



We contribute to a better society

AcadeMedia AB (publ)

INTERIM REPORT

July 2016 – March 2017

10% growth in the quarter

High interest in new establishments in Upper Secondary Schools

Improved employee satisfaction

Academedia

AcadeMedia

Interim report third quarter

Third quarter (Jan 2017 – March 2017)

- Net sales increased by 9.7 percent to SEK 2,540 million (2,316).
- Operating profit (EBIT) decreased slightly to SEK 195 million (196). Adjusted for items affecting comparability, operating profit was SEK 197 million (199).
- Net profit for the period was SEK 132 million (129).
- Cash flow from operating activities amounted to SEK 123 million (128).
- The average number of children and students in preschool, compulsory school and upper secondary school during the quarter was 66,299 (63,716), representing an increase of 4.1 percent.
- Earnings per share amounted to SEK 1.40 (1.51) before/after dilution.

Nine months (July 2016 – March 2017)

- Net sales increased by 10.8 percent to SEK 6,909 million (6,233).
- Operating profit (EBIT) increased by 27.8 percent to SEK 405 million (317). Adjusted for items affecting comparability, operating profit was SEK 408 million (330).
- Net profit for the period amounted to SEK 262 million (179).
- Cash flow from operating activities amounted to SEK 514 million (382).
- The average number of children and students in preschool, compulsory school and upper secondary school amounted to 65,691 (62,754), representing an increase of 4.7 percent.
- Earnings per share amounted to SEK 2.79 (2.11) before dilution and 2.78 (2.11) after dilution.

Significant events after the end of the reporting period

On April 18 AcadeMedia acquired the German preschool company Step Kids Education GmbH (Stepke). With this acquisition, AcadeMedia increases its German operations with ten preschools whereof three mobile preschools. On April 3, it was announced that Sofia Larsen, Head of AcadeMedia's Pre- and Compulsory Schools, will leave AcadeMedia.

The group in figures

| The quarter in figures | Third quarter | | | 9 months | | | Full year |
|--|---------------|---------|-----------|----------|---------|----------|-----------|
| | 2016/17 | 2015/16 | Change | 2016/17 | 2015/16 | Change | 2015/16 |
| Net sales, SEK m | 2,540 | 2,316 | 9.7% | 6,909 | 6,233 | 10.8% | 8,611 |
| EBITDA, SEK m | 250 | 244 | 2.5% | 560 | 456 | 22.8% | 722 |
| EBITDA margin | 9.8% | 10.5% | -0.7 p.e. | 8.1% | 7.3% | 0.8 p.e. | 8.4% |
| Operating profit | 195 | 196 | -0.5% | 405 | 317 | 27.8% | 535 |
| EBIT margin | 7.7% | 8.5% | -0.8 p.e. | 5.9% | 5.1% | 0.8 p.e. | 6.2% |
| Adjusted operating profit (EBIT)*. SEK m | 197 | 199 | -1.0% | 408 | 330 | 23.6% | 567 |
| Adjusted EBIT margin | 7.8% | 8.6% | -0.8 p.e. | 5.9% | 5.3% | 0.6 p.e. | 6.6% |
| Total financial items, SEK m | -18 | -29 | 37.9% | -60 | -94 | 36.2% | -127 |
| Income before taxes, SEK m | 177 | 167 | 6.0% | 345 | 223 | 54.7% | 408 |
| Profit/loss for the period, SEK m | 132 | 129 | 2.3% | 262 | 179 | 46.4% | 319 |
| Number of children and students | 66,299 | 63,716 | 4.1% | 65,691 | 62,754 | 4.7% | 63,151 |
| Number of FTEs | 10,702 | 9,783 | 9.4% | 10,432 | 9,565 | 9.1% | 9,714 |

*) For definitions see page 28. **) Excl. Adult education



CEO's comments

AcadeMedia's third quarter 2016/17 was boosted by the Adult Education segment, which continues to show solid volumes, at a substantially higher level than last year. Our growth has, as expected, slowed down compared to the second quarter of this year, as we no longer benefit from the acquisitions carried out during the second half of the financial year 2015/16. Overall, the quarter shows a stable operating profit

Adult Education has another strong quarter

The Adult Education segment had another strong quarter. However, the corresponding quarter last year was also strong meaning growth numbers were not as high as in the preceding quarter (Q2).

The Adult Education segment is active in a sector with great needs, especially in view of the large group of immigrants who need to be integrated into the Swedish society. This mainly involves Swedish language training, but also other skills in order for immigrants to become employable. We continue to believe in the long-term potential of the segment, although there is some uncertainty regarding tender processes being delayed by the Swedish Employment Agency, and that appeals sometimes lead to tenders having to be redone. For example, a major contract with the city of Stockholm, which was won by AcadeMedia will now have to be redone due to lacking formalities. In addition, several important contracts will also expire within the next twelve months, and must be replaced.

School segments affected by higher staff cost

As expected, the growth rates in the Pre- and Compulsory School segment and the International Pre-school segment have come down somewhat as we no longer benefit from the acquisitions carried out during the third quarter of last year. Revenue growth was solid in all three school segments but margins were affected by higher staff costs among other things, an effect which is noticeable for the sector as a whole. We can conclude that there is fierce competition for teachers and principals. We also note that municipalities are very aggressive in their wage offers in the market, and so far, these cost increases have not been reflected in the level of school voucher. According to the Swedish Education Act independent schools and preschools have the right to equal financial terms to municipal schools.

Customer and employee satisfaction

Our annual customer satisfaction survey was conducted during the third quarter. Compared with last year, the recommendation levels remain stable in our preschools and upper secondary schools, but are somewhat lower in the compulsory schools. The survey provides important indications to where we should focus our efforts to achieve higher quality levels.

In the third quarter, the annual employee satisfaction survey was also conducted in our Swedish operations. The response rate was 78 percent, which gives a reliable result and the survey shows continued improved satisfaction levels, as has been the case every year since 2013.

The share of employees that feel proud of their workplace is 85 percent, and three out of four see good developmental opportunities at AcadeMedia. Moreover, 85 percent of our staff have a high level of confidence in their manager and 81 percent would recommend their employer to others. These findings are very encouraging as our employees are a prerequisite for further quality improvements. Hence, we must continue our quest to become the most attractive employer in the Swedish education sector.

New Upper Secondary Schools

The numbers of students per age group in the upper secondary school has decreased over a number of years. Now, however, demographics are at the lowest level and are starting to increase as of next year when the age groups are growing again. In addition, there is a strong urbanization trend and the number of immigrants in upper secondary schools is also very high. As mentioned last quarter, the Upper Secondary Schools segment has been marketing a number of potential new establishments. Interest in these units has been high and a decision has now been taken to proceed with up to seven new units for the fall of 2017/18. These units will only admit first year students and the total number of first year students in these schools is expected to be 300-350.

Profits in the welfare sector

The debate around the potential profit cap in the welfare sector continued during the quarter. The referral period for the government-commissioned report by Ilmarinen Reepalu expired at the end of February. It is notable that exceptionally many referrals were submitted and the overwhelming majority had major objections to the proposal and its lack of impact assessment. It seems clear that many have now understood the dire consequences of the suggested profit cap model, should it be implemented. The proposal would essentially ban corporations from operating in the welfare sector. Nevertheless, the political debate will continue and how the government will choose to proceed remains to be seen. In the meantime, AcadeMedia will continue to strive to deliver the best possible education to our children and students.

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)



Development in the third quarter (Jan 2017 – Mar 2017)

Volume development and revenues

Net sales in the third quarter amounted to SEK 2,540 million (2,316), which was an increase of 9.7 percent compared to the same period last year. The increase was driven by a 4.1 percent increase in the number of students in the three school segments to 66,299 (63,716), where one new establishment and several bolt-on acquisitions contributed positively. Increased volumes within adult education also contributed to the higher sales. The SEK/NOK exchange rate effect had a positive impact on net sales of SEK 31 million.

Operating profit/loss (EBIT) and adjusted operating profit/loss

Operating profit (EBIT) for the third quarter was slightly lower than then same period last year and amounted to SEK 195 million (196) representing an operating margin of 7.7 percent (8.5). Adjusted operating profit (EBIT) was also slightly lower and amounted to SEK 197 million (199) which represented an adjusted EBIT margin of 7.8 percent (8.6).

The margin deterioration in the third quarter compared to the same period last year was primarily due to rising salary cost not compensated by vouchers increases, and to a certain extent from higher cost related to real estate. Social security costs for young people were 3 MSEK higher in the quarter. The Easter holiday occurred in April this year (March last year), which to a certain extent had a negative impact on the result in the quarter due to higher cost of school meals. In addition, the third quarter of last year included a retroactive voucher compensation from Gothenburg City of 9 MSEK.

Items affecting comparability

Operating profit (EBIT) for the third quarter included items affecting comparability SEK -2 million (-4) as shown in the adjacent table.

Net financial items

Net financial items for the quarter amounted to SEK -18 million (-29). Interest expense for the quarter was SEK -16 million (-27). Interest expense is lower due to

Third quarter in summary by segment

| | Number of students (average) | | Net sales, SEK m | | Adjusted EBIT, SEK m | | Adj. EBIT margin | | Operating profit/loss (EBIT), SEK m | | EBIT margin | |
|--------------------------------------|------------------------------|---------------|------------------|--------------|----------------------|------------|------------------|-------------|-------------------------------------|------------|-------------|-------------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2016/17 | 2015/16 |
| Pre- and Compulsory Schools (Sweden) | 31,533 | 30,471 | 983 | 933 | 59 | 79 | 6.0% | 8.5% | 59 | 79 | 6.0% | 8.5% |
| Upper Secondary Schools (Sweden) | 25,476 | 24,917 | 671 | 641 | 60 | 63 | 8.9% | 9.8% | 60 | 63 | 8.9% | 9.8% |
| Adult Education (Sweden) | -* | -* | 417 | 364 | 62 | 46 | 14.9% | 12.6% | 62 | 46 | 14.9% | 12.6% |
| Preschool International (Sweden) | 9,289 | 8,328 | 466 | 376 | 30 | 28 | 6.4% | 7.4% | 30 | 28 | 6.4% | 7.4% |
| Group adj., parent company | - | - | 3 | 2 | -14 | -17 | - | - | -16 | -21 | - | - |
| Total | 66,299 | 63,716 | 2,540 | 2,316 | 197 | 199 | 7.8% | 8.6% | 195 | 196 | 7.7% | 8.5% |

*) The volume of adult education is not measured based on the number of participants since the length of the programs varies.

repayment of bank loans and because the interest margin on bank loans was lowered as an effect of the IPO and lower debt.

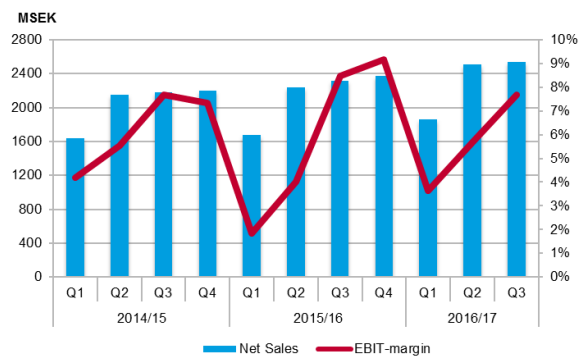
| Items affecting comparability SEK m | Third quarter | |
|--|---------------|-----------|
| | 2016/17 | 2015/16 |
| Gains from the sale of properties, Norway | - | 0 |
| Operating expenses affecting comparability | -1 | - |
| Transaction related expenses | -1 | -4 |
| IPO expenses | - | 0 |
| Total | -2 | -4 |

Acquisitions, divestments, new units and discounted operations

During the third quarter, three preschools were acquired in Sweden as well as one new establishment. Six upper secondary school units are in wind down mode and therefore have fewer students compared to the previous year. Acquisitions are specified in Note 3.

Profit and comprehensive income for the period

Profit after tax for the period amounted to SEK 132 million (129). Tax for the third quarter amounted to SEK -45 million (-38). The increase in taxes was related to non-deductible interest expenses paid in Norway among other things. The effective tax rate increased to 25.6 percent (22.8). Comprehensive income for the period, which affects equity, amounted to SEK 117 million (138).



