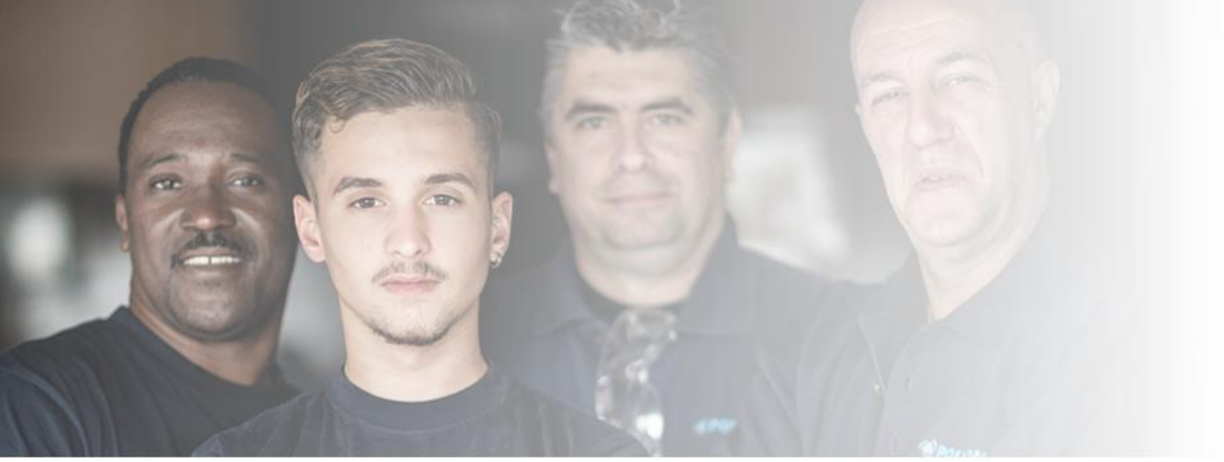


Always By Your Side.

Interim Report Polygon AB

January - March 2018

2018

Sales

+14%

EUR 148.2 million (129.7)

2018

Adjusted EBITA

+14%

EUR 9.8 million (8.6)

FIRST QUARTER 2018

- Sales grew 14% to EUR 148.2 million. Adjusted organic growth was up 3% year on year, a strong result given that comparable growth in the first quarter of 2017 amounted to an impressive 19%. Acquisitions closed in 2017 and early January 2018 contributed EUR 17 million in sales, corresponding to growth of 13%. The stronger euro had a negative impact of 2%.
- Adjusted EBITA amounted to EUR 9.8 million (8.6), up 14%. The margin remained at 6.6%. All segments - Continental Europe, Nordics & UK and North America - showed a positive development. The result for Nordics & UK improved by 13% due to recent acquisitions.
- EBITA amounted to EUR 8.3 million (8.5). Items affecting comparability were recognized in a net amount of EUR 1.4 million (0.1) during the quarter.
- Cash flow from operating activities totalled negative EUR 5.0 million, compared with positive EUR 2.1 million last year. The liquidity buffer amounted to EUR 68.3 million (Dec 2017: 60.9)
- During the first quarter, Polygon acquired the assets and liabilities of Metodia AB in Sweden, purchased minority shares in four franchises in Norway with call options for 100% ownership and bought a minority share in Caption Data in order to strengthen the digital agenda. The acquisitions of Dansk Bygningskontrol A/S (Denmark) and Von Der Lieck GmbH & Co (Germany) were closed in early January.
- After the closing date, Polygon Sweden acquired the assets and liabilities of Caliber Sanering Sverige AB in order to enter the fire damage restoration (FDR) market.

GROUP KEY FIGURES

EUR million	**Q1**		**12 Months**	
	2018	**2017**	**2017**	**LTM**
Sales of services	148.2	129.7	512.4	531.0
EBITDA	**11.5**	**10.8**	**40.1**	**40.8**
EBITDA,%	*7.7*	*8.3*	*7.8*	*7.7*
Adjusted EBITDA	**12.9**	**10.9**	**43.0**	**45.0**
Adjusted EBITDA, %	*8.7*	*8.4*	*8.4*	*8.5*
EBITA	**8.3**	**8.5**	**30.1**	**30.0**
EBITA, %	*5.6*	*6.5*	*5.9*	*5.6*
Adjusted EBITA	**9.8**	**8.6**	**33.0**	**34.2**
Adjusted EBITA, %	*6.6*	*6.6*	*6.4*	*6.4*
EBIT	**6.8**	**7.3**	**25.4**	**24.9**
EBIT, %	*4.6*	*5.6*	*5.0*	*4.7*
Earnings per share (EUR)	-0.14	0.64	1.00	0.22
Cash flow from operating activities	-5.0	2.1	40.7	33.5
Net debt	183.6	149.6	141.9	183.6
Full-time employees	3,588	2,956	3,279	3,911

