

Board of Directors and Managing Director of

Quant AB

Org no 556975-5654

hereby publishes

**Annual Report
and consolidated financial statements**

for the fiscal year 1 January - 31 December 2017

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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 29 countries. The service is linked to the customers' production facilities and the offer includes maintenance processes and expertise, safety and digital tools, which results in improved productivity, cost of maintenance, safety and transparency.

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

On 24 June 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 30 December 2014 when Quant AB acquired all the shares in ABB FS holding Sweden AB. A company in the United States were 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

2017 was the first full year for Quant as a stand-alone company with a fit-for-purpose organization focused on growing in line with our strategy. During the year Quant has added 21 new contracts to its portfolio. The annualized value of Quant's global contract portfolio at the end of 2017 is consistent with full year reported revenue.

During the year Quant continued to invest in digitalization, developing a digital offering based on existing technologies within the industrial maintenance sector that significantly enhances Quant's value-add to customers. The management team has been strengthened with the appointment of a Chief Digital Officer, in charge of developing Quant's digital offering together with a central team of digital and IT engineers.

Financial Overview

Group (MEUR)	2017	2016
Net Sales	186.1	189.1
Operating Profit	30.3	40.0
EBIT	-5.9	-15.3
Depreciation	12.9	14.4
EBITDA	7.0	-0.9
Impairment	-2.1	-4.8
Restructuring and Provisions	-3.8	-4.6
Disposals	-	-2.2
Adjusted EBITDA	12.9	10.5

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

Quant is focused on growth and has during the year won 21 contracts in Finland, Sweden, Chile, United Arab Emirates, Spain, France and Brazil. The new contracts replace contracts that did not renew during the year and is representative of a natural development, and turnover, in the contract portfolio. More than half of the contracts up for renewal in 2017 was renewed, with loss of contract in Canada, Italy, South Africa and Namibia. The customer contract overvalues for these contracts, allocated as part of the acquisition of Quant, has been written down by EUR 2.1 million.

Quant continued to invest in digitalization, developing a digital offering based on existing technologies within the industrial maintenance sector that significantly enhances Quant's value-add to customers. The management team has been strengthened by the hire of a Chief Digital Officer, in charge of developing Quant's digital offering together with a central team of digital engineers and IT sales people.

Quant established a new subsidiary in Denmark as a result of a five-year customer contract for service of fuel stations in Denmark, Norway and Sweden.

During the year certain conditions in the group's credit facilities with Nordea Bank AB (publ) were re-negotiated. These new conditions included a temporary simplified covenant structure, Quant's owners issued new temporary guarantees against the company, and that the parent company of the group lent EUR 8.0 million to the group for six months to September 2017 for the purpose of temporarily financing the closing of the New Zealand subsidiary and a customer contract in that country.

In February 2018 the group's bank credit facilities were repaid in their entirety and replaced by two bond loans a working capital facility with Nordea Bank AB (publ) of EUR 20 million. The two bond loans, totaling EUR 90.5 million, were successfully issued in the Swedish capital market and will be listed on Nasdaq OMX within 12 months of issuance.

Important conditions

The group has operations in 29 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*Global economic and market risks*

The Group's business is highly dependent on its customers' demand for its services and their ability and willingness to meet their payment obligations under existing contracts in a timely manner, and accordingly its revenues are to a large extent dependent on the strength of the markets its customers are engaged in. While the Group's customer base is spread across a number of different global markets and a diversified set of product markets, it is ultimately dependent on the macro-economic factors including the global economic situation which is outside the Group's control.

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Operational risks

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

As a maintenance services business, the Group is highly dependent on retaining its customer portfolio as well as its ability to attract new customers on a regular basis in order to secure both short and long-term profitability. The Group currently faces competition from both global and local providers of maintenance services and is also facing the risk of its customers choosing to in-source the services provided. The loss of larger contracts or a loss of a number of less significant contracts would have a significant impact on the Group's profitability. Any demobilization from a customer site is required to be managed in an organized manner that allows for exit costs to be minimized and, unless lost contracts are replaced by new contracts, that the group's operations are adjusted to reduced earnings. To manage the risk of loss of contract Quant is ensuring value-add for the customer by, for instance, maintaining motivated and well-trained personnel, a continuous development of services and processes and an active customer relationship dialogue.

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

A large portion of the Group's risk of cost overruns, which significantly impact the profitability of contracts arise at the start-up and/or termination stages of a contract, or in periods of site shut-down during the contract term. To manage this risk Quant has well defined processes and procedures for these key part of the contract life, as well as operational, financial and legal risk reviews of contracts before entering into new contract relationships.

The group operates in a relatively specialized business, and the potential departures of key persons and the ability to attract qualified personnel is crucial for the group's success.

Digitalization

In an increasingly digitalized world, one of the Group's main focus areas in order to ensure long-term success and profitability is to stay ahead of technological advances and to offer cutting-edge technology as part of its services. While the Group currently offers advanced technological solutions to customers, the pace of advances in technology is increasing, and any failure by the Group to keep up with such advances may result in not being able to offer the most up to date technology, and/or to fall behind the products and services offered by its competitors.

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Disputes and litigations

The group regularly review significant outstanding claims and disputes to determine the need for provisions. Among the factors considered in such an assessment are the type of litigation or summons, the amount of any damages, the development of the case, perceptions of legal and other advisers, experience from similar cases, and decisions of Group management regarding the Group's actions concerning these claims or disputes. Estimates do not necessarily reflect the outcome of pending litigation, and differences between outcome and estimate may significantly affect the company's financial position and have an unfavorable impact on operating income and liquidity.

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 manage these risks is found in note 21.

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 is owned by the company.

Use of financial instruments

Financial instruments derive from interest-bearing borrowing from bank and currency hedging of inter-company loans. As of 31 December 2017, currency swaps hedging intercompany loans were outstanding. The derivatives are included in the balance sheet under other liabilities and amount to 1 (87) thousand EUR.