Development in the first nine months (Jul 2016 – Mar 2017)

Volume development and revenues

Net sales in the first nine months amounted to SEK 6,909 million (6,233), which represented an increase of 10.8 percent compared to the same period last year. The increase was driven by a 4.7 percent increase in student numbers in the school segments amounting to 65,691 (62,754). Increased volumes in Adult Education also contributed to the higher net sales. The SEK/NOK exchange rate effect has had a positive impact on net sales of SEK 56 million.

Operating profit/loss (EBIT) and adjusted operating profit/loss

Operating profit (EBIT) for the first nine months of the financial year (July 2016 – March 2017) increased by 27.8 percent to SEK 405 million (317), representing an EBIT margin of 5.9 percent (5.1). Adjusted operating profit (EBIT) amounted to SEK 408 million (330), which corresponds to an adjusted EBIT margin of 5.9 percent (5.3).

The improvement in profits compared to the same period last year was mainly due to a substantial profit improvement in the Adult Education. This improvement was achieved thanks to the capacity adjustment made last year as well as to higher volumes. The margins in the Swedish school segments were adversely affected by higher personnel costs and also to some extent by increased real estate cost. The increase in social security fees for young people had a negative impact of SEK 10 million for the first nine months, which mainly affects the Pre- and Compulsory School segment.

Items affecting comparability

Operating profit (EBIT) for the first nine months of the financial year includes items affecting comparability of SEK -4 million (-13) as shown in the adjacent table.

Net financial items

Net financial items for the first nine months of the financial year amounted to SEK -60 million (-94). Interest expenses were SEK -54 million (-89).

First nine months in summary by segment

| | Number of students (average) | | Net sales, SEK m | | Adjusted EBIT, SEK m | | Adj. EBIT margin | | Operating profit/loss (EBIT), SEK m | | EBIT margin | |
|--------------------------------------|------------------------------|---------|------------------|---------|----------------------|---------|------------------|---------|-------------------------------------|---------|-------------|---------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2016/17 | 2015/16 |
| Pre- and compulsory schools (Sweden) | 31,033 | 29,793 | 2,665 | 2,483 | 109 | 116 | 4.1% | 4.7% | 109 | 116 | 4.1% | 4.7% |
| Upper secondary school (Sweden) | 25,662 | 25,102 | 1,851 | 1,766 | 134 | 128 | 7.2% | 7.2% | 134 | 128 | 7.2% | 7.2% |
| Adult education (Sweden) | -* | -* | 1,166 | 990 | 161 | 95 | 13.8% | 9.6% | 161 | 93 | 13.8% | 9.4% |
| Preschool international (Sweden) | 8,997 | 7,859 | 1,225 | 991 | 51 | 38 | 4.2% | 3.8% | 51 | 43 | 4.2% | 4.3% |
| Group adj., parent company | - | - | 3 | 3 | -47 | -48 | - | - | -51 | -63 | - | - |
| Total | 65,691 | 62,754 | 6,909 | 6,233 | 408 | 330 | 5.9% | 5.3% | 405 | 317 | 5.9% | 5.1% |

*) The volume of adult education is not measured based on the number of participants since the length of the programs varies.

The decrease in interest expense is mainly due to the share issue in June 2016, which was used to repay loans of SEK 334 million. Interest expense also decreased due to normal loan repayments and lower interest margin. An impairment loss of SEK 8 million relating to a financial claim also had a negative impact on net financial items during the first nine months of the financial year (see Note 5).

| Items affecting comparability | 9 months | |
|--|-----------|------------|
| | 2016/17 | 2015/16 |
| SEK m | | |
| Gains from the sale of properties, Norway | - | 6 |
| Operating expenses affecting comparability | -1 | -3 |
| Transaction related expenses | -2 | -7 |
| IPO expenses | -1 | -9 |
| Total | -4 | -13 |

Acquisitions, divestments, new units and discounted operations

During the first nine months of the year, four preschools were acquired in Sweden and two preschools in Norway. The number of new establishments so far during the year amounted to five, whereof two in Sweden and three in Norway. Several units have also expanded their capacity. Three preschools in Sweden closed at the end of July, but are recorded as active units during the first quarter. The six upper secondary school units that are in wind down mode have fewer students. Acquisitions are specified in Note 3.

Profit and comprehensive income for the period

Profit after tax for the period amounted to SEK 262 million (179). Tax for the first nine months of the financial year amounted to SEK -82 million (-44). The increase in tax was due to non-deductible financial expenses. The effective tax rate increased to 23.9 percent (19.7). Comprehensive income for the period, which affects equity, amounted to SEK 277 million (170).



Cash flow and financial position

Cash flow

In the third quarter, cash flow from operating activities amounted to SEK 123 million (128). Cash flow from investing activities which mainly relates to tangible fixed assets and ongoing new construction in Norway amounted to SEK -87 million (-101). Cash flow from financing activities totaled SEK 0 million (78).

The profit improvement of the first nine months contributed to cash flow from operating activities of SEK 132 million better than in the previous year and amounted to 514 million (382). Working capital, which is affected by the timing of large payments, developed positively compared to last year. Cash flow from investing activities totaled SEK -241 million (-222). The decrease in cash flow from investing activities for the first nine months is attributable in part to the positive impact of SEK 62 million from the sale of property in Norway during the first quarter of the previous year. Cash flow from financing activities amounted to SEK -142 million (-324) and consists of interest expenses, normal loan payments and new loans for real estate in Norway. The reduced cash outflow year to date compared to the previous year is mainly due to high loan payments in the corresponding period of the previous year in connection with the new loan agreement in July 2015.

Financial position

Consolidated equity amounted to SEK 3,267million (2,507) as of March 31, 2016 and the equity/assets ratio was 42.6 percent (34.6). The increase in equity and the improvement of the equity ratio are a result of the solid profit and the new share issue of SEK 350 million conducted in connection with the IPO, which raised SEK 334 million in equity net of issue expenses.

Total interest-bearing net debt as of March 31, 2016 amounted to SEK 2,263 million (2,613). Net debt declined as the new share issue proceeds were used to repay external loans. Excluding real estate loans, which finance properties, the adjusted net debt amounted to SEK 1,735 million (2,232). The purpose of this alternative performance measure adjusted net debt is to show the portion of the loans that finance the operations, while real estate loans are linked to building assets that can be separated and sold. The real estate loans, which consist of both non-current loans in the Norwegian State Housing Bank (Norw. Husbanken) and current construction loans, increased over the past 12 months by SEK 147 million to SEK 528 million (633). Building assets increased during the equivalent period by SEK 241 million to SEK 739 million (498). The increase is attributable to expansion in Norway, new buildings and acquired preschools.

Non-current interest-bearing liabilities amounted to SEK 2,225 million (2,467) and consist of loans from banks and the Norwegian State Housing Bank, as well as lease agreements. Current interest-bearing liabilities consist of revolving credit facilities, current portions of long-term loans and construction loans, amounting to SEK 508 million (663). Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 2.7 (3.4 as of March 31, 2016), which is in line with the Group's long-term target of a maximum of 3.0. The improvement is an effect of debt repayment, but also reflects an improvement in adjusted EBITDA (12m) to SEK 848 million (761). To illustrate the portion of net debt that finances operations, real estate loans are subtracted to obtain *adjusted* net debt. Real estate-adjusted net debt divided by adjusted EBITDA (12m) was 2.0 (2.9).

Parent company

The parent company AcadeMedia AB (publ) is the listed parent company of the Group with certain management functions. The CEO and CFO has been employed by the parent company since mid 2016. Sales during the first nine months amounted to SEK 5 million (-), the operating result for the first nine months (EBIT) amounted to SEK -16 million (-11) and profit after tax amounted to SEK -12 million (-42). The parent company's assets principally consist of participation in Group companies. The business is financed primarily by equity. Equity in the parent company as of March 31, 2017 was SEK 2,280 million (1,899).

Owners and share capital

| Number of shares | Ordinary shares | Ordinary class C | Total shares |
|---|-------------------|------------------|-------------------|
| Opening balance, July 1, 2016 | 94,100,000 | - | 94,100,000 |
| Rights issue, September 26, 2016 | | 165,000 | 165,000 |
| Closing balance, March 31, 2017 | 94,100,000 | 165,000 | 94,265,000 |
| <i>Whereof repurchased shares</i> | | <i>165,000</i> | <i>165,000</i> |
| Outstanding number of shares, March 31, 2017 | 94,100,000 | - | 94,100,000 |

AcadeMedia AB (publ) is a public limited company that was listed on Nasdaq Stockholm on June 15, 2016. Share capital as of December 31, 2016 was SEK 94,265,000, an increase since June 30, 2016 as a result of the issuance of 165,000 class C shares in September. The number of shares totaled 94,265,000 divided into 94,100,000 ordinary shares and 165,000 Class C shares. The quota value is SEK 1.00 per share. The C shares are owned by AcadeMedia and the voting rights amount to 1/10 of the voting rights of the ordinary shares.



The fund EQT V indirectly owns 36.5 percent of AcadeMedia AB via a share of 87.6 percent in the holding company Marvin Holding Ltd., which holds 41.6 percent of the shares in AcadeMedia AB as of March 31, 2017. Mellby Gård has increased their shareholder capital to 20 percent of the shares in AcadeMedia AB as of March 31, 2017



Pre- and Compulsory Schools (Sweden)

- The number of children and students increased by 3.5 percent in the third quarter to 31,533 (30,471).
- Sales increased by 5.4 percent.
- Operating profit (EBIT) decreased by SEK 20 million to SEK 59 million (79) during the quarter.
- One new preschool was started and three preschools were acquired during the quarter.

AcadeMedia's Pre- and Compulsory School segment runs preschools and compulsory schools in a large number of municipalities throughout Sweden under the brands *Pysslingen Förskolor*, *Pysslingen Skolor* and *Vittra*. The schools are run entirely based on the school voucher system. The segment had 229 units with an average of 31,533 children and students in the quarter.

Third quarter results

The average number of children and students increased by 3.5 percent compared with the previous year and amounted to 31,533 (30,471). The increase was driven by acquisitions and new establishments made during the previous year, as well as by growth in existing units. Net sales increased by 5.4 percent to SEK 983 million (933), the increase was due to an increase in the number of children and also by a higher revenue per child as result of annual voucher adjustment, higher state subsidies and student mix.

Operating profit (EBIT) for the third quarter decreased with 20 MSEK and amounted to SEK 59 million (79), with an operating margin of 6.0 percent (8.5). The margin deterioration was mainly attributed to higher personnel costs where the increase in social security fees for young people had a negative impact on profit for the quarter of SEK 3 million compared with the same period the previous year. The third quarter of last year included a retroactive voucher compensation from Gothenburg City of 9 MSEK.

First nine months results

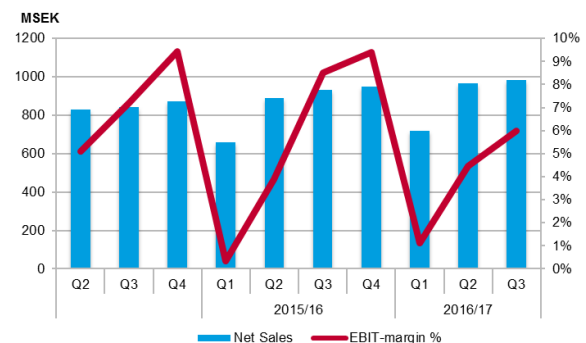
The average number of children and students increased by 4.2 percent compared with the previous year and amounted to 31,033 (29,793). The increase was driven by acquisitions and new establishments as well as growth in existing units. Most of last year's

acquisitions and new starts took place during the second half of 2015/16 and since comparative figures now include these acquisitions, growth slows somewhat for the first nine months of the year compared to the first half of the year. Net sales increased by 7.3 percent and amounted to SEK 2,665 million (2,483). The increase is mainly due to an increase in the number of children and also by a higher revenue per child as an effect of the annual voucher adjustment, higher state subsidies and student mix.

