



POLYGIENE GROUP AB (PUBL.)

INTERIM REPORT Q2 2023

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POLYGIENE[®]
GROUP
FOR MINDFUL LIVING

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Q2 IN BRIEF

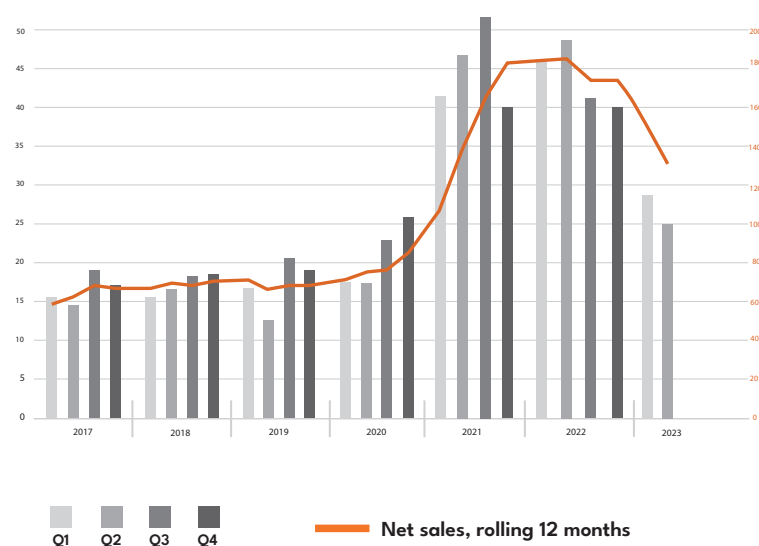


KEY RATIOS

GROUP	APRIL - JUNE 2023	APRIL - JUNE 2022	YTD 2023	FULL YEAR 2022	FULL YEAR 2021	FULL YEAR 2020
Net sales, MSEK	25,4	47,5	53,4	173,6	181,6	83,9
Operating profit (EBITDA), MSEK	-1,8	9,6	-1,9	22,2	41,2	5,7
Operating margin (EBITDA)	-6,9 %	20,3 %	-3,6 %	12,8 %	22,7 %	6,8 %
Profit after tax, MSEK	24,3	17,2	28,7	21,8	64,2	-1,7
Operating margin after tax	95,8 %	36,2 %	53,8 %	12,6 %	35,3 %	-2,0 %
Earnings per share, SEK	0,67	0,47	0,79	0,60	1,81	-0,08
Cash flow, MSEK	-2,8	-0,4	-4,0	-6,2	46,4	-0,5

NET SALES, MSEK

APRIL - JUNE



- Net revenue amounted to MSEK 25.4 (47.5). The quarter had a positive currency effect of 4 % compared to the previous year
- Gross margin was 74.2 (66.7) %
- Operating profit before depreciation and amortization (EBITDA) was MSEK -1.8 (9.6)
- Operating profit after depreciation and before tax (EBIT) was MSEK -5.3 (11.5)
- Cash flow amounted to MSEK -2.8 (-0.4) (-0.5 including currency effect). Cash and cash equivalents amounted to MSEK 47.1 (53.6)

SIGNIFICANT EVENTS IN BRIEF

EVENTS DURING APRIL - JUNE 2023

NEW BOARD MEMBER

Bengt Engström was elected as a new member of the company's board of directors at the annual general meeting on May 11th. Engström has a master's degree in engineering from KTH and has previously worked in senior positions within various companies, including Whirlpool Corporation and Duni AB. He is currently a chairman and board member of several companies.

WARRANT PROGRAM

At the annual general meeting, it was decided, according to the board's proposal, to introduce a warrant option program for the company's employees and consultants. The program included 300,000 warrants, where each option grants the holder the right to subscribe for a new share in the company. The subscription price per share will be 11.52 SEK. The opportunity to subscribe for shares will be available from June 1, 2026, to June 30, 2026.

NEW SALES AGENT IN BANGLADESH

MJ Fashions becomes sales agent for Polygiene Group in the growing textile region of Bangladesh. It is strategically important to be present in the region as Bangladesh is the second largest textile exporter in the world.

NEW SALES AGENT IN SPAIN

Polygiene Group has appointed Sports & Outdoor veteran Martina Claus as its new sales agent in Spain. Claus will cover the Spanish market to meet the growing demand for sustainable and functional technologies in the textile segment.

SIGNS A NEW AGREEMENT

Polygiene Group has signed a new distribution agreement with Inquisalva, S.A. in El Salvador. This will improve Polygiene's position in the region as Inquisalva is a well-established supplier of products to local and international factories and brands.

NEW COLLABORATIONS

BLACK YAK

Black Yak, the market leader for outdoor clothing in Korea, has partnered with the products Polygiene OdorCrunch™ and Polygiene StayFresh™. A comprehensive co-funded launch will take place in the summer of 2023.

GUNZE

Polygiene Group has partnered with one of the leading underwear companies, Gunze, in Japan. From SS23, a large number of products will be launched in the Lifestyle & Fashion and Sports & Outdoor segments.

SUKENO

One of the largest sock producers, Sukeno in Japan, has partnered with Polygiene Group. The range of products treated with Polygiene StayFresh is growing rapidly.

