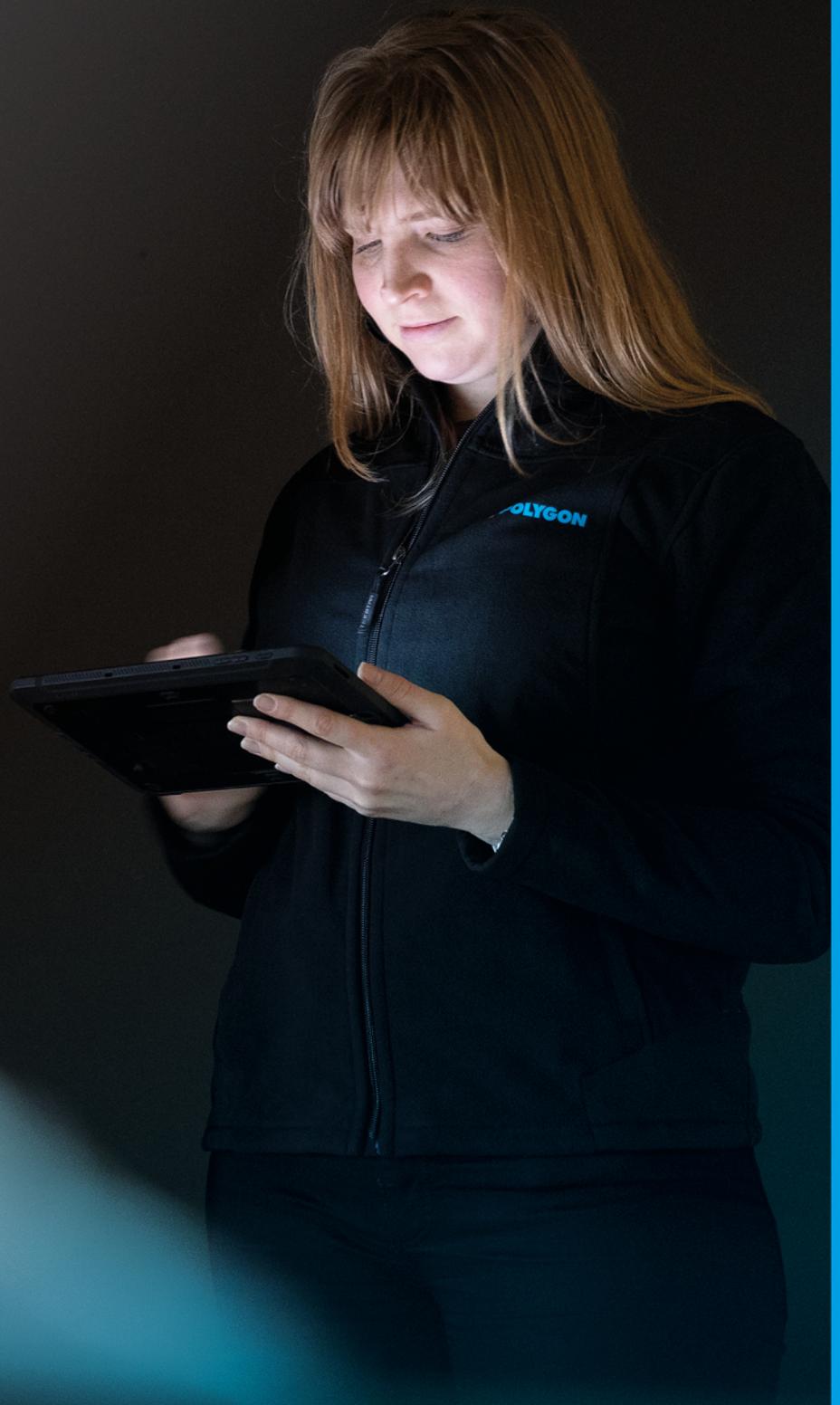


Polygon Group
FINANCIAL
INTERIM
REPORT
Q2 2021



Interim Report Polygon AB

January – June 2021

SECOND QUARTER 2021

- Sales grew 22.1% to EUR 209.2 million, organic growth amounted to 11.2% and acquired growth contributed 10.3%.
- Adjusted EBITA amounted to EUR 11.7 million, an increase of 22.7% compared to last year.
- Operating profit amounted to EUR 9.2 million (8.4).
- Polygon has closed the acquisition of Kaph Entreprenør (Norway) and Asbest Cleaning Services (Belgium).

