Opus Group AB (publ)

Interim report Q 3, 2019

January 1 - September 30 2019

Report period July – September 2019

- Net sales in the quarter amounted to SEK 699 million (634), a growth of 10.2%. In constant currencies and adjusted for acquisitions, the organic growth was 7.9%.
- EBITDA amounted to SEK 181 million (129), corresponding to an EBITDA margin of 25.9% (20.3).
- EBITA amounted to SEK 96 million (91), corresponding to an EBITA margin of 13.7% (14.3). EBITA includes impairment of tangible assets of SEK -21 million attributable to the canceled concession in Buenos Aires, Argentina.
- Profit/loss for the quarter amounted to SEK -26 million (-24) and includes unrealized net foreign exchange differences of SEK -32 million (-25).
- Cash flow from operating activities amounted to SEK 153 million (55) and Free cash flow amounted to SEK 94 million (-4).

Report period January – September 2019

- Net sales in the period amounted to SEK 2,040 million (1,841), a growth of 10.8%. In constant currencies and adjusted for acquisitions, the organic growth was 4.5%.
- EBITDA amounted to SEK 505 million (372), corresponding to an EBITDA margin of 24.7% (20.2).
- EBITA amounted to SEK 303 million (268), corresponding to an EBITA margin of 14.8% (14.6). EBITA includes impairment of tangible assets of SEK -21 million attributable to the canceled concession in Buenos Aires, Argentina.
- Profit/loss for the period amounted to SEK -24 million (-40) and includes refinancing costs of SEK -16 million and unrealized net foreign exchange differences of SEK -55 million (-78).
- Cash flow from operating activities amounted to SEK 361 million (206) and Free cash flow amounted to SEK 187 million (27).

Financial overview [1) 2)]

SEK millions	Jul 1 - Sep 30 2019	Jul 1 - Sep 30 2018	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	12 months LTM [3)]	12 months 2018
Net sales	699	634	2,040	1,841	2,696	2,497
EBITDA	181	129	505	372	637	504
EBITDA margin	25.9%	20.3%	24.7%	20.2%	23.6%	20.2%
EBITA	96	91	303	268	392	358
EBITA margin	13.7%	14.3%	14.8%	14.6%	14.6%	14.3%
Profit/loss for the period	-26	-24	-24	-40	10	-6
Cash flow from operating activities	153	55	361	206	479	323
Free cash flow	94	-4	187	27	244	84
Net debt	1,920	1,635	1,920	1,635	1,920	1,596
Net debt/EBITDA	3.0x	3.4x	3.0x	3.4x	3.0x	3.1x
Interest coverage ratio	5.5x	5.3x	5.5x	5.3x	5.5x	5.7x
Equity	1,018	971	1,018	971	1,018	987
Equity/Total assets ratio	23.3%	25.4%	23.3%	25.4%	23.3%	25.5%

1) For definitions of key ratios, see Opus' Annual Report 2018 and Key ratios on page 14 in this report.

2) IFRS 16 is effective from January 1, 2019 and has affected the Group's key ratios. Comparative figures have not been recalculated. See note 2 for more information.

3) Last 12-months: October 1, 2018 - September 30, 2019 (as reported).

CEO letter

Continued good performance in our vehicle inspection business in the U.S. and Sweden resulted in 10% revenue growth and good underlying profitability in the quarter, while we saw negative financial effects from the cancellation of one of the inspection concessions in Buenos Aires, Argentina. The underlying EBITA result of the Group, adjusted for one-off impairment costs in Argentina, reached SEK 116 million, representing an adjusted EBITA-margin of 17% in the quarter.

In the segment VI Europe, we reap the benefits of a strong market position, continued increased revenue per inspection and further cost reduction efforts, resulting in strong Q3 earnings. While we note a positive general market trend, the seasonality pattern following the change in the inspection regulation in Sweden affects comparability between quarters, year-over-year.

Our segment VI U.S. & Asia delivered good results. U.S. vehicle inspection programs, accounting for more than 60% of the segment revenue, remain stable and generated solid earnings. In Pakistan, the compliance rate continues to be low; however, we are working intensively with the local government to increase inspection enforcement.

Equipment as a Service (EaaS) continues to grow in the U.S. with a current run rate of USD 33 million. I am excited about bringing the EaaS business into the Philippines, and although the expansion takes longer than in EaaS programs in the U.S., we have signed our first contracts and expect to start generating revenue during the second half of 2020.

The segment VI Latin America's underlying performance, while impacted by the one-off costs in Argentina, was stable, and showed resilience toward political turmoil and currency fluctuations. Although the winding-up is still ongoing, we believe all significant costs related to the canceled concession in Buenos Aires have been incurred during the third quarter.

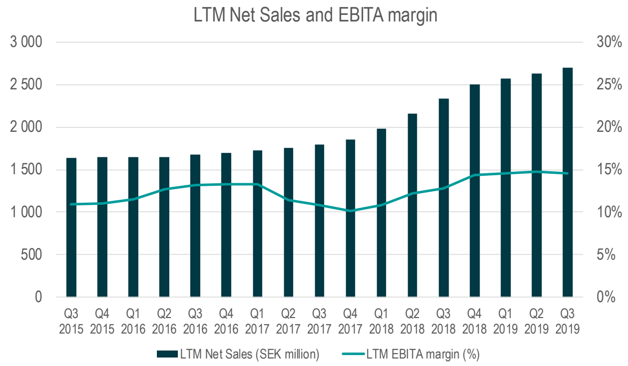
The IVS division continues to grow, while EBITA remains below our target. However, we are investing into the segment's future expansion by incurring implementation expenses and creating additional customer support capacity. I am particularly excited about the competitiveness of our service offerings in the vehicle diagnostics, reprogramming and collision scanning markets. The rebranding of Drew Technologies, Autologic, Farsight and Bluelink into Opus IVS was launched in early November and will further integrate the division's market activities.

Finally, I want to highlight that our free cash flow continues to strengthen with SEK 187 million for the first 9 months. At the end of Q3 our net debt to EBITDA ratio has reduced to below our financial target of 3.0.

Gothenburg in November 2019
Lothar Geilen
CEO

Highlights third quarter 2019

- Net sales: SEK **699** million
- Net sales growth: **10%** (8% organic)
- EBITA: SEK **96** million (6% increase)
- EBITA margin: **14%**



Financial result

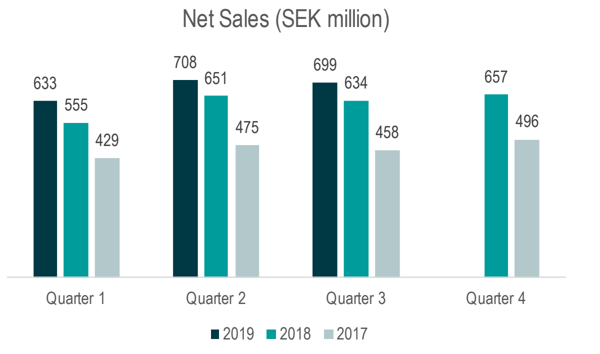
The Group's sales and result

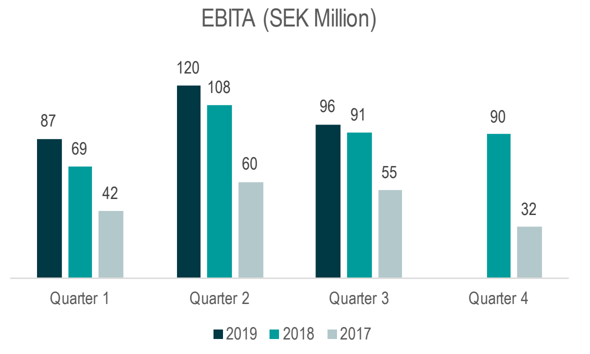
July – September 2019

- Net sales for the quarter amounted to SEK 699 million (634). Reported net sales was 10.2% higher for the Group compared to previous year. The organic growth (i.e. in constant currencies and adjusted for acquisitions) was 7.9%, primarily driven by increasing revenue from EaaS in the U.S. and increased revenues from the inspection business in Sweden and Latin America.
- EBITDA amounted to SEK 181 million (129), corresponding to an EBITDA margin of 25.9% (20.3). Higher sales and the implementation of IFRS 16 has had a positive impact on EBITDA. See Note 2 for more information on the effects of IFRS 16.
- EBITA amounted to SEK 96 million (91), corresponding to an EBITA margin of 13.7% (14.3). EBITA was negatively affected by impairment of SEK -21 million attributable to the canceled concession in Buenos Aires, Argentina. Changed assessment of the useful life of equipment within the EaaS business (which has been changed from five to seven years) has contributed positively to the improved EBITA.
- Amortization and impairment of intangible assets was SEK -34 million (-43). Amortization has been positively affected by the fact that some of the acquired customer contracts from the acquisitions of Envirotest and Gordon-Darby have been fully amortized (according to plan) and negatively affected by the new assessment of the useful life of the Drew Technologies brand.
- The Group's net financial items amounted to SEK -58 million (-45), whereof interest and financing expenses stood for SEK -29 million (-22) and includes interest expenses for leasing liabilities in accordance with IFRS 16 of SEK -5 million (-). Unrealized foreign exchange differences amounted to SEK -32 million (-25).
- The reported income tax includes a tax effect of SEK -8 million relating to exchange rate gains not recognized as income but reported directly against equity.
- Profit/loss for the period was SEK -26 million (-24).

