Polygon Group

FINANCIAL INTERIM REPORT

Q1 2021

POLYGON

Always By Your Side.

Interim Report Polygon AB

January – March 2021

FIRST QUARTER 2021

- Sales grew 8.8% to EUR 203.6 million, organic growth amounted to 2.0% and acquired growth contributed 6.9%.
- Adjusted EBITA amounted to EUR 14.0 million, an increase of 12.9% compared to last year.
- Operating profit amounted to EUR 11.9 million (10.5).
- Polygon acquired SMD and RecoSan in Germany and Air Armor Services in France.
- The impact of the COVID-19 outbreak in the first quarter of 2021 remained limited for the Group.
- Polygon has in April signed agreement to acquire Kaph Entreprenør AS ("Kaph") in Norway and in early May Danotec in Finland.
- The majority owner of Polygon Group, Triton Fund III, has initiated a process to explore strategic alternatives for the investment in Polygon.

GROUP KEY FIGURES

EUR million	Q1		12 Months	
	2021	**2020**	**2020**	**LTM**
Sales of services	**203.6**	**187.1**	**743.3**	**759.9**
Adjusted EBITDA	**25.6**	**22.9**	**92.5**	**95.3**
Adjusted EBITDA, %	*12.6*	*12.2*	*12.4*	*12.5*
Adjusted EBITA	**14.0**	**12.4**	**49.8**	**51.5**
Adjusted EBITA, %	*6.9*	*6.6*	*6.7*	*6.8*
Operating profit (EBIT)	**11.9**	**10.5**	**44.2**	**45.6**
EBIT, %	*5.8*	*5.6*	*6.0*	*6.0*
Operating cash flow	**-2.8**	**-0.4**	**59.9**	**57.5**
Net debt	305.1	304.1	283.4	305.1
- of which lease liability	90.4	82.4	86.0	90.4
Full-time employees	5,191	4,648	4,886	5,191

Comments from the CEO

Good start to the year

Axel Gränitz

I am happy to report that we have had a good start to the year. Our sales in the quarter amounted to a new all-time-high of EUR 203.6 million or an increase of 8.8% compared to last year, of which organic growth was 2.0% and acquired growth was 6.9%. Organic growth in the quarter was adversely impacted by the second/third wave of the pandemic and strong comparative figures in the preceding year. Our acquired companies reported sales that were in line with expectations. Our increased sales efforts paid off in the form of several wins of both national and international contracts during the quarter. We have signed new framework agreements with insurance companies, loss adjusters and large property owners, and secured new international contracts thanks to our recently established key accounts structure, focused on the commercial segment across borders. This will have a positive impact on sales growth throughout the year.

Adjusted EBITA for the quarter came in at EUR 14.0 million or 13% higher than last year. Sales growth and operational efficiency were the main drivers underlying this improvement. We continue to see strong trends in terms of sales and adjusted EBITA, demonstrating both our resilience to external events but also the value of our strong platform in Europe, where we are the undisputed market leader.

We closed three acquisitions in the beginning of the quarter, adding total annual sales of about EUR 25 million and 200 employees. Polygonvatro in Germany acquired RecoSan and SMD, two complete property damage restoration companies that will expand our local footprint. Polygon France acquired Armor Air Services, which is active in the area of temporary climate solutions. We continue to see a high M&A activity level with many successful companies wanting to become part of our winning team. In late April and beginning of May we signed two new deals in Norway and Finland adding annual sales of around 50 million EUR and 250 employees.

Customer satisfaction is of the utmost importance to any service company, and it is therefore an integral part of our Polygon model to always measure customer satisfaction and continuously react to customer needs. We have been able to improve our scores over the last year, especially among some of our larger customers. Not only is this key to our efforts to continue growing our share of wallet, it also creates a sense of trust that allows us to work closely together with insurance companies on solutions for damage prevention and to increase the share of damages attributable to restoration. In the long run, this will reduce the environmental impact arising from property damage, which is becoming increasingly important for insurance companies.

