

The Board of Directors and CEO of

Quant AB

Corp. Reg. No. 556975-5654

hereby publish

**Annual Report
and consolidated financial statements**

for the financial year January 1 - December 31, 2016

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Management Report**General about the business**

Quant is a supplier of industrial maintenance services and is the global leader within the area. The business currently operates in 28 countries. The service is linked to the customers' production facilities and the offering includes maintenance processes and expertise, safety and digital tools, which results in improved productivity, cost of maintenance, safety and transparency.

As of December 30, 2014, Nordic Capital Fund VIII ("Nordic Capital") acquired the business unit ABB Full Service from ABB. In connection with the acquisition, ABB Full Service changed its name to Quant. This is the second financial year for Quant.

On June 24, 2014, Quant AB was formed with its registered office in Stockholm. The company is responsible for headquarter functions for the group and includes group management as well as group-wide functions. 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 acquisition from ABB took place on December 30, 2014 when Quant AB acquired all the shares in ABB FS holding Sweden AB. A company in the United States was also created, which took over the service business in the American market. After the acquisition, ABB FS Holding Sweden AB was renamed Quant Sweden Holding AB.

Development of the company's business, results and position

During the year, the group adopted a new strategy of a greater focus on mid-sized customers and contracts. The new strategy and improved sales processes started to yield results in the second half of 2016 with favorable selling, which resulted in 11 new contracts. The positive sales trend continued in 2017. During the year, the Group also demonstrated increased profitability with the gross margin improving from 18.6% to 21.2%.

During the year, Quant invested in growth markets and also focused on digitalization. A number of partners in digital maintenance technology were added to the company and Quant's digital offering has been clarified. This strengthened Quant's competitiveness and contributed to sales growth.

The carve-out process from ABB was completed during the year, and, accordingly, earnings were adversely impacted in the form of items affecting comparability. Earnings in 2015–2016 include restructuring expenses, transaction costs and other expenses affecting comparability for setting up the new organization and from the divestment of operations in Switzerland.

Financial overview

Group (MEUR)	2016	2015
Net sales	189,1	215,9
Gross profit	40,0	40,2
Gross margin	21,2%	18,6%
Equity/assets ratio	21,0%	23,0%
Cash and cash equivalents	17,0	23,2

Significant events during the financial year and after the end of the financial year

The carve-out process from ABB was concluded in 2016 and Quant is now a fully independent company in industrial maintenance. Over the past year, Quant has, in line with its new strategy, changed focus to growth. The new strategy and more efficient sales processes have helped Quant to secure new contracts and customers and the Group has been awarded contracts in Finland, Spain, Chile, the US, Sweden and the United Arab Emirates since the second half of 2016.

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The positive development in terms of new contracts continued in 2017 (including a major contract from Metsä Wood in Finland). The new contracts are replacing contracts in the portfolio that were not renewed during the year and represent a natural development of, and turnover in, the contract portfolio. Approximately half of the customer contracts that expired in 2016 were extended, but the Group has experienced some turnover in the contract portfolio as contracts in Australia, France, Belgium and New Zealand were not renewed. In conjunction with the acquisition, the allocated surplus value relating to these customer contracts were, therefore, impaired by EUR 4.8 million (see note 30). Part of the new strategy entails greater focus on mid-sized customers and contracts, which will result in more efficient sales work and a more diversified contract portfolio over time. During the year, Quant continued to refine its product offering and the Group invested in expertise in digitalization.

A new subsidiary was started in Q1 2017 in Denmark due to a five-year customer contract signed for servicing filling stations in Denmark, Norway and Sweden.

At the beginning of 2016, certain terms and conditions of the Group's credit facilities were renegotiated with Nordea Bank AB (publ). The new terms and conditions mean Quant's owners issued guarantees to the company and injected EUR 7.5 million as an unconditional shareholders' contribution to Quant AB. In connection with the expiration of these bank terms in Q1 2017, new terms and conditions were negotiated starting Q2 2017. These new terms entail, for example, a temporary, simplified covenant structure, that Quant's owners have issued new, temporary guarantees to the company and that Nordea Bank AB (publ) has lent EUR 8.0 million to the Group's Parent Company for three months for the purpose of temporarily financing the shutdown of the subsidiary in New Zealand.

In accordance with the company's strategy to concentrate its operations, manufacturing operations in Switzerland were divested in 2016. In December, a newly formed subsidiary acquired the Swiss maintenance operations from the company's subsidiary Quant Switzerland GmbH. The manufacturing operations, which are not part of Quant's core business, were transferred to an external party, partly through the sale of the subsidiary Quant Switzerland GmbH. See note 3.

As part of its investments in growth markets, Quant established a subsidiary in the Abu Dhabi Airport Freezone in the United Arab Emirates in 2015. Early in 2016, a new joint venture was created, Quant Gulf Equipment and General Maintenance LLC, together with Themaar Investment LLC in Dubai in the United Arab Emirates. Quant Sweden Holding AB holds 49% of the shares in the joint venture and Themaar Investment LLC holds 51%. Since Quant has effective control of this company, the company is included in full in the Group consolidation.

A new share issue was conducted by the South African subsidiary to a foundation set up by Quant, the Quant Education Trust. The purpose of the issue was to achieve and maintain a positive rating for Quant South Africa Pty Ltd under the BBBEE (Broad-Based Black Economic Empowerment) legislation in South Africa. Following the share issue, which took place in early 2016, the foundation holds 26.2% of the shares in Quant South Africa Pty Ltd and Quant Sweden Holding AB holds 73.8% of the shares. The new share issue was carried out without compensation.

Important conditions

The group has operations in 28 countries with 21 different currencies, which means that changes in currency rates can have a significant impact on its result. The group is also exposed to changes in market interest rates. For more information, see note 21.

Expected future development and important risks and insecurity factors*Operational risks*

The operations are conducted in a number of different countries and are thus dependent on both the general economic climate and conditions unique to each country. Accordingly, the general market situation impacts the group's ability to retain existing customers and its ability to win new customers.

The operational risks in Quant's business are 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, the environment and business processes. 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.

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Quant's operations involve a number of major customers, which entails a risk linked to losing any of these customers. In line with Quant's strategy, the company is working to reduce its dependency on major customers and increase the percentage of mid-sized customers. Continuous extension and renewal of the contract portfolio is important to Quant as there is a risk of continuously losing contracts. Quant works proactively to manage this risk by providing customer value through motivated and well-educated personnel, constant development of services and processes and an active dialogue to strengthen customer relationships.

If contracts are at a fixed price, Quant is restricted in its ability to regulate the price for unforeseen cost increases. Generally, Quant strives to index prices in its contracts but some cost increases may be beyond Quant's control.

The Group operates a relatively specialized business and the loss of key individuals and the ability to attract qualified personnel are essential for the success of the Group.

Financial risks

Financial risks mainly consist of currency, interest rate and financing risks. The continued development of the global economy, including interest rate and currency risk, is an uncertainty factor for earnings performance. A more detailed description of Quant's financial risks and how the group manages these risks is found in note 21.

The group has a credit risk linked to the risk that customers will be unable to fulfill their credit obligations.

Insurable risks

Usage of insurance is governed by central guidelines. These include professional indemnity and product liability, property, disruption, transport, crime, CEO and Board responsibilities and liability insurance for employment-related requirements. Most insurance policies are managed centrally by the group.

Own shares

There are no Quant shares that are owned by the company.

Use of financial instruments

Financial instruments derive from interest-bearing borrowing from banks and currency hedging of intercompany loans. As of December 31, 2016, currency swaps hedging intercompany loans were outstanding. The derivatives are included in the balance sheet under other liabilities and amount to EUR 87 (117) thousand.

Permit or notification required under the Environmental Code

The group does not operate a business that requires any permit or notification.

Proposed disposal of the company's profit or loss

The Board of Directors proposes that the non-restricted equity, EUR 94,210,358, be allocated as shown below:

Balanced on new account EUR		94 210 358
	Total	<u>94 210 358</u>

For further information regarding the company's profit and financial position, information can be found in the following income statement, balance sheet and associated notes.

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Statement of Profit and Loss, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016</i>	<i>2015</i>
Net sales	4	189 146	215 910
Cost of goods sold and services rendered	5	<u>-149 175</u>	<u>-175 678</u>
Gross profit		39 971	40 232
Selling expenses	5	-3 014	-7 955
Administration expenses	5	-52 266	-46 001
Research and development costs	5	-442	-829
Profit from participation in associated companies	1	<u>465</u>	<u>470</u>
Operating loss	6, 7, 8	-15 286	-14 083
Profit/loss from financial items			
Interest income and similar profit/loss items	9	1 761	263
Interest expense and similar profit/loss items	1	<u>-4 336</u>	<u>-11 982</u>
Loss after financial items		-17 861	-25 802
Tax on loss for the year	1	<u>-39</u>	<u>-833</u>
Loss for the year		-17 900	-26 635
Attributable to:			
Shareholders of the parent company		-17 900	-26 635
Non-controlling interest		0	-

Statement of Comprehensive Income, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016</i>	<i>2015</i>
Loss for the year		-17 900	-26 635
Other comprehensive income			
Items that have been or could be reallocated to profit/loss for the year			
Translation differences pertaining to foreign operations		-1 503	1 372
Changes in the fair value of cash flow hedges		36	-122
Tax pertaining to changes in the fair value of cash flow hedges		<u>-8</u>	<u>27</u>
		-1 475	1 277
Items that could not be reallocated to profit/loss for the year			
Revaluation of defined-benefit plans		-6 969	6 192
Tax pertaining to items that could not be reallocated to profit/loss		<u>1 359</u>	<u>-1 404</u>
		-5 610	4 788
Other comprehensive income for the year		-7 085	6 065
Comprehensive income for the year		-24 985	-20 570
Attributable to:			
Shareholders of the parent company		-24 985	-20 570
Non-controlling interest		0	-

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Statement of Financial Position, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Other intangible assets	12, 13, 14, 30	65 677	77 078
Goodwill	15, 30	75 710	75 511
		<u>141 387</u>	<u>152 589</u>
<i>Property, plant and equipment</i>			
Land and buildings	16	155	855
Plant and machinery	17	2 535	6 460
		<u>2 690</u>	<u>7 315</u>
<i>Other non-current assets</i>			
Participations in associated companies	19	654	840
Deferred tax assets	2	5 233	857
Other long-term receivables	2	4 440	3 645
		<u>10 327</u>	<u>5 342</u>
Total non-current assets		154 404	165 246
Current assets			
<i>Inventories</i>			
Raw materials and consumables		1 217	1 331
Products in progress		2 210	3 427
Finished goods and goods for resale		–	1 089
Advance payments to suppliers		–	276
		<u>3 427</u>	<u>6 123</u>
<i>Current receivables</i>			
Accounts receivable - trade	21	27 594	29 863
Current tax assets		–	1 772
Other receivables	24	10 030	22 329
Prepaid expenses and accrued income	25	12 794	3 282
		<u>50 418</u>	<u>57 246</u>
<i>Cash and cash equivalents</i>			
Cash and cash equivalents	34	16 986	23 205
		<u>16 986</u>	<u>23 205</u>
Total current assets		70 831	86 574
TOTAL ASSETS		225 235	251 820

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Statement of Financial Position, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
EQUITY AND LIABILITIES			
Equity			
Share capital		5	5
Other added capital		94 500	94 500
Reserves		-199	1 277
Loss brought forward, incl. net loss for the year		-52 138	-36 128
Total equity pertaining to the shareholders of the parent company		42 168	59 654
Non-controlling interest		0	–
Total equity		42 168	59 654
Non-current liabilities			
Liabilities to credit institutions	21, 28	77 510	75 468
Other non-current liabilities		1 625	117
Provisions for pensions and similar obligations	26	2 755	2 515
Other provisions	2	–	161
Deferred tax liability	2	18 802	19 889
		100 692	98 150
Current liabilities			
Liabilities to credit institutions	21, 28	18 525	15 934
Accounts payable - trade		13 372	31 384
Tax liability		1 208	3 651
Other provisions	2	5 284	5 606
Other liabilities		21 285	22 545
Accrued expenses and deferred income	2	22 701	14 896
		82 375	94 016
TOTAL EQUITY AND LIABILITIES		225 235	251 820

Information on the Group's collateral and contingent liabilities is provided in note 31.