Operating profit (EBIT) for the first nine months decreased by SEK 7 million and amounted to SEK 109 million (116), with an operating margin of 4.1 percent (4.7). Growth and profit improvements in the previous year's new establishments and expansion could not fully compensate for higher personnel costs and the increase of employer fees for young people 10 MSEK, resulting in a margin deterioration. Last year's figures include a retroactive voucher compensation from Gothenburg City of 9 MSEK.

Development during the first nine months

Three small preschools closed during the first quarter, one new preschool opened in Järfälla municipality, and one new preschool was opened in the City of Stockholm in January. In addition, four preschools have been acquired, one in Stockholm in December and three in Helsingborg, Mölndal and Gustavsberg in February. No new establishments are planned for 16/17. A decision has been taken to start one new preschool during the 2017/18 financial year.



| Pre- and Compulsory Schools (Sweden) | Third quarter | | | 9 months | | | Full year |
|---|---------------|---------|-----------|----------|---------|-----------|-----------|
| | 2016/17 | 2015/16 | Change | 2016/17 | 2015/16 | Change | 2015/16 |
| Net sales, SEK m | 983 | 933 | 5.4% | 2,665 | 2,483 | 7.3% | 3,434 |
| EBITDA, SEK m | 73 | 92 | -20.7% | 149 | 153 | -2.6% | 255 |
| EBITDA margin | 7.4% | 9.9% | -2.5 p.e. | 5.6% | 6.2% | -0.6 p.e. | 7.4% |
| Depreciation/amortization | -14 | -13 | -7.7% | -40 | -37 | -8.1% | -49 |
| Operating profit (EBIT), SEK m | 59 | 79 | -25.3% | 109 | 116 | -6.0% | 206 |
| EBIT margin, % | 6.0% | 8.5% | -2.5 p.e. | 4.1% | 4.7% | -0.6 p.e. | 6.0% |
| Items affecting comparability, SEK m | - | 0 | - | - | 0 | - | 3 |
| Adjusted operating profit (EBIT), SEK m | 59 | 79 | -25.3% | 109 | 116 | -6.0% | 203 |
| Adjusted EBIT margin, % | 6.0% | 8.5% | -2.5 p.e. | 4.1% | 4.7% | -0.6 p.e. | 5.9% |
| Number of children and students | 31,533 | 30,471 | 3.5% | 31,033 | 29,793 | 4.2% | 30,081 |
| Number of units | 229 | 222 | 3.2% | 227 | 217 | 4.6% | 226 |



Upper Secondary Schools (Sweden)

- The number of students increased by 2.2 percent in the third quarter, amounting to 25,476 (24,917).
- Sales increased by 4.7 percent during the third quarter compared with the previous year.
- Operating profit (EBIT) decreased by 4.8 percent to SEK 60 million (63).

AcadeMedia's Upper Secondary School segment provides upper secondary education throughout Sweden under 16 different brands, offering both academically oriented and vocationally oriented programs. The segment's brands include Klaragymnasierna, NTI, LBS, ProCivitas and Rytmus. The schools are run entirely based on the school voucher system. The segment had 103 units with a total of 25,476 students during the quarter.

Third quarter results

The number of students increased by 2.2 percent compared to the previous year and amounted to 25,476 (24,917). Net sales grew by 4.7 percent and amounted to SEK 671 million (641). The increase is due to more students in existing units and higher revenue per student, primarily following annual voucher adjustments.

Operating profit (EBIT) for the third quarter decreased by 4.8 percent compared to the same period the previous year and amounted to SEK 60 million (63), representing an operating margin of 8.9 percent (9.8). The profit and margin decline in the quarter was due to a higher personnel cost which could not be offset by higher capacity utilization. In addition, the financials were burdened somewhat with expenses for new establishments in the coming autumn.

First nine months results

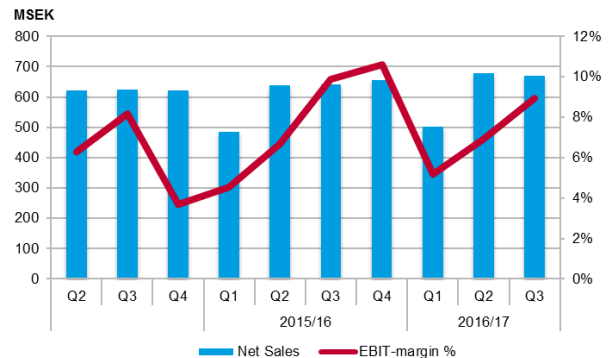
The number of students grew to 25,662 compared with 25,102 the previous year, an increase of 2.2 percent despite fewer units. Net sales increased by 4.8 percent

to SEK 1,851 million (1,766). The sales increase is due to higher student's number and higher revenue per student, primarily a result of annual voucher adjustments.

Operating profit (EBIT) for the first nine months increased by 4.7 percent compared to last year and amounted to SEK 134 million (128), representing an operating margin of 7.2 percent (7.2). The improvement was primarily due to increased number of students, while increases in personnel cost offset the higher capacity utilization and left the margin unchanged.

Development during the first nine months

As mentioned in the previous interim report, AcadeMedia has marketed a number of possible new establishments in the Upper Secondary Schools segment. Interest has been high and it has now been decided to open up to seven new units for the autumn term 2017/18. The new units will only admit first-year students and the expected number of students for these units 2017/18 is 300-350.



| Upper Secondary Schools (Sweden) | Third quarter | | | 9 months | | | Full year |
|---|---------------|---------|-----------|----------|---------|-----------|-----------|
| | 2016/17 | 2015/16 | Change | 2016/17 | 2015/16 | Change | 2015/16 |
| Net sales, SEK m | 671 | 641 | 4.7% | 1,851 | 1,766 | 4.8% | 2,421 |
| EBITDA, SEK m | 89 | 90 | -1.1% | 213 | 205 | 3.9% | 298 |
| EBITDA margin | 13.3% | 14.0% | -0.7 p.e. | 11.5% | 11.6% | -0.1 p.e. | 12.3% |
| Depreciation/amortization | -28 | -27 | -3.7% | -79 | -77 | -2.6% | -100 |
| Operating profit (EBIT), SEK m | 60 | 63 | -4.8% | 134 | 128 | 4.7% | 198 |
| EBIT margin, % | 8.9% | 9.8% | -0.9 p.e. | 7.2% | 7.2% | 0 p.e. | 8.2% |
| Items affecting comparability, SEK m | 0 | - | - | 0 | - | - | 0 |
| Adjusted operating profit (EBIT), SEK m | 60 | 63 | -4.8% | 134 | 128 | 4.7% | 198 |
| Adjusted EBIT margin, % | 8.9% | 9.8% | -0.9 p.e. | 7.2% | 7.2% | 0 p.e. | 8.2% |
| Number of children and students | 25,476 | 24,917 | 2.2% | 25,662 | 25,102 | 2.2% | 25,014 |
| Number of units | 103 | 106 | -2.8% | 103 | 106 | -2.8% | 105 |



Adult Education (Sweden)

- Continued strong volumes in the third quarter, primarily in the contracts of Basic Modules and Swedish for immigrants (SFI).
- Sales increased by 14.6 percent in the third quarter compared with the previous year.
- Operating profit (EBIT) for the quarter increased substantially and amounted to 62 MSEK (46).

AcadeMedia's Adult Education segment is Sweden's largest provider of adult education and has solid expertise in working with, integrating and educating adults. Every year around 80,000 students attend one of our programs in approximately 150 locations around the country. The segment includes the brands like Hermods, NTI-skolan, Plushögskolan, Eductus and KompetensUtvecklingsInstitutet.

Third quarter results

Net sales for the third quarter were 14.6 percent higher than the corresponding period the previous year and amounted to SEK 417 million (364). The increase can mainly be attributed to higher participant volumes within the Basic Modules contracts, Swedish for immigrants (SFI) and Vocational Swedish. In addition, the contract with City of Stockholm also generated volume increase within Komvux compared to the same period last year.

The Segment's operating profit (EBIT) in the third quarter increased substantially and amounted to 62 MSEK (46), corresponding to an operating margin of 14.9 percent (12.6). The profit and margin improvement was largely related to the volume increase, but also to the executed capacity adjustment within Eductus.

First nine months results

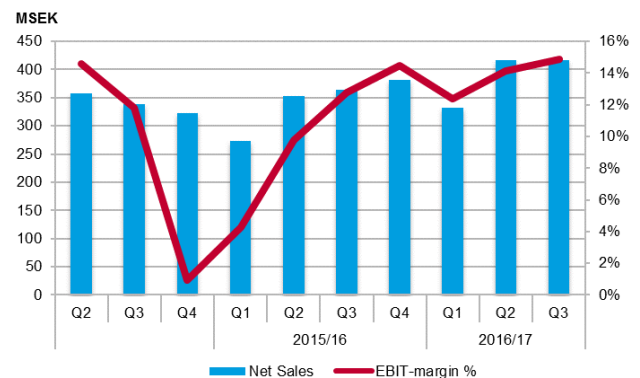
Net sales for the first nine months amounted to SEK 1,166 million (990), representing an increase of 17.8 percent. The increase in sales was attributed to increased volumes within the Basic Modules contracts, SFI, Vocational Swedish and Komvux.

Operating profit (EBIT) increased by 68 MSEK and amounted to SEK 161 million (93) corresponding to a profit margin of 13.8 percent (9.4). The profit and margin improvement was mainly a result of volume increase and the downsizing program within the Eductus business area.

Development during the first nine months

During the first nine months of 2016/17, the Adult segment has benefitted from a very strong contract portfolio. Highly profitable contracts, such as Basic Modules, have been running with high capacity and interim agreements connected to the City of Stockholm, which started July 1, 2016, has increased volumes. The segment's financial performance has been at record level.

As described in prior reports, adult education does not have a recurring seasonal pattern in the same way as the school segments. Instead, society's needs and investments as well as the contract portfolio is crucial to the development. In order to further describe the Adult segment, the next page gives an in-depth description of the segment and the conditions of where it operates.



| Adult Education (Sweden) | Third quarter | | | 9 months | | | Full year |
|---|---------------|---------|----------|----------|---------|----------|-----------|
| | 2016/17 | 2015/16 | Change | 2016/17 | 2015/16 | Change | 2015/16 |
| Net sales, SEK m | 417 | 364 | 14.6% | 1,166 | 990 | 17.8% | 1,372 |
| EBITDA, SEK m | 64 | 48 | 33.3% | 167 | 97 | 72.2% | 154 |
| EBITDA margin | 15.3% | 13.2% | 2.1 p.e. | 14.3% | 9.8% | 4.5 p.e. | 11.2% |
| Depreciation/amortization | -2 | -2 | 0.0% | -5 | -4 | -25.0% | -7 |
| Operating profit (EBIT), SEK m | 62 | 46 | 34.8% | 161 | 93 | 73.1% | 147 |
| EBIT margin, % | 14.9% | 12.6% | 2.3 p.e. | 13.8% | 9.4% | 4.4 p.e. | 10.7% |
| Items affecting comparability, SEK m | - | - | - | - | -3 | - | -3 |
| Adjusted operating profit (EBIT), SEK m | 62 | 46 | 34.8% | 161 | 95 | 69.5% | 150 |
| Adjusted EBIT margin, % | 14.9% | 12.6% | 2.3 p.e. | 13.8% | 9.6% | 4.2 p.e. | 10.9% |



In-depth Adult Education

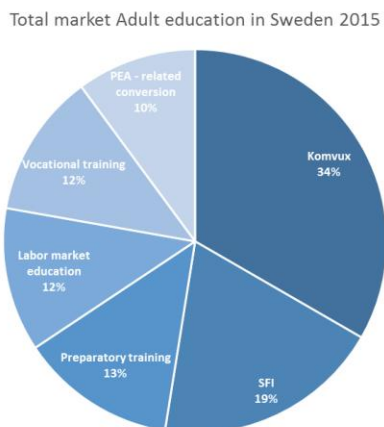
About Adult Education

The segment operates under several highly respected and leading brands. These brands offer training in everything from Swedish for Immigrants (SFI) to upper secondary school programmes for adults and higher vocational education. The segment offers a wide variety of levels and subjects and our niche brands enable us to offer unique cutting-edge expertise in a variety of fields.