Promoting further digitalisation is the best way to create competitive advantages from our leading platform. Digital water damage prevention, integrated claims handling and upgraded field systems are some important components in which we are investing time and money to gradually become stronger and more efficient compared to our competitors. One example is that we are launching an upgraded version of Spark Pro, our communication portal for damage handling, in response to highly positive customer feedback. This will be a long journey with many possibilities – a journey that we have only just started – and I am convinced it has the potential to truly transform and advance our industry.

We have a strong corporate culture at Polygon, based on our core values of Integrity, Excellence and Empathy. These are the foundation of the Polygon model on which we have built the Group. This model helps us to attract, develop and retain employees and creates a positive spiral. In a world of social distancing, it is more important than ever to maintain our culture. Employee surveys, external employee ratings and measures such as employee turnover and sickness ratios prove that we are succeeding in upholding our culture and values, but personally I cannot wait until we can meet in person again and sit face to face with our customers, employees and other stakeholders and discuss how we will continue to take our Group to the next level.

Long term outlook

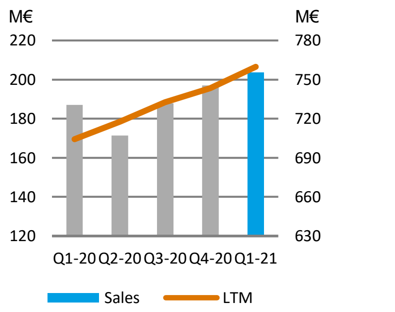
The markets for property damage control are growing slowly over time and are relatively stable by nature, due to a large share of annually recurring claims. A smaller portion of claims is related to more extreme and less predictable events caused by weather and fire.

There are several trends in the property damage control markets that are benefiting larger players like Polygon, such as procurement centralisation, the customer preference for one-stop shops and the more complex requirements for front-end IT systems. Global warming is gradually increasing rainfall levels and extreme weather conditions, which will consequently increase water damage.

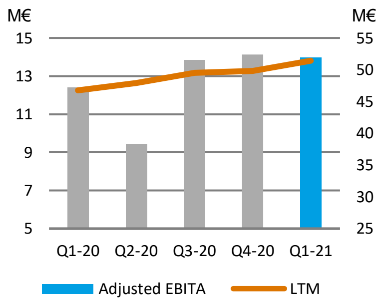
Stockholm, 7 May 2021

Axel Gränitz
President and CEO

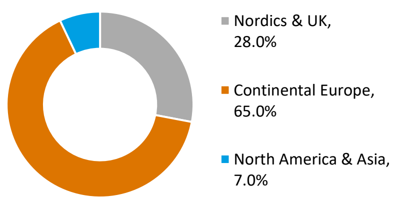
Sales development



Adjusted EBITA



Sales by segment LTM (%)



Financial information

Group

FIRST QUARTER 2021

Sales amounted to EUR 203.6 million, up 8.8% compared with the first quarter of 2020. Organic growth totalled 2.0%. Acquisitions contributed EUR 13.0 million in sales, corresponding to growth of 6.9%. Organic growth was driven by continued sales growth from the main insurance customers.

Adjusted EBITA amounted to EUR 14.0 million (12.4). Both existing and acquired companies continued to perform at a high level. Items affecting comparability (IAC) amounted to EUR -0.5 million (-0.5). Net financial expenses for the period totalled EUR 4.3 million (4.0). Tax expense for the period amounted to EUR 2.4 million (2.3). Net profit totalled EUR 5.1 million (4.2).

ACQUISITIONS

In January, Polygonvatro in Germany acquired RecoSan, with annual turnover of approximately EUR 16 million and 120 employees, and SMD, with annual turnover of about EUR 8 million and 75 employees.

Polygon France also acquired Armor Air Services in January, which is active in the area of temporary climate solutions.

The purchase price allocations for the acquisitions made in the first quarter 2021 as well as the ones done in second half year 2020 are still preliminary.

The total cash expenditure for acquisitions amounted to EUR 6.6 million (15.5) for the first quarter of 2021.

CASH FLOW AND NET DEBT

Operating cash flow for the first quarter amounted to EUR -2.8 million (-0.4) as the temporary COVID-19 support measures from local governments that impacted operating cash flow in the preceding year had been reduced.

