

POLYGIENE GROUP AB (PUBL.)

# INTERIM REPORT Q3 2023



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

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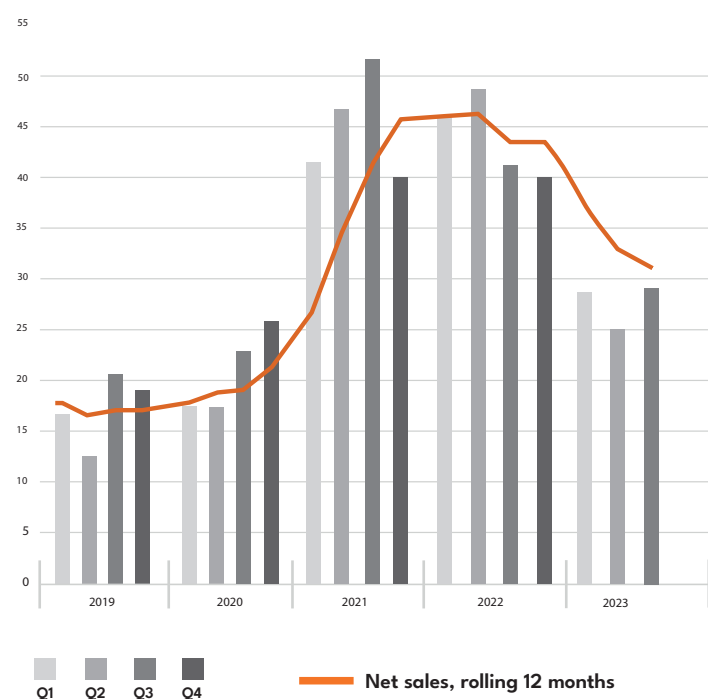
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# Q3 IN BRIEF

## KEY RATIOS

GROUP	JULY - SEPT 2023	JULY - SEPT 2022	YTD 2023	FULL YEAR 2022	FULL YEAR 2021	FULL YEAR 2020
Net sales, MSEK	28.7	41.0	82.2	173.6	181.6	83.9
Operating profit before depreciation (EBITDA), MSEK	0.1	5.1	-1.8	22.2	41.2	5.7
Operating margin before depreciation (EBITDA)	0.4 %	12.5 %	-2.2 %	12.8 %	22.7 %	6.8 %
Operating profit (EBIT), MSEK	-2.4	7.0	-10.5	16.0	40.9	-0.4
Operating margin (EBIT)	-8.2 %	17.2 %	-12.7 %	9.2 %	22.5 %	0.0 %
Earnings per share, SEK	-0.42	0.16	0.37	0.60	1.81	-0.08
Cash flow, MSEK	2.3	1.9	-1.7	-6.2	46.4	-0.5

## NET SALES, MSEK



## JULY - SEPTEMBER

- Net sales amounted to MSEK 28.7 (41.0). There is an exchange rate impact of approximately 5 % in the quarter compared to last year. The decrease in net sales is primarily within Product Protection due to reduced demand in the manufacturing and construction industries
- The gross margin was 72.2 (65.6) %
- Operating profit before depreciations (EBITDA) amounted to MSEK 0.1 (5.1)
- Operating profit after depreciations and before tax (EBIT) amounted to MSEK -2.4 (7.0)
- The cash flow amounted to MSEK 2.3 (1.9), 1.2 including FX impact. Cash and cash equivalents amounted to MSEK 48.3 (55.5)

# SIGNIFICANT EVENTS IN BRIEF

## SIGNIFICANT EVENTS DURING JULY - SEPTEMBER 2023

### MICROPAK – 3MT ORDER

MicroPak, a leading supplier of packaging materials for the shoe, apparel, bag, and accessories industries, has recently increased its volume of orders to Polygiene Group, demonstrating the company's strength in the industry. Polygiene Group visited MicroPak at their Hong Kong office and during London Packaging Week, where MicroPak was exhibiting.

### RESINEX PRESENTED ON HEALTHCARE

Polygiene Group arranged a healthcare-focused webinar for one of our key European distributors, Resinex, with over 100 attendees. During the webinar, Polygiene showcased the benefits of Polygiene BioMaster in the healthcare sector, providing examples of how it has been utilized by existing customers.

### LAUNCH OF OPEN INNOVATION PROJECT TO ADDRESS MICROFIBER SHEDDING

In collaboration with the European Outdoor Group (EOG), Scandinavian Outdoor Group (SOG), and German Sporting Goods Industry Association (BSI), Polygiene Group has initiated an open innovation project aimed at combating the issue of microfiber release. Over the upcoming months, Polygiene will be engaging partner brands and suppliers to jointly develop a potential solution.

## COLLABORATIONS

### NEW AGENTS WITHIN PRODUCT PROTECTION

Four European agents collaborating with Polygiene Freshness have signed contract extensions to enhance their support for Polygiene Group within Product Protection. This strategic initiative is expected to drive increased lead generation in their respective regions - Benelux, Italy, and Spain.

