



# Interim Report Polygon AB

January - June 2017

Sales

+ 2%

119.8 million (118.0)

Adjusted EBITA

+ 3%

6.5 million (6.3)

## SECOND QUARTER 2017

- Sales ended at EUR 119.8 million, with organic growth of 2%. Organic growth slowed in the quarter due to the Easter holiday and the resulting decrease in working days as well as lack of jobs from a normal winter or heavy rainfalls.
- The backlog at the end of the period was on a level with last year. Order intake in the quarter was 12% below last year due to the previous year's high job inflow after heavy rains in late May and June in central Europe.
- Adjusted EBITA amounted to EUR 6.5 million (6.3).
- Operating profit before amortization (EBITA) was EUR 5.6 million (6.2). Items affecting comparability were booked in an amount of EUR 0.9 million (0.1) in the quarter.

## JANUARY - JUNE 2017

- Sales growth for the period was 11%, including strong growth of 21% in the first quarter. The second quarter showed lower growth due to a lack of major events and the fact that Easter occurred in April this year. Organic growth excluding currency effects was 12%.
- Adjusted EBITA amounted to EUR 14.9 million (12.5), an increase of 19%. Earnings have improved in most countries except for the Nordics, where activity has been lower than usual.
- Operating profit before amortization (EBITA) was EUR 14.0 million (12.1). Items affecting comparability were booked in an amount of EUR 1.0 million (0.5) in the first half of the year.
- Cash flow from operating activities was EUR 8.4 million (7.3). The liquidity buffer amounted to EUR 40.3 million (Dec. 2016: 46.4).
- The roll-out of the new field force system is continuing according to plan. Over 50% of the users are now performing jobs in the new system.
- Polygon Sweden finalized the acquisition of Villaklimat OBM AB at the end of the first quarter.
- The Board of Directors was further strengthened in February with the appointment of Nadia Meier-Kirner.

## GROUP KEY FIGURES

EUR million	Q2		Q1-2		12 Months	
	2017	2016	2017	2016	LTM	2016
Sales of services	119.8	118.0	252.6	227.3	510.6	485.3
<b>EBITDA</b>	<b>8.0</b>	<b>8.6</b>	<b>18.6</b>	<b>16.7</b>	<b>41.6</b>	<b>39.6</b>
EBITDA, %	6.6	7.3	7.4	7.4	8.1	8.2
<b>Adjusted EBITDA</b>	<b>8.8</b>	<b>8.7</b>	<b>19.6</b>	<b>17.2</b>	<b>43.8</b>	<b>41.4</b>
Adjusted EBITDA, %	7.4	7.3	7.8	7.6	8.6	8.5
<b>EBITA</b>	<b>5.6</b>	<b>6.2</b>	<b>14.0</b>	<b>12.1</b>	<b>32.2</b>	<b>30.3</b>
EBITA, %	4.7	5.3	5.5	5.3	6.3	6.2
<b>Adjusted EBITA</b>	<b>6.5</b>	<b>6.3</b>	<b>14.9</b>	<b>12.5</b>	<b>34.5</b>	<b>32.1</b>
Adjusted EBITA, %	5.4	5.3	5.9	5.5	6.8	6.6
<b>EBIT</b>	<b>4.4</b>	<b>4.8</b>	<b>11.7</b>	<b>9.3</b>	<b>27.5</b>	<b>25.1</b>
EBIT, %	3.7	4.1	4.6	4.1	5.4	5.2
Earnings per share (EUR)	-0.28	0.57	0.34	0.86	1.31	1.83
Cash flow from operating activities	6.2	6.7	8.3	7.3	34.3	33.3
Net debt	151.6	99.8	151.6	99.8	151.6	144.6
Full time employees	2,963	2,821	2,963	2,821	3,050	2,909

## Comments from the CEO

### Robust performance in line with our expectations

For year to date we report strong double digit growth. There are numerous reasons behind this positive development but improved quality in our service delivery is the main contributing factor. Our primary customer group, insurers, uses quality as a key indicator for the dispatching of jobs to their PDR suppliers. Recurring business from our existing large customers has increased significantly at the expense of our competitors. Recent investments in sales resources and dedicated customer events have proven to be effective as a tool for sustaining this ongoing positive development. Organic growth slowed as expected in Q2 and was negatively impacted by a lack of weather events and fewer available working days.

