

Polygon Group

FINANCIAL INTERIM REPORT

Q4 2020



Interim Report Polygon AB

January – December 2020

FOURTH QUARTER 2020

- Sales grew 5.7% to EUR 197.0 million, organic growth amounted to 3.9% and acquired growth contributed 3.0%.
- Adjusted EBITA amounted to EUR 14.1 million, an increase of 2.2% compared to last year.
- Operating profit amounted to EUR 13.6 million (10.2).
- Polygon acquired Renovo in Austria.
- The impact of the covid-19 outbreak in the fourth quarter 2020 was limited for the Group.

JANUARY – DECEMBER 2020

- Sales grew 9.8% to EUR 743.3 million, organic growth amounted to 6.7% and acquired growth contributed 4.0%.
- Adjusted EBITA amounted to EUR 49.8 million, an increase of 12.4% compared to last year.
- Operating profit amounted to EUR 44.2 million (34.3).
- Continued high M&A activity in Europe.

GROUP KEY FIGURES

EUR million	Q4		Full-year	
	2020	2019	2020	2019
Sales of services	197.0	186.4	743.3	677.1
Adjusted EBITDA	25.1	24.0	92.5	81.3
<i>Adjusted EBITDA, %</i>	<i>12.7%</i>	<i>12.9%</i>	<i>12.4%</i>	<i>12.0%</i>
Adjusted EBITA	14.1	13.8	49.8	44.3
<i>Adjusted EBITA, %</i>	<i>7.2%</i>	<i>7.4%</i>	<i>6.7%</i>	<i>6.5%</i>
Operating profit (EBIT)	13.6	10.2	44.2	34.3
<i>EBIT, %</i>	<i>6.9%</i>	<i>5.5%</i>	<i>6.0%</i>	<i>5.1%</i>
Operating cash flow	24.4	19.5	59.9	31.9
Net debt	283.4	284.8	283.4	284.8
- of which lease liability	86.0	82.4	86.0	82.4
Full-time employees	4,886	4,512	4,886	4,512

Comments from the CEO

Another all-time high quarter



Axel Gränitz

I am happy to report that we once again managed to deliver a strong quarter, and another all-time high in terms of both sales and adjusted EBITA. Our sales in the quarter amounted to EUR 197.0 million or an increase of 5.7% compared to last year, of which organic growth was 3.9% and acquired growth was 3.0%. Looking at our overall sales performance for the year, it is clear that we are continuing to gain market shares in several markets due to the trust our customers have in our ability to deliver. Our sales growth of 9.8% for 2020 is a clear proof of this. Adjusted EBITA for the quarter came in at EUR 14.1 million or 2% higher than last year. The fourth quarter is always seasonally strong, and the fourth quarter of the last year was by far the strongest, making it a tough comparative to beat. Sales growth and operational efficiency were the main drivers of this improvement. For the year to date, adjusted EBITA has increased by 12% compared to last year. We delivered strong growth on both sales and adjusted EBITA during 2020, which proves both our resilience to external events but also the value of our strong platform in Europe, where we are the undisputed market leader.

We made several acquisitions in the quarter, adding in total annual sales of EUR 35 million and 270 employees. In November, Polygon Austria acquired RENOVO, specializing in water and fire damage restoration, with a turnover of around EUR 9 million and 65 employees. PolygonVatro in Germany acquired RecoSan and SMD, both of which will be consolidated in the first quarter and together add annual sales of EUR 24 million and about 200 employees. RecoSan is a complete property damage restoration company, with a focus on fire damage restoration. SMD is full-range property damage restoration company. In January, Polygon France acquired Armor Air Services, active in the temporary climate solutions area. These are all important steps toward strengthening our platform in Europe and continuing to lead the consolidation of our industry.

The commercial sector is becoming increasingly important, and we are investing and building up a key account manager structure to adapt to the new needs of commercial consolidation. This involves a more centralised approach to adapt to new needs, such as the need for framework agreements. Take PRIMO+, for example, our premium service that focuses on commercial end-customers, offering priority response when damage occurs. We see significant market opportunities in such framework agreements as they deliver significant customer value. I consider our work related to digitalisation to be an important competitive advantage that improves our own internal systems by driving our key performance indicators (KPIs), and ensuring our internal systems are more in sync with insurance companies. Digitalisation also enhances our operational systems, for example by increasingly using video capabilities and providing digital service update solutions. There is a clear pull for such solutions both within our organisation and among our customers. We have proven that we have the size and scale to be able to make the necessary investments in these solutions – to drive the digital transformation of our industry forward. Since the acquisition of Hiotlabs, we are now piloting our new water damage prevention solution with Nordic insurance clients. We are excited about bringing this innovative offering to more clients during 2021.