Total interest-bearing net debt was EUR 305.1 million (304.1), of which EUR 90.4 million (82.4) pertained to leases. The Group's liquidity buffer amounted to EUR 74.3 million. Net debt consists mainly of a EUR 250.0 million bond due in 2023 with a fixed rate coupon of 4% per annum. In addition, there is a revolving credit facility amounting to EUR 40.0 million.

Segments

Continental Europe continued its strong performance in the first quarter of 2021 with sales of EUR 136.7 million (118.2), representing growth of 15.6%. Adjusted EBITA amounted to EUR 11.5 million (9.7).

Nordics & UK reported sales of EUR 53.8 million (59.9). Adjusted EBITA was EUR 2.5 million (4.5).

North America & Asia reported sales of EUR 13.2 million (9.0) in the first quarter of 2021, up 46.8%. Adjusted EBITA amounted to EUR 3.0 million (0.8).

Parent Company

The consolidated figures in this report are presented at the consolidated level for Polygon AB. The Parent Company, Polygon AB (corporate identity number 556816-5855), directly and indirectly holds 100% of the shares in all subsidiaries in the Group. The net result for Polygon AB amounted to EUR -0.6 million (-6.2) for the first quarter 2021.

Significant risks and uncertainties

As a decentralised company with operations in 16 countries, Polygon faces internal and external risks that may impact its ability to achieve its strategic objectives and financial targets. The Group is active in the property damage control business, meaning work related to water damage restoration, fire damage restoration and temporary climate solutions. Polygon has a risk management process in place which is part of the Polygon model. Successful risk mitigation creates opportunities and competitive advantages.

For further details about the Group's risks and uncertainties, please refer to the 2020 Annual (refer to the website: www.polygongroup.com). Polygon's view is that there have not been any significant changes during the reporting period with regard to the risks and uncertainties presented in the Annual Report.

Related party transactions

The Group is wholly owned by Polygon Holding AB, the Parent Company of Polygon AB. Polygon Holding AB is under the controlling influence of MuHa No2 LuxCo S.á.r.l. and this company is under the controlling influence of Triton Fund III. There have been no material transactions with companies in which MuHa No2 LuxCo S.á.r.l. has a significant or controlling influence.

Other

The Board of Directors of Polygon AB (publ) or any of its subsidiaries may from time to time resolve to purchase notes issued by Polygon AB (publ), which are listed on Nasdaq Stockholm, on the market or in any other manner. Any purchase of notes will be made in accordance with the terms and conditions of the notes and the applicable laws and regulations. No such purchases have been carried out to date.

Polygon's majority owner, Triton Fund III ("Triton"), has initiated a process to explore strategic alternatives for the investment in Polygon. These alternatives may include a sale of the Group to a new financial and/or strategic partner or a public listing. There is no formal timetable for this exploration, nor has it been made any decisions related to strategic alternatives at this time. The company does not expect to make additional public comment regarding these matters at this point in time. As the review is conducted, Polygon remain focused on executing our strategy and serving our clients.

Subsequent events

Polygon has in April signed agreement to acquire Kaph Entreprenør AS ("Kaph") in Norway. Kaph is a property damage restoration company specialized in Project management, Water Damage Restoration, and Reconstruction with a high digital focus. The acquisition will add 220 employees and a turnover of around 46 MEUR. The acquisition is subject to approval from the Norwegian competition authorities. In Finland Polygon signed an agreement in early May to acquire Danotec, which is a fire damage restoration company with focus on major and complex claims. The acquisition will add 35 employees and a turnover of around 7 MEUR.