An important advantage of our Pan-European footprint is our ability to deploy local capabilities and best practices in other geographies. We are therefore intensifying our cross-border interactions through our Centres of Excellence. A recent example is the usage of our German industrial large loss and technical restoration capabilities in other countries including Austria, Switzerland, France, Norway and Italy.

So far 2017 has received no support from extreme weather events, which makes it comparable to 2015. It is encouraging to see such strong underlying performance in our core business.

One major event in Q2 has been the continued roll-out of our field force system named Metrix. This fully integrated system will enable our technicians to spend more time in the field, interacting with our customers. The order to invoice process is now fully digitalized and reduces manual elements and inefficiencies, while improving customer and policyholder satisfaction. We have seen positive effects from our pilot projects in Austria and the Netherlands. At the same time, we encountered temporary costs caused by implementation support, lower utilization due to extensive training and a reduced external focus. I am happy to see that such a large project has been managed with a relatively low impact to our overall performance. We are now well prepared for the expected digitalization in the insurance industry.

Reflecting on the above-mentioned factors I am very satisfied with our earnings development in the second quarter and the first six months of 2017. We have now been able to report 12 consecutive quarters with improved profitability compared to the previous year, which shows our resilience and our ability to produce consistent results in a relatively volatile environment.

Our agenda going forward remains unchanged. We will continue our efforts to become the undisputed damage restoration partner for our customers with a clear focus on our core, complemented by specialist services. Our cross-border capabilities will increasingly set us apart from our competitors. And to further strengthen our service offering and growth development, we aim to increase our acquisition pace during the second half of the year.

Last but not least we maintain good retention and stability in our management and operational teams, which is one of the foundations for continued success. The group management will now be extended with a Director of Operations focusing on process optimization and acquisition integration support, two strategic areas that will receive high priority going forward.

#### Short-term outlook

Last year's performance was boosted by torrential rains and floods in continental Europe. Although we have not seen similar conditions so far, we remain confident that our improved underlying performance will compensate for the absence of extreme weather-related claims.

#### 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 damages.

The undersigned gives his 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 risk and uncertainties to which the Parent Company and its subsidiaries are exposed.

Stockholm, 10 August 2017

Evert Jan Jansen  
President and CEO



## Financial information

### Sales and profit for the second quarter of 2017

Sales amounted to EUR 119.8 million, up by 2% compared to the same quarter last year. The occurrence of Easter in April had a negative impact versus last year. Continental Europe continued its strong performance with growth of over 4% that is mainly explained by a rising share from existing customers. Germany, which has a major impact on the Group due to its size, continued to show robust growth despite a lack of major large loss projects. The Nordics & UK reported negative growth of 4% that reflects both a slow market in the Nordics and negative currency effects from the British pound development. The currency effect explains 1% of the negative growth. North America's growth of 3% was impacted by positive currency effects. Excluding these currency effects, sales were on par with last year. Order intake for the Group in the quarter was 12% below last year due to the flooding in late May and June 2016. However, the backlog was on the same level as last year as the current volume includes jobs with a comparably longer lead time.

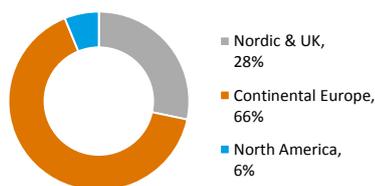
Adjusted EBITA at EUR 6.5 million was slightly better than last year. Our fixed costs were affected in the quarter by increased sales activities and costs for the implementation of a new field force system. The Continental Europe segment managed to leverage the sales increase and improved its Adjusted EBITA by 36%. North America driven by the US reported profit growth of 64% while profit in the Nordics & UK was down by 81% due to the weak development in the Nordic countries. Actions have been implemented to cut costs and improve project execution in the Nordics.

Operating profit before amortization (EBITA) was EUR 5.6 million (6.2). Items affecting comparability were booked in an amount of EUR 0.9 million (0.1) in the quarter. The main amount is attributable to a strategy review conducted by external consultants.

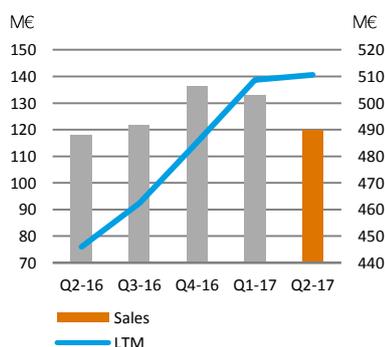
Net financial expenses for the period amounted to EUR 5.8 million (1.5), of which EUR 3.0 million (1.9) refers to interest expenses and EUR 2.8 million to exchange rate losses (0.4 gains). The increase in interest expenses is due to the increase in the Bond by EUR 60 million in late 2016 and the exchange rate losses have arisen mainly from unrealized exchange differences on internal loans in USD.