JANUARY – JUNE 2021

- Sales grew 15.2% to EUR 412.8 million, organic growth amounted to 6.5% and acquired growth contributed 8.5%.
- Adjusted EBITA amounted to EUR 25.7 million, an increase of 17.4% compared to last year.
- Operating profit amounted to EUR 21.1 million (19.0).
- Acquisitions signed in 2021 will add a total of about EUR 80 million in annual sales and about 400 employees.
- The impact of the covid-19 pandemic in the first half year of 2021 remained limited for the Group.

GROUP KEY FIGURES

EUR million	Q2		Q1-2		12 Months
	2021	2020	2021	2020	LTM
Sales of services	209.2	171.3	412.8	358.4	797.7
Adjusted EBITDA	23.5	20.1	49.1	42.9	98.7
<i>Adjusted EBITDA, %</i>	<i>11.2</i>	<i>11.7</i>	<i>11.9</i>	<i>12.0</i>	<i>12.4</i>
Adjusted EBITA	11.7	9.5	25.7	21.9	53.6
<i>Adjusted EBITA, %</i>	<i>5.6</i>	<i>5.6</i>	<i>6.2</i>	<i>6.1</i>	<i>6.7</i>
Operating profit (EBIT)	9.2	8.4	21.1	19.0	46.4
Operating cash flow	-0.2	29.5	-2.9	29.1	27.8
Net debt	327.3	288.1	327.3	288.1	
- of which lease liability	87.8	84.4	87.8	84.4	
Full-time employees	5,505	4,657	5,505	4,657	

Comments from the CEO

Continued strong growth



Axel Gränitz

I am happy to report that we continued our trend of strong growth during the second quarter. Our sales in the quarter amounted to a new all-time high of EUR 209.2 million, or an increase of 22% compared to last year, of which organic growth accounted for 11% and acquired growth for 10%. Adjusted EBITA for the quarter amounted to EUR 11.7 million, up 23% on last year. Volume growth and operational efficiency were the main drivers underlying this improvement. The strong trends in both sales and adjusted EBITA prove the value derived from our strong platform in Europe, where we are the undisputed market leader. We closed two acquisitions during the quarter and another five acquisitions have been signed with closing scheduled for the third quarter. These seven acquisitions will add a total of about EUR 80 million in annual sales and about 400 employees.

Polygon Norway acquired Kaph Entreprenør AS in June. Kaph is a property damage restoration company specialising in project management, water damage restoration, and reconstruction with a high digital focus. The acquisition added 220 highly professional employees and turnover of around EUR 46 million. Kaph is a fast-growing property damage restoration company based in Stavanger, with a strong market position particularly in western, southern and eastern Norway and with the potential to expand its service deliveries to a full Norwegian footprint. The acquisition of Kaph is a perfect fit since it is in the sweet spot of our core business, while at the same time supporting our digital strategic focus.

Polygon Belgium acquired ACLS in June. ACLS is a property damage restoration company with services including demolition and asbestos removal. The acquisition added 20 employees and turnover of around EUR 4 million. ACLS is a family business headquartered in Limburg in eastern Belgium. The acquisition will enable Polygon Belgium to expand its geographic footprint and offer a more complete service offering to its customers.

In July, funds advised by Triton Partners signed an agreement to sell Polygon to funds managed by AEA Investors LP. Together with the Polygon management team, AEA will acquire 100% ownership of Polygon. Closing of the transaction is subject to customary regulatory approvals and is expected to occur in the fourth quarter of 2021. The change of ownership will give us the possibility to continue our growth journey, and we are looking forward to our future cooperation. We are excited to become a new member of the AEA platform and are thankful for the partnership we have had with Triton. Polygon remains focused on executing our strategy, serving our clients and growing our business both organically and through acquisitions. Over the last decade, we have successfully created a European market leader in property damage restoration by serving a range of sectors including insurance, property management, public sector and industrial clients. Today, Polygon has a sustainable and decentralised business model and is well positioned to accelerate its growth based on best-in-class services and digital-enabled technologies.