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Statement of Changes in Equity, Group

	<i>Share capital</i>	<i>Other added capital</i>	<i>Statutory reserve</i>	<i>Revaluation reserve</i>	<i>Profit or loss brought forward, incl net profit/loss for the year</i>	<i>Total equity</i>
Opening balance 2015-01-01	5	94 500	–	–	-14 281	80 224
Comprehensive income for the year			-95	1 372	-21 847	-20 570
Closing balance 2015-12-31	5	94 500	-95	1 372	-36 128	59 654

	<i>Share capital</i>	<i>Other added capital</i>	<i>Statutory reserve</i>	<i>Revaluation reserve</i>	<i>Profit or loss brought forward, incl net profit/loss for the year</i>	<i>Total equity</i>
Opening balance 2016-01-01	5	94 500	-95	1 372	-36 128	59 654
Shareholders' contribution received					7 500	7 500
Comprehensive income for the year			28	-1 503	-23 510	-24 985
Closing balance 2016-12-31	5	94 500	-67	-131	-52 138	42 168

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Statement of Cash Flows, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016</i>	<i>2015</i>
Operating activities	33		
Loss after financial items		-17 861	-25 802
<i>Adjustments for non-cash items</i>			
Depreciation and amortisation		19 246	12 510
Change in provisions		-1 022	2 140
Other		-4 840	2 844
		<u>-4 477</u>	<u>-8 308</u>
Income tax paid		<u>-2 169</u>	<u>-1 607</u>
Cash flow from operating activities before working capital changes		-6 646	-9 915
<i>Cash flow from working capital changes</i>			
Increase (-) / Reduction (+) of inventories		2 695	1 420
Increase (-) / Reduction (+) of current receivables		5 057	-7 350
Increase (+) / Reduction (-) of current liabilities		-14 084	8 830
Cash flow from operating activities		<u>-12 978</u>	<u>-7 015</u>
Investing activities			
Acquisition of property, plant and equipment	16, 17	-2 006	-1 491
Acquisition of intangible assets	12	-4 813	-4 843
Purchase considerations paid for the year, acquisitions of business		-	-7 087
Purchase considerations received for the year, disposal of business	3	2 117	-
Change in financial assets and liabilities		550	-189
Cash flow from investing activities		<u>-4 152</u>	<u>-13 610</u>
Financing activities			
Received shareholders' contribution		7 500	-
Raising of borrowings		3 720	-
Repayment of borrowings		-	-7 705
Cash flow from financing activities		<u>11 220</u>	<u>-7 705</u>
Cash flow for the year		-5 910	-28 330
Cash and cash equivalents at the beginning of the year		23 205	54 191
Exchange rate differences in cash and cash equivalents		-309	-2 656
Cash and cash equivalents at the end of the year	34	<u>16 986</u>	<u>23 205</u>

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Statement of Profit and Loss, Parent Company

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016</i>	<i>2015</i>
Net sales		24 658	18 473
Cost of services rendered	5	<u>-1 571</u>	<u>-189</u>
Gross profit	35	23 088	18 284
Selling expenses	5	-327	-728
Administrative expenses	5	-26 008	-24 821
Other operating income		<u>1 093</u>	<u>-</u>
Operating profit/loss	6, 7, 8	-2 155	-7 265
<i>Profit/loss from financial items</i>			
Interest income and similar profit/loss items	9	7 220	3 303
Interest expense and similar profit/loss items	1	<u>-4 544</u>	<u>-4 170</u>
Profit/loss after financial items		521	-8 132
Group contributions received		<u>-</u>	<u>1 436</u>
Profit/loss before tax		521	-6 696
Tax on profit for the year	11	<u>-81</u>	<u>-</u>
Net profit/loss for year		440	-6 696

Statement of Comprehensive Income and Other Comprehensive Income, Parent Company

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016</i>	<i>2015</i>
Net profit/loss for the year		<u>440</u>	<u>-6 696</u>
Comprehensive income for the year		440	-6 696

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Balance Sheet, Parent Company

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
TILLGÅNGAR			
Anläggningstillgångar			
<i>Intangible assets</i>			
Other intangible assets	1	<u>5 103</u>	<u>4 062</u>
		5 103	4 062
<i>Property, plant and equipment</i>			
Equipment	17	<u>70</u>	<u>245</u>
		70	245
<i>Financial assets</i>			
Participation in group companies	1	99 331	99 331
Receivables from group companies		<u>6 217</u>	<u>6 797</u>
		105 548	106 128
Total non-current assets		110 721	110 435
Current assets			
<i>Current receivables</i>			
Receivables from group companies		104 522	74 118
Other receivables	24	85	4 119
Prepaid expenses and accrued income	25	<u>347</u>	<u>655</u>
		104 954	78 892
<i>Kassa och bank</i>			
Kassa och bank	34	<u>1 271</u>	<u>4 134</u>
		1 271	4 134
Summa omsättningstillgångar		106 225	83 026
SUMMA TILLGÅNGAR		216 946	193 461

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Balance sheet, Parent Company

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2016-12-31</i>	<i>2015-12-31</i>
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital (50,000 shares)		5	5
		5	5
<i>Non-restricted equity</i>			
Profit or loss brought forward		93 770	92 966
Net profit/loss for the year		440	-6 696
		94 210	86 270
			-6 696
Total equity		94 215	86 275
Non-current liabilities			
Non-current interest-bearing liabilities	28	77 510	75 468
		77 510	75 468
Current liabilities			
Current interest-bearing liabilities	28	18 525	15 934
Accounts payable - trade		1 204	3 245
Liabilities to group companies		20 909	3 742
Other liabilities		1 144	5 988
Accrued expenses and deferred income	2	3 439	2 809
		45 221	31 718
TOTAL EQUITY AND LIABILITIES		216 946	193 461

Information on the parent company's pledged assets and contingent liabilities is provided in Note 31.

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Statement of Changes in Equity, Parent Company

	Restricted equity	Non-restricted equity	
	<i>Share capital</i>	<i>Profit or loss brought forward, incl net</i>	<i>Total equity</i>
Opening balance 2015-01-01	5	92 966	92 971
Comprehensive income for the year		-6 696	-6 696
Closing balance 2015-12-31	5	86 270	86 275

	<i>Share capital</i>	<i>Profit or loss brought forward, incl net</i>	<i>Total equity</i>
Opening balance 2016-01-01	5	86 270	86 275
<i>Transactions with owners</i>			
Shareholders' contribution received	–	7 500	7 500
<i>Total</i>	–	7 500	7 500
Comprehensive income for the year		440	440
Closing balance 2016-12-31	5	94 210	94 215

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Cash Flow Statement, Parent Company

<i>Amounts in KEUR</i>		<i>2016</i>	<i>2015</i>
	33		
Operating activities			
Profit/loss after financial items		521	-8 132
<i>Adjustments for non-cash items</i>			
Depreciation		2 328	231
Other non-cash items		913	-
Cash flow from operating activities before working capital changes		<u>3 762</u>	<u>-7 901</u>
<i>Cash flow from working capital changes</i>			
Increase(-)/Decrease(+) of current receivables		-25 482	-4 021
Increase(+)/Decrease(-) of current liabilities		10 832	-8 692
Cash flow from operating activities		<u>-10 888</u>	<u>-20 614</u>
Investing activities			
Acquisition of property, plant and equipment	17	-80	-245
Acquisition of intangible assets	12	-3 115	-4 293
Purchase considerations paid for the year, acquisitions of business		-	-7 087
Cash flow from investing activities		<u>-3 195</u>	<u>-11 625</u>
Financing activities			
Shareholders' contributions received		7 500	-
Raising of borrowings		3 720	-
Repayment of borrowings		-	-1 674
Cash flow from financing activities		<u>11 220</u>	<u>-1 674</u>
Cash flow for the year		-2 863	-33 913
Cash and cash equivalents at the beginning of the year		4 134	37 283
Exchange rate differences in cash and cash equivalents		-	764
Cash and cash equivalents at the end of the year	34	<u>1 271</u>	<u>4 134</u>

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Notes

*Amounts in KEUR unless otherwise stated***Note 1 Accounting policies**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 supplementary accounting rules for groups has been applied.

The parent company applies the same accounting policies as the group except in the cases listed below under the section "Parent Company accounting policies".

The annual accounts and the consolidated accounts have been approved for issue by the Board of Directors and the CEO on April 26, 2017. The consolidated statement of financial position and the parent company's statement of financial position will be subject to adoption at the AGM on April 26, 2017.

Bases for appraisal applied when establishing the financial statements

Assets, provisions and liabilities have been valued at their acquisition values unless otherwise stated below.

Functional currency and reporting currency

The functional currency of the parent company is the euro, which is also the reporting currency for the parent company and for the group. This means that the financial statements are presented in euro.

Assessments and estimates in the financial statements

Preparing the financial statements in accordance with IFRS requires management to make assessments and estimates and to make assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and assessments.

The estimates and assumptions are reviewed regularly. Changes to estimates are reported in the period in which the change is made if the change only affected this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Disclosures of such IFRS standards or interpretations that have entered into force in 2016

The IFRSs that have entered into force 2016 have not had any effect on the group's consolidated accounts.

Disclosure of such IFRS standards or interpretations that have not yet entered into force

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. Through IFRS 9, the IASB has completed a complete "package" of changes regarding the accounting of financial instruments. The package contains new starting points for the classification and measurement of financial instruments, a forward-looking ("expected loss") impairment model and simplified conditions for hedge accounting. IFRS 9 enters into force 2018 and earlier application is allowed.

The evaluation of the effects on Quant AB's accounting when IFRS 9 is applied is underway. Precise effects have not yet been estimated but will become clear as implementation project progresses during 2017.

IFRS 9 has, as a consequence, brought changes in the disclosure requirements of IFRS 7 Financial Instruments: Disclosures, which will affect the information provided. The scope of these changes for Quant AB is not yet known or appreciated.

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IFRS 15 Revenue from Contracts with Customers

The purpose of a new revenue standard is to have a single policy-based standard for all industries that will replace existing standards and statements about revenue. Industries that are judged to be affected the most are the telecom, software, real estate, aerospace, detention, construction and civil engineering industries as well as companies engaged in contract manufacturing. However, all companies will be affected by the new substantially extended disclosure requirements. There are three alternative ways to transition; Full retroactivity, partial retroactivity, partial retroactivity (includes relief rules) and an "accumulated effect method" where equity is adjusted per January 1, 2018 for contracts that are ongoing under the old framework (IAS 11/IAS 18). IFRS 15 enters into force in 2018 and earlier application is permitted.

The evaluation of the effects on Quant's accounting when IFRS 15 is applied is ongoing. Precise effects have not yet been appreciated. Choices regarding transitional methods will be made when the analysis of IFRS 15 has reached a phase that provides more complete support documentation than currently. Finally, it is noted that IFRS 15 contains extended disclosure requirements for revenue, which will expand the content of the note information.

IFRS 16 Leases

New standard regarding recognition of leasing. For lessees, the classification in IAS 17 of operating and financial leasing disappears and is replaced by a model in which assets and liabilities for all leasing contracts are to be recognized in the statement of financial position. Exemptions for accounting in the statement of financial position are available for smaller leasing contracts and contracts with a maturity of 12 months or less. In the income statement, depreciation is reported separately from interest expenses attributable to the leasing liability. IFRS 16 shall apply from January 1, 2019. Earlier application is permitted provided that IFRS 15 is also applied at the same time.

As operational lessee, Quant will be affected by the introduction of IFRS 16. Precise calculations of the effect of IFRS 16 and choices regarding transitional methods have not yet been implemented. The information provided in note 16 on operational leasing agreements gives an indication of the type and scope of existing agreements.

Other published changes to accounting standards with future application are not considered to have any material effect on the consolidated accounts.

Classification

The classification of non-current assets and non-current liabilities consists substantially of amounts that are expected to be recovered or paid more than 12 months from the balance sheet date. Current assets and current liabilities consist substantially of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

Consolidation principles and business combinations*Subsidiaries*

Subsidiaries are companies that are under a controlling influence from Quant AB. Controlling influence exists if Quant AB has power over the investee company, is exposed to, or has the right to, variable returns from its engagement with the company and can use its influence over the investment to influence the return. When assessing whether a controlling influence exists, potential voting shares are taken into account and if de facto control exists.

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Subsidiaries are reported according to the acquisition method. The method implies that the acquisition of a subsidiary is regarded as a transaction whereby the group indirectly acquires the subsidiary's assets and assumes its liabilities. In the acquisition analysis, the fair value on the acquisition date is determined by the identifiable assets and liabilities assumed, as well as any non-controlling interest. Transaction expenditure, with the exception of transaction expenditure relating to the issue of equity instruments or debt instruments, that arises is reported directly in profit or loss for the year. In the case of business combinations where transferred remuneration, possible non-controlling interest and the value of any previously owned share (in the case of incremental acquisitions) exceed the fair value of acquired assets and assumed liabilities that is recognized separately, the difference is recognized as goodwill. When the difference is negative, known as a bargain purchase, this is reported directly in profit or loss for the year.