January – September 2019

- Net sales for the period amounted to SEK 2,040 million (1,841). Reported net sales was 10.8% higher for the Group compared to previous year. Net sales has been positively affected by the acquisition of VTV, which was finalized in May 2018. The organic growth (i.e. in constant currencies and adjusted for acquisitions) was 4.5%, increasing revenue from EaaS in the U.S., increased recurring revenues within IVS, and increased revenues from the inspection business in Latin America.
- EBITDA amounted to SEK 505 million (372), corresponding to an EBITDA margin of 24.7% (20.2). Higher sales and the implementation of IFRS 16 has had a positive impact on EBITDA. See Note 2 for more information on the effects of IFRS 16.
- EBITA amounted to SEK 303 million (268), corresponding to an EBITA margin of 14.8% (14.6). EBITA was negatively affected by impairment of SEK -21 million attributable to the canceled concession in Buenos Aires, Argentina. Changed assessment of the useful life of equipment within the EaaS business (which has been changed from five to seven years) has contributed positively to the improved EBITA.
- Amortization and impairment of intangible assets was SEK -112 million (-110). The acquisition of VTV and amortization on the Drew Technologies brand, previously deemed to have an indefinite useful life but now assumed to have a set useful life of 15 years and is amortized accordingly, effective from January 2019, has affected amortization negatively. Amortization has been positively affected by the fact that some of the acquired customer contracts from the acquisitions of Envirotest and Gordon-Darby have been fully amortized (according to plan).
- The Group's net financial items amounted to SEK -156 million (-149), whereof interest and financing expenses stood for SEK -104 million (-74) and includes interest expenses for leasing liabilities in accordance with IFRS 16 of SEK -16 million (-) as well as refinancing costs of SEK -16 million in connection with the early redemption of the "SEK 500 million 2016/2021-bonds" in January 2019. Unrealized foreign exchange differences amounted to SEK -55 million (-78).
- The reported income tax includes a tax effect of SEK -13 million relating to exchange rate gains not recognized as income but reported directly against equity.
- Profit/loss for the period was SEK -24 million (-40).





Financial position

Cash and cash equivalents

Cash and cash equivalents at the end of the period amounted to SEK 516 million (compared with SEK 384 million at the beginning of the year), whereof SEK 48 million is only available to the Group for special purposes attributable to a contractual investment fund for one of the states in the U.S. Consequently, available cash and cash equivalents at the end of the period amounted to SEK 469 million.

Interest bearing debt and net debt

The Group's interest bearing debt at the end of the period amounted to SEK 2,437 million compared with SEK 1,981 at December 31, 2018. The increase is primarily due to the implementation of IFRS 16, which entailed reporting of leasing liabilities of SEK 254 million. Consequently, interest bearing debt excluding IFRS 16 effects was SEK 2,183 million.

In January 2019, Opus issued a new corporate bond of USD 60 million in the U.S. In conjunction with this, Opus prematurely redeemed all outstanding bonds on the SEK 500 million bond loan due to expire in May 2021 (the "SEK 500 million 2016/2021-bonds").

The Group's net debt at the end of the period amounted to SEK 1,920 million including leasing liabilities of SEK 254 million. Consequently, the Group's net debt excluding IFRS 16 effects was SEK 1,666 million (SEK 1,596 million at the beginning of the year), corresponding to 3.0 times the Group's EBITDA on a last 12-month basis, excluding effects from accounting in accordance with IFRS 16 and adjusted for pro forma accounts for acquired businesses.

Opus' bond and loan agreements include customary terms and conditions and undertakings. The bond and loan agreements contain three financial covenants, which consist of interest coverage ratio, Net debt/EBITDA and minimum cash requirements. The new accounting standard for leasing agreements, IFRS 16, does not affect the calculation of the covenants, which are still calculated in accordance with IAS 17 as set out in the definition in the Group's bond and loan agreements.

Equity

The Group's total equity amounted to SEK 1,018 million at the end of the period compared with SEK 987 million at the beginning of the year.

Equity attributable to equity holders of the parent company at the end of the period amounted to SEK 1,057 million (1,001 at the beginning of the year), equivalent to SEK 3.64 per share outstanding at the end of the period before dilution. In 2019, exchange rate gains not recognized as income but reported directly over equity have positively impacted equity attributable to equity holders of the parent company by SEK 70 million of which SEK 60 million consists of exchange rate gains from intra-group loans reported directly over equity and SEK 10 million consists of translation differences on foreign operations.

Equity attributable to non-controlling interests at the end of the period amounted to SEK -39 million (-14 at the beginning of the period) and is mainly attributable to, not wholly-owned, subsidiaries in Pakistan, which are operating in a start-up phase and where the result and equity was negatively affected by unrealized exchange rate losses, as well as Argentina which were previously in a start-up phase but where the cancellation of the concession in Buenos Aires has resulted in impairment of buildings in addition to the start-up costs and unrealized exchange rate losses that affected the company's earnings and equity.

Equity/Total assets ratio at the end of the period was 23.3% compared with 25.5% at the beginning of the year.

Cash flow

Cash flow from operating activities in the first nine months amounted to SEK 361 million (206), including a change in working capital of SEK 2 million (-29).

Cash flow from investing activities amounted to SEK -209 million (-772) in the first nine months. Investments in tangible fixed assets amounted to SEK -169 million (-172) and primarily consisted of machinery and equipment related to the company's EaaS business and investments in new vehicle inspection stations in Sweden and Chile. Investments in intangible fixed assets amounted to SEK -6 million (-7). The Group's Free cash flow was SEK 187 million (27). Other investing activities include earnout paid of SEK -27 million (-21).

Cash flow from financing activities in the first nine months amounted to SEK -35 million (254) and primarily comprised SEK 36 million net in connection with the refinancing of the "SEK 500 million 2016/2021 bonds", amortization of leasing liabilities of SEK -57 million (-) and dividends paid to the parent company shareholders of SEK -15 million.

Other information

Significant events during the period and after the end of the period.

For more detailed information on events during the period and after the end of the period see the Group's website www.opus.global.

Opus refinanced the "SEK 500 million 2016/2021 bonds"

In January 2019, Opus issued a new corporate bond (Taxable Corporate Notes commonly known as Letter of Credit (L/C) backed bonds) of USD 60 million in the U.S. The proceeds from the transaction were mainly used for the early redemption of the "SEK 500 million 2016/2021 bonds". The L/C backed bonds of USD 60 million carry a variable short-term taxable interest rate, in line with LIBOR 7 days. The L/C backed bonds are guaranteed through a letter of credit issued by Swedbank AB (publ), New York Branch. The letter of credit has a maturity of three years and is extendable upon agreement. The maturity under the framework of the L/C backed bonds is 15 years. The bonds may be prepaid by Opus, in whole or in part, at no additional cost.

Opus signs New Hampshire emission and safety contract
In March 2019, Opus was awarded a new five-year contract by the U.S. state of New Hampshire to develop, implement, and operate the state's emissions and safety testing program. The new contract will be effective January 1, 2020. The five-year contract allows for one additional two-year extension. In addition to the new contract, the state extended the current contract for six months, now ending December 31, 2019.

