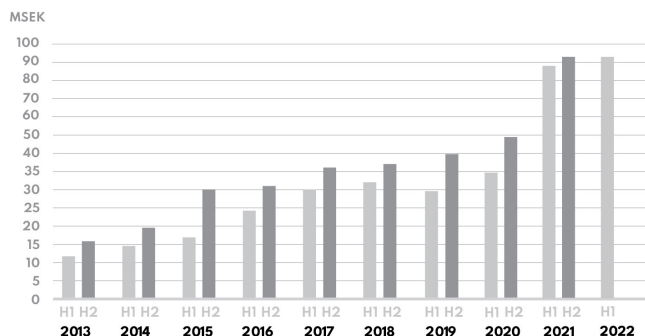
## OPERATIONS

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



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

The Group has a steady growth and a stronger second half year annually from 2013 to 2021. These seasonal variations evens out as new partners are added that have smaller seasonal variations.





# FINANCIAL TRENDS

## NET REVENUES AND PROFIT

### *Net revenues and Gross Margin*

Q2 net revenues for the Group totalled MSEK 47.5 (46.9), for an increase of 1.3 % over the same quarter the previous year. Gross margins for the quarter reported at 66.7 (61.9) %. Cost of goods sold totalled MSEK -15.9 (-17.9) for the quarter.

## COSTS

Other external expenses for the period totalled MSEK -13.1 (-10.4), which is an increase of 25.9 % over the same quarter the previous year. These costs include:

- Variable selling expenses MSEK -4.0 (-3.2) which consist mainly of commissions to agents and distributors
- Marketing expenses MSEK -2.5 (-2.0)
- Administrative expenses MSEK -4.6 (-3.7),
- Contracted consultants MSEK -2.0 (-1.5)

The increase in marketing and administrative costs compared with the previous year is mainly due to costs for trade fairs and travel that were not relevant during the pandemic in 2021.

**STAFF COSTS** totalled MSEK -9.0 (-7.7). The increase is due to more employees in the Group compared with the previous year and one more Board member. In June, the Group's employees met for a conference in Sweden, which has not happened in two years. These non-recurring costs have also affected the increase compared with the previous period.

**DEPRECIATION** on intangible- and tangible fixed assets totalled MSEK -1.0 (-0.8). Depreciation will increase in the coming periods due to higher development expenses.

**OTHER OPERATING EXPENSES** totalled MSEK 3.0 (-0.2) for the quarter and relates to exchange rate differences, mainly attributable to the rise of the USD exchange rate.

## RESULT

Operating profit/loss (EBITDA) totalled MSEK 9.6 (10.9), corresponding to operating margins (EBITDA) of 20.3 (23.4) %. Other profit of the period contains foreign currency translation differences in the translation of foreign subsidiaries and goodwill. The result after taxes totalled MSEK 17.2 (8.3).

## 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 expenses. 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 15.0 (13.5) and consist of deferred tax assets related to tax loss carry forwards arising in previous years and withholding tax. The total tax loss carry forward at the period-end was MSEK 28.8.

## CASH FLOW AND LIQUIDITY

Cash flow of the first quarter amounted to MSEK -0.4 (5.2). The cash flow has been negatively affected by non-recurring expenses mainly by investments in web development. These expenses have been capitalized as an intangible asset. The Group's cash and cash equivalents at the period-end amounted to MSEK 53.6 (41.5).

## EQUITY

Equity totalled MSEK 589.9 (460.2) at the period-end. The equity assets ratio as of 2022-06-30 was 95.7 (94.3) %.

## PERSONNEL EXPENSES

At the period-end, the operating organization, regardless the degree of service, was 49 (42) people. 41 (34) are employed and 8 (8) are contracted consultants. The operating organization amounts to 44.1 (39.6) full-time services.

