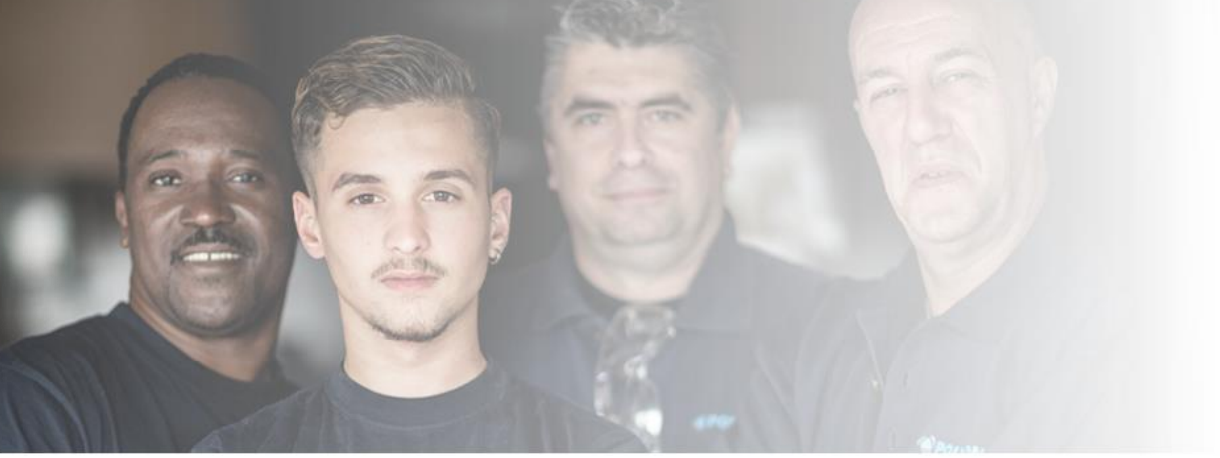


Always By Your Side.

# Interim Report Polygon AB

## January - June 2018

2018

Sales

+26%

EUR 147.1 million (116.8)

2018

Adjusted

EBITA

+43%

EUR 9.0 million (6.3)

**SECOND QUARTER 2018**

- Sales grew 25.9% to EUR 147.1 million. Adjusted organic growth was strong at 9.9%, with Continental Europe reporting impressive growth of 14.5%. Recent acquisitions, completed in late 2017 and early 2018 contributed EUR 19.8 million in sales, corresponding to a growth of 17.0%. The stronger euro had a negative impact of 1.0%. Order intake in the quarter was up 50% on last year.
- Adjusted EBITA amounted to EUR 9.0 million (6.3), up 42.5%. Continental Europe and Nordics & UK posted improved earnings while North America reported decreased earnings due to weak performance in Canada Nordics & UK posted positive earnings of EUR 1.6 million (0.0) due to recent acquisitions.
- EBITA amounted to EUR 8.4 million (5.4). Items affecting comparability were recognized in a net amount of EUR 0.6 million (0.9) during the quarter.
- Polygon Sweden acquired the assets and liabilities of Caliber Sanering Sverige AB in order to enter into the fire damage restoration market (FDR).

**JANUARY - JUNE 2018**

- Sales growth for the period was 19.8% and amounted to EUR 295.3 million. Adjusted organic growth was 7.3% and acquisitions contributed growth of 13.8%. Currency rates had a negative effect of 1.3%.
- Adjusted EBITA amounted to EUR 18.7 million (14.9), up 26%. Continental Europe and Nordics & UK improved earnings while North America was in line with last year. Earnings for Nordics & UK improved over 100% due to recent acquisitions.
- EBITA amounted to EUR 16.8 million (13.9). Items affecting comparability were recognized in a net amount of EUR 2.0 million (1.0).
- Cash flow from operating activities totalled negative EUR 2.5 million, compared with positive EUR 8.3 million last year due to increased level of working capital. The liquidity buffer amounted to EUR 58.9 million (Dec 2017: 60.9).
- During the first half year, Polygon completed the acquisitions of Dansk Bygningskontrol (Denmark), Von Der Lieck (Germany), Metodia AB (Sweden, asset deal), Caliber Sanering Sverige AB (Sweden, asset deal), minority shares both in Caption Data (UK) and in four Norwegian franchisees. After the closing date, Polygon Norway acquired the remaining 80% of the shares in their franchise partners in Drammen and Kongsberg (sales EUR 3.5 million).

**GROUP KEY FIGURES**

| EUR million | Q2 | | Q1-2 | | 12 Months | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | LTM | 2017 |
| Sales of services | 147.1 | 116.8 | 295.3 | 246.5 | 561.2 | 512.4 |
| **EBITDA** | **11.7** | **7.8** | **23.2** | **18.6** | **44.7** | **40.1** |
| *EBITDA,%* | *7.9* | *6.7* | *7.8* | *7.5* | *8.0* | *7.8* |
| **Adjusted EBITDA** | **12.3** | **8.7** | **25.1** | **19.5** | **48.6** | **43.0** |
| *Adjusted EBITDA, %* | *8.3* | *7.4* | *8.5* | *7.9* | *8.7* | *8.4* |
| **EBITA** | **8.4** | **5.4** | **16.8** | **13.9** | **33.0** | **30.1** |
| *EBITA, %* | *5.7* | *4.6* | *5.7* | *5.6* | *5.9* | *5.9* |
| **Adjusted EBITA** | **9.0** | **6.3** | **18.7** | **14.9** | **36.9** | **33.0** |
| *Adjusted EBITA, %* | *6.1* | *5.4* | *6.3* | *6.0* | *6.6* | *6.4* |
| **EBIT** | **6.8** | **4.3** | **13.6** | **11.6** | **27.4** | **25.4** |
| *EBIT, %* | *4.6* | *3.6* | *4.6* | *4.7* | *4.9* | *5.0* |
| Earnings per share (EUR) | 0.54 | -0.31 | 0.40 | 0.33 | 1.07 | 1.00 |
| Cash flow from operating activities | 2.6 | 6.2 | -2.5 | 8.3 | 29.9 | 40.7 |
| Net debt | 191.6 | 151.6 | 191.6 | 151.6 | 191.6 | 141.9 |
| Full-time employees | 3,646 | 2,963 | 3,646 | 2,963 | 3,962 | 3,279 |

*Note: 2017 figures have been restated for implementation of IFRS 15 Revenue from Contracts with Customers.*

## Comments from the CEO

# Q2 up slightly on already high expectations

Our second quarter is traditionally our weakest when looking at our seasonality. I am therefore pleased to note that we closed the quarter with record earnings compared to the same period previous years, actually not too far from our first quarter earnings. This indicates that we are still accelerating, as a result of high activity levels and contributions from the newly acquired businesses. Integration is progressing well, showing that our buy & build strategy through add-on acquisitions is the right focus going forward.

