

INTERIM REPORT Q3
June – September 2019

QUANTTM

INTERIM OVERVIEW

All numbers, unless expressly stated, refer to Continuing operations*

June – September

- Net sales for the period increased by 4.8% to EUR 47.9 (45.7) million due to the acquisition of Sataservice in August 2018. Organically, net sales decreased by 1.4%
- During the quarter three contracts were won, one contract was renewed, three contracts were lost, and two contracts were divested, which on balance affected the contract portfolio negatively. Portfolio run rate annualized net sales at the end of the quarter was EUR 178.4 million, compared to EUR 186.6 million during the second quarter of 2019
- Operating profit amounted to EUR 0.5 million, compared to a loss of EUR -1.1 million prior year
- Adjusted EBITDA increased to EUR 3.8 million from EUR 3.0 million prior year, excluding the effect of implementation of IFRS 16 Leases. Adjusted EBITDA with IFRS 16 implementation was EUR 4.9 million. Currency effects had a minor negative effect in the period
- Cash flow from operating activities amounted to EUR 7.6 (0.9) million, of which change in working capital amounted to EUR 6.2 (4.0) million
- Net loss amounted to EUR -1.7 million compared to a loss of EUR -5.0 million prior year
- The Adjusted EBITDA for Discontinued operations was EUR -0.5 (-0.7) million and the net loss was EUR -1.5 (-1.2) million, which is not included in the reported numbers above
- Group net loss for the quarter, including discontinued operations, was EUR -3.2 (-6.1) million

January – September

- Net sales for the period increased by 16.7% to EUR 146.3 (125.4) million due to the acquisition of Sataservice in August 2018. Organically, net sales was flat compared to prior year
- Operating loss amounted to EUR -1.7 million, up from a loss of EUR -1.9 million prior year
- Adjusted EBITDA increased to EUR 10.0 million from EUR 9.0 million prior year, excluding the effect of implementation of IFRS 16 Leases. In constant currency Adjusted EBITDA would have been EUR 10.2 million. Adjusted EBITDA with IFRS 16 implementation was EUR 13.3 million
- Cash flow from operating activities amounted to EUR 10.4 (-3.9) million, of which change in working capital amounted to EUR 8.9 (-3.6) million
- Net loss amounted to EUR -6.7 million compared to EUR -14.3 million prior year
- The Adjusted EBITDA for Discontinued operations was EUR -1.6 (-0.7) million and the net loss was EUR -17.0 (-1.8) million, which is not included in the reported numbers above. Group net loss for the first nine months of the year, including discontinued operations, was EUR -23.7 (-16.1) million

Significant events during the quarter

- On September 27, Quant announced that the Group CEO, Johan Ericsson, will retire during 2020
- On September 30, Quant announced an extension of the maintenance contract with long-time partner Norilsk Nickel, and a related financing of their spare parts inventory, with a positive effect on the company's cash flow of EUR 7.2 million in the quarter

KEUR	Q3		Jan-Sep		LTM	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Net sales	47,927	45,729	146,331	125,384	198,755	177,808
Operating profit (loss)	487	-1,128	-1,673	-1,863	-4,005	-4,195
Adjusted EBITDA	3,777	3,001	9,996	9,063	12,315	11,383
<i>Adjusted EBITDA, %</i>	<i>7.9%</i>	<i>6.6%</i>	<i>6.8%</i>	<i>7.2%</i>	<i>6.2%</i>	<i>6.4%</i>
Adjusted EBITDA IFRS 16	4,856	-	13,304	-	15,624	-
<i>Adjusted EBITDA IFRS 16, %</i>	<i>10.1%</i>	-	<i>9.1%</i>	-	<i>7.9%</i>	-
Cash flow from operating activities	7,620	926	10,429	-3,930	6,935	-7,425
Net debt	-	-	115,525	115,849	115,525	114,305
Net debt / Adjusted EBITDA, times	-	-	-	-	9.4	10.0
Net debt / Adjusted EBITDA IFRS 16, times	-	-	-	-	7.9	-
Discontinued operations						
Operating profit (loss)	-1,537	-1,021	-16,909	-1,529	-18,381	-3,001
Adjusted EBITDA	-506	-711	-1,647	-710	-2,019	-1,082
Adjusted EBITDA IFRS 16	-460	-	-1,468	-	-1,840	-

A detailed presentation of the alternative performance measures Adjusted EBITDA, Net Debt and Net Debt /Adjusted EBITDA, together with other measures, is found on page 15.

*As part of the transformation program announced in May this year, Quant has taken the decision to sell or discontinue operations in a number of countries. Operations in these countries are reported as Discontinued operations, and are reported separately in the income statement, balance sheet and cash flow. Historical comparison periods for the income statement and the cash flow statement have been adjusted accordingly.

CEO COMMENTS

JOHAN ERIKSSON
CEO & PRESIDENT
QUANT AB (PUBL)



The financial result of the third quarter of 2019 shows a significant improvement in EBITDA for our continuing business. The improvement in profitability is partly a result of our transformation program where we have been able to reduce costs successfully across the organization. The progress has been very good, and the transformation is running at a faster pace than we originally planned for. Restructuring costs related to the program remain well under control and are now forecasted to come in below the previously communicated EUR 6-8 million at the conclusion of the program.

The effort placed on turning around underperforming contracts continues to show results. Notably, profitability in the Europe region has developed positively. We are not at target profitability level for all contracts yet but continue to execute on our action plans to continuously improve towards target. The specific effort to conclude the integration of Sataservice, and ensure that we have a fully united team, well positioned to gain share in Finland, is also continuing.

Our contract portfolio revenue has declined in the quarter. Although we won three new contracts, we lost more business than we won. The renegotiation of one of our largest contracts resulted in a reduced scope for Quant, as we together with our customer commit to deliver continued efficiency gains in the maintenance of their site. The reduction in portfolio revenue during the year is now also starting to impact our reported revenue, which shows an organic decline in the quarter.

Our progress related to new sales remains unsatisfactory, but with the transformation program running well, our management team is now also able to put full focus on new sales. Our effort in this area, including focus on reviewing and redesigning our commercial offering, is expected to yield results in the coming quarters.

