



Change through Education

AcadeMedia AB (publ)

INTERIM REPORT July 2019-March 2020

The coronavirus outbreak had a large impact on operations but limited financial impact this quarter

Preschools in Norway and Germany were partially closed from the end of March due to Covid-19

The Adult Education Segment continues to show growth with restored margins **AcademeMedia**

AcademeMedia

Interim report quarter 3 2019/20

Third quarter (January – March 2020)

- Net sales increased by 4.8 percent and amounted to SEK 3,284 million (3,135). Organic growth, including bolt-on acquisitions, was 5.3 percent.
- Operating profit (EBIT) amounted to SEK 309 million (231). Excluding the effects of IFRS 16, EBIT was SEK 259 million (231), which was an increase of 12.1 percent. Operating profit, adjusted for items affecting comparability and effects of IFRS 16, amounted to SEK 224 million (210).
- Items affecting comparability amounted to SEK 36 million (20).
- Net profit for the period amounted to SEK 161 million (172). Excluding IFRS 16, it was SEK 193 million (172).
- Cash flow from operating activities amounted to SEK 580 million (129). Excluding IFRS 16, it was SEK 139 million (129).
- The average number of children and students in preschool, compulsory school and upper secondary school during the third quarter was 82,940 (79,873), representing an increase of 3.8 percent. Growth was completely organic.
- Earnings per share was SEK 1.53 (1.63) before and after dilution. Adjusted for IFRS 16, earnings per share was SEK 1.83 (1.63) before and after dilution.
- The coronavirus outbreak had a sizable impact on operations but limited financial impact in the period.

First nine months (July 2019 – March 2020)

- Net sales increased by 5.7 percent to SEK 9,044 million (8,554). Organic growth including bolt-on acquisitions amounted to 6.0 percent.
- Operating profit (EBIT) amounted to SEK 639 million (416). Excluding the effects of IFRS 16, EBIT was SEK 484 million (416), which was an increase of 16.3 percent. Operating profit, adjusted for items affecting comparability and effects of IFRS 16, amounted to SEK 449 million (402).
- Items affecting comparability amounted to SEK 36 (15) million.
- Net profit for the period amounted to SEK 252 million (282). Excluding IFRS 16, it was SEK 343 million (282).
- Cash flow from operating activities amounted to SEK 1,558 million (258). Excluding IFRS 16, it was SEK 435 million (258).
- The average number of children and students in preschool, compulsory school and upper secondary school during the first quarter was 82,245 (79,326), representing an increase of 3.7 percent. Growth was completely organic.
- Earnings per share was SEK 2.40 (2.69) before and SEK 2.39 (2.68) after dilution. Adjusted for IFRS 16, earnings per share was SEK 3.25 (2.69) before and SEK 3.25 (2.68) after dilution.

Implementation of IFRS 16 has a significant effect on AcadeMedia's financial statements. To simplify the comparison, the 2019/20 financial year is presented adjusted for IFRS 16. This is described as "Excluding IFRS 16". Important key performance indicators and additional key performance indicators based on rolling 12 months are presented excluding IFRS 16. For example, adjusted operating profit (EBIT) is reported excluding IFRS 16. The segments within AcadeMedia have unchanged accounting principles and will continue to report rent as Other external expenses.

Third quarter Group

SEK m	Third quarter				Nine months				Full year
	2019/20	2019/20 ex IFRS 16 ¹	2018/19	Δ % ³	2019/20	2019/20 ex IFRS 16 ¹	2018/19	Δ % ³	2018/19
Net sales	3,284	3,284	3,135	4.8%	9,044	9,044	8,554	5.7%	11,715
EBITDA	700	349	310	12.6%	1,773	739	641	15.3%	931
EBITDA margin, %	21.3%	10.6%	9.9%	0.7 p.p.	19.6%	8.2%	7.5%	0.7 p.p.	7.9%
Operating profit/loss (EBIT)	309	259	231	12.1%	639	484	416	16.3%	635
EBIT margin, %	9.4%	7.9%	7.4%	0.5 p.p.	7.1%	5.4%	4.9%	0.5 p.p.	5.4%
Adjusted operating profit/loss EBIT ² ,	224	224	210	6.7%	449	449	402	11.7%	634
Adjusted EBIT margin, %	6.8%	6.8%	6.7%	0.1 p.p.	5.0%	5.0%	4.7%	0.3 p.p.	5.4%
Net financial items	-101	-10	-14	28.6%	-312	-40	-54	25.9%	-69
Profit/loss before tax	208	249	216	15.3%	328	444	362	22.7%	566
Profit/loss for the period	161	193	172	12.2%	252	343	282	21.6%	431
Earnings per share basic (SEK)	1.53	1.83	1.63	12.1%	2.40	3.25	2.69	21.1%	4.09
Earnings per share diluted (SEK)	1.53	1.83	1.63	12.0%	2.39	3.25	2.68	21.2%	4.09
Number of children and students ⁴	82,940	82,940	79,873	3.8%	82,245	82,245	79,326	3.7%	79,493
Number of full-time employees	12,759	12,759	12,605	1.2%	12,668	12,668	12,378	2.3%	12,405

¹ Amounts relate to adjustments for implementation of the accounting standard IFRS 16 Leases to show the accounting as it was applied in previous accounting periods (IAS 17). ² Relates to financial statements with application of previous accounting policies (IAS 17). This means that leases of real estate are recognised as rent and not as finance leases. ³ Relates to change between 2019/20 ex IFRS 16 and 2018/19, i.e. comparative figures. ⁴ Excl. Adult Education. See definitions on pages 32-33.



From our CEO

The third quarter has been overwhelming. The coronavirus outbreak has had a considerable impact on the world, and of course also on AcadeMedia. Large parts of our organisation have shifted from in-classroom to distance education and our operations in Norway and Germany have been partially closed. Our employees have done an incredible job meeting the new demands and ensuring continuity for all our children, students, and adult education participants. We now conclude the third quarter with a feeling of humility.

The extraordinary situation currently taking place has brought AcadeMedia into a close cooperation with numerous parties in Sweden, including different authorities, ministry, companies and organisations. Our main joint goal is to decrease the spread of the virus while keeping society going to the largest possible extent. In March, many national and regional decisions were taken with the aim of limiting the spread of coronavirus. We have closely followed these developments and all government directives.

Despite the coronavirus's effect on both society and our business, our quarterly financials experienced minimal impact. As a result, we have been able to focus on our core business, to provide care and education to our operations in preschool, compulsory school, upper secondary school, and adult education, despite our delivery of operations having changed in many ways.

Distance education in Upper Secondary School Segment and Adult Education Segment

On March 18th, and following the government's recommendations, 36,000 upper secondary school students and 20,000 adult education participants at AcadeMedia transitioned to distance education. Both the Upper Secondary School Segment and Adult Education Segment managed the transition well. This was to a large extent a result of a long and dedicated effort on digitalisation within these segments. Many of our students and teachers were already accustomed to using digital tools. The transition was also made possible because of the enormous effort, and will to succeed, among students and staff.

At the upper secondary schools, students have been following their ordinary schedule in most cases, with the difference being that they enter their digital classrooms when lessons start. A lesson can begin with a video meeting where the teacher gives an overview of the lesson and students can ask questions. Other digital functions include chat features and the ability to record lessons so that students can repeat or review the content. Distance education imposes new and different demands on our students and their guardians. To help with this, AcadeMedia has created more than twenty films to support studying full time at home.

However, distance education does not suit everyone. Following a government decision at the beginning of April, schools are now permitted to offer education at school premises for those students who need it. We welcome this decision as it makes it easier to provide education for students with particular needs. Thanks to this change, we can now conduct certain exams and assessments, as well as vocational training on our

premises. Students in need of special support can also receive tuition on site. Eventually, when we come to assess the experiences and insights gained from this period, I hope we will carry forward learnings that help enhance the Swedish education system significantly.

Pre- and compulsory schools in Sweden are open

Our Swedish compulsory schools and preschools have remained open, but they have and continue to have readiness to close in the case of any such decision from the government. Our compulsory schools in particular have been on stand-by not knowing whether a decision to close would be taken. The experiences of our upper secondary schools have been invaluable in preparations for potential closures of the compulsory schools.

Another challenge has been an increase in sick leave among students and employees. At schools where many students have been at home, the ordinary education was complemented with distance education. Many of our employees have experienced a considerable amount of extra work when education is taking place both in the classroom and simultaneously through distance learning. I am very proud of their efforts.

Preschools in Norway and Germany partially closed

Authorities in both Norway and Germany decided to close all preschools. The decision was effective as of mid-March and affected all children with the exception of children of key workers such as health care professionals and police. In Norway, approximately 80 percent of AcadeMedia's 104 preschools have been open but only with a few children present. Similarly, in Germany almost all preschools have remained open with a greatly decreased number of children.

All in all, the financial impact of the closures has been limited. In Norway, parental fees have not been charged during the closure, but instead the Norwegian state has been funding the fees. In Germany, seven units are up to fifty percent financed by parental fees, which have not been charged during the closure. No personnel in Germany or Norway have been furloughed or made redundant.

Our planned new openings in Germany for the coming autumn will be executed as planned to the largest extent possible but could be delayed if needed. One of the new openings planned for the fourth quarter of this fiscal year has been delayed until the first quarter 2020/21.

In Norway, all closed preschools returned to normal operation between the 20th and 27th April. Preschools in Germany remain closed and no date has been set for when they will return to normal. However, it is expected that preschools in Germany gradually will open to more parental groups and after the summer will resume to full activities.

Adult education is more important than ever

In the wake of the coronavirus, notice of potential layoffs and bankruptcies in Sweden and the world is a reality. Unemployment is rising and is expected to reach 9 percent in Sweden but could become substantially higher if the crisis is prolonged. Large scale educational efforts will be needed, which is reflected in various Swedish government measures targeting services provided by the Swedish Public Employment Service, vocational adult education, higher vocational education, and "folkbildningen" education. AcadeMedia is well equipped to contribute when society must meet the need for education and retraining for those who have lost their jobs.