While our strong performance cannot be attributed to a single reason, our continued efforts to improve our planning and dispatch of technicians, combined with tight cost control were vital components of what we have internally been referring to as "Save Q2". Just four years ago, our second quarter barely broke even. On the whole, the integration of the newcomers proceeded according to our expectations. The main challenge was in Norway, where we merged two large organizations and focused on handling agreements with Polygon's franchises and partners from Skadegruppen in the best possible way. Unfortunately, we also experienced some setbacks in the Nordic countries in connection with the roll-out of our new field force system, resulting in lower productivity than planned.

We saw improvements in the later part of the quarter, with increased stability in the system for both technicians and back-office employees. Bearing this in mind, considerable progress was made in terms of offsetting these negative effects on profit and loss, and we ultimately achieved the strongest second-quarter result in the history of Polygon. For the year to date, adjusted EBITA is now up 26.1% year-on-year.

As communicated before, we slowed down our buy & build activity during the second quarter, choosing instead to focus on the integration of recently acquired companies. We are now refocusing on new opportunities and expect to see increased activity toward the end of the year. In the beginning of the third quarter, we signed an agreement to acquire 100% of our franchise partner in Drammen and Kongsberg in Norway. We expect integration to proceed as smoothly as it did for our former franchise partner, Polygon Nord, which was acquired in the third quarter of 2017.

We are continuing to work with our pipeline and are also looking for opportunities outside our current countries of operation. We have a proven ability to acquire companies as well as discipline when it comes to achieving the right timing and ensuring that we have the right people to manage the integration process.

Our strategic agenda is clear and starts with having the right people on board. With our excellent management teams, professional support staff and highly engaged field technicians I am confident that we can continue to grow our business organically, above market trends, supported by cross-border sales and digital initiatives. By pursuing these initiatives and continuing with our buy & build agenda, our financial performance will continue to develop favourably.

### Short-term outlook

As in the preceding quarter, our order intake was favourable, which bodes well for the third quarter. We expect to continue to develop positively in the third quarter, with ongoing positive contributions by our recent acquisitions.

### Market development

There are several trends in the property damage restoration market that are benefiting larger players like Polygon, such as procurement centralization, 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, 9 August 2018

Evert-Jan Jansen
President and CEO

The undersigned give their assurance that this interim report provides a true and fair overview of the business activities, financial position and results of the Parent Company and the Group and describes the significant risks and uncertainties to which the Parent Company and its subsidiaries are exposed.

| | | |
|---|---|---|
| Luc Hendriks<br>Chairman of Board | Petter Darin<br>Member of Board | Jonas Samuelson<br>Member of Board |

| | | | |
|---|---|---|---|
| Ole Skov<br>Member of Board | Lars Ove Håkansson<br>Member of Board | Nadia Meier-Kirner<br>Member of Board | Gunilla Andersson<br>Member of Board |

# Financial information

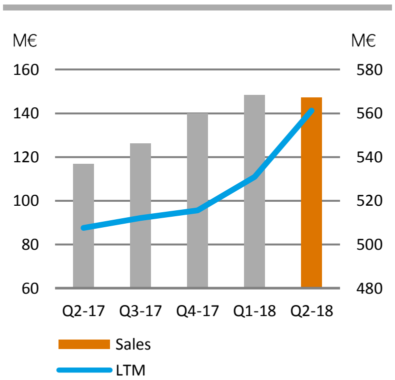
## Sales and profit

### Group

**Second quarter 2018**

Sales amounted to EUR 147.1 million, up 25.9% compared with the corresponding quarter in the preceding year. Adjusted organic growth was strong at 9.9% (currency effects amounted to a negative 1.0%). Organic growth was fuelled by growth in the current portfolio and by cross-border projects, mainly in the Major & Complex Claims (M&CC) area. Acquisitions, mainly in the Nordics, contributed EUR 19.8 million in sales corresponding to growth of 17.0%.

**Sales development**




Adjusted EBITA amounted to EUR 9.0 million (6.3). Continental Europe, Nordics & UK continued to increase earnings while North America performed below last year due to a weak quarter in Canada. Developments in Nordics & UK were boosted by acquisitions. EBITA amounted to EUR 8.4 million (5.4). Items affecting comparability were recognized in an amount of EUR 0.6 million (0.9) (see page 13 for further details).

Net financial expenses for the period amounted to EUR 2.8 million (5.8), of which EUR 2.6 million (3.0) refers to net interest expenses and EUR 0.2 million to exchange rate losses (2.8). The decrease in net interest expenses compared with the corresponding period in the preceding year is due to the issue of a new bond of EUR 210.0 million in March 2018 with more favourable terms and impact from exchange revaluation from internal financial loans reported in other comprehensive income.

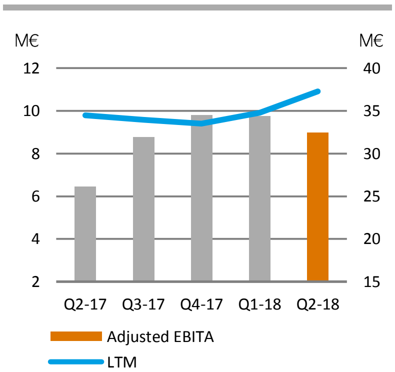
Tax in the period amounted to EUR 0.9 million (0.2) and was primarily attributable to deferred tax adjustment due to the decision regarding change of tax rate in Sweden.

The Group posted profit before tax of EUR 4.0 million (loss: 1.6) and net profit of EUR 3.1 million (loss: 1.7).

**January – June 2018**

Sales amounted to EUR 295.3 million, up 19.8% compared with the corresponding quarter in the preceding year. Adjusted organic growth was 7.3% (currency effects amounted to a negative 1.3%). Organic growth was stronger in the second quarter of the year mainly due to very strong comparable sales in the first quarter of 2017. Acquisitions, mainly in the Nordics, contributed EUR 34.0 million in sales, corresponding to growth of 13.8%.

**Adjusted EBITA**



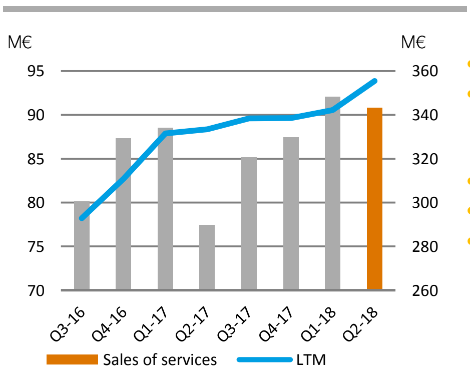

Adjusted EBITA amounted to EUR 18.7 million (14.9). Continental Europe, Nordics & UK continued to increase earnings while North America was on the same level as last year. Contribution from acquisitions was strong in the Nordic area. EBITA amounted to EUR 8.4 million (5.4). Items affecting comparability were recognized in an amount of EUR 2.0 million (1.0) and consisted mainly on acquisition-related costs (see page 13 for further details).