# STATEMENTS OF PROFIT OR LOSS OF THE GROUP

TSEK	Note	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01- 2021-12-31
<b>Operating revenue</b>						
Net sales	8	47,467	46,876	92,578	88,831	181,610
Other operating income		37	47	92	94	191
<b>Total operating revenue</b>		<b>47,504</b>	<b>46,923</b>	<b>92,670</b>	<b>88,925</b>	<b>181,801</b>
<b>Operating expenses</b>						
Costs of goods sold		-15,856	-17,890	-30,752	-32,676	-66,368
<b>Gross profit or loss</b>		<b>31,648</b>	<b>29,033</b>	<b>61,918</b>	<b>56,249</b>	<b>115,433</b>
Other external expenses		-13,073	-10,408	-25,036	-19,937	-43,535
Personnel expenses		-8,956	-7,676	-17,940	-15,536	-30,698
<b>Operating profit before depreciation (EBITDA)</b>		<b>9,619</b>	<b>10,949</b>	<b>18,942</b>	<b>20,776</b>	<b>41,200</b>
Depreciation and write-downs		-1,049	-767	-2,003	-1,513	-3,134
Other operating expenses*		2,973	-182	-1,600	1,085	2,792
<b>Operating profit/loss (EBIT)</b>		<b>11,543</b>	<b>10,000</b>	<b>15,339</b>	<b>20,348</b>	<b>40,858</b>
<b>Profit from financial items</b>						
Interest expenses and similar items		-10	3	-23	-4	-391
<b>Profit after financial items</b>		<b>11,533</b>	<b>10,003</b>	<b>15,316</b>	<b>20,344</b>	<b>40,467</b>
Tax income for the period		-1,838	-1,717	-2,245	-3,540	-7,642
Other profit of the period		7,484	11	11,230	250	31,358
<b>Profit of the period</b>		<b>17,178</b>	<b>8,297</b>	<b>24,301</b>	<b>17,054</b>	<b>64,182</b>
<i>*Includes exchange rate differences</i>						
<b>Earnings per share before and after dilution</b>						
Before		0.47	0.23	0.67	0.48	1.82
After		0.46	0.23	0.65	0.47	1.77

# STATEMENTS OF FINANCIAL POSITION OF THE GROUP

Tkr	Not	2022-06-30	2021-06-30	2021-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets	9	464,961	371,354	413,308
Tangible assets		2,424	1,471	2,694
Financial assets	10	15,046	13,538	13,999
<b>Total fixed assets</b>		<b>482,431</b>	<b>386,363</b>	<b>430,001</b>
<b>Current assets</b>				
Finished items and items for sale		38,002	16,330	28,158
Trade receivables	10	36,418	35,447	34,593
Other current assets	10	6,153	8,540	5,390
Cash and cash equivalents		53,604	41,460	52,552
<b>Total current assets</b>		<b>134,177</b>	<b>101,777</b>	<b>120,693</b>
<b>TOTAL ASSETS</b>		<b>616,608</b>	<b>488,140</b>	<b>550,694</b>
<b>TOTAL EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>589,925</b>	<b>460,159</b>	<b>519,150</b>
<b>Long-term liabilities</b>				
Leasing liabilities		19	19	19
<b>Total long-term liabilities</b>		<b>19</b>	<b>19</b>	<b>19</b>
<b>Short-term liabilities</b>				
Accounts payable		14,798	12,628	11,283
Leasing liabilities		2,025	1,184	2,381
Other current liabilities		9,841	14,087	17,861
<b>Total short-term liabilities</b>		<b>26,664</b>	<b>27,899</b>	<b>31,525</b>
<b>Total liabilities</b>		<b>26,683</b>	<b>27,918</b>	<b>31,544</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>616,608</b>	<b>488,140</b>	<b>550,694</b>

# CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE GROUP

TSEK	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
<b>Equity at period start</b>	569,308	449,527	519,150	27,480	27,480
Translation differences	3,255	376	-1,477	-2,378	-
Share premium fund	-	1,659	-	1,659	-
New share issues and warrants	183	301	47,951	416,344	427,488
<b>Transactions with the owners</b>	<b>572,746</b>	<b>451,863</b>	<b>565,624</b>	<b>443,105</b>	<b>454,968</b>
Earnings of period	9,695	8,285	13,071	16,804	32,824
Other profit of the period	7,484	11	11,230	250	31,358
<b>Total earnings of period</b>	<b>17,178</b>	<b>8,296</b>	<b>24,301</b>	<b>17,054</b>	<b>64,182</b>
<b>Equity at period end</b>	<b>589,925</b>	<b>460,159</b>	<b>589,925</b>	<b>460,159</b>	<b>519,150</b>