Opus revised its financial targets
In April 2019, Opus revised its financial targets. The revised financial targets, which are presented under "Financial targets" in this report, focus on growth, operating profit margin and the efficient use of capital. The revised financial targets include organic growth from existing business, as well as from program wins as they may occur, complemented by attractive bolt-on acquisitions. While continuing the growth of Opus, our operating profit target ensures focus on solid profit margins and capital returns of our combined businesses.

Cancellation of a concession in Buenos Aires
In August 2019, a court in Argentina canceled a vehicle inspection concession awarded to Inspecentro S.A. in Buenos Aires (Inspecentro Buenos Aires), a business in which Opus had assumed control via an agreement. Since Inspecentro Buenos Aires had not yet started operating, there is no impact on Opus revenues in Argentina. The new inspection facility that Opus built for the now canceled concession has been written down, which has resulted in an impairment of SEK -21 million for the Group. Opus' other vehicle inspection activities at the Group's other 10 stations in Buenos Aires and Cordoba are unaffected.

Employees
The average number of employees during the period amounted to 2,584 (2,418). At the end of the period the number of employees amounted to 2,602 (2,518).

Transactions with related parties
A provision for earnout for the acquisition of Systech 2008 has been accounted for in relation to Lothar Geilen (the Group´s CEO) in his role as the former owner. More information on the terms of the agreement for the earnout is provided in note 17 for the Group in the Opus Annual report 2018.

In April 2019, Opus fulfilled the remaining obligations that the company had in accordance with the Settlement Agreement with Hickok, Inc. from 2016 (see "Legal proceedings" under the Directors' Report in Opus Annual Report 2017 for more information). The 1.4 million shares in Opus Group AB, that Lothar Geilen had pledged for the risks related to the settlement agreement, have thus been released.

Brian Herron, president of Intelligent Vehicle Support, is entitled to additional consideration paid in accordance with the acquisition agreement for Drew Technologies. For more information see note 17 for the Group in the Opus Annual report 2018

Risks and uncertainty factors
Opus applies a risk management model in which potential risks are identified and evaluated using a five-point scale based on likelihood and impact. Identified risks are assigned to one of three categories – Environment risks, Operational risks and Financial risks. A detailed description of the parent company and subsidiaries' risks and risk management is provided in Opus Group's Annual Report 2018.

Events that have occurred in the environment or within Opus since the publication of the annual report are deemed not to have resulted in any significant risks or any change in how the Group works with the identified risks compared with the description in the Annual Report for 2018

Legal proceedings
A U.S. subsidiary in the Intelligent Vehicle Support Division ("Subsidiary") has been named as a defendant in a lawsuit filed in the State of California, United States in 2018. The complaint alleges that plaintiffs' former employees illegally shared plaintiffs' business plans and market research with the Subsidiary and that the Subsidiary has misappropriated plaintiffs' trade secrets. The complaint requests injunctive relief and unspecified damages. Opus has engaged legal counsel to defend the allegations. The information disclosed to date does not change counsel's initial assessment that the allegations in plaintiffs' complaint made against the Subsidiary are without merit.

Parent company
Opus Group AB (publ) is the parent company in Opus Group. The parent company's operations include group management and group-wide functions within group reporting, financing, legal services, business development, HR and communication. During the period the parent company´s net sales amounted to SEK 15 million (14) and profit/loss before tax to SEK -40 million (119). The parent company has written down receivables from Group companies by SEK -99 million and shares in subsidiaries by SEK -62 million. Profit/loss includes unrealized foreign exchange differences of SEK 78 million (88).

Dividend policy
Opus' Board has adopted the following dividend policy:
Opus has a policy to distribute dividends in relation to the development of earnings and cash flow, taking the company's financial position, future outlook and growth opportunities into consideration.

For the fiscal year 2018 the Board proposed a dividend of SEK 0.05 per share. Resolution on the dividend was taken at the Annual General Meeting 2019 and the dividend was executed on May 23, 2019.

Financial targets
The Board of Opus has adopted the following financial targets:

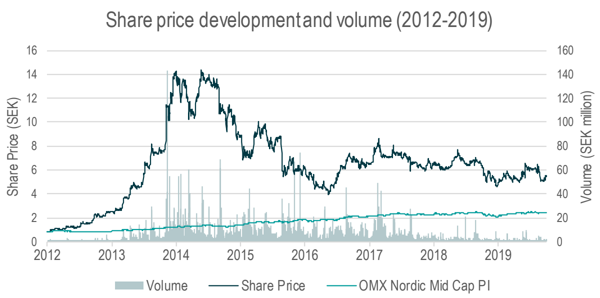
- **5-10% annual revenue growth**
  Organic and acquisitive growth based on 3-year CAGR
- **15% EBITA margin**
- **Net debt/EBITDA not to exceed 3.0x**
  Net Debt/EBITDA excluding IFRS16 effects
  Net Debt/EBITDA may exceed 3.0 times if an attractive business opportunity arises

Financial calendar

- February 18, 2020 - Year-end report 2019.
- April 23, 2020 - Annual report 2019.
- May 12, 2020 - Interim report Q1 2020.
- May 13, 2020 - Annual General Meeting 2020.
- August 18, 2020 - Interim report Q2 2020.
- November 17, 2020 - Interim report Q3 2020.

The share

The share capital in Opus Group AB totals SEK 5,806,365 distributed over 290,318,246 shares, each with a quota value of SEK 0.02 per share. All shares have one (1) vote each and hold equal rights to the company´s assets and profits. Opus Group´s market capitalization totaled SEK 1,579 million as of September 30, 2019.



Shareholding

The table below lists the ten largest shareholders of Opus Group AB as of September 30, 2019.

Shareholder	Number of shares	Share of capital and votes
RWC Asset Management	57,778,150	19.9%
Magnus Greko and Jörgen Hentschel [1]	42,214,504	14.5%
Lothar Geilen	19,628,132	6.8%
Andra AP-Fonden	18,621,167	6.4%
Henrik Wagner Jørgensen	10,005,726	3.4%
Rickard Andersson [1]	9,288,921	3.2%
Dimensional Fund Advisors	8,649,334	3.0%
Avanza Pension	8,470,754	2.9%
Deutsche Bank AG, W8IMY	8,294,916	2.9%
State Street Bank & Trust Company, Boston	4,137,903	1.4%
Subtotal	**187,089,507**	**64.4%**
Other shareholders	103,228,739	35.6%
Total	**290,318,246**	**100.0%**

[1] *Privately and through companies.*

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For any questions regarding the interim report, please contact Helene Carlson, Director of Corporate Communications & Investor Relations, E-mail: helene.carlson@opus.se.

This information is information that Opus Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CET on November 14, 2019.

The Board of Directors has ensured that the interim report provides an accurate overview of the Parent company´s and the Group´s operations, financial position and results, and that it describes the significant risks and uncertainties faced by the Parent company and the companies in the Group

Gothenburg, November 14, 2019

The Board of Directors

Auditor´s review report

Opus Group AB (publ), company registration number 556390-6063

Introduction
We have reviewed the summary interim financial information (interim report) of Opus Group AB (publ) as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, November 14, 2019

KPMG AB

Jan Malm
Authorized Public Accountant

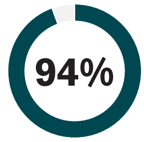
Divisions and segments

Division - Vehicle Inspection

In the Vehicle Inspection division Opus operates vehicle inspection programs for safety and emission testing and provides associated products and services. The division provides turnkey systems, services and equipment (including EaaS and remote sensing) for government agencies, with advanced technology that increases the quality and efficiency of inspections and helps drive compliance with safety and emission standards.

Share of Opus´ net sales (last 12-months)

Share of Opus´ EBITA excl. Group-wide expenses (last 12-months)



	Jul 1 - Sep 30		Jan 1 - Sep 30		12 months	
SEK millions	**2019**	**2018**	**2019**	**2018**	**LTM**	**2018**
Net sales	622	565	1,809	1,650	2,368	2,208
EBITDA	185	129	505	365	613	472
EBITDA margin	29.8%	22.8%	27.9%	22.1%	25.9%	21.4%
EBITA	104	92	316	266	384	334
EBITA margin	16.8%	16.3%	17.5%	16.1%	16.2%	15.1%

Net sales in Q3 2019 increased to SEK 622 million (565), corresponding to a growth of 10%. Adjusted for currency effects, the organic growth was 8%. EBITA rose to SEK 104 million (92). The EBITA margin was 16.8% (16.3).