Consolidated income statement in summary

EUR thousands	Q1 2021	Q1 2020	Full-year 2020
Sales of services	203,611	187,100	743,342
Cost of sales	-155,709	-143,744	-570,986
Gross profit	**47,902**	**43,356**	**172,356**
Administrative and selling expenses	-36,042	-32,810	-128,110
Operating profit	**11,860**	**10,546**	**44,246**
Financial items	-4,331	-3,994	-16,964
Profit before income taxes	**7,529**	**6,552**	**27,282**
Income taxes	-2,380	-2,318	-7,273
Profit for the period	**5,149**	**4,234**	**20,009**
Profit attributable to:			
Owners of the Parent Company	5,149	4,034	19,809
Non-controlling interests	-	200	200
Total	**5,149**	**4,234**	**20,009**

Consolidated statement of comprehensive income

EUR thousands	Q1		Full-year
	2021	2020	2020
Profit for the period	**5,149**	**4,234**	**20,009**
Comprehensive income			
Items that cannot be reclassified to profit or loss			
Actuarial gains and losses on defined benefit plans	1,083	-315	-223
Tax	-232	67	20
Items that can be subsequently reclassified to profit or loss			
Exchange differences on transactions of foreign operations	3,661	-5,483	-6,080
Total comprehensive income, net of tax	**9,662**	**-1,497**	**13,726**
Total comprehensive income attributable to:			
Owners of the Parent Company	9,662	-1,497	13,526
Non-controlling interests	-	-	200
Total	**9,662**	**-1,497**	**13,726**

Consolidated balance sheet

EUR thousands	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	182 144	166 342	175 593
Right-of use assets	86 987	79 623	83 040
Other intangible assets	54 971	53 654	52 862
Tangible assets	59 369	54 703	57 702
Deferred tax assets	12 354	14 015	13 146
Other financial fixed assets	672	1 083	624
Total non-current assets	**396 497**	**369 420**	**382 967**
Current assets			
Contract assets from customers	53 237	45 674	47 707
Trade and other receivables	104 690	104 060	96 636
Receivables from Parent Company	1 255	345	378
Prepaid expenses	7 577	8 417	6 835
Cash and cash equivalents	39 512	30 739	57 058
Total current assets	**206 271**	**189 235**	**208 614**
TOTAL ASSETS	**602 768**	**558 655**	**591 581**
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Other contributed capital	10 771	10 771	10 771
Other capital reserves	-524	-3 587	-4 185
Retained earnings	86 559	66 226	80 559
Total equity	**96 864**	**73 468**	**87 203**
Non-current liabilities			
Provisions	16 026	17 140	20 467
Deferred tax liabilities	17 886	21 819	16 189
Shareholder loans	7 083	6 438	7 083
Non-current interest-bearing liabilities	248 008	246 239	247 331
Non-current lease liability	62 841	57 196	58 812
Total non-current liabilities	**351 844**	**348 832**	**349 882**
Current liabilities			
Trade payables	34 183	33 029	38 678
Current lease liability	27 554	25 212	27 208
Other liabilities	35 043	33 432	36 094
Accrued expenses	57 280	44 682	52 516
Total current liabilities	**154 060**	**136 355**	**154 496**
TOTAL EQUITY AND LIABILITIES	**602 768**	**558 655**	**591 581**

Consolidated statement of cash flow

EUR thousands	Q1 2021	Q1 2020	Full-year 2020
Operating activities			
Operating profit	11,860	10,546	44,246
Adjustments for non-cash items before tax	13,216	11,795	44,193
Income tax paid	-5,525	-1,764	-6,311
Cash flow from operating activities before changes in working capital	**19,551**	**20,577**	**82,128**
Cash flow from changes in working capital			
Changes in operating receivables	-3,389	-3,866	8,372
Changes in contract assets from customers	-1,522	-837	-2,009
Changes in operating liabilities	-11,421	-5,950	8,846
Cash flow from operating activities	**3,219**	**9,924**	**97,337**
Investing activities			
Acquisition of subsidiary, net of cash acquired	-6,522	-15,467	-25,397
Purchase of tangible assets	-3,979	-5,827	-19,531
Purchase of intangible fixed assets	-523	-223	-2,236
Sale of non-current assets	-	15	175
Cash flow from investing activities	**-11,024**	**-21,502**	**-46,989**
Cash flow before financing activities	**-7,805**	**-11,578**	**50,348**
Cash flow from financing activities			
Repayment of borrowings	-733	-	-1,914
Lease payments	-7,409	-6,563	-26,249
Net financial items received and paid	-1,679	-1,473	-14,931
Net cash flow from financing activities	**-9,821**	**-8,036**	**-43,094**
Cash flow for the period	-17,626	-19,614	7,254
Cash and cash equivalents, opening balance	57,058	50,612	50,612
Translation difference in cash and cash equivalents	80	-260	-808
Cash and cash equivalents, closing balance	**39,512**	**30,739**	**57,058**