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 propose that the non-restricted equity, EUR 96,138,787, is allocated as shown below:

Balanced on new acocunt, euro		96,138,787
	Total	<u>96,138,787</u>

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

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Statement of Profit and Loss, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Net sales	4	186,106	189,146
Cost of goods sold and services rendered	5	<u>-155,790</u>	<u>-149,175</u>
Gross profit		30,316	39,971
Selling expenses	5	-3,272	-3,014
Administration expenses	5	-31,096	-52,266
Research and development costs	5	-345	-442
Profit/loss from participation in associated companies	1	560	465
Other operating income		10	-
Other operating expenses	5	<u>-2,092</u>	<u>-</u>
Operating Loss	6, 7, 8	-5,919	-15,286
Profit/Loss from financial items			
Interest income and similar profit/loss items	9	800	1,761
Interest expense and similar profit/loss items	1	<u>-5,770</u>	<u>-4,336</u>
Loss after financial items		-10,889	-17,861
Loss before taxes		<u>-10,889</u>	<u>-17,861</u>
Tax on loss for the year	1	<u>1,494</u>	<u>-39</u>
Loss for the year		-9,395	-17,900
Attributable to:			
Shareholders of the parent company		-9,395	-17,900
Non-controlling interest		0	0

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Statement of Comprehensive Income, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Loss for the year		-9,395	-17,900
Other comprehensive income			
Items that have been or could be reallocated to profit/loss of the year			
Translation differences pertaining to foreign operations		396	-1,503
Changes in the fair value of cashflow hedges		86	36
Tax pertaining to changes in the fair value of cashflow hedges		-19	-8
		<u>463</u>	<u>-1,475</u>
Items that could not be reallocated to profit/loss of the year			
Revaluation of defined benefit plans		-166	-6,969
Tax pertaining to items that could not be reallocated to profit/loss		<u>32</u>	<u>1,359</u>
		-134	-5,610
Total other comprehensive income		329	-7,085
Total comprehensive income		-9,066	-24,985
Attributable to:			
Shareholders of the parent company		-9,066	-24,985
Non-controlling interest		0	0

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Statement of Financial Position, Group

Amounts in KEUR	Note	2017-12-31	2016-12-31
ASSETS			
Non-Current Assets			
<i>Intangible assets</i>			
Other intangible assets	12, 13, 14, 30	48,968	65,677
Goodwill	15, 30	73,380	75,710
		<u>122,348</u>	<u>141,387</u>
<i>Property, plant and equipment</i>			
Land and buildings	16	136	155
Plant and machinery	17	2,812	2,535
		<u>2,948</u>	<u>2,690</u>
<i>Financial assets</i>			
Participations in associated companies	19	511	654
Deferred tax asset	2	2,119	5,233
Other long-term receivables	2	4,680	4,440
		<u>7,310</u>	<u>10,327</u>
Total non-current assets		132,606	154,404
Current Assets			
<i>Inventories</i>			
Raw materials and consumables		1,030	1,217
Products in progress		1,993	2,210
		<u>3,023</u>	<u>3,427</u>
<i>Current receivables</i>			
Accounts receivable - trade	21	33,908	27,594
Current tax assets		1,470	–
Other receivables	24	6,690	10,030
Prepaid expenses and accrued income	25	2,228	12,794
		<u>44,296</u>	<u>50,418</u>
<i>Cash and bank balances</i>			
Cash and bank	34	12,954	16,986
		<u>12,954</u>	<u>16,986</u>
Total current assets		60,273	70,831
TOTAL ASSETS		192,879	225,235

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Statement of Financial Position, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2017-12-31</i>	<i>2016-12-31</i>
EQUITY AND LIABILITIES			
Equity			
Share capital		53	5
Other added capital		94,500	94,500
Reserves		264	-199
Loss brought forward, incl. net loss for the year		-61,666	-52,138
Shareholders' equity attributable to the parent company shareholders		<u>33,150</u>	<u>42,168</u>
Total equity pertaining to the shareholders of the parent company		33,150	42,168
Non-controlling interest		0	0
Total Equity		<u>33,150</u>	<u>42,168</u>
Non-current liabilities			
Liabilities to credit institutions	21, 28	67,497	77,510
Other liabilities		108	1,625
Provisions for pensions and similar obligations	26	2,678	2,755
Deferred tax liability	2	<u>12,640</u>	<u>18,802</u>
		82,923	100,692
Current liabilities			
Liabilities to credit institutions	21, 28	23,868	18,525
Accounts payable - trade		22,215	13,372
Current tax liability		2,303	1,208
Other provisions	2	1,245	5,284
Other liabilities		9,943	21,285
Accrued expenses and deferred income	2	<u>17,232</u>	<u>22,701</u>
		<u>76,806</u>	<u>82,375</u>
TOTAL EQUITY AND LIABILITIES		192,879	225,235

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

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Statement of Changes in Equity, Group

	Share Capital	Other added capital	Statutory reserve	Revaluation reserve	Profit or loss brought forward, incl> net profit/loss for the year	Total Equity
Opening balance 2016-01-01	5	94,500	-95	1,372	-36,128	59,654
Shareholder equity contribution	–	–	–	–	7,500	7,500
Total comprehensive income	–	–	28	-1,503	-23,510	-24,985
Closing balance 2016-12-31	5	94,500	-67	-131	-52,138	42,168
Opening balance 2017-01-01	5	94,500	-67	-132	-52,138	42,168
Share issue	48	–	–	–	–	48
Total comprehensive income	–	–	66	396	-9,528	-9,066
Closing balance 2017-12-31	53	94,500	-1	264	-61,666	33,150

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Statement of Cashflows, Group

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2017</i>	<i>2016</i>
Operating activities	33		
Loss after financial items		-10,889	-17,861
<i>Adjustments for non-cash items</i>			
Depreciation and amortisation		15,223	19,246
Change in provisions		-3,757	-1,022
Other		-1,721	-4,840
		<u>-1,144</u>	<u>-4,477</u>
Income tax paid		<u>-1,977</u>	<u>-2,169</u>
Cashflow from operating activities before working capital changes		-3,121	-6,646
<i>Cashflow from working capital changes</i>			
Increase (-) / Reduction (+) of inventories		322	2,695
Increase (-) / Reduction (+) of current receivables		8,991	5,057
Increase (+) / Reduction (-) of current liabilities		-4,672	-14,084
Cashflow from operating activities		<u>1,520</u>	<u>-12,978</u>
Investing activities			
Acquisition of property, plant and equipment	16, 17	-1,392	-2,006
Acquisition of intangible assets	12	-321	-4,813
Disposal of net assets/business, net liquid effect		-	2,117
Change in financial assets and liabilities		-1,756	550
Cashflow from investing activities		<u>-3,469</u>	<u>-4,152</u>
Financing activities			
Share issue		48	-
Received shareholders contribution		-	7,500
Raising of borrowings		8,000	3,720
Repayment of borrowings		-9,320	-
Cashflow from financing activities		<u>-1,272</u>	<u>11,220</u>
Cashflow for the year		-3,221	-5,910
Cash and cash equivalents at the beginning of the year		16,986	23,205
Exchange rate differences in cash and cash equivalents		-812	-309
Cash and cash equivalents at the end of the year	34	<u>12,954</u>	<u>16,986</u>

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Statement of Profit and Loss, Parent Company

