

POLYGIENE GROUP AB (PUBL.)

INTERIM REPORT Q4 2023



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GROUP
FOR MINDFUL LIVING

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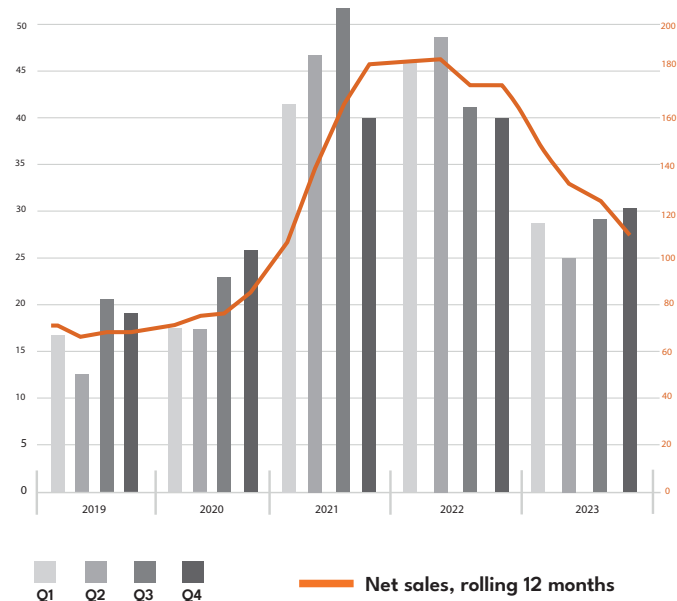
Q4 IN BRIEF



KEY RATIOS

GROUP	OCT - DEC 2023	OCT - DEC 2022	FULL YEAR 2023	FULL YEAR 2022	FULL YEAR 2021	FULL YEAR 2020
Net sales, MSEK	30,9	40,0	113,5	173,6	181,6	83,9
Operating profit before depreciation (EBITDA), MSEK	-3,4	-1,8	-5,0	22,2	41,2	5,7
Operating margin before depreciation	-11,1 %	-4,5 %	-4,4 %	12,8 %	22,7 %	6,8 %
Operating profit (EBIT), MSEK	-302,4	-6,4	-312,6	16,0	40,9	-0,4
Operating margin	-977,7 %	-15,9 %	-275,3 %	9,2 %	22,5 %	0,0 %
Earnings per share, SEK	-8,68	-0,14	-8,31	0,60	1,81	-0,08
Cash flow, MSEK	-2,3	-6,6	-3,7	-6,2	46,4	-0,5

NET SALES, MSEK



OCTOBER - DECEMBER

- Net sales amounted to MSEK 30.9 (40.0). There is an exchange rate impact of approximately 3 % in the quarter compared to last year. The decrease in net sales is primarily within Product Protection. The decrease in turnover was mainly within Product Protection, while Freshness brand sales were higher than the previous year (excluding distribution sales)
- The gross margin was 70.6 (64.9) %
- Operating profit before depreciations (EBITDA) amounted to MSEK -3.4 (-1.8) The MSEK -3.4 includes a one-time cost related to inventory adjustments and restructuring of MSEK -3.7. In the MSEK -1.8 from last year, MSEK- 3.7 is related to one-time costs
- Operating profit after depreciations and before tax (EBIT) amounted to MSEK -302.4 (-6.4) including one-time cost according to above and impairment of goodwill of MSEK -295
- The cash flow amounted to MSEK -2.3 (-6.6), MSEK -4.2 (-7.3) including FX impact. Cash and cash equivalents amounted to MSEK 44.1 (48.2)

SIGNIFICANT EVENTS IN BRIEF

EVENTS DURING OCTOBER - DECEMBER 2023

STAYFRESHBIO™

Polygiene Group launches a unique, plant-based antimicrobial technology for the textile market. Polygiene signs an exclusive distributor agreement with an external supplier.

FOCUS ON ADDMASTER

To create a clearer customer offering, a strategic decision was made to increase focus on the Addmaster business and reinstate the previous brand structure. By reallocating resources from Polygiene to Addmaster, the team in the UK could be strengthened with valuable expertise in sales and marketing. David Clark was appointed as Business Development Manager and Paul Willocks as Marketing Manager for Addmaster at the end of the year. This strategic shift in focus entails an increased investment in the Addmaster business.

DEFERRED FINANCIAL GOALS

At the end of the year, the Company announced that no updated long-term financial goals will be communicated. The main reason is the turbulence and uncertainty of recent years, which have affected the business climate. The focus going forward will be to return to growth.

FAIRS

- At both fairs, ISPO and Performance Days in Munich, Germany, Polygiene Group presented its Freshness technologies to a wide range of companies from Sports & Outdoor, Workwear and Lifestyle. The new bio-based, metal-free Polygiene StayFreshBIO technology generated a lot of interest amongst companies from the Sports & Outdoor industry.
- Polygiene Group made its second appearance at the CIIE (China International Import Expo) where a compelling speech in front of an audience of 100 attendees.
- Interworks, a key agent for Polygiene, has strengthened its ties with the brand by featuring Polygiene Product Protection at Fashion World Tokyo.

SOFHT

Polygiene achieved recognition at the recent SOFHT (Society of Food Hygiene and Technology) Awards in London, where the Company was selected as finalists in the "Best New Product/Service" category for their groundbreaking StayFresh and OdorCrunch technology tailored for the Hospitality sector.

BRETT MARTIN

Brett Martin, has opted to incorporate Biomaster technology across its entire antimicrobial product line. This strategic decision underscores Brett Martin's commitment to elevating hygiene standards by leveraging Biomaster's proven antimicrobial properties. By integrating Biomaster into their range, Brett Martin aims to offer enhanced antimicrobial protection, demonstrating their dedication to provide reliable and innovative solutions across their product offerings.

NEW COLLABORATION

NEW AGREEMENT

Polygiene Group has signed a new agreement with Spanish distribution partner Deltachem Iberica S.L. From now on, the company will supply both Protection and Freshness products to Polygiene Group partners in the region.