X-PLAST

Polygiene Group has recently started supplying Polygiene BioMaster™ to X-Plast in Hungary, a manufacturer of hangers for the Swiss company Zippsafe AG. The company provides space-saving locker solutions and has set a new standard and revolutionized the traditional locker with its soft locking solutions.

KLEENCLAD

Polygiene Group has initiated a partnership with Brettmartin in Belfast, which will use Polygiene BioMaster in antimicrobial PVC sheets for Kleenclad in the UK.

Kleenclad supplies the Indian and Sri Lankan markets, and their PVC sheets will be used in hospitals, schools, and other public spaces.

DELAYED RECOVERY BUT CONTINUED STRONG MARGIN AND LIQUIDITY

Net sales for the quarter amounted to MSEK 25.4 (47.5), down by 46.5 % compared to last year. However, the 74.2 (66.7) % gross margin proved stronger than last year's second-quarter results. The operating profit this period before depreciation and tax (EBITDA) amounted to MSEK -1.8 (9.6), corresponding to an EBITDA margin of -6.9 (20.3) %. Cash flow was negative at MSEK -2.8 (MSEK -0.5, adjusted for foreign currency effects). Cash and cash equivalents amounted to MSEK 47.1.

Business conditions characterizing the first months of the year spilled into the second quarter. The pace of market recovery has taken longer than expected, and total sales are down 46.5% compared to the previous year. However, a weaker Swedish krona has had a significant positive effect on growth, lifting Polygiene Group results by a few percentage points.

A significant portion of the decline in sales can be attributed to raw material processors who manufacture our formulations and textile distributors holding warehouse inventory. These revenues appear at an earlier phase than the actual production cycle and therefore does not reflect the real demand for our products. The trend of holding buffer stocks has reversed due to rising interest rates and reduced order intake. Apart from the situation above, the decrease in sales is approximately 30 %, which provides a fairer assessment of business conditions and reflects what is happening in the industry in general. On a positive note, customers have begun to move their relatively high inventory levels, and current market signals a recovery by the end of 2023

PRODUCT PROTECTION

The Product Protection business area has broad growth potential across various categories since it is possible to treat all surfaces and materials. We continue to establish ourselves as a market leader in the post pandemic years, where hygiene is more important than ever to consumers and companies. Therefore, developing and implementing innovative strategies to spur market activity and activate other technologies in our portfolio is critical.

Our recent investment in the transport sector has yielded results. Ongoing collaboration with Chinese electric car manufacturer, NIO, has involved treating artificial leather seats and interiors for a single car model with Polygiene BioMaster™ antimicrobial technology. The auto manu-

facturer has now announced it will treat all newly manufactured cars with BioMaster, and tests are underway to treat leather seats in NIO cars. This positive development also signals future market demand and the added value of providing hygienic surfaces in automobiles. We anticipate doing business with other car brands as the manufacturer for seats and interiors in China is working to sell the concept to several other car manufacturers.

We were invited to present BioMaster to a prestigious audience in June at the Automotive Circle conference on Automotive Interiors in Germany. After the conference, several meetings with potential partners in Europe took place. The sales cycle for this segment is relatively long due to thorough testing that must take place. However, these efforts can lead to solid returns once the segment begins to generate volumes.

» THE COMPANY HOLDS A STRONG FINANCIAL POSITION, WHICH PROVIDES SECURITY FOR OUR COMPANY AND OUR INVESTORS «

Other positive news in the transport sector includes our presence at the Aircraft Interiors Expo (AIX), a leading trade fair for aircraft interiors. Scheduling meetings for follow-up are now taking place worldwide with 15 companies that expressed interest in BioMaster technology.

During the quarter, we also signed several new agreements with customers, such as Faigle, a manufacturer of hanging straps for subways and buses. Faigle will treat straps with BioMaster technology for use in Hong Kong's subway and other areas.

Image: Shutterstock



FRESHNESS

In many ways, 2023 has been a gap year for the Freshness business area. Our customers slowed new production to unusually low levels due to high inventory levels from the previous year due to the downturn in consumer spending. Several factors, such as rising inflation and geopolitical tensions, hampered the global economy, lending uncertainty to the business climate. However, the retail trade has grown this quarter, signaling that our sales will increase in the late autumn. It is important to note that our customers remain loyal, adjusting their orders to their business situations. We continue to sign new customer agreements and have welcomed ten new customers in the quarter.



During the quarter, we also signed agreements with two new sales agents who promise to accelerate business cost-effectively in key regions. Bangladesh is the second largest textile exporter after China. Placing a local agent there is a strategic decision since sales will mainly take place directly with textile manufacturers, while the agent in Spain will mainly focus on selling directly to brands.

Going forward, we anticipate that the demand for sustainable, innovative technologies that add value to customer products will drive growth within the Freshness segment. However, developing and producing new products takes time since we never compromise on quality, durability, functionality, or regulations. Meeting all these criteria is a business imperative when adding a new product to the portfolio. Expanding our product portfolio is more important than ever, and we expect to launch new products soon.

LOOKING AHEAD

As CEO of the Polygiene Group, I am determined to reverse the downturn experienced in the recent quarter. Focusing on our growth strategy to bolster sales is paramount. Profitability and other key figures will then follow. The Group's strong financial position provides security for us and our investors. Upcoming product launches, strong existing partnerships, a solid pipeline, and a committed and motivated team will steer the company towards growth again.

A handwritten signature in blue ink, which appears to read '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.