Increased number of satisfied students and employees

AcadeMedia's annual client and employee survey was conducted during the quarter. The results continue to be encouraging. The students in compulsory and upper secondary school are increasingly satisfied with both their school as a whole and their education. Overall satisfaction level in pre-school has increased by a few percentage points among parents and carers. The

employee survey also showed good results. For instance, 81 percent of our employees would recommend their workplace to others, an increase from the previous year.

We miss our children, students, and adult education participants

A school should be a place full of life, learning and enthusiasm. That is normal. Distance education works well however most students have a strong desire to see their classmates and teachers, and the teachers also want to meet their students. We have found this expressed in video greetings made by teachers and headteachers that have been shared on social media. I wish to share one of these recordings with you, from the upper secondary school Sjölin's gymnasium in Gothenburg.

<https://academedia.se/halsning/>

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)



Development in the third quarter (January 2020 to March 2020)

All figures for the 2019/2020 financial year are reported in accordance with the new accounting standard IFRS 16 Leases, unless otherwise stated. The segments report excluding IFRS 16. Previous financial years have not been restated according to the new standard. On 1 July 2019, AcadeMedia implemented a new segment reporting and comparative figures have been recalculated. The Upper Secondary School Segment and Adult Education Segment are not affected.

Impact following the Covid-19 outbreak

The Covid-19 outbreak has had limited financial impact in the quarter. The Preschool Segment was affected in Germany as result of parental fees not being charged during the closure period, amounting to SEK 3 million in the quarter.

Volume development and net sales

Net sales in the third quarter increased by 4.8 percent to SEK 3,284 million (3,135). Organic growth, including bolt-on acquisitions, amounted to 5.3 percent and exchange rate development impacted sales by -0.6 percent. No larger acquisitions affected sales in the quarter. The average number of children and students, excluding the Adult Education Segment, increased by 3.8 percent to 82,940 (79,873).

Operating profit (EBIT) and adjusted EBIT

Operating profit (EBIT) for the quarter was SEK 309 million (231) with an EBIT margin of 9.4 percent (7.4). Excluding IFRS 16, EBIT amounted to SEK 259 million (231) and an EBIT margin of 7.9 percent (7.4). Adjusted EBIT was SEK 224 million (210) with an adjusted EBIT margin of 6.8 percent (6.7).

The improved earnings were mainly attributable to the Adult Education Segment, where all business areas now contribute positively to the result. The Compulsory School Segment continues to develop well due to more children and better capacity utilisation. The Upper Secondary School also shows good student growth, but efforts related to digitalisation and quality has negatively impacted earnings. The Preschool Segment was affected by higher personnel expenses in Norway due to the new staff density regulation and higher pension costs. Overhead expenses were higher than last year due to efforts around digitalisation and growth-related real estate projects.

Net financial items

Net financial items for the quarter amounted to SEK-101 million (-14) of which interest expense relating to lease liabilities related to right-of-use assets, attributable to IFRS 16, was SEK -91 million (-). Interest expense for the quarter, excluding IFRS 16, was somewhat lower than last year SEK -10 million (-13).

Profit and comprehensive income for the period

Profit after tax declined and was SEK 161 million (172), which was a result of the implementation of IFRS 16. Tax expense for the quarter was SEK -47 million (-45), representing an effective tax rate of 22.7 percent (20.6). Comprehensive income for the period was SEK 115 million (159). Excluding IFRS 16, profit for the period increased to SEK 193 million (172) and comprehensive income declined to SEK 147 million (159).

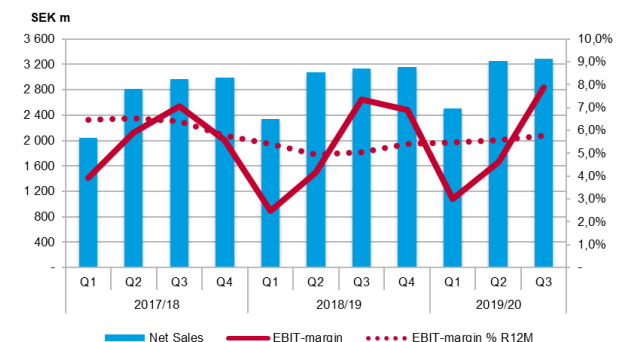
Items affecting comparability

Items affecting comparability was SEK 36 million (20).

Items affecting comparability SEK million	Third quarter	
	2019/20	2018/19
Restructuring expenses (Group)	-11	-
Write down of assets	-17	-
Retroactive revenue from previous year	11	20
Pension change Norway	53	-
Total	36	20

Acquisitions, divestments, new establishments and discontinued operations

In Germany, three new preschools opened, and four units were combined and are now counted as two.



In the graph, the EBIT-margin is presented excl. IFRS 16.

Third quarter in summary by segment

	Number of students (average)		Net sales, SEK m.		Adjusted operating profit/loss (EBIT), SEK m.		ADJ. EBIT margin		Operating profit/loss (EBIT), SEK m		EBIT margin	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Preschool	21,310	20,975	1,007	974	68	72	6.8%	7.4%	121	72	12.0%	7.4%
Compulsory School	25,339	24,417	801	760	40	35	5.0%	4.6%	40	35	5.0%	4.6%
Upper Secondary School	36,291	34,481	1,064	1,006	98	102	9.2%	10.1%	109	122	10.2%	12.1%
Adult Education	- ¹	- ¹	410	392	43	19	10.5%	4.8%	43	19	10.5%	4.8%
Group adj., Parent Company	-	-	3	4	-26	-16	-	-	-4 ²	-16	-	-
Total	82,940	79,873	3,284	3,135	224	210	6.8%	6.7%	309²	231	9.4%	7.4%

¹ The volume of Adult Education is not measured based on the number of participants since the length of the programmes varies from individual occasions to academic years. ² Includes effect of implementation of the new lease standard IFRS 16 of SEK 50 million (0).



Development in the first nine months (July 2019 to March 2020)

Volume development and net sales

Net sales increased by 5.7 percent in the first nine months and amounted to SEK 9,004 million (8,554). The organic growth, including bolt-on acquisitions, amounted to 6.0 percent and exchange rate development had a negative impact on sales of -0.2 percent. No larger acquisitions affected sales during the first nine months. The average number of students, excluding the Adult Education Segment, increased by 3.7 percent to 82,245 (79,326).

Operating profit (EBIT) and adjusted EBIT

Operating profit (EBIT) for the first nine months amounted to SEK 639 million (416), and an EBIT margin of 7.1 percent (4.9). Excluding IFRS 16, EBIT amounted to SEK 484 million (416), which represents an EBIT margin of 5.4 percent (4.9). Adjusted EBIT amounted to SEK 449 million (402) with an adjusted EBIT margin of 5.0 percent (4.7).

Improved earnings were mainly attributable to the Adult Education Segment, where the business areas Higher Vocational Education and Municipal Adult Education showed growth. The Compulsory School Segment continued to develop well due to more children and better capacity utilisation. The Preschool Segment is affected by higher personnel expenses in Norway and to some extent by expenses related to new establishments in Germany. The review of the unit portfolio in Sweden last year and lower costs for temporary staff in Sweden has partially offset the effect on results and margins. The Upper Secondary School Segment continued efforts on quality, digitalisation, and new units, but also marketing activities that last year took place during the fourth quarter, had a negative impact.

Group overhead expenses were higher than last year due to continued efforts on digitalisation, implementation of a new payroll system and growth-related real estate projects.

Net financial items

Net financial items for the first nine months amounted to SEK -312 million (-54) of which interest expense relating to lease liabilities related to right-of-use assets,

attributable to IFRS 16, was SEK -271 million (-). Interest expense for the period, excluding IFRS 16, was somewhat lower than last year SEK -33 million (-39).

Profit and comprehensive income for the period

Profit after tax declined and amounted to SEK 252 million (282), which was a result of the implementation of IFRS 16. Tax for the first nine months was SEK -75 million (-80), representing an effective tax rate of 23.0 percent (22.0). Comprehensive income for the period was SEK 188 million (158), where the previous year was affected by actuarial losses related to defined benefit pension plans in Norway. Excluding IFRS 16, profit for the period increased to SEK 343 million (282) and comprehensive income increased to SEK 279 million (158).

Items affecting comparability

Items affecting comparability amounted to SEK 36 (15) million.

Items affecting comparability SEK million	Nine months	
	2019/20	2018/19
Restructuring expenses (Group)	-11	-
Restructuring expenses (Adult)	-	-15
Restructuring expenses (Comp. school)	-	-6
Write down of assets	-17	-
Transaction-related expenses	-	-0
Retroactive revenue from previous year	11	36
Pension change Norway	53	-
Total	36	15

Acquisitions, divestments, new establishments and discontinued operations

Prior to the 2019/20 school year, twelve preschools with approximately 800 children were closed or sold in Sweden. One compulsory school and three upper secondary schools were closed, which had an impact as of the first quarter on the unit portfolio and enrolment figures. During the first nine months, 18 new units opened, four units were acquired, four units were combined and are now counted as two units.

First nine months in summary by segment

	Number of students (average)		Net sales, SEK m.		Adjusted operating profit/loss (EBIT), SEK m.		ADJ. EBIT margin		Operating profit/loss (EBIT), SEK m		EBIT margin	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Preschool	20,670	20,328	2,743	2,610	93	96	3.4%	3.7%	146	96	5.3%	3.7%
Compulsory School	25,004	24,192	2,196	2,077	101	74	4.6%	3.6%	101	78	4.6%	3.8%
Upper Secondary School	36,570	34,806	2,950	2,767	234	254	7.9%	9.2%	245	280	8.3%	10.1%
Adult Education	- ¹	- ¹	1,152	1,096	96	30	8.3%	2.7%	96	15	8.3%	1.4%
Group adj., Parent Company	-	-	3	4	-75	-52	-	-	52 ²	-52	-	-
Total	82,245	79,326	9,044	8,554	449	402	5.0%	4.7%	639²	416	7.1%	4.9%

¹ The volume of Adult Education is not measured based on the number of participants since the length of the programmes varies from individual occasions to academic years. ² Includes effect of implementation of the new lease standard IFRS 16 of SEK 155 million (0).