Contingent consideration is reported at fair value at the time of acquisition. Where the contingent consideration is classified as an equity instrument, no revaluation and regulation is made within equity. For other contingent considerations, these are revalued at each reporting date and the change is reported in profit or loss for the year.

In cases where the acquisition does not relate to 100% of the subsidiary, a non-controlling interest is acquired. There are two options for reporting non-controlling interests. These two options are to report non-controlling interest in net proportional assets or that non-controlling interests are recognized at fair value, which means that non-controlling interests have share in goodwill. The choice between the different options to report non-controlling interests can be made depending on the acquisition.

Associates

Associates are companies in which the group has a significant, but not a controlling, influence over the operational and financial management, usually through shareholdings of between 20% and 50% of the voting rights. From the moment the significant influence is received, participations in associated companies are reported in accordance with the equity method in the consolidated financial statements. The equity method implies that the value of the shares in associated companies reported in the group corresponds to the group's share in the associated companies' equity as well as group goodwill and any remaining values are reported in group surplus and deficit values. The group's share of associated companies' profit/loss adjusted for possible depreciation, impairment losses and dissolutions of acquired surplus and deficit values are reported as "participation in the result of associates". These share of profits less dividends received from associated companies represent the main change in the carrying amount of participations in associates. The group's share of other comprehensive income in associated companies is reported on a separate line in the group's other comprehensive income.

Any difference in the acquisition between the acquisition value of the holding and the investor's share of the fair value net of the identifiable assets and liabilities of the associate is reported according to the same principles as in the acquisition of subsidiaries.

Transaction expenditure, with the exception of transaction expenditure relating to the issue of equity instruments or debt instruments, which arises is included in the acquisition value. When the group's share of reported losses in the associated company exceeds the carrying amount of the group's shares, the value of the shares is reduced to zero. Offsetting of losses is also effected against non-collateral long-term financial transactions, which are, in their economic sense, part of the investor's net investment in the associated company. Continued losses are not reported unless the group has provided guarantees to cover the losses incurred by the associated company. The equity method is applied up to the time when the significant influence ceases.

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Transactions eliminated on consolidation

Intercompany receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-group transactions between business units are eliminated in full when the consolidated financial statements are prepared. Unrealized gains arising from transactions with associates are eliminated to the extent that corresponds to the group's ownership interest in the company. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no impairment.

Foreign currency*Transactions in foreign currency*

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Functional currency is the currency of the primary economic environments in which the companies conduct their business. Monetary assets and liabilities denominated in foreign currency are converted into functional currency at the balance sheet date and exchange rate differences are recognized. Exchange rate differences arising from translation are reported in profit or loss for the year. Non-monetary assets and liabilities that are reported at historical acquisition values are translated at the exchange rate at the transaction. Non-monetary assets and liabilities that are recognized at fair value are translated into the functional currency at the rate prevailing at the time of measurement at fair value.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other group surplus and deficit values, are translated from the foreign entity's functional currency to the group's reporting currency, euro, at the exchange rate prevailing on balance sheet date. Income and expenses in a foreign operation are translated into euro at an average rate that is an approximation of the exchange rates prevailing at the time of the respective transaction. Translation differences arising from currency translation of foreign operations are recognized in other comprehensive income and accumulate in a separate component of equity, designated as the "translation reserve". When controlling influence or significant influence ceases for a foreign operation, they are realized in the operations related to accumulated translation differences, which are reclassified from the translation reserve in equity to profit for the year. Where disposal occurs but controlling influence remains, the proportional share of accumulated translation differences from the translation reserve is transferred to non-controlling interests. In the case of disposal of parts of associates, but significant influence remains, the proportionate share of the translation differences is reclassified to profit for the year.

Revenue*Sale of goods and execution of service assignments*

Revenue from the sale of goods is reported in profit or loss when significant risks and benefits associated with the ownership of the goods have been transferred to the buyer. Revenue from service assignments is reported in profit or loss for the year based on the completion rate at the balance sheet date. The completion rate is determined by an assessment of the work performed on the basis of the studies carried out. Revenue is not recognized if it is probable that the economic benefits will not accrue to the group. If there is significant uncertainty regarding payment, associated costs or risk of returns, and if the seller retains a commitment to the current management that is usually related to ownership, no revenue is recognized. Revenue is recognized at the fair value of what has been received or is expected to be received, minus discounts.

The completion rate is determined on the basis of discontinued contract costs in relation to the total projected contract costs. Only expenditure corresponding to the work carried out is included in expenditure incurred on the balance sheet date. Only expenditure corresponding to work carried out or to be carried out will be counted in the estimated total expenditure.

Leasing*Operational leasing agreements*

Expenses relating to operational leasing agreements are reported in profit or loss for the year straight-line over the leasing period. Benefits received in connection with the signing of an agreement are reported in the profit or loss for the year as a reduction in the leasing charges straight-line over the term of the leasing contract. Variable fees are expensed in the periods they arise.

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Financial income and expenses

Financial income consists of interest income on invested funds and gain on the change in value of financial assets valued at fair value through profit or loss.

Interest income on financial instruments is reported according to the effective interest method (see below). Dividend income is recognized when the right to receive dividends is determined. The result of the disposal of a financial instrument is recognized when the risks and benefits associated with ownership of the instrument are transferred to the buyer and the group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, the effect of the dissolution of the present value calculation of provisions, loss on changes in value of financial assets valued at fair value through profit or loss, impairment of financial assets and such losses on hedging instruments reported in profit or loss for the year. Borrowing costs are recognized in profit or loss using the effective interest method, except to the extent that they are directly attributable to the purchase, construction or production of assets that take a significant amount of time to complete for their intended use or sales, in which case they are included in the acquisition value of the assets.

The effective interest rate is the interest rate used to discount the estimated future cash receipts and disbursements for the expected maturity to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the contracting parties that are part of the effective interest rate, transaction costs and all other surplus or deficit rates.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are reported in profit or loss for the year except where the underlying transaction is recognized in other comprehensive income or in equity, whereby the related tax effect is recognized in other comprehensive income or equity.

Current tax is tax that is to be paid or received in the current year, applying the tax rates that are decided or in practice decided at the balance sheet date. The current tax also includes adjustment of current tax attributable to prior periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the carrying amounts and the tax values of assets and liabilities. Temporary differences are not taken into account in group goodwill, nor for the difference arising from the initial recognition of assets and liabilities that are not business combinations that at the time of the transaction do not affect either the recognized in taxable profit or loss. Furthermore, temporary differences attributable to shares in subsidiaries and associates that are not expected to be reversed in the foreseeable future are also not taken into account. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates and tax rules that are decided or in practice decided at the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognized only to the extent that it is probable that they will be able to be used. The value of deferred tax assets is reduced when it is no longer deemed likely to be used.

Any additional income tax arising from dividends is recognized at the same time as the distribution is recognized as a liability.

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Financial instruments

Financial instruments are any form of contract that gives rise to a financial asset in a company and a financial liability or an equity instrument of another company.

Recognition in and deletion from the statement of financial position

A financial asset or financial liability is included in the statement of financial position when the company becomes a party under the contractual terms of the instrument. A claim is raised when the company has performed, and a contractual obligation exists for the counterparty to pay, even if the invoice has not yet been sent. Accounts receivable are included in the statement of financial position when the invoice has been sent. Debt is raised when the counterparty has performed, and a contractual obligation exists to pay, even if the invoice has not yet been received. Accounts payable are entered when the invoice is received.

A financial asset is removed from the statement of financial position when the rights in the agreement are realized or expired or the company loses control of them. The same applies to part of a financial asset. A financial liability is removed from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and reported in a net amount in the statement of financial position only when there is a legal right to offset the amounts and there is an intention to regulate the items in a net amount or to simultaneously realize the asset and settle the debt.

Acquisitions and divestments of financial assets are reported on the business day. The business day constitutes the date on which the company commits to acquire or divest the asset.

Classification and valuation

The classification of financial instruments is in the following categories: (a) Financial assets valued at fair value through profit or loss, (b) loan receivables and accounts receivable, (c) Financial instruments held to maturity, (d) available-for-sale financial assets and (e) Other financial liabilities. The classification depends on the purpose for which the instruments were acquired. The management determines the initial accounts and reconsiders this decision at each reporting date. All financial instruments are reported from the business day.

Classification and measurement of financial assets and liabilities

(a) Financial assets valued at fair value through profit or loss. □

This category has two sub-groups: financial assets held for trading and those which from the outset are attributable to the category valued at fair value through profit or loss for the year. A financial asset is classified in this category if it has been acquired mainly for the purpose of being sold shortly or if this classification is determined by management. Derivative instruments are also categorized as holdings for trading if they are not identified as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. Based on hedge accounting, Quant has recognized interest-rate swaps that are included in the accounts in other liabilities.

(b) Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Characteristically, they arise when the group provides money, goods or services directly to a customer without the intention of trading the resulting receivable. They are included in current assets, except for items with a due date more than 12 months after the balance sheet date, which are classified as non-current assets. Quant's cash and cash equivalents, accounts receivable, accrued income and certain other receivables are included in this category.

(c) Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the group's management has the intention and ability to retain to maturity. Quant has no financial instruments classified in this category.

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(d) Available-for-sale financial assets

Financial assets not classified in any other category such as shares and participations in both listed and non-listed companies. Quant has no financial instruments classified in this category.

(e) Other financial liabilities

Financial liabilities that are not held for trading. Quant's borrowing, accounts payable and certain accrued expenses are included in this category.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and corresponding institutions and short-term liquid investments with a maturity from the acquisition date of less than three months, which are subject to only insignificant risk of fluctuation.

Recognition and measurement of financial instruments

Loan receivables and accounts receivable are initially valued at their fair values. When determining fair values, information is used, where applicable, for recent transactions at arm's length, other instruments that are broadly equivalent and the analysis of discounted cash flows. On subsequent occasions, the assets are valued at amortized cost based on the effective interest method adjusted for possible credit losses. A provision for credit losses is made when there are strong indications that the group will not be able to obtain the amounts stated in the original terms of the claims.

Other financial liabilities are reported at amortized cost based on the effective interest method. The acquisition value is the fair value at the time of acquisition. For borrowing, this amount received is reduced for any transaction costs.

Any gains or losses arising in connection with the disposal of financial instruments or the repurchase of loan liabilities are recognized in items within profit or loss for the year.

Offsetting of financial instruments

Financial assets and liabilities are offset against each other and netted in the consolidated financial statements in cases where Quant has agreed with the counterparty that the assets and liabilities are to be settled net.

Financial derivative instruments

Financial derivatives are initially reported at acquisition value in the statement of financial position, and subsequently at the prevailing market value on the following balance sheet dates. The method of accounting for the resulting gain or loss varies depending on the nature of the hedged interest. Quant's financial instruments are presented in more detail in note 21.

When a derivative contract is entered into, it is classified as either (1) fair value hedge of a recognized asset or liability (fair value hedging), (2) hedging of a planned transaction or a definitive commitment (cash flow hedge), (3) hedging of a net investment in a foreign company or (4) a derivative instrument that does not qualify for hedge accounting.

Changes in the market value of derivatives that are classified as, and qualify for, fair value hedging and that can be determined objectively are reported in items within profit or loss for the year, together with any changes in the market value of the asset or liability that the hedge relates to.

Changes in the fair value of derivatives that are classified as, and qualify for, cash flow hedges and that can be determined objectively, are immediately transferred to profit or loss for the year. On December 31, 2015, Quant had entered into derivative instruments to hedge interest-rate risk, which are classified as cash flow hedges.

Certain derivative transactions do not meet the requirements for hedge accounting in accordance with IAS 39 (Financial Instruments: Recognition and Measurement), although they are financially justified in accordance with the group's risk management policy. Changes in the market value of such non-qualifying hedging transactions are recognized immediately in items within profit or loss for the year. This type of transaction occurs in the group.

Quant does not hedge net investments in foreign subsidiaries.

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Accumulated translation differences

Translation differences relating to investments in foreign operations are reported as translation reserves in shareholders' equity. In the case of sales of foreign operations, accumulated translation differences attributable to divested foreign operations are reported as part of the consolidated result of the divestments.

Tangible assets

Tangible assets are reported in the group at cost less accumulated amortization and any impairment losses. The cost includes the purchase price and expenditure directly attributable to the asset to bring it into place and in condition to be used in accordance with the purpose of the acquisition. Accounting principles for depreciation are shown below.

Borrowing costs that are directly attributable to the purchase, construction or production of assets that take a significant amount of time to complete for their intended use or sale are included in the acquisition value.

Additional expenditure

Additional expenditure is added to the acquisition value only if it is probable that the future economic benefits associated with the asset will be realized and the cost can be calculated reliably. All other additional expenditure is recognized as an expense in the period in which it arises.