After the end of the third quarter we announced that Lantmännen, an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products, chose Quant as their total maintenance partner for a total of ten sites in Finland and Estonia. I am proud that the partnership we have with

Lantmännen in Sweden since 2012 now extends into other sites. It is a testament to Quant's continuous delivery of good service and innovative maintenance that we extend our partnership in this way.

As part of the continued development of our commercial solutions, we are also initiating a partnership strategy, whereby we primarily are looking to partner with strong companies with complementary offerings in our target industries. As a first step we have recently entered into a first partnership agreement with a company in the EPC (Engineering Procurement Construction) industry. We expect the offering to complement Quant's value proposition for maintenance, open new doors and enable synergistic business opportunities. By combining our global footprint, and in particular our strong digital agenda, with that of a partner, we will be able to offer new innovative customer solutions. I believe this first partnership will be a great way for us to explore a potentially very significant new go-to-market approach.

Quant is strong in South America, and as Chile is one of our biggest markets, we closely monitor the current situation in the country. Our priority is safety for our employees. We also work closely with our customers to minimize the potential impact on ours and their business.

As announced in the quarter, I will retire during next year. I believe that the progress we have made this year in transforming the company and expanding on our partnership strategy leaves Quant well positioned for a new CEO to take over. By leveraging our current platform of expertise, I expect Quant to start taking new orders at a higher pace again.

*Johan Eriksson
President and CEO*

THIRD QUARTER OF 2019*

Net sales and profit

Net sales during the quarter increased to EUR 47.9 million from EUR 45.7 million prior year. Net sales for the quarter, excluding structural changes, decreased by 1.6%. Organic net sales (net sales adjusted for acquisitions and currency) decreased by 1.4%.

For the first nine months net sales increased to EUR 146.3 (125.4) million due to the consolidation of Sataservice from August 2018. Organic growth, excluding the Sataservice acquisition and in local currency, was flat.

Gross profit for the quarter increased to EUR 7.8 million from EUR 7.1 million prior year mainly due to better performance in existing contracts in Europe and the consolidation of Sataservice financial results.

For the first nine months of 2019 gross profit was EUR 22.3 million, up from EUR 19.3 million last year mainly due to the consolidation of Sataservice financial results. Gross profit also increased due to improved performance in South America and improvements in one of the underperforming contracts in Europe that has been a key focus for management since the end of 2018. The improvements were somewhat offset by the loss of some contracts and unsatisfactory performance in a contract in Central Europe.

Operating profit for the quarter was EUR 0.5 million, up from a loss of EUR -1.1 million prior year due to higher gross profit and lower SG&A costs. The decrease in SG&A was primarily due to the transformation program.

Operating loss for the first nine months decreased to EUR -1.7 million from a loss of EUR -1.9 million prior year due to higher gross profit somewhat offset by higher SG&A costs. The high SG&A costs this year relate to Sataservice SG&A costs that are now included in the results as well as one-off costs in connection with the change of CEO at the beginning of this year.

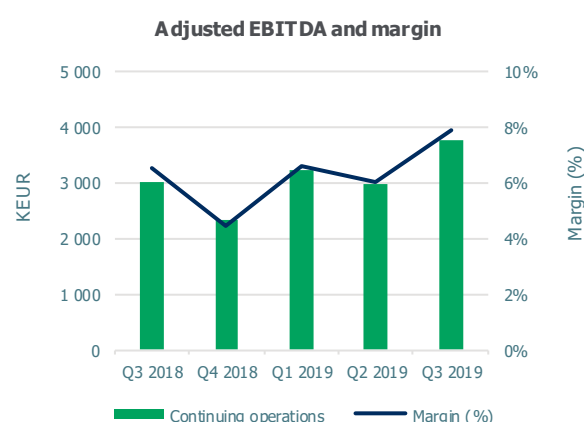
Quarterly adjusted EBITDA increased to EUR 3.8 million from EUR 3.0 million prior year due to higher gross profit and lower SG&A costs. In constant currency the adjusted EBITDA was EUR 3.9 million. Adjusted EBITDA for the first nine months was EUR 10.0 million, up from EUR 9.0 million prior year due to the same reasons. In constant currency the adjusted EBITDA was EUR 10.2 million.

Net financial items for the quarter were EUR -3.0, down from EUR -3.8 million prior year due to high costs prior year in connection with refinancing of the group's debt.

For the first nine months net financial items amounted to EUR -7.3 (-12.5) million and were positively affected by foreign exchange rate fluctuations. Financial expenses were unusually high during the first nine months of 2018 due to costs in connection with refinancing of the group's debt.

Net loss in the quarter amounted to EUR -1.7 million compared to a loss of EUR -5.0 million prior year due to higher operating profit and lower financial costs. Net loss for the first nine months amounted to EUR -6.7 million compared to a loss of EUR -14.3 million prior year due to the same reasons.

On 20 May 2019, Quant announced the launch of a strategic transformation plan with the aim to reduce organizational complexity, invest in people and safety, and improve Quant's sales capabilities. The transformation plan is expected to improve run-rate EBITDA in excess of EUR 4 million by December 2020. As part of the transformation plan, the decision has been taken to sell or discontinue operations in a number of countries. The financial results of these operations are reported separately as Assets held for sale and discontinued, or Discontinued operations. The Adjusted EBITDA for discontinued operations was EUR -0.5 (-0.7) million in the quarter and for the first nine months the Adjusted EBITDA was EUR -1.6 (-0.7) million. For discontinued operations, the net loss in the quarter was EUR -1.5 (-1.2) million and for the first nine months the net loss was EUR -17.0 (-1.8) million. The main reason for the net loss was a write down of intangible assets related to discontinued operations.



IFRS 16

As of 1 January 2019, Quant has adopted the new accounting standard for leases, IFRS 16. Consequently, at 30 September 2019 right-of-use assets in the amount of EUR 8.0 million are recognized in the balance sheet, as well as corresponding long-term lease liabilities in the amount of EUR 4.3 million and EUR 3.8 million for short-term lease liabilities. As a result of the new accounting standard, third quarter operating income improved by EUR 0.1 million and the year to date operating income improved by EUR 0.4 million, since part of the leasing related expenses have been reclassified to interest expense. Adjusted EBITDA, reported as Adjusted EBITDA IFRS 16, improved by EUR 1.1 million in the quarter, and by EUR 3.5 million year to date, as leasing costs have been reclassified either as depreciation or as interest costs. To enable consistent comparison with historical periods, Quant is reporting Adjusted EBITDA and net debt both with and without the effect of IFRS 16 implementation. The reported net income is reduced by EUR 0.1 million in the quarter and by EUR 0.3 million year to date as a result of IFRS 16, as the sum of the interest costs and depreciation expenses are higher in the period than the actual lease expenses. (See New accounting policies on page 18 for information about the new standard.)