Net financial expenses for the period amounted to EUR 9.7 million (9.2), of which EUR 9.1 million (5.8) refers to net interest expenses and EUR 0.6 million to exchange rate losses (3.5). The increase in net interest expenses compared with the corresponding period in the preceding year is due to the issue of a new bond in March 2018 and consists of fees and other costs related to previous financing as well as overlapping financing during March. The exchange losses from internal financial loans were reported in other comprehensive income 2018.

Tax in the period amounted to EUR 1.3 million (0.5) and the decision regarding change of tax rate in Sweden had impact on deferred taxes in the Group as well as deferred tax for the Parent Company´s unrealized exchange exposure in EUR.

The Group posted profit before tax of EUR 3.9 million (2.3) and net profit of EUR 2.5 million (1.9).

### Continental Europe




**Second quarter**

- Sales amounted to EUR 90.8 million, up 17%
- Adjusted EBITA totalled EUR 5.4 million (4.7)

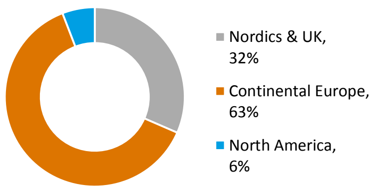
**January - June**

- Sales amounted to EUR 182.9 million, up 12%
- Adjusted EBITA totalled EUR 11.5 million (10.5)
- Acquisition in France and Germany consolidated from January 2018

**Second quarter 2018**

Continental Europe continued its strong performance with sales of EUR 90.8 million representing a growth of 17.2%, of which 14.5% was organic growth excluding acquisitions in Germany and France. Germany

### Sales by segment LTM (%)

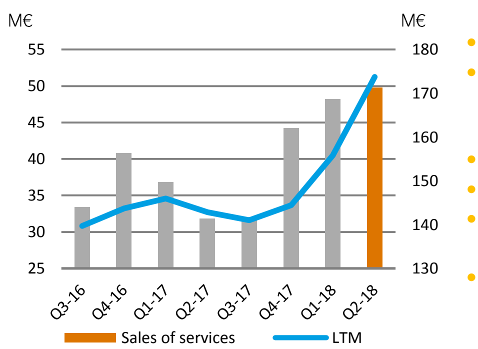



grew its portfolio and reported adjusted organic growth of 16.5%. France almost doubled its size through the acquisition in late 2017 and the Netherlands grew close to 50% through successful cross-border projects. Adjusted EBITA amounted to EUR 5.4 million (4.7), representing a margin of 5.9%, down slightly on the preceding year. France and the Netherlands reported improved adjusted EBITA margins as a result of strong sales growth. Adjusted EBITA in Germany was on par with last year.

**January – June 2018**

Sales amounted to EUR 182.9 million corresponding to a growth of 12.0%, of which 9.3% was adjusted organic growth. Except for Austria, all countries reported strong growth fuelled in France by the acquisition 2017. Adjusted EBITA amounted to EUR 11.5 million (10.5), representing a margin of 6.3% (6.4). France and the Netherlands reported improved adjusted EBITA margins as a result of the strong growth. Adjusted EBITA in Germany was slightly up on last year.

### Nordics & UK




**Second quarter**

- Sales amounted to EUR 49.8 million, up 56%
- Adjusted EBITA totalled EUR 1.6 million (0.0)

**January - June**

- Sales amounted to EUR 98.0 million, up 44%
- Adjusted EBITA totalled EUR 3.5 million (1.7)
- Acquisitions in Denmark (January 2018) and Norway (Q4 2017)
- Two acquisitions were closed in the beginning of Q3 (former franchisees in Norway)

**Second quarter 2018**

Nordics & UK reported sales of EUR 49.8 million in the quarter driven by large acquisitions in Denmark (Dansk Bygningskontrol in January 2018) and Norway (Polygon Nord at the end of Q3 and Skadegruppen in Q4 2017). The UK reported growth of 12.6% in the quarter after a long period with a calm market. Sweden, Finland and Norway suffered from difficulties connected to the new field force system. Adjusted EBITA nevertheless increased from zero to EUR 1.6 million driven by acquisitions.

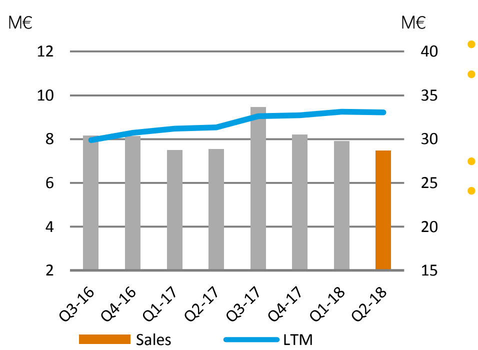
Polygon Sweden finalized an acquisition of assets and liabilities in order to enter into the FDR service line in the beginning of the quarter. The integration of Dansk Bygningskontrol in Denmark was finalized and efforts can now be focused on the market. In Norway, issues remains regarding the integration with the new system and processes, which needs to be optimized.

**January – June 2018**

Sales grew with 43.5% to EUR 98.0 million. Acquisitions in Denmark and Norway were the main driver behind the strong growth. Adjusted organic growth was 2.6% in the segment. UK sales were positive after a long period with negative growth due to low claim levels. Adjusted EBITA of EUR 3.5 million was more than 100% up on last year. Denmark reported a very strong increase in profitability, while Finland suffered from a slightly slower market in combination with problems connected to new systems /processes.

After the end of the quarter, Polygon Norway acquired the remainder of the shares in two franchise partners (in Drammen and Kongsberg).

### North America




**Second quarter**

- Sales amounted to EUR 7.5 million, down 1%
- Adjusted EBITA totalled EUR 0.6 million (0.9)

**January - June**

- Sales amounted to EUR 15.4 million, up 3%
- Adjusted EBITA totalled EUR 1.5 million (1.4)

**Second quarter 2018**

North America reported sales of EUR 7.5 million, which was in line with last year. Adjusted organic growth was positive at 6.3%. The US reported double digit growth and thus continued to perform at a high level after streamlining the business in 2015. Following a good start in the first quarter, Canada had a setback with negative growth. Adjusted EBITA of EUR 0.9 million was EUR 0.3 million down on last year.