Loss before tax amounted to EUR 1.4 million (profit 3.3) and net losses was EUR 1.6 million (3.2).

Sales by segment LTM (%)



Sales development



### Sales and profit for January – June 2017

Sales amounted to EUR 252.6 million, up by 11% compared to the same period of last year. Sales growth slowed in the second quarter as a result of generally low activity and fewer working days compared to last year with 21% growth in the first quarter. Driven by Germany, Continental Europe reported sales growth of 17%. The Nordics and UK showed slower development than Continental Europe with growth of 1% (in the same currency, growth was 4%). The UK enjoyed strong growth (8%) in local currency without help from floods, as in 2016. North America reported sales growth of 5% (in same currency, growth was 2%). Competition in the US is driven by large rental companies that trying to enter into our niche of the market. Overall, the first half of the year has been without extreme weather, including a warm winter that resulted in less freeze damages and a lack of major large loss projects.

Adjusted EBITA was 19% better than last year with the bulk of improvements in the first quarter. The Continental Europe segment has benefitted from the sales growth and improved its adjusted EBITA by 68%. Profit in the Nordics and the UK has shown negative development with an adjusted EBITA 27% below last year's. Actions are being implemented to cut costs and improve project execution in the Nordics. North America improved its profit by 51%, driven by the US. Investments in new equipment resulting in less maintenance and increased efficiency have improved the gross margin and therefore also profit. The US has performed well after the restructuring back in 2015. Canada continues to struggle with sales but has adapted its cost level accordingly.

Operating profit before amortization (EBITA) was EUR 13.9 million (12.1). Items affecting comparability were booked in an amount of EUR 1.0 million (0.5) in the period.

Net financial expenses for the period amounted to EUR 9.2 million (4.2), of which EUR 5.8 million (3.8) was attributable to net interest expenses and EUR 3.4 million (0.4) to negative exchange rate changes. The increase in interest expenses is due to increase in the Bond by EUR 60 million in late 2016 and the exchange rate losses arising from unrealized exchange rate deviations mainly in USD.

Profit before tax amounted to EUR 2.4 million (5.0) and net profit was EUR 1.9 million (4.9).

### Cash flow and financing

Cash flow from operating activities for the second quarter was EUR 6.2 million (6.7) and was impacted by higher investment levels that in the same period of last year. Cash flow for the first half of the year was EUR 8.3 million (7.3), following the normal seasonal pattern with a working capital increase compared to the situation at year-end 2016.

Total interest-bearing net debt amounted to EUR 151.6 million (December 2016: 144.6). The Group's liquidity buffer is EUR 40.3 million (December 2016: 46.4), consisting of cash and cash equivalents of EUR 30.5 million (December 2016: 36.6) and unutilized contracted RCF commitments of EUR 9.8 million. (December 2016: 9.8). A subsequent issue of EUR 60 million 3M EURIBOR +5.00% notes was completed in Q4 2016 under the terms and conditions of the up to EUR 180 million senior secured floating rate notes originally dated 14 April 2014.

Polygon Sweden acquired Villaklimat OBM AB at the end of the first quarter. The annual turnover for the acquired company is EUR 2.0 million.

Equity amounted to EUR 55.6 million (December 2016: 53.4).

#### Capital expenditure

Capital expenditure in the second quarter amounted EUR 6.0 million (4.3). As in previous quarters, it was driven by a focus on Temporary Climate Solutions (TCS), upgrading of facilities for large loss projects and equipment to handle the increased number of jobs and investments in the new field force IT systems. Capital expenditure of EUR 9.8 million for the first six months is in line with expectations and an increase of EUR 1.6 million compared to the same period of last year.

#### 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 company in Denmark, in which the non-controlling interest is 24.2%. The net loss for Polygon AB for the second quarter amounted to EUR 2.5 million (profit EUR 4 thousand).