Amounts in KEUR	Note	2017	2016
Net sales		15,595	24,658
Cost of services rendered	5	<u>-704</u>	<u>-1,571</u>
Gross profit	35	14,891	23,088
Selling expenses	5	-175	-327
Administrative expenses	5	-11,999	-26,008
Other operating expenses		-94	-
Other operating income		537	1,093
Operating Profit	6, 7, 8	<u>3,160</u>	<u>-2,155</u>
Profit/loss from financial items			
Interest income and similar profit/loss items	9	4,486	7,220
Interest expense and similar profit/loss items	1	<u>-5,688</u>	<u>-4,544</u>
Profit/loss after financial items		1,958	521
Profit/loss before tax		<u>1,958</u>	<u>521</u>
Tax on profit for the year	11	<u>-29</u>	<u>-81</u>
Net profit/loss for the year		<u>1,929</u>	<u>440</u>

Statement of Total Comprehensive Income, Parent Company

Amounts in KEUR	Note	2017	2016
Net profit/loss for the year		1,929	440
Total comprehensive income		<u>1,929</u>	<u>440</u>

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Statement of Financial Position, Parent Company

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2017-12-31</i>	<i>2016-12-31</i>
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Other intangible assets	1	<u>2,638</u>	<u>5,103</u>
		2,638	5,103
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings	17	<u>54</u>	<u>70</u>
		54	70
<i>Financial assets</i>			
Participation in group companies	1	99,331	99,331
Receivables from group companies		6,217	6,217
Other long-term receivables		<u>213</u>	<u>–</u>
		105,761	105,548
Total non-current assets		<u>108,453</u>	<u>110,721</u>
Current assets			
<i>Current receivables</i>			
Receivables from group companies		93,195	104,522
Other receivables	24	119	85
Prepaid expenses and accrued income	25	<u>283</u>	<u>347</u>
		93,597	104,954
<i>Cash and bank balances</i>			
Cash and bank	34	<u>695</u>	<u>1,271</u>
		695	1,271
Total current assets		<u>94,292</u>	<u>106,225</u>
TOTAL ASSETS		<u>202,745</u>	<u>216,946</u>

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Statement of Financial Position, Parent Company

<i>Amounts in KEUR</i>	<i>Note</i>	<i>2017-12-31</i>	<i>2016-12-31</i>
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		53	5
		53	5
<i>Non-restricted equity</i>			
Profit or loss brought forward		94,210	93,770
Net profit/loss for the year		1,929	440
		96,139	94,210
Total Equity		96,192	94,215
Provisions			
Provisions for pensions and similar obligations	2	265	–
		265	–
Non-current liabilities			
Liabilities to credit institutions	28	67,497	77,510
		67,497	77,510
Current liabilities			
Liabilities to credit institutions	28	23,868	18,525
Accounts payable - trade		1,382	1,204
Liabilities to group companies		10,068	20,909
Other liabilities		1,505	1,144
Accrued expenses and deferred income	2	1,968	3,439
		38,791	45,221
TOTAL EQUITY AND LIABILITIES		202,745	216,946

Information on the Parent Company's collateral 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 profit/loss for the year</i>	<i>Total Equity</i>
Opening balance 2016-01-01	5	86,270	86,275
Shareholder equity contribution		7,500	7,500
Total comprehensive income		440	440
Closing balance 2016-12-31	5	94,210	94,215

	Restricted equity	Non-restricted equity	
	<i>Share Capital</i>	<i>Profit or loss brought forward, incl> net profit/loss for the year</i>	<i>Total Equity</i>
Opening balance 2017-01-01	5	94,210	94,215
Share issue	48	–	48
Total comprehensive income	–	1,929	1,929
Closing balance 2017-12-31	53	96,139	96,192

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Statement of Cashflows, Parent Company

Amounts in KEUR	Note	2017	2016
Operating activities	33		
Profit/loss after financial items		1,958	521
<i>Adjustments for non-cash items</i>			
Depreciation		2,498	2,328
Other non-cash items		<u>-2,988</u>	<u>913</u>
Income tax paid		<u>-128</u>	<u>-</u>
Cashflow from operating activities before working capital changes		1,340	3,762
<i>Cashflow from working capital changes</i>			
Increase (-) / Reduction (+) of current receivables		11,144	-25,482
Increase (+) / Reduction (-) of current liabilities		<u>-11,772</u>	<u>10,832</u>
Cashflow from operating activities		<u>712</u>	<u>-10,888</u>
Investing activities			
Acquisition of property, plant and equipment	17	-	-80
Acquisition of intangible assets	12	<u>-16</u>	<u>-3,115</u>
Cashflow from investing activities		<u>-16</u>	<u>-3,195</u>
Financing activities			
Rights issue		48	-
Shareholder equity contribution		-	7,500
Raising of borrowings		8,000	3,720
Repayment of borrowings		<u>-9,320</u>	<u>-</u>
Cashflow from financing activities		<u>-1,272</u>	<u>11,220</u>
Cashflow for the year		-576	-2,863
Cash and cash equivalents at the beginning of the year		<u>1,271</u>	<u>4,134</u>
Cash and cash equivalents at the end of the year	34	695	1,271

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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 principles as the group except in the cases listed below under the section "Parent Company Accounting Principles".

The annual accounts and the consolidated accounts have been approved for issue by the Board of Directors and the CEO on 27 April 2018. The consolidated statement of financial position and the parent company's balance sheet will be subject to adoption at the AGM on April 27, 2018.

Bases for appraisal applied when establishing the financial statements

Assets, provisions and liabilities have been valued at 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

To prepare the financial statements in accordance with IFRS requires management to make assessments and estimates and to make assumptions that affect the application of accounting principles 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 2017

The IFRS standards that have entered into force 2017 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 crystallize as implementation project progresses during 2018.

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 for Quant AB of these changes 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 retro- activity, partial retroactivity (includes relief rules) and an "accumulated effect method" where equity is adjusted per 1 January 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 accounting 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 balance sheet. Exemptions for accounting in the balance sheet 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 1 January 2019. Earlier application is permitted provided that IFRS 15 is also applied at the same time.

Quant will as operational lessee, 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 fixed 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 of 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 value of 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, so-called acquisition at low price, 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, 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 over which the group has a significant, but not a controlling, influence over the operational and financial management, usually through shareholdings 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 is 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 splits decreased with 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.

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.

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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 with 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 discount values, are translated from entity 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, the term "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 the profit/loss for the year. Where disposal occurs but controlling influence remains, the proportional share of accumulated translation differences from the conversion 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. Revenues from service assignments are 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 made. 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 linearly 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 linearly 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 discounting the estimated future cash receipts and disbursements for the expected maturity of the financial assets or liabilities of the net carrying amount of the 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 the 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 accounting 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.