Polygon Canada added two new franchisees to its organization in Quebec, one in the Montreal West Island area and one in the Lanaudière region.

**January – June 2018**

Sales grew with 2.9% to EUR 15.4 million. Adjusted organic growth was 12.8% driven by the US. Canada reported sales growth of over 20% after a strong first quarter. Adjusted EBITA of EUR 1.5 million was in line with last year.

## Cash flow and financing

Cash flow from operating activities for the second quarter amounted to EUR 2.6 million (6.2) and was impacted by an increase in operating receivables due to the high growth. Cash flow for the first half of 2018 was negative EUR 2.5 million (positive 8.3) and followed the normal seasonal pattern, with a working capital increase compared with year-end 2017 and working capital increase from growth in acquired companies.

Total interest-bearing net debt was EUR 191.6 million (December 2017: 141.9). The Group's liquidity buffer amounted to EUR 58.9 million (December 2017: 60.9), consisting of cash and cash equivalents of EUR 23.0 million (December 2017: 42.5) and unutilized RCF commitments of EUR 35.9 million (December 2017: 18.4). During the first quarter, the Group was refinanced by issuing a EUR 210.0 million bond with a fixed rate coupon of 4.000 % per annum, replacing the previous EUR 180 million note, originally dating back to April 2014. In the new bond agreement, the revolving credit facility (RCF) was increased to EUR 40.0 million (22.5).

During the first quarter, the Group acquired Dansk Bygningskontrol, with annual sales of EUR 29 million, Von der Lieck with annual sales of EUR 4 million and the assets and liabilities of Metodia, with total annual sales of EUR 0.4 million. Minority shares in four Norwegian franchise partners and in Caption Data were also acquired during the first quarter. During the second quarter, the Group acquired the assets and liabilities of Caliber, a Swedish company, with annual sales of EUR 2.0 million. The total cash expenditure for acquisitions for the first half of 2018 was EUR 24.0 million.

Equity amounted to EUR 73.8 million (December 2017: 59.8).

## Capital expenditure

Capital expenditure in the second quarter amounted to EUR 6.7 million (6.0) and was mainly driven by normal replacement investments and investments in Temporary Climate Solutions (TCS) equipment in the US to meet additional growth as well as in an upgrade of the fleet to meet new environmental regulations.

## 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, except for the companies in Denmark, in which the non-controlling interest is 24.2% and 33.6%. The net loss for Polygon AB for the second quarter amounted to EUR 1.1 million (2.5).

## Significant risks and uncertainties

The Group is active in the property damage restoration business meaning work related to water damage restoration, fire damage restoration and document restoration. The frequency of property damage can vary depending on circumstances beyond Polygon's control, the outdoor temperature and the weather. Polygon estimates that, on average for the last five years, around 95% of the property damage is, by nature, attributable to the large share of annually recurring claims, while the remainder is related to more extreme and less predictable events caused by weather and fire. Since part of Polygon's cost structure is fixed, the proceeds of the operations are to some extent unpredictable and vary over time.

Polygon is to a large degree dependent on its key customers — the insurance companies — and must maintain mutually beneficial relationships with them in order to compete effectively. Our top ten customers represent about one third of Polygon's sales, with the newest customer on the top ten list having an eight-year relationship with the Group.

For further details about the Group's risks and uncertainties, please refer to the 2017 Annual Report and the prospectus prepared in connection with listing of the EUR 210,000,000 senior secured floating rate notes issued by Polygon AB (publ) (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, except for risks associated with the increased acquisition rate toward the end of 2017.

## Related party transactions

The Group is under the controlling influence of 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. 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.

## Subsequent events

After the end of the quarter, Polygon Norway exercised the call option for the remaining 80% of the shares in the franchisees Buskerud Skadesanering AS and Kongsberg AS (in Drammen and Kongsberg).

# Consolidated income statement

| EUR thousands | Q2 | | Q1–2 | | Full-Year |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2017 |
| Sales of services | 147,072 | 116,821 | 295,291 | 246,514 | 512,429 |
| Cost of sales | -112,052 | -87,852 | -224,755 | -185,455 | -385,750 |
| **Gross profit** | **35,020** | **28,969** | **70,536** | **61,059** | **126,679** |
| Administrative and selling expenses | -28,042 | -23,782 | -54,836 | -48,399 | -98,072 |
| Other operating expenses | -191 | -935 | -2,142 | -1,082 | -3,169 |
| **Operating profit** | **6,787** | **4,252** | **13,558** | **11,578** | **25,438** |
| Financial income | 18 | 28 | 37 | 64 | 151 |
| Financial expenses | -2,840 | -5,835 | -9,734 | -9,305 | -17,097 |
| **Profit/loss after financial items** | **3,965** | **-1,555** | **3,861** | **2,337** | **8,492** |
| Income taxes | -864 | -170 | -1,340 | -483 | -3,024 |
| **Profit/loss for the period** | **3,101** | **-1,725** | **2,521** | **1,854** | **5,468** |
| **Profit/loss attributable to:** | | | | | |
| Owners of the Parent Company | 3,027 | -1,749 | 2,251 | 1,823 | 5,590 |
| Non-controlling interests | 74 | 24 | 270 | 31 | -122 |
| **Total** | **3,101** | **-1,725** | **2,521** | **1,854** | **5,468** |

# Consolidated statement of comprehensive income

| EUR thousands | Q2 | | Q1-2 | | Full Year |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2017 |
| **Profit/loss for the period** | **3,101** | **-1,725** | **2,521** | **1,854** | **5,468** |
| **Comprehensive income** | | | | | |
| *Items that cannot be reclassified to profit or loss* | | | | | |
| Actuarial gains and losses on defined benefit plans | 216 | 188 | -197 | 188 | -222 |
| Tax | -48 | -41 | 43 | -41 | 18 |
| *Items that can be subsequently reclassified to profit or loss* | | | | | |
| Exchange differences on transactions of foreign operations | 821 | 113 | 538 | 339 | 511 |
| **Total comprehensive income, net of tax** | **4,090** | **-1,465** | **2,905** | **2,340** | **5,775** |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Parent Company | 4,016 | -1,489 | 2,635 | 2,309 | 5,897 |
| Non-controlling interests | 74 | 24 | 270 | 31 | -122 |
| **Total** | **4,090** | **-1,465** | **2,905** | **2,340** | **5,775** |
| Number of shares | 5,600 | 5,600 | 5,600 | 5,600 | 5,600 |
| Earnings per share (EUR) | 0.54 | -0.31 | 0.40 | 0.33 | 1.00 |