Finally, I would like to thank all members of our Polygon team, our technicians out in the field, project leaders, managers and our admin teams in the back office who all have faced this challenging year with a great fighting spirit. I am incredibly proud of the excellent working atmosphere among our teams during the pandemic in 2020, and we have received positive customer feedback about their actions and conduct. Their desire to help people in emergency situations truly embodies our brand promise to be “always by your side”.

Long term outlook

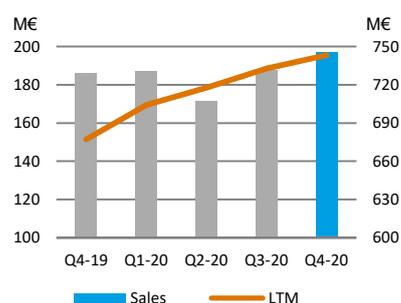
The markets for property damage control are growing slowly over time and are relatively stable by nature, due to a large share of annually recurring claims. A smaller portion is related to more extreme and less predictable events caused by weather and fire.

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.

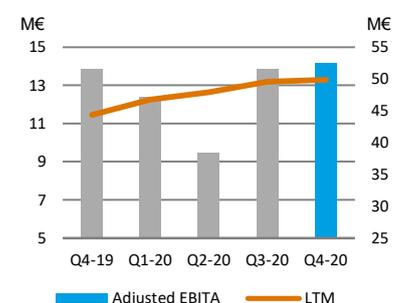
Stockholm, 10 February 2021

Axel Gränitz
President and CEO

Sales development



Adjusted EBITA



Financial information

Group

FORTH QUARTER 2020

Sales amounted to EUR 197.0 million, up 5.7% compared with the fourth quarter of 2019. Organic growth totalled 3.9%. Acquisitions contributed EUR 5.6 million in sales, corresponding to growth of 3.0%. Organic growth was driven by continued sales growth from the main insurance customers.

Adjusted EBITA amounted to EUR 14.1 million (13.8). Both existing and acquired companies continued to perform at a high level. Items affecting comparability (IAC) amounted to EUR 0.9 million (-1.6). Net financial expenses for the period totalled EUR 4.0 million (6.4). Tax expense for the period amounted to EUR 1.8 million (2.0). Net profit totalled EUR 7.7 million (1.8).

JANUARY – DECEMBER 2020

Sales amounted to EUR 743.3 million, up 9.8 % compared with the same period in 2019. Organic growth amounted to 6.7%, while acquired growth amounted to 4.0 %.

Adjusted EBITA amounted to EUR 49.8 million (44.3). Government grants reduced the cost for temporary employee lay-offs.

Items affecting comparability amounted to EUR -0.2 million (-3.8), mainly comprising restructuring and acquisition-related items. Net financial expenses for the period amounted to EUR 17.0 million (17.7).

Tax for the period amounted to EUR 7.3 million (6.1). Net profit amounted to EUR 20.0 million (10.5).

ACQUISITIONS

In January, Polygon Sweden completed the acquisition of Saneringsfirman Hedbergs AB with annual sales of EUR 2.5 million and 30 employees. In March the remaining shares in Polygon A/S in Denmark were acquired.

In the second quarter, Polygon signed agreements to acquire Hiotlabs in Sweden, Aretch and Hydrotech in France and UTG in Luxembourg. These acquisitions were closed in the third quarter and added annual sales of EUR 7 million and 75 employees.

In the third quarter, Recotech in Italy was acquired. This acquisition added annual net sales of EUR 5 million and 40 employees.

In the fourth quarter, Polygon acquired Renovo in Austria. Renovo has annual sales of EUR 9 million and 65 employees.

The total cash expenditure for acquisitions amounted to EUR 2.0 million (6.1) for the fourth quarter of 2020 and EUR 25.4 million (32.6) for the full year.