*As part of the transformation program announced in May, Quant has taken the decision to sell or discontinue operations in a number of countries. Operations in these countries are reported as Discontinued operations, and are reported separately in the income statement, balance sheet and cash flow. Historical comparison periods for the income statement and the cash flow statement have been adjusted accordingly. All numbers, unless expressly stated, refer to Continuing operations.

Cash flow

Cash flow from operating activities for the quarter amounted to EUR 7.6 (0.9) million. Change in net working capital was EUR 6.2 (4.0) million for the quarter, affected positively by EUR 7.2 million, as a financial institute took over a spare parts inventory in connection with the extension of a maintenance agreement with Norilsk Nickel. This affected the cash flow by a change in working capital of EUR 2.9 million and cash flow from investing activities of EUR 4.4 million. The cash flow from financing activities was impacted by EUR -1.1 million from changes in lease liabilities, due to the implementation of IFRS 16. In previous years, lease expenses were part of Cash flow from operating activities.

Cash flow from operating activities for the first nine months amounted to EUR 10.4 (-3.9) million. Change in working capital was EUR 8.9 (-3.6) million and was positively impacted by increased accounts payable and the above-mentioned inventory financing related to Norilsk Nickel.

For the total Group, including both continuing and discontinued operations, cash flow for the quarter was EUR 0.7 (0.0). Cash flow for the first nine months was EUR -6.3 (-0.7) million for the total Group, of which cash flow from discontinued operations was EUR -9.6 (-0.2) million, affected negatively by large supplier payments in the beginning of the year and year-end timing effects of customer payments.

At 30 September 2019 the amount drawn on the revolving working capital facility amounted to EUR 3.0 million, a reduction of EUR 9.0 million from the previous quarter as the cash released from the spare parts financing was used to amortize on outstanding loans.

Mergers and Acquisitions

Sataservice has contributed to Quant's results for 13 months, from 1 August 2018. Accordingly, the LTM Adjusted EBITDA now includes 12 months of Sataservice results, and there is no longer any need to separately follow up on acquisition adjusted EBITDA.

During the quarter, Quant's Latvian operations, part of Discontinued Operations, was divested. The effect on the Group's financial statements from the transaction is immaterial.

Contract portfolio

Quant currently has 74 operational sites worldwide. A standard contract has a duration of three to five years, usually with extension possibilities after the initial period. In the maintenance contracting business wins and losses of contracts in the contract portfolio is a natural part of the business. New contract wins and losses of existing contracts do not coincide in the short term, whereby it is necessary to consider the long-term trend. Contracts with annualized net sales of EUR 26.0 million are scheduled for renewal during the next twelve months.

During the third quarter three new contracts with annualized net sales of EUR 4.0 million were won, three contracts with annualized net sales of EUR 5.0 million were lost, two contracts with annualized net sales of EUR 1.8 million were divested and one contract was renewed with decreased scope of EUR 4.2 million. The combined effect of these changes, including contracted scope changes and exchange rate effects of EUR -1.1 million, amount to a decrease in the contract portfolio annualized net sales of EUR 8.2 million to end of quarter annualized run rate of EUR 178.4, compared to 186.6 at the end of the second quarter. Of the lost contracts, two were due to the discontinued operations with a limited effect on profitability, as were the two divested contracts.

During the first nine months of 2019 four new customer contracts with annualized net sales of EUR 6.2 million were won, 16 contracts were lost with annualized net sales of EUR 26.9 million, two contracts with annualized net sales of EUR 1.8 million were divested and one contract was renewed with decreased scope of EUR 4.2 million. The combined effect of these changes, including contracted scope changes and exchange rate effects of EUR -0.3 million, amount to a decrease in the contract portfolio annualized net sales of EUR 27.1 million to end of period annualized run rate of EUR 178.4 (205.5) million. Of the total lost revenue of EUR 26.9 million, EUR 15.0 million was revenue from low performing contracts or in discontinued operations with limited effect on profitability.

Financial position

Interest-bearing liabilities after deduction of financing costs, and excluding lease liabilities, amounted to EUR 128.9 (127.2) million. Net debt excluding the impact of IFRS 16 implementation amounted to EUR 115.5 (115.8) million, whereas Net debt with IFRS 16 effects included (Net Debt IFRS 16) amounted to EUR 123.8 million (see separate table for calculation of Net debt and other Alternative Performance Measures).

Items affecting comparability

Items affecting comparability includes events and transactions with significant effects, which are relevant for understanding financial performance when comparing income for the current period with previous periods, including:

- Restructuring initiatives
- Costs related to M&A
- Significant impairment
- Other major non-recurring costs or income

Items affecting comparability are recorded as non-recurring items, which amounted to EUR 1.6 (1.2) million for the Group in the quarter, of which EUR 1.1 (0.3) million are related to discontinued operations. Of the EUR 1.6 million non-recurring items, EUR 1.4 million, are related to restructuring costs for the Group's transformation program, of which EUR 1.1 million are related to discontinued operations.

Year to date EUR 4.5 (2.4) million has been recorded as non-recurring items, of which EUR 1.4 (0.6) million relate to discontinued operations. Of the EUR 4.5 million, EUR 2.5 million are related to the transformation program, and the remainder are primarily related to the change of CEO at the beginning of this year for Continuing operations, whereas for discontinued operations, the proceeds from the Oji settlement have been recorded as a negative non-recurring item.

In the second quarter, an impairment of intangible assets related to Assets held for sale and discontinued (Discontinued operations) was performed. It resulted in a write-down of Goodwill of EUR 9.1 million and a write-down of customer relations of EUR 4.6 million.