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

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. By doing so, we all will be part of building an eco-friendly society with an approach to consumption that is more sustainable in the long term.



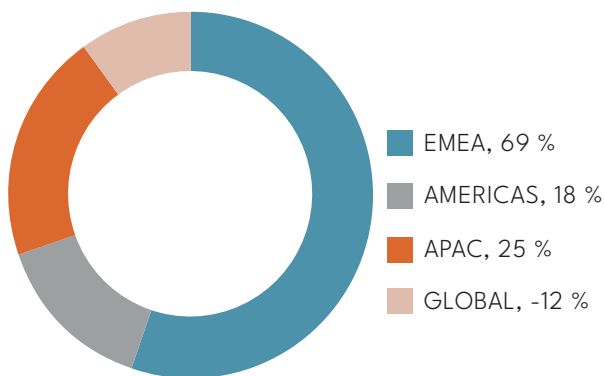
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FRESHNESS



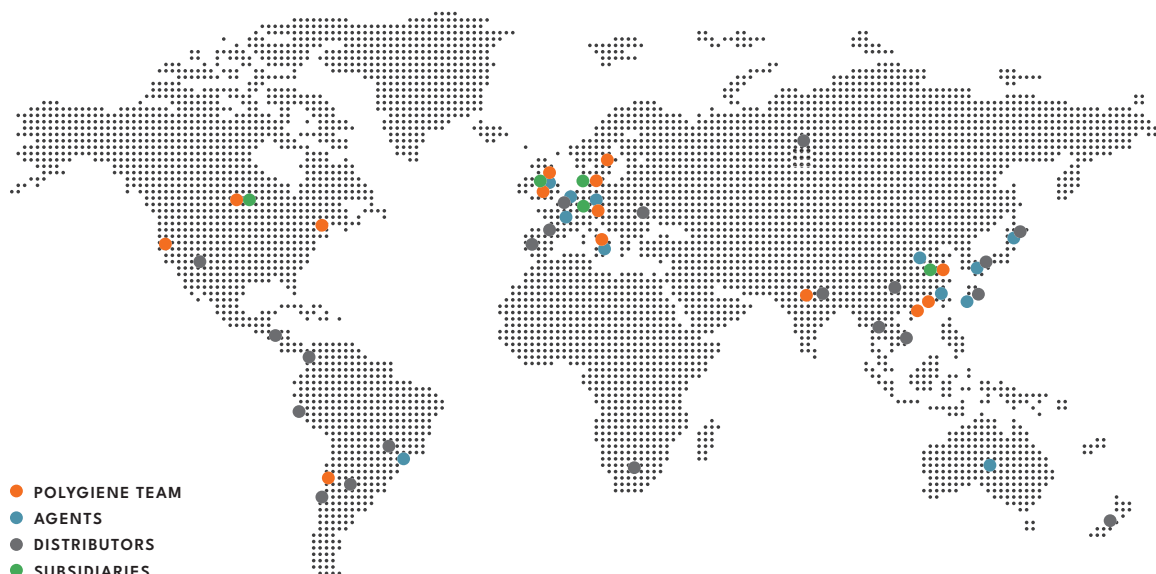
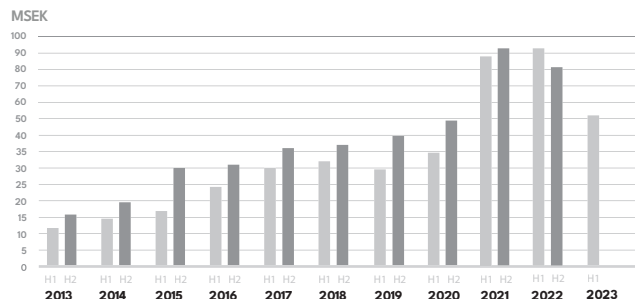
POLYGIENE®
PRODUCT PROTECTION

OPERATIONS

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



NET SALES FIRST/SECOND HALF OF THE YEARS 2013-2023



FINANCIAL TRENDS

NET REVENUES AND PROFIT

NET REVENUES AND GROSS MARGIN

The Group's net sales for the second quarter amounted to MSEK 25.4 (47.5). The quarter had a positive currency effect of 4 % compared to the previous year. The gross margin reported for the quarter was 74.2 (66.7) %. The cost of goods sold amounted to MSEK -7.3 (-15.9) for the quarter. The gross margin has continued to be influenced by a very good mix, partly due to lower sales of products and a positive currency effect.

COSTS

OTHER EXTERNAL EXPENSES

The other external costs of the period MSEK -12.4 (-13.1), which is a decrease of 5 % over the same quarter the previous year. The other costs include:

- Variable selling expenses MSEK -2.5 (-4.0) which consist mainly of commissions to agents and distributors related to Freshness sales
- Marketing expenses MSEK -1.5 (-2.5)
- Administrative expenses MSEK -4.5 (-4.6)
- Contracted consultants MSEK -4.0 (-2.0)

Marketing expenses have been adjusted based on the lower sales. External consultants have increased as we have added more salespeople in the USA and made changes to the structure.

PERSONNEL EXPENSES

The expenses totaled MSEK -8.2 (-9.0). The decrease is mainly due to cost saving activities that started in Q4 2022 and have continued in 2023.

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 amounted to MSEK -2.3 (3.0) for the quarter and relate to exchange rate differences, mainly due to changes in the USD and GBP exchange rates compared to the previous quarter.