An additional expense is added to the acquisition value if the expenditure relates to the exchange of identified components or parts thereof. Even where new components have been created, the expenditure is added to the acquisition value. Any values of replaced components, or parts of components, not written off are decommissioned and expensed in connection with the exchange. Repairs are expensed continuously.

Depreciation policies

Depreciation is straight-line over the estimated useful life of the asset.

	Useful life
Buildings	15-40 years
Plant and machinery	3-15 years

Intangible assets*Goodwill*

Goodwill is valued at acquisition value less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested at least annually for impairment. Goodwill incurred in the acquisition of associates is included in the carrying amount of participations in associates.

Other intangible assets

Other intangible assets acquired by the group consist of client contracts, customer relationships and computer systems and are reported at cost less accumulated amortization (see below) and any impairment losses.

Costs incurred for internally generated goodwill and internally generated trademarks are reported in profit or loss for the year when the cost arises.

Additional expenditure

Additional expenditure on capitalized intangible assets is recognized as an asset in the statement of financial position only when it increases the future economic benefits for the specific asset to which it relates. All other expenditure is expensed when it arises.

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Amortization policies

Amortization is reported in the profit and loss for the year straight-line over the estimated useful lives of intangible assets, unless such useful lives are indeterminable. The useful life periods are reviewed at least annually. Amortization is recognized as a whole as administrative expenses. Goodwill and other intangible assets with an indefinite useful life or which are not yet ready for use are tested for impairment annually and also as soon as indications indicate that the asset in question has decreased in value. Intangible assets with determinable useful lives are amortized from the time they are available for use. The estimated useful life periods are:

	Useful life
Customer contracts	7 years
Customer relations	11 years
IT licenses	3 years
Software	3-5 years

Impairment losses

The group's reported assets are assessed at each balance sheet date to determine whether there is an indication of an impairment requirement. IAS 36 applies to impairment of assets other than financial assets, that are accounted for under IAS 39 inventories, plan assets used to finance employee benefits and deferred tax assets. For exempted assets as described above, the carrying amount is assessed according to the respective standard.

Impairment of tangible and intangible assets and participations in associated companies

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). For goodwill, other intangible assets with indefinite useful lives and intangible assets that are not yet ready for use, the recoverable amount is calculated annually. If it is not possible to determine essentially independent cash flows for an individual asset, and its fair value minus selling costs cannot be used, the assets are grouped when assessing impairment at the lowest level where it is possible to identify essentially independent cash flows – a so-called cash-generating unit.

An impairment loss is recognized when the carrying amount of an asset or a cash-generating unit (group of units) exceeds the recoverable value. An impairment loss is recognized as an expense in profit or loss.

The recoverable amount is the highest of fair value minus selling costs and value in use. In calculating the value in use, future cash flows are discounted by a discount factor taking into account the risk-free interest rate and the risks associated with the specific asset.

Impairment of financial assets

The company classifies accounts receivable as uncertain after individual assessment of the receivable. Requirements for impairment are determined on the basis of historical experience of bad debt losses on similar claims or when payment is not probable. Accounts receivable with impairment are reported at the present value of expected future cash flows. However, short-term receivables are not discounted.

Reversal of impairment losses

An impairment loss on assets included in the scope of IAS 36 is reversed if there is both an indication that the impairment no longer exists and there has been a change in the assumptions that formed the basis for the calculation of the recoverable value. A reversal is only made to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognized, less depreciation, where applicable, if no impairment was made.

Impairment losses on loan receivables and accounts receivable that are recognized at amortized cost are reversed if the earlier reasons for impairment are no longer present and full payment from the customer is expected to be received.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is calculated by applying the first-in, first-out (FIFO) method and includes expenditure incurred in the acquisition of the inventory assets and transporting them to their current location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, after deduction of estimated costs for completion and for the purpose of obtaining a sale.

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Payment of capital to the owners

Dividends are recognized as a liability after the annual general meeting approves the dividend.

Employee benefits*Short-term benefits*

Short-term employee benefits are calculated without discounting and are recognized as an expense when the related services are received.

A provision is recognized for the expected cost of profit-sharing and bonus payments when the group has an existing legal or informal obligation to make such payments as a result of services received from employees and the obligation can be calculated reliably.

Defined-contribution pension plans

The plans in which the company's obligation is limited to the fees that the company has undertaken to pay is classified as a defined-contribution pension plan. In such a case, the amount of the employee's pension depends on the fees paid by the company to the plan or to an insurance company and the return on capital provided by the contributions. Consequently, it is the employee who bears the actuarial risk (that the compensation is lower than expected) and the investment risk (that the assets invested will be insufficient to provide the expected benefits). The company's obligations for contributions to defined-contribution plans are recognized as an expense in profit or loss for the year as they are earned by the employees carrying out services on behalf of the company over a period of time.

Defined-benefit pension plans

Defined-benefit plans are other post-employment benefit plans than defined-contribution plans. The group's net obligation for defined-benefit plans is calculated separately for each plan by estimating the future remuneration that employees earned through their employment in both current and previous periods. This compensation is discounted to a present value. The discount rate is the interest rate on the balance sheet date of an investment grade corporate bond, including mortgage bonds, with a maturity corresponding to the group's pension obligations. When there is no viable market for such corporate bonds, the market rate is instead used on government bonds with a corresponding maturity. The calculation is performed by a qualified actuary, using the Projected Unit Credit Method. Furthermore, the fair value of any plan assets is calculated as of the reporting date.

The group's net obligation comprises the present value of the obligation, minus the fair value of the plan assets adjusted for any asset constraints.

Interest expense/revenue net of the defined-benefit obligation/asset is reported in profit or loss for the year under net financial items. Net interest income is based on the interest that arises when discounting the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any asset restrictions. Other components are reported in operating income.

Revaluation effects consist of actuarial gains and losses, the difference between the actual return on management assets and the amount included in net interest income and any changes in the effects of asset restrictions (excluding interest included in net interest income). The revaluation effects are recognized in other comprehensive income.

When the calculation results in an asset for the group, the carrying amount of the asset is limited to the lower of the surplus in the plan and the asset restriction calculated using the discount rate. The asset restriction is the present value of the future economic benefits in the form of reduced future fees or cash refunds. For the calculation of the present value of future refunds or payments, any requirements for minimum funding are taken into account.

Changes or reductions of a defined-benefit plan are recognized at the earliest of the following dates: a) when the change in the plan or reduction occurs or (b) when the entity reports related restructuring costs and termination benefits. The changes/reductions are reported directly in profit or loss for the year.

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The special payroll tax is part of the actuarial assumptions and is therefore accounted for as part of the net obligation/asset. The part of the special payroll tax that is calculated on the basis of the safeguarding law of a legal person is recognized for reasons of simplification as an accrued expense instead of as part of the net obligation/asset.

Return tax is reported on an ongoing basis in profit or loss for the period to which the tax relates and is thus not included in the liability calculation. In the case of funded plans, the tax is charged on the return on plan assets and is recognized in other comprehensive income. In unfunded or partly unfunded plans, the tax is charged to net profit for the year.

Other long-term benefits

The group's net obligation for other long-term benefits, other than pensions, amounts to the value of future benefits that employees have earned as compensation for the services they have performed in the current and previous periods. The compensation is discounted to a present value and the fair value of any plan assets is deducted. The discount rate is determined on the same basis as for defined-benefit pension plans. The calculation is done with the Projected Unit Credit Method. Any actuarial gains or losses are recognized in profit or loss for the year in the period in which they arise.

Termination benefits

A cost for remuneration in connection with termination of employment is recognized at first when the company can no longer withdraw the offer to the employees or when the company recognizes restructuring costs. The benefits that are expected to be settled after 12 months are reported at its present value. Benefits that are not expected to be settled entirely within twelve months are reported according to long-term benefits.

Provisions

A provision differs from other debts in that there is uncertainty about the period of payment or the amount to regulate the provision. A provision is recognized in the statement of financial position when there is an existing legal or informal obligation as a result of an event occurring, and it is probable that an outflow of financial resources will be required to regulate the obligation and a reliable estimate of the amount can be made.

Provisions are made with the amount that is the best estimate of what is required to settle the existing obligation at the balance sheet date. Where the effect of when payment is made is material, provisions are calculated by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

Guarantees

A provision for guarantees is recognized when the underlying products or services are sold. The provision is based on historical data on guarantees and an aggregate of possible outcomes in relation to the probabilities that the outcomes are associated with.

Contingent liabilities

A contingent liability is recognized when there is a possible commitment arising from past events and whose existence is confirmed only by one or more uncertain future events outside the group's control or when there is a commitment that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required or it cannot be calculated with sufficient reliability.

Parent Company Accounting Policies

The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Statements issued by the Swedish Financial Reporting Board for listed companies are also applied. RFR 2 means that the parent company in the annual report of the legal entity shall apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with regard to the relationship between accounting and taxation. The recommendation specifies the exceptions and additions to IFRS that should be made.

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Differences between the group's and the parent company's accounting policies

The differences between the group's and the parent company's accounting principles are shown below. The accounting principles for the parent company described below have been applied consistently to all periods presented in the parent company's financial statements.

Classification and presentation forms

The parent company uses the terms balance sheet and cash flow statement for the statements presented in the group as the statement of financial position and the statement of cash flows. The income statement and balance sheet for the parent company are prepared in accordance with the format of the Annual Accounts Act, while the statement of comprehensive and other comprehensive income, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial statements and IAS 7 Statement of Cash Flows. The differences between the consolidated statements and the parent company's income statement and balance sheet mainly comprise the recognition of financial income and expenses, fixed assets, equity and provisions as a separate heading in the balance sheet.

Subsidiaries

Participations in subsidiaries are reported in the parent company according to the cost method. This means that transaction expenses are included in the carrying amount of investments in subsidiaries. In the consolidated financial statements, transaction expenses attributable to subsidiaries are reported directly in profit or loss when these are incurred.

Financial instruments

As a result of the relationship between accounting and taxation, the rules on financial instruments are not applied in the parent company as a legal entity.

In the parent company, financial fixed assets are measured at cost less any impairment losses and financial current assets according to the lowest value principle. The cost of interest-bearing instruments is adjusted for the accrued difference between what was initially paid, after deduction of transaction costs, and the amount paid on the due date (premium or discount).

Anticipated dividends

Anticipated dividends from subsidiaries are reported in cases where the parent company alone has the right to decide on the amount of the dividend and the parent company has decided on the size of the dividend before the parent company publishes its financial statements.

Tangible fixed assets

Tangible fixed assets in the parent company are reported at cost less accumulated amortization and any impairment losses in the same way as for the group but with additions for any write-ups.

Leased assets

In the parent company, all leasing agreements are recognised according to operating lease rules.

Borrowing costs

In the parent company, loan expenditure is charged to profit or loss during the period to which it relates. No borrowing costs are capitalized on assets.

*Employee benefits**Defined benefit plans*

Other grounds for calculating defined benefit plans than those set out in IAS 19 are applied in the Parent Company. The parent company complies with the provisions of the Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations since this is a precondition for tax deduction. The main differences compared to the rules in IAS 19 are how the discount rate is determined, that the calculation of the defined benefit obligation is based on the current salary level without the assumption of future salary increases, and that actuarial gains and losses are recognized in the income statement

Group contributions

Koncernbidrag redovisas som bokslutsdisposition.

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Note 2 Estimates and assessments

The estimates and assessments that Quant's management and Board of Directors mention below are those that are deemed most important to obtain an understanding of Quant's financial reporting. The information is limited to areas that are essential, taking into account the degree of impact and underlying security.

Estimates and assessments are based on historical experience and assumptions that management and the Board of Directors consider reasonable under the relevant circumstances. Drawn conclusions form the basis of the carrying amounts of assets and liabilities, where these cannot be determined by information from other sources. Actual outcomes may differ from these through estimates and assessments.

Customer contracts

Quant's source of revenues consists mostly of fixed price contracts but also current hourly price contracts. Performance is assessed in relation to the terms of the contract. In order to determine the amounts to be recognized and whether the reservations for losses are to be made, the total contract costs and the proportion of the contract that has been completed are assessed.

Pension obligations

Within the group, defined-benefit pension plans have significant commitments for future benefits to current and former staff. To carry out the calculation of the pension liability, actuarial assumptions are of great importance for the outcome of the calculation. The assessments mainly concern the discount rate on obligations and expected return on plan assets, but also assumptions about the rate of wage increases, staff turnover and estimated life expectancy. A reduced discount rate increases the reported pension liability. The actual outcome may deviate from the accounts in the case where the assumptions applied have been shown to be incorrect.