#### Significant risks and uncertainties

Around 75% of Polygon's business consists of property damage control, which follows a seasonal pattern of predictable demand. The remaining 25% is related to more extreme and less predictable events caused by weather and fire. The frequency of property damage can vary depending on circumstances beyond Polygon's control, the outdoor temperature and the weather. Since part of Polygon's cost structure is fixed, the proceeds of the operations are unpredictable to some degree and vary from time to time.

Polygon is to a large extent 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 a seven-year relationship.

For further details about the Group's risks and uncertainties, please refer to the 2016 Annual Report and prospectus regarding listing of the EUR 60,000,000 senior secured floating rate notes issued by Polygon AB (publ).

Polygon's view is that there have not been any significant changes during the reporting period with regard to the risks and uncertainties that were presented in the Annual Report.

#### 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 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.

#### Accounting policies

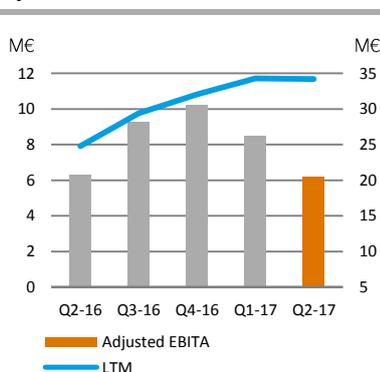
The interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. The Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU 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 2016. More detailed accounting policies can be found on pages 11-16 of the Annual Report for 2016.

A number of standards and changes in standards are effective from 1 January 2018. Polygon does not intend to apply these in advance. The work in Group of the new IFRS 15 Revenue recognition from customer contracts is proceeding as planned. The assessment after review of customer contracts is that allocation of the revenue will be effected and that a not yet estimable one-time profit effect will appear at implementation of the standard. IFRS 9 Financial instruments impact is being investigated and also regarding this standard the effect for the Group is at the moment not known.

The term "IFRS" 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) and the International Reporting Interpretations Committee (IFRIC).

#### Adjusted EBITA



## Segment reporting

The segment information is presented based on the 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
	2017	2016	2017	2016	
<b>Sales of services</b>					
Nordic & UK	33,531	34,949	70,338	69,493	143,702
Continental Europe	78,685	75,622	167,203	143,447	310,946
North America	7,600	7,398	15,103	14,430	30,714
Intercompany sales	-3	-10	-13	-32	-80
<b>Total</b>	<b>119,813</b>	<b>117,959</b>	<b>252,631</b>	<b>227,338</b>	<b>485,282</b>
<b>Adjusted EBITA</b>					
Nordic & UK	178	953	1,777	2,430	8,118
Continental Europe	4,706	3,459	10,462	6,224	14,513
North America	940	575	1,434	950	2,559
Shared	636	1,314	1,270	2,919	6,862
<b>Adjusted EBITA</b>	<b>6,460</b>	<b>6,301</b>	<b>14,943</b>	<b>12,523</b>	<b>32,052</b>
Items affecting comparability (IAC)	-878	-103	-975	-469	-1,761
<b>EBITA</b>	<b>5,582</b>	<b>6,198</b>	<b>13,968</b>	<b>12,054</b>	<b>30,291</b>
Amortization	-1,158	-1,403	-2,315	-2,802	-5,189
<b>Operating profit</b>	<b>4,424</b>	<b>4,795</b>	<b>11,653</b>	<b>9,252</b>	<b>25,102</b>
Net financial items	-5,807	-1,504	-9,240	-4,204	-8,385
<b>Income after financial items</b>	<b>-1,383</b>	<b>3,291</b>	<b>2,413</b>	<b>5,048</b>	<b>16,717</b>

## Consolidated income statement

EUR thousands	Q2		Q1-2		Full Year
	2017	2016	2017	2016	2016
Sales of services	119,813	117,959	252,631	227,338	485,282
Cost of sales	-90,672	-90,412	-191,497	-172,682	-361,207
<b>Gross profit</b>	<b>29,141</b>	<b>27,547</b>	<b>61,134</b>	<b>54,656</b>	<b>124,075</b>
Administrative and selling expenses	-23,782	-22,352	-48,399	-44,342	-96,433
Other operating income	-	16	-	-	-
Other operating expenses	-935	-416	-1,082	-1,062	-2,540
<b>Operating profit</b>	<b>4,424</b>	<b>4,795</b>	<b>11,653</b>	<b>9,252</b>	<b>25,102</b>
Financial income	28	62	64	104	125
Financial expenses	-5,835	-1,566	-9,305	-4,308	-8,510
<b>Profit after financial items</b>	<b>-1,383</b>	<b>3,291</b>	<b>2,412</b>	<b>5,048</b>	<b>16,717</b>
Group contribution given	-	-	-	-	-4,000
<b>Profit before income taxes</b>	<b>-1,383</b>	<b>3,291</b>	<b>2,412</b>	<b>5,048</b>	<b>12,717</b>
Income taxes	-170	-57	-483	-144	-2,274
<b>Profit for the period</b>	<b>-1,553</b>	<b>3,234</b>	<b>1,929</b>	<b>4,904</b>	<b>10,443</b>