RESULT

Operating profit/loss (EBIT) totaled MSEK -5.3 (11.5).

Other profits of the period include foreign currency translation differences in the translation of foreign subsidiaries and goodwill. Profits of the period totaled MSEK 24.3 (17.2).

FINANCIAL POSITION

INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

The intangible fixed assets consist mainly of goodwill from the acquisition of other businesses, investments in the ERP and CRM system, and product development. The tangible fixed assets consist mainly of right-of-use assets referring to leases for the use of office premises.

FINANCIAL NON-CURRENT ASSETS

Financial non-current assets at the end of the period amounted to MSEK 15.1 (15.0) and primarily consist of deferred tax assets related to tax loss carryforwards from previous years and withholding tax. The accumulated taxable loss carryforward at the end of the period was MSEK 36.3.

INVENTORY

The inventory value has decreased compared to the previous year, amounting to MSEK 37.2 (38.0).

CASH FLOW AND LIQUIDITY

The cash flow of the second quarter amounted to MSEK -2.8 (-0.4) (-0.5 including FX impact). The Group's cash and cash equivalents at the end of the period amounted to MSEK 47.1 (53.6).

EQUITY

Equity totaled MSEK 634.4 (590.0) at the end of the period. The equity assets ratio as of June 30, 2023, was 97.5 (95.7) %.

PERSONNEL

At the end of the period, the operating organization, regardless of the degree of service, consisted of 45 (49) individuals, of which 33 (41) were employed and 12 (8) were contracted consultants. The operating organization corresponds to 42 (44) full-time positions. During Q2, the number of employees has decreased by 2 individuals.

STATEMENTS OF PROFIT OR LOSS OF THE GROUP

TSEK	NOTE	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
OPERATING REVENUE						
Net sales	7, 8	25,405	47,467	53,419	92,578	173,564
Other operating income		749	37	1,635	92	162
TOTAL OPERATING REVENUE		26,154	47,504	55,054	92,670	173,726
OPERATING EXPENSES						
Cost of goods sold	8	-7,307	-15,856	-14,813	-30,752	-58,991
GROSS PROFIT OR LOSS		18,847	31,648	40,241	61,918	114,735
Other external expenses		-12,392	-13,073	-25,933	-25,036	-55,203
Personnel expenses		-8,215	-8,956	-16,240	-17,940	-37,302
OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)		-1,760	9,619	-1,932	18,942	22,230
Depreciation and write-downs		-1,310	-1,049	-2,633	-2,003	-4,353
Other operating expenses*		-2,267	2,973	-3,527	-1,600	-1,885
OPERATING PROFIT/LOSS (EBIT)		-5,337	11,543	-8,092	15,339	15,992
PROFIT OR LOSS FROM FINANCIAL ITEMS						
Interest income and similar items		1,219	-	1,223	-	-
Interest expense and similar items		-1,700	-10	-1,722	-23	-35
PROFIT OR LOSSES AFTER FINANCIAL ITEMS		-5,818	11,533	-8,591	15,316	15,957
Tax of the period	9	-733	-1,838	-1,863	-2,245	-7,599
PROFIT OF THE PERIOD		-6,551	9,695	-10,454	13,071	8,358
Other profit of the period**		30,885	7,484	39,187	11,230	13,483
PROFIT AND OTHER PROFIT OF THE PERIOD		24,334	17,178	28,733	24,301	21,841
EARNINGS PER SHARE BEFORE AND AFTER DILUTION						
Before dilution		0.67	0.47	0.79	0.67	0.60
After dilution		0.65	0.46	0.77	0.65	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	2023-06-30	2022-06-30	2022-12-31
ASSETS				
FIXED ASSETS				
Intangible assets	8, 10	516,332	464,961	473,340
Tangible assets		2,771	2,424	2,231
Financial assets		15,078	15,046	14,485
TOTAL FIXED ASSETS		534,181	482,431	490,056
CURRENT ASSETS				
Finished items and items for sale		37,164	38,002	35,518
Trade receivables		21,299	36,418	35,064
Other current assets		11,156	6,153	13,051
Cash and cash equivalents		47,116	53,604	48,209
TOTAL CURRENT ASSETS		116,735	134,177	131,842
TOTAL ASSETS		650,916	616,608	621,898
TOTAL EQUITY AND LIABILITIES				
EQUITY		634,389	589,925	592,559
TOTAL EQUITY		634,389	589,925	592,559
LONG-TERM LIABILITIES				
Leasing liabilities		882	19	19
TOTAL LONG-TERM LIABILITIES		882	19	19
SHORT-TERM LIABILITIES				
Accounts payable		6,864	14,798	13,277
Leasing liabilities		1,273	2,025	1,619
Other current liabilities		7,508	9,841	14,424
TOTAL SHORT-TERM LIABILITIES		15,645	26,664	29,320
TOTAL LIABILITIES		16,527	26,683	29,339
TOTAL EQUITY AND LIABILITIES		650,916	616,608	621,898