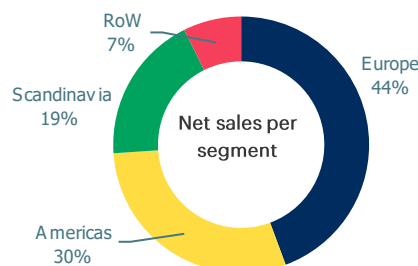
Parent company and ownership

Quant AB offers headquarter functions for the group and includes group management as well as group-wide functions. Cash and cash equivalents at the end of the period amounted to EUR 0.3 (0.2) million. Quant AB is owned by Cidron FS Holding AB. The group's parent company is Cidron FS Top Holding AB, which owns 100% of the shares in Cidron FS Holding AB. The ultimate beneficial owner of Cidron FS Top Holding AB is Nordic Capital Fund VIII.

SEGMENTS

Quant's customer contracts consist of providing maintenance outsourcing services, and as such net sales is recognized over time as the services are performed.

Quant is organized in a geographic setup, which is reflected in the reporting of financials in four geographic segments. The reporting segment Other refers primarily to costs for headquarters functions that have not been operationally allocated to the geographic segments. Assets held for sale and discontinued are reported separately as Discontinued operations.

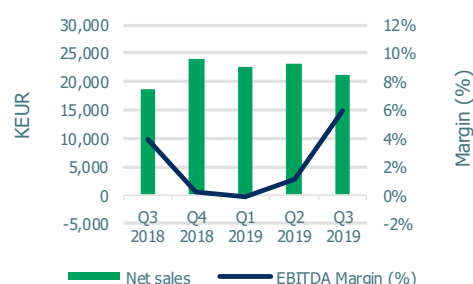


Europe

Net sales in the quarter increased to EUR 21.3 million, from EUR 18.8 million, due to the consolidation of Sataservice from August 2018. Excluding structural changes net sales increased by 2.5%. For the first nine months net sales, excluding structural changes, increased to EUR 44.4 million, from EUR 43.2 million.

Adjusted EBITDA for the quarter was EUR 1.3 million, up from EUR 0.7 million prior year due to improved performance in a few underperforming contracts in Finland. For the first nine months adjusted EBITDA increased to EUR 1.5 MEUR from EUR 1.2 million due to the consolidation of Sataservice from August, 2018 and improved performance in a few underperforming contracts in Finland. This was partly offset by temporary underperformance in one contract in Central Europe in early 2019.

Net sales and EBITDA Margin



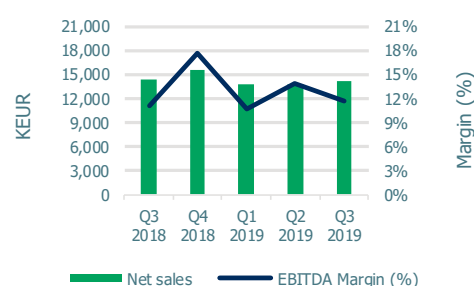
KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net sales	21,254	18,807	66,918	43,165	67,039
Operating profit (loss)	1,081	560	705	662	49
Adjusted EBITDA	1,263	735	1,477	1,191	1,254
Adjusted EBITDA %	5.9%	3.9%	2.2%	2.8%	1.9%

Americas

Net sales in the quarter decreased slightly to EUR 14.2 million, from EUR 14.4 million. A few lost contracts in the US and Brazil was partly compensated with good performance in the rest of South America. For the first nine months net sales was EUR 41.8 million, down from EUR 42.2 million prior year due to the same reasons.

Adjusted EBITDA in the quarter was EUR 1.6 million and in line with prior year. The loss of a few contracts was compensated with higher margins in existing contracts and savings due to the transformation program. For the first nine months Adjusted EBITDA was EUR 5.0 million, up from EUR 3.6 million due to higher margins in existing contracts and savings due to the transformation program.

Net sales and EBITDA Margin

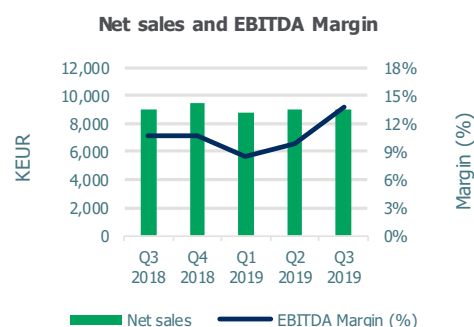


KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net sales	14,176	14,409	41,727	42,151	57,621
Operating profit (loss)	1,472	1,559	4,295	3,106	5,857
Adjusted EBITDA	1,643	1,603	5,040	3,617	6,341
Adjusted EBITDA %	11.6%	11.1%	12.1%	8.6%	11.0%

Scandinavia

Net sales in the quarter was EUR 9.0 million and in line with prior year. Revenues from a new site was offset by negative currency effects. For the first nine months net sales was EUR 26.8 million, down from EUR 27.9 million mainly due to currency effects.

Adjusted EBITDA in the quarter was EUR 1.2 million, up from EUR 1.0 million due to higher margins in existing contracts, start-up of a new site and savings due to the transformation program partly offset by negative currency effects. For the first nine months Adjusted EBITDA increased to EUR 2.9 million, up from EUR 2.5 million prior year due to the same reasons.

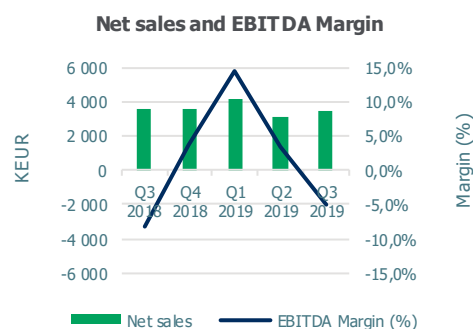


KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net sales	8,980	8,990	26,810	27,877	37,322
Operating profit (loss)	1,078	920	2,264	2,291	3,127
Adjusted EBITDA	1,238	955	2,877	2,546	3,557
Adjusted EBITDA %	13.8%	10.6%	10.7%	9.1%	9.5%

Rest of the world

Net sales in the quarter was EUR 3.5 million and in line with prior year. Higher sales in existing contracts was offset with a terminated contract in UAE. For the first nine months net sales was EUR 10.9 million, down from EUR 12.2 million prior year due lost contracts somewhat offset with better performance in existing contracts.

Adjusted EBITDA was EUR -0.2 million, up from EUR -0.3 million due to better performance in existing contracts somewhat offset by a provision related to previously committed pension liabilities in UAE. For the first nine months Adjusted EBITDA was EUR 0.6 million and in line with prior year. Better performance in existing contracts was offset by one lost contract in China and the provision in UAE.



KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net sales	3,518	3,524	10,876	12,191	15,826
Operating profit (loss)	-363	-351	103	-215	-86
Adjusted EBITDA	-173	-286	537	596	733
Adjusted EBITDA %	-4.9%	-8.1%	4.9%	4.9%	4.6%

SEGMENT OVERVIEW

Net sales

KEUR	Q3		Jan-Sep		LTM	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Europe	21 254	18 807	66 918	43 165	90 791	67 039
Americas	14 176	14 409	41 727	42 151	57 197	57 621
Scandinavia	8 980	8 990	26 810	27 877	36 256	37 322
Rest of world	3 518	3 524	10 876	12 191	14 511	15 826
Other	-	-	-	-	-	-
Group (continuing operations)	47 927	45 729	146 331	125 384	198 755	177 808

Operating profit (loss)

KEUR	Q3		Jan-Sep		LTM	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Europe	1 081	560	705	662	92	49
Americas	1 472	1 559	4 295	3 106	7 046	5 857
Scandinavia	1 078	920	2 264	2 291	3 100	3 127
Rest of world	-363	-351	103	-215	232	-86
Other	-2 781	-3 816	-9 039	-7 707	-14 474	-13 142
Group (continuing operations)	487	-1 128	-1 673	-1 863	-4 005	-4 195

Adjusted EBITDA

KEUR	Q3		Jan-Sep		LTM	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Europe	1 263	735	1 477	1 191	1 541	1 254
Americas	1 643	1 603	5 040	3 617	7 764	6 341
Scandinavia	1 238	955	2 877	2 546	3 888	3 557
Rest of world	-173	-286	537	596	674	733
Other	-194	-7	64	1 115	-1 552	-502
Group (continuing operations)	3 777	3 001	9 996	9 063	12 315	11 383
Group, %	7,9%	6,6%	6,8%	7,2%	6,2%	6,4%
Adjusted EBITDA IFRS 16 (continuing operations)	4 856	-	13 304	-	15 624	-
Adjusted EBITDA IFRS 16 (continuing operations) %	10,1%	-	9,1%	-	7,9%	-

SIGNATURE PAGE

Stockholm, November 29, 2019

Casper Lerche

Director, Chairman of Finance and Audit
Committee

Henrik Sandréus

Director, Member of Finance and Audit
Committee

Johan Eriksson

CEO

The report has not been subject to review by the Company's auditors.

Contact Information



Investor Relations:

André Strömgren, ir@quantservice.com, +46 708 410 796

Postal and visiting address: St Göransgatan 66, 112 33 Stockholm, Sweden

Website: www.quantservice.com

Quant AB, organization number: 556975-5654

Financial Calendar



Interim report Q4 October – December 2019: February 28, 2020

Annual report 2019: April 30, 2020

Interim report Q1 January – March 2020: May 29, 2020

CONSOLIDATED ACCOUNTS

Condensed Consolidated Income Statement

KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Continuing operations					
Net sales	47,927	45,729	146,331	125,384	177,808
Cost of sales	-40,130	-38,619	-123,988	-106,096	-153,121
Gross profit	7,798	7,110	22,343	19,288	24,687
Research and development costs	-84	-44	-316	-225	-298
Selling expenses	-444	-663	-1,945	-2,012	-2,490
General and administration expenses	-6,782	-7,658	-21,942	-19,494	-26,674
Other operating items	-1	126	189	580	580
Operating profit (loss)	487	-1,128	-1,673	-1,863	-4,195
Net financial items	-3,026	-3,812	-7,317	-12,544	-16,495
Profit (loss) before tax	-2,538	-4,940	-8,990	-14,408	-20,690
Tax	855	-14	2,290	100	866
Net profit (loss)	-1,683	-4,954	-6,700	-14,308	-19,824
Discontinued operations					
Net sales	1,176	4,511	7,337	15,218	19,909
Operating profit (loss)	-1,537	-1,021	-16,909	-1,529	-3,001
Profit (loss) before tax	-1,416	-946	-17,068	-1,436	-1,103
Net profit (loss)	-1,504	-1,193	-17,000	-1,778	-1,728
Group total					
Net sales	49,104	50,240	153,668	140,603	197,717
Operating profit (loss)	-1,050	-2,149	-18,582	-3,392	-7,196
Profit (loss) before tax	-3,954	-5,886	-26,058	-15,843	-21,792
Net profit (loss)	-3,187	-6,147	-23,701	-16,086	-21,552

Condensed Consolidated Statement of Comprehensive income

KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net profit (loss)	-3,187	-6,147	-23,701	-16,086	-21,552
Other comprehensive income					
Translations differences pertaining to foreign operations	-185	-546	-790	-365	-666
Items that will be reclassified to profit or loss	-185	-546	-790	-365	-666
Revaluation of defined benefit plans	-	-	2	-	-314
Tax pertaining to items that will not be reallocated to profit/loss	-	-	-0	-	63
Items that will not be reclassified to profit or loss	-	-	2	-	-251
Other comprehensive income	-185	-546	-788	-365	-917
Total comprehensive income	-3,372	-6,693	-24,489	-16,451	-22,469

Condensed Consolidated Statement of Changes in Equity

KEUR	30 Sep 2019	30 Sep 2018	31 Dec 2018
Opening Shareholder's equity	10 680	33 150	33 150
Net income/loss for the period	-23 701	-16 086	-21 552
Other comprehensive income	-788	-365	-917
Total comprehensive income	-24 489	-16 451	-22 469
Closing Shareholder's equity	-13 809	16 699	10 680