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.

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

Acquisitions and divestments of financial assets are reported on the trade date. 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 are in the following categories: (a) Financial assets valued at fair value through profit or loss, (b) Loan receivables and trade receivables, (c) Financial instruments held to maturity, (d) Financial available-for-sale 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.

(b) Loans receivable and Accounts receivable

Loan receivables and trade receivables 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 fixed assets. Quant's liquid funds, 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.

(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.

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(e) Other financial liabilities

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

Liquid funds

Liquid funds consist of cash and immediately available balances of 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 trade receivables 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 loan 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 (real 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) as a derivative instrument that does not qualify for hedge accounting.

Changes in the market value of derivatives classified as, and qualify for, fair value hedging and can be determined objectively are reported in items within the year's profit, 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 can be determined objectively, are immediately transferred to profit or loss for the year.

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. 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 fixed assets

Tangible fixed 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 Principles

Depreciation is linear over the estimated useful life of the asset.

	Useful life
Buildings	15-40 years
Machinery and other technical facilities	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 they increase the future economic benefits for the specific asset to which they relate. All other expenditure expensed when they arise.

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Depreciation Principles

Depreciation is reported in the profit and loss for the year linearly over the estimated useful lives of intangible assets, unless such useful lives are unquantifiable. 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 nondescript useful lives are depreciated from the time they are available for use. The estimated useful life periods are:

	Useful life
Customer contract	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.

Write-down 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 to an individual asset, and its fair value minus the cost of 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, 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 receivables 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 is 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.

Write-downs of loan receivables and accounts receivables 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.

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Inventory

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.

Payment of capital to the owners

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

Employee Benefits*Short-term remunerations*

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 constructive 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 the profit or loss for the year as they are earned by the employees carrying out services to 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 during 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 constraints. Other components are reported in operating income.

Revaluation effects consist of actuarial gains and losses, 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.

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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 curtailments 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.

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 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 in 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 remunerations

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 so-called "projected unit credit method". Any actuarial gains or losses are recognized in the income for the year in the period in which they arise.

Termination benefits

A cost of remuneration in connection with redundancies 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 constructive 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 cannot be calculated with sufficient reliability.

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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 Security Law and with regard to the relationship between accounting and taxation. The recommendation specifies the exceptions and additions to IFRS which should be made.

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 reports reported in the Group as the statement of financial position and the statement of cash flows. The income statement and balance sheet are for the parent company in accordance with the annual Accounts Act schedule, while the statement of income and other comprehensive income, the statement of changes in equity and the cash flow analysis is based on IAS 1 Presentation of Financial statements and IAS 7 Statement of Cashflows. The differences with the group's reports that are made in the parent company's income statement and balance sheet consist mainly of accounting for financial income and expenses, fixed assets, equity and the existence of provisions as own heading in the balance sheet.

Subsidiaries

Shares 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 the result when these are incurred.

Financial instruments

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

In the parent company, financial fixed assets are valued at cost less any impairment losses and financial current assets according to the lowest value principle. The acquisition value 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 has the right to decide on the size 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 reported according to operating lease rules.

Borrowing costs

In the parent company, loan expenditure is charged to the result during the period to which they relate. No borrowing costs are capitalized on assets.

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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 Swedish legal framework and Finansinspektionen's (the Swedish financial supervisory authority) regulations as 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

Group contributions are reported as financial appropriation.

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 outcome 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 is to be made, the total contract costs are assessed and the proportion of the contract that has been completed.

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 commitments 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 life expectancy is not subject to annual depreciation. Insofar as the underlying activities develop negatively, an impairment loss may arise. An impairment test takes place annually mainly based on the value of use, with assumptions about sales development, profit margins, current investments, changes in working capital and more.

Note 3 Divestments and acquisitions

In December 2016, 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.

	<i>2017</i>	<i>2016</i>
Fair value of divested operations	–	2,328
Liquid funds	–	-211
Fair value of divested assets	–	2,117

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Acquisitions 2017

No acquisitions have been made during 2017.

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.

Note 4 Distribution of income and other operating income

	2017	2016
Group		
<i>Net sales per business area</i>		
Services	174,020	160,985
Sale of goods	5,602	13,547
Other management services	6,483	14,614
	186,106	189,146

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 his 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>	
	2017	2016	2017	2016
Cost of goods sold and services rendered				
Staff	-98,957	-106,455	-370	-127
Depreciation	-1,005	-1,372	-	-
Other	-55,828	-41,348	-334	-1,444
	-155,790	-149,175	-704	-1,571
Selling expenses				
Staff	-2,662	-2,842	-134	-244
Depreciation	-1	-18	-	-
Other	-609	-154	-41	-83
	-3,272	-3,014	-175	-327
Administration expenses				
Staff	-10,486	-8,821	-3,979	-4,649
Depreciation	-12,129	-13,007	-2,498	-2,329
Impairment customer contract	-2,088	-4,848	-	-
Other	-6,393	-25,590	-5,522	-19,030
	-31,096	-52,266	-11,999	-26,008

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Research and development costs

Staff	-250	-278	-	-
Depreciation	-1	0	-	-
Other	-94	-164	-	-
	<u>-345</u>	<u>-442</u>	<u>-</u>	<u>-</u>

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

Employees on average	2017	<i>of which men</i>	2016	<i>of which men</i>
Parent company				
Sweden	17	66%	20	55%
Total in the parent company	<u>17</u>	<u>66%</u>	<u>20</u>	<u>55%</u>
Group				
Sweden	238	89%	208	93%
Belgium	1	100%	1	100%
Denmark	3	100%	-	0%
Estonia	78	91%	72	94%
Finland	225	94%	147	93%
France	4	100%	6	100%
Germany	15	93%	16	94%
Hungary	11	55%	11	45%
Latvia	25	88%	42	93%
Netherlands	1	100%	3	100%
Norway	9	100%	10	100%
Switzerland	29	86%	100	94%
Great Britain	5	100%	6	100%
Spain	44	86%	16	81%
Italy	52	77%	55	78%
United Arab Emirates	71	100%	6	100%
Canada	1	100%	1	100%
Mexico	12	58%	19	68%
USA	71	96%	45	98%
Argentina	55	100%	57	100%
Brazil	536	95%	317	93%
Chile	810	99%	332	98%
Namibia	122	95%	181	96%
South Africa	80	91%	105	90%
Australia	2	100%	49	98%
China	200	91%	177	90%
Malaysia	2	56%	45	87%
New Zealand	40	100%	179	92%
Total in Group	<u>2,742</u>	<u>94%</u>	<u>2,226</u>	<u>93%</u>

Declaration of gender distribution in management

	2017-12-31	2016-12-31
	<i>Share women</i>	<i>Share women</i>
Total in Group		
Board of Directors	0%	0%
Other senior executives	20%	20%

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

	2017		2016	
	Salary and remunerations	Social costs	Salary and remunerations	Social costs
Parent company (of which pension costs)	2,636	1,807	3,250	1,533
		1) (727)		1) (544)
Subsidiaries (of which pension costs)	87,326	20,576	86,329	17,059
		(4,744)		(8,443)
Group in total (of which pension costs)	89,962	22,383	89,579	18,592
		2) (5,471)		2) (8,987)

1) Of the Parent company's pension costs, EUR 258 (220) thousand is for senior management, in total 5 (6) persons.