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE GROUP

TSEK	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-30
EQUITY AT PERIOD START	599,679	569,308	592,559	519,150	519,150
TRANSACTIONS WITH THE OWNERS					
New share issues and warrants	93	183	93	47,951	48,407
TOTAL TRANSACTIONS WITH THE OWNERS	93	183	93	47,951	48,407
Currency conversion difference	10,283	3,255	13,003	-1,477	3,161
PROFIT AND OTHER PROFIT OF THE PERIOD					
Earnings of period	-6,551	9,695	-10,454	13,071	8,358
Other profit of the period	30,885	7,484	39,188	11,230	13,483
TOTAL EARNINGS OF PERIOD	24,334	17,178	28,734	24,301	21,841
EQUITY AT PERIOD END	634,389	589,925	634,389	589,925	592,559

CASH FLOW OF THE GROUP

TSEK	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
CURRENT ACTIVITIES					
Profit/loss before financial items	-5,337	11,543	-8,092	15,339	15,992
Non-cash adjustment	1,315	2,157	2,606	7,608	8,707
Interest received	913	-	918	-	-
Interest paid	-497	-11	-516	-24	-36
Paid income tax	-2,826	-28	-4,885	-1,469	-6,315
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING CAPITAL	-6,432	13,661	-9,969	21,454	18,348
<i>Changes in working capital:</i>					
Increase/decrease in inventory	1,483	-5,313	1,121	-9,844	-6,413
Increase/decrease in current receivables	7,289	845	19,683	-3,211	-5,871
Increase/decrease in current liabilities	-4,479	-7,606	-11,940	-4,505	-7,608
NET CASH FLOW FROM OPERATING ACTIVITIES	-2,139	1,587	-1,105	3,894	-1,544
INVESTMENT ACTIVITIES					
Acquisition of subsidiary	-	-	-	-	-1,244
Acquisition of intangible assets	-372	-1,383	-1,371	-44,476	-48,484
Acquisition of tangible assets	-590	-68	-1,364	-274	-612
Acquisition of financial fixed assets	-298	-516	-461	-1,047	-1,769
CASH FLOW FROM INVESTING ACTIVITIES	-1,260	-1,967	-3,196	-45,797	-52,109
FINANCING ACTIVITIES					
New shares and warrants	93	183	93	43,299	48,403
Amortization loan group companies	-	-	-308	-	-
New loan leasing	839	-	863	-	-
Amortization of leased objects	-301	-180	-609	-355	-901
CASH FLOW FROM FINANCIAL ACTIVITIES	631	3	347	42,944	47,502
CASH FLOW OF PERIOD	-2,768	-377	-3,954	1,041	-6,151
Cash and cash equivalents at period start	47,597	53,981	48,209	52,552	52,552
Currency differences, cash and cash equivalents	2,287	-	2,861	11	1,808
CASH AND CASH EQUIVALENTS AT PERIOD END	47,116	53,604	47,116	53,604	48,209

MULTI-YEAR OVERVIEW OF THE GROUP

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Net sales, TSEK	25,405	47,467	53,419	173,564	181,610
Sales growth, %	-46.5	13.1	-0.4	-4.4	116.4
Operating profit/loss EBITDA, TSEK	-1,760	9,619	-1,932	22,230	41,200
Operating margin EBITDA, %	-6.9	20.3	-3.6	12.8	22.7
Profit after tax, TSEK	24,334	17,178	-10,454	21,841	64,183
Operating margin after tax, %	95.8	36.2	-19.6	12.6	35.3
Cash flow, TSEK	-2,768	-377	-3,954	-6,151	46,391
Equity, TSEK	634,389	589,925	634,389	592,559	519,150
Balance sheet total, TSEK	650,916	616,608	650,916	621,898	550,694
Equity/assets ratio, %	97.5	95.7	97.5	95.3	94.3
Number of shares at period end, THS	36,527	36,527	36,527	36,527	35,550
Average no. of shares at period end, THS	36,527	36,527	36,527	36,527	35,550
Earnings per share before dilution, SEK	0.67	0.47	0.79	0.60	1.81
Earnings per share after dilution, SEK	0.65	0.46	0.77	0.58	1.76
Cash flow per share, SEK	-0.08	-0.01	-0.11	-0.17	1.30
Equity per share, SEK	17.37	16.15	17.37	16.22	14.60

STATEMENTS OF PROFIT OR LOSS OF THE PARENT COMPANY

TSEK	NOTE	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
OPERATING REVENUE						
Net sales		11,468	22,818	22,047	41,762	80,021
Other operating income		749	48	1,268	95	191
TOTAL OPERATING REVENUE		12,217	22,866	23,315	41,857	80,212
OPERATING EXPENSES						
Costs of goods sold		-2,424	-6,976	-4,567	-10,932	-20,397
GROSS PROFIT OR LOSS		9,793	15,890	18,748	30,925	59,815
Other external expenses		-11,843	-11,587	-23,448	-22,078	-47,393
Personnel expenses		-4,196	-5,560	-9,047	-10,834	-22,256
OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)		-6 246	-1 257	-13 747	-1 987	-9 834
Depreciations and write downs		-682	-562	-1,369	-1,062	-2,343
Other operating expenses*		-1,871	1,204	-3,131	-3,441	-3,495
OPERATING PROFIT/LOSS (EBIT)		-8,799	-615	-18,247	-6,490	-15,672
PROFIT FROM FINANCIAL ITEMS						
Income from shares in group companies		-	-	-	-	13,182
Interest income and similar items		306	-	306	-	-
Interest expenses and similar items		-481	-42	-623	-65	-269
PROFIT AFTER FINANCIAL ITEMS		-8,974	-657	-18,564	-6,555	-2,759
Tax of the period		-	113	-	1,311	-1,594
PROFIT OF THE PERIOD		-8,974	-544	-18,564	-5,244	-4,353
EARNINGS PER SHARE BEFORE AND AFTER DILUTION						
Before dilution		-0.25	-0.01	-0.51	-0.14	-0.12
After dilution		-0.24	-0.01	-0.50	-0.14	-0.12