Intangible assets

Intangible assets mainly refer to goodwill, customer contracts and customer relations. Goodwill with an indefinite lifetime is not subject to annual amortization. Insofar as the underlying activities develop negatively, an impairment loss may arise. An impairment test takes place annually mainly based on the value in use, with assumptions about sales development, profit margins, current investments, changes in working capital and more.

Note 3 Divestments and acquisitions

In December, a newly formed Swiss subsidiary took over the maintenance operations from the subsidiary Quant Switzerland GmbH. The manufacturing business, which does not belong to Quant's core business, was transferred to an external party, through a sale of the subsidiary Quant Switzerland GmbH.

	<u>2016</u>
Fair value of divested operations	2 328
Cash and cash equivalents	<u>-211</u>
Fair value of divested assets	2 117

Acquisitions 2016

At the beginning of 2016, Quant established a new company, Quant Gulf Equipment and General Maintenance LLC along with Themaar Investment LLC in Dubai in the UAE. Quant Sweden Holding AB owns 49% of the shares in the joint venture and Themaar Investment LLC 51%. Since Quant has effective control over this joint venture, the company is included as a whole in the group consolidation.

In November, a new subsidiary was registered in Switzerland, Quant Service GmbH. The company took over service business from Quant Switzerland GmbH.

Acquisitions 2015

No acquisitions have been made during 2015.

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Note 4 Distribution of income and other operating income

	2016	2015
Group		
<i>Net sales per business area</i>		
Services	160 985	168 273
Sale of goods	13 547	33 145
Other management services	14 614	14 492
	<u>189 146</u>	<u>215 910</u>

To some customers, Quant sells services in the form of management service via specially selected subcontractors. The work is done by a contracted subcontractor at the customer's premises. Quant is not allowed to perform the work directly but manages and administers the work and establishes the necessary documents. As part of the agreement, Quant pays the subcontractor on behalf of the customer with the customer's funds. Quant's income therefore consists only of a service fee for managing and administering the assignment. In view of the fact that the payment that Quant receives from the customer in order, on behalf of the customer, to pay suppliers does not meet the criteria for revenue recognition, these are recognized net as other management services.

Note 5 Operating expenses

	<i>Group</i>		<i>Parent company</i>	
	2016	2015	2016	2015
<i>Cost of goods sold and services rendered</i>				
Staff	-106 455	-100 207	-127	-116
Depreciation	-1 372	-3 856	-	-
Other	-41 348	-71 615	-1 444	-73
	<u>-149 175</u>	<u>-175 678</u>	<u>-1 571</u>	<u>-189</u>
<i>Selling expenses</i>				
Staff	-2 842	-2 990	-244	-312
Depreciation	-18	-5	-	-
Other	-154	-4 960	-83	-416
	<u>-3 014</u>	<u>-7 955</u>	<u>-327</u>	<u>-728</u>
<i>Administration expenses</i>				
Staff	-8 821	-13 935	-4 649	-4 716
Depreciation	-13 007	-8 649	-2 329	-231
Impairment customer contract	-4 848	-	-	-
Other	-25 590	-23 417	-19 030	-19 874
	<u>-52 266</u>	<u>-46 001</u>	<u>-26 008</u>	<u>-24 821</u>
<i>Research and development costs</i>				
Staff	-278	-716	-	-
Other	-164	-113	-	-
	<u>-442</u>	<u>-829</u>	<u>-</u>	<u>-</u>

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Note 6 Employees, personnel costs and fees to the Board of Directors

Average number of employees at year-end	<i>2016</i>	<i>of which men</i>	<i>2015</i>	<i>of which men</i>
Parent company				
Sweden	20	55%	22	59%
Total in the parent company	20	55%	22	59%
Group				
Sweden	208	93%	223	86%
Belgium	1	100%	2	100%
Czech Republic	-	-	7	43%
Estonia	72	94%	73	95%
Finland	147	93%	133	93%
France	6	100%	6	100%
Germany	16	94%	15	93%
Hungary	11	45%	10	90%
Latvia	42	93%	41	90%
Netherlands	3	100%	3	100%
Norway	10	100%	6	100%
Switzerland	100	94%	122	93%
UK	6	100%	6	100%
Spain	16	81%	17	82%
Italy	55	78%	53	77%
United Arab Emirates	6	100%	-	-
Canada	1	100%	1	100%
Mexico	19	68%	14	64%
USA	45	98%	44	93%
Argentina	57	100%	59	100%
Brazil	317	93%	201	95%
Chile	332	98%	286	96%
Namibia	181	96%	176	94%
South Africa	105	90%	144	90%
Australia	49	98%	72	96%
China	177	90%	155	90%
Malaysia	45	87%	54	91%
New Zealand	179	92%	177	94%
Total in Group	2 226	93%	2 100	92%

The average number of employees is not considered to be a relevant measure for 2015 since the operations were acquired on December 30, 2014 and the group was established in 2015. Instead, number of employees at the end of 2015 is presented. The number of employees will be reported for 2016.

Declaration of gender distribution in management

	<i>2016-12-31 Share women</i>	<i>2015-12-31 Share women</i>
Total in roup		
Board of Directors	0%	0%
Other senior executives	0%	17%

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Salary and other remunerations as well as social security costs, including pension costs

	2016		2015	
	Salary and remunerations	Social costs	Salary and remunerations	Social costs
Parent company <i>(of which pension costs)</i>	3 250 1)	1 533 <i>(544)</i>	3 860	1 171 <i>(424)</i>
Subsidiaries <i>(of which pension costs)</i>	86 329	17 059 <i>(8 443)</i>	84 966	21 245 <i>(5 512)</i>
Group in total <i>(of which pension costs)</i>	89 579 2)	18 592 <i>(8 987)</i>	88 826	22 416 <i>(5 936)</i>

1) Of the parent company's pension costs, EUR 220 (242) thousand is for senior management, in total 6 (5) persons.

2) Of the group's pension costs, EUR 220 (255) thousand is for senior management, in total 6 (6) persons.

Salary and remunerations allocated between Board members, CEO and other senior executives

	2016		2015	
	Board and CEO	Other senior executives	Board and CEO	Other senior executives
Parent company <i>(of which binus, etc.)</i>	1 055 <i>(254)</i>	743 <i>(55)</i>	1 585 <i>(638)</i>	1 814 <i>(443)</i>
Subsidiaries <i>(of which binus, etc.)</i>	— <i>(-)</i>	— <i>(-)</i>	— <i>(-)</i>	264 <i>(71)</i>
Group in total <i>(of which binus, etc.)</i>	1 055 <i>(254)</i>	743 <i>(55)</i>	1 585 <i>(638)</i>	2 078 <i>(514)</i>

Quant's management team consists of both an executive part, i.e. the senior executives within the group, as well as the operational roles held by six regional managers.

The CEO is entitled to a maximum of 6 monthly salaries as a bonus. Other senior executives have between 25% and 50% of annual salary (defined as monthly salary times 12). Total remuneration to the CEO including bonus for the 2016 financial year amounted to EUR 0.7 (1.4) million. Salaries and remuneration for senior executives, excluding the Board of Directors and the CEO, amounted to EUR 0.7 (2.1) million. During the year, senior executives consisted of the CEO, CFO, Head of Operations, Head of HR and Head of Business Development.

During 2015 and 2016, management has been able to purchase common shares and preferred shares in Cidron Full Service Top Holding AB. As acquisitions has been made at market value, no cost is paid.

Severance

The CEO has an agreement of 6 months' notice period and 18 months' severance pay.

Other senior executives have a 6 months' notice period and 6 months' severance pay in addition.

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Note 7 Fees and expenses payable to auditors

	<u>2016</u>	<u>2015</u>
<i>Group</i>		
<i>KPMG</i>		
Audit assignments	380	564
Auditing activities in addition to audit	–	57
Tax advice	–	62

Audit assignments refer to the statutory audit of the annual and consolidated financial statements and accounting, as well as the administration of the Board of Directors and the CEO, as well as audits and other reviews performed in accordance with agreement or contract. This includes other duties that the company's auditors are to perform, as well as advice or other assistance resulting from observations made during such audits or the performance of such other tasks.

Note 8 Operating leases**Leases where the company is a leaseholder**

<i>Group</i>		
<i>Future minimum lease fees for non-cancellable operating leases</i>	<u>2016-12-31</u>	<u>2015-12-31</u>
Within a year	4 349	3 439
Between one and five years	5 476	6 283
Later than five years	–	–
	<u>9 825</u>	<u>9 722</u>
	<u>2016</u>	<u>2015</u>
Accrued leasing fees for the financial year	5 572	9 933
<i>Parent company</i>		
<i>Future minimum lease fees for non-cancellable operating leases</i>	<u>2016-12-31</u>	<u>2015-12-31</u>
Within a year	231	53
Between one and five years	279	–
Later than five years	–	–
	<u>510</u>	<u>53</u>
	<u>2016</u>	<u>2015</u>
Accrued leasing fees for the financial year	325	519

Note 9 Interest income and similar profit/loss items

	<u>2016</u>	<u>2015</u>
<i>Group</i>		
Interest income, other	463	263
Exchange gains, other	1 293	–
Other	5	–
	<u>1 761</u>	<u>263</u>
<i>Parent company</i>		
Interest income, Group companies	3 968	2 554
Exchange gains	3 250	749
Other	2	–
	<u>7 220</u>	<u>3 303</u>

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Note 10 Financial costs

	2016	2015
<i>Group</i>		
Interest expense, other	-4 077	-3 781
Interest expense, other affiliates	-211	-126
Exchange losses, other	-	-7 579
Other	-48	-496
	<u>-4 336</u>	<u>-11 982</u>
<i>Parent company</i>		
Interest expense, Group companies	-211	-130
Interest expense, other	-4 077	-3 544
Exchange losses, other	-	-
Other	-256	-496
	<u>-4 544</u>	<u>-4 170</u>

Note 11 Tax on profit for the year

	2016	2015
<i>Group</i>		
Current tax	-1 498	-3 945
Deferred tax	1 459	3 112
	<u>-39</u>	<u>-833</u>

Tax loss carry forwards have only been capitalized as long as future utilization is considered to be secure.

Reconciliation of effective tax

	2016		2015	
	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>
<i>Group</i>				
Loss before tax		-17 861		-25 802
Tax according to applicable tax rates for the parent comp.	22,0%	3 929	22,0%	5 676
Effect of other tax rates on foreign subsidiaries	-0,1%	-20	2,3%	591
Non-taxable income	0,1%	21	2,0%	516
Increase in tax loss carryforwards without corresponding capitalization of deferred tax	-18,7%	-3 339	-16,3%	-4 196
Tax attributable to previous years	4,1%	725	-2,3%	-591
Non-deductible costs	-7,6%	-1 355	-11,0%	-2 829
Reported effective tax	<u>-0,2%</u>	<u>-39</u>	<u>-3,2%</u>	<u>-833</u>

	2016		2015	
	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>
<i>Parent company</i>				
Profit/loss before tax		521		-6 696
Tax according to applicable tax rates for the parent comp.	22,0%	-115	22,0%	1 473
Non-deductible costs	22,6%	-118	-12,0%	-806
Non-taxable income	-4,0%	21	4,6%	310
Increase in tax loss carryforwards without corresponding capitalization of deferred tax	-25,0%	131	-14,6%	-976
Reported effective tax	<u>15,6%</u>	<u>-81</u>	<u>0,0%</u>	<u>-</u>

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Note 12	Other intangible assets	<i>2016-12-31</i>	<i>2015-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		6 332	1 489
Internally developed assets		–	–
Investments		4 813	4 843
Divestments and disposals		-2 672	–
Exchange rate differences		542	–
At the end of the year		<u>9 015</u>	<u>6 332</u>
<i>Accumulated amortization</i>			
At the beginning of the year		-1 790	-1 460
Divestments and disposals		1 219	–
Amortization		-2 393	-320
Exchange rate differences		231	-10
At the end of the year		<u>-2 733</u>	<u>-1 790</u>
Carrying amount at year-end		<u>6 282</u>	<u>4 542</u>
<i>Parent company</i>			
<i>Accumulated cost</i>			
At the beginning of the year		4 293	–
Investments		3 115	4 293
Reclassifications		245	–
At the end of the year		<u>7 653</u>	<u>4 293</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-231	–
Depreciation		-2 319	-231
At the end of the year		<u>-2 550</u>	<u>-231</u>
Redovisat värde vid årets slut		<u>5 103</u>	<u>4 062</u>
Note 13	Customer contracts	<i>2016-12-31</i>	<i>2015-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		51 718	52 750
Exchange rate differences		1 588	-1 032
At the end of the year		<u>53 306</u>	<u>51 718</u>
<i>Accumulated amortization</i>			
At the beginning of the year		-7 387	–
Amortization		-7 615	-7 483
Exchange rate differences		-229	96
At the end of the year		<u>-15 231</u>	<u>-7 387</u>
<i>Accumulated impairment losses</i>			
At the beginning of the year		–	–
Impairment losses		-4 848	–
At the end of the year		<u>-4 848</u>	<u>–</u>
Carrying amount at year-end		<u>33 227</u>	<u>44 331</u>

For information on impairment for the year, see note 30.