## Consolidated statement of comprehensive income

EUR thousands	Q2		Q1-2		Full Year
	2017	2016	2017	2016	2016
<b>Profit for the period</b>	<b>-1,553</b>	<b>3,234</b>	<b>1,929</b>	<b>4,904</b>	<b>10,443</b>
<b>Comprehensive income</b>					
<i>Items that can not be reclassified to profit or loss</i>					
Actuarial gains and losses on defined benefit plans	188	-	188	-	-776
Tax	-41	-	-41	-	138
<i>Items that can be subsequently reclassified to profit or loss</i>					
Exchange differences on transactions of foreign operations	132	-39	363	248	-367
Tax	-	-	-	-	-
<b>Total comprehensive income, net of tax</b>	<b>-1,274</b>	<b>3,195</b>	<b>2,439</b>	<b>5,152</b>	<b>9,438</b>
<b>Profit attributable to:</b>					
Owners of the parent company	-1,577	3,191	1,898	4,821	10,246
Non-controlling interests	24	43	31	83	197
<b>Total</b>	<b>-1,553</b>	<b>3,234</b>	<b>1,929</b>	<b>4,904</b>	<b>10,443</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent company	-1,298	3,152	2,408	5,069	9,241
Non-controlling interests	24	43	31	83	197
<b>Total</b>	<b>-1,274</b>	<b>3,195</b>	<b>2,439</b>	<b>5,152</b>	<b>9,438</b>
Number of shares	5,600	5,600	5,600	5,600	5,600
Earnings per share (EUR)	-0.28	0.57	0.34	0.86	1.83

## Alternative Performance Measures

EUR thousands	Q2		Q1-2		Full Year
	2017	2016	2017	2016	2016
<b>Adjusted EBITDA breakdown</b>					
Operating profit (EBIT)	4,424	4,795	11,653	9,252	25,102
Add back amortization	1,158	1,403	2,316	2,802	5,189
Operating profit before amortization (EBITA)	5,582	6,198	13,969	12,054	30,291
Add back depreciation	2,375	2,365	4,674	4,660	9,348
Operating profit before depreciation (EBITDA)	7,957	8,563	18,643	16,714	39,639
Add back items affecting comparability (IAC)	878	103	975	469	1,761
Operating profit before depreciation and IAC (Adjusted EBITDA)	8,835	8,666	19,618	17,183	41,400
<b>Adjusted EBITA breakdown</b>					
Operating profit (EBIT)	4,424	4,795	11,653	9,252	25,102
Add back amortization	1,158	1,403	2,316	2,802	5,189
Operating profit before amortization (EBITA)	5,582	6,198	13,969	12,054	30,291
Add back items affecting comparability (IAC)	878	103	975	469	1,761
Operating profit before amortization and IAC (Adjusted EBITA)	6,460	6,301	14,944	12,523	32,052