Our market

The market largely consists of municipal adult education, SFI, preparatory courses, labor market education programmes, higher vocational education and public employment agency training programmes and job matching services. The market is contract-driven and is not a direct effect of immigration to Sweden, although this does contribute to an underlying need in the market.

The total market for adult education in Sweden in 2015 was SEK 14 billion; the diagram below shows an approximate breakdown into the different areas of education. Source: own calculations.



Adult education arranged by independent providers is characterized by a mixture of public contracts or permit applications, and represents about half of the total market depending largely on who the original client is.

The tender processes take from three months to over one year, depending on the deadline for the bid,

evaluation time and any subsequent appeal processes. Contractual risks can be significant; in a prolonged or delayed tender process, there is a risk of periods with gaps between agreements and loss of volume/revenue. This in turn hampers the ability to maintain high quality education services. In certain cases, interim agreements may be awarded.

Contract portfolio

AcadeMedia's contract portfolio consists of agreements with the Public employment agency, municipalities and the Authority for Higher Vocational Education to provide education services. In total, the segment has more than 300 agreements, of which the ten largest contracts or contract groups account for 70 percent of net sales. About 25 percent of agreements in the contract portfolio are renewed each year and the availability of new agreements determines the market development in relation to the different areas of agreement. The average term of these contracts is three to four years. The margin for each contract can vary greatly. During 17/18 contracts worth more than SEK 300 million will expire and must be replaced.

Conclusion

The total market for adult education is steadily growing. The available market for independent providers (about 50 percent of the total market) is expected to grow faster than the overall market. Given the large wave of immigrants to Sweden in recent years and the skills shortage in Swedish industry, adult education is becoming increasingly important to Sweden's societal development and continued competitiveness. Several major initiatives and sustainable reforms such as the right to upper secondary school education for adults to qualify for higher education and vocational education programmes for adults, as well as a substantial increase in the number of students admitted to higher vocational education programmes indicate a clear focus on this area. The segment's multi-brand strategy provides an important diversity in offerings and concepts. In conjunction with our quality model, we can provide an attractive range of education programmes. At the same time, however, the tender process is complex and contains risks. The coming years several large and profitable contracts will need replacing.



Preschool International

- The number of children increased by 11.5 percent to 9,289 (8,328) in the third quarter.
- Sales increased by 23.9 percent compared with the third quarter the previous year.
- Operating profit (EBIT) amounted to SEK 30 million (28).

AcadeMedia's Preschool International segment operates preschools in Norway under the Espira brand and in Germany under the Joki brand. The segment was established through the acquisition of Espira in spring 2014 and was expanded in February 2016 by the acquisition of Joki in Germany. Espira is Norway's second largest preschool provider and has 93 units, mainly in western and southern Norway and in the Oslo area. Joki runs seven preschool units in the area around Munich.

Third quarter results

The average number of children in the third quarter increased by 11.5 percent and amounted to 9,289 (8,328). The segment's net sales for the quarter increased to SEK 466 million (376). The large increase mainly relates to the acquisition of the German Joki operations, as well as new establishments and acquisitions in Norway. Exchange rate effect SEK/NOK had a positive impact on sales of SEK 31 million in the quarter compared to last year.

Operating profit (EBIT) for the third quarter amounted to SEK 30 million (28), which was an increase of 7.1 percent. This resulted in an operating margin of 6.4 percent (7.4). The profit improvement compared with the previous year was primarily explained by acquisitions and new establishments in Norway. The margin deterioration in the quarter was primarily due to higher real estate related costs in the Norwegian operations and also to a certain extent higher personnel costs.

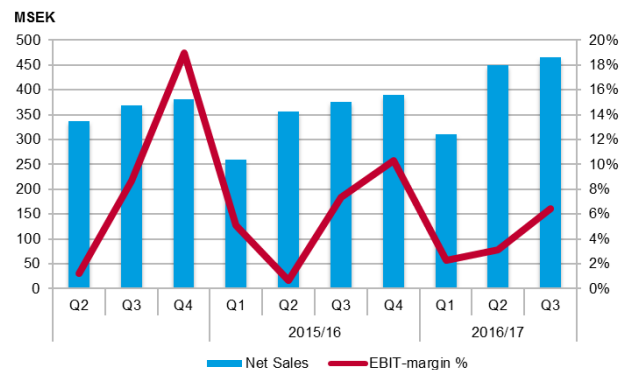
First nine months results

The average number of children for the first nine months increased by 14.5 percent and amounted to 8,997 (7,859). Net Sales increased by 23.6 percent and amounted to SEK 1,225 million (991) for the first nine months which was due to acquisitions and new establishments. The SEK/NOK exchange rate effect had a positive impact on sales of SEK 56 million.

Operating profit (EBIT) for the first nine months amounted to SEK 51 million (43), which was an increase of 8 MSEK. This resulted in an operating margin of 4.2 percent (4.3). Last year's first quarter was positively impacted by capital gains on the sale of real estate in Norway amounting to SEK 6 million. Adjusted operating profit increased to SEK 51 million (38) where the improvement mainly is attributed to acquisitions and new establishments in Norway.

Development during the first nine months

Espira in Norway has opened three new preschools during the first nine months and acquired two smaller units. There is an active list of planned new establishments, but lead times are long because of construction. One new establishment is currently planned in Norway for the fall of 2017.



| Preschool International | Third quarter | | | 9 months | | | Full year |
|---|---------------|---------|-----------|----------|---------|-----------|-----------|
| | 2016/17 | 2015/16 | Change | 2016/17 | 2015/16 | Change | 2015/16 |
| Net sales, SEK m | 466 | 376 | 23.9% | 1,225 | 991 | 23.6% | 1,381 |
| EBITDA, SEK m | 39 | 33 | 18.2% | 80 | 61 | 31.1% | 110 |
| EBITDA margin | 8.4% | 8.8% | -0.4 p.e. | 6.5% | 6.2% | 0.3 p.e. | 8.0% |
| Depreciation/amortization | -10 | -6 | -66.7% | -29 | -18 | -61.1% | -26 |
| Operating profit (EBIT), SEK m | 30 | 28 | 7.1% | 51 | 43 | 18.6% | 84 |
| EBIT margin, % | 6.4% | 7.4% | -1 p.e. | 4.2% | 4.3% | -0.1 p.e. | 6.1% |
| Items affecting comparability, SEK m | - | 0 | - | - | 6 | - | 6 |
| Adjusted operating profit (EBIT), SEK m | 30 | 28 | 7.1% | 51 | 38 | 34.2% | 78 |
| Adjusted EBIT margin, % | 6.4% | 7.4% | -1 p.e. | 4.2% | 3.8% | 0.4 p.e. | 5.6% |
| Number of children and students | 9,289 | 8,328 | 11.5% | 8,997 | 7,859 | 14.5% | 8,056 |
| Number of units | 100 | 91 | 9.9% | 99 | 84 | 17.9% | 94 |



Quality

The results of AcadeMedia's annual Swedish customer survey, which is conducted annually in all preschools, compulsory schools and upper secondary schools, were presented in early March. Overall, satisfaction was somewhat lower among compulsory school students and parents, while satisfaction levels in preschool and upper secondary school are in line with the survey result from the previous year. A more detailed presentation of the outcomes for each level of school is presented below.

Regarding the regular inspections of AcadeMedia's compulsory and upper secondary schools, the process is now moving towards its conclusion. During the past quarter, the School Inspectorate reached further conclusions and at the end of March all schools within AcadeMedia had received their assessments. While the overall outcome was favorable, certain individual schools have received injunctions in one or more respects.

In February, the School Inspectorate published statistics for its 2016 inspections. A comparison between the national statistics and the outcome of AcadeMedia's schools shows that there were a total of 85 percent of AcadeMedia's compulsory schools, which, after completion of the base inspection, had a flawless assessment (compared to 74 percent for the nation as a whole in 2016). Also in AcadeMedia's upper secondary schools, the proportion of assessments without remarks was 85 percent (compared with 76 percent for the rest of the country in 2016). AcadeMedia's schools therefore have a substantially higher proportion of spotless assessment's than the nation as a whole.

A comprehensive compilation of all assessments after completed inspections can be found on AcadeMedia's website www.academediase.se. The website also shows tables and diagrams, as well as comments on quality development at the different levels of schools. Below is a brief summary of the most important quality performance outcomes for the last quarter for each segment within AcadeMedia.

Pre- and Compulsory School

As mentioned above, the outcome of the annual customer survey shows that parental satisfaction with the Swedish preschools remained on a par with the previous year. Overall, 81 (82) percent of parents chose the highest ranked responses (7-10) when asked if they would recommend their child's preschool.

In compulsory school the recommendation rate fell somewhat in the 2017 survey, with 64 (66) percent of students willing to recommend their school. The corresponding figure among parents was 72 (75) percent.

Upper Secondary School

Satisfaction among AcadeMedia's upper secondary school students remains at the same levels as in last year's survey. A total of 66 (66) percent chose the highest responses for the recommendation question. However, there is large variation among upper secondary schools, with a spread in recommendation rate ranging from 30 to 92 percent. AcadeMedia has as a process whereby all units with a recommendation level below 60 percent must have an action plan to address the quality issues.

Adult Education and Preschool International

No comprehensive quality assessments were conducted with respect to AcadeMedia's Adult Education or Preschool International segments during the third quarter.



Employees

Each year an employee satisfaction survey is carried out at AcadeMedia. The purpose is to analyse strengths and areas for improvement from a employee perspective. The results of this year's employee survey, with a response rate of 78 percent (76) and 6,716 anonymous answers show a rising trend in the employee satisfaction index since 2013. Moreover, the survey shows that 85 percent (84) of employees are proud of their workplace, and three out of four see good opportunities for professional development. Employee confidence in management at AcadeMedia is strong at 85 percent (85). When asked whether they would recommend their workplace to others, 81 percent (79) of employees responded positively.

Within Espira a corresponding employee satisfaction survey was conducted during January 2017. The results of this year's survey, with 2,013 anonymous responses, show a rising trend in satisfaction since 2010. The employee satisfaction index for the year was 5.25 (5.24) on a 6-point scale. When asked whether they would recommend their workplace to others, 87 percent (86) of employees responded positively. A total of 80.5 percent feel that the work environment is good, which is at the same level as last year. The result of the rating of preschool leaders has also improved, which is the outcome of efforts by the managers to improve the follow-up and development of employees.

The average number of full-time employees in the quarter was 10,702 (9,783) which represents an increase of 9.4 percent. The proportion of women in the Swedish operation was 69.2 percent (69.1) in the quarter. Employee turnover, in Sweden measured as the number of individuals leaving the company, is inline with the previous year and amounted to 21.1 percent aggregated from over July-March, compared to 21.1 percent in the corresponding period the previous year. Absence due to illness for AcadeMedia employees in Sweden (aggregated average short-term absence <90 days) increased to 5.1 percent (4.6).



Risk factors

Significant operating external and financial risks are described in detail in AcadeMedia AB's 2015/16 Annual Report. Apart from the risks described in the Annual Report, no other significant risks are deemed to have emerged.

Operating risks include variations in demand and number of students, risk relating to access to qualified employees and payroll expense, risk relating to quality deficiencies, AcadeMedia's reputation and brand, permits, and liability and property risk. External risk include risk relating to school voucher funding and the general economy, political risk, the introduction of an upper secondary school guarantee-fee, change in the VAT-component in school vouchers or some form of limit on profits or dividends. A common factor for various political proposals is that the processes are usually long and proposals must be in legally enforceable proposals and must also pass approval in the Swedish parliament (Riksdag) vote. In addition, there are also financial risks such as credit and currency risks.

Seasonality

The first quarter of the Group's financial year includes the schools' summer vacations. During this period, when no operations are conducted, the Group's revenues are lower than in the other quarters. Personnel expenses are also lower since staff are on vacation. This also applies to preschools in Norway. Within the Adult Education segment the level of activity is also lower during the summer months, as are revenues and this is also the case over the Christmas and New Year period. During these periods, leave and vacation entitlement are taken, resulting in lower personnel expenses.