Consolidated statement of changes in equity

EUR thousands	Attributable to owners of the Parent Company						
	Share capital	Other contributed capital	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
Closing balance, 31 December 2019	**58**	**10,771**	**1,896**	**64,120**	**76,845**	**11,890**	**88,735**
Acquisition of non-controlling interests	-	-	-	-1,933	-1,933	-11,890	-13,823
Profit for the period	-	-	-	4,234	4,234	-	4,234
Other comprehensive income	-	-	-5,483	-195	-5,678	-	-5,678
Closing balance, 31 March 2020	**58**	**10,771**	**-3,587**	**66,226**	**73,468**	**-**	**73,468**
Acquisition of non-controlling interests	-	-	-	-1,235	-1,235	-200	-1,435
Profit for the period	-	-	-	15,576	15,576	200	15,776
Other comprehensive income	-	-	-598	-8	-606	-	-606
Closing balance, 31 December 2020	**58**	**10,771**	**-4,185**	**80,559**	**87,203**	**0**	**87,203**
Profit for the period	-	-	-	5,149	5,149	-	5,149
Other comprehensive income	-	-	3,661	851	4,512	-	4,512
Closing balance, 31 March 2021	**58**	**10,771**	**-524**	**86,559**	**96,864**	**0**	**96,864**

In March 2020, the Group acquired the remaining 33.6% of the shares in Polygon A/S in Denmark. A cash consideration of EUR 13.8 million was paid to the non-controlling shareholders. The carrying amount was EUR 11.9 million and the difference of EUR 1.9 million was recognised in retained earnings. An additional EUR 1.3 million was paid in the second quarter and recognised directly in equity.

Income statement, Parent Company

EUR thousands	Q1		Full-year
	2021	2020	2020
Sales of services	1,135	925	3,852
Gross profit	**1,135**	**925**	**3,852**
Administrative and selling expenses	-781	-854	-3,782
Other operating income/expenses	-69	-107	-1,020
Operating Profit/loss	**285**	**-36**	**-950**
Financial items	-165	-5,381	-8,879
Result after financial items	**120**	**-5,417**	**-9,829**
Group contribution and dividends received	-	-	4,143
Result before income taxes	**120**	**-5,417**	**-5,686**
Taxes	-744	-810	1,921
Result for the period	**-624**	**-6,227**	**-3,765**
Total comprehensive income	**-624**	**-6,227**	**-3,765**

Balance sheet, Parent Company

EUR thousands	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Financial fixed assets	310,692	269,469	284,389
Current assets	35,661	75,268	60,039
TOTAL ASSETS	**346,353**	**344,737**	**344,428**
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Share premium reserve	6,771	6,771	6,771
Unrestricted equity	84,097	82,272	84,734
Total equity	**90,926**	**89,101**	**91,563**
Non-current interest-bearing liabilities	249,122	248,806	248,065
Current liabilities	6,305	6,830	4,800
TOTAL EQUITY AND LIABILITIES	**346,353**	**344,737**	**344,428**

Segment reporting

The segment information is presented based on company management's perspective, and operating segments are identified based on the internal reporting to Polygon's chief operating decision maker. Adjusted EBITA distribution between the segments has been changed and the previous year has been restated accordingly.

EUR thousands	Q1		Full-year
	2021	2020	2020
Sales of services			
Nordics & UK	**53,798**	**59,888**	**219,161**
Water damage restoration	26,554	27,938	106,351
Fire damage restoration	25,006	29,158	105,012
Climate control	2,238	2,792	7,798
Continental Europe	**136,696**	**118,250**	**476,460**
Water damage restoration	66,150	60,853	240,463
Fire damage restoration	66,833	54,714	227,424
Climate control	3,713	2,683	8,573
North America & Asia	**13,159**	**8,962**	**47,829**
Water damage restoration	2,117	1,729	7,482
Fire damage restoration	459	347	1,372
Climate control	10,583	6,886	38,975
Intercompany sales	-41	-	-108
Total	**203,611**	**187,100**	**743,342**
Adjusted EBITA			
Nordics & UK	2,523	4,497	16,421
Continental Europe	11,481	9,728	33,146
North America & Asia	2,968	819	8,962
Other	-2,923	-2,622	-8,696
Adjusted EBITA	**14,049**	**12,422**	**49,833**