Condensed Consolidated Statement of Financial Position

KEUR	30 Sep 2019	30 Sep 2018	31 Dec 2018
Non-current assets			
Intangible fixed assets	115,556	140,120	137,433
Tangible fixed assets	2,615	3,340	3,816
Right of use assets	7,960	-	-
Financial fixed assets	1,913	6,850	6,618
Total non-current assets	128,044	150,309	147,867
Current assets			
Inventories	1,825	4,647	3,485
Current receivables	41,170	47,751	51,071
Cash and bank	13,411	11,379	19,735
Assets held for sale	4,331	-	-
Total current assets	60,737	63,777	74,291
Total assets	188,781	214,087	222,158
Equity	-13,809	16,699	10,680
Non-current liabilities			
Long term borrowings	122,043	118,920	119,189
Provisions for pensions and similar obligations	3,380	2,911	3,575
Provisions for taxes*	8,558	14,008	12,266
Leasing liabilities	4,320	8	265
Other non interest bearing liabilities, external	-	140	-
Total non-current liabilities	138,300	135,987	135,294
Current liabilities			
Accounts payable, trade	11,724	17,256	22,043
Short term borrowings	6,894	8,308	14,851
Leasing liabilities	3,781	2	190
Other provisions*	812	923	262
Other current liabilities	37,025	34,913	38,839
Liabilities related to assets held for sale	4,054	-	-
Total current liabilities	64,290	61,400	76,184
Total Liabilities	202,590	197,388	211,478
Total Liabilities and Equity	188,781	214,087	222,158

* The balance sheet item Provisions for taxes at 30 Sept 2018 is EUR 14,008 thousand which is 364 higher than reported in Q3 Interim report 2018. The amount relates to a deferred tax provision which was reported in Other provisions in Q3 Interim report 2018. Consequently, Other provisions is reduced by the same amount at 30 Sept 2018.

Condensed Consolidated Cashflow Statement

KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Continuing operations					
Profit (loss) after financial items	-2 538	-4 940	-8 990	-14 408	-20 690
<i>Adjustments for non-cash items</i>					
Reversal of depreciation & amortization	2 962	3 302	9 059	9 098	12 993
Reversal of depreciation Right of Use Assets	947	-	2 900	-	-
Change in provisions	524	171	524	186	148
Other	392	-687	-563	6 958	7 154
Total items not affecting cash	4 825	2 786	11 920	16 242	20 295
Taxes paid	-832	-886	-1 388	-2 160	-2 733
<i>Working Capital</i>					
Change in inventories	176	-163	1 394	-1 383	-553
Change in receivables	5 684	4	3 992	-2 406	-4 016
Change in liabilities	304	4 124	3 502	185	272
Cash flow from working capital	6 164	3 965	8 888	-3 604	-4 297
CASH FLOW FROM OPERATING ACTIVITIES	7 620	926	10 429	-3 930	-7 425
<i>Investing activities</i>					
Change in subsidiaries	-	-13 822	0	-13 822	-13 830
Change in intangible assets	-7	40	-9	-44	-72
Change in tangible assets	-84	-245	-466	-576	-1 093
Change in financial fixed assets	4 366	-2 477	4 299	-147	-189
CASH FLOW FROM INVESTING ACTIVITIES	4 275	-16 504	3 823	-14 588	-15 183
<i>Financing activities</i>					
Change in loans	-9 000	15 604	-8 000	17 949	23 159
Change in financial leases	-1 112	-3	-2 940	-	-84
CASH FLOW FROM FINANCING ACTIVITIES	-10 112	15 601	-10 940	17 949	23 076
TOTAL CASH FLOW FROM CONTINUING OPERATIONS	1 782	22	3 312	-570	468
Discontinued operations					
Cash flow from operating activities	-997	22	-9 288	-611	6 806
Cash flow from investing activities	64	-18	130	440	259
Cash flow from financing activities	-161	3	-418	0	-6
TOTAL CASH FLOW FROM DISCONTINUED OPERATIONS	-1 094	7	-9 576	-171	7 059
Group					
Cash flow from operating activities	6 622	948	1 141	-4 542	-619
Cash flow from investing activities	4 339	-16 522	3 954	-14 148	-14 924
Cash flow from financing activities	-10 273	15 604	-11 358	17 949	23 070
CASH FLOW FOR THE PERIOD	688	30	-6 264	-741	7 527
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	12 804	12 498	19 735	12 954	12 954
Cash flow for the period	688	30	-6 264	-741	7 527
Exchange rate effects	-81	-1 149	-60	-834	-747
CASH & CASH EQUIVALENTS AT END OF PERIOD	13 411	11 379	13 411	11 379	19 735

PARENT COMPANY

Condensed Parent Company Income Statement

KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net sales	3,235	-	11,111	3,422	15,946
Cost of sales	-788	-246	-2,457	-962	-3,163
Gross profit	2,447	-246	8,655	2,460	12,783
Research and development costs	-60	-67	-227	-188	-255
Selling expenses	-84	-	-400	-	-17
General and administration expenses	-1,250	-3,473	-5,797	-7,262	-9,442
Other operating items	-133	6	-113	-204	-230
Operating profit (loss)	920	-3,780	2,119	-5,194	2,840
Interest income	1,781	1,883	5,313	4,544	6,123
Interest expenses	-2,780	-2,797	-7,597	-6,686	-9,328
Other financial items	-284	-637	-485	-3,126	-4,075
Foreign exchange gains/losses	-682	-450	-1,354	-2,697	-2,173
Net financial items	-1,965	-2,002	-4,123	-7,966	-9,454
Profit (loss) before tax	-1,045	-5,782	-2,004	-13,159	-6,614
Tax	-347	-	-347	-	-
Net profit (loss)	-1,392	-5,782	-2,351	-13,159	-6,614
Net profit (loss)	-1,392	-5,782	-2,351	-13,159	-6,614

Condensed Parent Company Statement of Comprehensive Income

KEUR	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net profit (loss)	-1,392	-5,782	-2,351	-13,159	-6,614
Total comprehensive income	-1,392	-5,782	-2,351	-13,159	-6,614

Condensed Parent Company Statement of Financial Position

KEUR	30 Sep 2019	30 Sep 2018	31 Dec 2018
Intangible fixed assets	7	779	161
Tangible fixed assets	877	42	37
Financial fixed assets	99,776	105,872	105,911
Total non-current assets	100,660	106,693	106,110
Inventories	-	-	-
Current receivables	128,300	120,726	127,740
Cash and bank	259	230	758
Total current assets	128,559	120,956	128,497
Total assets	229,219	227,648	234,607
Equity	87,231	83,033	89,579
Long term borrowings	122,043	118,920	119,189
Provisions for pensions and similar obligations	551	366	449
Deferred tax liability	-	-	-
Other non interest bearing liabilities, external	649	-	-
Total non-current liabilities	123,242	119,286	119,638
Accounts payable, trade	597	1,245	498
Short term borrowings	6,894	8,308	14,851
Other provisions	-	-	-
Other current liabilities	11,078	15,776	10,280
Total current liabilities	18,746	25,329	25,628
Total Liabilities	141,988	144,615	145,266
Total Liabilities and Equity	229,219	227,648	234,845

ALTERNATIVE PERFORMANCE MEASURES

Quant uses certain alternative performance measures (APMs) not defined in the rules for financial reporting adopted by Quant. APMs, i.e. performance measures not based on financial statements standards, provide meaningful supplemental information by excluding items that may not be indicative of the operating result or cash flows of Quant. Alternative performance measures enhance comparability from period to period and are frequently used by analysts, investors and other parties. These APMs, as defined, cannot be fully compared with other companies' APMs and should not be considered as a substitute for measures of performance in accordance with IFRS.