The salaries of the Group's employees are adjusted annually. The largest proportion of the Group's employees are teaching staff, whose salaries are adjusted as of September 1 each year, after which date personnel expenses increase without a corresponding increase in school voucher funding. This means that margins are usually lower in the second quarter of the financial year. The school vouchers are adjusted at the end of the calendar year, in both Norway and Sweden. As a consequence, revenues increase without any actual change in the cost base during the third and fourth quarters. The fourth quarter is usually the strongest in terms of profit, partly for the above reason and partly since there are decreases in direct costs, such as for school meals, and the vacation period begins, while revenues do not decline to the same extent. Within the Pre- and Compulsory School segment the positive development in the fourth quarter is reinforced by the fact that children join on an ongoing basis during the year, particularly in May and June, which increases revenues accordingly.

Seasonal variations are somewhat different for preschools in Norway, partly because of the Norwegian rules on personnel density that require greater personnel density for younger children than for older children. At the beginning of the fall, the older children transfer to school and new younger children are admitted. This leads to increased staffing in order to meet the personnel density requirements. At the start of the calendar year the voucher sizes increase and the staff density levels can be adjusted to reflect the fact that the younger children are deemed to be one year older. The consequence is that the second quarter of the financial year is the year's weakest quarter within this segment, with zero profit or even a slightly negative result.

Adult education does not have recurring seasonal patterns in the same way as the school segments. Seasonal variation is rather influenced by the contract portfolio and public spending.



Calendar

| | |
|-------------------|--|
| August 30, 2017 | Interim report Q4, year-end report 2016/2017 |
| October 26, 2017 | Publication of the 2016/2017 Annual Report |
| October 26, 2017 | Interim report Q1 |
| November 24, 2017 | Annual General Meeting |
| February 1, 2018 | Interim report Q2 |
| May 4, 2018 | Interim report Q3 |

For further information, please refer to <https://corporate.academedia.se>

The undersigned confirms that the interim report provides a fair and true overview of the parent companies and the group's operations, financial position and results, and describes any significant risks and uncertainties faced by the parent company and the companies in the group.

Stockholm May 10, 2017

Marcus Strömberg
CEO

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This information is information that AcadeMedia 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 persons set out above, at 08:00 CET on May 10, 2017.



Review report

AcadeMedia AB (publ), corporate identity number 556846-0231

Introduction

We have reviewed the condensed interim report for AcadeMedia AB (publ) as at March 31, 2017 and for the nine months 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 Swedish 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 the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review 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 standards in Sweden. The procedures performed in a review do 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, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, May 9, 2017
Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Oscar Wall
Authorized Public Accountant



Consolidated statement of comprehensive income

| SEK m | Third quarter | | 9 months | | Rolling 12 months | Full year |
|---|---------------|---------------|---------------|---------------|-------------------|---------------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 | Apr 16-Mar 17 | 2015/16 |
| Net Sales | 2,540 | 2,316 | 6,909 | 6,233 | 9,287 | 8,611 |
| | 2,540 | 2,316 | 6,909 | 6,233 | 9,287 | 8,611 |
| Cost of goods sold | -209 | -204 | -608 | -594 | -817 | -802 |
| Other external expenses | -501 | -464 | -1,471 | -1,390 | -1,957 | -1,876 |
| Personnel expenses | -1,578 | -1,401 | -4,266 | -3,780 | -5,665 | -5,179 |
| Depreciation/amortization | -55 | -48 | -156 | -139 | -202 | -187 |
| Items affecting comparability ¹⁾ | -2 | -4 | -4 | -13 | -23 | -32 |
| | -2,345 | -2,120 | -6,504 | -5,916 | -8,664 | -8,076 |
| OPERATING INCOME | 195 | 196 | 405 | 317 | 623 | 535 |
| Interest income and similar profit/loss items | 5 | 1 | 9 | 4 | 12 | 7 |
| Interest expense and similar profit/loss items | 5 | -18 | -69 | -98 | -106 | -134 |
| | | -18 | -60 | -94 | -93 | -127 |
| INCOME BEFORE TAX | 177 | 167 | 345 | 223 | 529 | 408 |
| Tax | -45 | -38 | -82 | -44 | -128 | -89 |
| PROFIT/LOSS FOR THE PERIOD | 132 | 129 | 262 | 179 | 403 | 319 |
| Other comprehensive income | | | | | | |
| <i>Items that will not be reclassified to profit/loss</i> | | | | | | |
| Remeasurement of defined benefit pension plans | -12 | - | 0 | 19 | -3 | 16 |
| Deferred tax relating to defined benefit pension plans | 3 | - | - | -5 | 1 | -4 |
| | -9 | - | 0 | 14 | -2 | 12 |
| <i>Items that may be reclassified to profit/loss</i> | | | | | | |
| Translation differences | -6 | 9 | 14 | -23 | 25 | -12 |
| Other comprehensive income for the period | -15 | 9 | 14 | -9 | 23 | 0 |
| COMPREHENSIVE INCOME FOR THE PERIOD | 117 | 138 | 277 | 170 | 426 | 319 |
| Profit for the period attributable to: | | | | | | |
| Stockholders of the parent company | 132 | 129 | 262 | 179 | 403 | 319 |
| Non-controlling interests | - | - | - | - | - | - |
| Comprehensive income for the period attributable to: | | | | | | |
| Stockholders of the parent company | 117 | 138 | 277 | 170 | 426 | 319 |
| Non-controlling interests | - | - | - | - | - | - |
| Earnings per share basic (SEK) | 1.40 | 1.51 | 2.79 | 2.11 | | 3.74 |
| Earnings per share basic/diluted (SEK) | 1.40 | 1.51 | 2.78 | 2.11 | | 3.74 |

^{*)} Items affecting comparability are specified on page 3 and 4, definitions on page 30.



Consolidated statement of financial position in summary

| SEK m | Note | Mar 31, 2017 | Mar 31, 2016 | June 30, 2016 |
|--|------|--------------|--------------|---------------|
| ASSETS | | | | |
| Intangible non-current assets | | 5,140 | 5,013 | 5,077 |
| Buildings | | 739 | 498 | 638 |
| Other property, plant and equipment | | 483 | 411 | 393 |
| Other non-current assets | | 23 | 109 | 33 |
| Total non-current assets | | 6,384 | 6,031 | 6,141 |
| Current receivables | | 821 | 704 | 697 |
| Cash and cash equivalents | | 467 | 517 | 331 |
| Total current assets | | 1,288 | 1,220 | 1,028 |
| TOTAL ASSETS | | 7,672 | 7,251 | 7,169 |
| EQUITY AND LIABILITIES | | | | |
| Total equity | | 3,267 | 2,507 | 2,990 |
| Non-current liabilities to credit institutions | | 2,172 | 2,115 | 2,084 |
| Provisions and other non-current liabilities | | 145 | 529 | 145 |
| Total non-current liabilities | 4 | 2,317 | 2,644 | 2,229 |
| Current interest-bearing liabilities | | 508 | 663 | 568 |
| Other current liabilities | | 1,580 | 1,437 | 1,382 |
| Total current liabilities | 4 | 2,088 | 2,100 | 1,950 |
| TOTAL EQUITY AND LIABILITIES | | 7,672 | 7,251 | 7,169 |

Consolidated statement of changes in equity in summary

| SEK m | July 1, 2016 Mar 31, 2017 | July 1, 2015 Mar 31, 2016 | July 1, 2015 June 30, 2016 |
|--|------------------------------|------------------------------|-------------------------------|
| Opening balance | 2,990 | 2,304 | 2,304 |
| Profit/loss for the period | 262 | 179 | 319 |
| Other comprehensive income | 14 | -9 | 0 |
| Total profit/loss for the group | 276 | 170 | 319 |
| Transactions with owners | 0 | 32 | 367 |
| Closing balance | 3,267 | 2,507 | 2,990 |



Consolidated cash flow statement in summary

| SEK m | Note | Third quarter | | 9 months | | Full year |
|--|------|---------------|-------------|-------------|-------------|-------------|
| | | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2015/16 |
| Operating profit/loss (EBIT) | | 195 | 196 | 405 | 317 | 535 |
| Adjustment for items affecting cash flow | | 57 | 12 | 135 | 124 | 172 |
| Tax paid | | -41 | -13 | -50 | -48 | -95 |
| Cash flow from operating activities before changes in working capital | | 211 | 195 | 489 | 393 | 612 |
| Cash flow from changes in working capital | | -88 | -67 | 24 | -11 | -70 |
| Cash flow from operating activities | | 123 | 128 | 514 | 382 | 542 |
| Cash flow from investing activities | 3 | -87 | -101 | -241 | -222 | -386 |
| Cash flow from financing activities | | 0 | 78 | -142 | -324 | -512 |
| CASH FLOW FOR THE PERIOD | | 36 | 105 | 130 | -164 | -356 |
| Cash and cash equivalents at beginning of period | | 433 | 407 | 331 | 695 | 695 |
| Exchange-rate differences in cash and cash equivalents | | -2 | 5 | 6 | -14 | -8 |
| Cash and cash equivalents at end of period | | 467 | 517 | 467 | 517 | 331 |



Parent company income statement in summary

| SEK m | Third quarter | | 9 months | | Full year |
|---|---------------|---------|----------|---------|-----------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2015/16 |
| Net sales | 1 | - | 5 | - | 0 |
| Operation expenses | -5 | -9 | -20 | -11 | -21 |
| OPERATING PROFIT/LOSS | -5 | -9 | -16 | -11 | -21 |
| Interest expense and similar profit/loss items | 0 | -9 | 0 | -31 | -42 |
| PROFIT/LOSS BEFORE TAX | -5 | -18 | -16 | -42 | -62 |
| Year-end appropriations | - | - | - | - | 84 |
| Tax | 1 | - | 3 | - | -5 |
| PROFIT/LOSS FOR THE PERIOD | -4 | -18 | -12 | -42 | 16 |

Parent company other comprehensive income

| SEK m | Third quarter | | 9 months | | Full year |
|--|---------------|---------|----------|---------|-----------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2015/16 |
| Profit/Loss for the period | -4 | -18 | -12 | -42 | 16 |
| Other comprehensive income for the period | - | - | - | - | - |
| COMPREHENSIVE INCOME FOR THE PERIOD | -4 | -18 | -12 | -42 | 16 |

Parent company balance sheet in summary

| SEK m | Mar 31, 2017 | Mar 31, 2016 | June 30, 2016 |
|-------------------------------------|--------------|--------------|---------------|
| ASSETS | | | |
| Participations in Group companies | 2,219 | 2,219 | 2,219 |
| Deferred tax assets | 1 | 1 | 1 |
| Total non-current assets | 2,219 | 2,220 | 2,220 |
| Current receivables | 69 | 4 | 85 |
| Cash and bank balances | 0 | 11 | 15 |
| Total current assets | 69 | 15 | 100 |
| TOTAL ASSETS | 2,288 | 2,235 | 2,320 |
| EQUITY AND LIABILITIES | | | |
| Restricted equity | 94 | 81 | 94 |
| Non-restricted equity | 2,186 | 1,818 | 2,198 |
| Total equity | 2,280 | 1,899 | 2,292 |
| Non-current liabilities | - | 309 | 0 |
| Current liabilities | 8 | 27 | 28 |
| TOTAL EQUITY AND LIABILITIES | 2,288 | 2,235 | 2,320 |



Parent company statement of changes in equity

| SEK m | July 1, 2016 Dec 31, 2016 | July 1, 2015 Dec 31, 2015 | July 1, 2015 June 30, 2016 |
|--|------------------------------|------------------------------|-------------------------------|
| Opening balance | 2,292 | 1,909 | 1,909 |
| Profit/loss for the period | -12 | -42 | 16 |
| Other comprehensive income | - | - | - |
| Total profit/loss for the group | -12 | -42 | 16 |
| Transactions with owners | 1 | 32 | 367 |
| Closing balance | 2,280 | 1,899 | 2,292 |



Notes and accounting policies

Note 1: Accounting policies

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are the same as those described in AcadeMedia's 2015/16 Annual Report, which is available at www.academedias.se. No new accounting policies effective from 2015/16 have had any material impact on AcadeMedia. This Interim Report is prepared in accordance with IAS 34 Interim Financial Reporting, as well as the Annual Accounts Act. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities.