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Note 14	Customer relationships	<i>2016-12-31</i>	<i>2015-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		31 026	31 650
Exchange rate differences		957	-624
At the end of the year		<u>31 983</u>	<u>31 026</u>
<i>Accumulated amortization</i>			
At the beginning of the year		-2 821	-
Amortization		-2 908	-2 879
Exchange rate differences		-86	58
At the end of the year		<u>-5 815</u>	<u>-2 821</u>
Carrying amount at year-end		<u>26 168</u>	<u>28 205</u>

Note 15	Goodwill	<i>2016-12-31</i>	<i>2015-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		75 511	72 880
Disposal and close of business		-863	-
Effect of adoption of acquisition balance sheet		-	3 206
Translation differences		1 062	-575
At the end of the year		<u>75 710</u>	<u>75 511</u>
Carrying amount at year-end		75 710	75 511

Goodwill that arose during the business combination in 2014 has been allocated to six cash-generating units, which is also in line with the group's organizational structure. The disposal reported in 2016 refers to goodwill attributable to divested subsidiaries in Switzerland. Acquisitions in 2015 pertain to the adjustment of the value of goodwill attributable to the 2014 acquisition from ABB. Tests to determine whether an impairment requirement exists are made annually or if there are specific indications that a test is required. Testing takes place by calculating the present value of the cash-generating unit and is based on the group's long-term forecast. Refer also to note 30.

Note 16	Land and buildings	<i>2016-12-31</i>	<i>2015-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		1 749	1 587
New purchases		19	74
Divestments and disposals		-1 097	-
Exchange rate differences		32	88
At the end of the year		<u>703</u>	<u>1 749</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-894	-662
Divestments and disposals		436	-
Depreciation		-104	-203
Exchange rate differences		14	-29
At the end of the year		<u>-548</u>	<u>-894</u>
Carrying amount at year-end		155	855

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Note 17	Plant and machinery	<i>2016-12-31</i>	<i>2015-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		33 010	29 459
New purchases		1 987	1 416
Divestments and disposals		-29 637	-
Exchange rate differences		-60	2 135
At the end of the year		<u>5 300</u>	<u>33 010</u>
 <i>Accumulated depreciation</i>			
At the beginning of the year		-26 550	-23 364
Divestments and disposals		25 685	-
Depreciation		-1 377	-1 625
Exchange rate differences		-523	-1 561
At the end of the year		<u>-2 765</u>	<u>-26 550</u>
Carrying amount at year-end		2 535	6 460
 <i>Parent company</i>			
<i>Accumulated cost</i>			
At the beginning of the year		245	-
New purchases		80	245
Reclassifications		-245	-
At the end of the year		<u>80</u>	<u>245</u>
 <i>Accumulated depreciation</i>			
At the beginning of the year		-	-
Depreciation		-9	-
At the end of the year		<u>-9</u>	<u>-</u>
Carrying amount at year-end		70	245

Note 18	Participation in group companies	<i>2016-12-31</i>	<i>2015-12-31</i>
<i>Accumulated cost</i>			
At the beginning of the year		99 331	102 428
Adjustment of acquisition balance sheet		-	-3 097
At the end of the year		<u>99 331</u>	<u>99 331</u>
Carrying amount at year-end		99 331	99 331

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Parent company and group holdings of participations in group companies

<i>Subsidiary / Identification no / Registered office</i>	<i>Number of shares</i>	<i>Share %</i>	<i>2016-12-31</i>		<i>2015-12-31</i>	
			<i>Carrying amount</i>	<i>Share %</i>	<i>Carrying amount</i>	<i>Share %</i>
Direct ownership						
Quant US Corp.		100%	2 087	100%	2 087	
Quant Sweden Holding AB, 556981-3115, Västerås	50 000	100%	97 244	100%	97 244	
Indirect ownership						
Quant Service GmbH, (CHE-344.849.137)		100%		-		
Quant Service Sweden AB, (556981-7652)		100%		100%		
Quant Brasil Manutenção Industrial LTDA., (35.228.780-747)		100%		100%		
Quant Italy S.R.L., (08789970962)		100%		100%		
Quant Services LLC, (ADAFZ00163)		100%		100%		
Quant Finland Oy, (2588556-2)		100%		100%		
Quant Chile SpA, (76502)		100%		100%		
Quant Argentina SA., (110570)		100%		100%		
Quant Industrial Technology Services (Shanghai) Co., Ltd., (310141400017193)		100%		100%		
Quant Service New Zealand Ltd, (5505570)		100%		100%		
Quant New Zealand Ltd., (1264345)□		100%		100%		
Quant Australia Pty Ltd, (602 237 230)		100%		100%		
Quant Contracting Services Pty Ltd, (608 304 374)□		100%		100%		
Quant Maintenance Mexico S.A. DE C.V., (24061*7)		100%		100%		
Quant Estonia OÜ, (12736628)		100%		100%		
Quant Spain, S.L., (B-87116869)		100%		100%		
Quant Latvia SIA, (40103835794)		100%		100%		
Quant Germany GmbH, (HRB 133266)		100%		100%		
Quant Malaysia SDN. BHD, (115116-W)		100%		100%		
Quant Service Hungary Kft, (Cg.01-09-197470)		100%		100%		
Quant Netherlands B.V., (61625914)		100%		100%		
Quant Belgium NV, (0563.783.301)		100%		100%		
Quant France SAS, (807622923)		100%		100%		
Quant Norway AS, (914317061)		100%		100%		
Quant Service (UK) Ltd., (9254444)		100%		100%		
Quant Services Canada Ltd, (904538-4)		100%		100%		
Quant Service Czech Republic s.r.o., (035 15 737)		100%		100%		
Quant South Africa, (1998/020657/07)		73,8%		100%		
Quant Maintenance Service Namibia (Pty) Ltd, (2014/0522)		100%		100%		
Quant Switzerland GmbH, (CHE-386-950.859)		-		100%		
Quant Gulf Equipment and General Maintenance LLC, (1203868)		49%		-		
			99 331		99 331	

The ownership share of the capital corresponds to the share of the votes for the total number of shares.

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Note 19 Participations in associated companies

	2016-12-31	2015-12-31
<i>Group</i>		
<i>Accumulated cost</i>		
At the beginning of the year	840	773
Share in associated companies' earnings	466	470
Payment	-702	-403
Exchange rate differences	50	—
At the end of the year	654	840

Specification of the parent company and the group's holdings of participations in associated companies

2016-12-31	Share	Equity share
<i>Associated companies</i>	%	value in KEUR
Indirect ownership		
"Iskueteu", a limited Partnership New Foundland & Labrador, Canada	49%	654
		654

2015-12-31	Share	Equity share
<i>Associated companies</i>	%	value in KEUR
Indirect ownership		
"Iskueteu", a limited Partnership New Foundland & Labrador, Canada	49%	840
		840

The ownership share of the capital is reported, which also corresponds to the percentage of votes for the total number of shares.

Note 20 Valuation of other non-current assets and liabilities at fair value and categorization

Quant reports the derivatives according to level 2. For all items, with the exception of borrowing, the carrying amount is an approximation of the fair value, which is why these items are not divided into levels according to the valuation hierarchy. The fair value of borrowing for disclosure purposes is based on future cash flows of principal and interest, discounted at the current market rate on the balance sheet date, meaning level 2. When loans to credit institutions run at a variable rate, the carrying amount of loans is also deemed to correspond substantially to fair values.

Fair value measurement includes a valuation hierarchy for inputs to the valuations. This valuation hierarchy is divided into three levels, consistent with the levels introduced in IFRS 13 Fair Value Measurement. The three levels are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities available to the enterprise at the measurement date. □

Level 2: Inputs other than the quoted prices included in Level 1, which are directly or indirectly observable for the asset or liability. It may also relate to inputs other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatility, and multiples.

Level 3: Unobservable inputs for the asset or liability. At this level, consideration should be given to assumptions that market participants would use when pricing the asset or liability, including risk assumptions.

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2016-12-31

Group

Carrying amount

Assets	Loan and accounts receivable	Derivatives	Sum
Long-term receivables	4 440		4 440
Accounts receivable	27 594		27 594
Other receivables	10 030		10 030
Accrued income	11 024		11 024
Cash and cash equivalents	16 986		16 986
<u>Sum assets</u>	<u>70 074</u>		<u>70 074</u>

Carrying amount

Equity and liabilities	Financial liabilities	Derivatives	Sum
Interest-bearing liabilities	98 856		98 856
Other long-term liabilities	1 625		1 625
Accounts payables	13 372		13 372
Other liabilities	21 198	87	21 285
Accrued expenses	8 908		8 908
<u>Sum Equity and liabilities</u>	<u>143 959</u>	<u>87</u>	<u>144 046</u>

2015-12-31

Group

Carrying amount

Assets	Loan and accounts receivable	Derivatives	Sum
Long-term receivables	3 645		3 645
Accounts receivable	29 863		29 863
Other receivables	22 329		22 329
Accrued income	1 835		1 835
Cash and cash equivalents	23 205		23 205
<u>Sum Assets</u>	<u>80 877</u>		<u>80 877</u>

Carrying amount

Equity and liabilities	Financial liabilities	Derivatives	Sum
Interest-bearing liabilities	94 391		94 391
Other long-term liabilities	117		117
Accounts payables	31 384		31 384
Other liabilities	22 428	117	22 545
Accrued expenses	7 085		7 085
<u>Sum Equity and liabilities</u>	<u>155 405</u>	<u>117</u>	<u>155 522</u>

Note 21**Financial risk and risk management****Financial Risk Management Framework**

Through its operations, Quant is exposed to a number of different financial risks: market risk (primarily currency risk and interest rate risk), financing risk, credit risk and liquidity risk. Financial risks arise when refinancing and credit risks as well as changes in interest rates and exchange rates affect the group's earnings, cash flow and value.

Quant has a central treasury function whose overall objective is to act as the group's internal bank, provide cost-effective and secure financing of the group, manage interest rate and currency risks and ensure effective liquidity management for the group. Treasury identifies, evaluates and secures financial risks in close cooperation with the group's operating units.

Quant has a finance policy approved by the Board whose purpose is to limit the financial risks that Quant is exposed to and determine how financial risks are to be controlled and managed. The finance policy is revised annually. Risk management and financing activities are reported continuously to management and the Board of Directors. The Board reviews and decides on strategies for managing financial risks as summarized below.

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Market risk***Currency risk***

Quant's operations are conducted in countries all over the world. The group is thereby exposed to currency risks, both through transactions in foreign currencies and through the translation of income statements and balance sheets into euro.

Quant's assets are contracts for the outsourcing of industrial maintenance, which generate revenues and costs mainly in EUR, USD and SEK but there is also exposure in other currencies. Changes in exchange rates in the aforementioned non-euro currencies thus entail changes in Quant's operating profit.

In order to limit the effect of exchange rate fluctuations on the group's and Quant AB's earnings, external long-term borrowing has been partly denominated in the corresponding currencies, which means that the effect of a deterioration in operating profit calculated by Quant's functional currency strengthening against the earning currencies is reduced when interest expenses in each currency are thus reduced.

Sensitivity analysis exchange rate risk

Assuming that the currencies, significant for Quant's earnings and cash flow, are weakened by 10% against the group's functional currency, the group's EBITDA is affected by 6% (5%). The corresponding effect on external borrowing in non-functional currency amounts to 5% (5%).

Transaction exposure

The group is exposed to different types of currency risks. Transaction exposure is derived from the group's sales and purchases in foreign currencies. These currency risks consist partly of the risk of fluctuations in the value of accounts receivable or accounts payable, and the currency risk in expected and contracted cash flows.

Quant's operations are largely local in the countries where the group is active. This means that the transaction exposure risk is limited for the group. Quant's finance policy stipulates no minimum for currency hedging of transaction exposure. At the end of the year, Quant had no transaction exposure derivatives outstanding. The group's treasury function evaluates the ongoing transaction exposure risk and proposes hedging strategies.

Translation exposure

Currency risks are also found in the translation of foreign subsidiaries' assets and liabilities to the parent company's functional currency. Quant's exposure to translation risk arises because a large proportion of the subsidiaries have a functional currency that deviates from the accounting currency of the group. In accordance with the finance policy, Quant had not hedged the translation exposure at the end of the financial year.