Segment - Vehicle Inspection U.S. & Asia

	Jul 1 - Sep 30		Jan 1 - Sep 30		12 months	
SEK millions	**2019**	**2018**	**2019**	**2018**	**LTM**	**2018**
Net sales	433	391	1,241	1,115	1,622	1,496
EBITDA	123	104	364	299	465	401
EBITDA margin	28.4%	26.7%	29.3%	26.8%	28.6%	26.8%
EBITA	86	74	259	218	327	286
EBITA margin	19.9%	19.0%	20.8%	19.6%	20.2%	19.1%

Net sales in Q3 2019 increased by 11% to SEK 433 million (391). The growth was primarily driven by the continuing roll-out of EaaS. Adjusted for currency effects, the organic growth was 4%.

EBITA rose to SEK 86 million (74). The EBITA margin was 19.9% (19.0). Higher EaaS volumes had a positive impact on the margin.

The US vehicle inspection programs account for more than 60% of the segment revenues. The underlying demand for this business is predictable and prices are fixed, providing stable revenues with only minor quarterly fluctuations. The EaaS business continues to grow, partly at the expense of lower equipment sales. The EaaS run rate amounted to USD 33 million (27) on an annualized basis based on the revenue in September 2019.

Segment - Vehicle Inspection Europe

	Jul 1 - Sep 30		Jan 1 - Sep 30		12 months	
SEK millions	**2019**	**2018**	**2019**	**2018**	**LTM**	**2018**
Net sales	158	142	485	478	634	626
EBITDA	55	20	124	73	132	81
EBITDA margin	34.5%	14.0%	25.6%	15.3%	20.9%	12.9%
EBITA	39	15	78	60	82	64
EBITA margin	24.7%	10.9%	16.1%	12.5%	12.9%	10.1%

Net sales in Q3 2019 increased by 11% to SEK 158 million (142). Net Sales was positively impacted by higher average revenue per inspection and increased volumes compared to the same period last year.

The total annual market volume in Sweden has now stabilized at a new level. However, comparability between quarters will be affected by the new inspection interval pattern going forward. The total market volume in Q3 2019 was up 11% compared to the same period last year. Opus' market share was 25% in the quarter.

EBITA amounted to SEK 39 million (15). The EBITA margin was 24.7% (10.9). The margin improvement was an effect of higher net sales and good cost control.

Segment - Vehicle Inspection Latin America

	Jul 1 - Sep 30		Jan 1 - Sep 30		12 months	
SEK millions	**2019**	**2018**	**2019**	**2018**	**LTM**	**2018**
Net sales	36	37	101	75	136	109
EBITDA	8	5	18	-8	16	-9
EBITDA margin	21.6%	12.2%	17.4%	-10.1%	11.8%	-8.3%
EBITA	-21	3	-21	-12	-25	-16
EBITA margin	-57.5%	6.9%	-20.7%	-15.9%	-18.5%	-14.7%

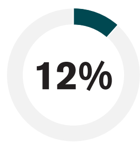
Net sales in Q3 2019 decreased by 2% to SEK 36 million (37). Net sales was negatively impacted by weaker currency in Argentina and by lower equipment sales in Mexico. Adjusted for currency effects, the organic growth was 42%. The organic growth was mainly driven by higher inspection fees in Argentina and increasing inspection volumes in Chile.

EBITA decreased to SEK -21 million (3). The EBITA margin was -57.5% (6.9). The EBITA result was negatively impacted by a write-down of fixed assets of SEK 21 million due to cancellation of a vehicle inspection concession in Buenos Aires, Argentina. EBITA was also negatively affected by expansion costs in Chile in Q3.

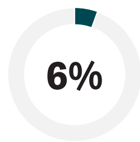
Division - Intelligent Vehicle Support

The Intelligent Vehicle Support division helps automotive service technicians meet the challenges of ever-increasing vehicle complexity through a range of advanced diagnostic, programming and remote assistance services (such as RAP service). The division provides advanced diagnostic and programming tools that help technicians in the secondary aftermarket compete on a level footing with manufacturer-owned dealerships.

Share of Opus´ net sales (last 12-months)



Share of Opus´ EBITA excl. Group-wide expenses (last 12-months)



	Jul 1 - Sep 30		Jan 1 - Sep 30		12 months	
SEK millions	**2019**	**2018**	**2019**	**2018**	**LTM**	**2018**
Net sales	80	75	239	205	343	308
EBITDA	-2	2	7	18	37	47
EBITDA margin	-1.9%	2.6%	2.8%	8.6%	10.7%	15.4%
EBITA	-6	0	-5	12	22	40
EBITA margin	-7.1%	0.1%	-2.1%	6.1%	6.6%	13.0%

Net sales in Q3 2019 increased by 7% to SEK 80 million (75). The recurring revenue continued to increase in the quarter while equipment sales was lower compared to the same period last year. Equipment sales fluctuates between quarters depending on timing of larger orders. Adjusted for currency effects, the organic growth was 3%.

EBITA was SEK -6 million (0). The EBITA margin was -7.1% (0.1). The margin was negatively impacted by business ramp-up and costs relating to an ongoing legal proceeding in one of the division's subsidiaries amounting to SEK 4 million.

Strategy and goals

Opus intends to defend and strengthen its position in its core markets - the U.S. and Sweden, to continue to grow in Latin America and Asia, and to develop new services aimed at repair shops that focus on vehicle communication, reprogramming and diagnostics.

Increased mobility and growing vehicle fleets in low and middle-income countries create a higher demand for vehicle inspection programs to improve road safety and help reduce air pollution. In 2018, Opus expanded its foundation for growth in Latin America, focusing on Argentina, Chile, Mexico and Peru. In Asia, Opus began initial operations in Punjab, Pakistan and expands its operations into Sindh, Pakistan during 2019. The company is reviewing other growth opportunities in Asia.

Opus continues to expand Equipment as a Service (EaaS) for emission test equipment in the U.S., as a part of its strategy to defend its position in the U.S. and Swedish vehicle inspection markets. Cash flows from these markets will allow the company to finance its growth in Latin America and Asia. The acquisition of Gordon-Darby in 2018 has increased the Opus' footprint in the U.S., while offering management and technology synergies to benefit customers worldwide.

The rapidly increasing vehicle complexity, not least in the vast expansion of advanced driver assistance systems (ADAS) in modern vehicles brings with it serious technical support challenges. Independent repair shops need to rapidly expand their technical capacity to keep up with the pace of change in vehicle technology. Opus' Intelligent Vehicle Support (IVS) division focuses on technology-based offerings that assist repair shops in the scanning, re-programming, diagnostics, and repair of advanced vehicles. Opus sees potential in remote technical support, such as Autologic Support and Remote Assist Program (RAP) service. Further, the new Drive platform offers significant technological advances, broader fleet coverage and entrance into new market segments, including the collision scanning market, which will allow Opus to extend its reach.

In 2019, Opus revised its financial targets. Opus' goal is to reach a long-term annual revenue growth of 5-10 percent, through organic and acquisitive growth based on 3-year CAGR, and an EBITA margin of 15 percent, while not exceeding Net debt/ EBITDA of 3.0.

Opus does not provide any forecasts.

ABOUT OPUS

Opus is a technology-driven growth company in the vehicle inspection and intelligent vehicle support markets. The company has a strong focus on customer service and innovative technology within emission and safety testing and intelligent vehicle support. Opus had approximately SEK 2.5 billion in revenues in 2018 with solid operating profit and cash flow. Opus' goal is to reach an annual revenue growth of 5-10 percent, through organic and acquisitive growth based on 3-year CAGR, and an EBITA margin of 15 percent. The majority of the growth is estimated to come from the international expansion of the vehicle inspection business, with a primary focus on the Latin American and Asian markets, and the expansion of the intelligent vehicle support business. With approximately 2,600 employees, Opus is headquartered in Gothenburg, Sweden. Opus has 34 regional offices, 24 of which are in the United States and the others in Sweden, Argentina, Chile, Mexico, Peru, Pakistan, United Kingdom, Spain and Australia. Opus has production facilities in the U.S. in Hartford, Ann Arbor and Tucson. The shares of Opus Group are listed on Nasdaq Stockholm.

