

POLYGIENE GROUP AB (PUBL.)

INTERIM REPORT Q4 2022

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POLYGIENE[®]
GROUP
FOR MINDFUL LIVING

CONTENT

Q4 in brief	3
Significant events in brief	4
Message from the CEO	6
Polygiene Group in brief.	8
Financial trends	9
Statements of profit or loss, Group.	10
Statements of financial position, Group.	11
Consolidated statements of change in equity, Group.	12
Cash flow statements, Group.	13
Multi-year overview, Group	14
Statement of profit or loss, Parent Company	15
Statements of financial position, Parent Company.	16
Consolidated statements of change in equity, Parent Company	17
Cash flow, Parent Company.	18
Multi-year overview, Parent Company.	19
Notes.	20
Share capital, the share and ownership structure	23
Definitions	24
Financial calendar	24

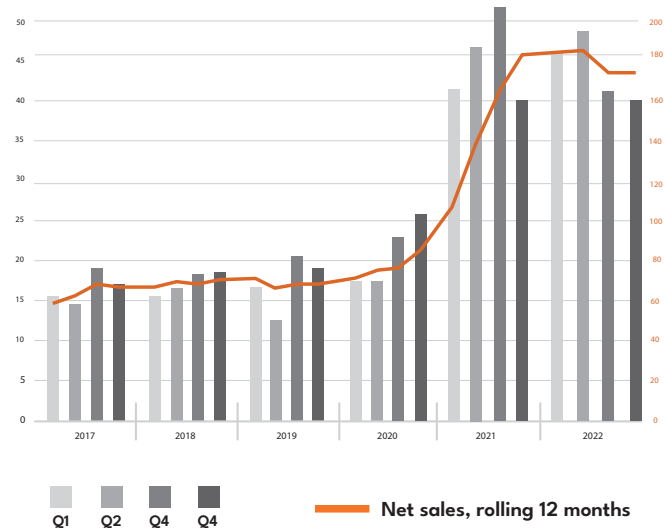
Q4 IN BRIEF



KEY RATIOS

GROUP	OCT - DEC 2022	OCT - DEC 2021	FULL YEAR 2022	FULL YEAR 2021	FULL YEAR 2020
Net sales, MSEK	40.0	40.2	173.6	181.6	83.9
Operating profit (EBITDA), MSEK	-1.8	4.4	22.2	41.2	5.7
Operating margin (EBITDA), %	-4.5	10.9	12.8	22.7	6.8
Profit after tax, MSEK	-5.1	39.0	21.8	64.2	-1.7
Operating margin after tax, %	-12.8	97.1	12.6	35.3	-2.0
Earnings per share, SEK	-0.14	1.10	0.60	1.81	-0.08
Cash flow, MSEK	-6.6	2.7	-6.2	46.4	-0.5

NET SALES, MSEK



OCTOBER - DECEMBER

- Net sales amounted to MSEK 40.0 (40.2), there is an exchange rate impact of +10% in the quarter compared to last year
- The adjusted gross margin was 67.3 (67.9) %, excluding an inventory adjustment of approx. MSEK -1 belonging to previous periods
- The adjusted operating profit before depreciations (EBITDA) amounted to MSEK 1.9 (4.4), excluding the above inventory adjustment and non-recurring costs of MSEK 2.7. The non-recurring costs consist of restructuring costs, acquisition cost of Biomaster and cost for ending a customer contract
- The adjusted operating profit after depreciations and before tax (EBIT) amounted to MSEK -2.7 (3.9), excluding the above non-recurring costs of MSEK -3.7. The result includes a negative exchange impact of MSEK -3.4 (0.3)
- The cash flow amounted to MSEK -6.6 (2.7). Cash and cash equivalents amounted to MSEK 48.2 (52.6)

SIGNIFICANT EVENTS IN BRIEF

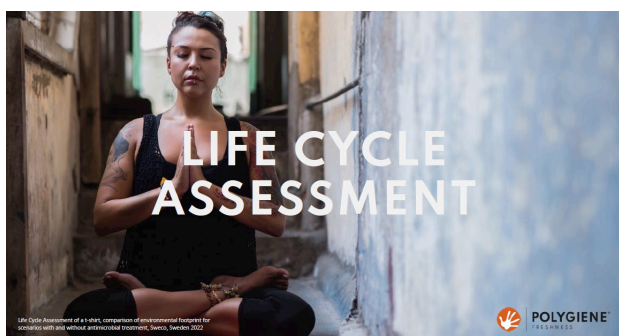
SIGNIFICANT EVENTS DURING OCTOBER - DECEMBER 2022

POLYGIENE® AND MONTANE LAUNCH ISPO COLLABORATORS CLUB PRODUCT TEST

ISPO Collaborators Club - of which Polygiene is a founding member - provides invaluable product feedback to Montane regarding fit, color selection, and performance, further strengthening Polygiene’s offer as a leading Freshness partner to brands.

EUROPEAN OUTDOOR SUMMIT ATTENDEES RECEIVE AN INITIAL PRESENTATION OF POLYGIENE’S LIFE CYCLE ASSESSMENT

Polygiene CMO, Sean Tindale, presented Polygiene’s LCA findings to a highly attentive audience, showing data that proves that by skipping one wash load, the environmental impact of a t-shirt can be reduced by up to one-third.



NIO LAUNCHES NEW SUBSCRIPTION MODEL TO USERS IN EUROPE

Polygiene Product Protection™ included with Chinese electronic car manufacturer NIO now offered in Germany, Sweden, and the Netherlands. They have seen significant growth with increasing demand for alternative transportation services. Polygiene BioMaster™ technology is included in the car’s steering wheel and headrest.

Image: NIO



Image: Fiat

FIAT LAUNCHES WITH POLYGIENE PRODUCT PROTECTION

A special edition car (RED) is launched to fight global health emergencies like AIDS or COVID. The vehicle’s seat fabric is treated with Polygiene ViralOff™.

POLYGIENE ACQUIRES BIOMASTER® US WITH A FOCUS ON PRODUCT PROTECTION AND HARD SURFACES

The purchase is primarily to create a local establishment and take control of the business in the USA to align with the strategy to grow the North American market. The purchase includes former owner Charlie Matthews who has successfully run the business for many years. The company holds key licenses and warehouse capacity that can now also handle products for the Polygiene Freshness™ area, providing a nice synergy for Polygiene Group™.