# Consolidated balance sheet

| EUR thousands | 30 Jun 2018 | 30 Jun 2017 | 31 Dec 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 130,708 | 103,812 | 110,942 |
| Other intangible assets | 59,579 | 44,043 | 41,960 |
| Tangible assets | 44,769 | 36,502 | 40,200 |
| Deferred tax assets | 17,946 | 23,702 | 16,744 |
| Other financial fixed assets | 852 | 3 | 2 |
| **Total non-current assets** | **253,854** | **208,062** | **209,848** |
| **Current assets** | | | |
| Contract assets from customers | 39,141 | 24,574 | 28,246 |
| Trade receivables | 97,230 | 72,839 | 78,676 |
| Receivables from Parent Company | 296 | 312 | 308 |
| Prepaid expenses | 6,398 | 5,785 | 5,602 |
| Cash and cash equivalents | 23,010 | 30,537 | 42,541 |
| **Total current assets** | **166,075** | **134,047** | **155,373** |
| **TOTAL ASSETS** | **419,929** | **342,109** | **365,221** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Issued capital | 58 | 58 | 58 |
| Other contributed capital | 10,771 | 10,771 | 10,771 |
| Other capital reserves | -176 | -886 | -714 |
| Retained earnings | 50,914 | 45,401 | 48,819 |
| **Equity attributable to owners of the Parent Company** | **61,567** | **55,344** | **58,934** |
| Non-controlling interests | 11,598 | 973 | 820 |
| **Total equity** | **73,165** | **56,317** | **59,754** |
| **Non-current liabilities** | | | |
| Provisions | 5,701 | 5,148 | 5,556 |
| Deferred tax liabilities | 20,451 | 21,781 | 15,806 |
| Shareholder loans | 5,594 | 5,085 | 5,594 |
| Non-current interest-bearing liabilities | 209,726 | 177,297 | 178,614 |
| **Total non-current liabilities** | **241,472** | **209,311** | **205,570** |
| **Current liabilities** | | | |
| Provisions | 3,547 | 913 | 5,065 |
| Trade payables | 36,486 | 29,738 | 35,647 |
| Current liabilities | 5,239 | 3,540 | 3,638 |
| Other liabilities | 22,074 | 13,784 | 18,864 |
| Accrued expenses | 37,946 | 28,506 | 36,683 |
| **Total current liabilities** | **105,292** | **76,481** | **99,897** |
| **TOTAL EQUITY AND LIABILITIES** | **419,929** | **342,109** | **365,221** |

# Consolidated net debt

| EUR thousands | 30 Jun 2018 | 30 Jun 2017 | 31 Dec 2017 |
|---|---|---|---|
| Defined benefit plans | 4,886 | 4,824 | 4,988 |
| Other long-term loans, interest-bearing | 206,567 | 177,297 | 178,614 |
| Current loans, interest-bearing | 3,159 | - | 885 |
| Cash and bank | -23,010 | -30,537 | -42,541 |
| **Net debt** | **191,602** | **151,584** | **141,946** |

# Consolidated statement of cash flow

| EUR thousands | Q2 | | Q1–2 | | Full-Year |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2017 |
| **Operating activities** | | | | | |
| Operating profit | 6,787 | 4,252 | 13,558 | 11,578 | 25,438 |
| Adjustments for non-cash items before tax | 6,265 | 2,526 | 11,131 | 5,738 | 8,972 |
| Income tax paid | -725 | -749 | -1,681 | -838 | -2,961 |
| **Cash flow from operating activities before changes in working capital** | **12,327** | **6,029** | **23,008** | **16,478** | **31,449** |
| **Cash flow from changes in working capital** | | | | | |
| Changes in operating receivables | -9,274 | 2,392 | -12,348 | 815 | 564 |
| Changes in contract assets from customers | -1,854 | 4,869 | -6,749 | 9,446 | 9,855 |
| Changes in operating liabilities | 1,351 | -7,112 | -6,409 | -18,457 | -1,195 |
| **Cash flow from operating activities** | **2,550** | **6,178** | **-2,498** | **8,282** | **40,673** |
| **Investing activities** | | | | | |
| Acquisition of subsidiary, net of cash acquired | -1,686 | 92 | -24,015 | -484 | -7,108 |
| Purchase of tangible assets | -5,730 | -5,421 | -9,246 | -8,563 | -16,925 |
| Purchase of intangible fixed assets | -966 | -596 | -1,345 | -1,236 | -2,390 |
| Sale of non-current assets | 121 | - | 176 | - | 86 |
| **Cash flow from investing activities** | **-8,261** | **-5,925** | **-34,430** | **-10,283** | **-26,337** |
| **Cash flow before financing activities** | **-5,711** | **253** | **-36,928** | **-2,001** | **14,336** |
| **Cash flow from financing activities** | | | | | |
| New borrowings | - | -3 | 210,000 | -7 | - |
| Dividend | 8 | - | 8 | - | 4 |
| Dividend to non-controlling interests | - | -119 | - | -163 | -163 |
| Repayment of borrowings | -675 | - | -181,090 | - | -14 |
| Financial income received | 10 | 28 | 29 | 64 | 147 |
| Financial expenses paid | -2,068 | -2,432 | -11,263 | -4,630 | -9,293 |
| **Net cash flow from financing activities** | **-2,725** | **-2,526** | **17,684** | **-4,736** | **-9,319** |
| **Cash flow for the period** | **-8,436** | **-2,273** | **-19,244** | **-6,737** | **5,017** |
| Cash and cash equivalents, opening balance | 32,365 | 32,258 | 42,541 | 36,585 | 36,585 |
| Translation difference in cash and cash equivalents | -919 | 552 | -287 | 689 | 939 |
| **Cash and cash equivalents, closing balance** | **23,010** | **30,537** | **23,010** | **30,537** | **42,541** |

# 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 2016** | **58** | **10,771** | **-1,225** | **43,432** | **53,036** | **1,105** | **54,141** |
| Dividend | - | - | - | - | - | -163 | -163 |
| Profit for the period | - | - | - | 1,823 | 1,823 | 31 | 1,854 |
| Other comprehensive income | - | - | 339 | 147 | 486 | - | 486 |
| **Closing balance, 30 June 2017** | **58** | **10,771** | **-886** | **45,402** | **55,345** | **973** | **56,318** |
| Profit/ loss for the period | - | - | - | 3,768 | 3,768 | -153 | 3,615 |
| Other comprehensive income | - | - | 172 | -351 | -178 | - | -178 |
| **Closing balance, 31 December 2017** | **58** | **10,771** | **-714** | **48,818** | **58,934** | **820** | **59,754** |
| New issues of shares | - | - | - | - | - | 10,508 | 10,508 |
| Profit/ loss for the period | - | - | - | 2,251 | 2,251 | 270 | 2,521 |
| Other comprehensive income | - | - | 538 | -155 | 383 | - | 383 |
| **Closing balance, 30 June 2018** | **58** | **10,771** | **-176** | **50,914** | **61,567** | **11,598** | **73,165** |