### ONBOARDING AND TRAINING SESSION WITH NEW SPANISH AGENT AND DISTRIBUTOR

The Polygiene team conducted a comprehensive 2-day training event in Barcelona, facilitating the onboarding of the new Spanish Freshness and Product Protection agent, Martina Claus, alongside the Spanish distributor, Del-tachem. The collaboration between the agent and distributor is anticipated to drive market expansion for the entire Polygiene Group in Spain.

### NEW POLYGIENE PARTNER MARINEPOOL

Polygiene Group is delighted to announce its partnership with Munich-based sailing brand, Marinepool, for the introduction of Polygiene-treated products. Renowned for its sailing apparel and maritime fashion labels, Marinepool also specializes in the production of life jackets. The initial launch will feature Polygiene StayFresh-finished polo shirts, with first orders already received in the current quarter for the Spring/Summer 2024 collection.

### PROPELAIR

The PropelAir marketing campaign yielded exceptional results. Polygiene Group orchestrated a collaborative campaign emphasizing the antimicrobial features of the products, coinciding with the launch of the new Polygiene BioMaster logo, replacing Steritouch. The client expressed great satisfaction with the campaign's response and commended the efficient collaboration with the Polygiene team. Looking ahead, we have recommended the integration of the additive into other product aspects.

## POLYGIENE INDUSTRY ACTIVITIES

### PACKAGING INNOVATIONS

London Packaging Week was held at the ExCel in London, where we had the opportunity to meet many of our existing customers, including Cole Fabrics, MicroPak, Curated Sourcing, and EP Group.

### MEDICAL TECHNOLOGY SHOW

At the Medical Technology Show in Galway, Ireland, our team actively engaged with both current and prospective clients, solidifying key relationships in the industry. The event presented an exceptional opportunity to interact with numerous new and existing customers, in addition to fostering connections with our trusted distributor, Ultra Polymers. Notably, the show's impressive turnout, boasting over 200 exhibitors, highlighted the industry's receptiveness to our innovative solutions and reinforced our strong market presence.

### WEEK OF SPORTS / EUROPEAN OUTDOOR SUMMIT

Polygiene Group took part in the German Sports Week at the end of September in Berlin. Subsequently, following the annual gathering of the German Sporting Goods Industry Association (BSI) with 110 attendees from the industry and political sphere, the Polygiene team participated in the European Outdoor Summit, engaging with over 750 industry participants.

# POSITIVE EBITDA AND STRONG CASH FLOW SIGNAL RECOVERY

**Net sales for the quarter amounted to MSEK 28.7 (41.0), a 30% decrease compared to the third quarter last year. This fiscal period saw a more robust gross margin of 72.2 (65.6)% than 2022. Operating profit before interest, taxes depreciation and amortization (EBITDA) was MSEK 0.1 (5.1), equivalent to an EBITDA margin of 0.4 (12.5)%. Cash flow, was positive at MSEK 2.3 (including currency effects, MSEK 1.2), with MSEK 48.3 in cash and cash equivalents.**

This fiscal quarter shows signs of a slow recovery compared to the second quarter, with year-over-year growth forecast to take hold at the earliest during the first half of 2024. The gross margin is strong, depending on the business area, where the Freshness business area reported a significantly higher gross margin this quarter than the Product Protection business area. However, Product Protection represented a larger share of sales earlier this year, but because the segments are relatively equal in size, it is not unusual that periodic fluctuations between quarters occur.

A robust gross margin, continued good cost control, and a more efficient organization create the conditions for positive EBITDA this quarter. Positive cash flow is due, in part, to a tax refund related to excessively preliminary taxes paid in 2022.

Despite these challenging times, the Group's key figures are solid due, in part, to our scalable business model. It is reassuring that the company's financial position is stable, its balance sheet debt-free, and its cash flow strong. Agile and resilient, the Group is well prepared to meet customer demands when the global economy rebounds and our customers, once again, experience growth.

## PRODUCT PROTECTION

The business area, Product Protection, has broad growth potential since it is possible to treat virtually all surfaces and materials with our antimicrobial and antibacterial solutions. Upon the acquisition of Addmaster in 2020, the Group made a strategic decision to integrate Addmaster with Polygiene, aligning the individual products under a single brand platform, which translated into compromising brand messaging. Upon re-evaluation, we believe it is essential to differentiate the brand platforms for Freshness and Product Protection. These two business areas

have distinct customer bases and core messages that hold influence over customer purchasing decisions, which translated into compromising our brand messaging. We plan to revitalize Addmaster's B2B homepage and plan a relaunch toward yearend. We will also allocate additional resources for sales to Product Protection. There is a vast untapped potential in non-textile hygienic surfaces and materials.