AFTER THE END OF THE QUARTER

EXPANSION IN GEOTEXTILES

Addmaster has signed an exclusive three-year agreement with a major international company that is a world leader in geotextiles. The contract is valued at a minimum of MSEK 23 over a three-year period.

ADDMASTER NEW WEBSITE

Commencing January 2024, the company will proudly revert back its original 'Addmaster' branding, solidifying its standing as a preeminent market leader in the field. As part of this action the business has launched a new stand-alone website that will become a valuable asset for both new and existing customers.



SIGNS OF RECOVERY AND POSITIVE MARKET SIGNALS

Net sales for the quarter amounted to MSEK 30.9 (40.0), down 23 % from the same period in 2022. This period saw a solid gross margin of 70.6 (64.9) %. Operating profit before interest, taxes, depreciation, and amortization (EBITDA) came to MSEK -3.4 (-1.8) million, including one-off costs of MSEK 3.7. Cash flow was negative at MSEK -2.3 million (SEK -4.2 adjusted for foreign currency effects), and cash and cash equivalents totaled MSEK 44.1.

The year ended with clear signs of recovery as previously communicated. The market signals reflected more positive business conditions, corroborated by our sales organization, compared to the past year. Our suppliers also confirm the upward trend, indicating that a market rebound is in sight after a challenging year. The company has generated growth quarter-over-quarter in recent months, including the first quarter of 2024. It is encouraging to see customers who did not place orders over the past year place new orders now. The project pipeline is brimming with activity, brightening our 2024 outlook.

Gross margin remained strong this quarter, driven by a higher percentage of sales for Polygiene (Freshness) compared to Addmaster (Product Protection). Non-recurring costs (MSEK 3.7), mainly related to restructuring the business operations division, impacted fourth-quarter results. The upside of restructuring is a more efficient organization and a significantly reduced cost basis. Excluding non-recurring items, the company achieved a positive EBITDA of MSEK 0.3.

Ongoing product development intensified toward year-end 2023. Increased laboratory test and product registration costs adversely impacted the quarterly cash flow. However, we have managed to maintain a stable cash flow overall over the past year, which instills confidence for coming years.

A FRESH START FOR ADDMASTER

Polygiene Group took a strategic decision to return to the previous Addmaster brand structure based on valuable feedback from key customers and a thorough internal evaluation. The aim is to highlight the Protection business and tailor communication to specific target groups. Cost-effectively relaunching the website in January 2024 is one example of sharpening communication with tailored messages about protection for hard surfaces across various industries.

Moreover, we strengthened our team at yearend, adding a dedicated Business Development Manager and a Marketing Manager based in the U.K. An updated website, increased resources, and clarity in the brand platform, I believe, lay a solid foundation for future Addmaster growth.

» It is encouraging to see customers who been away over the past year place new orders. The project pipeline is brimming with activity, brightening our 2024 outlook »

EXPANSION WITHIN GEOTEXTILES

Addmaster signed an exclusive three-year agreement with a big international company, a world leader in geosynthetics. The deal gives Addmaster a unique platform for expansion into a new market. GeoClean® aquatextile is an innovative product for the filtration and bioremediation of stormwater. GeoClean® captures oil and other contaminants from runoff water in the textile. The oil-absorbing layer of the geotextile breaks down pollutants in a natural microbial ecosystem before releasing clean water to infiltrate the soil and become groundwater. Addmaster technology accelerates the decomposition process through a special additive applied to the textile. The agreement holds a value of minimum MSEK 23 over a three-year period.

Image: Shutterstock



NEW PRODUCT LAUNCHES AT POLYGIENE

After years of intensive research, we succeeded in launching a supplement to our renowned antimicrobial silver technology. StayFreshBIO™ is a bio-based odor control product that uses 100% plant-based extracts as its active ingredients.

Partnering with an external supplier provides the Polygiene Group with access to a unique product with global exclusivity in the Sports and Outdoor and Lifestyle/Fashion segments. Successfully launched in November at ISPO Munich, the product continues to garner strong interest, and we anticipate the launch of new projects in the coming years. We will carry out extensive testing this spring to ensure that StayFreshBIO lives up to our high standards and customer expectations. The work is underway to register and certify the product according to regulations worldwide to prepare for our customers’ future product launches.

ShedGuard™, another development project, has moved into phase 1, where the six innovation partners selected have signed agreements with Polygiene Group. This phase, with completion expected within four to six months, focuses on initial testing and creating a comprehensive database to map the impact of the technology. The interest in ShedGuard has been overwhelming, confirming the need for an innovative solution to reduce microfiber emissions from textiles. Besides addressing the issue of microfiber shedding, the technology helps prevent pilling, helping to preserve garment appearance. ShedGuard aligns with the Polygiene ‘Mindful Living’ philosophy, which focuses on responsible and sustainable products that benefit people and the environment.

LOOKING AHEAD

In late December, the Group decided not to share any new long-term financial goals based on a business climate characterized by uncertainty in recent years. The previous goals were set as we came out of Covid which has seen unprecedented global uncertainty over all market areas. As we enter 2024 we can see strong consumer confidence in our key markets, particularly as our product range helps companies reinforce their hygienic credentials and product protection in the post Covid years. We continue to focus our time on capitalising on this market requirement as the Polygiene Group’s is seen as the market leader in this increasingly important market segment.

Once we achieve macroeconomic stability, we will share new information about our long-term goals. I am convinced that the Polygiene Group has a strong foundation and great potential to achieve long-term success. Leading the company into 2024 with this positivity and self-confidence seems appropriate, partly due to a nascent market recovery, but above all due to the strategic measures put into place internally which will give payback in the coming years.

I want to thank all our employees for their fantastic efforts over the past year. Your hard work and dedication have been instrumental in navigating the challenges we face. I also want to thank the Board for their support and guidance. And finally, I would like to express a big thank you to our shareholders for their continued confidence in the company.



A handwritten signature in blue ink that reads 'Ulrika Björk'.