This summer, we have seen a lot of heavy rainfall in Europe, mainly in Germany, the Netherlands and Belgium, which has resulted in severe property damage within local communities. Polygon teams across these regions have responded quickly to help our customers. Some areas will be dealing with the effects of these events for a long time to come. Polygon's brand promise – "Always by your side" – is more applicable than ever in situations such as these when a lot of people are affected by extreme weather events in a short period of time. During the next quarter, drying will be the key focus to help these regions recover from the floods. Polygon has set up local crisis teams, which are complemented by resources from other parts of Europe thereby leveraging the strength of the Polygon platform to manage as much property damage and help the people affected as quickly as possible.

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 and a smaller share of claims 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, 5 August 2021

Axel Gränitz
President and CEO

The Board of Directors and the CEO certify that this Interim Report gives a true and fair overview of the Parent Company and the Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Lars Blecko

Chairman of the Board

Gunilla Andersson
Board member

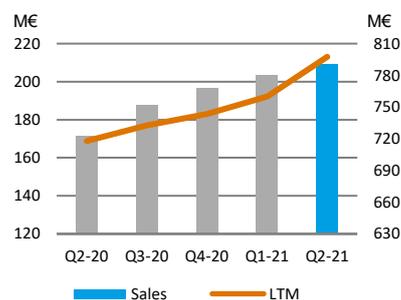
Evert Jan Jansen
Board member

Nadia Meier-Kirner
Board member

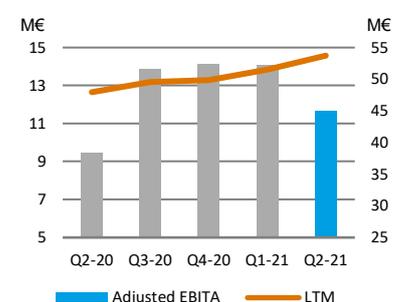
Jonas Samuelson
Board member

Axel Gränitz
President and CEO

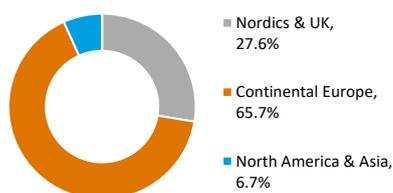
Sales development



Adjusted EBITA



Sales by segment LTM (%)



Financial information

Group

SECOND QUARTER 2021

Sales amounted to EUR 209.2 million, up 22.1% compared with the second quarter of 2020. Organic growth totalled 11.2%. Acquisitions contributed EUR 17.6 million in sales, corresponding to growth of 10.3%. Organic growth was driven by continued sales growth from the main insurance customers.

Adjusted EBITA amounted to EUR 11.7 million (9.5). Both existing and acquired companies continued to perform at a high level. Items affecting comparability (IAC) amounted to EUR -1.0 million (0.3). Net financial expenses for the period totalled EUR 4.8 million (4.1). Tax expense for the period amounted to EUR 1.0 million (1.2). Net profit totalled EUR 3.5 million (3.1).

JANUARY – JUNE 2021

Sales amounted to EUR 412.8 million, up 15.2 % compared with the first half year of 2020. Organic growth amounted to 6.5%, while acquired growth amounted to 8.5 %.

Adjusted EBITA amounted to EUR 25.7 million (21.9).

Items affecting comparability amounted to EUR -1.5 million (-0.2), mainly comprising acquisition-related costs. Net financial expenses for the period amounted to EUR 9.1 million (8.1).

Tax for the period amounted to EUR 3.4 million (3.5). Net profit amounted to EUR 8.6 million (7.4).

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, a company that is active in the area of temporary climate solutions.

Kaph Entreprenør (Norway) and Asbest Cleaning Services (Belgium) were acquired in the second quarter of 2021, adding annual sales of about EUR 50 million and 240 employees.

PolygonVatro has signed agreements to acquire TKL and Recycling-Hof Duisburg (Germany). Polygon Finland has signed agreement to acquire Danotec (Finland).

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

The total cash expenditure for acquisitions amounted to EUR 15.6 million (3.1) for the second quarter of 2021 and EUR 22.1 (18.5) for the first half year 2021.

CASH FLOW AND NET DEBT

Operating cash flow for the second quarter amounted to EUR -0.2 million (29.6) 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 327.3 million (288.1), of which EUR 87.8 million (84.4) pertained to leases. The Group's liquidity buffer amounted to EUR 51.2 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 second quarter of 2021 with sales of EUR 140.0 million (110.0), representing growth of 27.2%. Adjusted EBITA amounted to EUR 9.7 million (6.5). Continental Europe reported sales of EUR 276.7 million (228.3) in the first half year, representing growth of 21.2%. Adjusted EBITA amounted to EUR 21.2 million (16.2).