The manufacturing and construction industries, two main categories for hard surfaces, faced significant challenges during 2023. Many large customers still hold high amounts of inventory, shifting our focus from customer retention to signing new customers. During this quarter, we have devoted much effort to creating new business opportunities within Healthcare, Packaging, and other market segments where antimicrobial solutions add value. We attended strategic trade fairs, such as London Packaging Week, Interplas, and the Medical Technology Show in Ireland. We have also focused on product training for our distributors, holding a webinar for Resinex, one of our leading distributors in Europe. Over 100 participants attended, gaining a deeper understanding of Biomaster's benefits for the Healthcare sector. These initiatives help create new business opportunities and lay the foundation to expand our customer base.

**» Financial stability, a debt-free balance sheet, and strong liquidity is reassuring in these challenging times «**

## FRESHNESS

Excess inventory remains an issue worldwide as our customers and distributors attempt to sell off their existing stocks. However, our distributors have begun placing orders to replenish their inventories, signalling a slow recovery.

Since customers are drawing down their existing inventories, we have shifted our efforts to new customer acquisition, as we did for Product Protection. We attended several trade fairs and participated in industry days to network and identify prospects. In mid-October, Polygiene Group also hosted a trade fair stand for the first time at the Sustainable Fashion EXPO in Tokyo.

Microfibres in our waterways, seas and oceans are a global concern. Polyester and cellulose-based materials shed microplastics, which are harmful to humans and the environment. Polygiene has worked intensively in recent years on developing a product that can mitigate microfibre pollution by securely bonding the fibres to the textiles. Extensive development has led to a phase where several innovation partners will be appointed. Soon underway are the final phases of testing, collecting, and verifying data to help commercialize the product. At the time of writing, more than 50 customers have expressed interest in this innovative product, which bears the product name, Polygiene ShedGuard™.



## LOOKING AHEAD

Given the unforeseeable turn of events over the past two years and prevailing market uncertainty, the Group will re-evaluate the long-term goals set in 2021. While there are good signs of recovery, we are very aware of the economic climate and the squeeze on inventory levels across our portfolio. However this portfolio is perfectly placed for today's consumers needs who are demanding more and more hygienic protection and textile solutions with greener credentials Budgeting processes for the coming year and an updated growth strategy will lay the foundation for the future. Communication about the Group's long-term strategy is forthcoming toward yearend.

Finally, although it is early in the fourth quarter, orders to date have exceeded expectations and the sales organization is upbeat, exuding more positivity than recent periods. With new product launches around the corner, distributors who have begun replenishing their stocks, and the revitalization of Product Protection, the Group has solid conditions to deliver growth in 2024.

A handwritten signature in dark ink, reading "Ulrika Björk". The script is fluid and cursive.

**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,

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.