## Consolidated balance sheet

EUR thousands	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	103,812	103,809	104,181
Other intangible assets	44,043	47,292	45,561
Property, plant and equipment	36,502	29,088	33,251
Deferred tax assets	23,658	22,038	23,424
<b>Total non-current assets</b>	<b>208,015</b>	<b>202,227</b>	<b>206,417</b>
<b>Current assets</b>			
Work in progress	18,671	16,772	29,613
Trade receivables	72,839	72,328	72,235
Receivables from parent company	312	318	347
Prepaid expenses	5,472	5,718	5,843
Cash and cash equivalents	30,537	23,086	36,585
<b>Total current assets</b>	<b>127,831</b>	<b>118,222</b>	<b>144,623</b>
<b>TOTAL ASSETS</b>	<b>335,846</b>	<b>320,449</b>	<b>351,040</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	58	58	58
Other contributed capital	10,771	6,771	10,771
Other capital reserves	-862	-610	-1,225
Retained earnings	44,710	40,069	42,664
<b>Equity attributable to owners of the parent company</b>	<b>54,677</b>	<b>46,288</b>	<b>52,268</b>
Non-controlling interests	973	991	1,105
<b>Total equity</b>	<b>55,650</b>	<b>47,279</b>	<b>53,373</b>
<b>Non-current liabilities</b>			
Provisions	5,148	4,668	5,119
Deferred tax liabilities	21,506	21,623	21,890
Shareholder loans	5,085	57,744	5,085
Non-current interest-bearing liabilities	177,296	118,384	176,197
<b>Total non-current liabilities</b>	<b>209,035</b>	<b>202,419</b>	<b>208,291</b>
<b>Current liabilities</b>			
Provisions	913	1,068	1,611
Trade payables	29,738	32,870	42,893
Current interest-bearing liabilities	3,540	1,394	3,309
Other liabilities	13,118	13,649	14,096
Accrued expenses	23,852	21,770	27,467
<b>Total current liabilities</b>	<b>71,161</b>	<b>70,751</b>	<b>89,376</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>335,846</b>	<b>320,449</b>	<b>351,040</b>

## Net debt

EUR thousands	30 Jun 2017	30 Jun 2016	31 Dec 2016
Defined benefit plans	4,824	4,452	5,035
Other long-term loans, interest bearing	177,296	118,384	176,197
Cash and bank	-30,537	-23,086	-36,585
<b>Net debt</b>	<b>151,583</b>	<b>99,750</b>	<b>144,647</b>

## Consolidated statement of cash flow

EUR thousands	Q2		Q1-2		Full Year 2016
	2017	2016	2017	2016	
<b>Operating activities</b>					
Operating profit	4,424	4,795	11,653	9,252	25,102
Adjustments for non-cash items before tax	2,526	3,243	5,738	6,661	13,999
Financial income received	28	62	64	104	125
Income tax paid	-749	-269	-838	-603	-1,427
<b>Cash flow from operating activities before changes in working capital</b>	<b>6,229</b>	<b>7,831</b>	<b>16,617</b>	<b>15,414</b>	<b>37,799</b>
<b>Cash flow from changes in working capital</b>					
Changes in operating receivables	2,426	-6,684	674	-7,557	-7,557
Changes in work in progress	4,180	2,122	10,735	425	-12,380
Changes in operating liabilities	-6,632	3,391	-19,680	-952	15,436
<b>Cash flow from operating activities</b>	<b>6,203</b>	<b>6,660</b>	<b>8,346</b>	<b>7,330</b>	<b>33,298</b>
<b>Investing activities</b>					
Acquisition of subsidiary, net of cash acquired	92	-	-484	-	-
Purchase of property, plant and equipment	-5,421	-3,467	-8,563	-6,490	-14,955
Purchase of intangible fixed assets	-596	-800	-1,236	-1,748	-2,622
Sale of non-current assets	-0	-	1	-	4
<b>Cash flow used in investing activities</b>	<b>-5,925</b>	<b>-4,267</b>	<b>-10,282</b>	<b>-8,238</b>	<b>-17,573</b>
<b>Cash flow before financing activities</b>	<b>278</b>	<b>2,393</b>	<b>-1,936</b>	<b>-908</b>	<b>15,725</b>
<b>Cash flow from financing activities</b>					
New borrowings	-	-	-	-	57,262
Dividend	-	-	-	-	-2,192
Dividend to non-controlling interests	-119	-95	-163	-130	-130
Repayment of borrowings	-	-	-	-	-52,960
Financial expenses paid	-2,434	-1,260	-4,637	-3,109	-8,081
<b>Net cash flow from financing activities</b>	<b>-2,553</b>	<b>-1,355</b>	<b>-4,800</b>	<b>-3,239</b>	<b>-6,101</b>
<b>Cash flow for the period</b>	<b>-2,275</b>	<b>1,038</b>	<b>-6,736</b>	<b>-4,147</b>	<b>9,624</b>
Cash and cash equivalents, opening balance	32,258	21,965	36,585	26,529	26,529
Translation difference in cash and cash equivalents	554	83	688	704	432
<b>Cash and cash equivalents, closing balance</b>	<b>30,537</b>	<b>23,086</b>	<b>30,537</b>	<b>23,086</b>	<b>36,585</b>