Financial currency exposure

The group is also exposed to currency risks with respect to payment flows for loans and investments in foreign currency. In accordance with the finance policy, the goal is to limit currency effects on financial investments and loans. Group companies lend and deposit liquidity internally in the local currency of the respective borrowers to the extent possible, depending on local currency regulations or the convertibility of the currency. Net exposure of financial assets and liabilities is centralized to the parent company and hedged according to the group's finance policy. Quant had financial hedge derivatives outstanding at a nominal value of EUR 0.7 million. At the time of acquisition, external long-term loans were raised in USD, CHF, SEK and EUR in order to provide a natural hedge against the group's earnings in the corresponding currencies. Thus, these loans are not hedged.

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Interest rate risk

Interest rate risk is the risk that market rates fluctuate in such a way that Quant's net interest expense develops negatively. The effect on the group's result of a change in interest rates depends on the fixation periods of the loans and investments and the current share of fixed and variable interest rates.

Since the group does not hold any significant interest-bearing assets, in addition to bank balances, the group's income from operating activities is essentially independent of changes in market interest rates. Quant is exposed to interest rate risk through interest-bearing borrowing, which is one of the group's sources of finance in addition to equity and cash flow from operating activities. Interest-bearing borrowing consists mainly of centrally agreed borrowing from banks, which runs at variable interest rates. In order to limit interest rate risk, Quant has the policy option of concluding interest rate derivatives in order to reduce the effects of future interest fluctuations by changing parts of the variable interest rate at a fixed rate.

The average fixation period for the group's borrowing from banks at the end of 2016 was 0.2 (0.2) years. On the basis of interest rate exposure as of December 31, 2016, a change in market interest rates of one percentage point would affect the group's net financial items by EUR +/- 1.0 (0.9) million. The simulation assumes a parallel shift of all interest rate curves and does not take into account any currency and maturity differences.

Credit risk

The credit risk on financial assets, such as cash and cash equivalents and trading in financial instruments, is limited to credit risk for the banks where the group has bank accounts, and with which the group trades in financial instruments. The group's liquidity is concentrated, according to the finance policy, to the parent company and banks with a high rating. The liquidity that remains in the group companies within Quant is usually spread evenly across companies and thus evenly spread across different banks in different geographical areas.

Liquidity risk and financing risk

Liquidity risk is defined as the risk that Quant cannot fulfil its obligations to pay debts on time or at a reasonable cost. The group's capital management aims to create a balance between equity and loan financing so that financing of operations is secured at a reasonable cost of capital. The aim is to finance growth and normal investments with own generated cash flow as far as possible.

The group's aim is for the group to be able to meet its financial commitments in both upturns and downturns without incurring significant unforeseen costs and without risking the group's reputation.

Risks are managed centrally for the entire group by the central treasury function. The group's goal is to always have sufficient funds in available liquidity and unused loan facilities, a so-called liquidity reserve, to cover 45 days of the group's disbursement needs. Liquidity is monitored continuously to meet expected disbursement needs.

Refinancing risk is defined as the risk that financing or refinancing is difficult or costly to obtain. Quant has access to funding through the money market and the Board of Directors continuously monitors and evaluates the group's financing and refinancing possibilities over time.

Financial covenants

The group's bank facilities contain financial commitments, so-called covenants, where the group has committed to maintain financial ratios. These include, among other things, that Quant shall ensure that the group's cash flow covers interest payments and planned amortizations, that the group's borrowing against the result does not exceed certain key ratios, that the group's profit against net interest expense is not less than certain key ratios, and that the group's investments do not exceed the current plan. The loan agreement is also restrictive in relation to, inter alia, borrowings, the establishment of security or guarantees, acquisitions and sales of companies. The financial covenants are measured quarterly in conjunction with the quarterly report.

During the financial year certain conditions were renegotiated in the group's credit facilities with Nordea Bank AB (publ). These new conditions include, inter alia, a temporary simplified covenant structure, that Quant's owner has granted temporary guarantees against the company and that Quant's owners contributed EUR 7.5 million in an unconditional shareholders' contribution to Quant AB during the financial year.

At the beginning of 2017, certain conditions of the group's credit facilities were renegotiated with Nordea Bank AB (publ). These new conditions include, inter alia, a temporary simplified covenant structure, that Quant's owner has granted temporary guarantees against the company and that Nordea Bank AB (publ) lent EUR 8.0 million to the group's parent company for three months.

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Maturity structure financial liabilities – undiscounted cash flows

The table below shows the undiscounted cash flows relating to the group's interest-bearing financial liabilities based on the remaining maturities of the annual accounts. Variable interest flows with future rate setting days are based on interest rates at year-end. Cash flows in foreign currencies are converted to euro at the balance rates.

2016-12-31

	Nom. amount, local ccy	Total	<1 year	1-5 years	> 5 years
Bank loans (euro)	34 517	34 517	560	33 957	–
RCF (euro)	14 000	14 000	14 000	–	–
Bank loan (USD)	28 203	26 756	434	26 321	–
Bank loan (SEK)	109 237	11 435	186	11 250	–
Bank loan (CHF)	9 231	8 596	140	8 456	–
Bank loan (intragroup)	17 500	1 832	1 832	–	–
Bank loan (intragroup)	1 720	1 720	1 720	–	–
Capitalized borrowing costs		-2 821	-347	-2 474	–
Sum		96 035	18 525	77 510	–
Bank interest rates		16 564	3 963	12 596	–
Sum		112 599	22 488	90 106	–

2015-12-31

	Nom. amount, local ccy	Total	<1 year	1-5 years	> 5 years
Bank loans (euro)	34 517	34 517	1 102	9 550	23 866
RCF (euro)	12 000	12 000	12 000	–	–
Bank loan (USD)	28 203	25 810	824	7 141	17 846
Bank loan (SEK)	109 237	11 890	379	3 290	8 221
Bank loan (CHF)	9 231	8 540	273	2 363	5 905
Bank loan (intragroup)	15 000	1 633	1 633	–	–
Capitalized borrowing costs		-2 989	-276	-1 811	-901
Sum		91 402	15 934	20 532	54 936
Bank interest rates		18 686	3 783	12 529	2 374
Sum		110 088	19 717	33 061	57 310

Credit risks in accounts receivable

The vast majority of credit risk in Quant refers to receivables from customers. See below.

Based on historical data, the group estimates that no impairment loss in excess of already made impairments is necessary at the balance sheet date. The majority of outstanding accounts receivable is made up of the group's previously known customers with an estimated good credit rating.

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Age analysis, non-impaired accounts receivable

<i>Group</i>	Carrying amount, non-impaired receivables	
	2016-12-31	2015-12-31
Accounts receivable, not due	19 781	24 132
Accounts receivable overdue 0 – 30 days	6 612	3 847
Accounts receivable overdue 31 > 60 days	447	858
Accounts receivable overdue 61 > 90 days	144	2 678
Accounts receivable overdue > 91 days	611	463
Sum	27 595	31 978

Reserve for doubtful debts

Reserve for anticipated loan losses amounts to EUR 1,239 (2,115) thousand. Recorded bad debt losses amounted to EUR 223 (868) thousand. Previously reserved anticipated loan losses had a positive impact of EUR 674 thousand on earnings for the year.

Because Quant in some countries is dependent on a few major customers, credit risk is counteracted by controlling customer creditworthiness, which also includes an independent credit rating and financial assessments based on previous experience and on the customer's business reputation. In connection with the acquisition of Quant, all customers in the group were subject to credit risk assessment. Before signing new customer contracts, a credit review is performed. In addition, there are action plans and procedures for managing overdue accounts receivable and payment checks are carried out regularly.

Capital management

The group's goal is to generate returns to its owners while maintaining a good financial position, which helps to maintain the confidence of investors, creditors, customers and suppliers. In addition to equity, the group is financed through the bank facilities, which contain financial commitments, so called covenants, which limits the group's ability to act freely. For more information, see note 28 interest-bearing liabilities.

Note 22 Deferred tax**Change in deferred tax in temporary differences and loss carryforwards**

<i>Group</i>	Balance as at Jan 1, 2016	Reported in the profit for the year	Reported in other comprehen-	Via acquisition/ divestment	Translation difference	Balance as at Dec 31, 2016
Tangible assets	-608	–	–	608	–	–
Intangible assets	-19 071	4 241	–	–	-645	-15 475
Other liabilities	27	–	-8	–	–	19
Pension contributions	74	-1 031	1 359	–	183	585
Other	-210	-1 509	–	2 126	381	788
Capitalization of loss carryforwards	756	-242	–	–	–	514
	-19 032	1 459	1 351	2 734	-81	-13 569

<i>Group</i>	Balance as at Dec 1, 2015	Reported in the profit for the year	Reported in other comprehen- sive income	Via acquisition/ divestment	Translation difference	Balance as at Dec 31, 2015
Tangible assets	-820	189	–	–	23	-608
Intangible assets	-22 214	2 757	–	-212	598	-19 071
Other liabilities	–	–	27	–	–	27
Pension contributions	1 254	70	-1 404	–	154	74
Other	6	-236	–	–	20	-210
Capitalization of loss carryforwards	427	332	–	–	-3	756
	-21 347	3 112	-1 377	-212	792	-19 032

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Note 23 Other long-term receivables

	2016-12-31	2015-12-31
<i>Group</i>		
<i>Accumulated cost</i>		
Long-term receivable Norilsk Nickel, Quant Finland	4 393	3 645
Deposits	47	–
At the end of the year	<u>4 440</u>	<u>3 645</u>

The receivable refers to agreed warehousing on behalf of clients. In addition to the above amount, the receivable on Norilsk Nickel is also included in other current receivables with EUR 2,196 thousand.

Note 24 Other receivables

	2016-12-31	2015-12-31
<i>Group</i>		
Invoiced but not completed income	3 913	7 687
Short-term receivable Norilsk Nickel	2 196	2 145
Escrow bank account	–	4 119
Other short-term receivables	3 921	8 378
At the end of the year	<u>10 030</u>	<u>22 329</u>

<i>Parent company</i>		
Escrow bank account	–	4 119
Other short-term receivables	85	–
At the end of the year	<u>85</u>	<u>4 119</u>

Note 25 Prepaid expenses and accrued income

	2016-12-31	2015-12-31
<i>Group</i>		
Prepaid expenses	1 705	1 447
Accrued income	11 024	1 835
	<u>12 794</u>	<u>3 282</u>

<i>Parent company</i>		
Prepaid costs	347	655
	<u>347</u>	<u>655</u>

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Note 26 Pensions*Group***Changes in the present value of the obligation for defined-benefit plans**

	<u>2016</u>	<u>2015</u>
Obligation for defined-benefit plans as of January 1	2 515	7 107
Paid compensation	-699	-976
Cost recognized in profit for the year	-5 288	1 341
Cost recognized in other comprehensive income	6 969	-6 192
Exchange rate differences	-741	1 235
Obligation for defined-benefit plans as of December 31	<u>2 755</u>	<u>2 515</u>

Overview of defined-benefit plans

The group has four defined-benefit plans that provide employee benefits to employees when they retire. All plans provide compensation based on average salary during the last ten years of employment calculated with consideration given to inflation. The pension obligations and plan assets changed drastically during the year due to divested operations in Switzerland.

2016-12-31	Pension obligation	Plan assets	Net
Switzerland	9 202	6 447	2 755
Other	-	-	-
Sum	9 202	6 447	2 755

2015-12-31	Pension obligation	Plan assets	Net
Switzerland	28 277	26 473	1 804
Other	711	-	711
Sum	28 988	26 473	2 515

The defined-benefit plans are exposed to actuarial risks such as life expectancy, currency, interest rate and investment risks.

The plan assets consist of

	<u>2016-12-31</u>	<u>2015-12-31</u>
Equity		
Currency (CHF)	6%	11%
Bonds	33%	32%
Equity (Switzerland)	10%	10%
Equity (other)	16%	15%
Real estate (Switzerland)	21%	18%
Alternative investments	14%	14%
	<u>100%</u>	<u>100%</u>

Actuarial assumptions

The following significant actuarial assumptions have been applied in calculating the obligations:
(weighted average values)

	<u>2016-12-31</u>	<u>2015-12-31</u>
Discount rate	0,6%	0,8%
Expected wage increase	0,5%	1,0%
Expected increase in pensions	0,0%	0,0%

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Sensitivity analysis

The table below presents possible changes in actuarial assumptions at the balance sheet date, other assumptions unchanged, and how these would affect the defined-benefit obligation.