FUNCTIONAL FABRIC FAIR A SUCCESS IN PORTLAND, OR, USA

The leading textile fair in the Northwest, where power brands such as Adidas, NIKE, Under Armour, Eddie Bauer, and Arc’teryx, among others, can be seen attending, was a valuable fair for the Americas team. Jason “The Germ Guy” Tetro presented on the main stage and supported the Americas team in deeper discussions with partners and new leads.

PERFORMANCE DAYS IN MUNICH, GERMANY, DEEPENS RELATIONS AND OPENS NEW DOORS AT THE LEADING TEXTILE FAIR FOR EUROPE

The performance textile fair continues to solidify itself as the leading fair for European brands looking for cutting-edge, sustainable, high-performing textiles, technologies, and finishes. The Polygiene team had a busy fair presenting the new cross-selling opportunities between the Product Protection and Freshness business areas.

SIGNIFICANT EVENTS IN BRIEF

POLYGIENE LAUNCHES MINDFUL LIVING™ AT ISPO

ISPO 2022 was a massive success, showcasing the launch of Polygiene’s new tagline and mantra to the industry – For Mindful Living. Over 1,000 t-shirts were designed and distributed during the brand’s booth activation. In addition, and importantly due to the strong buzz gained over the three-day fair, significant leads and deeper developments with brands were made.



POLYGIENE’S CMO SEAN TINDALE AND MICROBIOLOGIST JASON TETRO PRESENT AT ISPO’S MAIN STAGE

Tindale and Tetro presented the recently completed LCA, revealing facts how to contribute to a more mindful life.

POLYGIENE JOINS EUROPEAN SPORTS INDUSTRY GROUP, BSI SPORT

To deepen Polygiene’s reach and influence, this strategic partnership sees tremendous added value for opportunities to present Polygiene’s Mindful Living approach as well as data on the industry. The group includes equestrian, outdoor, water sports, gym, winter sports, and the CSR category.

POLYGIENE PARTNERS WITH ZEYNAR TO COLLECTIVELY PROVIDE SOCIAL VALUE AND BUILD A SUSTAINABLE FUTURE

Reimagining product protection to help drive a sustainability revolution, Polygiene and material partner Zeynar are working in tandem to redefine fashion and lifestyle product offerings.

EVENTS AFTER THE QUARTER

POLYGIENE WELCOMES BART KENNEDY AS COMMERCIAL DIRECTOR

Bart Kennedy joins the Polygiene Group from the company Microban™. He brings significant industry-specific experience to the role and a passion for driving change through sustainability. Bart has worked in the global textiles market for years, specializing in sales and marketing leadership.

STRATEGIC DISTRIBUTION DEAL TAKES POLYGIENE INTO ONE OF THE WORLD’S BIGGEST MARKETPLACES

Polygiene Group™ have signed a new distribution deal with Indian partners N9. The aim is to present Polygiene BioMaster™ and other Polygiene technologies to a larger audience, helping to play an important role in increased antimicrobial protection and encouraging more Mindful Living™.

POLYGIENE TECHNOLOGIES CAN REDUCE ENVIRONMENTAL IMPACT BY ONE THIRD

Polygiene®, in collaboration with Sweco®, has run a life cycle assessment showing that washing items of clothing less frequently can reduce environmental impact by one-third. The results of this trial show that by investing in garments treated with Polygiene StayFresh™, consumers can every year save up to 51 kWh, 3 800 liters of water and earn four free days of wasted time spent washing.

POLYGIENE GROUP SIGNS DEAL WITH A NEW CHINESE DISTRIBUTOR IN CHINA

To accelerate the activities in China, Polygiene has signed a deal with the Chinese distributor Suzhou Standing Textile Technologies Ltd in China. STT is a well-established textile supplier for local as well as international brands. The collaboration is one step of the business’ updated strategy in China, to welcome distributors as a new sales channel in the Freshness segment.

RICARDO BEVERLY HILLS TO LAUNCH THE NEXT GENERATION OF TRAVEL ACCESSORIES

Ricardo Beverly Hills, the Washington-based global luggage and travel accessories leader, announced the launch of their new Essentials 5.0 collection of organizational travel accessories featuring an anti-microbial fabric treatment from Polygiene.

SALES STABILITY AND RESTRUCTURING CLOSE OUT A CHALLENGING YEAR

Net sales for the quarter came to MSEK 40.0, which is in line with last year's sales. An adjusted gross margin of 67.3 % (67.9 %) was reported. The quarterly operating profit before interest, taxes, depreciation and amortization (EBITDA) amounted to MSEK 1.9 (4.4) including non-recurring items. Fourth quarter cash flow was negative at MSEK -6.6 due to acquisition and investment in product development.

The current economic climate continues to have a noticeable impact on business. The decline in the distribution channels, which was also visible in the previous quarter, persisted into the fourth quarter. Despite this, we are able to keep our positions and deliver turnover at the same level as previous quarter. This can be considered satisfactory since historically, revenues in the last quarter of every year tend to be lower than in other quarters. The gross margin amounted to 64.9 % (67.9 %) and weighed down by an inventory adjustment of approximately MSEK 1.0 stemming from previous periods. An adjusted gross margin of 67.3 % is in line with the same period last year. Price increases for raw materials that affected the company over the past year have been offset by a price increase to customers implemented on October 1, 2022. The price increase and normalization of shipping and logistics costs in recent months had a positive impact on the quarterly results. The operating profits amounted to MSEK -1.8, including the non-recurring items of MSEK 3.7 including the above inventory adjustment. Operating profit, adjusted for these items, amounted to MSEK 1.9 (4.4). In 2022, the company incurred travel and trade fair costs after a few years of inactivity, as our company began again to engage in these essential business activities. Cash flow was negative at MSEK -6.6, of which the significant portion, MSEK -4.8, stems from strategic investments as acquisition, product development and market investments.