## Consolidated statement of changes in equity

EUR thousands	Attributable to the owners of the parent company					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Other capital reserved	Retained earnings	Total		
<b>Closing balance, 31 December 2015</b>	<b>58</b>	<b>6,771</b>	<b>-858</b>	<b>35,248</b>	<b>41,219</b>	<b>1,038</b>	<b>42,257</b>
Dividend	-	-	-	-	-	-130	-130
Profit for the period	-	-	-	4,821	4,821	83	4,904
Other comprehensive income	-	-	248	-	248	-	248
<b>Closing balance, 30 June 2016</b>	<b>58</b>	<b>6,771</b>	<b>-610</b>	<b>40,069</b>	<b>46,288</b>	<b>991</b>	<b>47,279</b>
Shareholder's contribution	-	4,000	-	-	4,000	-	4,000
Dividend	-	-	-	-2,192	-2,192	-0	-2,192
Profit for the period	-	-	-	5,425	5,425	114	5,539
Other comprehensive income	-	-	-615	-638	-1,253	-	-1,253
<b>Closing balance, 31 December 2016</b>	<b>58</b>	<b>10,771</b>	<b>-1,225</b>	<b>42,664</b>	<b>52,268</b>	<b>1,105</b>	<b>53,373</b>
Dividend	-	-	-	-	-	-163	-163
Profit for the period	-	-	-	1,898	1,898	31	1,929
Other comprehensive income	-	-	363	147	510	-	510
<b>Closing balance, 30 June 2017</b>	<b>58</b>	<b>10,771</b>	<b>-862</b>	<b>44,710</b>	<b>54,677</b>	<b>973</b>	<b>55,650</b>

## Income statement, Parent Company

EUR thousands	Q2		Q1-2		Full Year
	2017	2016	2017	2016	2016
Sales of services	917	798	1,411	1,572	3,087
<b>Gross profit</b>	<b>917</b>	<b>798</b>	<b>1,411</b>	<b>1,572</b>	<b>3,087</b>
Administrative and selling expenses	-902	-743	-1,394	-1,483	-3,015
Other operating income/expenses	-2	-4	-2	-	18
<b>Operating profit</b>	<b>13</b>	<b>51</b>	<b>15</b>	<b>89</b>	<b>90</b>
Financial income	895	1,574	1,785	3,147	5,304
Financial expenses	-3,249	-1,621	-6,024	-3,282	-7,317
<b>Profit after financial items</b>	<b>-2,341</b>	<b>4</b>	<b>-4,224</b>	<b>-46</b>	<b>-1,923</b>
Group contribution received	-	-	-	-	7,300
Group contribution given	-	-	-	-	-4,000
<b>Profit before income taxes</b>	<b>-2,341</b>	<b>4</b>	<b>-4,224</b>	<b>-46</b>	<b>1,377</b>
Taxes	-148	-	-124	-	-210
<b>Profit for the period</b>	<b>-2,489</b>	<b>4</b>	<b>-4,348</b>	<b>-46</b>	<b>1,167</b>

## Statement of comprehensive income

EUR thousands	Q2		Q1-2		Full Year
	2017	2016	2017	2016	2016
Profit for the period	-2,489	4	-4,348	-46	1,167
Comprehensive income	-	-	-	-	-
Comprehensive income after tax	-2,489	4	-4,348	-46	1,167
<b>Total comprehensive income</b>	<b>-2,489</b>	<b>4</b>	<b>-4,348</b>	<b>-46</b>	<b>1,167</b>

## Statement of financial position, Parent Company

EUR thousands	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Participations in subsidiaries	185,902	130,627	185,902
Receivables from subsidiaries	64,198	63,674	64,462
<b>Total non-current assets</b>	<b>250,100</b>	<b>194,301</b>	<b>250,364</b>
<b>Current assets</b>			
Receivables from parent company	312	688	347
Other receivables	207	79	217
Prepaid expenses	23	10	12
Receivables from subsidiaries	29,701	27,226	36,018
<b>Total current assets</b>	<b>30,243</b>	<b>28,003</b>	<b>36,594</b>
<b>TOTAL ASSETS</b>	<b>280,343</b>	<b>222,304</b>	<b>286,958</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	58	58	58
Share premium reserve	6,771	6,771	6,771
Unrestricted equity	93,338	94,665	97,686
<b>Total equity</b>	<b>100,167</b>	<b>101,494</b>	<b>104,515</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	303	-	179
Non-current interest-bearing liabilities	176,937	118,488	176,207
<b>Total non-current liabilities</b>	<b>177,240</b>	<b>118,488</b>	<b>176,386</b>
<b>Current liabilities</b>			
Payables to subsidiaries	2	7	2,402
Trade payables	42	-	315
Other current liabilities	374	267	156
Accrued expenses	2,518	2,048	3,184
<b>Total other current liabilities</b>	<b>2,936</b>	<b>2,322</b>	<b>6,057</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>280,343</b>	<b>222,304</b>	<b>286,958</b>