*Includes exchange rate changes related to operations

STATEMENTS OF FINANCIAL POSITION OF THE PARENT COMPANY

TSEK	NOTE	2023-06-30	2022-06-30	2022-12-31
ASSETS				
FIXED ASSETS				
Intangible assets	8	8,156	7,050	8,162
Tangible assets		366	291	463
Financial assets		474,979	473,231	474,228
TOTAL FIXED ASSETS		483,501	480,572	482,853
CURRENT ASSETS				
Finished items and items for sale		5,082	7,402	6,071
Trade receivables		12,469	23,086	21,918
Trade receivables group companies		217	359	344
Other currents assets		4,573	7,180	5,006
Cash and cash equivalents		2,443	12,343	16,336
TOTAL CURRENT ASSETS		24,784	50,370	49,675
TOTAL ASSETS		508,285	530,942	532,528
TOTAL EQUITY AND LIABILITIES				
EQUITY		472,805	490,480	491,369
TOTAL EQUITY		472,805	490,480	491,369
LONG-TERM LIABILITIES				
Liabilities group companies		11,847	10,257	10,600
TOTAL LONG-TERM LIABILITIES		11,847	10,257	10,600
SHORT-TERM LIABILITIES				
Accounts payable		3,258	5,924	5,267
Accounts payable group companies		14,606	17,620	17,529
Other current liabilities		5,769	6,661	7,763
TOTAL SHORT-TERM LIABILITIES		23,633	30,205	30,559
TOTAL LIABILITIES		35,480	40,462	41,159
TOTAL EQUITY AND LIABILITIES		508,285	530,942	532,528

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE PARENT COMPANY

TKR	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-30
EQUITY AT PERIOD START	481,779	491,023	491,369	452,606	452,606
TRANSACTIONS WITH THE OWNERS					
New share issues and warrants	–	–	–	43,116	43,116
TOTAL TRANSACTIONS WITH THE OWNERS	–	–	–	43,116	43,116
NET PROFIT (LOSS) FOR THE YEAR					
Earnings of period	-8,974	-544	-18,564	-5,243	-4,353
EQUITY AT PERIOD END	472,805	490,479	472,805	490,479	491,369

CASH FLOW STATEMENTS

FOR THE PARENT COMPANY

TSEK	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
CURRENT ACTIVITIES					
Profit/loss before financial items	-8,799	-615	-18,247	-6,490	-15,672
Non-cash adjustment	1,196	560	2,434	970	4,375
Dividend recieved	-	-	-	-	13,182
Interest paid	-	-42	-	-19	-269
Paid income tax	-102	-	-94	-	-311
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING CAPITAL	-7,705	-97	-15,907	-5,539	1,305
<i>Changes in working capital:</i>					
Increase/decrease in inventory	576	-499	988	-3,532	-2,201
Increase/decrease current receivables	3,275	-1,020	13,491	726	2,771
Increase/decrease current liabilities	-2,603	-2,997	-10,689	63	6,442
NET CASH FLOW FROM OPERATING ACTIVITIES	-6,457	-4,613	-12,117	-8,282	8,317
INVESTMENT ACTIVITIES					
Acquisition of subsidiary	-	-	-139	-	-1,244
Acquisition of intangible assets	-267	-1,382	-1,267	-1,931	-4,303
Acquisition of tangible assets	-	-	-	-228	-470
Acquisition of financial fixed assets	-299	-516	-612	-1,047	-2,083
CASH FLOW FROM INVESTING ACTIVITIES	-566	-1,898	-2,018	-3,206	-8,100
FINANCING ACTIVITIES					
New shares and warrants	-	-	-	43,116	43,116
New loan group companies	97	238	242	-	-
Amortization loan group companies	-	-	-	-35,673	-43,385
CASH FLOW FROM FINANCIAL ACTIVITIES	97	238	242	7,443	-269
CASH FLOW OF PERIOD	-6,926	-6,273	-13,893	-4,045	-52
Cash and cash equivalents at period start	9,369	18,616	16,336	16,388	16,388
CASH AND CASH EQUIVALENTS AT PERIOD END	2,443	12,343	2,443	12,343	16,336

MULTI YEAR OF THE PARENT COMPANY

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Net sales, TSEK	11,468	22,818	22,047	80,021	93,724
Sales growth, %	-49.7	-11.8	-47.2	-14.6	14.6
Operating profit/loss EBIT, TSEK	-6,246	-1,257	-13,747	-9,834	2,546
Operating margin EBITDA, %	-54.5	-5.5	-62.4	-12.3	2.7
Profit after tax, TSEK	-8,974	-544	-18,564	-4,353	3,004
Operating margin after tax, %	-78.3	-2.4	-84.2	-5.4	3.2
Cash flow, TSEK	-6,926	-6,273	-13,893	-52	14,602
Equity, TSEK	472,805	490,480	472,805	491,369	452,606
Balance sheet total, TSEK	508,285	530,942	508,285	532,528	528,678
Equity/assets ratio, %	93.0	92.4	93.0	92.3	85.6
Number of shares at period end, THS	36,527	36,527	36,527	36,527	35,550
Average number of shares at the end of the period, THS	36,527	36,527	36,527	36,527	35,550
Earnings per share before dilution, SEK	-0.25	-0.01	-0.51	-0.12	0.08
Earnings per share after dilution, SEK	-0.24	-0.01	-0.50	-0.12	0.08
Cash flow per share, SEK	-0.19	-0.17	-0.38	0.00	0.41
Equity per share, SEK	12.94	13.43	12.94	13.45	12.73
Share price at period end, SEK	6.0	14.3	6.0	8.2	49.9