Cash flow and financial position

According to IFRS 16, lease payments are recognised under financing activities, where before they were categorised under operating activities. As a result, cash flow from operating activities is higher and cash flow from financing activities is lower, with all else being equal. During the third quarter of 2019/20, lease payments (interest and principal) related to right-of-use assets amounted to SEK 352 million and during the first nine months the payments amounted to SEK 1,034 million. Cash flow from investing activities is not affected by IFRS 16.

Cash flow excluding effect of IFRS 16

SEK m	Third quarter		Nine months		Full year
	2019/20 excl IFRS 16*	2018/19	2019/20 excl IFRS 16*	2018/19	2018/19
Cash flow from operating activities before changes in working capital	250	264	579	539	785
Cash flow from changes in working capital	-112	-136	-144	-281	-101
Cash flow from operating activities	139	129	435	258	684
Investments related to existing operations ¹	-32	-108	-190	-263	-327
Investments related to expansion ²	-7	-62	-88	-165	-232
Cash flow from investing activities	-38	-170	-278	-429	-559
Cash flow from financing activities	-161	-81	-269	-233	-296
CASH FLOW FOR THE PERIOD	-60	-122	-113	-403	-172

* Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

Cash flow from operating activities for the third quarter amounted to SEK 139 million (129). The slight increase was due to working capital development for the quarter, SEK -112 million (-136). Cash flow from operating activities before changes in working capital was lower than last year due to a one-time administrative expense of 42 MSEK relating to the pension change adjustment in Norway.

Cash flow from investing activities has been divided into investments related to existing operations¹ and investments related to expansion². Investments in existing operations was lower compared to last year and amounted to SEK -32 million (-108) contributing to a free cash flow of SEK 107 million (21). Expansion investments in the period were SEK -7 million (-62). In total, cash flow from investing activities amounted to SEK -38 million (-170). Cash flow from financing activities totalled SEK -161 million (-81), following lower interest-bearing debt. All in all, cash flow for the quarter amounted to SEK -60 million (-122).

In the first nine months, cash flow from operating activities amounted to SEK 435 million (258). The increase was due to an improved profit and improvement in working capital, SEK -144 million (-281). The working capital development was more normal this period than during the corresponding period last year, when it was affected by the unusually favourable working capital at the beginning of the financial year (1 July 2018). Investments in existing operations amounted to SEK -190 million (-263), contributing to a free cash flow of SEK 245 million (-5). Expansion investments in the period was SEK -88 million (-165) and primarily consisted of new preschool buildings in Norway SEK -60 million (-149). In total, cash flow from investing activities during the first nine months amounted to SEK -278 million (-429).

Cash flow from financing activities amounted to SEK -269 million (-233). Cash flow from financing activities includes dividend to shareholders of SEK -132 million. All in all, cash flow from the first nine months amounted to SEK -113 million (-403).

¹ Investments related to existing operations include leasehold improvements, investments in equipment, investments in intangible non-current assets, investments in non-current financial assets, and divestment of non-current financial assets.

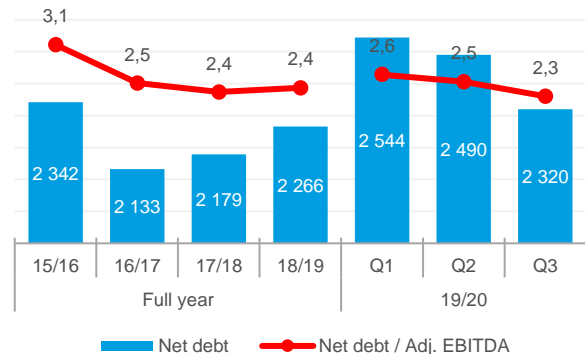
² Expansion investments include investments in own preschool buildings in Norway, as well as acquisitions.



Financial position

Following the implementation of IFRS 16, leased premises are recognised as right-of-use assets and lease liabilities, respectively, in the balance sheet. Due to this change in accounting principles, total assets have increased by a total of SEK 7,003 million as of 31 March 2020. The comments on financial position below excludes the effect of IFRS 16.

Consolidated equity amounted to SEK 4,741 million (4,421) and the equity/asset ratio increased to 49.6 percent (46.8). Consolidated interest-bearing net debt as of 31 March 2020 amounted to SEK 2,320 million (2,505). The decline in net debt over the past 12 months is due to a combination of lower interest-bearing debt, primarily following a weaker Norwegian krona, but also increased cash and cash equivalents. Excluding real estate loans, the adjusted net debt amounted to SEK 1,623 million (1,844). The real estate loans, which consist of both non-current loans in the Norwegian State Housing Bank (Norw. Husbanken) and short-term construction loans, increased over the past 12 months by SEK 36 million to SEK 697 million (661). Building assets increased during the equivalent period by SEK 15 million to SEK 1,066 million (1,051) which is attributable to the expansion and acquisition of new preschools in Norway.



Non-current interest-bearing liabilities at the end of the quarter totalled SEK 2,069 million (2,221). Current interest-bearing liabilities totalled SEK 654 million (579). Net debt in relation to adjusted EBITDA¹ (rolling 12 months) amounted to 2.3 (2.8), which meets the Group's financial target of a net debt in relation to adjusted EBITDA lower than 3.0. Property-adjusted net debt divided by adjusted EBITDA¹ (12m) was 1.6 (2.1).

In Norway, an agreement was reached during 2019 between employers represented by PBL and employee organisations in the Preschool segment on the new pension plan that came into force on 1 January 2020. Briefly, under the new plan about 90 percent of employees in the Norwegian operation will transition to a defined contribution pension plan, while the rest will remain in the current defined benefit system. The change in pension plan result in a reduced pension provision of SEK 95 million and a one-off administrative expense of SEK 42 million. Overall, the result in the third quarter is positively affected by the change in pension plan by net SEK 53 million, reported as an item affecting comparability. The impact on the profit and loss statement is higher than previously communicated due to change in actuarial assumptions. The cash flow is only affected by the administrative expense of SEK 42 million. The new pension plan will generate higher pension expenses of approximately SEK 10 million per annum as of 1 January 2020.

¹ Implementation of IFRS 16 had a significant effect on AcadeMedia's financial statements. Key performance indicators based on rolling 12 months are presented excluding the effect of IFRS 16. See pages 32-33 for definitions.

School voucher development 2020

The average voucher increase for AcadeMedia's Swedish preschools is estimated to 1.4 (2.0) percent. The average voucher increase has been calculated based on voucher notifications for 89 percent of children and is weighted by child and municipality mix. In addition to voucher payments, the preschools receive around 3.5 (3.0) percent of revenues from parental fees according to the maximum fee regulation. The maximum parental fee is adjusted annually by the National Agency for Education. For 2020, the increase was 3.7 percent (3.1).

In Norway, the municipal contributions for preschools have increased on average by 3.7 (3.4) percent, weighted by child and municipality mix. Last year's communicated figure of 3.4 percent was actually 3.9 percent following voucher revision undertaken by some municipalities. There is also a maximum parental fee system in Norway. The parental fees amount to about 16 percent of revenue and are adjusted annually with an index that for 2020 has been set to 4.1 percent (3.5).

The average voucher increase for Compulsory School Segment is estimated to 2.3 (3.5) percent. The average voucher increase has been calculated based on voucher notifications for 97 percent of the children and is weighted by child and municipality mix. The growth calculation only reflects the compulsory school voucher and does not take into account changes in the voucher related to before- and after school care, nor does it consider socio-economic compensation. AcadeMedia estimates that when the effects of other compensation components are included the average revenue increase per student will be slightly lower than 2.3 percent.

The voucher increase for the Upper Secondary School Segment amounts to 2.3 (2.0) percent on average. Voucher increases have been calculated based on received voucher notifications for 63 percent of the students and are weighted with AcadeMedia's student and program mix. The growth calculation only reflects the basic reimbursement and does not take price changes on introduction programs nor socio-economic compensation into consideration. AcadeMedia estimates that when the effects from the other municipalities as well as introduction programs and socio-economic compensation are included, the average revenue increase per student will be slightly lower than 2.0 percent.

In summary, the school voucher increase for AcadeMedia's Swedish school operation is estimated at 2.1 (2.5) percent for 2020 based on close to 80 percent of the student population. The result has been calculated based on voucher notifications received and is weighted by child and student mix. The increase in Sweden is slightly higher in comparison with the figures provided in AcadeMedia's latest quarterly report.



Preschool

- The number of children increased by 1.6 percent to 21,310 (20,975) in the third quarter.
- Sales increased 3.4 percent to SEK 1,007 million (974).
- Adjusted operating profit (adj. EBIT) declined to SEK 68 million (72).

AcadeMedia Preschool segment runs preschools in Sweden, Norway and Germany. In Sweden, the business is conducted in many municipalities with a total of 109 units. In Norway, Espira is the third largest preschool provider with 104 units. In Germany preschools are operated at 47 units. The segment had a total of 260 units during the quarter.

Impact following the Covid-19 outbreak

Preschools in Norway and Germany have been partially closed as of mid-March following national decisions in each country. In Sweden, preschools have remained open. Financial impact has been limited and amount to SEK 3 million relating to parental fees at seven units in Germany that have not been charged. Our assessment is that the financial impact in the fourth quarter will amount to approximately SEK 10 million. In Norway, the Norwegian state has granted full reimbursement during the closure period.

Outcome for the third quarter

The average number of children increased by 1.6 percent compared with the previous year and amounted to 21,310 (20,975). The increase was driven by new establishments, acquisitions, and enrolment in existing units. Adjusted for the approximately 800 children from the twelve divested and discontinued units in Sweden, the number of children increased by 5.6 percent.

Sales increased by 3.4 percent and amounted to SEK 1,007 million (974), mainly attributable to new units in Germany. Translation effects impacted sales negatively, SEK -18 million.

Adjusted operating profit (EBIT) declined to SEK 68 million (72) and the margin declined to 6.8 percent (7.4). The margin decline was a result of higher personnel expenses in Norway due to the new staff density regulation and higher pension costs. Operating profit (EBIT) was SEK 121 million (72) and the

operating margin was 12.0 percent (7.4). The result included items affecting comparability of SEK 53 million, a positive one-time effect following the transition to a defined contribution pension scheme for 90 percent of the employees in Norway.