Note 2: Related party transactions

Related party transactions are described in detail in the 2015/2016 Annual report. The scope and nature of these transactions has not changed in any material respect during the year.

Note 3: Acquisitions

| Acquiring company | Acquired company | Acquisition date | Segment |
|-----------------------------------|---------------------------------|------------------|-------------------------|
| Espira Barnehager AS | Skånetoppen Barnehage | July 1, 2016 | Preschool International |
| Espira Barnehager AS | Espira Rødknappen AS | Sept. 1, 2016 | Preschool International |
| Espira Barnehager AS | Espira Jeløy AS | Nov. 1, 2016 | Preschool International |
| Pyslingen Förskolor och Skolor AB | Kungsholmens Förskola AB | Dec. 1, 2016 | Preschool |
| Pyslingen Förskolor och Skolor AB | Sofiero Förskola AB | 01-feb-17 | Preschool |
| AcadeMedia fria grundskolor AB | Växthuset förskola i Mölndal AB | 01-feb-17 | Preschool |
| Pyslingen Förskolor och Skolor AB | Kulskolan | 01-feb-17 | Preschool |

The acquisitions in total represent a value of less than 5 percent of the Group, which is why they are not specified separately. Voting rights in all acquisitions amount to 100 percent.

The acquisition of Skånetoppen Barnehage mentioned above is an acquisition of a minor operation, an asset acquisition, which was part of one of the new starts during the fall.

In all of the acquisitions, the purchase consideration was in the form of a cash payment and no agreement with a conditional or deferred consideration exists.

Details of the net assets and goodwill acquired are given below. Goodwill attributed to company value exceeding net assets is not tax-deductible whereas goodwill attributed to assets in asset based acquisitions is tax-deductible.

| Acquisition effects of acquisitions made | 2016/2017 |
|---|-----------|
| Purchase consideration including transaction expenses | 48 |
| Purchase consideration excluding transaction expenses | 46 |
| Fair value of acquired net assets excluding goodwill | -6 |
| Total goodwill | 41 |



| Fair values acquired | 2016/2017 |
|-------------------------------|-----------|
| Intangible non-current assets | - |
| Property, plant and equipment | 23 |
| Financial non-current assets | - |
| Current assets | 2 |
| Cash and cash equivalents | 5 |
| Non-current loans | -10 |
| Other current liabilities | -14 |
| Current tax liability | -1 |
| Deferred tax liability | -1 |
| Net assets acquired | 6 |

Goodwill that has arisen in connection with acquisitions consists of synergies with existing business, resources such as personnel, education programs, recruitment and personnel development and service organization, which can be streamlined as a result of the acquisitions.

| Impact of the acquisitions on the Group's cash and cash equivalents | 2016/2017 |
|--|-----------|
| Purchase consideration agreed | 46 |
| Less purchase consideration that has not been settled in cash as of June 30, 2016. | - |
| Cash and cash equivalents at time of acquisition | -5 |
| Impact on the Group's cash and cash equivalents | 41 |

| Contribution of acquisitions to consolidated profit | 2016/2017 |
|---|-----------|
| Net sales | 23 |
| Operating profit (EBIT) | 3 |

| If the units had been included in consolidated profit from July 1, 2016 the contribution would have been | 2016/2017 |
|--|-----------|
| Net sales | 46 |
| Operating profit (EBIT) | 4 |

Note 4: Specification of liabilities

| SEK m | 31-mar-17 | 31-mar-16 | 30-jun-16 |
|---|--------------|--------------|--------------|
| Non-current liabilities | | | |
| Non-current liabilities to credit institutions excl. property loans | 1,757 | 1,855 | 1,806 |
| Non-current interest-bearing liabilities - properties | 415 | 259 | 278 |
| Non-current liabilities (interest-bearing) | 53 | 352 | 32 |
| Non-current liabilities (non-interest-bearing) | 92 | 177 | 113 |
| TOTAL Non-current liabilities | 2,317 | 2,644 | 2,229 |
| Current liabilities | | | |
| Liabilities to credit institutions and other current interest-bearing liabilities | 395 | 541 | 370 |
| Current interest-bearing liabilities - properties | 113 | 122 | 197 |
| Accounts payable and other current non-interest-bearing liabilities | 445 | 544 | 545 |
| Accrued expenses and deferred income | 1,136 | 893 | 837 |
| TOTAL current liabilities | 2,088 | 2,100 | 1,950 |



Note 5: Specification of financial income and expenses

| SEK m | Third quarter | | 9 months | | Full Year |
|---|---------------|------------|------------|------------|-------------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2015/16 |
| Interest income and similar profit/loss items | | | | | |
| Interest income | 0 | - | 7 | 4 | 6 |
| Derivatives | 1 | - | 1 | - | 1 |
| Foreign exchange gains | 0 | - | 1 | - | - |
| Other | - | - | - | - | 0 |
| Interest income and similar profit/loss items | 1 | - | 9 | 4 | 7 |
| Interest expense and similar profit/loss items | | | | | |
| Interest expense | -16 | -27 | -54 | -89 | -121 |
| Borrowing costs * | -1 | -1 | -4 | -4 | -6 |
| Foreign exchange losses | 0 | - | -2 | -2 | -3 |
| Other | -1 | -1 | -9 | -3 | -4 |
| Interest expense and similar profit/loss items | -18 | -29 | -69 | -98 | -134 |

*) Handling charges for new loans are expensed over the term of the loan using the effective interest method.

An impairment loss of SEK 8 million related to a financial claim (see Note 5) was recognized during the first nine months and had a negative impact on net financial items.

Note 6: Financial instruments

AcadeMedia's financial instruments consist of accounts receivable, other receivables, accrued income, cash and cash equivalents, accounts payable, accrued trade payables, interest-bearing liabilities and currency derivatives. Since loans with credit institutions are at variable interest, which essentially are deemed to correspond to current market interest rates, the book value excluding loan expenses is considered to correspond to fair value. Currency derivatives are measured at fair value based on input data corresponding to level 2 of IFRS 13. Other financial assets and liabilities have short terms. It is therefore deemed that the fair values of all of the financial instruments are approximately equal to their book values.



Multi-year review

| SEK million, unless otherwise stated | Third quarter | | 9 months | | Full year | | | |
|---|---------------|---------|----------|---------|-----------|---------|---------|---------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2015/16 | 2014/15 | 2013/14 | 2012/13 |
| Profit/loss items, SEK m | | | | | | | | |
| Net sales | 2,540 | 2,316 | 6,909 | 6,233 | 8,611 | 8,163 | 6,372 | 5,125 |
| Items affecting comparability | -2 | -4 | -4 | -13 | -32 | -79 | -35 | -14 |
| EBITDA | 250 | 244 | 560 | 456 | 722 | 720 | 614 | 514 |
| Depreciation/amortization | -55 | -48 | -156 | -139 | -187 | -203 | -164 | -139 |
| Operating profit/loss (EBIT) | 195 | 196 | 405 | 317 | 535 | 517 | 449 | 376 |
| Net financial items | -18 | -29 | -60 | -94 | -127 | -269 | -209 | -255 |
| Profit/loss for the period before tax | 177 | 167 | 345 | 223 | 408 | 248 | 240 | 121 |
| Profit/loss for the period after tax | 132 | 129 | 262 | 179 | 319 | 222 | 189 | 128 |
| Balance sheet items, SEK m | | | | | | | | |
| Non-current assets | 6,384 | 6,031 | 6,384 | 6,031 | 6,141 | 5,884 | 5,945 | 4,151 |
| Current receivables and inventories | 821 | 704 | 821 | 704 | 697 | 670 | 654 | 537 |
| Cash and cash equivalents | 467 | 517 | 467 | 517 | 331 | 695 | 562 | 338 |
| Non-current interest-bearing liabilities | 2,225 | 2,467 | 2,225 | 2,467 | 2,116 | 2,609 | 3,020 | 2,308 |
| Non-current non-interest-bearing liabilities | 92 | 177 | 92 | 177 | 113 | 197 | 131 | 88 |
| Current interest-bearing liabilities | 508 | 663 | 508 | 663 | 568 | 715 | 469 | 207 |
| Current non-interest-bearing liabilities | 1,580 | 1,437 | 1,580 | 1,437 | 1,382 | 1,425 | 1,352 | 857 |
| Equity | 3,267 | 2,507 | 3,267 | 2,507 | 2,990 | 2,304 | 2,189 | 1,566 |
| Total assets | 7,672 | 7,251 | 7,672 | 7,251 | 7,169 | 7,250 | 7,161 | 5,026 |
| Capital employed | 6,000 | 5,637 | 6,000 | 5,637 | 5,674 | 5,628 | 5,679 | 4,082 |
| Net debt | 2,263 | 2,613 | 2,263 | 2,613 | 2,342 | 2,629 | 2,927 | 2,178 |
| Property adjusted net debt | 1,735 | 2,232 | 1,735 | 2,232 | 1,865 | 2,295 | 2,563 | 2,178 |
| Key ratios | | | | | | | | |
| Operating margin (EBIT), % | 7.7% | 8.5% | 5.9% | 5.1% | 6.2% | 6.3% | 7.1% | 7.3% |
| Adjusted EBIT, SEK m | 197 | 199 | 408 | 330 | 567 | 596 | 485 | 389 |
| Adjusted EBIT margin, % | 7.8% | 8.6% | 5.9% | 5.3% | 6.6% | 7.3% | 7.6% | 7.6% |
| Adjusted EBITDA, SEK m | 252 | 247 | 564 | 469 | 754 | 799 | 649 | 528 |
| Adjusted EBIT margin, % | 9.9% | 10.7% | 8.2% | 7.5% | 8.8% | 9.8% | 10.2% | 10.3% |
| Net margin, % | 5.2% | 5.6% | 3.8% | 2.9% | 3.7% | 2.7% | 3.0% | 2.5% |
| Return on capital employed, %, (12 months) | 11.3% | 10.1% | 11.3% | 10.1% | 10.1% | 10.8% | 10.0% | 9.8% |
| Return on equity, %(12 months) | 14.0% | 10.8% | 14.0% | 10.8% | 12.1% | 9.9% | 10.1% | 8.5% |
| Equity/assets ratio, % | 42.6% | 34.6% | 42.6% | 34.6% | 41.7% | 31.8% | 30.6% | 31.2% |
| Interest coverage ratio, times | 7.6 | 4.0 | 7.6 | 4.0 | 4.8 | 2.8 | 2.7 | 1.8 |
| Net debt/Adjusted EBITDA (12 months) | 2.7 | 3.4 | 2.7 | 3.4 | 3.1 | 3.3 | 4.5 | 4.1 |
| Adjusted net debt/adjusted EBITDA (12 months) | 2.0 | 2.9 | 2.0 | 2.9 | 2.5 | 2.9 | 3.9 | 4.1 |
| Cash flow from investing activities | -87 | -101 | -241 | -222 | -386 | -68 | -864 | -95 |
| Number of full-time employees | 10,702 | 9,783 | 10,432 | 9,565 | 9,714 | 9,159 | 6,997 | 6,087 |