EUR thousands	Q1		Full-year
	2021	2020	2020
Point in time for revenue recognition			
Nordics & UK	**53,798**	**59,888**	**219,161**
Revenue recognised at one point in time	1,499	1,854	8,295
Revenue recognised over time	48,314	53,564	196,883
Revenue recognised according to practical exemption at invoicing	3,985	4,470	13,983
Continental Europe	**136,696**	**118,250**	**476,460**
Revenue recognised at one point in time	10,114	6,963	30,111
Revenue recognised over time	122,869	108,604	437,776
Revenue recognised according to practical exemption at invoicing	3,713	2,683	8,573
North America & Asia	**13,159**	**8,962**	**47,829**
Revenue recognised at one point in time	11	13	55
Revenue recognised over time	2,565	2,063	8,799
Revenue recognised according to practical exemption at invoicing	10,583	6,886	38,975
Intercompany sales	-41	-	-108
Total	**203,611**	**187,100**	**743,342**

Adjusted EBITDA and EBITA

EUR thousands	Q1 2021	2020	Full-year 2020
Adjusted EBITDA and EBITA breakdown			
Operating profit (EBIT)	11,860	10,546	44,246
Add back depreciations	3,658	3,299	13,847
Add back amortisations	9,587	8,508	34,259
Operating profit before depreciation and amortisation (EBITDA)	**25,105**	**22,352**	**92,352**
Add back items affecting comparability (IAC)	490	515	172
Operating profit before depreciation and IAC (Adjusted EBITDA)	**25,595**	**22,868**	**92,524**
Operational depreciations	-3,629	-3,256	-13,665
Operational amortisations	-7,917	-7,189	-29,026
Operating profit before amortisation and IAC (Adjusted EBITA)	**14,049**	**12,423**	**49,833**

Consolidated net debt

EUR thousands	31 Mar 2021	31 Mar 2020	31 Dec 2020
Defined benefit plans	6,207	6,161	7,101
Non-current interest-bearing liabilities	248,003	246,239	247,327
Lease liability	90,391	82,408	86,020
Cash and bank	-39,512	-30,739	-57,058
Net debt	**305,089**	**304,068**	**283,390**

Operating cash flow

EUR thousands	Q1 2021	2020	Full-year 2020
Operating cash flow breakdown			
Cash flow from operating activities	3,219	9,924	97,337
Purchase of tangible assets (net)	-3,979	-5,827	-19,531
Purchase of intangible fixed assets	-523	-223	-2,236
Add back cash-related part of items affecting comparability (IAC)	387	515	4,072
Lease payments	-7,409	-6,563	-26,249
Add back income tax paid	5,525	1,763	6,311
Operating cash flow	**-2,780**	**-395**	**59,879**

Items affecting comparability (IAC)

EUR thousands	Q1 2021	2020	Full-year 2020
Acquisition-related items	-413	-377	588
Restructuring	-	-	-366
Other, net	-77	-138	-394
Total	**-490**	**-515**	**-172**

Financial instruments

Polygon is exposed to a number of financial market risks that the Group is responsible for managing under the finance policy approved by the Board of Directors. The overall objective is to have cost-effective funding in the Group companies. The financial risks in the Group are managed, to a limited extent, through the use of financial instruments. The main exposures for the Group are liquidity risk, interest rate risk and currency risk.

Derivatives for currency hedging are measured at fair value, according to level 2, as well as contingent considerations, according to level 3, which amounts to 12.6 (14.2) million EUR, in compliance with IFRS 13. All other financial instruments are measured at their carrying amounts.

The significant financial assets and liabilities are shown below. According to Polygon's assessment, there is no significant difference between the carrying amounts and fair values.