Alternative Performance Measure	Definition	Reason for use
EBITDA	Earnings before interest, tax, depreciation and amortization, and before write-down of intangible and tangible assets.	Shows the operational profitability that the business primarily can affect
Adjusted EBITDA	EBITDA excluding items affecting comparability (non-recurring items) and the effect of IFRS 16 Leases	Related to the underlying performance and cash generation ability of the business
Adjusted EBITDA Margin	Adjusted EBITDA as a percentage of Net Sales	Enables comparability of underlying profitability for different size segments
Adjusted EBITDA IFRS 16	EBITDA excluding items affecting comparability (non-recurring items), but including the effect of IFRS 16 Leases, with expenses related to leases in Depreciation and Interest cost	Related to the underlying performance and cash generation ability of the business, aligned with updated IFRS standards
Net debt	Interest-bearing liabilities, excluding lease liabilities, less cash and cash equivalents	Indicates how much debt the group has net of cash and is an important measure for bond holders
Net debt IFRS 16	Interest-bearing liabilities, including lease liabilities, less cash and cash equivalents	Indicates how much debt the group has net of cash, with lease liabilities recorded as debt in accordance with IFRS 16, aligned with adjusted EBITDA IFRS 16
Net debt/adjusted EBITDA / Net Debt / Adjusted EBITDA IFRS 16	Net debt in relation to adjusted EBITDA / Net debt IFRS 16 in relation to adjusted EBITDA IFRS 16	Shows the ability to service debt, an important measure for bond holders, both without and with application of IFRS 16
Growth excluding structural changes	Growth excluding structural changes shows the change in net sales, excluding changes related to acquisitions and divestments	Shows the actual growth, including currency effects, of the business
Organic growth	Organic growth refers to growth in net sales excluding (i) growth related to acquisitions and divestments and (ii) growth related to fluctuations in currency exchange rates	Shows the actual growth of the business, excluding currency effects
Local currency/constant currencies	Excludes the impact of changes in exchange rates when translating net sales and profits of entities with reporting currencies other than Euro, to the group currency Euro	Shows growth excluding currency effects
Contract Portfolio	The annualized net sales of current customer contracts, adjusted for (i) signed new contracts, included at date of contract signing, irrespective of start date; (ii) terminated contracts, excluded at date of formal notification, irrespective of end date; (iii) changes formally agreed with the customers of existing contracts, included at date of agreement. This includes changes due to renewals of contracts or other reasons	Shows current recurring annual net sales adjusted for short- and medium-term adjustments
Items affecting comparability/non-recurring items	Items affecting comparability are of a one-off, non-recurring, non-operational, extraordinary, unusual or exceptional nature (including restructuring expenditures).	Shows the value of items which affect the comparability of Quant's result and profitability between periods

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

KEUR	Q3		Jan-Sep		LTM	Jan-Dec
	2019	2018	2019	2018	Sep 2019	2018
Continuing operations						
Operating profit (loss)	487	-1 128	-1 673	-1 863	-4 005	-4 195
Depreciation & amortization	3 909	3 302	11 958	9 185	15 853	13 080
Non recurring items	460	952	3 019	1 829	3 775	2 586
Reversal of Write-down intangible assets	-	-	-	-	-	-
Reversal of Write-down tangible assets	-	-125	-	-88	0	-87
Adjusted EBITDA IFRS 16	4 856	-	13 304	-	15 624	-
Effect from IFRS 16	-1 080	-	-3 309	-	-3 309	-
Adjusted EBITDA	3 777	3 001	9 996	9 063	12 315	11 383
Net sales	47 927	45 729	146 331	125 384	198 755	177 808
Adjusted EBITDA margin	7,9%	6,6%	6,8%	7,2%	6,2%	6,4%
					-	
					-	
Discontinued operations						
Operating profit (loss)	-1 537	-1 021	-16 909	-1 529	-18 381	-3 001
Depreciation & amortization	57	12	208	246	143	181
Non recurring items	1 092	298	1 436	573	2 600	1 738
Reversal of Write-down intangible assets	-71	-	13 668	-	13 668	-
Reversal of Write-down tangible assets	-	-	130	-	130	-
Adjusted EBITDA IFRS 16	-460	-711	-1 468	-710	-1 840	-1 082
Effect from IFRS 16	-46	-	-178	0	-178	-0
Adjusted EBITDA	-506	-711	-1 647	-710	-2 019	-1 082
Net sales	1 176	4 511	7 337	15 218	12 028	19 909
Adjusted EBITDA margin	-43,0%	-15,8%	-22,4%	-4,7%	-16,8%	-5,4%
					-	
					-	
Group total						
Operating profit (loss)	-1 050	-2 149	-18 582	-3 392	-22 386	-7 196
Depreciation & amortization	3 965	3 315	12 166	9 431	15 997	13 261
Non recurring items	1 552	1 250	4 454	2 402	6 376	4 324
Reversal of Write-down intangible assets	-71	-	13 668	-	13 668	-
Reversal of Write-down tangible assets	-	-125	130	-88	130	-87
Adjusted EBITDA IFRS 16	4 397	2 290	11 836	8 353	13 784	10 301
Effect from IFRS 16	-1 126	-0	-3 487	0	-3 487	0
Adjusted EBITDA	3 271	2 290	8 349	8 353	10 297	10 301
Net sales	49 104	50 240	153 668	140 603	210 783	197 717
Adjusted EBITDA margin	6,7%	4,6%	5,4%	5,9%	4,9%	5,2%