First nine months results

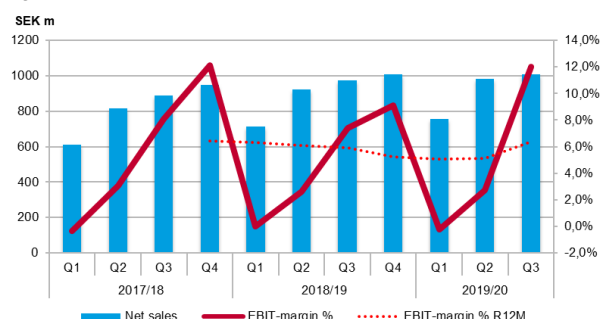
The average number of children increased by 1.7 and amounted to 20,670 (20,328). Net sales increased by 5.1 percent and amounted to SEK 2,743 million (2,610). Translation effects had a negative impact on sales corresponding to SEK -21 million.

Adjusted operating profit (adj. EBIT) for the first nine months was SEK 93 million (96), with a margin of 3.4 percent (3.7). Last year's review of the unit portfolio in Sweden and lower costs for temporary staff in Sweden partially offset higher personnel expenses in Norway. Operating profit (EBIT) was SEK 146 million (96) and the operating margin was 5.3 percent (3.7).

Operational changes

During the first half year 11 preschools opened and three were acquired, most in Germany. Expansion in Germany has continued in the third quarter, with three new preschools opened and four units combined and now counted as two units.

In the fourth quarter, two more units are planned to open. The plan to open 15-20 new preschools in Germany during 20120/21 remain. However, these plans will be postponed if necessary. To enable this and future expansion, we are strengthening our central organisation.



(SEK m)	Third quarter			Nine months			Full year
	2019/20	2018/19	Change	2019/20	2018/19	Change	2018/19
Net sales	1,007	974	3.4%	2,743	2,610	5.1%	3,619
EBITDA	142	92	54.3%	211	155	36.1%	262
EBITDA margin, %	14.1%	9.4%	4.7 p.p.	7.7%	5.9%	1.8 p.p.	7.2%
Depreciation/amortization	-20	-19	-5.3%	-60	-55	-9.1%	-68
Acquisition related depreciations	-1	-1	-	-4	-4	-	-5
Operating profit (EBIT)	121	72	68.1%	146	96	52.1%	189
EBIT margin, %	12.0%	7.4%	4.6 p.p.	5.3%	3.7%	1.6 p.p.	5.2%
Items affecting comparability	53	-	-	53	-	-	-
Adjusted operating profit (EBIT)	68	72	-5.6%	93	96	-3.1%	189
Adjusted EBIT margin, %	6.8%	7.4%	-0.6 p.p.	3.4%	3.7%	-0.3 p.p.	5.2%
Number of children and students	21,310	20,975	1.6%	20,670	20,328	1.7%	20,576
Number of units	260	254	2.4%	257	253	1.6%	254

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level for the AcadeMedia Group, see note 1 and 2



Compulsory School

- The number of students increased by 3.8 percent to 25,339 (24,417) in the quarter.
- Sales increased by 5.4 percent to SEK 801 million (760).
- Operating profit (EBIT) increased to SEK 40 million (35).

AcadeMedia's Compulsory School segment runs compulsory schools in many municipalities in Sweden under the brands Pysslingen, Vittra and Pops Academy. Operations are based entirely on the school voucher system. The segment had 109 units during the quarter.

Impact following the Covid-19 outbreak

Compulsory school in Sweden has not been subject to any government guidelines to transition to distance education. However, some units have at times switched to distance education due to staff absence. Students staying at home have also been offered distance education. The operation is preparing to fully transition to distance education if such a decision is made by the authorities. Covid-19 has had no financial impact on the quarter. If the schools continue to remain open, our assessment is that the financial impact of coronavirus will be limited.

Outcome for the third quarter

The average number of students increased by 3.8 percent compared with the previous year and amounted to 25,339 (24,417). With the exception of the Pops Academy acquisition, the growth was entirely attributable to existing units which in some cases expanded their capacity. Adjusted for the acquisition, growth in the number of students was 2.4 percent. Net sales increased by 5.4 percent and totalled SEK 801 million (760), which in addition to the increase in volume was also due to the annual adjustment of school vouchers.

Operating profit (EBIT) increased compared with the previous year and was SEK 40 million (35). This gave

an operating margin of 5.0 percent (4.6). The segment's result and margin were mainly an effect of more students and higher capacity utilisation at existing units.

First nine months results

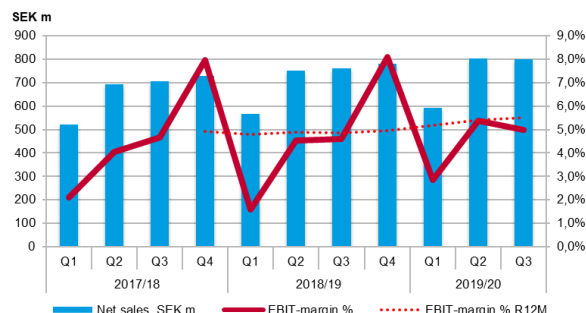
The average number of students increased by 3.4 percent and amounted to 25,004 (24,192). Net sales increased by 5.7 percent and amounted to SEK 2,196 million (2,077) mainly a result of an increased number of students, but also due to the annual school voucher adjustment and increased subsidies for special needs and state subsidies.

Adjusted operating profit (Adj. EBIT) was higher than last year and amounted to SEK 101 million (74) and the margin improved to 4.6 percent (3.8). More students at existing units in combination with stable personnel expenses had a positive impact. Temporary, the result was also affected by delayed hiring and vacant positions at central support functions.

Operating profit (EBIT) improved by 29.5 percent and amounted to SEK 101 million (78), with an operating margin of 4.6 percent (3.8).

Operational changes

Pops Academy, a school with 330 students, was acquired on 1 December. A small compulsory school was acquired after the end of the reporting period.



Compulsory School (SEK m)	Third quarter			Nine months			Full year
	2019/20	2018/19	Change	2019/20	2018/19	Change	2018/19
Net sales	801	760	5.4%	2,196	2,077	5.7%	2,857
EBITDA	58	51	13.7%	150	124	21.0%	203
EBITDA margin, %	7.2%	6.7%	0.5 p.p.	6.8%	6.0%	0.8 p.p.	7.1%
Depreciation/amortization	-17	-16	-6.3%	-48	-45	-6.7%	-60
Acquisition related depreciations	-0	-0	n.a.	-1	-1	-	-1
Operating profit (EBIT)	40	35	14.3%	101	78	29.5%	141
EBIT margin, %	5.0%	4.6%	0.4 p.p.	4.6%	3.8%	0.8 p.p.	4.9%
Items affecting comparability	-	-	n.a.	-	4	n.a.	-4
Adjusted operating profit (EBIT)	40	35	14.3%	101	74	36.5%	145
Adjusted EBIT margin, %	5.0%	4.6%	0.4 p.p.	4.6%	3.6%	1.0 p.p.	5.1%
Number of children and students	25,339	24,417	3.8%	25,004	24,192	3.4%	24,265
Number of units	109	110	-0.9%	109	110	-0.9%	110

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level for the AcadeMedia Group, see note 1 and 2



Upper Secondary School (Sweden)

- The number of students increased by 5.2 percent in the third quarter, amounting to 36,291 (34,481).
- Sales increased 5.8 percent in the third quarter to SEK 1,064 million (1,006).
- Adjusted operating profit (adj. EBIT) decreased to SEK 98 million (102).

AcadeMedia's Upper Secondary School Segment provides upper secondary education throughout Sweden under 14 different brands, offering both academic and vocational programmes. The schools operate entirely based on the school voucher system. The segment had 143 units during the quarter.

Impact following the Covid-19 outbreak

All AcadeMedia's upper secondary schools shifted to distance education mid-March following directives from the authorities. The impact on the day-to-day operation has been substantial, but the financial effect has been negligible and the outlook for the fourth quarter is that the financial impact will continue to be limited.

Outcome for the third quarter

The number of students increased by 5.2 percent compared with the previous year, amounting to 36,291 (34,481). Growth was attributable to the opening of four new schools, as well as to additional students enrolled in the ten new establishments opened in the autumns of 2017 and 2018. Together these 14 new establishments have admitted approximately 870 students. Net sales increased by 5.8 percent to SEK 1,064 million (1,006), as a result of an increase in student enrolment and the annual adjustment of school vouchers.

Adjusted operating profit was SEK 98 million (102), representing a margin of 9.2 percent (10.1). The permanent efforts to improve quality at Praktiska have had an effect. Our belief is that we have come a long way in this work and all the School Inspectorate's cases are now closed. In the third quarter last year, SEK 7 million in retroactive compensation from the City of Gothenburg for 2018 was received. Retroactive

compensation attributable to the current fiscal year is not classified as an item affecting comparability.

Operating profit (EBIT) declined by SEK 13 million to SEK 109 million (122), representing an operating margin of 10.2 percent (12.1). Items affecting comparability in the quarter amounted to SEK 11 million (20) and was attributable to retroactive revenue relating to prior financial years.

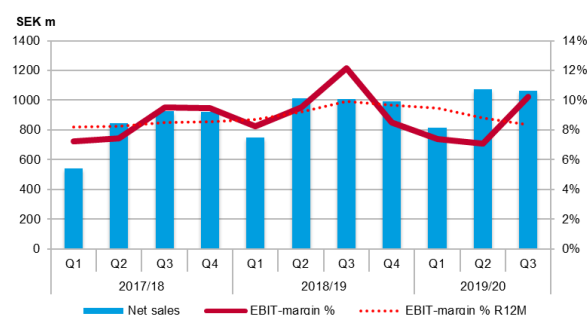
First nine months results

The number of students increased by 5.1 percent to 36,570 (34,806) and net sales increased by 6.6 percent to SEK 2,950 million (2,767). The growth was due new establishments and higher revenue per student. Operating profit (EBIT) declined and amounted to SEK 245 million (280), the operating margin was 8.3 percent (10.1). Adjusted operating profit was SEK 234 million (254).