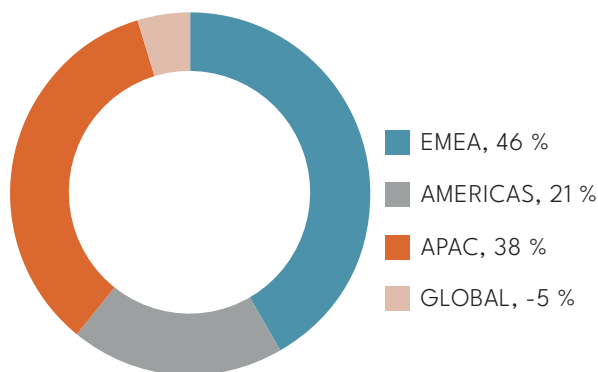
**POLYGIENE®**  
FRESHNESS



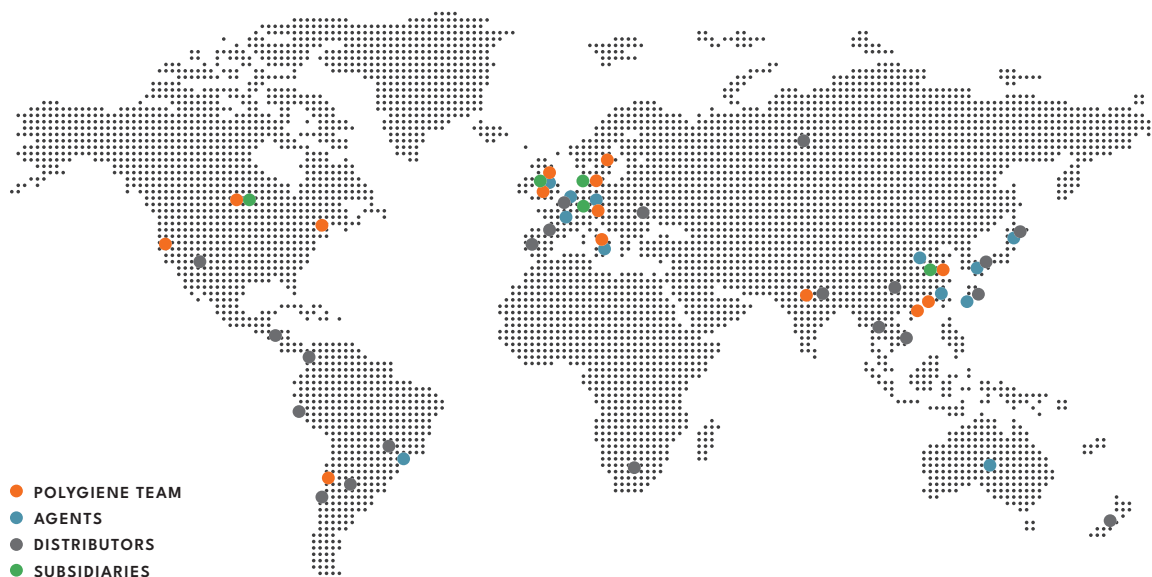
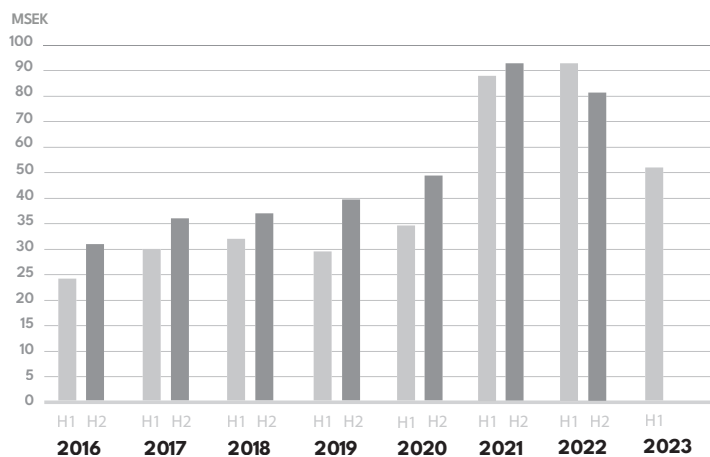
**POLYGIENE®**  
PRODUCT PROTECTION

### OPERATIONS

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



### NET SALES FIRST/SECOND HALF OF THE YEARS 2016-2023



# FINANCIAL TRENDS

## NET REVENUES AND GROSS MARGIN

Net revenues and gross margin for Q3 totaled MSEK 28.7 (41.0). The current quarter has a positive foreign currency impact of approximately 5 % compared to the previous year. Gross margins for the quarter were reported at 72.2 (65.6) %. Cost of goods sold totaled MSEK -10.0 (-14.1) for the quarter. Margin has been impacted by mainly a positive foreign exchange effect and a positive product mix in Product Protection.

## COSTS

### OTHER EXTERNAL EXPENSES

The costs of the period MSEK -12.5 (-13.6), which is a decrease of 8 % over the same quarter the previous year. The other costs include:

- Variable selling expenses MSEK -3.8 (-5.2) which consist mainly of commissions to agents and distributors related to Freshness sales
- Marketing expenses MSEK -1.3 (-2.6)
- Administrative expenses MSEK -3.7 (-3.5)
- Contracted consultants MSEK -3.7 (-2.3)

Marketing expenses have been adjusted to reflect the lower sales. Contracted consultants have increased as we added sales resources in US and made some changes in the structure.

### DEPRECIATION

Depreciation of intangible- and tangible fixed assets totaled MSEK -1.3 (-1.1). Depreciation will increase in the coming periods due to increased investments in product development.

### OTHER OPERATING EXPENSES

Other operating expenses -1.2 (3.1) for the quarter and relate to exchange rate differences, mainly due to changes in the USD and GBP exchange.

## RESULT

Operating profit/loss (EBIT) totaled MSEK -2.4 (7.0). The decrease is due to reduced sales and currency rate differences.

Other profits of the period contain foreign currency translation differences in the translation of foreign subsidiaries and goodwill. Profit of the period totaled MSEK -15.2 (5.7).

## 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 related the use of office premises.

### FINANCIAL NON-CURRENT ASSETS

Financial non-current assets at the period-end were MSEK 15.5 (15.6) and consisted of deferred tax assets related to tax loss carryforwards arising in previous years and withholding tax. The accumulated taxable loss carryforward at the period-end was MSEK 36.3.

## INVENTORY

The inventory value has decreased compared to the previous period, to MSEK 33.7 (37.1). The decrease is due to an adjustment to the lower sales.

## CASH FLOW AND LIQUIDITY

Cash flow of the first quarter amounted to MSEK 2.3 (1.9), 1.2 including Fx impact). The Group's cash and cash equivalents at the period-end amounted to MSEK 48.3 (5.5).

## EQUITY

Equity totaled MSEK 614.4 (596.4) at the period-end. The equity assets ratio as of 2023-09-30 was 97.0 (97.9) %.