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# 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.

| EUR thousands | Q2 | | Q1–2 | | Full-Year |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2017 |
| **Sales of services** | | | | | |
| Nordic & UK | 49,772 | 31,820 | 97,987 | 68,283 | 144,053 |
| Continental Europe | 90,805 | 77,465 | 182,912 | 163,302 | 335,922 |
| North America | 7,464 | 7,539 | 15,370 | 14,942 | 32,618 |
| Intercompany sales | -969 | -3 | -978 | -13 | -164 |
| **Total** | **147,072** | **116,821** | **295,291** | **246,514** | **512,429** |
| | | | | | |
| **Adjusted EBITA** | | | | | |
| Nordic & UK | 1,571 | -9 | 3,455 | 1,662 | 5,995 |
| Continental Europe | 5,357 | 4,742 | 11,461 | 10,495 | 19,771 |
| North America | 622 | 919 | 1,458 | 1,441 | 4,293 |
| Other | 1,412 | 636 | 2,369 | 1,270 | 2,963 |
| **Adjusted EBITA** | **8,962** | **6,288** | **18,743** | **14,868** | **33,022** |
| Items affecting comparability (IAC) | -567 | -877 | -1,982 | -975 | -2,908 |
| **EBITA** | **8,395** | **5,411** | **16,761** | **13,893** | **30,114** |
| Amortization of acqusition-related tangible and intangible assets | -1,608 | -1,158 | -3,202 | -2,316 | -4,676 |
| **Operating profit** | **6,787** | **4,253** | **13,559** | **11,577** | **25,438** |
| Net financial items | -2,822 | -5,808 | -9,698 | -9,241 | -16,946 |
| **Profit/ loss after financial items** | **3,965** | **-1,555** | **3,861** | **2,336** | **8,492** |

Of the sales of services above, 6.8% (3.1) of revenue is recognized at one point in time. The remainder is recognized over time.

# Alternative performance measures

| EUR thousands | Q2 | | Q1–2 | | Full-Year |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2017 |
| **Adjusted EBITDA breakdown** | | | | | |
| Operating profit (EBIT) | 6,787 | 4,252 | 13,558 | 11,578 | 25,438 |
| Add back amortization of acquisition-related tangible and intangible assets | 1,632 | 1,161 | 3,202 | 2,316 | 4,676 |
| Operating profit before amortization (EBITA) | 8,419 | 5,413 | 16,760 | 13,894 | 30,114 |
| Add back depreciation | 3,269 | 2,375 | 6,398 | 4,674 | 9,986 |
| Operating profit before depreciation (EBITDA) | 11,688 | 7,788 | 23,158 | 18,568 | 40,100 |
| Add back items affecting comparability (IAC) | 567 | 877 | 1,982 | 975 | 2,908 |
| **Operating profit before depreciation and IAC (Adjusted EBITDA)** | **12,255** | **8,665** | **25,140** | **19,543** | **43,008** |
| **Adjusted EBITA breakdown** | | | | | |
| Operating profit (EBIT) | 6,787 | 4,252 | 13,558 | 11,578 | 25,438 |
| Add back amortization of acquisition-related tangible and intangible assets | 1,632 | 1,161 | 3,202 | 2,316 | 4,676 |
| Operating profit before amortization (EBITA) | 8,419 | 5,413 | 16,760 | 13,894 | 30,114 |
| Add back items affecting comparability (IAC) | 567 | 877 | 1,982 | 975 | 2,908 |
| **Operating profit before amortization and IAC (Adjusted EBITA)** | **8,986** | **6,290** | **18,742** | **14,869** | **33,022** |

# Income statement, Parent Company

| EUR thousands | Q2 | | Q1–2 | | Full-Year |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2017 |
| Sales of services | 1 060 | 917 | 1 563 | 1 411 | 3 533 |
| **Gross profit** | **1 060** | **917** | **1 563** | **1 411** | **3 533** |
| Administrative and selling expenses | -1 024 | -899 | -1 583 | -1 394 | -3 280 |
| Other operating income/expenses | -15 | -5 | -16 | -2 | -176 |
| **Operating profit/loss** | **21** | **13** | **-36** | **15** | **77** |
| Financial income | 710 | 895 | 1 506 | 1 785 | 3 960 |
| Financial expenses | -1 724 | -3 249 | -7 884 | -6 024 | -10 802 |
| **Loss before income taxes** | **-993** | **-2 341** | **-6 414** | **-4 224** | **-6 765** |
| Taxes | -122 | -148 | -601 | -124 | 478 |
| **Loss for the period** | **-1 115** | **-2 489** | **-7 015** | **-4 348** | **-6 287** |

# Statement of comprehensive income, Parent Company

| EUR thousands | Q2 | | Q1–2 | | Full-Year |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2017 |
| Loss for the period | -1 115 | -2 489 | -7 015 | -4 348 | -6 287 |
| Comprehensive income | - | - | - | - | - |
| Comprehensive income after tax | -1 115 | -2 489 | -7 015 | -4 348 | -6 287 |
| **Total comprehensive income** | **-1 115** | **-2 489** | **-7 015** | **-4 348** | **-6 287** |

# Statement of financial position, Parent Company

| EUR thousands | 30 Jun 2018 | 30 Jun 2017 | 31 Dec 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Participations in subsidiaries | 185,902 | 185,902 | 185,902 |
| Receivables from subsidiaries | 64,668 | 64,198 | 64,283 |
| Deferred tax assets | 790 | - | 812 |
| **Total non-current assets** | **251,360** | **250,100** | **250,997** |
| **Current assets** | | | |
| Receivables from Parent Company | 972 | 312 | 308 |
| Other receivables | 107 | 207 | 87 |
| Prepaid expenses | - | 23 | 14 |
| Receivables from subsidiaries | 48,492 | 29,701 | 28,007 |
| **Total current assets** | **49,571** | **30,243** | **28,416** |
| **TOTAL ASSETS** | **300,931** | **280,343** | **279,413** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Issued capital | 58 | 58 | 58 |
| Share premium reserve | 6,771 | 6,771 | 6,771 |
| Unrestricted equity | 83,704 | 93,338 | 90,719 |
| **Total equity** | **90,533** | **100,167** | **97,548** |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 1,081 | 303 | 502 |
| Non-current interest-bearing liabilities | 206,187 | 176,937 | 177,796 |
| **Total non-current liabilities** | **207,268** | **177,240** | **178,298** |
| **Current liabilities** | | | |
| Payables to subsidiaries | 35 | 2 | - |
| Trade payables | 120 | 42 | 53 |
| Other current liabilities | 382 | 374 | 290 |
| Accrued expenses | 2,593 | 2,518 | 3,224 |
| **Total other current liabilities** | **3,130** | **2,936** | **3,567** |
| **TOTAL EQUITY AND LIABILITIES** | **300,931** | **280,343** | **279,413** |