Nordics & UK reported sales of EUR 57.6 million (50.5). Adjusted EBITA was EUR 1.7 million (2.6). Nordics & UK reported sales of EUR 111.4 million (110.4) in the first half of the year. Adjusted EBITA amounted to EUR 4.2 million (7.1).

North America & Asia reported sales of EUR 11.5 million (10.8) in the first quarter of 2021, up 6.5%. Adjusted EBITA amounted to EUR 2.0 million (2.2). North America reported sales of EUR 24.7 million in the first half of 2021 (19.8). Adjusted EBITA amounted to EUR 5.0 million (3.0).

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 -1.2 million (-0.3) for the second quarter 2021 and EUR-1.9 million (-6.5) for the first half year.

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.

This report has not been audited.

Subsequent events

In July AEA Investors LP signed an agreement together with Polygon's management team to acquire 100% ownership of Polygon. Closing of the transaction is subject to customary regulatory approvals and is expected to occur in the fourth quarter of 2021.

The completion of the transaction will trigger a change of control under the terms and conditions of the EUR 250,000,000 senior secured fixed-rate notes issued by Polygon AB, which are governed by Swedish law. It is the company's intention, in accordance with the terms and conditions of the notes, to exercise a total voluntary redemption of the notes in connection with completion of the transaction, entitling the note holders to 101% of the nominal amount together with accrued but unpaid interest.

Polygon has signed agreement to acquire ACI Group (the Netherlands). The acquisition is expected to close in the third quarter of 2021.

Consolidated income statement in summary

EUR thousands	Q2		Q1-2		Full-year
	2021	2020	2021	2020	2020
Sales of services	209,182	171,334	412,793	358,435	743,342
Cost of sales	-162,490	-133,275	-318,199	-277,019	-570,986
Gross profit	46,692	38,059	94,594	81,416	172,356
Administrative and selling expenses	-37,459	-29,631	-73,501	-62,443	-128,110
Operating profit	9,233	8,428	21,093	18,973	44,246
Financial items	-4,789	-4,103	-9,120	-8,097	-16,964
Profit after financial items	4,444	4,325	11,973	10,876	27,282
Income taxes	-975	-1,201	-3,355	-3,519	-7,273
Profit for the period	3,469	3,124	8,618	7,357	20,009
Profit attributable to:					
Owners of the Parent Company	3,469	3,124	8,618	7,157	19,809
Non-controlling interests	-	-	-	200	200
Total	3,469	3,124	8,618	7,357	20,009

Consolidated statement of comprehensive income

EUR thousands	Q2		Q1-2		Full-year
	2021	2020	2021	2020	2020
Profit for the period	3,469	3,124	8,618	7,357	20,009
Comprehensive income					
<i>Items that cannot be reclassified to profit or loss</i>					
Actuarial gains and losses on defined benefit plans	111	-510	1,194	-825	-223
Tax	-14	109	-246	176	20
<i>Items that can be subsequently reclassified to profit or loss</i>					
Exchange differences on transactions of foreign operations	-875	3,243	2,786	-2,240	-6,080
Total comprehensive income, net of tax	2,691	5,966	12,352	4,468	13,726
Total comprehensive income attributable to:					
Owners of the Parent Company	2,691	5,966	12,352	4,268	13,526
Non-controlling interests	-	-	-	200	200
Total	2,691	5,966	12,352	4,468	13,726

Consolidated balance sheet

EUR thousands	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	204,486	166,483	175,593
Right-of use assets	84,471	81,987	83,040
Other intangible assets	53,446	54,433	52,862
Tangible assets	61,035	54,534	57,702
Deferred tax assets	12,239	14,725	13,146
Other financial fixed assets	652	583	624
Total non-current assets	416,329	372,745	382,967
Current assets			
Contract assets from customers	59,160	40,472	47,707
Trade and other receivables	117,163	97,550	96,636
Receivables from Parent Company	1,257	356	378
Prepaid expenses	9,063	6,926	6,835
Cash and cash equivalents	14,873	49,927	57,058
Total current assets	201,516	195,231	208,614
TOTAL ASSETS	617,845	567,976	591,581
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Other contributed capital	10,771	10,771	10,771
Other capital reserves	-714	-144	-4,185
Retained earnings	90,125	67,461	80,559
Equity attributable to owners of the Parent Company	100,240	78,146	87,203
Total equity	100,240	78,146	87,203
Non-current liabilities			
Provisions	26,876	16,705	20,467
Deferred tax liabilities	17,438	20,380	16,189
Shareholder loans	7,083	6,438	7,083
Non-current interest-bearing liabilities	248,036	246,441	247,331
Non-current lease liability	59,346	58,071	58,812
Total non-current liabilities	358,779	348,035	349,882
Current liabilities			
Trade payables	39,047	30,208	38,678
Current lease liability	28,471	26,283	27,208
Other liabilities	34,800	39,783	36,094
Accrued expenses	56,508	45,521	52,516
Total current liabilities	158,826	141,795	154,496
TOTAL EQUITY AND LIABILITIES	617,845	567,976	591,581