## PERSONNEL

At the period-end, the operating organization, regardless of the degree of service, was 45 (48) people whereof 32 (40) are employed and 13 (8) are contracted consultants. The operating organization amounts to 43 (45) full-time services.

# STATEMENTS OF PROFIT OR LOSS OF THE GROUP

TSEK	NOTE	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
<b>OPERATING REVENUE</b>	7, 8					
Net sales		28,742	40,976	82,161	133,554	173,564
Other operating income*		2,010	20	3,646	112	162
<b>TOTAL OPERATING REVENUE</b>		<b>30,752</b>	<b>40,996</b>	<b>85,807</b>	<b>133,666</b>	<b>173,726</b>
<b>OPERATING EXPENSES</b>						
Cost of goods sold		-10,001	-14,118	-24,814	-44,870	-58,991
<b>GROSS PROFIT OR LOSS</b>		<b>20,751</b>	<b>26,878</b>	<b>60,993</b>	<b>88,796</b>	<b>114,735</b>
Other external expenses		-12,506	-13,643	-38,439	-38,679	-55,203
Personnel expenses		-8,119	-8,117	-24,359	-26,057	-37,302
<b>OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)</b>		<b>126</b>	<b>5,118</b>	<b>-1,805</b>	<b>24,060</b>	<b>22,230</b>
Depreciation and write-downs		-1,320	-1,136	-3,954	-3,139	-4,353
Other operating expenses*		-1,169	3,067	-4,696	1,467	-1,885
<b>OPERATING PROFIT/LOSS (EBIT)</b>		<b>-2,363</b>	<b>7,049</b>	<b>-10,455</b>	<b>22,388</b>	<b>15,992</b>
<b>PROFIT OR LOSS FROM FINANCIAL ITEMS</b>						
Interest expenses and similar items		1,268	-	2,492	-	-
Interest expenses and similar items		-631	-3	-2,353	-26	-35
<b>PROFIT OR LOSSES AFTER FINANCIAL ITEMS</b>		<b>-1,726</b>	<b>7,046</b>	<b>-10,316</b>	<b>22,362</b>	<b>15,957</b>
Tax for the period	9	464	-828	-1,399	-3,073	-7,599
<b>PROFIT OF THE PERIOD</b>		<b>-1,262</b>	<b>6,218</b>	<b>-11,715</b>	<b>19,289</b>	<b>8,358</b>
Other total profit**		-13,917	-493	25,270	10,737	13,483
<b>TOTAL PROFIT OF THE PERIOD</b>		<b>-15,179</b>	<b>5,724</b>	<b>13,555</b>	<b>30,026</b>	<b>21,841</b>
<b>EARNINGS PER SHARE BEFORE AND AFTER DILUTION</b>						
Before dilution		-0.42	0.16	0.37	0.82	0.60
After dilution		-0.41	0.15	0.36	0.80	0.58

\*Includes exchange rate differences referring to operating business

\*\* Exchange rate difference regarding goodwill

# STATEMENTS OF FINANCIAL POSITION OF THE GROUP

TSEK	NOTE	2023-09-30	2022-09-30	2022-12-31
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Intangible assets	10	500,241	464,868	473,340
Tangible assets		2,357	2,391	2,231
Financial assets		15,548	15,646	14,485
<b>TOTAL FIXED ASSETS</b>		<b>518,146</b>	<b>482,905</b>	<b>490,056</b>
<b>CURRENT ASSETS</b>				
Finished items and items for sale		33,690	37,137	35,518
Trade receivables		25,166	30,854	35,064
Other current assets		8,141	2,752	13,051
Cash and cash equivalents		48,296	55,473	48,209
<b>TOTAL CURRENT ASSETS</b>		<b>115,293</b>	<b>126,216</b>	<b>131,842</b>
<b>TOTAL ASSETS</b>		<b>633,439</b>	<b>609,121</b>	<b>621,898</b>
<b>TOTAL EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>614,379</b>	<b>596,414</b>	<b>592,559</b>
<b>LONG-TERM LIABILITIES</b>				
Leasing liabilities		555	19	19
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>555</b>	<b>19</b>	<b>19</b>
<b>SHORT-TERM LIABILITIES</b>				
Accounts payable		7,797	4,932	13,277
Leasing liabilities		1,287	1,831	1,619
Other current liabilities		9,421	5,925	14,424
<b>TOTAL SHORT-TERM LIABILITIES</b>		<b>18,505</b>	<b>12,688</b>	<b>29,320</b>
<b>TOTAL LIABILITIES</b>		<b>19,060</b>	<b>12,707</b>	<b>29,339</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>633,439</b>	<b>609,121</b>	<b>621,898</b>

# CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE GROUP

TSEK	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-30
Equity at period start	634,389	589,925	592,559	519,150	519,150
<b>TRANSACTIONS WITH THE OWNERS</b>					
New share issues and warrants	-	-	93	47,951	48,407
<b>TOTAL TRANSACTIONS WITH THE OWNERS</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>47,951</b>	<b>48,407</b>
Translation difference	-4,832	764	8,173	-713	3,161
<b>NET PROFIT (LOSS) FOR THE YEAR</b>					
Earnings of period	-1,261	6,218	-11,716	19,289	8,358
Other profit of the period	-13,917	-493	25,270	10,737	13,483
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-15,178</b>	<b>5,724</b>	<b>13,554</b>	<b>30,026</b>	<b>21,841</b>
<b>EQUITY AT PERIOD END</b>	<b>614,379</b>	<b>596,414</b>	<b>614,379</b>	<b>596,414</b>	<b>592,559</b>

# CASH FLOW OF THE GROUP

TSEK	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30	2022-01-01 2022-12-31
<b>CURRENT ACTIVITIES</b>					
Profit/loss before financial items	-2,363	7,049	-10,455	22,388	15,992
Non-cash adjustment	-966	1,331	1,640	8,939	8,707
Interest income	150	–	1,068	–	–
Interest paid	-19	-3	-535	-27	-36
Paid income tax	2,502	–	-2,383	-1,469	-6,315
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING CAPITAL</b>	<b>-696</b>	<b>8,377</b>	<b>-10,665</b>	<b>29,831</b>	<b>18,348</b>
<i>Changes in working capital:</i>					
Increase/decrease in inventory	2,540	865	3,661	-8,979	-6,413
Increase/decrease in current receivables	-1,905	8,288	17,778	5,077	-5,871
Increase/decrease in current liabilities	3,395	-13,883	-8,544	-18,388	-7,608
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>3,334</b>	<b>3,647</b>	<b>2,230</b>	<b>7,541</b>	<b>-1,544</b>
<b>INVESTMENT ACTIVITIES</b>					
Acquisition of subsidiaries	–	–	–	–	-1,244
Acquisition of intangible assets	-227	-740	-1,598	-45,216	-48,484
Acquisition of tangible fixed assets	-26	-243	-1,390	-517	-612
Acquisition of financial assets	-471	-600	-932	-1,647	-1,769
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-724</b>	<b>-1,583</b>	<b>-3,920</b>	<b>-47,380</b>	<b>-52,109</b>
<b>FINANCING ACTIVITIES</b>					
New shares and warrants	–	–	93	43,299	48,403
New loan leased objects	–	–	863	–	–
Amortization of leased objects	-328	-195	-937	-550	-901
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-328</b>	<b>-195</b>	<b>19</b>	<b>42,749</b>	<b>47,502</b>
<b>CASH FLOW OF PERIOD</b>	<b>2,282</b>	<b>1,869</b>	<b>-1,671</b>	<b>2,910</b>	<b>-6,151</b>
Cash and cash equivalents at period start	47,116	53,604	48,209	52,552	52,552
Currency differences, cash and cash equivalents	-1,102	–	1,758	11	1,808
<b>CASH AND CASH EQUIVALENTS AT PERIOD END</b>	<b>48,296</b>	<b>55,473</b>	<b>48,296</b>	<b>55,473</b>	<b>48,209</b>

# MULTI-YEAR OVERVIEW OF THE GROUP

	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Net sales, TSEK	28,742	40,976	82,161	173,564	181,610
Sales growth, %	-29.9	-21.7	-0.4	-4.4	116.4
Operating profit/loss EBITDA, TSEK	126	5,118	-1,805	22,230	41,200
Operating margin EBITDA, %	0.4	12.5	-2.2	12.8	22.7
Profit after tax, TSEK	-15,179	5,724	13,555	21,841	64,183
Operating margin after tax, %	-52.8	14.0	16.5	12.6	35.3
Cash flow, TSEK	2,282	1,869	-1,671	-6,151	46,391
Equity, TSEK	614,379	596,414	614,379	592,559	519,150
Balance sheet total, TSEK	633,439	609,121	633,439	621,898	550,694
Equity/assets ratio, %	97.0	97.9	97.0	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	-0.42	0.16	0.37	0.60	1.81
Earnings per share after dilution, SEK	-0.41	0.15	0.36	0.58	1.76
Cash flow per share, SEK	0.06	0.05	-0.05	-0.17	1.30
Equity per share, SEK	16.82	16.33	16.82	16.22	14.60

# NOTES

## NOTE 1: NATURE OF OPERATIONS

Polygiene Group™ is the global leader in antimicrobial technologies and odor control solutions. Polygiene Group treat hard surfaces and textiles to ensure that your products are better protected and remain more hygienic, and you remain confidently 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 July 1 to September 30, 2023 and is prepared in SEK, the Parent's functional currency.