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

Comments from the CEO

Key metrics, sales and profit, fuelled by acquisitions

The first quarter performance was in line with our expectations. Total sales growth was fuelled by the high rate of acquisition activities during the second half of 2017. The profit contribution from the newly acquired businesses once again enabled us to increase our adjusted EBITA compared with the preceding year, bearing in mind that both sales and profit growth were very strong in the first quarter of 2017. Our country teams have been focused on the integration of last year's acquisitions and we are very satisfied with the progress achieved so far. Sales have remained at a favourable level, which indicates that the measures we have taken have been well received by our customers. Costs have been cut substantially in areas where the plan was to build on cost synergies (Denmark and Norway). Our focus now is on achieving efficiency out in the field by harmonizing processes and utilizing the new field force system.

In 2017 and early 2018, we proved our ability to execute our M&A agenda. Although we still need to complete the integration of some of the acquisitions carried out last year, we have already executed a number of bolt-on acquisitions in 2018. One of them has allowed us to expand our service portfolio by entering the fire damage market in Sweden. This is in line with the growing demand among our insurance customers for one-stop shopping. As part of the our acquisition strategy, we have bought minority shares in four franchise partners In Norway, with options to buy 100% of the shares in each franchise at a later date. We have also made progress in Canada in our efforts to develop the franchise network as a lever for growth. Last but not least, our new bond enabled us to extend the maturity and increase the level of our financing, thereby ensuring we have the necessary financing in place for further development.

I am extremely pleased to see strong development in terms of cross-border cooperation. Already during the first quarter, we managed to secure six Major & Complex Claims (MCC) projects thanks to the efforts of our strong team in Germany (PolygonVatro). The performance of the international MCC business is one of our key strategic initiatives for further development. We were also awarded a large document restoration job in France as a result of cooperation between our local team and our Document Centre of Excellence in the UK (Harwell).

The digital agenda has been boosted as a result of several initiatives. In parallel with our implementation of the new field service system, we have created a strong platform for integration with customer systems (Polyflow), which will increase our productivity and ensure improved quality. We already have customers with systems in place for automated claims and we have created an app (Spark) that will allow claims in the property management operations to be handled smoothly. We have also started to work with Polygon digital lab to enable iterative testing with customers and partners (Epicenter Stockholm) for rapid prototyping of new concepts. In early 2018, we bought a minority share in Caption Data, which has been involved in IoT solutions for Polygon since 2011 and will now focus on making property damage control more digital and automated.

Short-term outlook

Looking at the order intake from the first quarter, we are confident about our performance in the second quarter. We also expect to continue to develop during the second quarter as our acquisitions gradually deliver on their full profit contribution potential.

Market development

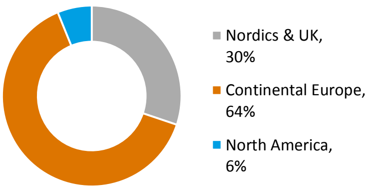
There are several trends in the property damage restoration market that are benefiting larger players like Polygon, such as procurement centralization, the customer preference for one-stop shops and the more complex requirements for front-end IT systems. Global warming is gradually increasing rainfall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

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 risks and uncertainties to which the Parent Company and its subsidiaries are exposed.

Stockholm, 9 May 2018

Evert-Jan Jansen
President and CEO

Sales by segment LTM (%)



Financial information

Sales and profit for the first quarter of 2018

Group

Sales amounted to EUR 148.2 million, up 14.3% compared with the corresponding quarter in the preceding year. Acquisitions, mainly in the Nordics, contributed EUR 16.6 million in sales, resulting in positive adjusted organic growth of 3.1% (currency effects amounted to a negative 1.6%). Organic growth was fuelled by cross border projects, mainly in the MCC area.