Financial reports - Group

Income statement in summary

SEK thousands	Jul 1 - Sep 30 2019	Jul 1 - Sep 30 2018	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	Jan 1 - Dec 31 2018
Net sales	699,139	634,363	2,039,808	1,840,778	2,497,327
Other operating income	925	-7	1,656	733	15,397
Total operating income	**700,064**	**634,356**	**2,041,464**	**1,841,511**	**2,512,724**
Operating expenses	-518,703	-505,336	-1,536,827	-1,469,809	-2,009,107
EBITDA	**181,361**	**129,020**	**504,637**	**371,702**	**503,617**
Depreciation of Right-of-Use assets	-21,585	-	-63,511	-	-
Depreciation and impairment of other tangible assets	-63,887	-38,318	-138,254	-103,600	-145,951
EBITA	**95,889**	**90,702**	**302,872**	**268,102**	**357,666**
Amortization and impairment of intangible assets	-33,968	-42,824	-112,093	-110,455	-151,999
Earnings before interest and tax (EBIT)	**61,921**	**47,878**	**190,779**	**157,647**	**205,667**
Net financial income/expense	-57,831	-45,250	-155,655	-149,430	-155,170
Profit/loss after financial items (EBT)	**4,090**	**2,628**	**35,124**	**8,217**	**50,497**
Income taxes	-30,163	-26,231	-59,043	-48,491	-56,708
Profit/loss for the period	**-26,073**	**-23,603**	**-23,919**	**-40,274**	**-6,211**
Attributable to:					
Parent company shareholders	-887	-7,158	14,146	-8,320	25,806
Non-controlling interests	-25,186	-16,445	-38,065	-31,954	-32,017
Earnings per share					
Earnings per share before dilution, SEK	0.00	-0.02	0.05	-0.03	0.09
Earnings per share after dilution, SEK	0.00	-0.02	0.05	-0.03	0.09

Statement of comprehensive income in summary

SEK thousands	Jul 1 - Sep 30 2019	Jul 1 - Sep 30 2018	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	Jan 1 - Dec 31 2018
Profit/loss for the period	**-26,073**	**-23,603**	**-23,919**	**-40,274**	**-6,211**
Items that might be reclassified to profit/loss for the period					
Translation differences	50,341	-35,191	84,241	78,456	100,758
Exchange rate differences reversed to income	-	-	-1,010	-	-38,029
Cash flow hedge, net after tax	-1,597	-	-13,699	-	-2,129
Other comprehensive income for the period	**48,744**	**-35,191**	**69,532**	**78,456**	**60,600**
Comprehensive income for the period	**22,671**	**-58,794**	**45,613**	**38,182**	**54,389**
Attributable to:					
Parent company shareholders	37,420	-49,474	70,094	58,515	75,592
Non-controlling interests	-14,749	-9,320	-24,481	-20,333	-21,203

Financial reports - Group

Statement of financial position in summary

SEK thousands	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Assets			
Intangible assets	2,044,629	2,033,345	2,019,876
Right-of-Use assets	248,233	-	-
Other tangible assets	1,074,836	973,211	990,000
Financial assets	67,516	57,209	59,307
Deferred tax assets	29,761	39,159	27,031
Total fixed assets	**3,464,975**	**3,102,924**	**3,096,214**
Inventory	118,380	144,903	133,331
Current receivables	275,051	253,097	253,805
Cash and cash equivalents	516,436	328,087	384,155
Total current assets	**909,867**	**726,087**	**771,291**
Total assets	**4,374,842**	**3,829,011**	**3,867,505**
Equity and liabilities			
Equity attributable to parent company's shareholders	1,056,816	984,160	1,001,237
Equity attributable to non-controlling interests	-38,645	-13,294	-14,164
Total equity	**1,018,171**	**970,866**	**987,073**
Non-current leasing liabilities	176,722	-	-
Other non-current interest bearing liabilities	2,182,303	1,963,080	1,980,501
Non-current non-interest bearing liabilities and provisions	321,300	347,174	336,950
Total non-current liabilities	**2,680,325**	**2,310,254**	**2,317,451**
Current leasing liabilities	77,736	-	-
Current non-interest bearing liabilities and provisions	598,610	547,891	562,981
Total current liabilities	**676,346**	**547,891**	**562,981**
Total equity and liabilities	**4,374,842**	**3,829,011**	**3,867,505**

Financial reports - Group

Statement of changes in equity in summary

SEK thousands	Equity attributable to parent company´s shareholders	Equity attributable to non-controlling interests	Total equity
Equity 2018-01-01	**939,650**	**7,039**	**946,689**
Comprehensive income for the period	58,516	-20,333	38,183
Subscription options	510	-	510
Dividend	-14,516	-	-14,516
Equity 2018-09-30	**984,160**	**-13,294**	**970,866**
Comprehensive income for the period	17,077	-870	16,207
Equity 2018-12-31	**1,001,237**	**-14,164**	**987,073**
Comprehensive income for the period	70,095	-24,481	45,614
Dividend	-14,516	-	-14,516
Equity 2019-09-30	**1,056,816**	**-38,645**	**1,018,171**

Statement of cash flows in summary

SEK thousands	Jul 1 - Sep 30 2019	Jul 1 - Sep 30 2018	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	Jan 1 - Dec 31 2018
Earnings before interest and tax (EBIT)	**61,921**	**47,878**	**190,779**	**157,647**	**205 667**
Depreciation/amortization/impairment	119,440	81,142	313,858	214,055	297 950
Other non-cash items	-232	-1,527	-1,491	-10,998	-20 970
Interest and similar items	-27,111	-20,592	-95,288	-67,856	-91 011
Income tax paid	-11,114	-13,571	-48,598	-58,064	-58 855
Change in working capital	9,832	-37,969	2,226	-28,882	-9 734
Cash flow from operating activities	**152,736**	**55,361**	**361,486**	**205,902**	**323 047**
Acquisition of subsidiary/business net after acquired cash	-2,817	-	-2,817	-543,581	-543 581
Investments in tangible assets	-57,657	-57,363	-168,900	-172,376	-223 644
Investments in intangible assets	-1,108	-1,690	-5,756	-6,906	-15 221
Other	-7,139	-5,811	-31,208	-49,011	-53 502
Cash flow from investing activities	**-68,721**	**-64,864**	**-208,681**	**-771,874**	**-835 948**
Dividend	-	-	-14,516	-14,516	-14 516
New debt	-103	-160	535,893	768,331	768 331
Amortization of leasing liabilities	-19,787	-	-56,766	-	-
Amortization of other debt	-	-	-500,000	-500,000	-500 000
Other	-	-	-	510	510
Cash flow from financing activities	**-19,890**	**-160**	**-35,389**	**254,325**	**254 325**
Liquid assets at the beginning of the period	**442,642**	**342,020**	**384,155**	**642,801**	**642 801**
Translation difference	9,669	-4,270	14,865	-3,067	-70
Cash flow for the period	64,125	-9,663	117,416	-311,647	-258 576
Liquid assets at the end of the period	**516,436**	**328,087**	**516,436**	**328,087**	**384 155**

Key ratios - Group [1)]

	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	Jan 1 - Dec 31 2018
Profitability			
Return on equity, percent [2) 3)]	4.8	2.0	2.6
Return on capital employed (ROCE), percent [3)]	12.7	11.6	13.1
Margins			
EBITDA margin, percent [4)]	24.7	20.2	20.2
EBITA margin, percent [4)]	14.8	14.6	14.3
EBIT margin, percent [4)]	9.4	8.6	8.2
Profit margin (Profit/loss after financial items), percent [4)]	1.7	0.4	2.0
Growth			
Revenue growth, percent	10.8	35.2	34.4
EBITDA growth, percent	35.8	51.3	63.5
EBITA growth, percent	13.0	71.4	90.3
Financial position			
Cash and cash equivalents, SEK thousands	516,436	328,087	384,155
Interest bearing debt, SEK thousands	2,436,761	1,963,080	1,980,501
Net debt, SEK thousands	1,920,325	1,634,993	1,596,346
Net debt/EBITDA, times [5)]	3.0	3.4	3.1
Equity, SEK thousands	1,018,171	970,866	987,073
Equity/Total assets ratio, percent	23.3	25.4	25.5
Interest coverage ratio, times [6)]	5.5	5.3	5.7
Other			
Average number of employees	2,584	2,418	2,464
Number of employees at end of the period	2,602	2,518	2,569
Number of shares at end of the period before dilution	290,318,246	290,318,246	290,318,246
Number of shares at end of the period after dilution [7)]	295,818,246	295,818,246	295,818,246
Average number of outstanding shares, before dilution	290,318,246	290,318,246	290,318,246
Average number of outstanding shares, after dilution [7)]	295,818,246	295,818,246	295,818,246
Data per share			
Equity per share, before dilution, SEK [2)]	3.64	3.39	3.45
Equity per share, after dilution, SEK [2)]	3.57	3.33	3.38
Profit per share, before dilution, SEK [2)]	0.05	-0.03	0.09
Profit per share, after dilution, SEK [2)]	0.05	-0.03	0.09
Cash flow from operating activities per share, before dilution, SEK	1.25	0.71	1.11
Cash flow from operating activities per share, after dilution, SEK	1.22	0.70	1.09