# CASH FLOW STATEMENTS OF THE GROUP

TSEK	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
<b>Current activities</b>					
Profit/loss before financial items	11,543	10,000	15,339	20,348	40,858
Non-cash adjustment	2,157	-551	7,608	1,014	3,149
Interest paid	-11	3	-24	-4	-772
Paid income tax	-28	-22	-1,469	-54	-6,916
<b>Cash flow from operating activities before changes in operating capital</b>	<b>13,661</b>	<b>9,430</b>	<b>21,454</b>	<b>21,304</b>	<b>36,319</b>
<i>Changes in working capital:</i>					
Increase/decrease in inventory	-5,313	-298	-9,844	-1,955	-13,451
Increase/decrease in current receivables	845	-5,529	-3,211	15,592	22,201
Increase/decrease in current liabilities	-7,606	-948	-4,505	-14,636	-7,470
<b>Net cash flow from operating activities</b>	<b>1,587</b>	<b>2,655</b>	<b>3,894</b>	<b>20,305</b>	<b>37,599</b>
<b>Net cash flow from current activities</b>	<b>1,587</b>	<b>2,655</b>	<b>3,894</b>	<b>20,305</b>	<b>37,599</b>
<b>Investment activities</b>					
Acquisition of subsidiary	-	-	-	-402,684	-404,846
Acquisition of intangible assets	-1,383	-542	-44,476	-1,302	-3,143
Acquisition of tangible assets	-68	-7	-274	-39	-302
Disposal of tangible assets	-	-	-	2,879	2,879
Acquisition of financial assets	-516	-379	-1,047	-844	-2,062
<b>Cash flow from investing activities</b>	<b>-1,967</b>	<b>-928</b>	<b>-45,797</b>	<b>-401,990</b>	<b>-407,474</b>
<b>Financing activities</b>					
New shares and warrants	183	3,728	43,299	419,549	418,317
Overdraft facilities	-	-	-	-1,151	-1,151
Amortization of leased objects	-180	-226	-355	-462	-900
<b>Cash flow from financial activities</b>	<b>3</b>	<b>3,502</b>	<b>42,944</b>	<b>417,936</b>	<b>416,266</b>
<b>Cash flow of period</b>	<b>-377</b>	<b>5,229</b>	<b>1,041</b>	<b>36,251</b>	<b>46,391</b>
Cash and cash equivalents at period start	53,981	36,231	52,552	4,478	4,478
Currency differences, cash and cash equivalents	-	-	11	731	1,683
<b>Cash and cash equivalents at period end</b>	<b>53,604</b>	<b>41,460</b>	<b>53,604</b>	<b>41,460</b>	<b>52,552</b>

# MULTI-YEAR OVERVIEW OF THE GROUP

Group	April - June 2022	April- June 2021	YTD 2022	Full year 2021	Full year 2020
Net sales, TSEK	47,467	46,876	92,578	181,610	83,932
Sales growth, %	1	171	4	116	22
Operating profit/loss EBITDA, TSEK	9,619	10,949	18,942	41,200	5,709
Operating margin EBITDA, %	20	23	21	23	7
Profit after tax, TSEK	17,178	8,297	24,301	64,182	-1,736
Operating margin after tax, %	36	18	26	35	-2
Cash flow, TSEK	-377	5,229	1,052	46,391	-431
Equity, TSEK	589,925	460,159	589,925	519,150	27,480
Balance sheet total, TSEK	616,608	488,140	616,608	550,694	57,636
Equity/assets ratio, %	95.7	94.3	95.7	94.3	47.7
Number of shares at period end, THS	36,527	35,550	36,527	35,550	20,516
Average no. of shares at period end, THS	36,527	35,550	36,527	35,550	20,516
Earnings per share before dilution, SEK	0.47	0.23	0.67	1.82	-0.08
Earnings per share after dilution, SEK	0.46	0.23	0.65	1.77	-0.08
Cash flow per share, SEK	-0.01	0.15	0.03	1.30	-0.02
Equity per share, SEK	16.15	12.94	16.15	14.60	1.34