Ulrika Björk CEO Polygiene Group

POLYGIENE GROUP IN BRIEF

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

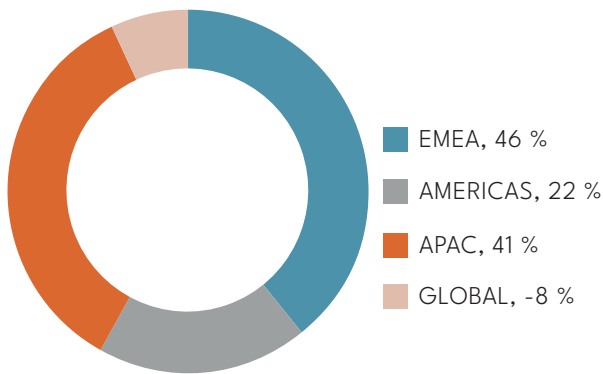
Polygiene Group™ is the global leader in antimicrobial technologies. The company treat hard surfaces and textiles to ensure that products are better protected and hygienic, fresh and odor-free. As the ingredient brand of choice, the company work with over 500 global premium brands via Polygiene and our subsidiary Addmaster.

Polygiene Group provides a wide range of technologies that increase the value of our customers products. The company offers solutions and treatments for products with technologies such as: OdorCrunch™, StayFresh™, Scentmaster™, ViralOff™, Biomaster™ and Verimaster™.

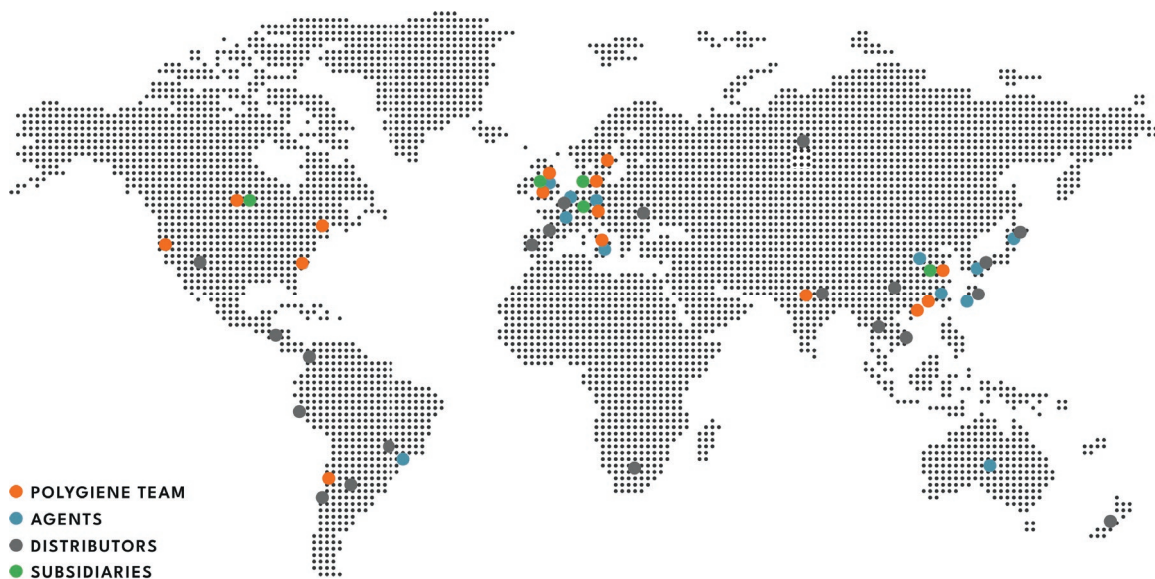
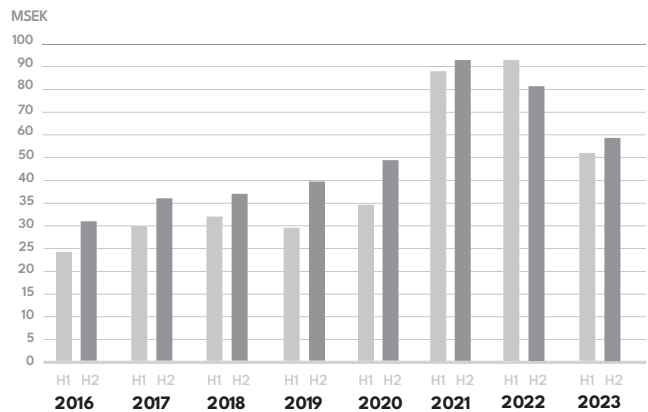


OPERATIONS

The fourth quarter's net revenue can be distributed across the following regions:



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



FINANCIAL TRENDS

NET REVENUES AND PROFIT

Net revenues and gross margin for Q4 totaled MSEK 30.9 (40.0). The current quarter has a positive foreign currency impact of approximately 3 % compared to the previous year. Gross margin for the quarter was reported at 70.6 % (64.9 %). The cost of goods sold totaled MSEK -11.5 (-14.1) for the quarter. The MSEK -11.5 includes approximately -0.7 in inventory adjustment related to Product Protection. Last year, the inventory adjustment was MSEK -1.0.

COSTS

OTHER EXTERNAL EXPENSES

The costs of the period were MSEK -16.3 (-16.5). The cost includes a one-time cost of approximately MSEK -3.0 (-0.9). The other costs include:

- Variable selling expenses MSEK -3.0 (-3.6) (commissions to agents and distributors related to Freshness sales)
- Marketing expenses MSEK -2.1 (-3.8)
- Administrative expenses MSEK -5.6 (-5.8), including one-time costs of MSEK -0.5
- Contracted consultants MSEK -5.6 (-3.4), including one-time costs of MSEK -2.5

Marketing expenses have been adjusted based on the lower sales. The costs for external consultants have increased, which includes expenses for completed consulting assignments.

PERSONNEL EXPENSES

The expenses totaled MSEK -9.0 (-11.3). Last year, the cost included a restructuring expense of approximately MSEK -1.8.

DEPRECIATION

Depreciation of intangible and tangible fixed assets totaled MSEK -1.4 (-1.2). Depreciation will increase in the coming periods due to increased investments in product development.