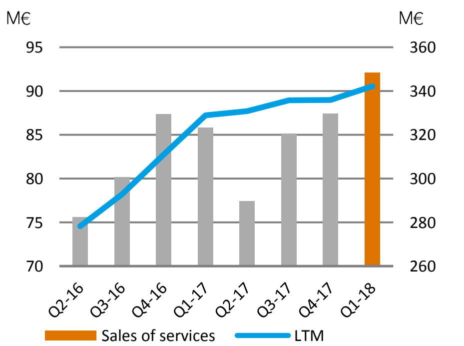
Adjusted EBITA amounted to EUR 9.8 million (8.6). All segments - Continental Europe, Nordics & UK and North America - showed a positive development. The result for Nordics & UK improved by 12.7% due to recent acquisitions. EBITA amounted to EUR 8.3 million (8.5). Items affecting comparability were recognized in an amount of EUR 1.4 million (0.1) and consisted mainly of restructuring costs in Denmark following the acquisition of Dansk Bygningskontrol and retroactive costs for employee insurance in Germany dating back to 2013.

Net financial expenses for the period amounted to EUR 6.9 million (3.4), of which EUR 6.5 million (2.8) refers to net interest expenses and EUR 0.4 million to exchange rate losses (0.6). The increase in net interest expenses compared with the corresponding period in the preceding year is due to the issue of new bond of EUR 210.0 million in March 2018 and consists of fees and other costs related to previous financing as well as overlapping financing during March.

Tax in the period amounted to EUR 0.5 million (0.3) and was primarily attributable to deferred tax for the Parent Company´s unrealized exchange exposure in EUR.

The Group posted a loss before tax of EUR 0.1 million (profit: 3.8) and a net loss of EUR 0.6 million (profit: 3.6).

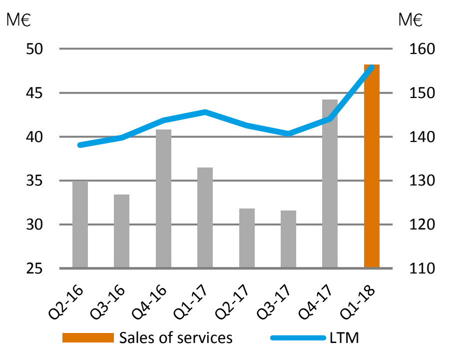
Continental Europe



- Sales amounted to EUR 92.1 million, up 7%
- Adjusted EBITA totalled EUR 6.1 million (5.8)
- Acquisition in France and Germany consolidated from January 2018

Continental Europe continued its robust performance with sales growth of 7.3% and reported EUR 92.1 million (85.8) for the quarter. France almost doubled its sales as a result of the acquisition carried out in the country last year. The Netherlands reported strong growth, driven by two major claims in cooperation with our expert team from Germany (PolygonVatro). Adjusted EBITA amounted to EUR 6.1 million (5.8), representing a margin of 6.6%, down slightly compared with the preceding year. France and the Netherlands reported improved adjusted EBITA margins as a result of the strong sales growth. Adjusted EBITA in Germany was on par with last year.

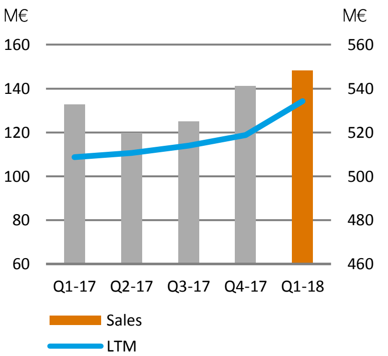
Nordics & UK



- Sales amounted to EUR 48.2 million, up 32%
- Adjusted EBITA totalled EUR 1.9 million (1.7)
- Acquisition in Norway consolidated from Q4 2017
- Acquisition in Denmark consolidated from January 2018

The Nordics & UK reported sales of EUR 48.2 million (36.5), equal to growth of 32.2%, driven by the effects of acquisitions in Norway and Denmark. The activity level in Denmark was high at the end of the quarter and Polygon Norway began preparing for the expected floods due to melting snow in the second quarter. Due to a lack of events toward the end of 2017, UK sales were in local currency down 7.0% compared with the preceding year. As in Denmark, the activity level and order intake in the UK improved toward the end