The somewhat even distribution between Protection (53 %) and Freshness (47 %) business areas continued; however, the Protection business area carried slightly more weight this quarter. Because the Freshness business area represents more consumer-oriented products, it has experienced more of a downturn due to the recession than the more stable hard-surface business area. However, there are signs that our customers increased activity following years of uncertainty due to the global pandemic. Several new partners in various categories came on board this quarter, and more projects have been initiated within the Protection and Freshness business areas. Developing new technologies and expanding the product portfolio is

critical to Polygiene's journey forward. Toward year end, work on this front has been intensified, and I am confident that results from our innovation team's efforts will soon be apparent.

Expanding the Protection business area beyond the U.K. and Europe is vital to the company's growth strategy; the U.S. has been identified as a significant potential market. To further strengthen Polygiene's presence in the U.S., Bart Kennedy was hired as Commercial Director for the Textiles and Hard Surfaces business areas based in New Jersey on October 1, 2022. Bart's impressive career has been distinguished by solid experience in both textiles and hard surfaces. Before joining the Polygiene Group, Bart held a senior position at Microban International.

» The current organization presents every opportunity to create profitable, sustainable growth, thereby proving the scalability of the business model «

What's more, the Polygiene Group completed the acquisition of Addmaster's former distributor Biomaster US. The deal is integral to Polygiene's strategic investment in the American market, along with welcoming Bart to our team. The acquisition of Biomaster USA gives the Polygiene Group control over customers and distribution in the U.S., which can contribute to solid growth with the support of the global team as we move forward. In connection with the purchase, Polygiene Group hired Biomaster USA's owner Charlie Matthews who worked on securing customers in the healthcare, home, paints, and coatings segments and was responsible for the logistics in the U.S. The purchase price amounted to USD 120,000 with the upside of a commission-based compensation plan for several ongoing projects with a good deal of potential.

To finance these key recruitments and stand stronger in 2023, a restructuring program was carried out in December. This resulted in company layoffs of four staff members. Two others also left the company in January, bringing the number of staff members lost due to employee attrition to six (-12 %) compared to the previous quarter. The restructuring is an opportunity to continue extracting synergies between the companies and to be able to maintain profitability. This leaner organization will be able to compensate for the downsizing without experiencing any adverse business effects.

In recent years, the Polygiene Group has undertaken a strategic approach to talent acquisition for new positions and replacements and does not anticipate further activity in 2023. The current organization presents every opportunity to create profitable, sustainable growth, thereby proving the scalability of the business model.

At the end of November, after a three-year hiatus, we returned to ISPO Munich, the world's largest trade fair for the sports industry. The Sport & Outdoor category is the company's largest business area representing approximately a 30 % share of total sales. Therefore, the company must engage with our partners and identify new ones at ISPO. Polygiene has exhibited at ISPO for over a decade, but our 2022 stand garnered much attention and created a high interest among showgoers. We presented our new



mission statement, “Mindful Living”, on the main stage, handed out over 1,000 Polygiene-treated tee shirts, and hosted a Bavarian Breakfast, which was a great success. Our engagement at ISPO deepened our relationships with existing customers and opened doors to exciting new projects to kick off 2023.

Despite this high point, it remains difficult to determine when the global economy will recover. Inventory levels remain high throughout the entire industry – from distributors and manufacturers to intermediate warehouses and retail establishments. Slow growth is prevalent, resulting in a short-term negative impact on sales. The situation is by no means unique to Polygiene, affecting all sectors across the value chain, a sentiment to which other companies in the industry attest.

While 2022 proved challenging, it was also a year in which we were able to put many critical aspects of our organization into place. Even if the growth was not really there, we have a stable foundation and a profitable business for the whole year, despite of large investments that affected our result. We achieved positive things that I know will pay off in the future. I look confidently to the future, curious to know what lies ahead after this turbulent year draws to a close. I hope the economy will rebound in the not-too-distant future so that companies and individuals alike can regain purchasing power and our customers return in full force. But for now, I look ahead and, together with my fantastic team, we are ready to accelerate the pace of our growth journey to make 2023 a successful year!

Ulrika Björk CEO Polygiene Group

POLYGIENE GROUP IN BRIEF

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

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

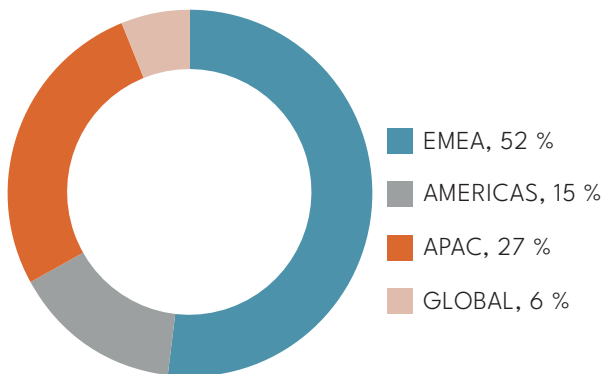
contributes to a more sustainable lifestyle as well as a more profitable business for our partners. Our vision is to fundamentally transform the industry, partly by encouraging consumers to change their behavior, and partly by getting the industry to adopt our functions and by doing so, be part of building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