KEUR	30 Sep		LTM	Jan-Dec
	2019	2018	Sep 2019	2018
Net Debt				
Cash and bank	13 411	11 379	13 411	19 735
Financial assets	13 411	11 379	13 411	19 735
Long term borrowings	122 043	118 920	122 043	119 189
Short term borrowings	6 894	8 308	6 894	14 851
Adjusted financial liabilities	128 937	127 228	128 937	134 039
Net Debt	115 525	115 849	115 525	114 305
Lease liabilities	8 298	-	8 298	-
Net Debt IFRS 16	123 823	-	123 823	-
Net Debt	-	-	115 525	114 305
Adjusted EBITDA Continued operations	-	-	12 315	11 383
Net Debt / Adjusted EBITDA, times	-	-	9,4	10,0
Net Debt IFRS 16	-	-	123 823	-
Adjusted EBITDA IFRS 16 Continued operations	-	-	15 624	-
Net Debt IFRS 16/ Adjusted EBITDA IFRS 16, times			7,9	-

KEUR	Q3	Jan-Sep
	2019	2019
Changes in net sales		
Net sales	47,927	146,331
Net sales in comparative period of previous year	45,729	125,384
Net sales, change	2,198	20,946
Minus: Structural changes	-2,907	-22,507
Plus: Changes in exchange rates	77	1,196
Organic Growth	-632	-365
Structural Changes, %	6.4%	18.0%
Organic Growth, %	-1.4%	-0.3%
Net sales	47,927	146,331
Plus: Changes in exchange rates	77	1,196
Net sales in constant currency	48,005	147,527
Adjusted EBITDA	3,777	9,996
Plus: Changes in exchange rates	108	202
Adjusted EBTIDA in constant currency	3,884	10,198

NOTES

Accounting principles

This interim report has been prepared under International Financial Reporting Standards (IFRS), in accordance with IAS 34 Interim Financial Reporting. The accounting policies and methods of calculation used in the preparation of the latest annual report have been applied, with the exception of new and amended standards and interpretations effective on 1 January 2019.

The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which is in compliance with RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board.

New accounting principles

The Group applies IFRS 16 Leases as of January 1, 2019. For lessees, the standard eliminates the classification of leases as either operating or financial, as required by IAS 17, and instead introduces a single lease accounting model. Applying that model, the lessee is required to recognize

(a) assets and liabilities for all leases with a term of more than 12 month, unless the underlying asset is of low value; and

(b) depreciation of leased assets separately from interest on lease liability in the income statement

Quant has applied the modified retrospective method for the transition to IFRS 16 on January 1, 2019, meaning that Quant has not recalculated the financial statements for 2018. The lease liability is the sum of the present value of all future payments until lease end date. The practical expedient to set the Right of Use Asset (before adjustments for any prepayments) equal to the lease liability has been applied for the transition. The rate for discounting the lease payments is Quant's marginal borrowing rate for each country of operation. The practical expedient for definition of a lease has been applied, meaning that all components within a lease has been considered as a lease component. The short-term lease exception and the asset of low value exception has also been applied.

The opening balance at 1 January 2019 of the lease liability and the Right of Use Assets is EUR 11.7 million for current lease contracts which is comprised mostly of office space, vehicles and equipment.

The covenants for the Group's debt obligations have been defined excluding the impact of IFRS 16 on key ratios. Therefore, the introduction of IFRS 16 will not affect the Group's ability to meet its covenants.

Transactions with related parties

There have been no transactions between Quant and related parties that have significantly affected the Company's position and results during the period.

Employees

The number of FTEs for the quarter was 2,608 compared to 2,594 during the second quarter of 2019. The number of employees at 30 September 2019 was 2,594, compared to 2,606 at 30 June 2019.

Risks and uncertainties

The Group's business is highly dependent on its customers' demand for its services and their ability and willingness to meet their payment obligations under existing contracts in a timely

manner, and accordingly its net sales are to a large extent dependent on the strength of the markets its customers are engaged in. While the Group's customer base is spread across several different global markets and a diversified set of product markets, it is ultimately dependent on the macro-economic factors including the global economic situation which is outside the Group's control.

The operational risks in Quant's business is primarily attributable to contractual commitments in customer contracts for responsibility and service performance. Quant performs its services in an environment where customers place high demands on safety when performing the service to ensure minimal negative impact on employees, environment and business process. Since Quant's services are mainly performed by personnel, there is a risk that injuries and damages may occur due to negligence or other lack of performance of the service. Quant does its utmost to minimize the occurrence of these types of risk through, inter alia, risk analysis, training, certification, follow-up of performance of service, and through careful contract management with clear liability limits.

As a maintenance services business, Quant is highly dependent on retaining its current customer portfolio as well as attracting new customers on a regular basis to secure both short and long-term profitability. The Group currently faces competition from both global and local providers of maintenance services and is also facing the risk of its customers choose to in-source the services provided. The loss of larger contracts or a loss of several less significant contracts would have a significant impact on the Group's profitability and cash flow. To manage the risk of loss of contract Quant is ensuring value-add for the customer by, for instance, maintaining motivated and well-trained personnel, a continuous development of services and processes and an active customer relationship dialogue.

Quant has several pricing models in its contracts, including fixed price contracts and cost-plus pricing models. While the Group has compiled an extensive qualitative and quantitative database of industry benchmarks over recent decades, resulting in a robust pricing process, if the total effective maintenance costs are above the agreed fixed price level, if cost increases occur in excess of price indexation clauses in customer contracts, or if price pressures hinders Quant from applying a profit margin which it considers satisfactory in order to win a contract, it could have a negative impact on the Group's operations and financial position.

A more detailed description of Quant's risks and how they are managed can be found in the Annual Report of 2018.

Fair value of financial instruments

Financial instruments measured at fair value in the balance sheet relate to currency swaps. These are measured using valuation techniques that only use observable market inputs at level two according to the framework for fair value measurement.

For borrowing, there is no material difference between the carrying amount and fair value, as the Group's borrowings are at variable interest rates. Nor does the Group have any other off-balance sheet financial assets or liabilities.

Events after the reporting period

No significant events have occurred after the reporting period.

Quant is a global leader in industrial maintenance.

For over 30 years, we have been realizing the full potential of maintenance for our customers.

From embedding superior safety practices and building a true maintenance culture, to optimizing maintenance cost and improving plant performance, our people make the difference.

We are passionate about maintenance and proud of ensuring we achieve our customers' goals in the most professional way.