Quarterly data, Group

| Quarterly data SEK million, unless otherwise stated | 2016/17 | | | 2015/16 | | | | 2014/15 | | | |
|--|------------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 2,540 | 2,508 | 1,862 | 2,378 | 2,316 | 2,239 | 1,679 | 2,199 | 2,177 | 2,146 | 1,641 |
| EBITDA | 250 | 200 | 111 | 265 | 244 | 140 | 72 | 215 | 220 | 168 | 117 |
| Depreciation/amortization | -55 | -58 | -43 | -46 | -48 | -50 | -42 | -54 | -52 | -48 | -48 |
| Items affecting comparability | -2 | 0 | -1 | -19 | -4 | -7 | -3 | -76 | -1 | -2 | -1 |
| Operating income (EBIT) | 195 | 142 | 68 | 218 | 196 | 90 | 31 | 161 | 167 | 119 | 69 |
| Total financial items | -18 | -25 | -18 | -33 | -29 | -28 | -37 | -95 | -48 | -60 | -65 |
| Income before taxes | 177 | 117 | 50 | 185 | 167 | 62 | -6 | 66 | 120 | 59 | 3 |
| Tax for the current period | -45 | -28 | -9 | -45 | -38 | -14 | 8 | 14 | -25 | -14 | -1 |
| Profit/loss for the period | 132 | 89 | 41 | 140 | 129 | 48 | 2 | 80 | 95 | 45 | 3 |
| Number of children/students, schools | 66,299 | 65,633 | 65,143 | 64,342 | 63,716 | 62,443 | 62,103 | 61,295 | 61,269 | 60,570 | 60,452 |
| Number of full-time employees | 10,702 | 10,450 | 10,144 | 10,161 | 9,783 | 9,588 | 9,325 | 9,394 | 9,205 | 9,157 | 8,881 |
| Number of education units | 432 | 427 | 428 | 425 | 419 | 404 | 399 | 394 | 392 | 391 | 391 |
| Operating margin (EBIT), % | 7.7% | 5.7% | 3.7% | 9.2% | 8.5% | 4.0% | 1.8% | 7.3% | 7.7% | 5.5% | 4.2% |
| Adjusted EBIT | 197 | 142 | 69 | 238 | 199 | 97 | 34 | 237 | 168 | 121 | 69 |
| Adjusted EBIT, % | 7.8% | 5.7% | 3.7% | 10.0% | 8.6% | 4.3% | 2.0% | 10.8% | 7.7% | 5.6% | 4.2% |
| Net margin, % | 5.2% | 3.6% | 2.2% | 5.9% | 5.6% | 2.1% | 0.1% | 3.6% | 4.3% | 2.1% | 0.2% |
| Return on equity, % (12 months) | 14.0% | 14.6% | 13.5% | 12.1% | 10.8% | 9.9% | 9.8% | 9.9% | 12.0% | 10.7% | 10.4% |
| Return on capital employed, % (12 Months) | 11.3% | 11.7% | 10.9% | 10.1% | 10.1% | 10.0% | 10.4% | 10.8% | 11.4% | 10.9% | 10.6% |
| Equity/assets ratio, % | 42.6% | 41.6% | 40.8% | 41.7% | 34.6% | 33.7% | 32.9% | 31.8% | 31.8% | 31.0% | 30.7% |
| Net debt/Adjusted EBITDA (12 months) | 2.7 | 2.7 | 3.0 | 3.1 | 3.4 | 3.6 | 3.5 | 3.3 | 3.7 | 4.1 | 4.3 |
| Interest coverage ratio | 7.6 | 6.8 | 5.7 | 4.8 | 4.0 | 3.2 | 3.1 | 2.8 | 2.7 | 2.6 | 2.6 |
| Other | | | | | | | | | | | |
| Cash flow from operating activities | 123 | 260 | 131 | 160 | 128 | 267 | -13 | 197 | 197 | 193 | 96 |
| Cash flow from investing activities | -87 | -67 | -87 | -164 | -101 | -85 | -35 | 138 | -48 | -77 | -81 |



Quarterly data, segment

| SEK million, unless otherwise stated | 2016/17 | | | | 2015/16 | | | | 2014/15 | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Pre- and Compulsory Schools (Sweden) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Number of children/students (average) | 31,533 | 30,951 | 30,613 | 30,946 | 30,471 | 29,622 | 29,286 | 29,208 | 28,953 | 28,477 | 28,198 |
| Net sales | 983 | 964 | 717 | 951 | 933 | 889 | 661 | 872 | 844 | 831 | 613 |
| EBITDA | 73 | 57 | 19 | 102 | 92 | 48 | 13 | 95 | 74 | 56 | 19 |
| EBITDA margin, % | 7.4% | 5.9% | 2.6% | 10.7% | 9.9% | 5.4% | 2.0% | 10.9% | 8.8% | 6.7% | 3.1% |
| Depreciation/amortization | -14 | -14 | -12 | -13 | -13 | -13 | -11 | -12 | -13 | -14 | -12 |
| Operating profit/loss (EBIT) | 59 | 43 | 8 | 90 | 79 | 35 | 2 | 82 | 61 | 42 | 8 |
| EBIT margin, % | 6.0% | 4.5% | 1.1% | 9.5% | 8.5% | 3.9% | 0.3% | 9.4% | 7.2% | 5.1% | 1.3% |
| Items affecting comparability | 0 | 0 | 0 | 3 | 0 | 0 | 0 | -19 | 0 | 0 | 0 |
| Adjusted operating profit/loss (EBIT) | 59 | 43 | 8 | 86 | 79 | 35 | 2 | 101 | 61 | 42 | 8 |
| Adjusted EBIT margin, % | 6.0% | 4.5% | 1.1% | 9.0% | 8.5% | 3.9% | 0.3% | 11.6% | 7.2% | 5.1% | 1.3% |
| Number of education units | 229 | 225 | 227 | 226 | 222 | 217 | 212 | 211 | 208 | 208 | 208 |

| SEK million, unless otherwise stated | 2016/17 | | | | 2015/16 | | | | 2014/15 | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Upper Secondary Schools (Sweden) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Number of children/students (average) | 25,476 | 25,707 | 25,802 | 24,752 | 24,917 | 25,144 | 25,244 | 24,365 | 24,676 | 24,884 | 25,031 |
| Net sales | 671 | 678 | 501 | 655 | 641 | 640 | 485 | 623 | 625 | 621 | 472 |
| EBITDA | 89 | 77 | 47 | 93 | 90 | 71 | 44 | 50 | 78 | 67 | 42 |
| EBITDA margin, % | 13.3% | 11.4% | 9.4% | 14.2% | 14.0% | 11.1% | 9.1% | 8.0% | 12.5% | 10.8% | 8.9% |
| Depreciation/amortization | -28 | -30 | -21 | -23 | -27 | -28 | -22 | -27 | -27 | -28 | -22 |
| Operating profit/loss (EBIT) | 60 | 47 | 26 | 69 | 63 | 43 | 22 | 23 | 51 | 39 | 20 |
| EBIT margin, % | 8.9% | 6.9% | 5.2% | 10.5% | 9.8% | 6.7% | 4.5% | 3.7% | 8.2% | 6.3% | 4.2% |
| Items affecting comparability | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -57 | 0 | 0 | 0 |
| Adjusted operating profit/loss (EBIT) | 60 | 47 | 26 | 69 | 63 | 43 | 22 | 80 | 51 | 39 | 20 |
| Adjusted EBIT margin, % | 8.9% | 6.9% | 5.2% | 10.5% | 9.8% | 6.7% | 4.5% | 12.8% | 8.2% | 6.3% | 4.2% |
| Number of education units | 103 | 103 | 103 | 105 | 106 | 106 | 106 | 105 | 106 | 106 | 106 |

| SEK million, unless otherwise stated | 2016/17 | | | | 2015/16 | | | | 2014/15 | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Adult Education (Sweden) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 417 | 417 | 332 | 381 | 364 | 353 | 274 | 323 | 338 | 357 | 291 |
| EBITDA | 64 | 60 | 42 | 56 | 48 | 36 | 13 | 7 | 43 | 51 | 42 |
| EBITDA margin, % | 15.3% | 14.4% | 12.7% | 14.7% | 13.2% | 10.2% | 4.7% | 2.2% | 12.7% | 14.3% | 14.4% |
| Depreciation/amortization | -2 | -2 | -2 | -1 | -2 | -1 | -2 | -4 | -3 | 1 | -6 |
| Operating profit/loss (EBIT) | 62 | 59 | 41 | 55 | 46 | 35 | 12 | 3 | 40 | 52 | 36 |
| EBIT margin, % | 14.9% | 14.1% | 12.3% | 14.4% | 12.6% | 9.9% | 4.4% | 0.9% | 11.8% | 14.6% | 12.4% |
| Items affecting comparability | 0 | 0 | 0 | 0 | 0 | -1 | -2 | -15 | 0 | 0 | 0 |
| Adjusted operating profit/loss (EBIT) | 62 | 59 | 41 | 55 | 46 | 35 | 14 | 18 | 40 | 52 | 36 |
| Adjusted EBIT margin, % | 14.9% | 14.1% | 12.3% | 14.4% | 12.6% | 9.9% | 5.1% | 5.6% | 11.8% | 14.6% | 12.4% |



Quarterly data, segment (cont.)

| SEK million, unless otherwise stated | 2016/17 | | | | 2015/16 | | | | 2014/15 | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Preschool International | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | |
| Number of children/students (average) | 9,289 | 8,975 | 8,727 | 8,643 | 8,328 | 7,677 | 7,573 | 7,722 | 7,640 | 7,209 | 7,223 | |
| Net sales | 466 | 449 | 311 | 390 | 376 | 356 | 259 | 380 | 368 | 337 | 265 | |
| EBITDA | 39 | 25 | 15 | 49 | 33 | 8 | 19 | 82 | 41 | 11 | 23 | |
| EBITDA margin, % | 8,4% | 5,6% | 4,8% | 12,6% | 8,8% | 2,2% | 7,3% | 21,6% | 11,1% | 3,3% | 8,7% | |
| Depreciation/amortization | -10 | -11 | -8 | -8 | -6 | -6 | -6 | -10 | -9 | -7 | -8 | |
| Operating profit/loss (EBIT) | 30 | 14 | 7 | 40 | 28 | 2 | 13 | 72 | 32 | 4 | 15 | |
| EBIT margin, % | 6,4% | 3,1% | 2,3% | 10,3% | 7,4% | 0,6% | 5,0% | 18,9% | 8,7% | 1,2% | 5,7% | |
| Items affecting comparability | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 16 | 0 | 0 | 0 | |
| Adjusted operating profit/loss (EBIT) | 30 | 14 | 7 | 40 | 28 | 2 | 8 | 56 | 32 | 4 | 15 | |
| Adjusted EBIT margin, % | 6,4% | 3,1% | 2,3% | 10,3% | 7,4% | 0,6% | 3,1% | 14,7% | 8,7% | 1,2% | 5,7% | |
| Number of preschool units | 100 | 99 | 98 | 94 | 91 | 81 | 81 | 78 | 78 | 77 | 77 | |

| SEK million, unless otherwise stated | 2016/17 | | | | 2015/16 | | | | 2014/15 | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Group-OH and adjustments | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | |
| Net sales | 3 | 0 | 0 | 0 | 2 | 1 | 0 | 1 | 1 | 0 | 0 | |
| EBITDA | -15 | -20 | -13 | -35 | -20 | -23 | -18 | -18 | -16 | -17 | -10 | |
| Depreciation/amortization | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | |
| Operating profit/loss (EBIT) | -16 | -21 | -14 | -36 | -21 | -24 | -18 | -19 | -17 | -18 | -11 | |
| Items affecting comparability | -2 | 0 | -1 | -22 | -3 | -6 | -6 | -1 | -1 | -2 | -1 | |
| Adjusted operating profit/loss (EBIT) | -14 | -21 | -13 | -14 | -17 | -18 | -12 | -18 | -16 | -17 | -10 | |

| SEK million, unless otherwise stated | 2016/17 | | | | 2015/16 | | | | 2014/15 | | | |
|--|------------|------------|-----------|------------|------------|-----------|-----------|-----------|------------|-----------|-----------|--|
| Group | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | |
| Number of children/students (average) | 66,299 | 65,633 | 65,143 | 64,342 | 63,716 | 62,443 | 62,103 | 61,295 | 61,269 | 60,570 | 60,452 | |
| Net sales | 2,540 | 2,508 | 1,862 | 2,378 | 2,316 | 2,239 | 1,679 | 2,199 | 2,177 | 2,146 | 1,641 | |
| EBITDA | 250 | 200 | 111 | 265 | 244 | 140 | 72 | 215 | 220 | 168 | 117 | |
| EBITDA margin, % | 9,8% | 8,0% | 6,0% | 11,1% | 10,5% | 6,3% | 4,3% | 9,8% | 10,1% | 7,8% | 7,1% | |
| Depreciation/amortization | -55 | -58 | -43 | -46 | -48 | -50 | -42 | -54 | -52 | -48 | -48 | |
| Operating profit/loss (EBIT) | 195 | 142 | 68 | 218 | 196 | 90 | 31 | 161 | 167 | 119 | 69 | |
| EBIT margin, % | 7,7% | 5,7% | 3,7% | 9,2% | 8,5% | 4,0% | 1,8% | 7,3% | 7,7% | 5,5% | 4,2% | |
| Items affecting comparability | -2 | 0 | -1 | -19 | -4 | -7 | -3 | -76 | -1 | -2 | -1 | |
| Adjusted operating profit/loss (EBIT) | 197 | 142 | 69 | 238 | 199 | 97 | 34 | 237 | 168 | 121 | 69 | |
| Adjusted EBIT margin, % | 7,8% | 5,7% | 3,7% | 10,0% | 8,6% | 4,3% | 2,0% | 10,8% | 7,7% | 5,6% | 4,2% | |
| Net financial items | -18 | -25 | -18 | -33 | -29 | -28 | -37 | -95 | -48 | -60 | -65 | |
| Profit/loss after financial items | 177 | 117 | 50 | 185 | 167 | 62 | -6 | 66 | 120 | 59 | 3 | |
| Tax | -45 | -28 | -9 | -45 | -38 | -14 | 8 | 14 | -25 | -14 | -1 | |
| Profit/loss for the period | 132 | 89 | 41 | 140 | 129 | 48 | 2 | 80 | 95 | 45 | 3 | |
| Number of full-time employees (period) | 10,702 | 10,450 | 10,144 | 10,161 | 9,783 | 9,588 | 9,325 | 9,394 | 9,205 | 9,157 | 8,881 | |
| Number of units | 432 | 427 | 428 | 425 | 419 | 404 | 399 | 394 | 392 | 391 | 391 | |