The interim report is 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 July 1 to September 30, 2023 was approved for publishing by the Board of Directors on October 25, 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 that can involve risks to the group's operations and profits. 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's sales. The group has implemented price increases to counter cost increases driven by inflation, and our assessment is that, with some lag, we have managed to handle these cost increases. Polygiene is striving to maintain a strong cash position and be debt-free. The group adjusted the number of employees at the end of 2022 and has continued to oversee and take actions to reduce the cost base during 2023. The group is mainly exposed to changes in USD and GBP. Polygiene decided not to work with hedging due to the difficulty with customer short call-off lead times. The developments in Ukraine, Israel, and Palestine have significantly impacted the geopolitical landscape, contributing to increased uncertainties in the global market. Since the group does not operate in Russia, Ukraine, Israel, or Palestine, it is believed that these events will not directly affect the group's operations, results, or financial position. However, to mitigate any potential risks, the group is consistently monitoring the ongoing developments.

## 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. The 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 the assessment of the most important sources of uncertainty, are the same as those applied in the 2022 annual report, but we continue to keep an eye on the development of 2023 to understand the future situation and its impact.

The main concern on Polygiene Group at the moment is the current strategy review, the pace of the market recovery, and the development of interest rates and how it will impact the current 5-year plan. As previously communicated, we will provide further information at the end of the 2023 financial reporting.

## 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: CONTINGENT LIABILITIES

No identified contingent liabilities exists.

## NOTE 7: NET SALES FROM CONTRACTS WITH CUSTOMERS

The group's revenues from geographic markets can be broken down as follows in the below table. 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.

Q3 2023			
PRIMARY GEOGRAPHIC MARKETS:	GOODS	ROYALTY	TOTAL
APAC	7,255	3,591	10,846
EMEA	12,140	1,122	13,262
AMERICAS	3,807	2,349	6,156
GLOBAL	-1,522	-	-1,522
	<b>21,680</b>	<b>7,062</b>	<b>28,742</b>

Q3 2022			
PRIMARY GEOGRAPHIC MARKETS:	GOODS	ROYALTY	TOTAL
APAC	12,228	1,797	14,025
EMEA	20,417	2,238	22,655
AMERICAS	6,249	2,749	8,998
GLOBAL	-4,702	-	-4,702
	<b>34,192</b>	<b>6,784</b>	<b>40,976</b>

Q3 2023			
SEGMENT:	GOODS	ROYALTY	TOTAL
FRESHNESS	9,952	7,062	17,014
PRODUCT PROTECTION	11,728	-	11,728
	<b>21,680</b>	<b>7,062</b>	<b>28,742</b>

Q3 2022			
SEGMENT:	GOODS	ROYALTY	TOTAL
FRESHNESS	13,622	6,784	20,406
PRODUCT PROTECTION	20,570	-	20,570
	<b>34,192</b>	<b>6,784</b>	<b>40,976</b>

## NOTE 8: 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 further follow-up per segment is currently performed.

### FRESHNESS

SEGMENT INCOME	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30
Net sales	17,014	20,403	36,385	61,137
Other operating income	1,905	20	3,540	112
Total operating revenue	18,919	20,423	39,925	61,249
Cost of goods sold	-4,922	-2,373	-8,279	-7,160
<b>GROSS PROFIT</b>	<b>13,997</b>	<b>18,050</b>	<b>31,646</b>	<b>54,089</b>

### PRODUCT PROTECTION

SEGMENT INCOME	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30
Net sales	11,728	20,573	45,776	72,417
Other operating income	105	-	106	-
Total operating revenue	11,833	20,573	45,882	72,417
Cost of goods sold	-5,079	-11,745	-16,535	-37,710
<b>GROSS PROFIT</b>	<b>6,754</b>	<b>8,828</b>	<b>29,347</b>	<b>34,707</b>

<b>TOTAL</b>	<b>20,751</b>	<b>26,878</b>	<b>60,993</b>	<b>88,796</b>
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### Q3 2023

SEGMENT ASSETS	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible fixed assets	7,741	492,500	500,241
Tangible fixed assets	1,596	761	2,357
<b>TOTAL</b>	<b>9,337</b>	<b>493,261</b>	<b>502,598</b>

### Q3 2022

SEGMENT ASSETS	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible fixed assets	7,242	457,626	464,868
Tangible fixed assets	1,464	927	2,391
<b>TOTAL</b>	<b>8,706</b>	<b>458,553</b>	<b>467,259</b>

## NOTE 9: TAXES

<b>TAX OF THE PERIOD</b>	2023-07-01 2023-09-30	2022-07-01 2022-09-30	2023-01-01 2023-09-30	2022-01-01 2022-09-30
Tax for the period	-285	-828	-1,399	-3,073
Corrections of previous periods	749	-	-	-
<b>TOTAL TAX</b>	<b>464</b>	<b>-828</b>	<b>-1,399</b>	<b>-3,073</b>