The segment's continued efforts to safeguard quality in the Praktiska schools, digitalisation, and opening of new units impacted results. The period was also affected by marketing activities that took place in the fourth quarter of last year. We still expect the full year's result to be in line with last year.

Operational changes

Five new schools are being marketed to start in the autumn of 2020. We are seeing a great deal of interest from students and we are very much looking forward to welcoming these new schools.



Upper Secondary Schools (Sweden)	Third quarter			Nine months			Full year
	2019/20	2018/19	Change	2019/20	2018/19	Change	2018/19
Net sales, SEK m	1,064	1,006	5.8%	2,950	2,767	6.6%	3,757
EBITDA, SEK m	153	160	-4.4%	367	385	-4.7%	506
EBITDA margin	14.4%	15.9%	-1.5 p.p.	12.4%	13.9%	-1.5 p.p.	13.5%
Depreciation/amortization	-43	-38	-13.2%	-119	-103	-15.5%	-138
Acquisition related depreciations	-1	-1	-	-3	-3	-	-4
Operating profit (EBIT), SEK m	109	122	-10.7%	245	280	-12.5%	364
EBIT margin, %	10.2%	12.1%	-1.9 p.p.	8.3%	10.1%	-1.8 p.p.	9.7%
Items affecting comparability, SEK m	11	20	n.a.	11	26	n.a.	20
Adjusted operating profit (EBIT), SEK m	98	102	-3.9%	234	254	-7.9%	344
Adjusted EBIT margin, %	9.2%	10.1%	-0.9 p.p.	7.9%	9.2%	-1.3 p.p.	9.2%
Number of children and students	36,291	34,481	5.2%	36,570	34,806	5.1%	34,653
Number of units	143	143	-	143	143	-	143

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level for the AcadeMedia Group, see note 1 and 2



Adult Education (Sweden)

- Sales increased 4.6 percent to SEK 410 million (392).
- Operating profit (EBIT) was SEK 43 million (19).

AcadeMedia's Adult Education Segment is Sweden's largest provider of adult education with a presence in about 150 locations in the country. The segment works in three main customer groups: Municipal Higher Education, Higher Vocational Education and Labour Market Services.

Impact following the Covid-19 outbreak

AcadeMedia has followed authority directives and recommendations, and as a result more than 20,000 adult education participants transitioned to distance learning on 18 March 2020. The segment's long experience of distance education and proprietary digital learning platforms and tools enabled the swift transition. Moreover, a close dialogue with our clients to guarantee continuity in our education is maintained. The impact on the day-to-day operation has been substantial, but the financial effects are limited.

Outcome for the third quarter

Net sales for the quarter increased by 4.6 percent and amounted to SEK 410 million (392). Operating profit (EBIT) increased and amounted to SEK 43 million (19), representing an operating margin of 10.5 percent (4.8).

The improvement in the quarter was due to all business areas, the Higher Vocational Education, Municipal Adult Education business areas as well as to the Labour Market Services which generated a small but positive result. The third quarter is a seasonally strong quarter with many days of education and both Higher Vocational Education and Municipal Adult Education had continued high demand. Quality-enhancing efforts in our Higher Vocational Education operation has resulted in fewer dropouts and improved profitability.

The Swedish Public Employment Service has made it possible to terminate the volume-sensitive contract for vocational and preparatory modules in connection with the option for renewal on 31 October 2020.

First nine months results

Net sales for the first nine months increased by 5.1 percent and amounted to SEK 1,152 million (1,096).

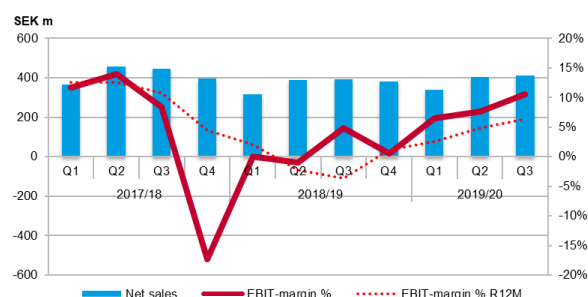
Adjusted operating profit (adj. EBIT) was SEK 96 million (30), the margin amounted to 8.3 percent (2.7). Operating profit (EBIT) increased to SEK 96 million (15), the profit margin amounted to 8.3 percent (1.4). The higher sales and profitability were related to the shift in segment composition where the more profitable parts now account for a larger proportion.

Operational changes

In the Municipal Adult Education business, procurement processes are ongoing with the City of Stockholm and The City of Gothenburg. Both procurements are partially appealed. To ensure continued adult education during the appeal period, temporary agreements will be signed. Ordinary agreements are signed for the contract areas not appealed. AcadeMedia's allocation is to a large extent appealed, but the ordinary and temporary agreements signed provide stability to the existing operation until 31 December 2020. Preliminary allocation indicates that turnover and market leading position is maintained in Stockholm and in Gothenburg turnover is reduced but margin is maintained.

Market development

Unemployment in Sweden is rising. People working in sectors that have been hit hard by the Covid-19 crisis will need to retrain to avoid long term unemployment. The government has announced major measures and increased funding for adult education. AcadeMedia has a broad contract portfolio and long experience providing distance education, which means that we are well equipped to meet increased market demand.



Adult Education (Sweden)	Third quarter			Nine months			Full year
	2019/20	2018/19	Change	2019/20	2018/19	Change	2018/19
Net sales, SEK m	410	392	4.6%	1,152	1,096	5.1%	1,478
EBITDA, SEK m	47	22	113.6%	107	26	311.5%	32
EBITDA margin	11.5%	5.6%	5.9 p.p.	9.3%	2.4%	6.9 p.p.	2.2%
Depreciation/amortization	-2	-2	-	-7	-7	-	-10
Acquisition related depreciations	-1	-1	-	-4	-4	-	-5
Operating profit (EBIT), SEK m	43	19	126.3%	96	15	540.0%	17
EBIT margin, %	10.5%	4.8%	5.7 p.p.	8.3%	1.4%	6.9 p.p.	1.2%
Items affecting comparability, SEK m	-	-	n.a.	-	-15	n.a.	-15
Adjusted operating profit (EBIT), SEK m	43	19	126.3%	96	30	220.0%	32
Adjusted EBIT margin, %	10.5%	4.8%	5.7 p.p.	8.3%	2.7%	5.6 p.p.	2.2%

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level for the AcadeMedia Group, see note 1 and 2



Quality

AcadeMedia's vision is to lead the development of education for the future. One of our goals in achieving this is to be a leader in learning, where the main indicator is '100% – everyone should achieve their educational objectives'. We can only accomplish this by providing the highest quality education in the areas in which the Group operates. To attain our goal, AcadeMedia maintains strong focus on systematic quality enhancing work. We have a group-wide quality management model and our size enables us to pursue development initiatives and find ways for the structured exchange of experiences on a large scale. We are constantly developing as a learning organisation.

"By offering a superior learning environment, AcadeMedia helps people and communities develop and grow. All students have the same right to a quality education, regardless of place of residence or background. A good atmosphere for learning is also about determining the needs of and opportunities for each individual student. We will also be a learning organisation, where both employees and leaders can develop professionally." AcadeMedia sustainability report 2018/19.

Survey results from guardians and students

During the third quarter, survey results from guardians and students were compiled.

In Sweden, the results come from AcadeMedia's annual survey, which targets all preschools, compulsory schools, and upper secondary schools in the Group and aims to emulate the satisfaction, teaching and learning environment in our schools. The survey also evaluates the extent to which students, guardians and adult education participants are prepared to recommend their school or place of learning to others. Overall, results improved compared to last year. A more detailed presentation of the outcome per school form is presented below. The percentages reflect the share of respondents that have selected one of the more positive response ranges (7-10).

In Norway, The Norwegian Directorate for Education and Training (Utdanningsdirektoratet³) has presented the annual national Norwegian customer survey. The survey targets all guardians with children at Norwegian preschools, public as well as private. No quality assessments were conducted with respect to the German preschools during the third quarter.

Preschool

The survey results show that customer satisfaction in our Swedish preschools has improved compared to last year. 86 (83) percent of parents would recommend their child's preschool and 92 (91) percent replied that their child is happy at the preschool. In response to the question "I am satisfied with the operations at my child's preschool" 84 (84) percent of parents selected one of the highest response options.

The results from the annual national Norwegian customer survey, performed by The Norwegian Directorate for Education and Training, show that parents of children at AcadeMedia's preschools in Norway are equally satisfied with the operation as the national average (4.5 percent on a 5-point scale). This result is in line with the past two years and continues to be above the municipal preschool's average (4.4) and slightly below the results of private preschools (4.6). Similarly to last year's survey, AcadeMedia's Norwegian preschools received the highest scores on the questions relating to child satisfaction and development (4.8 and 4.6 respectively). The lowest results are reported in the areas of outdoor and indoor environment (4.2), child and parent participation (4.2), and information to parents (4.3).

Compulsory School

Compulsory schools saw a substantial increase in customer satisfaction. 68 (65) percent of the students would recommend their school, and the corresponding result among parents was 78 (74) percent. The degree of student satisfaction increased to 78 (76) percent, and also among parents, 83 (81) percent. The proportion of students and parents who were satisfied with the education were 72 (70) and 78 (77) percent respectively.

Upper Secondary School

This year, AcadeMedia's upper secondary school students are more satisfied with their school compared to last year, with 72 (71) percent selecting one of the highest responses available for this question. The proportion of students that would recommend their school to others increased to 69 (68) percent. Also, the degree of satisfaction among students improved compared to last year, 78 (77) percent. In response to the question "I am satisfied with the education at my school" 72 (69) percent of the students selected rated one of the highest response options. However, it should be noted that there were large variations in results selected across the upper secondary schools.

Adult Education

Compilations of the Adult Education's participant surveys with respect to the autumn term of 2019 show that participants' satisfaction remains high and increases significantly compared to the previous year to 86.4 percent (80.2). The propensity to recommend AcadeMedia to others also increases to 86.4 percent (84.3).