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



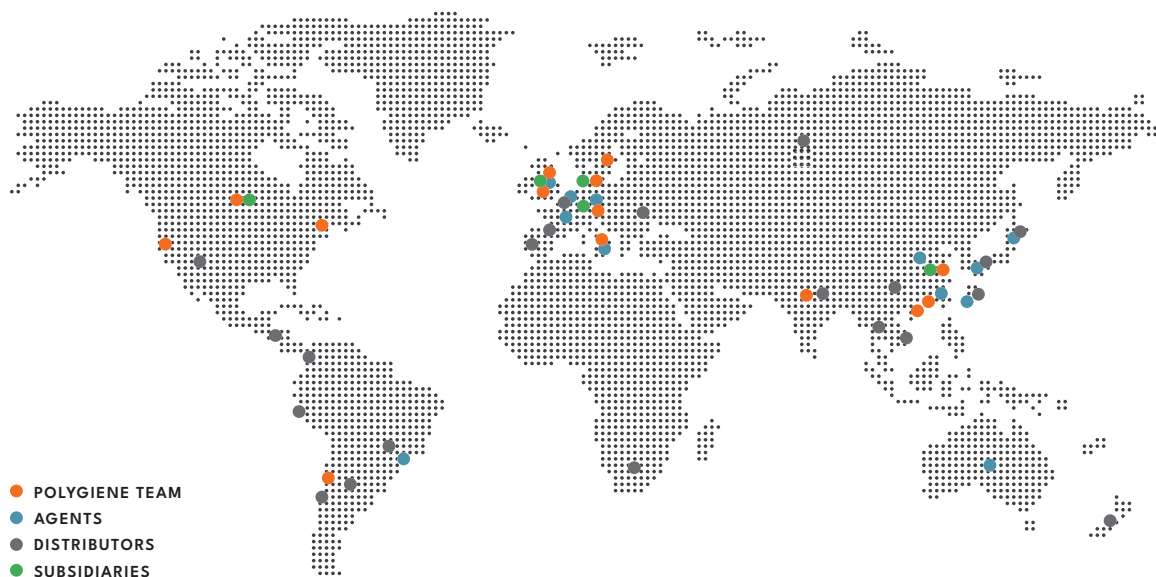
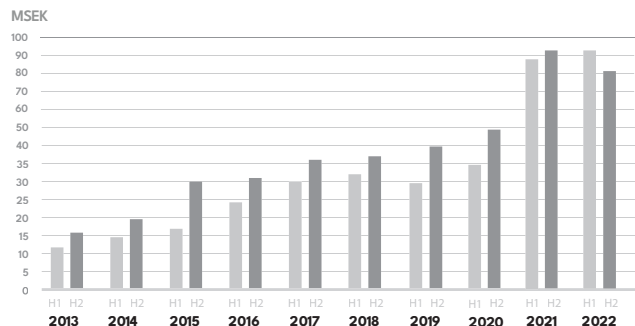
OPERATIONS

The fourth 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

Net revenues and gross margin Q4 totaled MSEK 40.0 (40.2). The current quarter has a positive foreign currency impact of approx. +10% vs previous year. Gross margins for the quarter reported at 64.9 (67.9) %. Cost of goods sold totaled MSEK -14.1 (-12.9) for the quarter. The cost in the quarter included an inventory adjustment of MSEK -1 related to previous periods. Adjusted gross margin was 67.3%

COSTS

OTHER EXTERNAL EXPENSES

The costs of the period MSEK -16.5 (-14.9), which is an increase of 10.7 % over the same quarter the previous year. The cost in the quarter include non-recurring cost of about MSEK 0.9. The other costs include:

- Variable selling expenses MSEK -3.6 (-4.4) which consist mainly of commissions to agents and distributors related to Freshness sales
- Marketing expenses MSEK -3.8 (-2.1)
- Administrative expenses MSEK -5.8 (-6.3)
- Contracted consultants MSEK -3.4 (-2.1)

The increase in marketing costs is mainly cost for fairs as it have increased during this period compared to the previous year because it was not relevant in the pandemic year 2021. The same reason applies to administrative costs as travel has increased. Previous years cost included a non-recurring cost of MSEK 2.3 related to the acquisition of Biomaster. Contracted consultants have increased as we added sales resources in US.

PERSONNEL EXPENSES

The expenses totaled MSEK -11.3 (-8.0). The increase is mainly due to restructuring cost of MSEK -1.8 compared with last year and more employees and more cost for the board.

DEPRECIATION

Depreciation of intangible- and tangible fixed assets totaled MSEK -1.2 (-0.8). Depreciation will increase in the coming periods due to increased investments in product development.

OTHER OPERATING EXPENSES

Other operating expenses -3.4 (0.3) for the quarter and relates to exchange rate differences, mainly due to changes of the USD and GBP exchange rate compared to the previous quarter.

RESULT

Operating profit/loss (EBITDA) totaled MSEK -1.8 (4.4), including non-recurring cost of MSEK -3.7. Adjusted EBITDA totaled MSEK 1.9. The tax cost in the periods includes a write down of the withholding tax of MSEK -4.5 as we do not expect that we can use this the coming year due to the size of the carry forward loss in the parent company.

Other profit of the period contains foreign currency translation differences in the translation of foreign subsidiaries and goodwill. Profit of the period totaled MSEK -5.1 (39.0) including non-recurring cost of MSEK -3.7 and write down of withholding tax of MSEK -4.5. Adjusted profit of the period totaled MSEK 3.1.

FINANCIAL POSITION

INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

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

FINANCIAL NON-CURRENT ASSETS

Financial non-current assets at the period-end where MSEK 14,5 (14.0) and consist of deferred tax assets related to tax loss carry forwards arising in previous years and withholding tax. The accumulated tax carry loss forward at the period-end was MSEK 36,3.

INVENTORY

The inventory value has increased compared to the previous period, MSEK 35,5 (28,1). The reason is that the subsidiary, Addmaster has built up a stock to ensure the availability of polymers.

CASH FLOW AND LIQUIDITY

Cash flow of the fourth quarter amounted to MSEK -6,6 (2,7), mainly due to investments during the quarter. The Group's cash and cash equivalents at the period-end amounted to MSEK 48,2 (52,6).

EQUITY

Equity totaled MSEK 592.6 (519,2) at the period-end. The equity assets ratio as of 2022-12-31 was 95.3 (94,3) %.

PERSONNEL

At the period-end, the operating organization, regardless the degree of service, was 49 (47) people. 37 (38) are employed and 12 (9) are contracted consultants. The operating organization amounts to 46 (43) full-time services. During December 4 people left because of the restructuring and during January the number of employees will decrease with another 2 employees.