2) Of the Group's pension costs, EUR 258 (220) thousand is for senior management, in total 5 (6) persons.

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

	2017		2016	
	Board and CEO	Other senior executives	Board and CEO	Other senior executives
Parent company (of which bonus, etc.)	924	723	1,055	743
	(242)	(53)	(254)	(55)
Total Group (of which bonus, etc.)	924	723	1,055	743
	(242)	(53)	(254)	(55)

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 financial year 2017 amounted to EUR 0.8 (0.7) million. Salaries and remuneration for senior executives, excluding the board of directors and the CEO, amounted to EUR 0.7 (0.7) million. During the year, senior executives consisted of CEO, CFO, COO, Legal Counsel, and Head of Business Development.

During 2015, 2016 and 2017, 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>2017</u>	<u>2016</u>
<i>Group</i>		
<i>KPMG</i>		
Audit assignments	450	380

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 managing Director, as well as audits and other audits performed in accordance with agreement or agreement. This includes other duties which it is for the Company's auditors 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>2017-12-31</u>	<u>2016-12-31</u>
Within a year	3,338	4,349
Between one and five years	3,965	5,476
Later than five years	373	–
	<u>7,676</u>	<u>9,825</u>
	<u>2017</u>	<u>2016</u>
Accrued leasing fees for the financial year	5,216	5,572
<i>Parent company</i>		
<i>Future minimum lease fees for non-cancellable operating leases</i>	<u>2017-12-31</u>	<u>2016-12-31</u>
Within a year	216	231
Between one and five years	106	279
Later than five years	–	–
	<u>323</u>	<u>510</u>
	<u>2017</u>	<u>2016</u>
Accrued leasing fees for the financial year	255	325

Note 9 Interest income and similar profit/loss items

	<u>2017</u>	<u>2016</u>
<i>Group</i>		
Interest income, other	157	463
Exchange gains, other	643	1,293
Other	–	5
	<u>800</u>	<u>1,761</u>
<i>Parent company</i>		
Interest income, affiliates	4,486	3,968
Exchange gains	–	3,250
Other	–	2
	<u>4,486</u>	<u>7,220</u>

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Note 10	Financial costs	<i>2017</i>	<i>2016</i>
<i>Group</i>			
Interest expense, other		-5,506	-4,077
Interest expense, other affiliates		-264	-211
Other		0	-48
		<u>-5,770</u>	<u>-4,336</u>
<i>Parent company</i>			
Interest expense, affiliates		-299	-211
Interest expense, other		-5,004	-4,077
Exchange losses, other		-385	-
Other		-	-256
		<u>-5,688</u>	<u>-4,544</u>
Note 11			
Tax on profit for the year			
		<i>2017</i>	<i>2016</i>
<i>Group</i>			
Current tax		234	-1,498
Deferred tax		1,260	1,459
		<u>1,494</u>	<u>-39</u>
		<i>2017</i>	<i>2016</i>
<i>Parent company</i>			
Current tax		-29	-81
		<u>-29</u>	<u>-81</u>

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

Reconciliation of effective tax

		<i>2017</i>		<i>2016</i>	
	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>	
<i>Group</i>					
Profit before tax		-10,889		-17,861	
Tax according to applicable tax rates for the parent comp.	22.0%	2,396	22.0%	3,929	
Effect of other tax rates on foreign subsidiaries	-3.6%	-390	-0.1%	-20	
Non-taxable income	0.2%	23	0.1%	21	
Increase in tax loss carryforwards without corresponding capitalization of deferred tax	-0.1%	-10	-18.7%	-3,339	
Tax attributable to previous years	2.8%	302	4.1%	725	
Non-deductible costs	-7.6%	-827	-7.6%	-1,355	
Reported effective tax	13.7%	1,494	-0.2%	-39	
		<i>2017</i>			<i>2016</i>
<i>Parent company</i>					
Profit before tax		1,958		521	
Tax according to applicable tax rates for the parent comp.	22.0%	-431	22.0%	-115	
Non-deductible cost	13.0%	-254	22.6%	-118	
Non-taxable income	0.0%	-	-4.0%	21	
Increase in tax loss carryforwards without corresponding capitalization of deferred tax	0.0%		-25.1%	131	
Utilization of previously unlisted loss carryforwards	-33.5%	656	0.0%	-	
Reported effective tax	1.5%	-29	15.5%	-81	

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Note 12	Other intangible assets	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		9,015	6,332
Investments		321	4,813
Divestments and deletions		–	-2,672
Exchange rate differences		-56	542
At the end of the year		<u>9,280</u>	<u>9,015</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-2,733	-1,790
Divestments and deletions		–	1,219
Depreciation		-2,868	-2,393
Exchange rate differences		12	231
At the end of the year		<u>-5,589</u>	<u>-2,733</u>
Carrying amount at year-end		<u>3,691</u>	<u>6,282</u>
		<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Parent company</i>			
<i>Accumulated cost</i>			
At the beginning of the year		7,653	4,293
Investments		16	3,115
Reclassifications		–	245
At the end of the year		<u>7,669</u>	<u>7,653</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-2,550	-231
Depreciation		-2,481	-2,319
At the end of the year		<u>-5,031</u>	<u>-2,550</u>
Carrying amount at year-end		<u>2,638</u>	<u>5,103</u>

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Note 13	Customer contracts	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		53,306	51,718
Exchange rate differences		-2,657	1,588
At the end of the year		<u>50,649</u>	<u>53,306</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-15,231	-7,387
Depreciation		-6,442	-7,615
Exchange rate differences		872	-229
At the end of the year		<u>-20,801</u>	<u>-15,231</u>
<i>Accumulated impairment losses</i>			
At the beginning of the year		-4,848	-
Impairment losses		-2,088	-4,848
Exchange rate differences		266	-
At the end of the year		<u>-6,670</u>	<u>-4,848</u>
Carrying amount at year-end		23,178	33,227

For information on the year's write-down, see note 30.