Results from 2019 for the various business areas within AcadeMedia's Adult Education Segment have also been compiled. Among these, it can be mentioned that the grade scores in basic adult education as measured by the

³ The Norwegian equivalent of The Swedish national agency for education



percentage of students who achieved passing grades declined to 87.3 (88.0) percent (the national average for 2018 was 89.0 percent). The percentage of students who achieved passing grades in upper secondary level adult education improved to 83.9 (83.3) percent (the national average for 2018 was 88.1 percent). The percentage of students who completed their education with a diploma in higher vocational education declined to 66 (69) percent (the national average for 2018 is expected to be in the range 72 to 73 percent according to the Swedish National Agency for Higher Vocational Education's statistical annual report for 2019).

Positive quality development within our vocational schools

AcadeMedia acquired Praktiska Gymnasiet 2017. The year after, extensive quality work began and has now yielded results. During the quarter, the principal organiser and a number of units with shortcomings previously identified by the Swedish School Inspectorate were told that they passed their audits. It is very gratifying to see the hard work of AcadeMedia employees to improve quality yield these measurable results.

Employees

Each year AcadeMedia conducts an employee satisfaction survey in order to analyse strengths and identify areas for improvement. This year's employee survey had a response rate of 80 (81) percent. The survey has shown consistent and positive results in the employee satisfaction index since 2013. Moreover, it showed that 84 percent (85) of employees were proud of their workplace, and three out of four see good opportunities for professional development. Managers at AcadeMedia continue to receive good ratings, where 83 percent (84) of employees responded that they have strong confidence in their manager. 81 percent (80) of employees responded that they would recommend their workplace to others.

In Espira, a corresponding employee satisfaction survey was conducted in January 2020. The employee satisfaction index for the year was 4.3 on a 5-point scale, a decline from 4.4 last year. 78 percent (80) of employees responded that they would recommend their workplace to others and 92 percent (93) feel valued by their manager and enjoy their work tasks. The responses from the pedagogical leaders show that 81 (85) percent would recommend their workplace to others. Both employees and pedagogical leaders are proud to work at Espira (average 6.0 and 6.2 respectively on a 7-point scale).

The German business has not yet conducted their employee satisfaction survey.

The average number of full-time employees in the quarter was 12,759 (12,605) which represents an increase of 1.2 percent. For the first nine months, the average number of full-time employees was 12,668 (12,378). The proportion of women in the Swedish operation was 67.1 percent (67.7) in the quarter. Employee turnover in Sweden, measured as the proportion of individuals who resigned, was 15.8 percent aggregated over the nine-month July-March period, compared with 17.8 percent aggregated over the corresponding period in the previous year. Absence due to illness for AcadeMedia employees in Sweden (aggregated average short-term absence <90 days) was 4.5 percent (4.7) during the first nine months. Absence due to illness for the month of March amounted to 8.8 percent, an increase of 3.3 percentage points compared to the same period last year.

Parent Company

Sales during the first nine months amounted to SEK 6 million (4). Operating profit (EBIT) amounted to SEK -12 million (-13) and profit after tax was SEK -20 million (-29). The Parent Company's assets essentially consist of participations in Group companies and Group receivables. Operations are financed by equity and debt. Equity in the Parent Company as of 31 March 2020 was SEK 2,591 million (2,707). The Parent Company's interest-bearing debt as of 31 March 2020 was SEK 1,274 million (1,400).



Owners and share capital

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since 2016. The number of shares and votes in AcadeMedia AB has increased during the second quarter through conversion of subscription warrants relating to the warrants programme for group management implemented at the Extraordinary General Meeting on 1 June 2016 (Warrant program 2016). In total, the number of shares and votes increased with 84,460 ordinary shares and as many votes.

As of 31 March 2020, share capital was SEK 105,548,345 and the number of shares amounted to a total of 105,548,345 shares distributed among 105,300,103 ordinary shares and 248,242 Class C shares. The quota value is SEK 1.00 per share. Mellby Gård AB is the largest shareholder in AcadeMedia with 21.0 percent of the capital as of 31 March 2020.

Significant events after the end of the reporting period

AcadeMedia had no significant events to report after the end of the reporting period.

Other

Risks and uncertainties

AcadeMedia categorises risks as operating, external and financial and they are described in detail in AcadeMedia AB's 2018/19 Annual Report. Operating risks are the most crucial risks for AcadeMedia and include variations in demand and number of students and participants, risk relating to the supply of qualified employees and payroll expenses, risk relating to quality deficiencies, contractual compliance within adult education, AcadeMedia's reputation and brand, permits, and liability and property risk. With declining demand in a specific unit, fixed expenses and thus rental costs are a risk

The spread of the coronavirus has had a significant impact on AcadeMedia's operations as a result of decisions made by the governments in the countries where AcadeMedia operates. However, the financial impact during the third quarter was limited. No-one can predict how widespread the infection will be or how long the pandemic will last, which makes it hard to predict the impact on our operation going forward. There is a risk that operations will remain closed for longer periods, that new opening will be delayed or that the decision to compensate AcadeMedia for loss of revenue will change.

Seasonal variations

AcadeMedia's four segments have different seasonal variations. The three school segments show a stable seasonal variation, while the Adult Education segment has a more irregular seasonal variation. The seasonal variations are described in detail in AcadeMedia AB's 2018/19 Annual Report.

The winter break, spring break and summer holiday periods have a major impact on the three school segments. Activity and revenue are lower during these periods. Leave has the greatest impact on the first quarter. Moreover, salary review for most teachers in Sweden takes place on 1 September and this also negatively impacts second quarter margins. School vouchers are adjusted at the beginning of each calendar year in Sweden, Norway and Germany, which has a positive impact on revenue while costs remain relatively unchanged. Taken together, there is a fairly stable seasonal trend with lower earnings levels during the first six months of the year, followed by much stronger figures in the third and fourth quarters.

Adult education does not have recurring seasonal patterns in the same way as the school segments. Seasonal variation is influenced primarily by the contract portfolio and public spending. The number of working days or education days in the period may have some effect.

Outlook

AcadeMedia does not publish any forecasts.



Calendar

28 August 2020	Year-end Report
23 October 2020	Interim report Q1
27 October 2020	Annual Report 2019/20
26 November 2020	Annual General Meeting 2020
3 February 2021	Interim report Q2
6 May 2021	Interim report Q3

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

Stockholm May 5, 2020

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This information is information that AcadeMedia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on 5 May 2020.



Report of Review (Translation of Swedish Original)

Review report of the Interim Financial Statements (Interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed this report for the period July 1, 2019 to March 31, 2020 for AcadeMedia AB. 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 Report 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, ISA, 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 with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, May 5, 2020

PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Eva Medbrant
Authorized Public Accountant



Consolidated statement of comprehensive income

MSEK	Not	Third quarter			Nine months			Rolling 12 months	Full year
		2019/20	2019/20 ex IFRS 16 ¹	2018/19	2019/20	2019/20 ex IFRS 16 ¹	2018/19	Apr 19 Mar 20	2018/19
Net sales	3	3,284	3,284	3,135	9,044	9,044	8,554	12,206	11,715
Cost of services sold		-259	-259	-253	-776	-776	-743	-1,030	-997
Other external expenses		-297	-648	-628	-887	-1,921	-1,855	-2,583	-2,517
Personnel expenses		-2,064	-2,064	-1,964	-5,644	-5,644	-5,330	-7,586	-7,272
Depreciation/amortisation		-85	-85	-76	-243	-243	-212	-311	-280
Acquisition-related amortisation		-4	-4	-4	-12	-12	-12	-16	-16
Amortisation of right-of-use assets		-302	-	-	-879	-	-	-	-
Items affecting comparability ²		36	36	20	36	36	15	22	1
Total operating expenses		-2,975	-3,025	-2,905	-8,405	-8,560	-8,137	-11,504	-11,080
OPERATING PROFIT/LOSS (EBIT)		309	259	231	639	484	416	703	635
Interest income and similar profit/loss items	7	4	4	2	4	4	2	5	3
Interest expense and similar profit/loss items	7	-14	-14	-16	-45	-45	-57	-60	-72
Interest expense related to right-of-use assets	7	-91	-	-	-271	-	-	-	-
Net financial items		-101	-10	-14	-312	-40	-54	-55	-69
PROFIT/LOSS BEFORE TAX		208	249	216	328	444	362	648	566
Taxes		-47	-56	-45	-75	-101	-80	-157	-136
PROFIT/LOSS FOR THE PERIOD		161	193	172	252	343	282	491	431
Other comprehensive income									
<i>Items that will not be reclassified to profit/loss</i>									
Actuarial gains and losses		-7	-7	-54	-7	-7	-142	3	-133
Deferred tax relating to actuarial gains and losses		1	1	12	1	1	31	-1	29
		-5	-5	-42	-5	-5	-111	7	-104
<i>Items that may be reclassified to profit/loss</i>									
Translation differences		-41	-41	29	-59	-59	-13	-48	-3
Other comprehensive income for the period		-46	-46	-13	-64	-64	-124	-46	-106
COMPREHENSIVE INCOME FOR THE PERIOD		115	147	159	188	279	158	445	324
Profit for the year attributable to:									
Owners of the Parent Company		161	193	172	252	343	282	491	431
Comprehensive income for the period attributable to:									
Owners of the Parent Company		115	147	159	188	279	158	445	324
Earnings per share basic (SEK)		1.53	1.83	1.63	2.40	3.25	2.69		4.09
Earnings per share basic/diluted (SEK)		1.53	1.83	1.63	2.39	3.25	2.68		4.09
Earnings per share based on number of shares outstanding (SEK)		1.53	1.83	1.63	2.39	3.25	2.68		4.09

¹ Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

² Items affecting comparability are specified on page 4 and 5. Key performance indicator definitions are on pages 30-31.