Sales development

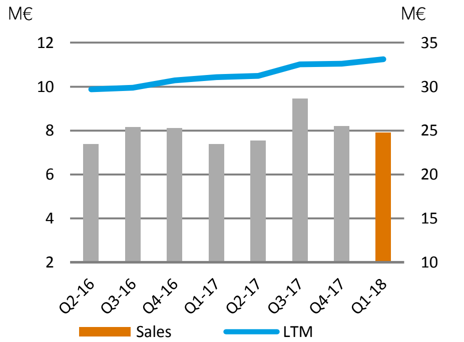


of the quarter. Adjusted EBITA amounted to EUR 1.9 million (1.7), representing an increase of 12.7%. The restructuring in Denmark and Norway was largely completed during the quarter, including the closing of depots and a reduction in the number of employees. The focus going forward in the restructured countries will be on process optimization.

Sweden finalized a minor acquisition during the period when the assets and liabilities of Metodia was acquired in beginning of January. Polygon Norway bought minority shareholdings in four franchises, with a call option to buy 100% of the shares in the future.

After the end of the quarter an additional acquisition of assets and liabilities of Caliber was finished. The acquired business focuses on restorations after fire damage and represents a strategic move to extend the service scope in Sweden

North America



- Sales amounted to EUR 7.9 million, up 7%
- Adjusted EBITA totalled EUR 0.8 million (0.5)

Sales in North America grew 6.8% in the quarter to EUR 7.9 million (7.4), driven by the US, which reported growth of close to 20% in local currency. Canada reported strong growth of more than 50% after several years of declining sales. Adjusted organic growth in North America was 22.3%.

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

Cash flow and financing

Cash flow from operating activities for the first quarter amounted to negative EUR 5.0 million (positive 2.1) and followed the normal seasonal pattern, with a working capital increase compared with year-end 2017 and working capital effects from acquired companies.

During the 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). Total interest-bearing net debt was EUR 183.6 (December 2017: 149.6). The Group’s liquidity buffer amounted to EUR 68.3 million (December 2017: 60.9), consisting of cash and cash equivalents of EUR 32.4 million (December 2017: 42.5) and unutilized RCF commitments of EUR 35.9 million (December 2017: 18.4).

During the quarter, the Group acquired Dansk Bygningskontrol, with annual sales of EUR 29 million, Von der Lieck with annual sales of EUR 4 million and 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 quarter. The total cash expenditure for acquisitions was EUR 22.3 million.

Equity amounted to EUR 68.9 million (December 2017: 59.8).

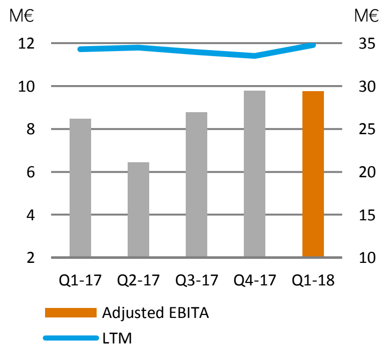
Capital expenditure

Capital expenditure in the first quarter amounted to EUR 3.9 million (3.8) and was mainly driven by normal maintenance investments and investments in Temporary Climate Solutions (TCS) equipment in the US to encounter additional growth as well as 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 first quarter amounted to EUR 5.9 million (1.9).

Adjusted EBITA



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 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.

Changes in the Board of Directors

There have been no changes in the Board so far this year.

Subsequent events

After the end of the quarter, Polygon Canada added two new franchisees to its organization in Quebec, one in the Montreal West Island area and one in the Lanaudière region. The acquisition of the assets and liabilities of Caliber Sanering Sverige AB, which focuses on restorations after fire damage, represents a strategic move to extend the service scope in Sweden.