Note 14	Customer Relationships	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		31,983	31,026
Exchange rate differences		-1,593	957
At the end of the year		<u>30,390</u>	<u>31,983</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-5,815	-2,821
Depreciation		-2,821	-2,908
Exchange rate differences		345	-86
At the end of the year		<u>-8,291</u>	<u>-5,815</u>
Carrying amount at year-end		22,099	26,168

Note 15	Goodwill	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		75,710	75,511
Exchange rate differences		-2,330	1,062
At the end of the year		<u>73,380</u>	<u>75,710</u>
Carrying amount at year-end		73,380	75,710

Goodwill that arose during the business combination 2014 has been allocated to seven 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. Tests whether a write-down requirement exists is made annually or if there are specific indications that a test is required.

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Note 16	Land and buildings	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		703	1,749
New purchases		43	19
Divestments and deletions		–	-1,097
Reclassifications		4	–
Exchange rate differences		-10	32
At the end of the year		<u>740</u>	<u>703</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-548	-894
Divestments and deletions		–	436
Depreciation		-62	-104
Exchange rate differences		6	14
At the end of the year		<u>-604</u>	<u>-548</u>
Carrying amount at year-end		136	155
Note 17	Plant and machinery	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		5,300	33,010
New purchases		1,349	1,987
Divestments and deletions		-26	-29,637
Reclassifications		-4	–
Exchange rate differences		-345	-60
At the end of the year		<u>6,274</u>	<u>5,300</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-2,765	-26,550
Divestments and deletions		16	25,685
Depreciation		-943	-1,377
Exchange rate differences		230	-523
At the end of the year		<u>-3,461</u>	<u>-2,765</u>
Carrying amount at year-end		2,812	2,535
		<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Parent company</i>			
<i>Accumulated cost</i>			
At the beginning of the year		80	245
New purchases		–	80
Reclassifications		–	-245
At the end of the year		<u>80</u>	<u>80</u>
<i>Accumulated depreciation</i>			
At the beginning of the year		-9	–
Depreciation		-17	-9
At the end of the year		<u>-26</u>	<u>-9</u>
Carrying amount at year-end		54	70

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Note 18	Participation in group companies	
	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Accumulated cost</i>		
At the beginning of the year	99,331	99,331
At the end of the year	99,331	99,331
Carrying amount at year-end	99,331	99,331

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>2017-12-31</i>	<i>2016-12-31</i>
			<i>Carrying amount</i>	<i>Share %</i> <i>Carrying amount</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%		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 Denmark ApS (38362291)		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 Denmark A/S (38362291)		100%		-
Quant South Africa, (1998/020657/07)		73.8%		73.8%
Quant Maintenance Service Namibia (Pty) Ltd, (2014/0522)		100%		100%
Quant Gulf Equipment and General Maintenance LLC, (1203868)		49%		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	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
<i>Accumulated cost</i>			
At the beginning of the year		654	840
Share in associated companies' earnings		560	466
Payment		-665	-702
Exchange rate differences		-38	50
At the end of the year		511	654
Carrying value at year-end		511	654

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

<i>2017-12-31</i>	Share	Equity share
<i>Associated companies</i>	%	value in KEUR
Indirect ownership		
"Iskueteu", a limited Partnership New Foundland & Labrador, Kanada	49%	511
		511
<i>2016-12-31</i>	Share	Equity share
<i>Associated companies</i>	%	value in KEUR
Indirect ownership		
"Iskueteu", a limited Partnership New Foundland & Labrador, Kanada	49%	654

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 fixed 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 book value 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 s When loans to credit institutions run at a variable rate, the book value 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 instruments: Disclosures. 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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2017-12-31

Group	Carrying amount		
	Loan and accounts receivable	Derivatives	Sum
Assets			
Long-term receivables	4,680	–	4,680
Accounts receivables	33,908	–	33,908
Other receivables	6,690	–	6,690
Accrued income	1,293	–	1,293
Liquid funds	12,954	–	12,954
Sum Assets	59,525	–	59,525

Group	Carrying amount		
	Financial liabilities	Derivatives	Sum
Equity and liabilities			
Interest-bearing liabilities	91,365	–	91,365
Other long-term liabilities	108	–	108
Accounts payables	22,215	–	22,215
Other liabilities	9,942	1	9,943
Accrued expenses	4,850	–	4,850
Sum Equity and liabilities	128,480	1	128,481

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Group	Carrying amount		
	Loan and accounts receivable	Derivatives	Sum
Assets			
Long-term receivables	4,440	–	4,440
Accounts receivables	27,594	–	27,594
Other receivables	10,030	–	10,030
Accrued income	11,024	–	11,024
Liquid funds	16,986	–	16,986
Sum Assets	70,074	–	70,074

Group	Carrying amount		
	Financial liabilities	Derivatives	Sum
Equity and liabilities			
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
Sum Equity and liabilities	143,959	87	144,046

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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, to provide a 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 financial 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.

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, SEK, CHF and CLP 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 Quant's functional currency strengthened 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 9% (6%). 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.

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Translation exposures

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 financial 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 deposits liquidity internally in the local currency of the respective borrowers to the extent possible, depending on Quant had financial hedge derivatives outstanding at a nominal value of EUR 1.0 (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.

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. On December 31, 2017 there were no such interest rate derivative outstanding.

The average fixation period for the group's borrowing from banks at the end of 2017 was 0.2 (0.2) years. On the basis of interest rate exposure as of December 31, 2017, a change in market interest rates of one percentage point would affect the group's net financial items by EUR +/- 0.9 (1.0) 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 liquid assets 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 on different banks in different geographical areas.

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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. risks are managed centrally for the entire group of 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 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 Nordea Bank AB (publ) lent EUR 8.0 million to the group's parent company for three months.

At the beginning of 2018, the group's bank facilities were repaid in full and replaced by two bond loans and a working capital facility with Nordea Bank (publ). The bond loans contain covenants where the group's borrowing against the result does not exceed certain ratios. These covenants are measured only in certain situations. The working capital facility contains covenants where drawn working capital facility loans against the group's results may not exceed certain ratios and which are measured quarterly in connection with the quarterly report.

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.

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	Nom. amount, local ccy	Total	<1 years	1-5 years	> 5 years
Bank loans (euro)	34,119	34,119	2,954	31,165	–
RCF (euro)	14,000	14,000	14,000	–	–
bank loan (usd)	27,878	23,245	2,013	21,232	–
bank loan (sek)	107,978	10,969	950	10,019	–
bank loan (chf)	9,124	7,797	675	7,122	–
bank loan (intragroup)	18,900	1,920	1,920	–	–
bank loan (intragroup)	1,789	1,789	1,789	–	–
Capitalized borrowing costs		-2,475	-433	-2,042	–
Sum		91,365	23,868	67,497	–
Bank interest rates		15,110	3,751	11,358	–
Sum		106,475	27,620	78,855	–

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	Nom. amount, local ccy	Total	<1 years	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	–

Credit risks in accounts receivables

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.