EUR thousands	31 Mar 2021 Carrying amount	Fair value	31 Mar 2020 Carrying amount	Fair value	31 Dec 2020 Carrying amount	Fair value
Assets						
Trade receivables	101,208	101,208	99,292	99,292	92,488	92,488
Other current assets	4,333	4,333	4,869	4,869	4,868	4,868
Cash and cash equivalents	39,512	39,512	30,739	30,739	57,058	57,058
Total	**145,053**	**145,053**	**134,899**	**134,899**	**154,414**	**154,414**
Liabilities						
Non-current interest-bearing liabilities	257,026	259,727	256,306	260,276	259,885	262,951
Shareholder loans	7,083	7,083	6,438	6,438	7,083	7,083
Non-current lease liability	62,837	62,837	57,196	57,196	58,812	58,812
Current lease liability	27,554	27,554	25,212	25,212	27,208	27,208
Trade payables	34,183	34,183	33,029	33,029	38,678	38,678
Other current liabilities	27,435	27,435	25,414	25,414	25,764	25,764
Accrued expenses	4,897	4,897	4,890	4,890	2,223	2,223
Total	**421,015**	**423,716**	**408,485**	**412,455**	**419,653**	**422,719**

Accounting policies

Accounting policies

The interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. The Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act.

The accounting policies applied in this interim report are the same as those applied in the consolidated annual accounts for 2020. More detailed accounting policies can be found on pages 68-72 of the 2020 Annual Report.

Definitions

Sales	Sales net of VAT and discounts
Organic growth	Sales growth excluding the impact of foreign exchange and acquisitions
Acquired growth	Sales from acquired companies during their first 12 months in the Group
Gross profit	Sales minus direct costs
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortisation and items affecting comparability
Adjusted EBITA	Earnings before interest, tax, depreciation and amortisation of acquisition-related tangible and intangible assets, and items affecting comparability
Adjusted EBITDA margin, Adjusted EBITA margin	Adjusted EBITDA and Adjusted EBITA as a percentage of sales
Operational amortisations	Amortisation of intangible assets not related to acquisitions
Operational depreciations	Depreciation of tangible assets not related to acquisitions
EBIT	Earnings before interest and tax
Operational cash flow	Cash flow from operating activities excluding IAC payments and income tax paid less repayment of lease liabilities and capital expenditure
Capital expenditures	Resources used to acquire intangible and tangible assets that are capitalised
Net financial expenses	Financial income minus financial expenses including exchange rate differences related to financial assets and liabilities
Net debt	Interest-bearing debt (including pension and lease liabilities) minus cash and cash equivalents
Items affecting comparability (IAC)	Items attributable to acquisitions, capital gains/losses, impairment, restructuring, redundancy costs and other material non-recurring items
LTM	Last 12 months
IFRS	The term "IFRS" as used in this document refers to the application of IAS and IFRS as well as the interpretations of these standards published by the IASB's Standards Interpretation Committee (SIC)

Amounts in brackets in this report refer to the corresponding period in the preceding year.

The Group's key figures are presented in EUR million, rounded off to the nearest thousand, unless otherwise stated. All individual figures (including totals and sub-totals) are rounded off to the nearest thousand. From a presentation standpoint, certain individual figures may therefore differ from the computed totals.

Polygon presents certain financial performance measures that are not defined in the interim report in accordance with IFRS. Polygon believes that these measures provide useful supplemental information to investors and the company's management when evaluating trends and the company's performance. As not all companies calculate the performance measures in the same way, these are not always comparable to measures used by other companies. These performance measures should not be seen as a substitute for measures defined under IFRS.

Financial calendar 2021

This report was published on the Group's website on 7 May 2021.

Interim Report Q2 2021 will be published on 10 August 2021.

Interim Report Q3 2021 will be published on 9 November 2021.

Interim Report Q4 2021 will be published on 10 February 2022.

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Review report

Introduction

We have reviewed the condensed interim report for Polygon AB as at March 31, 2021 and for the three months period then ended. The Board of Directors and the President & CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 7 May, 2021

Ernst & Young AB

Henrik Jonzén

Authorised Public Accountant