Consolidated income statement

EUR thousands	Q1		Full Year
	2018	2017	2017
Sales of services	148,219	129,694	512,429
Cost of sales	-112,702	-97,604	-385,750
Gross profit	**35,517**	**32,090**	**126,679**
Administrative and selling expenses	-26,794	-24,617	-98,072
Other operating expenses	-1,952	-147	-3,169
Operating profit	**6,771**	**7,326**	**25,438**
Financial income	18	37	151
Financial expenses	-6,894	-3,470	-17,097
Profit/ loss after financial items	**-105**	**3,893**	**8,492**
Group contribution paid	-	-	-
Profit/ loss before income taxes	**-105**	**3,893**	**8,492**
Income taxes	-475	-314	-3,024
Profit/ loss for the period	**-580**	**3,579**	**5,468**
Profit/ loss attributable to:			
Owners of the Parent Company	-776	3,572	5,590
Non-controlling interests	196	7	-122
Total	**-580**	**3,579**	**5,468**
Number of shares	5,600	5,600	5,600
Earnings per share (EUR)	-0.14	0.64	1.00

Consolidated statement of comprehensive income

EUR thousands	Q1		Full Year
	2018	2017	2017
Profit/ loss for the period	**-580**	**3,579**	**5,468**
Comprehensive income			
Items that cannot be reclassified to profit or loss			
Actuarial gains and losses on defined benefit plans	-413	-	-222
Tax	91	-	18
Items that can be subsequently reclassified to profit or loss			
Exchange differences on transactions of foreign operations	-417	225	511
Total comprehensive income, net of tax	**-1,319**	**3,804**	**5,775**
Total comprehensive income attributable to:			
Owners of the Parent Company	-1,515	3,797	5,897
Non-controlling interests	196	7	-122
Total	**-1,319**	**3,804**	**5,775**

Always By Your Side.

Consolidated balance sheet

EUR thousands	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS			
Non-current assets			
Goodwill	129,002	104,851	110,942
Other intangible assets	61,320	44,824	41,960
Tangible assets	41,168	34,171	40,200
Deferred tax assets	19,073	23,416	16,746
Total non-current assets	**250,563**	**207,262**	**209,848**
Current assets			
Contract assets from customers	37,297	30,120	28,246
Trade receivables	86,409	74,358	78,676
Receivables from Parent Company	289	318	308
Prepaid expenses	7,440	5,981	5,602
Cash and cash equivalents	32,365	32,258	42,541
Total current assets	**163,800**	**143,035**	**155,373**
TOTAL ASSETS	**414,363**	**350,297**	**365,221**
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Other contributed capital	10,771	10,771	10,771
Other capital reserves	-1,131	-1,000	-714
Retained earnings	47,720	47,004	48,818
Equity attributable to owners of the Parent Company	**57,418**	**56,833**	**58,933**
Non-controlling interests	11,523	1,068	820
Total equity	**68,941**	**57,901**	**59,754**
Non-current liabilities			
Provisions	5,714	5,338	5,556
Deferred tax liabilities	20,460	21,905	15,806
Shareholder loans	5,594	5,085	5,594
Non-current interest-bearing liabilities	210,916	176,856	178,614
Total non-current liabilities	**242,684**	**209,184**	**205,570**
Current liabilities			
Provisions	4,378	959	5,065
Trade payables	29,577	29,308	35,647
Current liabilities	4,654	3,591	3,638
Other liabilities	24,916	15,934	18,864
Accrued expenses	39,213	33,420	36,683
Total current liabilities	**102,738**	**83,212**	**99,897**
TOTAL EQUITY AND LIABILITIES	**414,363**	**350,297**	**365,221**

Consolidated net debt

EUR thousands	31 Mar 2018	31 Mar 2017	31 Dec 2017
Defined benefit plans	5,032	5,002	4,988
Other long-term loans, interest-bearing	207,504	176,856	178,614
Current loans, interest-bearing	3,412	24	885
Cash and bank	-32,365	-32,258	-42,541
Net debt	**183,583**	**149,624**	**141,946**

Always By Your Side.