NOTES

NOTE 1: NATURE OF OPERATIONS

Polygiene Group is a group specializing in providing anti-microbial solutions for textiles and hard surfaces to keep products free from bacteria and viruses. Within the Freshness and Product Protection segments, their technologies enable the extension of product lifespan by influencing consumer behavior. Today, the group has numerous partners in various industries, including Fashion & Lifestyle, Healthcare, Home & Pets, Hospitality, Industrial, Paper & Packaging, Sport & Outdoor, Water, and Workwear. The group's brand is a valuable asset, and continuous efforts are being made to strengthen the brand and increase its awareness to achieve future goals.

Polygiene Group AB (publ.), the parent company of the group, is a publicly traded company incorporated and headquartered in Sweden, with its main office located at Styrmansgatan 2 in Malmö. Polygiene Group AB's shares are listed on the Nasdaq First North Growth Market.

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

This interim report covers the period from April 1 to June 30, 2023 and is prepared in SEK, which is the reporting currency of the parent company and the presentation currency of the group. The interim report was prepared according to IAS 34 Interim Financial Reporting and ÅRL (the Annual Accounts Act).

The interim report does not include all the information required by International Financial Reporting Standards (IFRS) for financial statements and should therefore be read in conjunction with the annual report for the fiscal year 2022, except for the description of the basic framework. Complete additional disclosures in accordance with IFRS have been provided in the 2022 annual and consolidated financial statements.

The interim report has not been subject to a review by the group's auditors. The interim report for the period from April 1 to June 30, 2023 was approved for issuance by the Board of Directors on July 26, 2023. The interim report is prepared in accordance with IFRS and is consistent with the accounting and valuation principles disclosed in the 2022 annual and consolidated financial statements.

NOTE 3: RISKS AND UNCERTAINTIES

The group's operations are affected by several factors that 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 counter cost increases driven by increased inflation, and our assessment is that Polygiene Group has managed to manage its cost increases, albeit with some lag. Polygiene is working to maintain a strong cash position and be debt-free.

The group has also adjusted the number of employees during the end of 2022 and continued with an overview and actions to reduce the cost base during the first six months of 2023. The group is mainly exposed to changes in USD and GBP. Polygiene Group has decided not to work with hedging due to the difficulty with 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 monitors the development of events.

NOTE 4: SIGNIFICANT ESTIMATES AND ASSESSMENTS

When preparing interim reports, the Board of Directors and CEO must make estimates, assessments, and assumptions in accordance with applicable accounting and valuation principles. These factors impact the reporting and valuation of assets, provisions, liabilities, income, and expenses. The actual outcomes may differ from these estimates, and the amounts rarely match the estimated outcomes precisely. The estimates and assessments made in the interim report, including the assessment of the most significant sources of uncertainty, are consistent with those applied in the 2022 annual report. However, we continue to monitor the development of 2023 to gain a better understanding of the future situation and its potential impact.

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

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

NOTE 6: CONTINGENT LIABILITIES

No identified contingent liabilities.

NOTE 7: NET SALES FROM CONTRACTS WITH CUSTOMERS

The group's revenues from customer contracts can be divided into geographical markets and two segments, Freshness and Product Protection. The geographical market Global primarily includes sales to distributors within Freshness. When sales are made to end customers, the sales are reallocated by region. Previously, all sales were allocated directly to their respective regions, and the figure for Global was relatively small and stable. However, this has not been the case in recent quarters. Starting from January 1, 2023, Polygiene Group has chosen to report sales in this manner while reclassifying the comparative figures to provide a more accurate picture of sales and distribution across regions and segments.

Q2 2023			
PRIMARY GEOGRAPHIC MARKETS:	GOODS	ROYALTY	TOTAL
APAC	4,303	1,939	6,242
EMEA	16,338	1,292	17,630
AMERICAS	3,474	1,204	4,678
GLOBAL	-3,136	-9	-3,145
	20,979	4,426	25,405

Q2 2022			
PRIMARY GEOGRAPHIC MARKETS:	GOODS	ROYALTY	TOTAL
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
	37,797	9,670	47,467

Q2 2023			
SEGMENT:	GOODS	ROYALTY	TOTAL
FRESHNESS	5,588	4,426	10,014
PRODUCT PROTECTION	15,391	-	15,391
	20,979	4,426	25,405

Q2 2022			
SEGMENT:	GOODS	ROYALTY	TOTAL
FRESHNESS	12,537	9,670	22,207
PRODUCT PROTECTION	25,260	-	25,260
	37,797	9,670	47,467

NOTE 8: SEGMENT REPORTING

The Group management has defined 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 serves as a basis for strategic decisions. Currently, no further segment breakdown is being conducted for monitoring purposes.