Age analysis, non-impaired accounts receivable

Group	Carrying amount, non-impaired receivables	
	2017-12-31	2016-12-31
Accounts receivable, not due	24,708	19,781
Accounts receivable overdue 0 – 30 days	7,754	6,612
Accounts receivable overdue 31 > 60 days	289	447
Accounts receivable overdue 61 > 90 days	296	144
Accounts receivable overdue > 91 days	2,680	611
Accounts receivable overdue > 360 days	–	–
Sum	35,727	27,595

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Reserve for doubtful debts

Reserve for anticipated loan losses amounts to EUR 1,819 (1,239) thousand. Recorded bad debt losses amounted to EUR 332 (223) thousand.

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 writing new customer contracts, 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 contains 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 1 Jan 2017	Reported in the profit for the year	Reported in other comprehensive income	Via acquisition/divestment	Translation difference	Balance as at 31 Dec 2017
Intangible assets	-15,475	3,033	–	–	780	-11,662
Other liabilities	19	–	-19	–	–	–
Pension contributions	585	–	32	–	-49	568
Other	1,302	-1,773	–	–	1,044	573
	-13,569	1,260	13	–	1,775	-10,521

<i>Group</i>	Balance as at 1 Jan 2016	Reported in the profit for the year	Reported in other comprehensive income	Via acquisition/divestment	Translation difference	Balance as at 31 Dec 2016
Tangible fixed 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	546	-1,751	–	2,126	381	1,302
	-19,032	1,459	1,351	2,734	-81	-13,569

Note 23 Other long-term receivables

<i>Group</i>	2017-12-31	2016-12-31
<i>Accumulated cost</i>		
Long-term receivable Norilsk Nickel, Quant Finland	4,393	4,393
Deposits	287	47
Carrying value at year-end	4,680	4,440

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 2,263 (2,196) thousand.

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Note 24	Other receivables	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
	Invoiced but not completed income	1,972	3,913
	Short-term receivable Norilsk Nickel	2,263	2,196
	Other short-term receivables	2,455	3,921
	At the end of the year	<u>6,690</u>	<u>10,030</u>
<i>Parent company</i>			
	Other short-term receivables	119	85
	At the end of the year	<u>119</u>	<u>85</u>
Note 25	Prepaid expenses and accrued income	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
	Prepaid costs	935	1,770
	Accrued income	1,293	11,024
		<u>2,228</u>	<u>12,794</u>
<i>Parent company</i>			
	Prepaid costs	283	347
		<u>283</u>	<u>347</u>

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

	<u>2017</u>	<u>2016</u>
Obligation for defined benefit plans as of 1 January	2,755	2,515
Paid compensation	-225	-699
Cost recognized in profit for the year	230	-5,288
Cost recognized in other comprehensive income	-166	6,969
Additional pensions during the year	265	-
Exchange rate differences	-181	-741
Obligation for defined benefit plans as of 31 December	<u>2,678</u>	<u>2,755</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 respect to inflation. The pension obligations and plan assets in 2016 have changed drastically due to divested operations in Switzerland.

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2017-12-31	Pension obligation	Plan assets	Net
Switzerland	7,115	4,914	2,201
Others	477		477
Sum	7,592	4,914	2,678

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

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

The plan assets consists of	2017-12-31	2016-12-31
Equity instruments		
Currency (CHF)	5%	6%
Bonds	45%	33%
Equity	21%	26%
Real estate (Switzerland)	20%	21%
Alternative investments	9%	14%
	100%	116%

Actuarial assumptions

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

	2017-12-31	2016-12-31
Discount rate	0.7%	0.6%
Expected wage increase	1.0%	0.5%
Expected increase in pensions	0.0%	0.0%

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.

	2017-12-31	2016-12-31
Discount rate (- 0,25% change)	4%	5%
Discount rate (+ 0,25% change)	-4%	-4%
Expected increase in pensions (+ 0,25% change)	0%	2%
Expected increase in pensions (- 0,25% change)	1%	-2%

Cost recognized in profit for the year

Costs concerning service for current period	-257	-957
Gain in regulation	44	6,247
Net interest income / interest expense	-17	-2
Net cost for the year's profit	-230	5,288

The cost is reported in the following lines in the income statement for the year

Cost of goods sold	-230	5,288
	-230	5,288

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Cost recognized in other comprehensive income*Revaluations:*

Actuarial gains (-) and losses (+)	377	-6,414
Difference between actual return and return according to the discount rate on plan assets	-211	-555
Effects of change in asset limitation, excluding amounts reported in net interest income	—	—
Net reported in other comprehensive income	166	-6,969

Note 27	Provisions	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Current provisions</i>			
	Guarantee commitments	—	348
	Other project-related provisions	—	1,414
	Provisions for restructuring	330	2,503
	Other	915	1,019
		1,245	5,284

Note 28	Interest-bearing liabilities	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
	Liabilities due within one year from the balance sheet date:	24,301	18,871
	Liabilities due within one to five years from the balance sheet date:	69,539	79,985
	Liabilities due later than five years from the balance sheet date:	—	—
	Capitalized borrowing costs:	-2,475	-2,821
	Sum	91,365	96,035
<i>Parent company</i>			
	Liabilities due within one year from the balance sheet date:	24,301	18,871
	Liabilities due within one to five years from the balance sheet date:	69,539	79,985
	Liabilities due later than five years from the balance sheet date:	—	—
	Capitalized borrowing costs:	-2,475	-2,821
	Sum	91,365	96,035

During the financial year, the group has raised a temporary loan from the group's parent company of EUR 8.0 million, which was repaid in full in September 2017. In December 2017, EUR 1.3 million of the group's credit facility was amortized according to plan. Other changes in interest-bearing liabilities are attributable to currency effects and capitalized interest.

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 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 76 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 amortizing with a final maturity date Quant AB and secured with shares in subsidiaries, which are also jointly and severally liable for all obligations under the facility agreement. Next instalments in June 2018 and December 2018 are classified as short-term interest-bearing loans and liabilities, the remainder of the credit facility is classified as long-term interest-bearing loans and liabilities.

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Working capital facility

At the end of the year, EUR 20.5 million of the working capital facility was drawn, of which EUR 6.5 million drawn as collateral for guarantees issued as part of Quant's operations. As of the balance date, the unused facility amounted to EUR 1.8 million. The working capital 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 facility mature according to initial loan period requested by Quant. Am for borrowing until the working capital facility's final maturity date on 30 December 2020. The working capital 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 19 December 2018, requests the facility and Nordea Bank AB (publ) approves this request. At the end of the year, the unconfirmed facility was not used.