Consolidated statement of financial position in summary

SEK m.	Note	31 Mar 2020	IFRS 16 ¹	31 Mar 2020 ex IFRS 16 ²	31 Mar 2019	30 June 2019
ASSETS						
Intangible non-current assets		6,171	-	6,171	6,182	6,231
Buildings		1,066	-	1,066	1,051	1,129
Right-of-use assets		7,240	7,240	-	-	-
Other property, plant and equipment		870	-	870	836	787
Other non-current assets		49	25	24	94	71
Non-current assets		15,396	7,265	8,131	8,164	8,218
Current receivables		765	-262	1,027	997	976
Cash and cash equivalents ³		402	-	402	291	527
Current assets		1,167	-262	1,429	1,288	1,502
TOTAL ASSETS		16,563	7,003	9,560	9,451	9,720
EQUITY AND LIABILITIES						
Equity		4,650	-90	4,741	4,421	4,589
Non-current liabilities to credit institutions		1,980	-	1,980	2,146	2,131
Non-current lease liabilities, right-of-use assets		6,312	6,312	-	-	-
Provisions and other non-current liabilities		288	-	288	377	379
Non-current liabilities	6	8,580	6,312	2,268	2,523	2,509
Current interest-bearing liabilities		654	-	654	579	592
Current lease liabilities, right-of-use assets		878	878	-	-	-
Other liabilities		1,801	-96	1,897	1,929	2,030
Current liabilities	6	3,332	781	2,551	2,508	2,621
TOTAL EQUITY AND LIABILITIES		16,563	7,003	9,560	9,451	9,720

¹ Amounts relate to adjustments and reclassifications made to reverse the adjustments associated with implementation of the new accounting standard, IFRS 16. Lease to reflect an accounting practice applied in previous accounting periods (IAS 17).

² Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

³ Cash includes Cash related to payroll tax withholdings with 27 MSEK (27 MSEK 31 March 2019, 30 MSEK 30 June 2019.)

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the Parent Company

SEK m.	Jul-Mar 2019/2020	Jul-Mar 2018/2019	Jul-Jun 2018/2019
Opening balance	4,589	4,262	4,262
Profit/loss for the period	252	282	431
Other comprehensive income for the period	-64	-124	-106
Consolidated statement of comprehensive income	188	158	324
Dividend paid	-132	-	-
Other transactions with owners*	4	1	3
Closing balance	4,650	4,421	4,589

* Other transactions with owners in the current year includes new share issue connected to warrants SEK 4,1 million and share-matching program of SEK 0,2 million. Transactions with owners in the previous year include a share-matching program of SEK 0,8 million and issued convertibles of SEK 2,1 million.



Consolidated cash flow statement

Free cash flow, additional information SEK m	Third quarter		Nine months		Full year
	2019/20 ex IFRS 16 ¹	2018/19	2019/20 ex IFRS 16 ¹	2018/19	2018/19
Cash flow from operating activities before changes in working capital	250	264	579	539	785
Cash flow from changes in working capital	-112	-136	-144	-281	-101
Cash flow from operating activities	139	129	435	258	684
Investment in intangible non-current assets	-2	-6	-16	-14	-22
Investments in leased property	-15	-67	-95	-137	-174
Investments in equipment	-18	-34	-83	-113	-131
Investments in non-current financial assets	-	-	0	-	-
Divestment of non-current financial assets	3	-	3	-	-
Free cash flow before expansion investments	107	21	245	-5	356

MSEK	Third quarter			Nine months			Full year
	2019/20	2019/20 ex IFRS 16 ¹	2018/19	2019/20	2019/20 ex IFRS 16 ¹	2018/19	2018/19
Operating profit/loss (EBIT)	309	259	231	639	484	416	635
Depreciation/amortisation	391	89	80	1,134	255	224	296
Items not included in cash flow	-72	-72	5	-86	-86	2	-14
Tax paid	-26	-26	-51	-73	-73	-104	-132
Cash flow from operating activities before changes in working capital	602	250	264	1,613	579	539	785
Cash flow from changes in working capital	-22	-112	-136	-55	-144	-281	-101
Cash flow from operating activities	580	139	129	1,558	435	258	684
Acquisition of subsidiaries	-1	-1	-17	-28	-28	-17	-34
Investments in buildings	-5	-5	-46	-60	-60	-149	-197
Leasehold improvements	-15	-15	-67	-95	-95	-137	-174
Investments in equipment	-18	-18	-34	-83	-83	-113	-131
Investments in intangible non-current assets	-2	-2	-6	-16	-16	-14	-22
Investments in non-current financial assets	-	-	-	0	0	-	-
Divestment of non-current financial assets	3	3	-	3	3	-	-
Cash flow from investing activities	-38	-38	-170	-278	-278	-429	-559
Interest received (+) and paid (-) (excl IFRS 16)	-8	-8	-12	-35	-35	-44	-56
Interest paid (IFRS 16)	-91	-	-	-271	-	-	-
Dividend paid	-	-	-	-132	-132	-	-
New share issue	-	-	-	4	4	-	2
Increase (+)/decrease (-) of interest-bearing liabilities	-152	-152	-69	-107	-107	-189	-243
Repayment of lease liabilities (IFRS 16)	-351	-	-	-853	-	-	-
Cash flow from financing activities	-602	-161	-81	-1,393	-269	-233	-296
CASH FLOW FOR THE PERIOD	-60	-60	-122	-113	-113	-403	-172
Cash and cash equivalents at beginning of period	470	470	402	527	527	699	699
Exchange-rate differences in cash and cash equivalents	-8	-8	11	-12	-12	-5	-1
Cash and cash equivalents at end of period	402	402	291	402	402	291	527

¹ Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.



Parent company income statement in summary

SEK m.	Third quarter		Nine months		Full year
	2019/20	2018/19	2019/20	2018/19	2018/19
Net sales	2	2	6	4	5
Operating expenses	-6	-6	-18	-17	-24
OPERATING PROFIT/LOSS	-4	-5	-12	-13	-19
Interest income and similar profit/loss items	6	0	9	1	17
Interest expense and similar profit/ loss items	-7	-8	-22	-25	-32
Net financial items	-2	-8	-14	-24	-15
Year-end appropriations	-	-	-	-	34
PROFIT/LOSS BEFORE TAX	-6	-12	-25	-37	-0
Taxes	1	3	6	8	-
PROFIT/LOSS FOR THE PERIOD	-4	-10	-20	-29	-0

Parent company other comprehensive income

SEK m.	Third quarter		Nine months		Full year
	2019/20	2018/19	2019/20	2018/19	2018/19
Profit/loss for the period	-4	-10	-20	-29	-0
Other comprehensive income for the period	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-4	-10	-20	-29	-0

Parent company balance sheet in summary

SEM m.	31 Mar 2020	31 Mar 2019	30 Jun 2019
ASSETS			
Participations in Group companies	2,247	2,247	2,247
Non-current assets	2,247	2,247	2,247
Current receivables	3,788	4,184	3,853
Cash and cash equivalents	259	184	329
Current assets	4,047	4,367	4,182
TOTAL ASSETS	6,295	6,615	6,430
EQUITY AND LIABILITIES			
Restricted equity	106	105	105
Non-restricted equity	2,486	2,602	2,633
Equity	2,591	2,707	2,738
Non-current liabilities	1,024	1,150	943
Current liabilities	2,679	2,757	2,748
TOTAL EQUITY AND LIABILITIES	6,295	6,615	6,430



Parent Company statement of changes in equity

SEK m.	Jul-Mar 2019/2020	Jul-Mar 2018/2019	Jul-Jun 2018/2019
Opening balance	2,738	2,735	2,735
Profit/loss for the period	-20	-29	0
Other comprehensive income for the period	-	-	0
Consolidated statement of comprehensive income	-20	-29	0
Dividend	-132	-	-
Other transactions with owners*	4	1	3
Closing balance	2,591	2,707	2,738

**) Other transactions with owners in the current year includes new share issue connected to warrants SEK 4,1 million and share-matching program of SEK 0.2 million. In the previous year the amount consisted of share-matching program of SEK 0.8 million and issued convertibles of SEK 2.1 million.*



Notes and accounting policies

Significant events after the end of the reporting period are presented on page 13. Segment reporting is presented on pages 8 to 11. Disclosures about risk factors and seasonality are presented on page 13 and 14.

Note 1: Accounting policies

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies and basis of calculation applied are the same as those described in AcadeMedia's 2018/19 Annual Report, which is available at <https://corporate.academedia.se, except for how leasing agreements are accounted for>. The new accounting policies applied from 2019/20 are IFRS 16 Leases with prospective implementation, the effects of which are presented in note 2. This Interim Report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting, as well as the Annual Accounts Act where applicable. The Interim report for the Parent Company is prepared in accordance with chapter 9 Interim report in the Annual Accounts Act. The interim report includes pages 1 to 33 and pages 1 to 15 are an integrated part of this financial report.

As of 1 July 2019, AcadeMedia has implemented new segment reporting, comparative figures have been recalculated. The changes mean that all independent preschools in Sweden as well as the former segment Preschool International are combined into a new segment and at the same time AcadeMedia's compulsory schools will make up a separate segment. The Upper Secondary School Segment and Adult Education Segment are not affected.



Note 2: Transition to IFRS 16 Leasing

As of 1 July 2019, AcadeMedia applies IFRS 16 Leases with prospective implementation. IFRS 16 requires that all leasing agreement is presented in the balance sheet and that lease payments previously reported as other external expenses is replaced by cost of depreciation related to the right-of-use assets and interest expenses related to the leasing liabilities. The transition has a positive effect on operating income and EBITDA but a negative effect on net income.

In the segment reporting leasing agreements are reported in accordance with the previous accounting policies since that is how the business is monitored. As a result, the adjustment to IFRS 16 will be made in the "Group-OH and adjustments" in the segment summary.

AcadeMedia has lease obligations mainly for premises, IT equipment and vehicles, which amounted to SEK 8,975 million, based on current leases as per 1 July 2019. The majority of the leased assets and obligations relate to 800 rental contracts for properties. The rental contracts related to properties have terms of 1-30 years and cars three years. The rental contracts related to properties often have one or more extension options. Because the exercise of an option to extend requires a new decision, IFRS 16 only includes the option when a decision to continue operations is taken.

When calculating the lease liability (the present value of future lease payments), variable costs such as property tax, VAT, and other variable property costs such as maintenance, electricity, heating and water etc. insofar as these can be distinguished from the rent. The discount rate used to calculate the lease liability related to properties is based on market property yields for community service properties. In Sweden, a discount rate of between 4.1 and 5.6 percent is applied as of 1 July 2019, a rate of 5.0 percent is applied for both Norway and Germany. The discount rate used for AcadeMedia's car leases is the interest stated in each contract.