Consolidated statement of cash flow

EUR thousands	Q1		Full Year
	2018	2017	2017
Operating activities			
Operating profit	6,771	7,326	25,438
Adjustments for non-cash items before tax	4,867	3,212	8,972
Income tax paid	-956	-89	-2,961
Cash flow from operating activities before changes in working capital	**10,682**	**10,449**	**31,449**
Cash flow from changes in working capital			
Changes in operating receivables	-3,074	-1,575	564
Changes in contract assets from customers	-4,895	4,577	9,855
Changes in operating liabilities	-7,761	-11,346	-1,195
Cash flow from operating activities	**-5,048**	**2,105**	**40,673**
Investing activities			
Acquisition of subsidiary, net of cash acquired	-22,329	-576	-7,108
Purchase of tangible assets	-3,516	-3,142	-16,925
Purchase of intangible fixed assets	-379	-640	-2,390
Sale of non-current assets	55	-	86
Cash flow from investing activities	**-26,169**	**-4,358**	**-26,337**
Cash flow before financing activities	**-31,217**	**-2,253**	**14,336**
Cash flow from financing activities			
New borrowings	210,442	-4	-
Dividend	-	-	4
Dividend to non-controlling interests	-	-44	-163
Repayment of borrowings	-180,856	-	-14
Financial income received	18	37	147
Financial expenses paid	-9,195	-2,199	-9,293
Net cash flow from financing activities	**20,409**	**-2,210**	**-9,319**
Cash flow for the period	-10,808	-4,463	5,017
Cash and cash equivalents, opening balance	42,541	36,585	36,585
Translation difference in cash and cash equivalents	632	136	939
Cash and cash equivalents, closing balance	**32,365**	**32,258**	**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	-	-	-	-	-	-44	-44
Profit for the period	-	-	-	3,572	3,572	7	3,579
Other comprehensive income	-	-	225	-	225	-	225
Closing balance, 31 March 2017	**58**	**10,771**	**-1,000**	**47,004**	**56,833**	**1,068**	**57,901**
Dividend	-	-	-	-	-	-119	-119
Profit/ loss for the period	-	-	-	2,018	2,018	-129	1,890
Other comprehensive income	-	-	286	-204	82	-	82
Closing balance, 31 December 2017	**58**	**10,771**	**-714**	**48,818**	**58,933**	**820**	**59,754**
New issues of shares	-	-	-	-	-	10,507	10,507
Profit/ loss for the period	-	-	-	-776	-776	196	-580
Other comprehensive income	-	-	-417	-322	-739	-	-739
Closing balance, 31 March 2018	**58**	**10,771**	**-1,131**	**47,720**	**57,418**	**11,523**	**68,941**

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	Q1		Full Year
	2018	2017	2017
Sales of services			
Nordic & UK	48,215	36,463	144,053
Continental Europe	92,107	85,837	335,922
North America	7,906	7,403	32,618
Intercompany sales	-9	-9	-164
Total	**148,219**	**129,694**	**512,429**
Adjusted EBITA			
Nordic & UK	1,883	1,671	5,995
Continental Europe	6,104	5,753	19,771
North America	836	522	4,293
Other	957	635	2,963
Adjusted EBITA	**9,756**	**8,578**	**33,022**
Items affecting comparability (IAC)	-1,415	-97	-2,908
EBITA	**8,341**	**8,481**	**30,114**
Amortization of acqusition-related tangible and intangible assets	-1,570	-1,155	-4,676
Operating profit	**6,771**	**7,326**	**25,438**
Net financial items	-6,876	-3,434	-16,946
Profit/ loss after financial items	**-105**	**3,892**	**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	Q1		Full Year
	2018	2017	2017
Adjusted EBITDA breakdown			
Operating profit (EBIT)	6,771	7,326	25,438
Add back amortization of acquisition-related tangible and intangible asset	1,570	1,155	4,676
Operating profit before amortization (EBITA)	8,341	8,481	30,114
Add back depreciation	3,130	2,299	9,986
Operating profit before depreciation (EBITDA)	11,471	10,781	40,100
Add back items affecting comparability (IAC)	1,415	97	2,908
Operating profit before depreciation and IAC (Adjusted EBITDA)	**12,886**	**10,878**	**43,008**
Adjusted EBITA breakdown			
Operating profit (EBIT)	6,771	7,326	25,438
Add back amortization of acquisition-related tangible and intangible asset	1,570	1,155	4,676
Operating profit before amortization (EBITA)	8,341	8,481	30,114
Add back items affecting comparability (IAC)	1,415	97	2,908
Operating profit before amortization and IAC (Adjusted EBITA)	**9,756**	**8,578**	**33,022**

Always By Your Side.