1) *IFRS 16 is effective from January 1, 2019 and has affected the Group's key ratios. Comparative figures have not been recalculated. See note 2 for more information.*

2) *Excluding minority interests.*

3) *Calculated on a last 12-month basis.*

4) *The key ratio definition has been changed compared to Opus' Annual Report 2018. According to the new definition, the margin is calculated as the earnings measure divided by net sales.*

5) *Net debt as per end of period divided by LTM EBITDA excluding effects from accounting in accordance with IFRS 16 and adjusted for pro forma accounts for acquired businesses.*

6) *LTM EBITDA adjusted for pro forma accounts for acquired businesses divided by LTM net financial items excluding Fx gains and losses, excluding effects from accounting in accordance with IFRS 16.*

7) *If the discounted exercise price for outstanding subscription options is less than the average price for the Opus share, the options give rise to a dilution effect. The dilution effect with reference made to the option program is calculated according to the dilution that applied at the end of each period.*

For definitions of key ratios, see Opus' Annual Report 2018.

Quarterly development - Group

Income statement

	2019			2018			
SEK thousands	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales	699,139	707,517	633,152	656,548	634,363	651,234	555,182
Total operating income	700,064	708,082	633,319	671,213	634,356	651,547	555,608
Operating expenses	-518,703	-528,514	-489,611	-539,298	-505,336	-509,058	-455,415
Depreciation and impairment of tangible assets	-85,472	-59,565	-56,727	-42,351	-38,318	-34,557	-30,725
EBITA	**95,889**	**120,003**	**86,981**	**89,564**	**90,702**	**107,932**	**69,468**
EBITA margin	13,7%	17.0%	13.7%	13.3%	14.3%	16.6%	12.5%
Amortization and impairment of intangible assets	-33,968	-35,891	-42,235	-41,544	-42,824	-47,907	-19,724
Earnings before interest and tax (EBIT)	**61,921**	**84,112**	**44,746**	**48,020**	**47,878**	**60,025**	**49,744**
Net financial income/expense	-57,831	-46,903	-50,920	-5,740	-45,250	-78,653	-25,527
Profit/loss after financial items (EBT)	**4,090**	**37,209**	**-6,174**	**42,280**	**2,628**	**-18,628**	**24,217**
Income taxes	-30,163	-17,977	-10,904	-8,217	-26,231	-8,345	-13,915
Profit/loss for the period	**-26,073**	**19,232**	**-17,078**	**34,063**	**-23,603**	**-26,973**	**10,302**

Cash flow

	2019			2018			
SEK thousands	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Cash flow from operating activities	152,736	132,420	76,330	117,145	55,361	111,294	39,247
Cash flow from investing activities	-68,721	-81,121	-58,839	-64,074	-64,864	-196,214	-510,796
Cash flow from financing activities	-19,890	-34,267	18,768	-	-160	-19,426	273,911
Cash flow for the period	**64,125**	**17,032**	**36,259**	**53,071**	**-9,663**	**-104,346**	**-197,638**
Liquid assets at the beginning of the period	**442,642**	**426,890**	**384,155**	**328,087**	**342,020**	**443,789**	**642,801**
Translation difference	9,669	-1,280	6,476	2,997	-4,270	2,577	-1,374
Liquid assets at the end of the period	**516,436**	**442,642**	**426,890**	**384,155**	**328,087**	**342,020**	**443,789**

Quarterly development - Group

Segment information

	2019			2018			
SEK thousands	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales							
Vehicle Inspection U.S. & Asia	432,966	422,206	385,376	381,123	391,261	388,881	335,060
Vehicle Inspection Europe	158,024	185,682	141,381	148,440	141,848	187,995	147,830
Vehicle Inspection Latin America	36,485	30,162	34,752	34,542	37,097	17,130	20,306
Division eliminations	-5,342	-6,939	-5,272	-5,344	-5,111	-7,068	-5,506
Division Vehicle Inspection	**622,133**	**631,111**	**556,237**	**558,761**	**565,095**	**586,938**	**497,690**
Division Intelligent Vehicle Support	**80,008**	**81,361**	**78,119**	**103,276**	**74,618**	**71,169**	**58,959**
Group eliminations	-3,002	-4,955	-1,204	-5,489	-5,350	-6,873	-1,466
Group	**699,139**	**707,517**	**633,152**	**656,548**	**634,363**	**651,234**	**555,183**
EBITA							
Vehicle Inspection U.S. & Asia	86,258	90,632	81,696	68,212	74,317	74,216	69,627
Vehicle Inspection Europe	39,102	38,703	478	3,635	15,443	39,216	5,221
Vehicle Inspection Latin America	-20,993	-3,488	3,485	-4,183	2,573	-8,761	-5,637
Division Vehicle Inspection	**104,367**	**125,847**	**85,659**	**67,664**	**92,333**	**104,671**	**69,211**
Division Intelligent Vehicle Support	**-5,717**	**-2,593**	**3,348**	**27,414**	**87**	**9,151**	**3,247**
Group-wide expenses	-2,761	-3,251	-2,026	-5,515	-1,718	-5,890	-2,990
Group	**95,889**	**120,003**	**86,981**	**89,563**	**90,702**	**107,932**	**69,468**
EBITA margin							
Vehicle Inspection U.S. & Asia	19.9%	21.5%	21.2%	17.9%	19.0%	19.1%	20.8%
Vehicle Inspection Europe	24.7%	20.8%	0.3%	2.4%	10.9%	20.9%	3.5%
Vehicle Inspection Latin America	-57.5%	-11.6%	10.0%	-12.1%	6.9%	-51.1%	-27.8%
Division Vehicle Inspection	**16.8%**	**19.9%**	**15.4%**	**12.1%**	**16.3%**	**17.8%**	**13.9%**
Division Intelligent Vehicle Support	**-7.1%**	**-3.2%**	**4.3%**	**26.5%**	**0.1%**	**12.9%**	**5.5%**
Group	**13.7%**	**17.0%**	**13.7%**	**13.6%**	**14.3%**	**16.6%**	**12.5%**

Financial reports - Parent company

Income statement in summary

SEK thousands	Jul 1 - Sep 30 2019	Jul 1 - Sep 30 2018	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	Jan 1 - Dec 31 2018
Net sales	4,928	4,675	14,643	13,674	16,119
Other operating income	247	-59	293	240	405
Total operating income	**5,175**	**4,616**	**14,936**	**13,914**	**16,524**
Operating expenses	-107,200	-6,281	-122,309	-24,167	-39,643
EBITDA	**-102,025**	**-1,665**	**-107,373**	**-10,253**	**-23,119**
Depreciation and amortization	-252	-236	-743	-687	-938
Earnings before interest and tax (EBIT)	**-102,277**	**-1,901**	**-108,116**	**-10,940**	**-24,057**
Net financial income/expense	-1,625	4,229	67,998	130,287	199,063
Profit/loss after financial items	**-103,902**	**2,328**	**-40,118**	**119,347**	**175,006**
Appropriations	-	-	-	-	-38,172
Profit/loss before tax (EBT)	**-103,902**	**2,328**	**-40,118**	**119,347**	**136,834**
Income taxes	-12,730	-512	-19,960	-26,076	-25,780
Profit/loss for the period	**-116,632**	**1,816**	**-60,078**	**93,271**	**111,054**