CASH FLOW AND NET DEBT

Operating cash flow for the fourth quarter amounted to EUR 24.4 million (19.5). Operating cash flow for the full year amounted to EUR 59.9 million (31.9) and was boosted by temporary covid-19 support measures from local governments and improved collection of accounts receivable.

Total interest-bearing net debt was EUR 283.4 million (284.8), of which EUR 86.0 million (82.4) pertained to leases. The Group's liquidity buffer amounted to EUR 91.6 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.

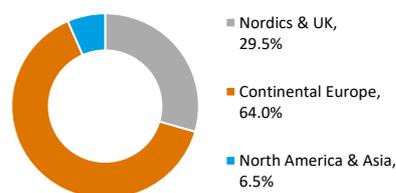
Segments

Continental Europe continued its strong performance in the fourth quarter of 2020 with sales of EUR 127.2 million (112.3), representing growth of 13.3%. Adjusted EBITA amounted to EUR 8.5 million (7.8). Continental Europe reported sales of EUR 476.5 million (414.6) for the full year, representing growth of 14.9%. Adjusted EBITA amounted to EUR 33.1 million (29.4).

Nordics & UK reported sales of EUR 56.0 million (66.6). Adjusted EBITA was EUR 4.6 million (7.2). Nordics & UK reported sales of EUR 219.2 million (229.3) for the full year. Adjusted EBITA amounted to EUR 16.4 million (19.0).

North America & Asia reported sales of EUR 14.0 million (9.1) in the fourth quarter of 2020, up 53.1%. Adjusted EBITA amounted to EUR 2.7 million (1.4). North America reported sales of EUR 47.8 million (37.1) for the full year, representing growth of 29.0%. Adjusted EBITA amounted to EUR 9.0 million (5.3).

Sales by segment LTM (%)



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 5.2 million (5.9) for the fourth quarter and to EUR -3.8 million (1.6) for the period January-December 2020.

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 2019 Annual Report and the prospectus prepared in connection with the listing of the EUR 210,000,000 senior secured floating rate notes issued by Polygon AB (publ) as well as the latest investor presentation released in connection with the issue of EUR 40,000,000 under the same terms and conditions (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 apart from the covid-19 situation, which is changing rapidly and involves a high level of uncertainty.

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

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 acquired Armor Air Services in January, active in the temporary climate solutions area.

Consolidated income statement in summary

EUR thousands	Q4		Full-year	
	2020	2019	2020	2019
Sales of services	196,986	186,360	743,342	677,080
Cost of sales	-150,570	-140,843	-570,986	-514,650
Gross profit	46,416	45,517	172,356	162,430
Administrative and selling expenses	-32,830	-35,293	-128,110	-128,112
Operating profit	13,586	10,224	44,246	34,318
Financial items	-4,022	-6,404	-16,964	-17,720
Profit before income taxes	9,564	3,820	27,282	16,598
Income taxes	-1,830	-1,978	-7,273	-6,084
Profit for the period	7,734	1,842	20,009	10,514
Profit attributable to:				
Owners of the Parent Company	7,734	1,387	19,809	9,803
Non-controlling interests	-	455	200	711
Total	7,734	1,842	20,009	10,514

Consolidated statement of comprehensive income

EUR thousands	Q4		Full-year	
	2020	2019	2020	2019
Profit for the period	7,734	1,842	20,009	10,514
Comprehensive income				
<i>Items that cannot be reclassified to profit or loss</i>				
Actuarial gains and losses on defined benefit plans	596	760	-223	-1,632
Tax	-155	-172	20	340
<i>Items that can be subsequently reclassified to profit or loss</i>				
Exchange differences on transactions of foreign operations	-2,529	1,614	-6,080	3,691
Total comprehensive income, net of tax	5,646	4,044	13,726	12,913
Total comprehensive income attributable to:				
Owners of the Parent Company	5,646	3,589	13,526	12,202
Non-controlling interests	-	455	200	711
Total	5,646	4,044	13,726	12,913