OTHER OPERATING EXPENSES

Other operating expenses amounted to MSEK -2.6 (-3.4) for the quarter and relate to exchange rate differences, mainly in USD and GBP exchange rates, during the quarter.

PROFIT OR LOSS

Operating profit or loss (EBIT) totaled MSEK -302.4 (-6.4). The decrease is due to declining sales and an impairment of goodwill amounting to -295 million SEK, of which -50 million SEK relates to the change in exchange rates.

Other profits of the period encompass foreign currency translation differences in the translation of foreign subsidiaries and goodwill. The profit of the period totaled MSEK -316.9 (-5.1), including a write-down of withholding tax amounting to MSEK -8.4 (-4.5).

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 product development. The tangible fixed assets consist mainly of leasing related to the use of office premises. The goodwill has been written down with MSEK -295 during the quarter.

FINANCIAL NON-CURRENT ASSETS

Financial non-current assets at the period-end were MSEK 7.5 (14.5) and consisted of a deferred tax asset related to tax loss carryforward arising in previous years. During the period the withholding tax has been written down with MSEK -8.4. The accumulated taxable loss carryforward at the period-end was MSEK 42.2.

INVENTORY

The inventory value has decreased compared to the previous years, amounting to MSEK 30.2 (35.5). The decrease is due to an adjustment to the lower sales.

CASH FLOW AND LIQUIDITY

The cash flow for the fourth quarter amounted to MSEK -2.3 (-6.6), or -4.2 including the foreign exchange impact (-7.3). The cash flow includes investments in Addmaster's new website and StayFreshBIO, totaling approximately MSEK 1.2. The Group's cash and cash equivalents at the end of the period amounted to MSEK 44.1 (48.2).

EQUITY

Equity totaled MSEK 291.2 (592.6) at the end of the period. The equity/assets ratio as of December 31, 2023, was 92.8 % (95.3 %).

PERSONNEL

At the period-end, the operating organization, regardless of the degree of service, was 43 (49) people whereof 33 (37) are employed and 10 (12) are contracted consultants. The operating organization of full-time services, amounts to 41 (46).

FINANCIAL TRENDS 2023

REVENUE AND RESULTS

The Group's revenue for 2023 amounted to MSEK 113.5 (173.6). The year has been characterized by high inventories in the supply chain and declining demand due to the economic downturn. Since quarter two, there has been increased sales quarter after quarter. During the year, an improved gross margin of 73.2% (66.0%) is reported, driven by currency effects and a better product mix. The cost of goods sold amounted to MSEK -36.4 (-59.0). Within the MSEK -36.4, an inventory adjustment of -0.7 is included related to Product Protection. Last year, that figure was MSEK -1.0.

OTHER EXTERNAL COSTS

Total costs for the year amounted to MSEK -54.7 (-55.2). These costs include an one-time cost of MSEK -3.0 (-0.9), related to costs associated with terminated consultancy contracts.

EMPLOYEE COMPENSATION COSTS

Employee compensation amounted to MSEK -33.4 (-37.3). The previous year included restructuring costs of MSEK -1.8.

DEPRECIATION

Depreciation on intangible and tangible fixed assets amounted to MSEK -5.4 (-4.4). Depreciation increased during the year, primarily due to investments, mainly in IT systems.

OTHER OPERATING EXPENSES

Expenses amounted to MSEK -7.2 (-1,9) for the year and relate to exchange rate differences, mainly related to changes in the USD and GBP exchange rates during the year.

RESULTS

The year's operating result (EBIT) amounted to MSEK -312.6 (16.0). The decrease is due to declining sales and impairment of goodwill.

PERIOD RESULT AND TOTAL RESULT

Other comprehensive income includes translation differences on the translation of foreign subsidiaries and goodwill at the year-end exchange rate. The year's result and total result amounted to MSEK -303.6 (21.8), which also includes an impairment of withholding tax MSEK of -8.4 (-4.5).

CASH FLOW AND LIQUIDITY

The cash flow of 2023 amounted to MSEK -3.7 (-6.2), MSEK -4.1 including currency effects (-4.3). During the year, the negative impact of cash flow from operations due to declining demand has been compensated by efforts to improve working capital. The Group's cash and cash equivalents amounted to MSEK 44.1 (48.2) at the end of the year.

STATEMENTS OF PROFIT OR LOSS OF THE GROUP

TSEK	NOTE	2023-10-01 2023-12-31	2022-10-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-31
OPERATING REVENUE					
Net sales	7, 8	30,935	40,021	113,542	173,564
Other operating income		2,357	49	5,917	162
TOTAL OPERATING REVENUE		33,292	40,070	119,459	173,726
OPERATING EXPENSES					
Cost of goods sold	8	-11,467	-14,077	-36,387	-58,991
GROSS PROFIT OR LOSS		21,825	25,993	83,072	114,735
Other external expenses		-16,284	-16,527	-54,735	-55,203
Personnel expenses		-8,988	-11,251	-33,379	-37,302
OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)		-3,447	-1,785	-5,042	22,230
Depreciation and write-downs		-1,425	-1,203	-5,385	-4,353
Impairment of goodwill at the group level	10	-295,000	-	-295,000	-
Other operating expenses*		-2,577	-3,387	-7,162	-1,885
OPERATING PROFIT/LOSS (EBIT)		-302,449	-6,375	-312,589	15,992
PROFIT OR LOSS FROM FINANCIAL ITEMS					
Interest income and similar items		720	-	3,186	-
Interest expense and similar items		-1,318	-9	-3,672	-35
PROFIT OR LOSSES AFTER FINANCIAL ITEMS		-303,047	-6,384	-313,075	15,957
Tax of the period	9	-7,409	-4,520	-8,873	-7,599
PROFIT OF THE PERIOD		-310,456	-10,904	-321,948	8,358
Other profit of the period**		-6,441	5,773	18,319	13,483
PROFIT AND OTHER PROFIT OF THE PERIOD		-316,897	-5,131	-303,629	21,841
EARNINGS PER SHARE BEFORE AND AFTER DILUTION					
Before dilution		-8.68	-0.14	-8.31	0.60
After dilution		-8.47	-0.14	-8.11	0.58