Reconciliation of alternative performance measures

Below are calculations for the alternative performance measures used in the report. See definitions for more details.

| SEK million, unless otherwise stated | Third quarter | | 9 months | | Helår | | | |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016/17 | 2015/16 | 2016/17 | 2015/16 | 2015/16 | 2014/15 | 2013/14 | 2012/13 |
| Net debt | | | | | | | | |
| Non-current interest-bearing liabilities | 2,225 | 2,467 | 2,225 | 2,467 | 2,116 | 2,609 | 3,020 | 2,308 |
| + Current interest-bearing liabilities | 508 | 663 | 508 | 663 | 568 | 715 | 469 | 207 |
| - Non-current interest-bearing receivables* | 4 | - | 4 | - | 11 | - | - | - |
| - Cash and cash equivalents | 467 | 517 | 467 | 517 | 331 | 695 | 562 | 338 |
| = Net debt | 2,263 | 2,613 | 2,263 | 2,613 | 2,342 | 2,629 | 2,927 | 2,178 |
| Property-adjusted net debt | | | | | | | | |
| Net debt (as described above) | 2,263 | 2,613 | 2,263 | 2,613 | 2,342 | 2,629 | 2,927 | 2,178 |
| - non-current property loans | 415 | 259 | 415 | 259 | 278 | 174 | 288 | 0 |
| - current property loans | 113 | 122 | 113 | 122 | 197 | 161 | 76 | 0 |
| = Property adjusted net debt | 1,735 | 2,232 | 1,735 | 2,232 | 1,865 | 2,295 | 2,563 | 2,178 |
| Return on capital employed %, 12 months | | | | | | | | |
| Adjusted operating profit EBIT (12 months) | 646 | 567 | 646 | 567 | 567 | 596 | 485 | 389 |
| + Interest income | 9 | 8 | 9 | 8 | 6 | 13 | 2 | 3 |
| divided by | | | | | | | | |
| Average equity (12 months) | 2,887 | 2,414 | 2,887 | 2,414 | 2,647 | 2,247 | 1,878 | 1,502 |
| + average non-current interest-bearing liabilities (12 months) | 2,346 | 2,831 | 2,346 | 2,831 | 2,363 | 2,815 | 2,664 | 2,300 |
| + average current interest-bearing liabilities (12 months) | 586 | 453 | 586 | 453 | 641 | 592 | 338 | 182 |
| = Return on capital employed %, 12 months | 11,3% | 10,1% | 11,3% | 10,1% | 10,1% | 10,8% | 10,0% | 9,8% |
| Return on equity %, 12 months | | | | | | | | |
| Profit/loss after tax (12 months) | 403 | 259 | 403 | 259 | 319 | 222 | 189 | 128 |
| divided by | | | | | | | | |
| Average equity (12 months) | 2,887 | 2,414 | 2,887 | 2,414 | 2,647 | 2,247 | 1,878 | 1,502 |
| = Return on equity %, 12 months | 14,0% | 10,8% | 14,0% | 10,8% | 12,1% | 9,9% | 10,1% | 8,5% |

*) Included in Other non-current assets

| SEK million, unless otherwise stated | 2016/17 | | | 2015/16 | | | | 2014/15 | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Interest coverage ratio | | | | | | | | | | | |
| Adjusted operating profit EBIT (12 months) | 646 | 648 | 603 | 567 | 567 | 536 | 559 | 596 | 575 | 533 | 511 |
| + Interest income (12 months) | 9 | 9 | 6 | 6 | 8 | 17 | 14 | 13 | 9 | 1 | 1 |
| + Other financial income (12 months) | 2 | 2 | 3 | 1 | 8 | 10 | 10 | 11 | 4 | 1 | 0 |
| divided by | | | | | | | | | | | |
| Interest expense (12 months) | -87 | -97 | -108 | -121 | -145 | -174 | -191 | -218 | -218 | -203 | -196 |
| = Interest coverage ratio | 7.6 | 6.8 | 5.7 | 4.8 | 4.0 | 3.2 | 3.1 | 2.8 | 2.7 | 2.6 | 2.6 |

Notes



Notes

Significant events after the end of the reporting period is presented on page 1. Segment reporting is presented on pages 7 to 11. Disclosures about risk factors and seasonality is presented on page 14.

Definitions

Other information has been included to align this report with ESMA's (European Securities and Markets Authority's) guidelines on alternative performance indicators.

| Key ratio | Definition | Purpose ¹ |
|-------------------------------------|--|---|
| Absence due to illness | Short-term and long-term absence due to illness recalculated to full-time divided by the number of full-time employees (FTE). | Absence due to illness is used to measure employee absence and provide indications of employee health. |
| Adjusted EBIT | Operating profit/loss excluding items affecting comparability. | Adjusted EBIT is used to get a better picture of the underlying operating profit. |
| Adjusted EBIT margin | Adjusted EBIT as a percentage of net revenues. | Adjusted EBIT margin sets underlying operating profit in relation to sales. |
| Adjusted EBITDA | Operating profit/loss before depreciation/amortization of property, plant and equipment and intangible non-current assets. | Adjusted EBITDA is used to measure underlying profit from operating activities, regardless of depreciation/amortization and excluding items affecting comparability. |
| Adjusted net debt | Net debt net of property-related loans, i.e. loans in the Norwegian State Housing Bank, building loans for ongoing construction projects and other property loans in Norway. | Adjusted net debt shows the portion of loans that finance the business, while property loans are linked to a building asset that can be separated and sold. |
| Adjusted net debt/Adjusted EBITDA | Adjusted net debt divided by adjusted EBITDA. | Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings excluding items affecting comparability (adjusted EBITDA), to pay off the Company's liabilities, excluding property-related loans. |
| Adjusted return on capital employed | Adjusted EBIT + interest income for the most recent 12-month period divided by average capital employed (opening balance + closing balance)/2. | Adjusted return on capital employed is used to set adjusted operating profit/loss in relation to total tied up capital regardless of type of financing. |
| Capital employed | Total assets less non-interest bearing liabilities and provisions as well as deferred tax liabilities. Or: Equity plus non-current and current interest-bearing liabilities. | Capital employed indicates how much capital is needed to run the business regardless of type of financing (borrowed or equity). |
| Cash flow from investments | Cash flow from investing activities according to the cash flow analysis. This includes acquisitions, investments and divestments of buildings, as well as investments in property, plant and equipment and intangible assets. Investments financed with leases are not included. | Cash flow from investments is used to regularly measure how much cash is used to maintain operations and for expansion. |
| Cash flow from operating activities | Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities. | Cash flow from operating activities is used as a measure of the cash flow that the Company generates before investments and financing. |
| Earnings per share | Profit/loss for the period in SEK, divided by the average number of shares outstanding, basic/diluted calculated according to IAS 33. | Earnings per share is used to clarify the amount of profit for the period to which each share is entitled. |
| EBITDA | Operating profit/loss before depreciation/amortization and impairment of non-current assets. | EBITDA is used to measure profit (loss) from operating activities, regardless of depreciation/amortization. |
| EBITDA margin | EBITDA as a percentage of revenues. | EBITDA margin is used to set EBITDA in relation to sales. |
| Employee turnover | Average number of employees who left the company during the year in relation to the average number of employees. (Number of permanent and probationary employees who quit) / (Average number of permanent and probationary employees). | Employee turnover is used to measure the proportion of employees who leave the company and who must be replaced every year. |
| Equity/assets ratio | Equity as a percentage of total assets. | The equity ratio shows the proportion of the Company's total assets financed by shareholders' equity. A high equity ratio is a measure of financial strength. |
| Interest coverage ratio | Adjusted EBIT for the last 12 months plus financial income in relation to interest expense. | Interest coverage ratio is used to measure the company's ability to pay interest costs. |

¹ According to ESMA guidelines on performance measures, each performance measure must be motivated.



| | | |
|--------------------------------|--|--|
| Net debt | Interest-bearing debt (current and non-current) net of cash and cash equivalents and non-current interest-bearing receivables (current and non-current). | Net debt is used to clarify the size of the debt less current cash and cash equivalents (which in theory could be used to repay loans). |
| Net debt/adjusted EBITDA | Net debt (closing balance for the period) divided by adjusted EBITDA for the past 12 months. | Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings (EBITDA), to pay off the Company's liabilities, including property-related loans. |
| Net margin | Profit/loss for the period as a percentage of revenues. | Net margin is used to measure net earnings in relation to sales. |
| Items affecting comparability | Items affecting comparability are items related to property such as capital gains, major property damage not covered by commercial insurance, consulting costs related to acquisitions, severance payments to senior executives, major integration costs resulting from acquisitions, reorganization costs, as well as costs arising from strategic decisions and major restructuring that results in winding up of units. | Items affecting comparability are used to identify items of an irregular nature in order to get a better understanding of underlying development of earnings. |
| Number of children/students | Average number of children/students enrolled during the specified period. Adult education participants are not included in the Group's total figures for number of children/students. | Number of children/students is the most important driver for revenue. |
| Number of education units | Refers to the number of preschools, compulsory schools and/or upper secondary schools operating in the period. Integrated units where preschools and compulsory schools are combined are counted as two units as they each hold their own permit. | Number of education units indicates how the Company grows over time through new establishments and acquisitions minus discontinued units. |
| Number of full-time employees | Average number of employees during the period, full-time equivalent (FTE). | The number of employees is measured regularly as it is the main cost driver for the Company. |
| Return on equity | Profit/loss for the most recent 12-month period divided by average equity (opening balance + closing balance)/2. | Return on equity is a profitability measure used to set profit (loss) in relation to shareholders' paid-in and earned capital. |
| Return on capital employed | Adjusted operating profit/loss (EBIT for the most recent 12-month period plus interest income divided by average capital employed (opening balance + closing balance)/2. | Return on equity is a profitability measure used to set profit (loss) in relation to the capital needed to run the business. |
| Operating margin (EBIT margin) | Operating profit/loss as a percentage of revenues. | The operating margin shows the percentage of sales remaining after operating expenses, which can be allocated to other purposes. |
| Operating profit/loss (EBIT) | Operating profit/loss before net financial items and tax. | Operating profit/loss (EBIT) is used to measure operating profit before financing and tax. |

Other

All amounts in tables are in SEK million unless otherwise stated. All figures in parentheses () are comparative figures for the same period the previous year unless otherwise stated. Totals of amounts in whole figures do not always match reported totals due to rounding. The reported total amounts are correct.