STATEMENTS OF PROFIT OR LOSS OF THE GROUP

TSEK	NOTE	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating revenue					
Net sales	8	40,021	40,179	173,564	181,610
Other operating income		49	54	162	191
Total operating revenue		40,070	40,233	173,726	181,801
Operating expenses					
Cost of goods sold		-14,077	-12,944	-58,991	-66,368
Gross profit or loss	9	25,993	27,289	114,735	115,433
Other external expenses		-16,527	-14,908	-55,203	-43,535
Personnel expenses		-11,251	-7,950	-37,302	-30,698
Operating profit before depreciation (EBITDA)		-1,785	4,431	22,230	41,200
Depreciation and write-downs		-1,203	-838	-4,353	-3,134
Other operating expenses*		-3,387	260	-1,885	2,792
Operating profit/loss (EBIT)		-6,375	3,853	15,992	40,858
Profit or loss from financial items					
Interest expenses and similar items		-9	270	-35	-391
Profit or losses after financial items		-6,384	4,123	15,957	40,467
Tax for the period	10	-4,520	-1,347	-7,599	-7,642
Profit of the period		-10,904	2,776	8,358	32,825
Other profit of the period**		5,773	36,257	13,483	31,358
Profit and other profit of the period		-5,131	39,033	21,841	64,182
Earnings per share before and after dilution					
Before dilution		-0.14	1.10	0.60	1.81
After dilution		-0.14	1.07	0.58	1.76

*Includes exchange rate differences referring to operating business

** Includes exchange rate differences regarding goodwill

STATEMENTS OF FINANCIAL POSITION OF THE GROUP

TSEK	NOTE	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Intangible assets	11	473,340	413,308
Tangible assets		2,231	2,694
Financial assets		14,485	13,999
Total fixed assets		490,056	430,001
Current assets			
Finished items and items for sale		35,518	28,158
Trade receivables		35,064	34,593
Other current assets		13,051	5,390
Cash and cash equivalents		48,209	52,552
Total current assets		131,842	120,693
TOTAL ASSETS		621,898	550,694
TOTAL EQUITY AND LIABILITIES			
Equity		592,559	519,150
Total equity		592,559	519,150
Long-term liabilities			
Leasing liabilities		19	19
Total long-term liabilities		19	19
Short-term liabilities			
Accounts payable		13,277	11,283
Leasing liabilities		1,619	2,381
Other current liabilities		14,424	17,861
Total short-term liabilities		29,320	31,525
Total liabilities		29,339	31,544
TOTAL EQUITY AND LIABILITIES		621,898	550,694

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE GROUP

TSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Equity at period start	596,414	473,436	519,150	27,480
Translation differences	1,276	-	3,161	-
Reclassifications	-	465	-	-
Share premium fund	-	6,215	-	-
New share issues and warrants	-	-	48,407	427,488
Transactions with the owners	597,690	480,116	570,718	454,968
Earnings of period	-10,904	2,776	8,358	32,825
Other profit of the period	5,773	36,258	13,483	31,357
Total earnings of period	-5,131	39,033	21,841	64,182
Equity at period end	592,559	519,150	592,559	519,150

CASH FLOW OF THE GROUP

TSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Current activities				
Profit/loss before financial items	-6,374	3,853	15,993	40,858
Non-cash adjustment	3,382	972	8,728	3,149
Interest paid	-9	270	-36	-772
Paid income tax	-1,465	-1,357	-6,315	-6,916
Cash flow from operating activities before changes in operating capital	-4,466	3,738	18,370	36,319
<i>Changes in working capital:</i>				
Increase/decrease in inventory	2,147	-8,794	-6,413	-13,451
Increase/decrease in current receivables	-13,917	12,381	-5,872	22,201
Increase/decrease in current liabilities	14,715	-2,502	-7,609	-7,470
Net cash flow from operating activities	-1,521	4,823	-1,524	37,599
Investment activities				
Acquisition of subsidiary	-1,244	-	-1,244	-404,846
Acquisition of intangible assets	-1,545	-1,363	-48,647	-3,143
Acquisition of tangible assets	-142	-25	-469	-302
Disposal of tangible assets	-	-	-	2,879
Acquisition of financial fixed assets	-1,893	-550	-1,769	-2,062
Cash flow from investing activities	-4,824	-1,938	-52,129	-407,474
Financing activities				
New shares and warrants	-	-	48,403	418,317
Overdraft facilities	-	-	-	-1,151
Amortization of leased objects	-236	-214	-901	-900
Cash flow from financial activities	-236	-214	47,502	416,266
Cash flow of period	-6,581	2,671	-6,151	46,391
Cash and cash equivalents at period start	55,473	49,881	52,552	4,478
Currency differences, cash and cash equivalents	-683	-	1,808	1,683
Cash and cash equivalents at period end	48,209	52,552	48,209	52,552

MULTI-YEAR OVERVIEW OF THE GROUP

	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Net sales, TSEK	40,021	40,179	173,564	181,610	83,932
Sales growth, %	-0.4	50.9	-4.4	116.4	22.0
Operating profit/loss EBITDA, TSEK	-1,785	4,431	22,230	41,200	5,709
Operating margin EBITDA, %	-4.5	10.9	12.8	22.7	6.8
Profit after tax, TSEK	-5,131	39,033	21,841	64,182	-1,736
Operating margin after tax, %	-12.8	97.1	12.6	35.3	-2.0
Cash flow, TSEK	-6,581	2,671	-6,151	46,391	-431
Equity, TSEK	592,559	519,150	592,559	519,150	27,480
Balance sheet total, TSEK	621,898	550,694	621,898	550,694	57,636
Equity/assets ratio, %	95.3	94.3	95.3	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	-0.14	1.10	0.60	1.81	-0.08
Earnings per share after dilution, SEK	-0.14	1.07	0.58	1.76	-0.08
Cash flow per share, SEK	-0.18	0.08	-0.17	1.30	-0.02
Equity per share, SEK	16.22	14.60	16.22	14.60	1.34

STATEMENTS OF PROFIT OR LOSS OF THE PARENT COMPANY

TSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating revenue				
Net sales	19,293	19,873	80,021	93,724
Other operating income	48	48	191	190
Total operating revenue	19,341	19,921	80,212	93,914
Operating expenses				
Costs of goods sold	-4,929	-6,477	-20,397	-32,143
Gross profit or loss	14,412	13,444	59,815	61,771
Other external expenses	-13,680	-11,736	-47,393	-39,482
Personnel expenses	-6,781	-5,177	-22,256	-19,743
Operating profit before depreciation (EBITDA)	-6,049	-3,469	-9,834	2,546
Depreciation and write-downs	-663	-454	-2,343	-1,574
Other operating expenses*	-1,820	260	-3,495	2,792
Operating profit/loss (EBIT)	-8,532	-3,663	-15,672	3,764
Profit from financial items				
Income from shares in group companies	13,182	-	13,182	-
Interest expenses and similar items	-76	-	-269	-2
Profit after financial items	4,574	-3,663	-2,759	3,762
Tax income for the period	-3,055	786	-1,594	-758
Profit of the period	1,519	-2,877	-4,353	3,004
Earnings per share before and after dilution				
Before dilution	0.04	-0.08	-0.12	0.09
After dilution	0.04	-0.08	-0.12	0.09