Consolidated statement of cash flow

EUR thousands	Q2		Q1-2		Full-year
	2021	2020	2021	2020	
Operating activities					
Operating profit	9,233	8,428	21,093	18,973	44,246
Adjustments for non-cash items before tax	13,267	11,092	26,560	22,887	44,193
Income tax paid	-1,619	4	-7,145	-1,759	-6,311
Cash flow from operating activities before changes in working capital	20,881	19,524	40,508	40,101	82,128
Cash flow from changes in working capital					
Changes in operating receivables	-6,110	7,416	-9,499	3,550	8,372
Changes in contract assets from customers	-2,075	5,421	-3,596	4,584	-2,009
Changes in operating liabilities	-2,976	6,800	-14,390	850	8,846
Cash flow from operating activities	9,720	39,161	13,023	49,085	97,337
Investing activities					
Acquisition of subsidiary, net of cash acquired	-15,624	-3,076	-22,146	-18,543	-25,397
Purchase of tangible assets	-4,529	-3,285	-8,508	-9,112	-19,531
Purchase of intangible fixed assets	-433	-562	-957	-785	-2,236
Sale of non-current assets	35	67	35	82	175
Cash flow from investing activities	-20,551	-6,856	-31,576	-28,358	-46,989
Cash flow before financing activities	-10,831	32,305	-18,553	20,727	50,348
Cash flow from financing activities					
Repayment of borrowings	-667	-	-1,400	0	-1,914
Lease payments	-7,636	-6,529	-15,045	-13,091	-26,249
Net financial items received and paid	-6,112	-6,413	-7,791	-7,865	-14,931
Net cash flow from financing activities	-14,415	-12,942	-24,236	-20,956	-43,094
Cash flow for the period	-25,246	19,363	-42,789	-229	7,254
Cash and cash equivalents, opening balance	39,512	30,739	57,058	50,612	50,612
Translation difference in cash and cash equivalents	607	-175	604	-456	-808
Cash and cash equivalents, closing balance	14,873	49,927	14,873	49,927	57,058

Consolidated statement of changes in equity

EUR thousands	Attributable to owners of the Parent Company					Non-controlling	
	Share capital	Other contributed capital	Other capital reserves	Retained earnings	Total	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	-	-	-	-3,167	-3,167	-12,090	-15,257
Profit for the period	-	-	-	7,157	7,157	200	7,357
Other comprehensive income	-	-	-2,040	-649	-2,689	-	-2,689
Closing balance, 30 June 2020	58	10,771	-144	67,460	78,145	-	78,145
Profit for the period	-	-	-	12,652	12,652	-	12,652
Other comprehensive income	-	-	-4,041	447	-3,594	-	-3,594
Closing balance, 31 December 2020	58	10,771	-4,185	80,559	87,203	-	87,203
Profit for the period	-	-	-	8,618	8,618	-	8,618
Other comprehensive income	-	-	3,470	948	4,418	-	4,418
Closing balance, 30 June 2021	58	10,771	-714	90,125	100,240	-	100,240

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 of 2020 and recognised directly in equity.