Statement of comprehensive income in summary

SEK thousands	Jul 1 - Sep 30 2019	Jul 1 - Sep 30 2018	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	Jan 1 - Dec 31 2018
Profit/loss for the period	**-116,632**	**1,816**	**-60,078**	**93,271**	**111,054**
Other comprehensive income for the period					-
Total comprehensive income for the period	**-116,632**	**1,816**	**-60,078**	**93,271**	**111,054**

Balance sheet in summary

SEK thousands	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Assets			
Intangible assets	2,226	1,834	2,060
Tangible assets	811	1,002	949
Financial assets	1,836,642	2,303,482	1,806,664
Total non-current assets	**1,839,679**	**2,306,318**	**1,809,673**
Current receivables	169,855	276,812	772,538
Cash and cash equivalents	229,571	89,491	144,552
Total current assets	**399,426**	**366,303**	**917,090**
Total assets	**2,239,105**	**2,672,621**	**2,726,763**
Equity and liabilities			
Equity	857,463	914,275	932,057
Untaxed reserves	57,736	20,669	57,736
Non-current interest bearing liabilities	985,807	1,432,451	1,438,970
Non-current non-interest bearing liabilities and provisions	92,434	103,514	101,289
Current non-interest bearing liabilities and provisions	245,665	201,712	196,711
Total equity and liabilities	**2,239,105**	**2,672,621**	**2,726,763**

Notes

Note 1 - Accounting principles

This report has been prepared in accordance with IAS 34 Interim Financial Reporting. The group accounting has been prepared in accordance with International Financial Reporting Standards, IFRS, as approved by the EU, and in accordance with the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary Accounting Rules for Groups". The interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and with the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". Some figures in this report have been rounded, which may mean that some tables do not seem to sum up correctly due to rounding differences. Except for the following changes, in regards to IFRS 16, the same accounting and calculation principles apply in the interim report as in the annual report for 2018.

On July 1, 2018, hyperinflation in Argentina's economy was determined according to the criteria in IAS 29. Opus has evaluated the effect of applying IAS 29 and the conclusion is that the effect on the consolidated financial statements is not considered material to the Group. The financial reports in this interim report have therefore not been adjusted for hyperinflation in Argentina in accordance with IAS 29.

New standards applicable from Janury 1, 2019

IFRS 16 "Leases" replaces IAS 17 "Leases" and is applicable as of January 1, 2019. See Note 2 for a summary of the effects.

The Parent company has chosen to apply the exemption rules in RFR 2, which means that all lease agreements will continue to be recorded as operational leases.

IFRIC 23 is a new interpretation of uncertain income tax treatments within the scope of IAS 12 "Income taxes". IFRIC 23 clarifies how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The interpretation has not affected the Group's financial reports.

Translation of foreign operations

	Average rate					Closing rate		
Currency	**Jul - Sep 2019**	**Jul - Sep 2018**	**Jan - Sep 2019**	**Jan - Sep 2018**	**Jan - Dec 2018**	**Sep 30, 2019**	**Sep 30, 2018**	**Dec 31, 2018**
ARS	0.19	0.29	0.21	0.36	0.33	0.17	0.22	0.24
GBP	11.81	11.66	11.96	11.57	11.59	12.07	11.57	11.35
PKR	0.06	0.07	0.06	0.07	0.07	0.06	0.07	0.06
USD	9.59	8.95	9.40	8.58	8.69	9.80	8.86	8.97

Assets and liabilities in foreign entities, including goodwill and other corporate fair value adjustments, are translated to Swedish kronor (SEK) at the rate prevailing on the balance sheet date, meanwhile all items in the income statement are translated using an average rate for the period. On translation of foreign operations, the exchange rates in the table above have been used for currencies that are material for the Group.

Note 2 - Transition to IFRS 16 "Leases"

Opus applies IFRS 16 as of January 1, 2019. Implementation of the new standard has resulted in an increased balance sheet total as the present value of future lease payments is reported in the balance sheet as Right-of-Use assets and interest bearing liabilities (on separate lines as current and non-current leasing liabilities). The implementation also means that EBITDA is positively affected as expenses for leasing are reported as depreciation and interest expense instead of as operating expenses but only with a limited effect on EBITA and net result. In the cash flow statement, leasing payments will be divided between interest paid in the cash flow from operating activities and amortization of leasing liabilities in the financing activities. This therefore has a positive effect on operating cash flow.

Opus has applied the modified retroactive method in the transition to IFRS 16 which means that comparative figures are not restated. Leasing liabilities are valued at the present value of the remaining lease payments. The discount rate on calculation of the present value is based on the Group's borrowing rate, adjusted for differences in market interest rates between the country in which the loans are taken out and the country where the Right-of-Use asset exists. The terms of the leases are taken into account when setting market interest rates. The practical expedient that the Right-of-Use asset should correspond to the leasing liability, has been applied at the transition, and hence no transition effect is presented in equity. Operating leases with a remaining term of less than 12 months as at January 1, 2019 are reported as current leases, which means that they are not included in the

Notes

balance sheet at the time of the transition. Low-value leases, primarily office equipment for Opus, will not be included in leasing liabilities but will continue to be expensed on a straight-line basis over the term of the lease. The practical expedient for definition of a lease, when making a transition to IFRS 16, has been applied, which means that all components of a lease, in accordance with IAS 17, have been considered to be lease components.

As at January 1, 2019, the Group's opening leasing liabilities and Right-of-Use assets balance amounted to SEK 303 million. The Group's average discount rate used when discounting future lease payments amounts to 8.6%. The table below shows the reconciliation between the operational leasing commitments as of December 31, 2018 and the leasing liabilities as of January 1, 2019:

Reconciliation opening balance of leasing liability (SEK thousands)	
Obligations for operational leases as at December 31, 2018	**442,269**
Discount effect	-80,721
Short-term and low-value leases	-21,380
Reasonable certain to use extension options	8,587
Price and index adjustments	1,041
Agreements not covered by IFRS 16 [1)]	-47,226
Leasing liabilities as at January 1, 2019	**302,569**

[1)] Refers to agreements that are reported in accordance with IFRIC 12 "Agreement for economic and social services".

Since Opus has applied the modified retroactive method at the transition and has thus not restated comparative figures, the effects on the financial reports for the period from IFRS 16 are presented below to obtain comparability between the years.

Key ratios adjusted for IFRS 16 effects	Jul 1 - Sep 30			Jan 1 - Sep 30		
SEK thousands	**2019**	**Adjustment for IFRS 16 effects**	**2019 excl IFRS 16**	**2019**	**Adjustment for IFRS 16 effects**	**2019 excl IFRS 16**
Earnings and margins						
EBITDA	181,361	-24,954	156,407	504,637	-72,663	431,974
EBITDA margin	25.9%	-3.5%	22.4%	24.7%	-3.5%	21.2%
EBITA	95,889	-3,368	92,521	302,872	-9,152	293,720
EBITA margin	13.7%	-0.5%	13.2%	14.8%	-0.4%	14.4%
Earnings before interest and tax (EBIT)	61,921	-3,368	58,553	190,779	-9,152	181,627
EBIT margin	8.9%	-0.5%	8.4%	9.4%	-0.5%	8.9%
Profit/loss after financial items	4,090	1,798	5,888	35,124	6,745	41,869
Profit margin	0.6%	0.2%	0.8%	1.7%	0.4%	2.1%
Profit/loss for the period	-26,073	1,330	-24,743	-23,919	4,969	-18,950
Cash flow						
Cash flow from operating activities	152,736	-19,787	132,949	361,486	-56,766	304,720
Cash flow from financing activities	-19,890	19,787	-103	-35,389	56,766	21,377
Free cash flow	93,971	-19,787	74,184	186,830	-56,766	130,064
Other						
Return on capital employed (ROCE)	12.7%	0.2%	12.9%	12.7%	0.2%	12.9%
EBITDA growth	40.6%	-19.4%	21.2%	35.8%	-19.6%	16.2%
EBITA growth	5.7%	-3.7%	2.0%	13.0%	-3.4%	9.6%
Interest bearing debt	2,436,761	-254,458	2,182,303	2,436,761	-254,458	2,182,303
Net debt	1,920,325	-254,458	1,665,867	1,920,325	-254,458	1,665,867
Equity/Total assets ratio	23.3%	1.5%	24.8%	23.3%	1.5%	24.8%

Notes

Note 3 - Revenue

Distribution of revenues has been made in the main income categories and segments, which also corresponds to Opus geographical markets. Vehicle inspection includes all types of inspections from decentralized and centralized programs and inspections carried out on the Swedish market (open market, not regulated by contract).