Events after the end of the year

At the beginning of 2018, the group's bank facilities with Nordea Bank AB (publ) were repaid in their entirety and replaced by two bond loans totaling EUR 90.5 million and a working capital facility of EUR 20 million with Nordea Bank (publ).

Senior bond loan

A bond loan of EUR 62.5 million was issued in the Swedish capital market on 15 February 2018 and has a maturity of five years with maturity date in February 15, 2023. The bond loan has a fixed interest rate of 6%, which is paid quarterly. The bond loan is issued by Quant AB and is secured with shares in subsidiaries, which are also jointly and severally liable for all obligations under the bond agreement. The super senior working capital facility has a substantive legal priority over the senior bond loan, which in turn has a substantive legal priority over the junior bond loan. The senior bond loan will be listed on Nasdaq OMX within twelve months of issuance.

Junior bond loan

A bond loan of EUR 28.0 million was issued in the Swedish capital market on 15 February 2018 and has a maturity of five years and three months with maturity date in 15 May 2023. The bond loan has a fixed interest rate of 14%, which is capitalized quarterly. The bond loan is issued by Quant AB and is secured with shares in subsidiaries, which are also jointly and severally liable for all obligations under the Bond Agreement. The super senior working capital facility has a substantive legal priority over the senior bond loan, which in turn has a substantive legal priority over the junior bond loan. The junior bond loan will be listed on Nasdaq OMX within twelve months of it being issued.

Super senior working capital facility

The group has a working capital facility with Nordea Bank AB (publ) of EUR 20 million, which is possible to use for working capital requirements and as collateral for guarantees issued within the framework of Quant's operations. The working capital facility is possible to utilize in many different currencies and drawn loans run at variable interest rates for the loan period plus a margin of 3.25%. Loans under the working capital facility are due according to initial loan period requested by Quant. Refunded amounts are re-available for borrowing until the working capital facility's final maturity date of July 15, 2022. The working capital facility is entered into by Quant AB and secured with shares in subsidiaries, which are also jointly and severally liable for all obligations under the facility agreement. The super senior working capital facility has a substantive legal priority over the senior bond loan, which in turn has a substantive legal priority over the junior bond loan.

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Note 29	Accrued expenses and deferred income	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
Accrued interest expenses		891	368
Accrued consultancy fees		906	1,678
Accrued restructuring costs		2,280	595
Accrued staff costs		10,888	9,366
Prepaid income		1,494	4,427
Other accrued expenses		773	6,267
Sum		<u>17,232</u>	<u>22,701</u>
<i>Parent company</i>			
Accrued interest expenses		115	161
Accrued consultancy fees		317	1,324
Accrued restructuring costs		–	426
Accrued staff costs		941	1,143
Accrued social costs		271	307
Other accrued expenses		324	78
Sum		<u>1,968</u>	<u>3,439</u>

Note 30 Write-downs**Cash-generating units**

Goodwill and other intangible assets included in 2014 annual 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
- Southern Europe
- Middle East
- North America
- North and Central Europe
- Sub-Saharan Africa

Quant carried out its annual impairment test as of 31 December 2017. 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 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 10.1% (9.3%). The annual growth rate for extrapolating cash flows beyond the three-year period was 2% (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.

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Due to the expiry and termination of customer contracts in Namibia and Canada, customer contracts in the following markets have been written down. The depreciation has been charged to the operating profit for the year.

	2017	2016
<i>Group</i>		
New Zealand	–	2,345
Belgium	–	1,201
Australia	–	985
France	–	318
Namibia	1,156	–
Canada	932	–
	2,088	4,849

Reported values of how goodwill and other intangible assets have been allocated to the CGU*2017-12-31*

<i>Group</i>	Customer contract	Customer Relationships	Goodwill
Asia Pacific	1,748	3,196	4,991
South America	4,625	3,532	4,802
Southern Europe	2,884	2,202	7,359
Middle East	746	570	–
North America	2,058	2,284	5,167
North and Central Europe	9,063	7,864	41,150
Sub-Saharan Africa	2,054	2,451	9,911
Total	23,178	22,099	73,380

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<i>Group</i>	Customer contract	Customer Relationships	Goodwill
Asia Pacific	2,321	3,883	5,324
South America	6,135	4,216	5,125
Southern Europe	3,604	2,478	7,359
Middle East	1,057	726	–
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

Significant assumptions used in the calculations of value for use

The calculations of carrying values for all CGU 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

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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 carrying values, 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 of 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 mobilized.

<i>Amounts in KEUR</i>	<i>Group 2017-12-31</i>	<i>Parent company 2017-12-31</i>
Pledged assets		
Bank guarantees	6,514	6,514
Shares in subsidiaries	39,043	99,331
Contingent liabilities	None	None
<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

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 7 (34) thousand.

Quant AB

Org no 556975-5654

Note 33	Paid interest and dividends received	<i>2017</i>	<i>2016</i>
<i>Group</i>			
Dividends received		–	–
Interest received		157	463
Interest paid		-3,707	-4,020
<i>Parent company</i>			
Dividends received		1,009	–
Interest received		838	367
Interest paid		-3,707	-4,020

Note 34	Liquid funds	<i>2017-12-31</i>	<i>2016-12-31</i>
<i>Group</i>			
<i>The following subcomponents are included in cash:</i>			
Bank deposits		12,954	16,986
		<u>12,954</u>	<u>16,986</u>

Note 35 **Group data**

The company is 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 date**

At the beginning of 2018, the group's banking facilities with Nordea Bank AB (publ) were repaid in their entirety and replaced by two bond loans totaling EUR 90.5 million and a working capital facility of EUR 20 million with Nordea Bank (publ). For more information, see note 28.

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	94,210,358
The result of the period	<u>1,928,429</u>
Sum	96,138,787

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

Remains as balanced profit	<u>96,138,787</u>
Sum	96,138,787

Quant AB

Org no 556975-5654

Stockholm 27 April 2018Mikael Norin
Chairman

Per Hallius

Johan Lundén

Joakim Karlsson

Vartan Vartanian

Olof Faxander

Joachim Zetterlund

Olof Sand
CEO

Casper Lerche

Hans Danielsson

Jörgen Bergkvist

Our audit report has been submitted in 2018-
KPMG AB

KPMG AB

Thomas Forslund
*Chartered Accountant*Erik Gunnarsson
Chartered 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 2017.

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 2017 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 2017 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.

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 2017 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 fulfil 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 27 April 2018