	2016-12-31	2015-12-31
Discount rate (- 0.25% change)	5%	5%
Discount rate (+ 0.25% change)	-4%	-4%
Future salary increase (+ 0.25% change)	1%	1%
Future salary increase (- 0.25% change)	-1%	-1%
Expected increase in pensions (+ 0.25% change)	2%	2%
Expected increase in pensions (- 0.25% change)	-2%	-2%
Cost recognized in profit for the year		
Costs concerning service for current period	-957	-1 258
Gain in regulation	6 247	-
Net interest income / interest expense	-2	-84
Net cost for profit or loss for the year	<u>5 288</u>	<u>-1 341</u>
Cost recognized in other comprehensive income		
<i>Revaluations</i>		
Actuarial gains (-) and losses (+)	-6 414	1 667
Difference between actual return and return according to the discount rate on plan assets	-555	4 525
Net reported in other comprehensive income	<u>-6 969</u>	<u>6 192</u>

Note 27**Provisions**

	2016-12-31	2015-12-31
<i>Group</i>		
<i>Non-current provisions</i>		
Other	-	161
	<u>-</u>	<u>161</u>
<i>Current provisions</i>		
Guarantee commitments	348	1 129
Other project-related provisions	1 414	2 316
Provisions for restructuring	2 503	890
Other	1 019	1 271
	<u>5 284</u>	<u>5 606</u>

Note 28**Interest-bearing liabilities**

	2016-12-31	2015-12-31
<i>Group</i>		
Liabilities due within one year from the balance sheet date:	18 871	16 210
Liabilities due within one to five years from the balance sheet date:	79 985	22 344
Liabilities due later than five years from the balance sheet date:	-	55 837
Capitalized borrowing costs:	-2 821	-2 989
Sum	96 035	91 402
<i>Parent company</i>		
Liabilities due within one year from the balance sheet date:	18 871	16 210
Liabilities due within one to five years from the balance sheet date:	79 985	22 344
Liabilities due later than five years from the balance sheet date:	-	55 837
Capitalized borrowing costs:	-2 821	-2 989
Sum	96 035	91 402

During the financial year, the group raised a shareholder loan of EUR 1.7 million. A additional net EUR 2.0 million of the group's working credit facility was utilized. Other changes in interest-bearing liabilities are attributable to currency effects and capitalized interest.

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Credit facilities

Quant has credit facilities of initially USD 174 million with Nordea Bank AB (publ), of which USD 94 million in a confirmed credit facility, USD 30 million in a confirmed working capital credit facility and USD 50 million in an unconfirmed credit facility. A confirmed facility means, unlike an unconfirmed facility, a formalized commitment.

Credit facility

At the end of the year, the confirmed facility was fully utilized with loan tranches in EUR, USD, CHF and SEK, corresponding to EUR 81 million. The loans run on a quarterly variable interest rate plus a margin that varies with the outcome of certain financial covenants. At year-end, the margins were 3.5% or 4.0%, depending on the loan tranche. The loans are amortized with a final maturity date of December 30, 2021. No amount that is repaid will be available to be raised as borrowings again. Quant AB has entered into the credit facility and secured it with shares in subsidiaries, which are also jointly and severally liable for all obligations under the facility agreement. The next instalments in December 2017 are classified as short-term interest-bearing loans and liabilities, while the remainder of the credit facility is classified as long-term interest-bearing loans and liabilities.

Working capital credit facility

At the end of the year, EUR 19 million of the working capital credit facility was drawn, of which EUR 5 million drawn as collateral for guarantees issued as part of Quant's operations. As of the balance date, the unused facility amounted to EUR 5 million. The working capital credit facility is possible to utilize in many currencies and drawn loans run at variable rates for the loan period plus a margin that varies with the outcome of certain financial covenants. At year-end, the margin was 3.5%. Loans under the working capital credit facility mature according to the initial loan period requested by Quant. Repaid amounts are available for borrowing again until the working capital credit facility's final maturity date on December 30, 2020. The working capital credit facility is entered into by Quant AB and is secured with shares in subsidiaries, which are also jointly and severally liable for all obligations under facility agreement. The working capital facility is classified in its entirety as short-term loans and liabilities.

Unconfirmed credit facility

The unconfirmed facility will only be available for Quant if the company, before December 19, 2018, requests the facility and Nordea Bank AB (publ) approves this request. At the end of the year, the unconfirmed facility was not used.

Note 29**Accrued expenses and deferred income**

	2016-12-31	2015-12-31
<i>Group</i>		
Accrued interest expenses	368	170
Accrued consultancy fees	1 678	1 189
Accrued restructuring costs	595	2 356
Accrued staff costs	8 208	4 877
Accrued social costs	1 158	1 956
Advance invoicing	–	942
Prepaid income	4 427	978
Other accrued expenses	6 267	2 428
	<u>22 701</u>	<u>14 896</u>
<i>Parent company</i>		
Accrued interest expenses	161	172
Accrued consultancy fees	1 324	354
Accrued restructuring costs	426	1 490
Accrued staff costs	1 143	451
Accrued social costs	307	122
Other accrued expenses	78	220
	<u>3 439</u>	<u>2 809</u>

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Note 30 Impairment**Cash-generating units**

Goodwill and other intangible assets included in the 2014 corporate acquisitions have been allocated to six cash-generating units (CGU) based on the following regions in accordance with Quant's organizational structure:

Asia Pacific
 South America
 Mediterranean and Middle East
 North America
 North and Central Europe
 Sub-Saharan Africa

Quant carried out its annual impairment test as of December 31, 2016. Quant tested if the carrying amount of the cash-generating units exceeded their recoverable amount. The recoverable amount represents the highest of the net realizable value of an asset and its value in use, i.e. the discounted present value of future cash flows.

The recoverable amount of these cash-generating units is based on the calculation of value in use through the use of cash flow forecasts based on budgets approved by management that spans a period of three years. The pre-tax discount rate applied to cash flow forecasts was 9.3% (9.8%). The annual growth rate for extrapolating cash flows beyond the three-year period was 2%. The annual growth is a conservative assessment and is set equal to expected inflation. The result of the impairment test has meant that the management did not identify any impairment, with respect to this CGU.

Due to the expiry and termination of customer contracts in New Zealand, Australia, Belgium and France, customer contracts in the following markets have been impaired. The impairment has been charged to operating profit for the year.

	<u>2016</u>
<i>Group</i>	
New Zealand	2 345
Belgium	1 201
Australia	985
France	318
	<u>4 849</u>

Reported values of how goodwill and other intangible assets have been allocated to the CGU**2016-12-31**

<i>Group</i>	Customer contracts	Customer relationships	Goodwill
<i>See also notes 13-15</i>			
Asia Pacific	2 321	3 883	5 324
South America	6 135	4 216	5 125
Mediterranean and Middle East	4 661	3 204	7 359
North America	4 362	2 998	5 767
North and Central Europe	11 638	9 042	41 985
Sub-Saharan Africa	4 110	2 825	10 150
Total	33 227	26 168	75 710

2015-12-31

<i>Group</i>	Customer contracts	Customer relationships	Goodwill
<i>See also notes 13-15</i>			
Asia Pacific	6 665	4 242	5 395
South America	6 820	4 341	4 794
Mediterranean and Middle East	5 550	3 532	7 359
North America	5 051	3 214	5 519
North and Central Europe	16 040	10 207	43 811
Sub-Saharan Africa	4 195	2 669	8 633
Total	44 321	28 205	75 511

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Significant assumptions used in the calculations of value in use

The calculations of value in use for all CGUs are most susceptible to deviations from the following assumptions:

- Forecasts, including operating margin and sales growth
- Discount rate
- Growth rates used to extrapolate cash flows beyond the forecast period

Discount rates

The discount rate represents the financial market's assessment of the risks specific to the company, taking into account both the time value of money and individual risks. The calculation of the discount rate is based on specific circumstances attributable to the company and originates in its Weighted Average Cost of Capital (WACC). The calculation of the WACC takes into account that the operations are both leveraged and financed with equity. The cost of equity is based on the expectation of a certain return on capital invested in the financial market. Specific risks are included in the calculation by applying an individual beta value. Beta value is updated annually based on publicly available market data.

Growth that is used to extrapolate cash flows beyond forecast periods

Long-term growth rates are a conservative assessment as they are set to anticipated long-term inflation.

Sensitivity to changes in assumptions

With regard to the calculation of the value in use, the management considers that no reasonable changes to any of the most important assumptions would result in a materially higher value of the carrying amount than the recoverable amount.

Note 31 Pledged assets, contingent liabilities and contingent assets

Cidron FS Top Holding AB has entered into a security package with lending bank Nordea regarding the company's borrowing. The security is set for short and long-term bank loans in Sweden as stated in note 21. For these bank loans, the shares in Quant AB and Quant Sweden Holding AB, via the respective parent company, have been pledged.

The amount indicated as collateral in the parent company consists of the parent company's carrying value of the shareholdings.

The amount stated as collateral in the group intends to illustrate how the group's shareholders' equity is affected in the event that the pledged shares are to be utilized.

<i>Amounts in KEUR</i>	<i>Group 2016-12-31</i>	<i>Parent Company 2016-12-31</i>
Pledged assets		
Bank guarantees	4 920	4 920
Shares in subsidiaries	53 079	99 331
Contingent liabilities	None	None

The parent company has contingent liabilities in the form of parent company guarantees to subsidiaries.

<i>Amounts in KEUR</i>	<i>Group 2015-12-31</i>	<i>Parent Company 2015-12-31</i>
Pledged assets		
Bank guarantees	4 711	4 711
Shares in subsidiaries	70 146	99 331
Contingent liabilities	None	None

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Note 32 Transactions with related parties**Related company transactions**

All transactions with senior executives have been reported in note 6. During the year, Nordic Capital invoiced costs related to Quant, totaling EUR 34 (1,960) thousand.

Note 33 Paid interest and dividends received

	2016	2015
<i>Group</i>		
Interest received	463	263
Interest paid	-4 020	-3 667
 <i>Parent company</i>		
Interest received, intra-Group	367	2 554
Interest paid	-4 020	-3 904

Note 34 Cash and cash equivalents

	2016-12-31	2015-12-31
<i>Group</i>		
<i>The following subcomponents are included in cash:</i>		
Bank deposits	16 986	21 321
Current investments equivalent to cash and cash equivalents	—	1 884
	<u>16 986</u>	<u>23 205</u>
 <i>Parent company</i>		
<i>The following subcomponents are included in cash:</i>		
Bank deposits	1 271	4 134
	<u>1 271</u>	<u>4 134</u>

The items above have been classified as cash and cash equivalents based on the following:

- They have an insignificant risk of fluctuations in value
- They can be easily converted into cash funds
- They have a maximum term of 3 months from the acquisition date.

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Note 35 Group data

The company is a wholly owned subsidiary of Cidron FS Holding AB, org no 556968-8905 with its registered office in Stockholm. Cidron FS Holding AB is part of a group of companies in which Cidron FS Top Holding AB, org no 556985-2287, based in Stockholm, establishes consolidated financial statements for the largest group.

Purchases and sales within the group

Of the parent company's total purchases and sales, measured in SEK, 30% (33%) of purchases and 100% (100%) of sales relate to other companies within the enterprise group to which the company belongs.

Note 36 Events after the balance sheet date

After the end of the financial year, the conditions in the bank agreements were re-negotiated as regards certain conditions in the group's credit facilities with Nordea Bank AB (publ). These new conditions included a temporary simplified covenant structure, that Quant's owners issued new temporary guarantees against the company, and that Nordea Bank AB (publ) lent EUR 8.0 million to the parent company for three months for the purpose of temporarily financing the closing of the operations in New Zealand.

The operations in Denmark were commenced through a new subsidiary after signing a new five-year contract.

Note 37 Disposition of profit

At the disposal of the Annual General Meeting, the following free funds are available in the parent company (EUR):

Retained earnings	93 769 994
The result of the period	<u>440 364</u>
Sum	94 210 358

The Board proposes that this capital be allocated as follows (EUR):

Remains as balanced profit	<u>94 210 358</u>
Sum	94 210 358

Quant AB

Corp. Reg. No. 556975-5654

Stockholm, April 26, 2017

Mikael Norin
Chairman

Per Hallius

Mathias Jussila

Joakim Karlsson

Vartan Vartanian

Joachim Zetterlund

Olof Sand
CEO

Hans Danielsson

Jörgen Bergkvist

Our audit report was submitted on DD MMMMM 2017
KPMG AB

KPMG AB

Thomas Forslund
Authorized Public Accountant

Erik Gunnarsson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Quant AB (publ), corp. id 556975-5654

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Quant AB (publ) for the year 2016.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the President/CEO

The Board of Directors and the President/CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the President/CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the President/CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the President/CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the President/CEO.
- Conclude on the appropriateness of the Board of Directors' and the President/CEO's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the President/CEO of Quant AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President/CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of the Board of Directors and the President/CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The President/CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President/CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we have examined whether the proposal is in accordance with the Companies Act.

Stockholm 26 April 2017