# Consolidated items affecting comparability (IAC)

| EUR thousands | Q2 | | Q1–2 | | Full-Year |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2017 |
| Transaction costs, acquisition | -48 | -62 | -78 | -155 | -1,450 |
| Restructuring | -441 | -728 | -1,201 | -728 | -4,017 |
| Impairment IT systems and tangible assets | - | - | - | - | -588 |
| Negative goodwill Norway | - | - | - | - | 3,992 |
| Other | -78 | -87 | -703 | -92 | -845 |
| **Total** | **-567** | **-877** | **-1,982** | **-975** | **-2,908** |

# 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 mainly managed through a weekly exchange of non-euro cash into euros and, 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 are measured at fair value according to level 2 with additional considerations according to level 3, in compliance with IFRS 13. Other financial instruments are measured at carrying amounts.

Interest swaps are subject to ISDA agreements which allow netting, in case of any failure. On the closing day, there was currency hedging but no interest swaps.

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 2018 | | 30 Jun 2017 | | 31 Dec 2017 | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Assets** | | | | | | |
| Trade receivables | 94,610 | 94,610 | 70,537 | 70,537 | 76,570 | 76,570 |
| Other current assets | 2,846 | 2,846 | 2,859 | 2,859 | 2,522 | 2,522 |
| Receivables from Parent Company | 296 | 296 | 312 | 312 | 308 | 308 |
| Cash and cash equivalents | 23,010 | 23,010 | 30,537 | 30,537 | 42,541 | 42,541 |
| **Total** | **120,762** | **120,762** | **104,245** | **104,245** | **121,941** | **121,941** |
| **Liabilities** | | | | | | |
| Non-current interest-bearing liabilities | 209,726 | 213,160 | 177,313 | 180,023 | 178,614 | 179,999 |
| Other interest-bearing liabilities | 5,594 | 5,594 | 5,085 | 5,085 | 5,594 | 5,594 |
| Trade payables | 36,486 | 36,486 | 29,738 | 29,738 | 35,647 | 35,647 |
| Other current liabilities | 20,572 | 20,572 | 12,921 | 12,921 | 17,641 | 17,641 |
| Accrued expenses | 2,225 | 2,225 | 2,077 | 2,077 | 1,900 | 1,900 |
| **Total** | **274,603** | **278,037** | **227,134** | **229,844** | **239,396** | **240,781** |
| **Derivatives for hedging purposes** | | | | | | |
| Currency hedging derivatives | -250 | -250 | -16 | -16 | -202 | -202 |
| **Total** | **-250** | **-250** | **-16** | **-16** | **-202** | **-202** |

# Pledged assets and contingent liabilities, Parent Company

| EUR thousands | 30 Jun 2018 | 30 Jun 2017 | 31 Dec 2017 |
|---|---|---|---|
| **Pledged assets and contingent liabilities** | | | |
| **Pledged assets** | | | |
| Shares in subsidiaries | 185,902 | 185,902 | 185,902 |
| **Total pledged assets** | **185,902** | **185,902** | **185,902** |
| **Contingent liabilities** | **None** | **None** | **None** |

# Acquisitions of subsidiaries

At beginning of the second quarter, Polygon Sweden acquired the assets and liabilities of Caliber Sanering Sverige AB, which focuses on restorations after fire damage. In the first quarter, the Group acquired two companies in Denmark and Germany, the assets and liabilities of one company in Sweden (Metodia AB), minority shares in four franchise partners in Norway and a minority share in Caption Data in the UK. The purchase price allocation displayed below includes the acquired subsidiaries and is preliminary.

| Company | Corp. ID. No. | Country | Ownership | Closing date | Estimated annual net sales | No of employees |
|---|---|---|---|---|---|---|
| Von Der Lieck GmbH & Co KB | HRA 6565 | Germany | 100.0% | 2 January 2018 | 4 | 25 |
| Dansk Bygningskontrol A/S | 31 85 98 83 | Denmark | 66.4% | 4 January 2018 | 29 | 236 |

| EUR thousands | Q2 | | Q1–2 | | Full-Year |
|---|---|---|---|---|---|
| **Fair value recognized on acquisition** | **2018** | **2017** | **2018** | **2017** | **2017** |
| Customer relationships | - | - | 12,883 | - | - |
| Trademarks | - | - | 551 | - | - |
| Equipment | - | - | 669 | 92 | 995 |
| Licences | - | - | - | - | 53 |
| Other non-current receivables | - | - | 3,761 | - | 31 |
| Current receivables | - | - | 11,555 | 394 | 6,700 |
| Inventory | - | - | - | 20 | 4,148 |
| **Total identifiable assets at fair value** | **-** | **-** | **29,419** | **506** | **11,927** |
| Long-term loans and other liabilities | - | - | 4,180 | - | - |
| Current liabilities | - | - | 7,132 | 498 | 7,661 |
| Deferred tax liabilities | - | - | 455 | - | 391 |
| Less: Cash and cash equivalents | - | - | -9 | -90 | -3,149 |
| **Total identifiable liabilites less cash at fair value** | **-** | **-** | **11,758** | **408** | **4,903** |
| **Total identifiable net assets at fair value** | **-** | **-** | **17,661** | **98** | **7,024** |
| Non-controlling interest measured at fair value | - | - | -8,341 | - | - |
| Negative goodwill | - | - | - | - | -3,992 |
| Goodwill | - | - | 18,775 | 737 | 8,400 |
| **Purchase consideration transferred** | **-** | **-** | **28,094** | **835** | **11,432** |
| **Purchase consideration** | | | | | |
| Cash paid | - | - | 22,722 | 646 | 10,212 |
| Takeover of debt | - | - | - | - | - |
| Liability to seller | - | - | 5,372 | 189 | 1,220 |
| **Total consideration** | **-** | **-** | **28,094** | **835** | **11,432** |
| **Analysis of cash flows on acquisition:** | | | | | |
| Net cash acquired with the subsidiary | - | - | -9 | -90 | -3,149 |
| Cash paid | - | - | 22,722 | 646 | 10,212 |
| Translation difference | - | - | 400 | 146 | 45 |
| **Closing balance** | **-** | **-** | **23,113** | **702** | **7,108** |

# Nordics & UK

The acquisition of Dansk Bygningskontrol A/S was closed at the beginning of January 2018 and is consolidated from this date. The integration process is continuing as planned with the merger of the two organizations.Polygon Sweden acquired the assets and liabilities of Metodia AB at the beginning of January. In the beginning of second quarter, Polygon Sweden acquired the assets and liabilities of Caliber Sanering Sverige AB, which focuses on restorations after fire damage.