Consolidated balance sheet

EUR thousands	31 Dec 2020	31 Dec 2019
ASSETS		
Non-current assets		
Goodwill	175,593	165,459
Other intangible assets	52,862	57,215
Right-of use assets	83,040	80,530
Tangible assets	57,702	52,713
Deferred tax assets	13,146	14,434
Other financial fixed assets	624	1,086
Total non-current assets	382,967	371,437
Current assets		
Contract assets from customers	47,707	45,857
Trade and other receivables	96,636	102,203
Receivables from Parent Company	378	332
Prepaid expenses	6,835	7,020
Cash and cash equivalents	57,058	50,612
Total current assets	208,614	206,024
TOTAL ASSETS	591,581	577,461
EQUITY AND LIABILITIES		
Equity		
Issued capital	58	58
Other contributed capital	10,771	10,771
Other capital reserves	-4,185	1,896
Retained earnings	80,559	64,120
Equity attributable to owners of the Parent Company	87,203	76,845
Non-controlling interests	-	11,890
Total equity	87,203	88,735
Non-current liabilities		
Provisions	20,467	16,025
Deferred tax liabilities	16,189	21,279
Shareholder loans	7,083	6,438
Non-current interest-bearing liabilities	247,331	246,481
Non-current lease liability	58,812	57,589
Total non-current liabilities	349,882	347,812
Current liabilities		
Trade payables	38,678	43,219
Current lease liability	27,208	24,761
Other liabilities	36,094	32,140
Accrued expenses	52,516	40,794
Total current liabilities	154,496	140,914
TOTAL EQUITY AND LIABILITIES	591,581	577,461

Consolidated statement of cash flow

EUR thousands	Q4		Full-year	
	2020	2019	2020	2019
Operating activities				
Operating profit	13,586	10,224	44,246	34,318
Adjustments for non-cash items before tax	9,898	10,289	44,193	41,790
Income tax paid	-3,549	-1,447	-6,311	-4,890
Cash flow from operating activities before changes in working capital	19,935	19,066	82,128	71,218
Cash flow from changes in working capital				
Changes in operating receivables	9,466	397	8,372	-3,259
Changes in contract assets from customers	-1,997	-3,045	-2,009	965
Changes in operating liabilities	5,308	10,524	8,846	-6,808
Cash flow from operating activities	32,712	26,942	97,337	62,116
Investing activities				
Acquisition of subsidiary, net of cash acquired	-1,996	-6,083	-25,397	-32,583
Purchase of tangible assets	-6,356	-3,779	-19,531	-16,423
Purchase of intangible fixed assets	-520	-957	-2,236	-2,367
Sale of non-current assets	8	544	175	979
Cash flow from investing activities	-8,864	-10,275	-46,989	-50,394
Cash flow before financing activities	23,848	16,667	50,348	11,722
Cash flow from financing activities				
New borrowings	-	40,000	-	40,000
Repayment of borrowings	-977	-	-1,914	-
Lease payments	-6,520	-5,891	-26,249	-20,460
Net financial items received and paid	-5,935	-5,896	-14,931	-13,706
Net cash flow from financing activities	-13,432	28,213	-43,094	5,834
Cash flow for the period	10,416	44,880	7,254	17,556
Cash and cash equivalents, opening balance	46,567	5,558	50,612	33,192
Translation difference in cash and cash equivalents	75	174	-808	-136
Cash and cash equivalents, closing balance	57,058	50,612	57,058	50,612

Consolidated statement of changes in equity

EUR thousands	Attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Share capital	Other contributed capital	Other capital reserves	Retained earnings	Total			
Closing balance, 31 December 2018	58	10,771	-1,796	54,761	63,795	11,696	75,491	
Shareholder's contribution	-	-	-	329	329	-	329	
Other changes	-	-	-	517	517	-517	-	
Profit for the period	-	-	-	9,803	9,803	711	10,514	
Other comprehensive income	-	-	3,691	-1,290	2,401	-	2,401	
Closing balance, 31 December 2019	58	10,771	1,896	64,120	76,845	11,890	88,735	
Acquisition of non-controlling interests	-	-	-	-3,168	-3,168	-12,090	-15,258	
Profit for the period	-	-	-	19,809	19,809	200	20,009	
Other comprehensive income	-	-	-6,080	-202	-6,282	-	-6,282	
Closing balance, 31 December 2020	58	10,771	-4,185	80,559	87,203	-	87,203	

In March 2020 the Group acquired the remaining 33.6% shares of Polygon A/S in Denmark. 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. Additional 1.3 million was paid in second quarter, amount recognised directly in equity.