Income statement, Parent Company

EUR thousands	Q1		Full Year
	2018	2017	2017
Sales of services	503	494	3,533
Gross profit	**503**	**494**	**3,533**
Administrative and selling expenses	-553	-495	-3,280
Other operating income/expenses	-7	3	-176
Operating profit/ loss	**-57**	**2**	**77**
Financial income	796	890	3,960
Financial expenses	-6,160	-2,775	-10,802
Loss after financial items	**-5,421**	**-1,883**	**-6,765**
Taxes	-479	24	478
Loss for the period	**-5,900**	**-1,859**	**-6,287**

Statement of comprehensive income, Parent Company

EUR thousands	Q1		Full Year
	2018	2017	2017
Loss for the period	-5,900	-1,859	-6,287
Comprehensive income	-	-	-
Comprehensive income after tax	-5,900	-1,859	-6,287
Total comprehensive income	**-5,900**	**-1,859**	**-6,287**

Always By Your Side.

Statement of financial position, Parent Company

EUR thousands	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS			
Non-current assets			
Participations in subsidiaries	185,902	185,902	185,902
Receivables from subsidiaries	64,395	64,531	64,283
Deferred tax assets	812	-	812
Total non-current assets	**251,109**	**250,433**	**250,997**
Current assets			
Receivables from Parent Company	375	364	308
Other receivables	103	197	87
Prepaid expenses	13	11	14
Receivables from subsidiaries	50,735	31,400	28,007
Total current assets	**51,226**	**31,972**	**28,416**
TOTAL ASSETS	**302,335**	**282,405**	**279,413**
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Share premium reserve	6,771	6,771	6,771
Unrestricted equity	84,819	95,827	90,719
Total equity	**91,648**	**102,656**	**97,548**
Non-current liabilities			
Deferred tax liabilities	981	155	502
Non-current interest-bearing liabilities	206,758	176,616	177,796
Total non-current liabilities	**207,739**	**176,771**	**178,298**
Current liabilities			
Payables to subsidiaries	39	2	-
Trade payables	955	41	53
Other current liabilities	319	315	290
Accrued expenses	1,635	2,620	3,224
Total other current liabilities	**2,948**	**2,978**	**3,567**
TOTAL EQUITY AND LIABILITIES	**302,335**	**282,405**	**279,413**

Consolidated items affecting comparability (IAC)

EUR thousands	Q1		Full Year
	2018	2017	2017
Transaction costs, acquisition	-30	-93	-1,450
Restructuring	-761	-	-4,017
Impairment IT systems and tangible assets	-	-	-588
Negative goodwill Norway	-	-	3,992
Other	-624	-4	-845
Total	**-1,415**	**-97**	**-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 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	31 Mar 2018		31 Mar 2017		31 Dec 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Trade receivables	84,271	84,271	72,356	72,356	76,570	76,570
Other current assets	2,590	2,590	2,303	2,303	2,522	2,522
Receivables from Parent Company	289	289	318	318	308	308
Cash and cash equivalents	32,365	32,365	32,258	32,258	42,541	42,541
Total	**119,515**	**119,515**	**107,235**	**107,235**	**121,941**	**121,941**
Liabilities						
Non-current interest-bearing liabilities	210,916	213,855	176,743	179,898	178,614	179,999
Other interest-bearing liabilities	5,594	5,594	5,085	5,085	5,594	5,594
Trade payables	29,577	29,577	29,308	29,308	35,647	35,647
Other current liabilities	23,021	23,021	14,609	14,609	17,641	17,641
Accrued expenses	996	996	2,024	2,024	1,900	1,900
Total	**270,104**	**273,043**	**227,769**	**230,924**	**239,396**	**240,781**
Derivatives for hedging purposes						
Currency hedging derivatives	-307	-307	113	113	-202	-202
Total	**-307**	**-307**	**113**	**113**	**-202**	**-202**

Pledged assets and contingent liabilities, Parent Company

EUR thousands	31 Mar 2018	31 Mar 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**

Always By Your Side.

Acquisitions of subsidiaries

During 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	Annual net sales*	No of employees
Von Der Lieck GmbH & Co KB	HRA 6565	Germany	100%	02 January 2018	4	25
Dansk Bygningskontrol A/S	31 85 98 83	Denmark	70%	04 January 2018	29	236

*Estimated yearly netsales

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 assets and liabilities of Metodia AB at the beginning of January. By adding expertise in moisture measurement and moisture safety, the position of Polygon Sweden and AK Konsult in construction customer segments in the Greater Stockholm area.