# STATEMENTS OF PROFIT OR LOSS OF THE PARENT COMPANY

Tkr	Not	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
<b>Operating revenue</b>						
Net sales	8	22,818	25,871	41,762	44,766	93,724
Other operating income		48	47	95	94	190
<b>Total operating revenue</b>		<b>22,866</b>	<b>25,918</b>	<b>41,857</b>	<b>44,860</b>	<b>93,914</b>
<b>Operating expenses</b>						
Costs of goods sold		-6,976	-9,106	-10,932	-14,773	-32,143
<b>Gross profit or loss</b>		<b>15,890</b>	<b>16,812</b>	<b>30,925</b>	<b>30,087</b>	<b>61,771</b>
Other external expenses		-11,587	-9,436	-22,078	-17,557	-39,482
Personnel expenses		-5,560	-5,062	-10,834	-10,231	-19,743
<b>Operating profit before depreciation (EBITDA)</b>		<b>-1,257</b>	<b>2,314</b>	<b>-1,987</b>	<b>2,299</b>	<b>2,546</b>
Depreciation and write-downs		-562	-376	-1,062	-724	-1,574
Other operating expenses		1,204	-180	-3,441	1,743	2,792
<b>Operating profit/loss (EBIT)</b>		<b>-615</b>	<b>1,758</b>	<b>-6,490</b>	<b>3,318</b>	<b>3,764</b>
<b>Profit from financial items</b>						
Interest expenses and similar items		-42	-	-65	-2	-2
<b>Profit after financial items</b>		<b>-657</b>	<b>1,758</b>	<b>-6,555</b>	<b>3,316</b>	<b>3,762</b>
Tax income for the period		113	-364	1,311	-591	-758
<b>Profit of the period</b>		<b>-544</b>	<b>1,394</b>	<b>-5,244</b>	<b>2,725</b>	<b>3,004</b>
<b>Earnings per share</b>						
Before		-0.01	0.04	-0.14	0.08	0.09
After		-0.01	0.04	-0.14	0.08	0.08

# STATEMENTS OF FINANCIAL POSITION OF THE PARENT COMPANY

TSEK	Note	2022-06-30	2021-06-30	2021-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible assets		7,050	5,082	6,084
Tangible assets		291	42	113
Financial assets	9	473,231	467,236	472,184
<b>Total fixed assets</b>		<b>480,572</b>	<b>472,360</b>	<b>478,381</b>
<b>Current assets</b>				
Finished items and items for sale		7,402	2,657	3,870
Trade receivables	9	23,445	25,752	25,747
Other current assets	9	7,180	4,026	4,292
Cash and cash equivalents		12,343	7,265	16,388
<b>Total current assets</b>		<b>50,370</b>	<b>39,700</b>	<b>50,297</b>
<b>TOTAL ASSETS</b>		<b>530,942</b>	<b>512,060</b>	<b>528,678</b>
<b>TOTAL EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>490,479</b>	<b>449,946</b>	<b>452,606</b>
<b>Long-term liabilities</b>				
Other current liabilities		10,257	45,930	45,930
<b>Total Long-term liabilities</b>		<b>10,257</b>	<b>45,930</b>	<b>45,930</b>
<b>Short-term liabilities</b>				
Accounts payable		23,544	10,573	21,193
Other current liabilities		6,662	5,611	8,949
<b>Total short-term liabilities</b>		<b>30,206</b>	<b>16,184</b>	<b>30,142</b>
<b>Total liabilities</b>		<b>40,463</b>	<b>62,114</b>	<b>76,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>530,942</b>	<b>512,060</b>	<b>528,678</b>



# CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE PARENT COMPANY

TSEK	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
<b>Equity at period start</b>	<b>491,023</b>	<b>445,092</b>	<b>452,606</b>	<b>28,040</b>	<b>28,040</b>
Share premium	–	3,439	43,018	–	420,060
New share issues and warrants	–	21	98	419,281	1,503
<b>Transactions with the owners</b>	<b>491,023</b>	<b>448,552</b>	<b>495,722</b>	<b>447,321</b>	<b>449,603</b>
Earnings of period	-544	1,394	-5,243	2,625	3,003
<b>Total earnings of period</b>	<b>-544</b>	<b>1,394</b>	<b>-5,243</b>	<b>2,625</b>	<b>3,003</b>
<b>Equity at period end</b>	<b>490,479</b>	<b>449,946</b>	<b>490,479</b>	<b>449,946</b>	<b>452,606</b>