*Includes exchange rate differences referring to operating business

** Includes exchange rate differences regarding goodwill and translation of foreign subsidiaries

STATEMENTS OF FINANCIAL POSITION OF THE GROUP

TSEK	NOTE	2023-12-31	2022-12-31
ASSETS			
FIXED ASSETS			
Intangible assets	8, 10	197,484	473,340
Tangible assets		5,344	2,231
Financial assets		7,478	14,485
TOTAL FIXED ASSETS		210,306	490,056
CURRENT ASSETS			
Finished items and items for sale		30,205	35,518
Trade receivables		22,366	35,064
Other current assets		6,757	13,051
Cash and cash equivalents		44,146	48,209
TOTAL CURRENT ASSETS		103,474	131,842
TOTAL ASSETS		313,780	621,898
TOTAL EQUITY AND LIABILITIES			
EQUITY			
TOTAL EQUITY		291,246	592,559
LONG-TERM LIABILITIES			
Leasing liabilities		1,876	19
TOTAL LONG-TERM LIABILITIES		1,876	19
SHORT-TERM LIABILITIES			
Accounts payable		7,388	13,277
Leasing liabilities		2,014	1,619
Other current liabilities		11,256	14,424
TOTAL SHORT-TERM LIABILITIES		20,658	29,320
TOTAL LIABILITIES		22,534	29,339
TOTAL EQUITY AND LIABILITIES		313,780	621,898

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE GROUP

TSEK	2023-10-01 2023-12-31	2022-10-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-31
EQUITY AT PERIOD START	614,379	596,414	592,559	519,150
TRANSACTIONS WITH THE OWNERS				
New share issues and warrants	-	-	93	48,407
TOTAL TRANSACTIONS WITH THE OWNERS	-	-	93	48,407
Currency conversion difference	-6,236	1,276	2,223	3,161
PROFIT AND OTHER PROFIT OF THE PERIOD				
Earnings of period	-310,456	-10,904	-321,948	8,358
Other profit of the period	-6,441	5,773	18,319	13,483
TOTAL EARNINGS OF PERIOD	-316,897	-5,131	-303,629	21,841
EQUITY AT PERIOD END	291,246	592,559	291,246	592,559

CASH FLOW OF THE GROUP

TSEK	2023-10-01 2023-12-31	2022-10-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-31
CURRENT ACTIVITIES				
Profit/loss before financial items	-302,449	-6,374	-312,589	15,993
Non-cash adjustment	295,818	3,382	299,548	8,707
Interest received	275	–	493	–
Interest paid	-19	-9	-90	-36
Paid income tax	-402	-1,465	-3,864	-6,315
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING CAPITAL	-6,777	-4,466	-16,502	18,349
<i>Changes in working capital:</i>				
Increase/decrease in inventory	2,278	2,147	5,853	-6,413
Increase/decrease in current receivables	1,791	-13,917	23,193	-5,872
Increase/decrease in current liabilities	4,652	14,715	-8,758	-7,608
NET CASH FLOW FROM OPERATING ACTIVITIES	1,944	-1,521	3,786	-1,544
INVESTMENT ACTIVITIES				
Acquisition of subsidiary	–	-1,244	–	-1,244
Acquisition of intangible assets	-1,595	-1,545	-3,190	-48,484
Acquisition of tangible assets	-3,745	-142	-4,868	-612
Acquisition of financial fixed assets	-299	-1,893	-1,363	-1,769
CASH FLOW FROM INVESTING ACTIVITIES	-5,639	-4,824	-9,421	-52,109
FINANCING ACTIVITIES				
New shares and warrants	–	–	93	48,403
New loan leasing	1,703	–	3,119	–
Amortization of leased objects	-331	-236	-1,262	-901
CASH FLOW FROM FINANCIAL ACTIVITIES	1,372	-236	1,950	47,502
CASH FLOW OF PERIOD	-2,323	-6,581	-3,685	-6,151
Cash and cash equivalents at period start	48,297	55,473	48,209	52,552
Currency differences, cash and cash equivalents	-1,828	-683	-378	1,808
CASH AND CASH EQUIVALENTS AT PERIOD END	44,146	48,209	44,146	48,209

MULTI-YEAR OVERVIEW OF THE GROUP

	OCT-DEC 2023	OCT-DEC 2022	FULL YEAR 2023	FULL YEAR 2022	FULL YEAR 2021
Net sales, TSEK	30,935	40,021	113,542	173,564	181,610
Sales growth, %	-22,7	-0,4	-34,6	-4,4	116,4
Operating profit/loss EBITDA , TSEK	-3,447	-1,785	-5,042	22,230	41,200
Operating margin EBITDA, %	-11.1	-4.5	-4.4	12.8	22.7
Profit after tax, TSEK	-316,897	-5,131	-303,629	21,841	64,183
Operating margin after tax, %	-1024.4	-12.8	-267.4	12.6	35.3
Cash flow, TSEK	-2,323	-6,581	-3,685	-6,151	46,391
Equity, TSEK	291,246	592,559	291,246	592,559	519,150
Balance sheet total, TSEK	313,780	621,898	313,780	621,898	550,694
Equity/assets ratio, %	92.8	95.3	92.8	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	-8.68	-0.14	-8.31	0.60	1.81
Earnings per share after dilution, SEK	-8.47	-0.14	-8.11	0.58	1.76
Cash flow per share, SEK	-0.06	-0.18	-0.10	-0.17	1.30
Equity per share, SEK	7.97	16.22	7.97	16.22	14.60