FRESHNESS

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01- 2023-06-30	2022-01-01- 2022-06-30
Net sales	10,014	22,105	19,371	41,112
Other operating income	749	37	1,635	92
TOTAL OPERATING REVENUE	10,763	22,142	21,006	41,204
Cost of goods sold	-1,555	-1,581	-3,357	-4,787
GROSS PROFIT	9,208	20,561	17,649	36,417

PRODUCT PROTECTION

	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01- 2023-06-30	2022-01-01- 2022-06-30
Net sales	15,391	25,362	34,048	51,466
Other operating income	-	-	-	-
TOTAL OPERATING REVENUE	15,391	25,362	34,048	51,466
Cost of goods sold	-5,752	-14,275	-11,456	-25,965
GROSS PROFIT	9,639	11,087	22,592	25,501
TOTAL	18,847	31,648	40,241	61,918

Q2 2023			
SEGMENT ASSETS	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible fixed assets	8,156	508,176	516,332
Tangible fixed assets	2,462	309	2,771
TOTAL	10,618	508,485	519,103

Q2 2022			
SEGMENT ASSETS	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible fixed assets	7,050	457,911	464,961
Tangible fixed assets	2,337	87	2,424
TOTAL	9,387	457,998	467,385

NOTE 9: TAXES

TSEK	2023-04-01 2023-06-30	2022-04-01 2022-06-30	2023-01-01 2023-06-30	2022-01-01 2022-06-30
Tax of the period	-733	-1 838	-1 863	-2 245
TOTAL TAX	-733	-1 838	-1 863	-2 245

NOTE 10: GOODWILL

TSEK	2023-06-30	2022-06-30	2022-12-31
ACCUMULATED COST BROUGHT FORWARD	470 581	411 151	407 218
Acquisition of subsidiaries	–	–	40,852
Translation difference	33 956	8 053	13 408
ACCUMULATED COST CARRIED FORWARD	504 537	419 204	461 478

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
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

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 3,540,500 which corresponds on average to 60,008 shares per trading day. The share price at the end of the period was SEK 6, which corresponds to market Share capital and ownership structure capitalization of MSEK 219. The highest and lowest share prices during the period were SEK 7 and SEK 4.55, respectively.

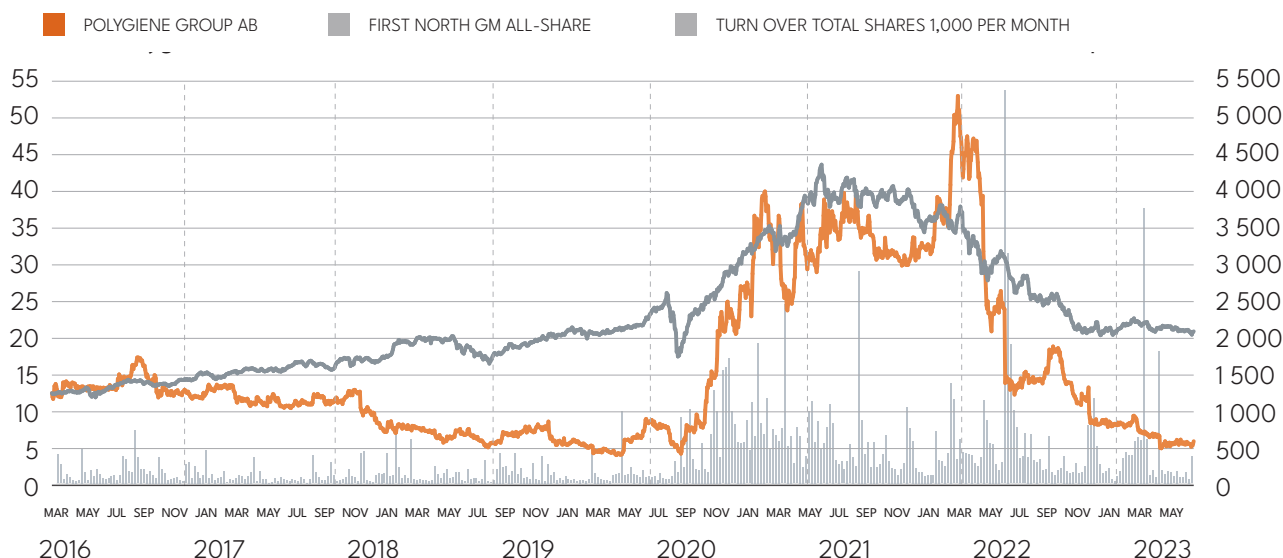
OWNERSHIP STRUCTURE

The number of shareholders at the end of the period amounted to 2,507 (2,887). The table below lists the 10 largest shareholders as of June 30, 2023.

SHAREHOLDERS	SHARES	PERCENT
Peter Gyllenhammar*	7,083,548	19.4 %
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 %
Familjen Girell	1,330,000	3.6 %
Protean Funds Scandinavia	964,851	2.6 %
Jonas Wollin*	874,000	2.4 %
Avanza Pension	785,615	2.2 %
Nordnet Pensionsförsäkring	656,758	1.8 %
Övriga	12,674,185	34.7 %
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 – JUNE 2023





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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FINANCIAL CALENDAR 2023

Interim Report Q2	July 27
Interim Report Q3	Oktober 26
Interim Report Q2	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 July 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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