*Includes exchange rate differences referring to the operation

STATEMENTS OF FINANCIAL POSITION OF THE PARENT COMPANY

TSEK	2022-12-31	2021-12-31
ASSETS		
Fixed assets		
Intangible assets	8,162	6,084
Tangible assets	463	113
Financial assets	474,229	472,184
Total fixed assets	482,854	478,381
Current assets		
Finished items and items for sale	6,071	3,870
Trade receivables	25,093	25,289
Trade receivables group companies	344	458
Other currents assets	5,006	4,292
Cash and cash equivalents	16,335	16,388
Total current assets	52,849	50,297
TOTAL ASSETS	535,703	528,678
TOTAL EQUITY AND LIABILITIES		
Equity	491,369	452,606
Total equity	491,369	452,606
Long-term liabilities		
Liabilities group companies	10,600	45,930
Total long-term liabilities	10,600	45,930
Short-term liabilities		
Accounts payable	8,442	4,310
Accounts payable group companies	17,529	16,883
Other current liabilities	7,763	8,949
Total short-term liabilities	33,734	30,142
Total liabilities	44,334	76,072
TOTAL EQUITY AND LIABILITIES	535,703	528,678

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE PARENT COMPANY

TSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Equity at period start	489,850	453,158	452,606	28,040
Share premium reserve	-	2,326	43,018	420,059
New share issues and warrants	-	-	98	1,503
Transactions with the owners	489,850	455,484	495,722	449,602
Earnings of period	1,519	-2,878	-4,353	3,004
Total earnings of period	1,519	2,878	-4,353	3,004
Equity at period end	491,369	452,606	491,369	452,606

CASH FLOW STATEMENTS

FOR THE PARENT COMPANY

TSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Current activities				
Profit/loss before financial items	-8,532	-3,451	-15,672	3,764
Non-cash adjustment	2,394	454	4,376	1,573
Income from shares in group companies	13,182	-	13,182	-
Interest paid	-77	-	-269	-2
Paid income tax	-78	-	-312	-
Cash flow from operating activities before changes in operating capital	6,889	-2,997	1,305	5,335
<i>Changes in working capital:</i>				
Increase/decrease in inventory	596	-1,288	-2,201	-1,183
Increase/decrease current receivables	-2,823	6,022	-403	5,444
Increase/decrease current liabilities	7,134	4,063	9,616	4,412
Net cash flow from operating activities	11,796	5,800	8,317	14,008
Investment activities				
Acquisition of subsidiary	-1,244	-	-1,244	-458,185
Acquisition of intangible assets	-1,546	-1,363	-4,303	-3,139
Acquisition of tangible assets	-125	-	-470	-84
Acquisition of financial fixed assets	-4,018	-550	-2,083	-2,062
Cash flow from investing activities	-6,933	-1,913	-8,100	-463,470
Financing activities				
New shares and warrants	-	-	43,116	419,285
Borrowings in group companies	120	-	-43,386	45,930
Overdraft facilities	-	-	-	-1,151
Cash flow from financial activities	120	0	-270	464,064
Cash flow of period	4,983	3,887	-53	14,602
Cash and cash equivalents at period start	11,352	12,501	16,388	1,786
Cash and cash equivalents at period end	16,335	16,388	16,335	16,388

MULTI YEAR OF THE PARENT COMPANY

	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Net sales, TSEK	19,293	19,873	80,021	93,724	80,032
Sales growth, %	-2.9	-22.7	-14.6	17.1	16.3
Operating profit/loss EBIT, TSEK	-6,049	-3,469	-9,834	2,546	5,570
Operating margin EBITDA, %	-31.4	-17.5	-12.3	2.7	7.0
Profit after tax, TSEK	1,519	-2,877	-4,353	3,004	-944
Operating margin after tax, %	7.9	-14.5	-5.4	3.2	0.0
Cash flow, TSEK	4,983	3,887	-53	14,602	-2,549
Equity, TSEK	491,369	452,606	491,369	452,606	28,040
Balance sheet total, TSEK	535,703	528,678	535,703	528,678	57,247
Equity/assets ratio, %	91.7	85.6	91.7	85.6	48.9
Number of shares at period end, THS	36,527	35,550	36,527	35,550	20,516
Earnings per share before dilution, SEK	0.04	-0.08	-0.12	0.08	-0.05
Earnings per share after dilution, SEK	0.04	-0.08	-0.12	0.08	-0.04
Cash flow per share, SEK	0.14	0.11	0.00	0.41	-0.12
Equity per share, SEK	13.45	12.73	13.45	12.73	1.37
Share price at period end, SEK	8.2	49.9	8.2	49.9	38.3

NOTES

NOTE 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, Polygiene Group expanded its product range and today offers several technologies. 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 Fashion & Lifestyle, Healthcare, Home & Pets, Hospitality, Industrial, Paper & Packaging, Sport & Outdoor, Water and Workwear. 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 parent company, 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 Growth Market.

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

This interim report presents the period from October 1 to December 31, 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.

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 October 1 to December 31, 2022 was approved for publishing by the Board of Directors on February 15, 2022. 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 2021 financial statements.

NOTE 3: RISKS AND UNCERTAINTIES

The group's operations are affected by several factors which can involve risks to the group's operations and profit. For more information, please refer to the group's 2021 Annual Report.