In January, Polygon Norway acquired minority shares in four franchise partners, with a call option to increase the ownership to 100%: Buskerud Skadesanering AS and Kongsberg AS (20% in each), Polygon Haugesund AS (49%) and Polygon Innlandet AS (40%).

Polygon acquired a minority share (20%) in Caption Data Limited (CDL). CDL has a remote monitoring platform and is a leader in machine-to-machine interaction and real-time client facility conditions monitoring. After the end of the period, Polygon Norway exercised the call option for two of its franchisees, Buskerud Skadesanering AS and Kongsberg AS, with total sales of EUR 3.5 million.

# Continental Europe

The acquisition of Von Der Lieck GmbH & Co in Germany was signed in October 2017 and completed at the beginning of January 2018. A minor adjustment was made to preliminary purchase price allocation for the French acquisition completed in December 2017, adding EUR 550 thousand in goodwill for the Group.

# 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 2017. More detailed accounting policies can be found on pages 14-19 of the Annual Report for 2017.

**Net investment in foreign operations**

Foreign currency exchange differences arising on consolidation of net investment in foreign operations is recognized in other comprehensive income. Loans in foreign currencies are revalued at exchange rates prevailing on the balance sheet date. Effects from the revaluation of internal loans (that are considered part of the net investment in foreign operations) are recognized in other comprehensive income. Foreign currency exchange gains (losses) and tax effects attributable to such revaluation are recognized in other comprehensive income.

Accumulated exchange differences are reclassified to profit or loss on disposal of the net investment.

**IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)**

The standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. Most of the performance obligations in Polygon are satisfied over time as the work generally is ongoing for one to at least three months on assets controlled by the customer and the revenue are recognized over time in pace with fulfillment. Leak detection, consulting and document restoration are fulfilled at one point in time and recognized accordingly. The portfolio approach, which allows bundling of similar performance obligations for more effective handling, are used to handle the large amount of generally small (under EUR 2 thousand) and short-term (less than three months) obligations that make up the bulk of the Group's business. The remaining obligations with a longer duration are, as earlier, be recognized using the percentage of completion method on a cost base approach.

The Group apply the standard retrospectively, utilizing the practical expedient to not restate contracts that begin and end within the same annual accounting period or are completed at the beginning of the earliest period presented.

Introduction of the new standard gave a positive one-time effect of EUR 2.1 million on equity in 2016. Revenue recognition at the total annual level, with the application of the new standard, has not been significantly affected. Revenue for 2017 is EUR 6.2 million less than with the application of the previous standard.

| **EUR thousands** | **Q1–2** | | |
|---|---|---|---|
| **Impact in income statement** | **Actual 2017** | **Restated 2017** | **Change** |
| Sales of services | 252,631 | 246,514 | -6,117 |
| Cost of sales | -191,497 | -185,455 | 6,041 |
| **Gross profit** | **61,134** | **61,059** | **-75** |
| EBITA | 13,969 | 13,894 | -75 |
| Operating profit (EBIT) | 11,653 | 11,578 | -75 |
| Profit before income taxes | 2,381 | 2,306 | -75 |
| Income taxes | -483 | -483 | - |
| **Profit for the period** | **1,898** | **1,823** | **-75** |
| **Items impacted in balance sheet** | | | |
| Work in progress | 18,635 | - | -18,635 |
| Contract assets from customers | - | 24,538 | 24,538 |
| Equity | 54,678 | 55,345 | 667 |
| Contract liabilites | - | 666 | 666 |

**IFRS 9 Financial Instruments (effective from 1 January 2018)**

The standard introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model in which they are managed and provides a new impairment model based on expected credit losses.

The main focus for the Group has been the impairment model for expected credit losses as trade receivables are a material part of the balance sheet. The existing model in the Group has been valued to cover the requirements of the new standard. If necessary, the Group will provide an additional central reserve.

**Standards and changes in standards effective from 1 January 2019**

Polygon does not intend to apply these in advance.

**IFRS 16 Leases**

This standard will replace IAS 17 and introduce a single lessee accounting model requiring lessees to recognize right-to-use assets and lease liabilities for leases with a term of more than 12 months. This will significantly increase total tangible assets in the balance sheet and affect net debt and other key performance indicators in both the balance sheet and income statement. The initial introduction and planning of the implementation of the new standard in the Group has continued during the quarter with the drafting of guidelines, data gathering and further investigation regarding administrative support systems. The main leases for the Group are premises and vehicles with an allocation of 50% of the total lease cost to each category. While leases for premises are few, they are more complex and while the vehicle leases may be numerous, they are often standardized with good supporting administration available.

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).

# Definitions

| | |
|---|---|
| **Sales** | Sales net of VAT and discounts |
| **Gross profit** | Sales minus cost of goods sold |
| **EBITDA** | Earnings before interest, tax, depreciation and amortization |
| **Adjusted EBITDA** | Earnings before interest, tax, depreciation, amortization and items affecting comparability |
| **EBITA** | Earnings before interest, tax , depreciation and amortization of acquisition-related tangible and intangible assets |
| **Adjusted EBITA** | Earnings before interest, tax, depreciation and amortization of acquisition-related tangible and intangible assets, and items affecting comparability |
| **EBIT** | Earnings before interest and tax |
| **Operating margin** | EBIT as a percentage of sales |
| **EBITDA-, Adjusted EBITDA-, EBITA-, Adjusted EBITA-margin** | EBITDA, Adjusted EBITDA, EBITA and Adjusted EBITA as a percentage of sales |
| **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 leasing debts) minus cash and cash equivalents |
| **Earnings per share** | Profit for the period attributable to owners of the company/average number of shares during the period |
| **Items affecting comparability (IAC)** | Items attributable to capital gains/losses, impairment, restructuring, redundancy costs and other material non-recurring items |
| **Capital expenditures** | Resources used to acquire intangible and tangible assets that are capitalized |
| **Organic growth** | Business expansion generated within the existing company excluding the impact of foreign exchange |
| **Adjusted organic growth** | Business expansion generated within the existing company excluding the impact of foreign exchange and adjusted for acquired and disposed businesses |
| **LTM** | Last 12 months |

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 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.

The definition of items affecting comparability (IAC) has been further specified to also include other material non-recurring items that have been reported.

This report has not been audited.

# Financial calendar 2018

This report was published on the Group's website on 9 August 2018.

Interim Report

Q3 2018 will be published on 9 November 2018

Q4 2018 will be published on 8 February 2019

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