Income statement, Parent Company

EUR thousands	Q2		Q1-2		Full-year
	2021	2020	2021	2020	2020
Sales of services	950	807	2,085	1,732	3,852
Gross profit	950	807	2,085	1,732	3,852
Administrative and selling expenses	-801	-947	-1,573	-1,776	-3,782
Other operating income/expenses	18	-216	-60	-348	-1,020
Operating Profit/loss	167	-356	452	-392	-950
Financial items	-1,751	-931	-1,916	-6,312	-8,879
Result after financial items	-1,584	-1,287	-1,464	-6,704	-9,829
Group contribution and dividends received	-	-	-	-	4,143
Result before income taxes	-1,584	-1,287	-1,464	-6,704	-5,686
Taxes	339	974	-405	164	1,921
Result for the period	-1,245	-313	-1,869	-6,540	-3,765
Total comprehensive income	-1,245	-313	-1,869	-6,540	-3,765

Balance sheet, Parent Company

EUR thousands	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Financial fixed assets	326,353	269,753	284,389
Current assets	25,309	71,096	60,039
TOTAL ASSETS	351,662	340,849	344,428
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Share premium reserve	6,771	6,771	6,771
Unrestricted equity	82,852	81,959	84,734
Total equity	89,681	88,788	91,563
Non-current interest-bearing liabilities	249,059	248,043	248,065
Current liabilities	12,922	4,018	4,800
TOTAL EQUITY AND LIABILITIES	351,662	340,849	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	Q2		Q1-2		Full-year
	2021	2020	2021	2020	2020
Sales of services					
Nordics & UK	57,624	50,470	111,422	110,358	219,161
Water damage restoration	30,309	26,209	56,863	54,147	106,351
Fire damage restoration	25,783	22,571	50,789	51,729	105,012
Climate control	1,532	1,690	3,770	4,482	7,798
Continental Europe	139,961	110,035	276,656	228,285	476,460
Water damage restoration	66,976	55,185	133,125	116,038	240,463
Fire damage restoration	70,137	53,093	136,970	107,807	227,424
Climate control	2,848	1,757	6,561	4,440	8,573
North America & Asia	11,536	10,829	24,695	19,792	47,829
Water damage restoration	2,002	1,389	4,119	3,118	7,482
Fire damage restoration	339	272	798	619	1,372
Climate control	9,195	9,168	19,778	16,055	38,975
Intercompany sales	61	-	20	-	-108
Total	209,182	171,334	412,793	358,435	743,342
Adjusted EBITA					
Nordics & UK	1,712	2,636	4,235	7,134	16,421
Continental Europe	9,728	6,469	21,209	16,197	33,146
North America & Asia	2,022	2,245	4,990	3,012	8,962
Other	-1,790	-1,839	-4,713	-4,426	-8,696
Adjusted EBITA	11,672	9,511	25,721	21,917	49,833

EUR thousands	Q2		Q1-2		Full-year
	2021	2020	2021	2020	2020
Point in time for revenue recognition					
Nordics & UK	57,624	50,470	111,422	110,358	219,161
Revenue recognised at one point in time	1,329	2,558	2,828	4,412	8,295
Revenue recognised over time	53,018	44,648	101,332	98,212	196,883
Revenue recognised according to practical exemption at invoicing	3,277	3,264	7,262	7,734	13,983
Continental Europe	139,961	110,035	276,656	228,285	476,460
Revenue recognised at one point in time	9,735	6,502	19,849	13,465	30,111
Revenue recognised over time	127,378	101,776	250,246	210,380	437,776
Revenue recognised according to practical exemption at invoicing	2,848	1,757	6,561	4,440	8,573
North America & Asia	11,536	10,829	24,695	19,792	47,829
Revenue recognised at one point in time	6	14	17	27	55
Revenue recognised over time	2,335	1,647	4,900	3,710	8,799
Revenue recognised according to practical exemption at invoicing	9,195	9,168	19,778	16,055	38,975
Intercompany sales	61	-	20	-	-108
Total	209,182	171,334	412,793	358,435	743,342

Adjusted EBITDA and EBITA

EUR thousands	Q2		Q1-2		Full-year
	2021	2020	2021	2020	2020
Adjusted EBITDA and EBITA breakdown					
Operating profit (EBIT)	9,233	8,428	21,093	18,973	44,246
Add back depreciations	3,769	3,410	7,427	6,693	13,847
Add back amortisations	9,479	8,550	19,066	17,058	34,259
Operating profit before depreciation and amortisation (EBITDA)	22,481	20,388	47,586	42,724	92,352
Add back items affecting comparability (IAC)	1,000	-313	1,490	202	172
Operating profit before depreciation and IAC (Adjusted EBITDA)	23,481	20,075	49,076	42,926	92,524
Operational depreciations	-3,753	-3,368	-7,382	-6,624	-13,665
Operational amortisations	-8,056	-7,196	-15,973	-14,385	-29,026
Operating profit before amortisation and IAC (Adjusted EBITA)	11,672	9,511	25,721	21,917	49,833