The pandemic with its effects such as shutdowns and challenging logistics chains resulted in some of our partners in China building up large safety stocks, mainly at the last 6 months the previous year. This has affected our sales during the year. This, together with the uncertainty in the macroeconomic situation (including increased inflation and higher interest rates), means that our customers have an increased focus on efficient capital management, which in turn could have an impact on our sales in the coming quarters. The group has implemented price increases to parry cost increases and our assessment is that we thereby, with some lag, managed to manage its cost increases. Polygiene follows the downturn of the world economy carefully as it might impact consumer goods in the Freshness segment. Polygiene is working to continue to have a strong cash situation and to be debt free. The group has also adjusted the number of employees during the last quarter that will have positive impact in 2023.

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

NOTE 4: SIGNIFICANT ESTIMATES AND ASSESSMENTS

When interim reporting is prepared, the Board of Directors and CEO must, in accordance with applicable accounting and valuation principles, make certain estimates, assessments, and assumptions that affect the reporting and valuation of assets, provisions, liabilities, income, and expenses. Actual outcome may vary from these estimates and assessments and the amounts very rarely equal the estimated outcome. The estimates, 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. Estimates and judgments that have changed compared to financial year 2021 are described below.

The group has foreign withholding tax that the parent company can recover when previous tax loss carry forwards are utilized.

NOTES

The board has made the assessment that if the parent company does not generate sufficient profit in the coming years, there is a risk that these will not be fully utilized. During the quarter Polygiene has decided to write down the withholding tax for coming year as the group do not expect to fully utilize it due to the size of the tax carry loss.

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

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

NOTE 6: SEASONALITY AND CYCLICALITY

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

NOTE 7: CONTINGENT LIABILITIES

The board had identified a contingent liability through the acquisition of the SteriTouch in January 2022. The seller may receive a cash additional purchase price beginning of 2023. There will be no pay out.

NOTE 8: NET SALES FROM CONTRACTS WITH CUSTOMERS

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

Q4 2022	GOODS	ROYALTY	TOTAL
Primary geographic markets:			
APAC	7,776	3,122	10,898
EMEA	19,670	1,331	21,001
AMERICAS	3,967	1,924	5,891
GLOBAL	2,231	-	2,231
	33,644	6,377	40,021

Q4 2021	GOODS	ROYALTY	TOTAL
Primary geographic markets:			
APAC	7,460	2,527	9,987
EMEA	17,397	2,879	20,276
AMERICAS	6,832	2,994	9,826
GLOBAL	90	-	90
	31,779	8,400	40,179

Q4 2022	GOODS	ROYALTY	TOTAL
Business areas:			
FRESHNESS	12,400	6,377	18,777
PRODUCT PROTECTION	21,244	-	21,244
	33,644	6,377	40,021

Q4 2021	GOODS	ROYALTY	TOTAL
Business areas:			
FRESHNESS	11,591	8,400	19,991
PRODUCT PROTECTION	20,188	-	20,188
	31,779	8,400	40,179

NOTES

NOTE 9: SEGMENT REPORTING

Group management define the segments to Freshness and Product Protection. The gross profit is monitored by the group management by segment and is a base for strategic decision. No further reporting is done on a segment level for the moment.

FRESHNESS	2022-10-01	2021-10-01	2022-01-01	2021-01-01
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Segment income				
Net sales	18,777	19,991	78,466	91,434
Other operating income	49	54	162	191
Total operating revenue	18,826	20,045	78,628	91,625
Cost of goods sold	-1,864	-2,184	-9,036	-16,460
Gross profit	16,962	17,861	69,592	75,165
PRODUCT PROTECTION				
	2022-10-01	2021-10-01	2022-01-01	2021-01-01
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Segment income				
Net sales	21,244	20,188	95,098	90,176
Other operating income	-	-	-	-
Total operating revenue	21,244	20,188	95,098	90,176
Cost of goods sold	-12,213	-10,760	-49,955	-49,908
Gross profit	9,031	9,428	45,143	40,268
Total	25,993	27,289	114,735	115,433

NOTE 10: TAXES

Tax of the period	2022-10-01	2021-10-01	2022-01-01	2021-01-01
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Writedown of withholding tax	-4,531	-	-4,531	-
Tax on profit of the year	11	-1,347	-3,068	-7,642
Total tax	-4,520	-1,347	-7,599	-7,642

NOTE 11: GOODWILL

The group is yearly reviewing the goodwill based upon available information and assumptions that are available. During the sensitivity analysis it has shown that a deviation of 15 % will not have an impact on the asset. The changes of the goodwill can be broken down as follows:

GROUP TSEK	2022-10-01	2021-10-01
	2022-12-31	2021-12-31
Accumulated cost brought forward	419,015	367,622
Acquisition group companies	1,223	-
Correction of acquisition	-	5,003
Translation difference	6,018	36,090
Accumulated cost carried forward	426,256	408,715

SHARE CAPITAL, THE SHARE AND OWNERSHIP STRUCTURE

SHARE CAPITAL

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

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

For more information on the development of share capital, please refer to the Polygiene Group’s Annual Report 2021.

SHARES

Shares in Polygiene Group AB (publ.) have been listed on Nasdaq First North Growth Market, Stockholm, since March 14, 2016. During the fourth quarter, the total number of shares traded was 4,799,380 which corresponds on average to 74,990 shares per trading day. The share price at the end of the period was SEK 8.17, which corresponds to market Share capital, the share and ownership structure capitalization of MSEK 298. The highest and lowest share prices during the period were SEK 13.44 and SEK 7.82, respectively.