## 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.

The derivatives are valued at fair value according to level 2 with additional considerations according to level 3, in compliance with IFRS 13. Other financial instruments are valued at the carrying amount.

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 2017		30 Jun 2016		31 Dec 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>						
Trade receivables	70,537	70,537	69,670	69,670	70,079	70,079
Other current assets	2,859	2,859	2,747	2,747	2,248	2,248
Receivables from parent company	312	312	318	318	347	347
Cash and cash equivalents	30,537	30,537	23,086	23,086	36,585	36,585
<b>Total</b>	<b>104,245</b>	<b>104,245</b>	<b>95,821</b>	<b>95,821</b>	<b>109,259</b>	<b>109,259</b>
<b>Liabilities</b>						
Non-current interest-bearing liabilities	177,296	180,007	118,384	120,022	176,197	180,014
Other interest-bearing liabilities	5,085	5,085	57,744	57,744	5,085	5,085
Trade payables	29,738	29,738	32,870	32,870	42,893	42,893
Other current liabilities	12,921	12,921	13,649	13,649	13,859	13,859
Accrued expenses	2,077	2,077	1,818	1,818	1,742	1,742
<b>Total</b>	<b>227,117</b>	<b>229,828</b>	<b>224,465</b>	<b>226,103</b>	<b>239,776</b>	<b>243,593</b>
<b>Derivatives for hedging purposes</b>						
Currency hedging derivatives	-16	-16	-	-	113	113
<b>Total</b>	<b>-16</b>	<b>-16</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>113</b>

## Contingent liabilities

EUR thousands	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Pledged assets and contingent liabilities</b>			
<b>Pledged assets</b>			
Shares in subsidiaries	185,902	130,627	185,902
<b>Total assets pledged</b>	<b>185,902</b>	<b>130,627</b>	<b>185,902</b>
<b>Contingent liabilities</b>	<b>None</b>	<b>None</b>	<b>None</b>

## Definitions

<b>Sales</b>	Sales net of VAT and discounts
<b>Gross profit</b>	Sales minus cost of goods sold
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization
<b>Adjusted EBITDA</b>	Earnings before interest, tax, depreciation and amortization before IAC
<b>EBITA</b>	Earnings before interest, tax and amortization
<b>Adjusted EBITA</b>	Earnings before interest, tax and amortization before IAC
<b>EBIT</b>	Earnings before interest and tax
<b>Operating margin</b>	EBIT as a percentage of sales
<b>EBITDA, Adjusted EBITDA, EBITA, Adjusted EBITA margin</b>	As percentage of sales
<b>Net financial expenses</b>	Financial income minus financial expenses including exchange rate differences related to financial assets and liabilities
<b>Net debt</b>	Interest-bearing debt (including pension and leasing debts) minus cash and cash equivalents
<b>Earnings per share</b>	Profit for the period attributable to owners of the company/average number of shares during the period
<b>Items affecting comparability (IAC)</b>	Items attributable to capital gains/losses, impairment, restructuring, redundancy costs and other material non-recurring items
<b>Capital expenditures</b>	Resources used to acquire intangible and property, plant and equipment that are capitalized
<b>Organic growth</b>	Business expansion generated within the existing company excluding the impact of foreign exchange
<b>Adjusted organic growth</b>	Business expansion generated within the existing company excluding the impact of foreign exchange and adjusted to comparable business
<b>LTM</b>	Last twelve months

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

The Group's key figures are presented in million EUR, 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 they allow evaluation of 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 regarding items affecting comparability (IAC) has been further specified to include also other material non-recurring items that has been reported.

## Financial calendar 2017

This report was published on the Group's website on 10 August 2017.

Interim Report

Q3 2017, will be published on 9 November 2017

Q4 2017, will be published on 9 February 2018

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