Income statement, Parent Company

EUR thousands	Q4		Full-year	
	2020	2019	2020	2019
Sales of services	1,208	1,069	3,852	4,055
Gross profit	1,208	1,069	3,852	4,055
Administrative and selling expenses	-1,106	-1,288	-3,782	-4,220
Other operating income/expenses	-586	-6	-1,020	-208
Operating Profit/loss	-484	-225	-950	-373
Financial items	-470	-1,411	-8,879	-5,516
Loss after financial items	-954	-1,636	-9,829	-5,889
Group contribution and dividends received	4,143	9,000	4,143	9,253
Result before income taxes	3,189	7,364	-5,686	3,364
Taxes	2,026	-1,460	1,921	-1,759
Result for the period	5,215	5,904	-3,765	1,605
Total comprehensive income	5,215	5,904	-3,765	1,605

Balance sheet, Parent Company

EUR thousands	31 Dec 2020	31 Dec 2019
ASSETS		
Financial fixed assets	284,389	271,706
Current assets	60,039	76,135
TOTAL ASSETS	344,428	347,841
EQUITY AND LIABILITIES		
Equity		
Issued capital	58	58
Share premium reserve	6,771	6,771
Unrestricted equity	84,734	88,499
Total equity	91,563	95,328
Non-current interest-bearing liabilities	248,065	248,196
Current liabilities	4,800	4,317
TOTAL EQUITY AND LIABILITIES	344,428	347,841

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	Q4		Full-year	
	2020	2019	2020	2019
Sales of services				
Nordics & UK	55,996	66,593	219,161	229,340
Water damage restoration	26,701	35,207	106,351	126,225
Fire damage restoration	27,321	29,079	105,012	94,335
Climate control	1,974	2,307	7,798	8,780
Continental Europe	127,245	112,284	476,460	414,635
Water damage restoration	62,336	59,136	240,463	208,246
Fire damage restoration	62,393	50,492	227,424	197,135
Climate control	2,516	2,656	8,573	9,254
North America & Asia	13,986	9,134	47,829	37,074
Water damage restoration	1,943	1,373	7,482	8,374
Fire damage restoration	413	342	1,372	770
Climate control	11,630	7,419	38,975	27,930
Intercompany sales	-241	-1,651	-108	-3,969
Total	196,986	186,360	743,342	677,080
Adjusted EBITA				
Nordics & UK	4,602	7,243	16,421	19,007
Continental Europe	8,502	7,789	33,146	29,387
North America & Asia	2,664	1,434	8,962	5,259
Other	-1,644	-2,631	-8,696	-9,315
Adjusted EBITA	14,124	13,835	49,833	44,338

EUR thousands	Q4		Full-year	
	2020	2019	2020	2019
Point in time for revenue recognition				
Nordics & UK	55,996	66,593	219,161	229,340
Revenue recognised at one point in time	2,069	1,577	8,295	11,043
Revenue recognised over time	50,302	60,981	196,883	202,966
Revenue recognised according to practical exemption at invoicing	3,625	4,035	13,983	15,331
Continental Europe	127,245	112,284	476,460	414,635
Revenue recognised at one point in time	8,974	6,889	30,111	25,987
Revenue recognised over time	115,755	102,739	437,776	379,394
Revenue recognised according to practical exemption at invoicing	2,516	2,656	8,573	9,254
North America & Asia	13,986	9,134	47,829	37,074
Revenue recognised at one point in time	27	20	55	68
Revenue recognised over time	2,329	1,695	8,799	9,076
Revenue recognised according to practical exemption at invoicing	11,630	7,419	38,975	27,930
Intercompany sales	-241	-1,651	-108	-3,969
Total	196,986	186,360	743,342	677,080

Adjusted EBITDA and EBITA

EUR thousands	Q4		Full-year	
	2020	2019	2020	2019
Adjusted EBITDA and EBITA breakdown				
Operating profit (EBIT)	13,586	10,224	44,246	34,318
Add back depreciations	3,680	3,232	13,847	12,489
Add back amortisations	8,689	8,920	34,259	30,716
Operating profit before depreciation and amortisation (EBITDA)	25,955	22,376	92,352	77,523
Add back items affecting comparability (IAC)	-898	1,596	172	3,756
Operating profit before depreciation and IAC (Adjusted EBITDA)	25,057	23,972	92,524	81,279
Operational depreciations	-3,623	-3,192	-13,665	-12,333
Operational amortisations	-7,310	-6,946	-29,026	-24,608
Operating profit before amortisation and IAC (Adjusted EBITA)	14,124	13,835	49,833	44,338