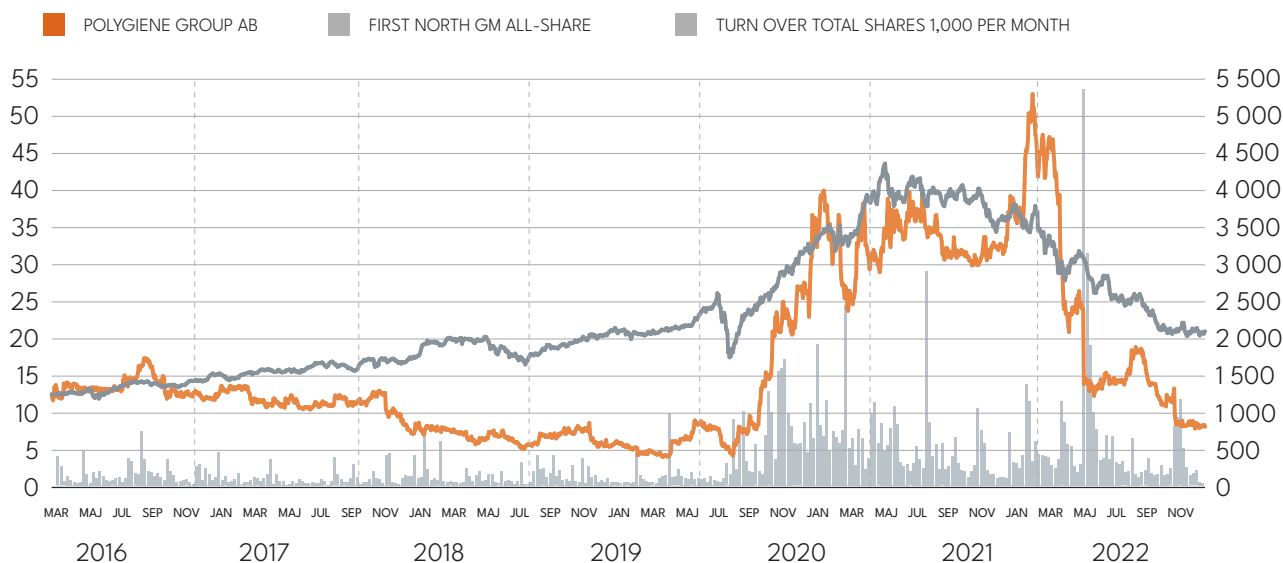
OWNERSHIP STRUCTURE

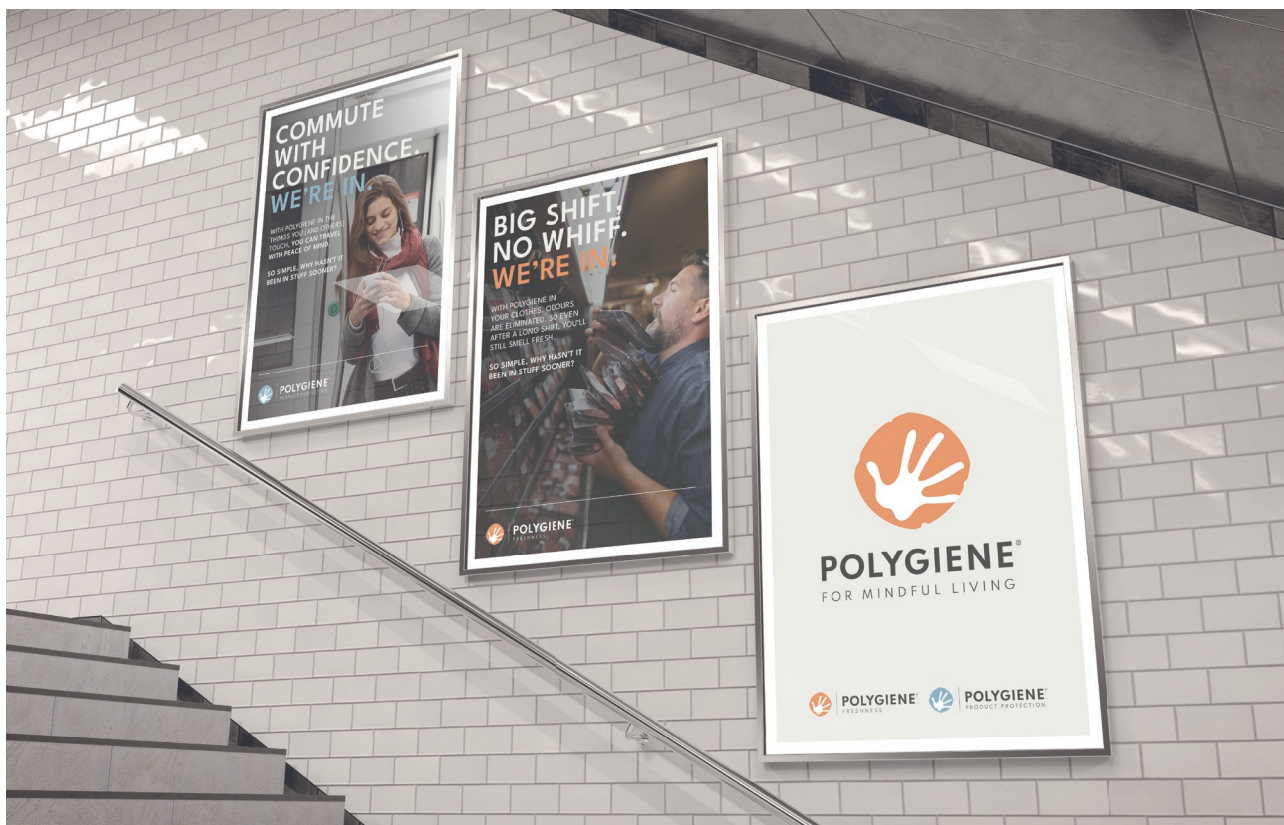
The number of shareholders at the end of the period amounted to 2,729 (2,983). The table below lists the 10 largest shareholders as of December 31, 2022

SHAREHOLDERS	SHARES	PERCENT
Peter Gyllenhammar*	4,631,558	12.7 %
Paul Morris*	4,477,056	12.3 %
DNCA Invest	3,015,234	8.3 %
Håkan Lagerberg*	2,465,030	6.7 %
Familjen Eklund	2,150,000	5.9 %
Didner & Gerge Small & Microcap	1,600,000	4.4 %
Nordnet Pensionsförsäkring	1,525,588	4.2 %
Jonas Wollin*	874,000	2.4 %
Avanza Pension	732,539	2.0 %
SHB Fonder & Liv	700,000	1.9 %
Other	18,987,542	52.0 %
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 – DECEMBER 2022





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

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FINANCIAL CALENDAR 2023

Annual report 2022	April 20
Interim Report Q1	April 27
Annual General Meeting	May 11
Interim Report Q2	July 27
Interim Report Q3	Oktober 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 February 16 2023.