# CASH FLOW STATEMENTS

## OF THE PARENT COMPANY

TSEK	2022-04-01 2022-06-30	2021-04-01 2021-06-30	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
<b>Current activities</b>					
Profit/loss before financial items	-615	1,758	-6,490	1,758	3,764
Non-cash adjustment	560	376	970	376	1,573
Interest paid	-42	-	-19	-	-2
<b>Cash flow from operating activities before changes in operating capital</b>	<b>-97</b>	<b>2,134</b>	<b>-5,539</b>	<b>2,134</b>	<b>5,335</b>
<i>Changes in working capital:</i>					
Increase/decrease in inventory	-499	-78	-3,532	-78	-1,183
Increase/decrease in current receivables	-1,020	-5,996	726	-5,996	5,444
Increase/decrease in current liabilities	-2,997	-611	63	-611	4,412
<b>Net cash flow from operating activities</b>	<b>-4,613</b>	<b>-4,551</b>	<b>-8,282</b>	<b>-4,551</b>	<b>14,008</b>
<b>Net cash flow from current activities</b>	<b>-4,613</b>	<b>-4,551</b>	<b>-8,282</b>	<b>-4,551</b>	<b>14,008</b>
<b>Investment activities</b>					
Acquisition of subsidiary	-	-	-	-	-458,185
Acquisition of intangible assets	-1,382	-542	-1,931	-542	-3,139
Acquisition of tangible assets	-	-	-228	-	-84
Acquisition of financial assets	-516	-379	-1,047	-379	-2,062
<b>Cash flow from investing activities</b>	<b>-1,898</b>	<b>-921</b>	<b>-3,206</b>	<b>-921</b>	<b>-463,470</b>
<b>Financing activities</b>					
New shares and warrants	-	3,459	43,116	3,459	419,285
Borrowings in group companies	238	-	-35,673	-	45,930
Overdraft facilities	-	-	-	-	-1,151
<b>Cash flow from financial activities</b>	<b>238</b>	<b>3,459</b>	<b>7,443</b>	<b>3,459</b>	<b>464,064</b>
<b>Cash flow of period</b>	<b>-6,273</b>	<b>-2,013</b>	<b>-4,045</b>	<b>-2,013</b>	<b>14,602</b>
Cash and cash equivalents at period start	18,616	9,278	16,388	9,278	1,786
Currency differences, cash and cash equivalents	-	-	-	-	-
<b>Cash and cash equivalents at period end</b>	<b>12,343</b>	<b>7,265</b>	<b>12,343</b>	<b>7,265</b>	<b>16,388</b>

# MULTI-YEAR OVERVIEW OF THE PARENT COMPANY

Group	Apr-June 2022	Apr-June 2021	YTD 2022	Full-year 2021	Full-year 2020
Net sales, TSEK	22,818	25,871	41,762	93,724	80,032
Sales growth, %	-12	55	-7	17	16
Operating profit/loss EBIT, TSEK	-615	2,314	-6,490	2,546	5,570
Profit after tax, TSEK	-3	9	-16	3	7
Operating margin EBIT, %	-544	1,394	-5,244	3,004	-944
Operating margin after tax, %	-2	5	-13	3	-1
Cash flow, TSEK	-6,273	-2,013	-4,044	14,602	-2,549
Equity, TSEK	490,479	449,946	490,479	452,606	28,040
Balance sheet total, TSEK	530,942	512,060	530,942	528,678	57,247
Equity/assets ratio, %	92.4	87.8	92.4	85.6	48.9
Average no. of shares at period end, THS	36,527	35,550	36,527	35,550	20,516
Earnings per share before dilution, SEK	-0.01	0.04	-0.14	0.09	-0.05
Earnings per share after dilution, SEK	-0.01	0.04	-0.14	0.08	-0.04
Cash flow per share, SEK	-0.17	-0.06	-0.11	0.41	-0.12
Equity per share, SEK	13.43	12.73	13.43	12.73	1.37
Share price at period end, SEK	14.3	32.3	14.3	49.9	38.3

# ADDITIONAL INFORMATION AND NOTES

## Not 1: Nature of operations

Polygiene Group is a group that provides antimicrobial solutions for textiles and hard surfaces to keep products fresh from bacteria and viruses. In connection with the acquisition of Addmaster, the Group expanded its product range and today offers several technologies, including technologies based on silver solutions. The technologies within Freshness enables the lifespan of products to be extended via a change in consumer behaviour. Today the Group has over 750 global partners within many categories including Sport & Outdoor, Fashion & Lifestyle, Workwear, Hospitality, Home & Pets, Healthcare, Water, Industrial and Paper & Packaging. The Group's brand is a significant asset whereby the Group conducts continual activities to strengthen the brand and awareness which is vital to achieve future targets. Polygiene Group AB (publ.), the Group Parent, is a public limited company formed and domiciled in Sweden. The main office and primary operations location are at Styrmansgatan 2, 211 18 Malmö.