Consolidated net debt

EUR thousands	30 Jun 2021	30 Jun 2020	31 Dec 2020
Defined benefit plans	6,336	7,222	7,101
Non-current interest-bearing liabilities	248,061	246,433	247,327
Lease liability	87,817	84,355	86,020
Cash and bank	-14,873	-49,927	-57,058
Net debt	327,341	288,083	283,390

Operating cash flow

EUR thousands	Q2		Q1-2		Full-year
	2021	2020	2021	2020	2020
Operating cash flow breakdown					
Cash flow from operating activities	9,720	39,161	13,023	49,085	97,337
Purchase of tangible assets (net)	-4,529	-3,285	-8,508	-9,112	-19,531
Purchase of intangible fixed assets	-433	-562	-957	-785	-2,236
Sale of fixed assets	35	67	35	82	175
Add back cash-related part of items affecting comparability (IAC)	998	666	1,386	1,181	4,072
Lease payments	-7,636	-6,529	-15,045	-13,091	-26,249
Operating cash flow incl income tax paid	-1,845	29,518	-10,066	27,360	53,568
Add back income tax paid	1,619	-4	7,145	1,759	6,311
Operating cash flow	-226	29,514	-2,921	29,119	59,879

Items affecting comparability (IAC)

EUR thousands	Q2		Q1-2		Full-year
	2021	2020	2021	2020	2020
Acquisition-related items	-927	614	-1,340	237	588
Restructuring	-	-	-	-	-366
Other, net	-73	-301	-150	-439	-394
Total	-1,000	313	-1,490	-202	-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 23.4 (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	30 Jun 2021		30 Jun 2020		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Trade receivables	113,163	113,163	92,825	92,825	92,488	92,488
Other current assets	4,747	4,747	4,769	4,769	4,868	4,868
Cash and cash equivalents	14,873	14,873	49,927	49,927	57,058	57,058
Total	132,783	132,783	147,521	147,521	154,414	154,414
Liabilities						
Non-current interest-bearing liabilities	267,813	270,193	255,006	258,753	259,885	262,951
Shareholder loans	7,083	7,083	6,438	6,438	7,083	7,083
Non-current lease liability	59,346	59,346	58,071	58,071	58,812	58,812
Current lease liability	28,471	28,471	26,283	26,283	27,208	27,208
Trade payables	39,047	39,047	30,208	30,208	38,678	38,678
Other current liabilities	27,673	27,673	31,030	31,030	25,764	25,764
Accrued expenses	2,577	2,577	2,544	2,544	2,223	2,223
Total	432,010	434,390	409,580	413,327	419,653	422,719

Acquisition of subsidiaries

Company	Corp. ID. No.	Country	Closing date	Est. annual net sales, EUR million	No of employees
RecoSan GmbH	HRB 11215	Germany	1 January 2021	16	120
SMD Sanierungs-Management GmbH & Co. KG	HRA 8465	Germany	2 January 2021	8	75
Armor Air Services	49027739900039	France	5 January 2021	1	5
Kaph Entreprenor AS	914 949 149	Norway	1 June 2021	46	220
Asbest Cleaning Services BVBA	BE 0671.968.983	Belgium	1 June 2021	4	20

The purchase price allocations for the acquisitions made in the first half year 2021 are preliminary.

EUR thousands	Q1-2
Fair value recognised on acquisition	2021
Tangible and intangible assets	1,909
Other non-current receivables	13
Current receivables	18,328
Inventory	66
Total identifiable assets at fair value	20,316
Long-term loans and other liabilities	1,754
Current liabilities	17,100
Deferred tax liabilities	152
Less: Cash and cash equivalents	-2,132
Total identifiable liabilities less cash at fair value	16,874
Total identifiable net assets at fair value	3,442
Goodwill	28,918
Purchase consideration transferred	32,360
Purchase consideration	
Cash paid	21,484
Liability to seller	10,876
Total consideration	32,360
Analysis of cash flows on acquisitions:	
Net cash acquired with the subsidiary	2,132
Earn-outs earlier acquisitions	-1,811
Cash paid	-21,484
Various transaction costs	-880
Translation difference	-103
Total net cash flow on acquisitions	-22,146

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 5 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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