## NOTE 10: INTANGIBLE ASSETS

## GOODWILL

<b>GROUP TSEK</b>	2023-09-30	2022-09-30	2022-12-31
<b>ACCUMULATED COST BROUGHT FORWARD</b>	<b>504,537</b>	<b>453,944</b>	<b>407,218</b>
Acquisition of business	-	-	40,852
Translation difference	-15,321	-189	13,408
<b>ACCUMULATED COST CARRIED FORWARD</b>	<b>489,216</b>	<b>453,755</b>	<b>461,478</b>
<b>BOOKED VALUE</b>	<b>489,216</b>	<b>453,755</b>	<b>461,478</b>

## OTHER INTANGIBLE ASSETS

<b>GROUP TSEK</b>	2023-09-30	2022-09-30	2022-12-31
Development and similar work	4 359	4 138	4 672
Software and licenses	3 587	3 243	3 626
Other intangible assets	3 079	3 732	3 564
<b>TOTAL BOOKED VALUE</b>	<b>11 025</b>	<b>11 113</b>	<b>11 862</b>
<b>TOTAL BOOKED VALUE IN-TANGIBLE ASSETS</b>	<b>500 241</b>	<b>464 868</b>	<b>473 340</b>

# 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 third quarter, the total number of shares traded was 1,611,898 which corresponds on average to 24,798 shares per trading day. The share price at the end of the period was SEK 5.55, which corresponds to market Share capital and ownership structure capitalization of MSEK 203. The highest and lowest share prices during the period were SEK 6.40 and SEK 4.50, respectively.

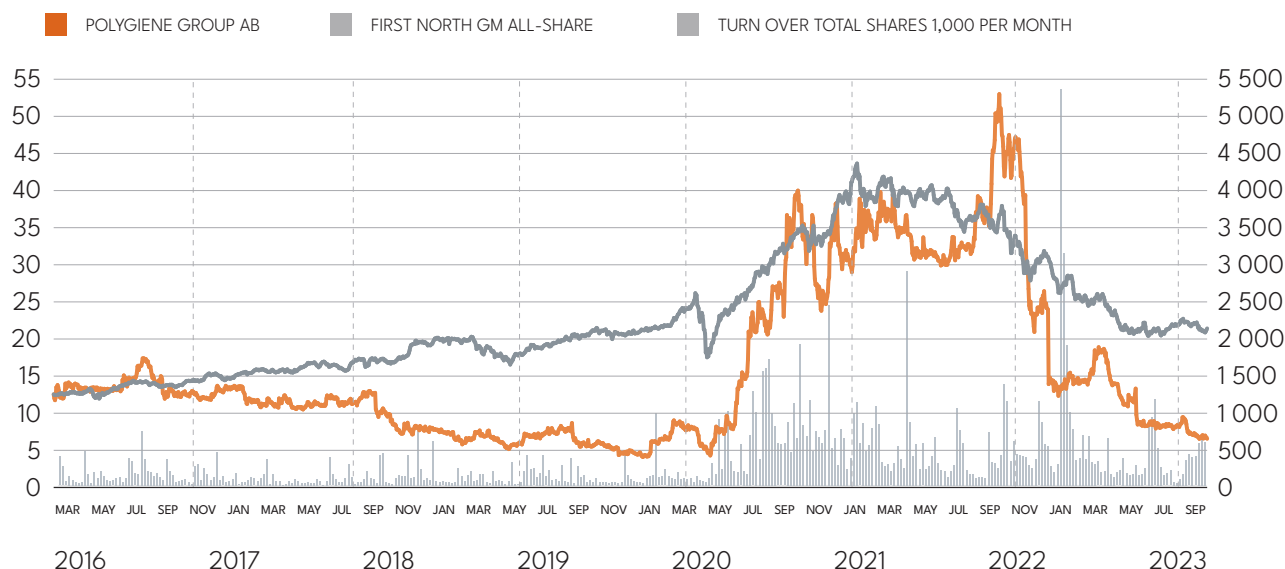
## OWNERSHIP STRUCTURE

The number of shareholders at the end of the period amounted to 2,333 (2,773). The table below lists the 10 largest shareholders as of September 30, 2023.

SHAREHOLDERS	SHARES	PERCENT
Peter Gyllenhammar*	7,555,252	20.7 %
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	1,584,000	4.3 %
Familjen Girell	1,330,000	3.6 %
Protean Funds Scandinavia	964,581	2.6 %
Jonas Wollin*	874,000	2.4 %
Avanza Pension	735,463	2.0 %
Nordnet Pensionsförsäkring	655,520	1.8 %
Other	12,270,141	33.7 %
<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 – SEPTEMBER 2023





## 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

Questions related to the report:

**Niklas Blomstedt, CFO**

+46 (0) 706 632 126

niklas.blomstedt@polygiene.com

**Ulrika Björk, CEO**

+46 (0) 70 921 12 75

ulrika.bjork@polygiene.com

**Polygiene Group AB**

Styrmansgatan 2

211 18 Malmö, Sweden

+46 (0) 40 26 22 22

## FINANCIAL CALENDAR 2023

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 October 26, 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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