STATEMENTS OF PROFIT OR LOSS OF THE PARENT COMPANY

TSEK	NOTE	2023-10-01 2023-12-31	2022-10-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-31
OPERATING REVENUE					
Net sales		16,186	19,293	56,148	80,021
Other operating income		2,278	48	5,452	191
TOTAL OPERATING REVENUE		18,464	19,341	61,600	80,212
OPERATING EXPENSES					
Costs of goods sold		-4,289	-4,929	-13,779	-20,397
GROSS PROFIT OR LOSS		14,175	14,412	47,821	59,815
Other external expenses		-15,144	-13,680	-50,345	-47,393
Personnel expenses		-4,582	-6,781	-17,760	-22,256
OPERATING PROFIT BEFORE DEPRECIATION (EBITDA)		-5,551	-6,049	-20,284	-9,834
Depreciations and write downs		-693	-663	-2 751	-2 343
Other operating expenses*		-2 375	-1 820	-6 617	-3 495
OPERATING PROFIT/LOSS (EBIT)		-8 619	-8 532	-29 652	-15 672
PROFIT FROM FINANCIAL ITEMS					
Income from shares in group companies		-	13,182	14,321	13,182
Interest income and similar items		246	-	830	-
Impairment shares group company	11	-162,991	-	-162,991	-
Interest expenses and similar items		-583	-76	-1,616	-269
PROFIT AFTER FINANCIAL ITEMS		-171,947	4,574	-179,108	-2,759
Tax of the period		-8,370	-3,055	-8,370	-1,594
PROFIT OF THE PERIOD		-180,317	1,519	-187,478	-4,353
EARNINGS PER SHARE BEFORE AND AFTER DILUTION					
Before dilution		-4.94	0.04	-5.13	-0.12
After dilution		-4.82	0.04	-5.01	-0.12

*Includes exchange rate changes related to operations

STATEMENTS OF FINANCIAL POSITION OF THE PARENT COMPANY

TSEK	NOTE	2023-12-31	2022-12-31
ASSETS			
FIXED ASSETS			
Intangible assets		8,372	8,162
Tangible assets		302	463
Financial assets	11	304,772	474,228
TOTAL FIXED ASSETS		313,446	482,853
CURRENT ASSETS			
Finished items and items for sale		3,530	6,071
Trade receivables		16,450	21,918
Trade receivables group companies		228	344
Other currents assets		3,509	5,006
Cash and cash equivalents		3,240	16,336
TOTAL CURRENT ASSETS		26,957	49,675
TOTAL ASSETS		340,403	532,528
TOTAL EQUITY AND LIABILITIES			
EQUITY			
TOTAL EQUITY		303,890	491,369
LONG-TERM LIABILITIES			
Liabilities group companies		11,315	10,600
TOTAL LONG-TERM LIABILITIES		11,315	10,600
SHORT-TERM LIABILITIES			
Accounts payable		3,174	5,267
Accounts payable group companies		13,435	17,529
Other current liabilities		8,589	7,763
TOTAL SHORT-TERM LIABILITIES		25,198	30,559
TOTAL LIABILITES		36,513	41,159
TOTAL EQUITY AND LIABILITIES		340,403	532,528

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY OF THE PARENT COMPANY

TSEK	2023-10-01 2023-12-31	2022-10-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-31
EQUITY AT PERIOD START	484,207	489,850	491,368	452,606
TRANSACTIONS WITH THE OWNERS				
New share issues and warrants	-	-	-	43,116
TOTAL TRANSACTIONS WITH THE OWNERS	484,207	489,850	491,368	495,722
NET PROFIT (LOSS) FOR THE YEAR				
Earnings of period	-180,317	1,519	-187,478	-4,353
EQUITY AT PERIOD END	303,890	491,369	303,890	491,369

CASH FLOW STATEMENTS

FOR THE PARENT COMPANY

TSEK	2023-10-01 2023-12-31	2022-10-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-30
CURRENT ACTIVITIES				
Profit/loss before financial items	-8,619	-8,532	-29,653	-15,672
Non-cash adjustment	-2,191	2,394	1,096	4,375
Interest recieved	133	-	133	-
Interest paid	-	-77	-	-269
Paid income tax	-102	-78	-400	-311
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING CAPITAL	-10,779	-6,293	-28,824	-11,877
<i>Changes in working capital:</i>				
Increase/decrease in inventory	1,031	596	2,541	-2,201
Increase/decrease current receivables	4,487	-2,823	11,435	2,771
Increase/decrease current liabilities	2,193	7,134	-7,739	6,442
NET CASH FLOW FROM OPERATING ACTIVITIES	-3,068	-1,386	-22,587	-4,865
INVESTMENT ACTIVITIES				
Acquisition of subsidiary	-	-1,244	-139	-1,244
Acquisition of intangible assets	-1,277	-1,546	-2,882	-4,303
Acquisition of tangible assets	-31	-125	-31	-470
Acquisition of financial fixed assets	-299	-4,018	-1,364	-2,083
Divident group companies	-	13,182	14,321	13,182
Loan group companies	-405	-	-413	-
CASH FLOW FROM INVESTING ACTIVITIES	-2,012	6,249	9,492	5,082
FINANCING ACTIVITIES				
New shares and warrants	-	-	-	43,116
New loan group companies	-	120	-	-
Amortization loan group companies	-	-	-	-43,385
CASH FLOW FROM FINANCIAL ACTIVITIES	-	120	-	-269
CASH FLOW OF PERIOD	-5,080	4,983	-13,095	-52
Cash and cash equivalents at period start	8,320	11,353	16,335	16,388
CASH AND CASH EQUIVALENTS AT PERIOD END	3,240	16,336	3,240	16,336