Equipment sales includes the sale of inspection equipment to inspection stations and automotive repair shops. Service and support refers to service of sold equipment, support of sold software systems, and service to automotive repair shops within our decentralized programs. Equipment as a Service (EaaS) constitutes leasing income from Opus´ rental of inspection equipment, which includes maintenance, spare parts and software updates. The income category Other includes Remote Assist Program (RAP), software sales, vehicle registration services, voluntary (non-statutory) inspection services, revenue from construction services in accordance with IFRIC 12 and fish and game licensing.

Distribution of revenues per income category Q3, 2019 (SEK thousands)	**Vehicle Inspection U.S. & Asia**	**Vehicle Inspection Europe**	**Vehicle Inspection Latin America**	**Intelligent Vehicle Support**	**Group**
Vehicle inspection	271,909	146,073	32,432	-	450,414
Equipment sales	13,260	-	2,051	23,229	38,540
Service and support	24,517	-	1,216	29,232	54,965
Equipment as a Service (EaaS)	80,070	-	-	285	80,355
Other	37,868	11,951	786	24,260	74,865
Total	**427,624**	**158,024**	**36,485**	**77,006**	**699,139**

Distribution of revenues per income category Q3, 2018 (SEK thousands)	**Vehicle Inspection U.S. & Asia**	**Vehicle Inspection Europe**	**Vehicle Inspection Latin America**	**Intelligent Vehicle Support**	**Group**
Vehicle inspection	248,342	134,891	30,495	-	413,728
Equipment sales	21,098	-	5,131	27,125	53,354
Service and support	22,565	-	890	26,771	50,226
Equipment as a Service (EaaS)	57,792	-	-	654	58,446
Other	36,337	6,957	581	14,734	58,609
Total	**386,134**	**141,848**	**37,097**	**69,284**	**634,363**

Distribution of revenues per income category 9 months, 2019 (SEK thousands)	**Vehicle Inspection U.S. & Asia**	**Vehicle Inspection Europe**	**Vehicle Inspection Latin America**	**Intelligent Vehicle Support**	**Group**
Vehicle inspection	790,036	447,817	90,204	-	1,328,057
Equipment sales	40,470	-	5,461	70,599	116,530
Service and support	68,352	-	3,440	83,848	155,640
Equipment as a Service (EaaS)	223,675	-	-	973	224,648
Other	100,462	37,270	2,294	74,907	214,933
Total	**1,222,995**	**485,087**	**101,399**	**230,327**	**2,039,808**

Distribution of revenues per income category 9 months, 2018 (SEK thousands)	**Vehicle Inspection U.S. & Asia**	**Vehicle Inspection Europe**	**Vehicle Inspection Latin America**	**Intelligent Vehicle Support**	**Group**
Vehicle inspection	710,183	454,629	54,004	-	1,218,815
Equipment sales	58,264	-	16,183	71,095	145,542
Service and support	71,386	-	2,038	72,942	146,366
Equipment as a Service (EaaS)	150,628	-	-	1,585	152,213
Other	107,104	23,044	2,309	45,387	177,843
Total	**1,097,565**	**477,673**	**74,533**	**191,009**	**1,840,778**

Notes

Note 4 - Financial instruments valued at fair value

Financial instruments valued at fair value			
SEK thousands	**Sep 30, 2019**	**Sep 30, 2018**	**Dec 31, 2018**
Liabilities			
Additional consideration	135,376	142,791	147,492
Derivatives - Interest rate swap	22,190	-	2,915
Carrying amount	**157,566**	**142,791**	**150,407**
Assets			
Derivatives - Foreign currency forward contract	-	-	4,891
Carrying amount	**-**	**-**	**4,891**

In conjunction with the Systech acquisition in 2008, an agreement was signed for additional consideration on gaining certain new contracts for major vehicle inspection programs. An agreement on additional consideration was also signed upon acquisition of Drew Technologies in 2015. Valuation of additional consideration at fair value is attributable to Level 3 of the fair value hierarchy. No changes have been made to valuation techniques or assumptions in comparison with the Annual Report 2018. More information about the terms of the additional consideration agreements and their reporting is described in the Opus Annual Report for 2018.

Derivatives are attributable to level 2 of the fair value hierarchy. The fair value of the interest rate swap is calculated as the present value of estimated future cash flows according to the terms and conditions of the contract and due dates and based on the market interest rate for similar instruments on the balance sheet date.

The fair value of other financial assets and liabilities that are valued at amortized cost is estimated to be equivalent to their book value.

Note 5 - Pledged assets and contingent liabilities

Pledged assets and contingent liabilities	**Group**			**Parent company**		
Sek thousands	**Sep 30, 2019**	**Sep 30, 2018**	**Dec 31, 2018**	**Sep 30, 2019**	**Sep 30, 2018**	**Dec 31, 2018**
Assets pledged for liabilities to credit institutions						
Pledged shares in subsidiaries	528,489	512,549	512,549	528,489	512,549	512,549
Total	**528,489**	**512,549**	**512,549**	**528,489**	**512,549**	**512,549**
Contingent liabilities						
Guarantees on behalf of Group companies	-	-	-	1,194,352	530,109	540,108
Warranty obligations	5,942	5,942	5,942	5,942	5,942	5,942
Additional consideration	10,436	10,003	8,777	10,436	10,003	8,777
Total	**16,378**	**15,945**	**14,719**	**1,210,730**	**546,054**	**554,827**

Reconciliation between IFRS and key ratios

Organic growth

SEK thousands	Jul 1 - Sep 30	Jan 1 - Sep 30
Net sales 2019	699,139	2,039,808
- Net exchange rate effects	-14,871	-92,506
- Effect of acquisitions/divestments	-	-24,568
Comparable net sales	**684,268**	**1,922,734**
Net sales 2018	**634,363**	**1,840,778**
Revenue growth	**10.2%**	**10.8%**
Organic growth	**7.9%**	**4.5%**

In this report, Opus presents certain financial measures that are not defined under IFRS, referred to as Alternative Performance Measures. The Group believes that these measures provide useful supplemental information to investors and the Company's management as they allow for the evaluation of the Company's results and financial position. As not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. Investors should consider these financial measures as a complement rather than a substitute for financial reporting under IFRS.

Return on capital employed and equity

SEK thousands	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	Jan 1 - Dec 31 2018
LTM EBITA	392,436	299,639	357,666
LTM average working capital	-128,513	-106,958	-114,593
LTM average value tangible and intangible assets	3,211,012	2,684,801	2,837,270
Average capital employed	**3,082,499**	**2,577,843**	**2,722,677**
Return on capital employed	**12.7%**	**11.6%**	**13.1%**
LTM profit/loss - attributable to parent company shareholders	48,273	19,301	25,806
LTM average equity - attributable to parent company shareholders	1,015,334	964,255	988,193
Return on equity - attributable to parent company shareholders	**4.8%**	**2.0%**	**2.6%**

Interest coverage ratio and Net debt/EBITDA

SEK thousands	Jan 1 - Sep 30 2019	Jan 1 - Sep 30 2018	Jan 1 - Dec 31 2018
LTM EBITDA	636,551	434,064	503,617
LTM IFRS 16 effects on EBITDA	-72,663	-	-
LTM EBITDA for pro forma accounts from acquired businesses	-	45,469	7,440
LTM EBITDA excluding IFRS 16 effects and adjusted for pro forma accounts from acquired businesses	**563,888**	**479,533**	**511,057**
LTM Net financial income/expense	-161,395	-184,123	-155,170
- LTM IFRS 16 effects on net financial income/expense	-15,896	-	-
- LTM Fx gains and losses	-42,045	-93,626	-65,724
LTM Net financial items excluding IFRS 16 effects and Fx gains and losses	**-103,454**	**-90,497**	**-89,446**
Interest coverage ratio	**5.5**	**5.3**	**5.7**
Net debt	1,920,325	1,634,993	1,596,346
- Leasing liabilities	254,458	-	-
Net debt excluding IFRS 16 effects	**1,665,867**	**1,634,993**	**1,596,346**
Net debt/EBITDA	**3.0**	**3.4**	**3.1**