Polygon Norway acquired minority shares in four franchise partners, with a call option to increase the ownership to 100%, in January: 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), a world leader in the domain of remote monitoring based on IoT for use in residential and commercial properties. The company has a unique 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 Sweden acquired the assets and liabilities of Caliber Sanering Sverige AB, which focuses on restorations after fire damage and this represents a strategic move to extend the service scope in Sweden.

Continental Europe

The acquisition of Von Der Lieck GmbH & Co in Germany was signed in October and closed at the beginning of January 2018. The first quarter started as planned.

EUR thousands	Q1		Full Year
Fair value recognized on acquisition	**2018**	**2017**	**2017**
Customer relationships	12,631	-	-
Trademarks	595	-	-
Acquired order backlog	-	-	-
Equipment	736	-	995
Licences	-	-	53
Other non-current receivables	-	-	31
Current receivables	15,254	-1	6,700
Inventory	-	-	4,148
Total identifiable assets at fair value	**29,216**	**-**	**11,927**
Long-term loans and other liabilities	3,029	-	-
Current liabilities	8,292	-121	7,661
Deferred tax liabilities	454	-	391
Less: Cash and cash equivalents	-9	-	-3,149
Total identifiable liabilites less cash at fair value	**11,766**	**-121**	**4,903**
Total identifiable net assets at fair value	**17,450**	**121**	**7,024**
Non-controlling interest measured at fair value	-8,333	-	-
Negative goodwill	-	-	-3,992
Goodwill	18,351	672	8,400
Purchase consideration transferred	**27,468**	**793**	**11,432**
Purchase consideration			
Cash paid	21,101	580	10,212
Liability to seller	6,367	213	1,220
Total consideration	**27,468**	**793**	**11,432**
Analysis of cash flows on acquisition:			
Net cash acquired with the subsidiary	-9	-4	-3,149
Cash paid	21,101	580	10,212
Translation difference	400	-	45
Closing balance	**21,492**	**576**	**7,108**

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 of revaluation of internal loans (that are considered as part of 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.

A number of standards and changes in standards are effective from 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

The standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. In the Group, work on the new standard was completed during the fourth quarter with final adjustments to the Group guidance and continuation of the restatement of actual figures for 2017. 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 will be recognized over time in pace with fulfillment. Leak detection, consulting and document restoration are different as these obligations are fulfilled at one point in time and will be recognized accordingly. The portfolio approach, which allows bundling of similar performance obligations for more effective handling, will be 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 will, as earlier, be recognized using the percentage of completion method on a cost base approach.

The Group will 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.

When introducing the new standard, the reallocation of revenue recognition will have 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, will not be significantly affected. The recalculation carried out confirms the earlier assumption that the allocation of revenue between months will be changed and will show the level of business activities in the month of recognition. Revenue for 2017 will be EUR 6.2 million less than with the application of the previous standard.

EUR thousands		**Q1**	
Impact in income statement	**Actual 2017**	**Restated 2017**	**Change**
Sales of services	132,817	129,693	-3,124
Cost of sales	-100,825	-97,604	3,221
Gross profit	**31,992**	**32,090**	**97**
EBITA	8,384	8,481	97
Operating profit (EBIT)	7,229	7,326	97
Profit before income taxes	3,788	3,885	97
Income taxes	-314	-314	-
Profit for the period	**3,475**	**3,572**	**97**
Items impacted in balance sheet			
Work in progress	22,995	-	-22,995
Contract assets from customers	-	30,120	30,120
Equity	55,976	56,833	858
Contract liabilites	-	1,156	1,156

IFRS 9 Financial Instruments

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 with the new standard in mind and the outcome is that it will have a minor, immaterial, impact on the reserves for credit losses, and that the previously used method will 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 implementation of the new standard in the Group has started with training, data gathering and investigation regarding administrative support systems. The main leases for the Group are premises and vehicles.

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 and depreciations and amortization of acquisition-related tangible and intangible assets
Adjusted EBITA	Earnings before interest, tax, depreciations 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 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 May 2018.

Interim Report

Q2 2018 will be published on 9 August 2018

Q3 2018 will be published on 9 November 2018

Q4 2018 will be published on 8 February 2019

For more information please contact:

Mats Norberg, CFO, + 46 70 331 65 71

Email address: ir@polygongroup.com

Polygon AB

Sveavägen 9

SE-111 57 Stockholm