Consolidated net debt

EUR thousands	31 Dec 2020	31 Dec 2019
Defined benefit plans	7,101	6,536
Non-current interest-bearing liabilities	247,327	246,481
Lease liability	86,020	82,350
Cash and bank	-57,058	-50,612
Net debt	283,390	284,755

Operating cash flow

EUR thousands	Q4		Full-year	
	2020	2019	2020	2019
Operating cash flow breakdown				
Cash flow from operating activities	32,712	26,942	97,337	62,116
Purchase of tangible assets (net)	-6,356	-3,778	-19,531	-16,423
Purchase of intangible fixed assets	-520	-957	-2,236	-2,367
Sale of fixed assets	8	544	175	813
Add back cash-related part of items affecting comparability (IAC)	1,479	1,191	4,072	3,350
Lease payments	-6,520	-5,891	-26,249	-20,460
Operating cash flow incl income tax paid	20,803	18,051	53,568	27,029
Add back income tax paid	3,549	1,447	6,311	4,890
Operating cash flow	24,352	19,498	59,879	31,919

Items affecting comparability (IAC)

EUR thousands	Q4		Full-year	
	2020	2019	2020	2019
Acquisition-related items	671	-1,099	588	-2,935
Restructuring	54	158	-366	-435
Other, net	173	-655	-394	-385
Total	898	-1,596	-172	-3,755

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, in compliance with IFRS 13. 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 Dec 2020		31 Dec 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Trade receivables	92,488	92,488	97,837	97,837
Other current assets	4,868	4,868	4,558	4,558
Cash and cash equivalents	57,058	57,058	50,612	50,612
Total	154,414	154,414	153,007	153,007
Liabilities				
Non-current interest-bearing liabilities	259,885	262,951	255,031	258,756
Shareholder loans	7,083	7,083	6,438	6,438
Non-current lease liability	58,812	58,812	57,589	57,589
Current lease liability	27,208	27,208	24,761	24,761
Trade payables	38,678	38,678	43,219	43,219
Other current liabilities	25,764	25,764	23,735	23,735
Accrued expenses	2,223	2,223	2,376	2,376
Total	419,653	422,719	413,149	416,874
Derivatives for hedging purposes				
Currency hedging derivatives	-	-	-3	-3
Total	-	-	-3	-3

Acquisitions of subsidiaries

Company	Corp. ID. No.	Country	Closing date	Estimated annual net sales in MEUR	No of employees
Saneringsfirman Hedberg AB	556815-1988	Sweden	1 January 2020	2.5	30
UTG GmbH	B90664	Luxembourg	1 July 2020	1.5	15
Aretech/ Hydrotech	379 873 011	France	7 July 2020	5.0	55
Hiotlabs AB	559021-1271	Sweden	3 August 2020	0.2	4
Recotech s.r.l.	FI-605131	Italy	1 September 2020	5.0	31
RENOVO Brandschaden u Wasserschaden Sanierungs GmbH FN 230343s		Austria	6 November 2020	9.0	64

The purchase price allocation presented below includes the acquired subsidiaries above and is preliminary.

EUR thousands	Full-year
Fair value recognised on acquisition	2020
Customer relationships	2,444
Tangible and intangible assets	1,290
Other non-current receivables	316
Current receivables	5,527
Inventory	21
Total identifiable assets at fair value	9,598
Long-term loans and other liabilities	757
Current liabilities	5,882
Deferred tax liabilities	674
Less: Cash and cash equivalents	-1,784
Total identifiable liabilities less cash at fair value	5,529
Total identifiable net assets at fair value	4,069
Goodwill	10,885
Purchase consideration transferred	14,954
Purchase consideration	
Cash paid	8,595
Liability to seller	6,359
Total consideration	14,954
Analysis of cash flows on acquisitions:	
Net cash acquired with the subsidiary	-1,784
Earn-outs earlier acquisitions	3,032
Acquisition of non-controlling interest	15,358
Cash paid	8,595
Translation difference	196
Total net cash flow on acquisitions	25,397

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 2019. More detailed accounting policies can be found on pages 65-71 of the 2019 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 2020

This report was published on the Group's website on 10 February 2021.

Annual Report 2020 will be published 29 April 2021.

Interim Report Q1 2021 will be published 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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