MULTI YEAR OF THE PARENT COMPANY

	OCT-DEC 2023	OCT-DEC 2022	FULL YEAR 2023	FULL YEAR 2022	FULL YEAR 2021
Net sales, TSEK	16,186	19,293	56,148	80,021	93,724
Sales growth, %	-16.1	-2.9	-29.8	-14.6	14.6
Operating profit/loss EBIT, TSEK	-5,551	-6,049	-20,284	-9,834	2,546
Operating margin EBITDA, %	-34.3	-31.4	-36.1	-12.3	2.7
Profit after tax, TSEK	-180,317	1,519	-187,478	-4,353	3,004
Operating margin after tax, %	-1114.0	7.9	-333.9	-5.4	3.2
Cash flow, TSEK	-5,080	4,983	-13,095	-52	14,602
Equity, TSEK	303,890	491,369	303,890	491,369	452,606
Balance sheet total, TSEK	340,403	532,528	340,402	532,528	528,678
Equity/assets ratio, %	89.3	92.3	89.3	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	-4.94	0.04	-5.13	-0.12	0.08
Earnings per share after dilution, SEK	-4.82	0.04	-5.01	-0.12	0.08
Cash flow per share, SEK	-0.14	0.14	-0.36	0.00	0.41
Equity per share, SEK	8.32	13.45	8.32	13.45	12.73
Share price at period end, SEK	8.4	8.2	8.4	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, the 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 October 1 to December 31, 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 October 1 to December 31, 2023 was approved for issuance by the Board of Directors on February 14, 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 influenced by various factors that may pose risks to its operations and profits. For more detailed information, please refer to the group's Annual Report for the year 2022. The global economic downturn and high inventory levels in the overall supply chain have affected Polygiene Group's sales. The group has implemented price increases to offset cost rises due to inflation, and our evaluation indicates that, with some delay, we have effectively managed these cost increases. Polygiene is actively working to maintain a robust cash position and remain free of debt.

The group's primary exposure lies in fluctuations in USD and GBP. Polygiene has chosen not to engage in hedging activities due to the challenges posed by short customer call-off lead times. Developments in Ukraine, Israel, and Palestine have had a notable impact on the geopolitical landscape, contributing to heightened 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 influence the group's operations, results, or financial position. We observe an increase in shipping costs and lead times, and therefore, we are actively working to mitigate the risk of further cost increases by optimizing shipping terms and exploring alternative shipping solutions. Polygiene Group is monitoring the situation closely.

NOTE 4: SIGNIFICANT ESTIMATES AND ASSESSMENTS

When interim reports are prepared, the board of directors and the CEO must make certain estimates, assessments, and assumptions in accordance with applied accounting and valuation principles that affect the accounting and valuation of assets, liabilities, revenues, and expenses. The outcome may deviate from these estimates and assessments and rarely amount to the same as the estimated outcome. The estimates and assessments made in the interim report, including the assessment of the main reasons for uncertainty, are the same as those applied in the 2022 annual report except for goodwill and withholding tax.

During the quarter, Polygiene Group AB has impaired goodwill related to the acquisition of Addmaster and Steritouch (the cash-generating unit Product Protection), which was announced in the financial update on December 21.

Given the current global factors that have influenced the business climate in recent years, such as post-Covid, overlays, and the war in Ukraine, the company has decided not to provide any long-term guidance at present. This means that the previously communicated target of SEK 1 billion in revenue by 2026 is postponed for the future.

For 2024, the focus will be on the Product Protection business segment, where Addmaster's previously dynamic website will be relaunched with a new, refreshed design and content. The organization in the UK has been reinforced with additional sales and marketing resources to create conditions for growth. To maintain overall cost control, resources have been reallocated from Freshness, and the restructuring has resulted in a one-time cost of -2.6 million SEK in the fourth quarter.

In connection with the year-end closing, the company has decided to write down the goodwill value by -295 million SEK. The impairment is a consequence of the developments in recent years and more accurately reflects the company's current market value.

The impairment test for the unit was based on the calculation of the recoverable amount (235 million SEK). This value is based on cash flow forecasts for a total of five years, of which the first is based on the unit's budget for the upcoming fiscal years. The forecasted cash flows of a total of five years after 2023 have an average annual growth rate of 21 %, an increase in gross profit by 21 %, and an increase in expenses by 8%. After five years, a growth rate of 2 % is assumed. Forecasted cash flows have been discounted to present value using a discount rate of 13.34 % after tax.

Foreign withholding tax is a type of withholding tax that the parent company can recover when previous tax losses are utilized. During the quarter, Polygiene has chosen to write down the withholding tax of -8.4 million SEK due in the coming years, as the company is currently not expected to be able to fully utilize them due to the size of the group's accumulated tax losses. However, the group management has designed a plan how the parent company and Polygiene Group will achieve taxable income in the foreseeable future through the changes that have been made and will thus be able to utilize the group's accumulated tax losses.

NOTE 5: SIGNIFICANT EVENTS AND TRANSACTIONS AFTER THE INTERIM PERIOD

No significant events or transactions after this period 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 the below manner and to reclassify the comparative figures to provide a more accurate picture of sales and distribution across regions and segments.

Q4 2023			
PRIMARY GEOGRAPHIC MARKETS:	GOODS	ROYALTY	TOTAL
APAC	10,067	2,337	12,404
EMEA	13,194	1,081	14,275
AMERICAS	5,775	906	6,681
GLOBAL	-2,425	-	-2,425
	26,611	4,324	30,935

Q4 2022			
PRIMARY GEOGRAPHIC MARKETS:	GOODS	ROYALTY	TOTAL
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 2023			
SEGMENT:	GOODS	ROYALTY	TOTAL
FRESHNESS	12,201	4,324	16,525
PRODUCT PROTECTION	14,410	-	14,410
	26,611	4,324	30,935

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

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.