Polygiene Group AB shares are listed on Nasdaq First North.

## Not 2: General information and compliance with IAS 34

This interim report presents the period from April 1 to June 30, 2022 and is prepared in SEK, the Parent's functional currency. The interim report was prepared according to IAS 34 Interim Financial Reporting and ÅRL.

The Parent Company publish consolidated financial statements in compliance with IFRS. This interim report for the Group is thereby also prepared in compliance with IFRS.

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 2021 except description of the basic regulatory frameworks applied. Complete additional information under IFRS is published in our 2021 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 April 1 to June 30, 2022 was approved for publishing by the Board of Directors on July 27, 2022.

## Not 3: Significant Accounting and valuation policies of the Parent Company

This interim report was prepared in compliance with IFRS, which agrees with the accounting and valuation principles which can be read in the Parent's 2021 financial statements.

## Not 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, assessments made in the interim report, including assessment of the most important sources of uncertainty are the same as those applied in the 2021 annual reports.

## Not 5: Significant events and transactions during and after the interim period.

In April 2022, a number of articles were published criticising one of the Group's existing technologies. These questions were answered in a press release published on April 14, where Polygiene Group strongly dissociates itself from erroneous claims.

The course of events in Ukraine affects the geopolitical situation and increases the uncertainties in the global market. Polygiene Group has no operations in neither Russia nor Ukraine and therefore believes that this event has no direct impact on the Group's operation, earnings and/or financial position. A few ongoing customer projects have been paused and a small number of orders have been rejected due to the current situation. Polygiene Group continuously monitors the development in order to minimize any risks.

## Not 6: Seasonality and cyclicity

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

## Not 7: Contingent liabilities

The Board has identified a contingent liability through the acquisition of the business "SteriTouch". The seller may receive a cash additional purchase price that may amount to a maximum of approximately MSEK 6.2 (MGBP 0.5) based on 2022 years sales growth of the acquired business.



**Not 8: Net sales from contracts with customers**

The Group's revenues from geographic markets can be broken down as follows:

Q2 2022	Goods	Royalty	Total
<b>Primary geographic markets:</b>			
APAC	6,528	2,983	9,511
EMEA	21,763	3,986	25,749
AMERICAS	5,950	2,696	8,646
GLOBAL	3,556	5	3,561
	<b>37,797</b>	<b>9,670</b>	<b>47,467</b>
<hr/>			
Q2 2021	Goods	Royalty	Total
<b>Primary geographic markets:</b>			
APAC	5,906	2,672	8,578
EMEA	21,066	2,688	23,754
AMERICAS	5,544	1,662	7,206
GLOBAL	7,298	40	7,338
	<b>39,814</b>	<b>7,062</b>	<b>46,876</b>
<hr/>			
Q2 2022	Goods	Royalty	Total
<b>Business areas:</b>			
FRESHNESS	12,537	9,670	22,207
PRODUCT PROTECTION	25,260	–	25,260
	<b>37,797</b>	<b>9,670</b>	<b>47,467</b>
<hr/>			
Q2 2021	Goods	Royalty	Total
<b>Business areas:</b>			
FRESHNESS	17,793	7,062	24,855
PRODUCT PROTECTION	22,021	–	22,021
	<b>39,814</b>	<b>7,062</b>	<b>46,876</b>

**Not 9: Goodwill**

The Group's changes in the presented value for goodwill:

Group TSEK	2022-06-30	2021-06-30
<b>Accumulated cost brought forward</b>	411,151	372,625
Purchase	–	–
Translation difference	8,053	–
<b>Accumulated cost carried forward</b>	<b>419,204</b>	<b>372,625</b>

**Not 10: Financial assets**

The Group's changes in value of financial assets:

Group, TSEK	2022-06-30	2021-06-30
<b>Trade receivables</b>		
Opening balance	32,637	32,234
Change during the period	3,781	3,213
<b>Closing balance</b>	<b>36,418</b>	<b>35,447</b>
<hr/>		
<b>Withholding tax</b>		
Opening balance	9,989	7,861
Change during the period	515	378
<b>Closing balance</b>	<b>10,504</b>	<b>8,239</b>
<hr/>		
<b>Contracted assets</b>		
Opening balance	5,418	2,684
Change during the period	-428	144
<b>Closing balance</b>	<b>4,990</b>	<b>2,828</b>

# SHARE CAPITAL, THE SHARES AND OWNERSHIP STRUCTURE

## SHARE CAPITAL

Equity in Polygiene Group AB totals SEK 3,652,699 allocated to 36,526,989 outstanding shares. The company 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 2021.

## SHARES

Shares in Polygiene Group AB (publ.) have been listed on Nasdaq First North, Stockholm, since March 14, 2016. During the second quarter, the total number of shares traded was 15,639,235 which corresponds on average to 260,654 shares per trading day. The share price at the end of the period was SEK 14.34, which corresponds to market Share capital, the share and ownership structure capitalization of

MSEK 524. The highest and lowest share prices during the period were SEK 26.45 and SEK 12.34, respectively.

## OWNERSHIP STRUCTURE

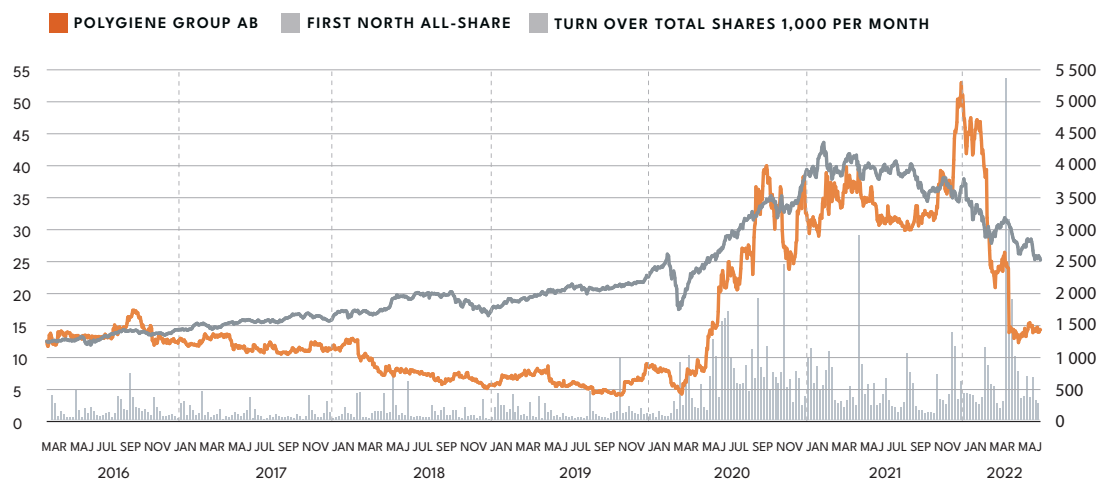
The number of shareholders at the end of the period amounted to 2,887 (3,382). The table below lists the 10 largest shareholders as of June 30, 2022.

Shareholders	Shares	Percent
Paul Morris*	4,477,056	12.3%
DNCA Invest	3,014,699	8.3%
Håkan Lagerberg*	2,465,030	6.7%
Fosielund Holding AB	2,350,000	6.4%
Nordnet Pensionsförsäkring	1,876,964	5.1%
Didner & Gerge Small & Microcap	1,500,000	4.1%
Peter Gyllenhammar*	1,336,246	3.7%
Avanza Pension	983,409	2.7%
SHB Fonder & Liv	937,973	2.6%
Jonas Wollin*	854,000	2.3%
Övriga	16,731,612	45.8%
<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.

## POLYGIENE GROUP AB MARCH 2016 – JUNE 2022





## 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 2021 Annual Report.

## DEFINITIONS

**Operating profit (EBITDA):** Earnings before depreciation, amortizations, interest and tax.

**Operating margin (EBITDA):** Earnings before depreciation, 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

Questions related to the report:

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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 below, at 08.00 CET on July, 28, 2022.

## FINANCIAL CALENDER 2022

Interim Report Q3

October 27

Interim Report Q4

February 16, 2023