	2023-10-01		2022-10-01	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
FRESHNESS				
Net sales	16,526	18,777	53,311	78,466
Other operating income	2,279	49	5,735	162
TOTAL OPERATING REVENUE	18,805	18,826	59,046	78,628
Cost of goods sold	-4,289	-1,864	-12,568	-9,036
GROSS PROFIT	14,516	16,962	46,478	69,592
PRODUCT PROTECTION				
Net sales	14,410	21,244	60,231	95,098
Other operating income	77	-	182	-
TOTAL OPERATING REVENUE	14,487	21,244	60,413	95,098
Cost of goods sold	-7,178	-12,213	-23,819	-49,955
GROSS PROFIT	7,309	9,031	36,594	45,143
TOTAL	21,825	25,993	83,072	114,735

Q4 2023

SEGMENT ASSETS	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible fixed assets	8,372	189,112	197,484
Tangible fixed assets	3,686	1,658	5,344
TOTAL	12,058	190,770	202,828

Q4 2022

SEGMENT ASSETS	FRESHNESS	PRODUCT PROTECTION	TOTAL
Intangible fixed assets	8,161	465,179	473,340
Tangible fixed assets	1,035	1,196	2,231
TOTAL	9,196	466,375	475,571

NOTE 9: TAXES

TSEK	2023-10-01	2022-10-01	2023-01-01	2022-01-01
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Tax of the period	961	11	-1,252	3,068
Write-down withholding tax	-8,370	-4,531	-8,370	-4,531
Correction tax previous periods	-	-	749	-
TOTAL TAX	-7,409	-4,520	-8,873	-7,599

NOTE 10: INTANGIBLE ASSETS

GOODWILL

TSEK	2023-12-31	2022-12-31
ACCUMULATED COST BROUGHT FORWARD	489,216	407,218
Acquisition of subsidiaries	-	40,852
Translation difference	-8,318	13,408
Impairment goodwill	-295,000	-
ACCUMULATED COST CARRIED FORWARD	185,898	461,478

OTHER INTANGIBLE ASSETS

TSEK	2023-12-31	2022-12-31
Development and similar work	5,147	4,672
Software and licenses	3,716	3,626
Other intangible assets	2,723	3,564
TOTAL BOOKED VALUE	11,586	11,862
TOTAL BOOKED VALUE INTANGIBLE ASSETS	197,484	473,340

NOTE 11: FINANCIAL ASSETS

TSEK	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Shares group companies	-	-	296,578	459,428
Receivables group companies	-	-	716	315
Withholding tax	-	7,007	-	7,007
Deferred tax	7,478	7,478	7,478	7,478
TOTAL BOOKED VALUE	7,478	14,485	304,772	474,228

The shares in Addmaster (UK) Ltd have been impaired as a consequence of the impairment write-down of goodwill in the group.

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 fourth quarter, the total number of shares traded was 2,815,873 which corresponds on average to 44,696 shares per trading day. The share price at the end of the period was SEK 8.35, which corresponds to market share capital and ownership structure capitalization of MSEK 305. The highest and lowest share prices during the period were SEK 8.39 and 3.81, respectively. The board proposes no dividend for 2023.

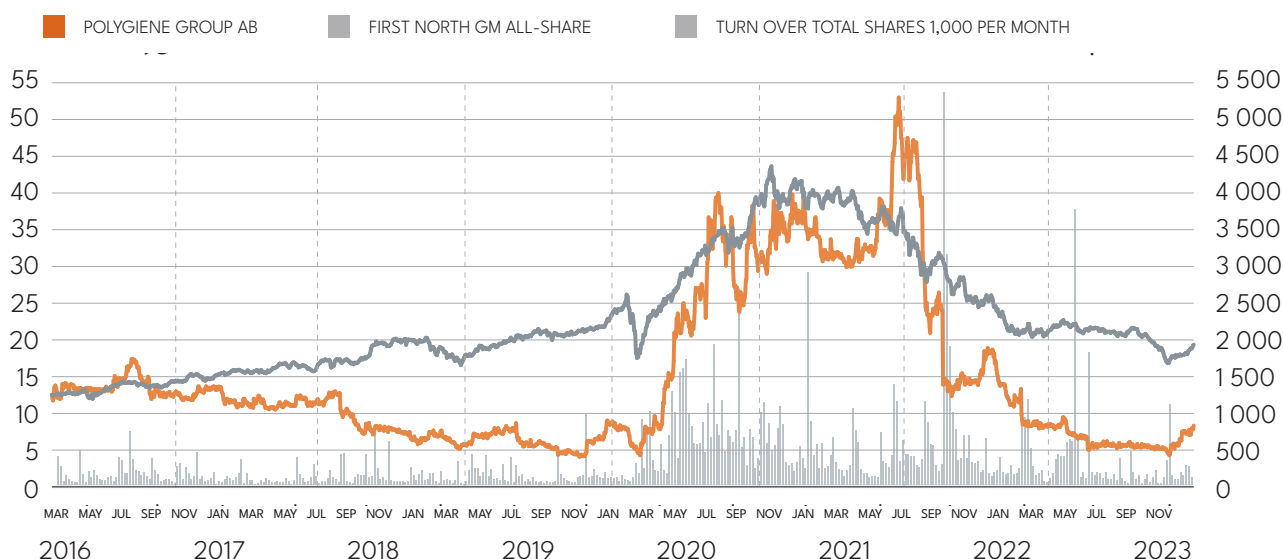
OWNERSHIP STRUCTURE

The number of shareholders at the end of the period amounted to 2,228 (2,729). The table below lists the 10 largest shareholders as of December 31, 2023.

SHAREHOLDERS	SHARES	%
Peter Gyllenhammar*	9,092,000	24.9 %
Paul Morris*	4,477,056	12.3 %
Familjen Eklund	3,625,946	9.9 %
Håkan Lagerberg*	2,465,030	6.7 %
Didner & Gerge Small & Microcap	1,445,405	4.0 %
Familjen Girell	1,340,000	3.7 %
Protean Funds Scandinavia	964,581	2.6 %
Jonas Wallin*	879,000	2.4 %
Avanza Pension	667,567	1.8 %
Nordnet Pensionsförsäkring	598,055	1.6 %
Övriga	10,972,349	30.1 %
Total	36,526,989	100.0 %

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

POLYGIENE GROUP AB MARS 2016 – DECEMBER 2023





DEFINITIONS

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

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

Operating profit (EBIT): Earnings after depreciation and other operating expenses.

Operating profit margin: Earnings after depreciation and other operating expenses as a percentage of period net sales.

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.

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FINANCIAL CALENDAR 2024

Annual Report 2023	April 18
Interim Report Q1	April 25
AGM 2023	May 16
Interim Report Q2	July 23
Interim Report Q3	October 24
Interim Report Q4	February 13, 2025

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 15, 2024.

All financial reports are published at ir.polygiene.com

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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