In transitioning to IFRS 16, AcadeMedia has elected to include three new balance sheet items in the balance sheet: "Right-of-use assets", "non-current and current lease liability". In the income statement, two new lines appear: "Amortisation of right-of-use assets" and "Interest expense, right-of-use asset".

Key performance indicators are also affected by the transition to IFRS 16. Important key performance indicators and key performance indicators based on rolling 12 months are presented adjusted for the effect of IFRS 16.

The IFRS 16 transition effects in the balance sheet per 1 July 2019 are described in the table below. The effects in the first quarter of 19/20 are described in the financial statements on pages 17-19.

SEK m	Before transition 1 Jul 2019	Effect IFRS 16	After transition 1 Jul 2019
ASSETS			
Intangible non-current assets	6,231	–	6,231
Buildings	1,129	–	1,129
Other property, plant and equipment	787	–	787
Right-of-use assets	–	7,026	7,026
Other non-current assets	14	–	14
Deferred tax assets	56	–	56
Total non-current assets	8,218	7,026	15,244
Current receivables	976	–	976
Cash and cash equivalents	527	–	527
Total current assets	1,502	–	1,502
TOTAL ASSETS	9,720	7,026	16,746



SEK m	Before transition 1 Jul 2019	Effect IFRS 16	After transition 1 Jul 2019
EQUITY AND LIABILITIES			
Total equity	4,589	–	4,589
Non-current liabilities to credit institutions	2,131	–	2,131
Long-term lease liability (right-of-use assets)	–	6,055	6,055
Other non-current liabilities (interest-bearing) ¹	74	–	74
Provisions and other non-current liabilities	164	–	164
Deferred tax liability	141	–	141
Total non-current liabilities	2,509	6,055	8,565
Current interest-bearing liabilities to credit institutions	505	–	505
Current lease liability (right-of-use assets)	–	971	971
Other current liabilities interest-bearing ¹	86	–	86
Accounts payable and other current non-interest-bearing liabilities	719	–	719
Other accrued expenses and deferred income	1,310	–	1,310
Total current liabilities	2,621	971	3,592
Total liabilities	5,131	7,026	12,156
TOTAL EQUITY AND LIABILITIES	9,720	7,026	16,746

¹ Including existing financial leases

Note 3: Revenue

SEK m.	Third quarter		Nine months		Full year
	2019/20	2018/19	2019/20	2018/19	2018/19
Education-related income	3,194	3,053	8,784	8,313	11,397
State subsidies	42	40	135	115	154
Other income	48	43	124	125	165
Total income	3,284	3,135	9,044	8,554	11,715

Income related to education consists of school vouchers and participant fees. Tuition fees are recognised as revenue and allocated in line with the degree of completion over the period during which the instruction is provided, including time for planning and grading of student learning. Revenue for preschool operations is recognised based on the same fundamental principle. Revenue for services sold is recognised upon delivery to students. Revenue in the adult education operation is based on the same fundamental principles, but also takes into account the empirical estimate of the number of participants not completing the programme started, as well as estimates of compensation received based on the number of participants completing the programme.

State subsidies include State subsidies for the primary school initiative, smaller classes, skills development and before and after school care initiatives. State subsidies are recognised at fair value in the case that there is reasonable certainty that they will be received and that AcadeMedia will meet the conditions attached to the grant. Subsidies received to cover costs are recognised as an expense reduction for the relevant expense item, for example teacher salary premiums, head teacher premiums and other salary subsidies.

Other income refers to income not directly related to education.

Note 4: Related-party transactions

Related party transactions are described in detail in the 2018/19 Annual Report. During the first nine months of the financial year no related-party transactions occurred except remuneration to board members.



Not 5: Acquisitions

Acquiring company	Acquired company	Acquisition date	Segment
ACM 2001 AB	TO i Sverige AB	01 Jul 19	Other/Group
Pyslingen Förskolor och Skolor AB	Förskolan Moroten AB	01 Oct 19	Preschool
Pyslingen Förskolor och Skolor AB	Pålsjö Skogs Förskola AB	01 Oct 19	Preschool
ACM 2001 AB	Pops Academy AB	01 Dec19	Compulsory school
Espira Barnehager AS	Espira Tastarustå AS	01 Dec 19	Preschool

The purchase price allocations are preliminary one year from the acquisition date.

The acquisitions above represent a combined value of less than 5 percent of the Group and are therefore not specified separately in the tables. Voting rights in all acquisitions amount to 100 percent.

In all the acquisitions, the purchase consideration was in the form of cash.

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 (SEK m)	Total
Purchase consideration including transaction expenses and interest compensation	46
Purchase consideration excluding transaction expenses and including interest	45
Fair value of acquired net assets excluding goodwill	-11
Total goodwill	34

Fair values acquired (SEK m)	Total
Intangible non-current assets	1
Property, plant and equipment	33
Right-of-use assets	32
Financial non-current assets	3
Current assets	5
Cash and cash equivalents	14
Interest bearing liabilities	-30
Interest bearing liabilities - IFRS 16	-32
Non-interest bearing liabilities	-13
Current tax liability	-2
Deferred tax liability	0
Net assets acquired	11

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

Impact of the acquisitions on the Group's cash and cash equivalents (SEK m)	Total
Purchase consideration excluding transaction expenses and including interest	45
Less purchase consideration that has not been settled in cash as of December 31, 2019	-3
Cash and cash equivalents at time of acquisition	-14
Impact on the Group's cash and cash equivalents	28

Contribution of acquisitions to consolidated profit (SEK m)	Total
Net sales	26
Operating profit (EBIT)	3

If the units had been included in consolidated profit from July 1, 2019 the contribution would have been (SEK m)	Total
Net sales	47
Operating profit (EBIT)	3

During the first quarter of 2019/2020 AcadeMedia divested nine preschool units.



Note 6: Specification of liabilities

SEK m.	31 Mar 2020	IFRS 16 ¹	31 Mar 2020 ex. IFRS 16 ²	31 Mar 2019	30 June 2019
Non-current liabilities					
Non-current liabilities to credit institutions, excl. real estate loans	1,376	-	1,376	1,552	1,486
Non-current interest-bearing liabilities - properties	604	-	604	594	644
Non-current lease liabilities, right-of-use assets	6,312	6,312	-	-	-
Other non-current liabilities (interest-bearing)	89	-	89	75	74
Provisions and other non-current liabilities	199	-	199	302	305
TOTAL Non-current liabilities	8,580	6,312	2,268	2,523	2,509
Current liabilities					
Liabilities to credit institutions and other current interest-bearing liabilities	561	-	561	511	503
Current interest-bearing liabilities - properties	93	-	93	68	89
Current lease liabilities, right-of-use assets	878	878	-	-	-
Accounts payable and other current non-interest-bearing liabilities	427	-96	523	633	719
Accrued expenses and deferred income	1,374	-	1,374	1,296	1,310
TOTAL Current liabilities	3,332	781	2,551	2,508	2,621

¹ Amounts relate to adjustments and reclassifications made to reverse the adjustments associated with implementation of the new accounting standard, IFRS 16 Leases to reflect an accounting practice applied in previous accounting periods (IAS 17).

² Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

Note 7: Specification of financial income and expenses

SEK m.	Third quarter		Nine months		Full year
	2019/20	2018/19	2019/20	2018/19	2018/19
Interest income and similar profit/loss items					
Interest income	-0	0	0	1	1
Foreign exchange gains	-	2	-	2	2
Other	4	-	4	-	-
Interest income and similar profit/loss items	4	2	4	2	3
Interest expense and similar profit/ loss items					
Interest expense excl right-of-use assets	-10	-13	-33	-39	-51
Borrowing costs*	-2	-2	-5	-5	-7
Exchange rate losses	-2	-	-3	-3	-3
Other	-1	-1	-4	-9	-11
Interest expense and similar profit/ loss items	-14	-16	-45	-57	-72
Interest expense relating to right-of-use assets	-91	-	-271	-	-

* Setup charges for new loans are expensed over the term of the loan.

Note 8: 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 deferred consideration. Since loans to 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. 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 m., unless otherwise stated	Third quarter			Nine months			Full year		
	19/20	19/20 ex. IFRS 16 ¹	18/19	19/20	19/20 ex. IFRS16 ¹	18/19	18/19	17/18	16/17
Profit/loss items, SEK m.									
Net sales	3,284	3,284	3,135	9,044	9,044	8,554	11,715	10,810	9,520
Items affecting comparability	36	36	20	36	36	15	1	-48	-23
EBITDA	700	349	310	1,773	739	641	931	872	827
Depreciation/amortisation	-85	-85	-76	-243	-243	-212	-280	-244	-208
Acquisition-related depreciation/amortisation	-4	-4	-4	-12	-12	-12	-16	-6	-4
Amortisation of right-of-use assets	-302	-	-	-879	-	-	-	-	-
Operating profit/loss (EBIT)	309	259	231	639	484	416	635	622	615
Net financial items	-101	-10	-14	-312	-40	-54	-69	-68	-80
Profit/loss for the period, before tax	208	249	216	328	444	362	566	555	535
Profit/loss for the period after tax	161	193	172	252	343	282	431	430	416
Balance sheet items, SEK m.									
Non-current assets	15,396	8,131	8,164	15,396	8,131	8,164	8,218	7,823	6,574
Current receivables	765	1,027	997	765	1,027	997	976	860	695
Cash and cash equivalents	402	402	291	402	402	291	527	699	579
Non-current interest-bearing liabilities	2,069	2,069	2,221	2,069	2,069	2,221	2,205	2,209	2,200
Non-current lease liabilities, right-of-use assets	6,312	-	-	6,312	-	-	-	-	-
Non-current non-interest-bearing liabilities	199	199	302	199	199	302	305	135	114
Current interest-bearing liabilities	654	654	579	654	654	579	592	673	516
Current lease liabilities, right-of-use assets	878	-	-	878	-	-	-	-	-
Current non-interest-bearing liabilities	1,801	1,897	1,929	1,801	1,897	1,929	2,030	2,103	1,577
Equity	4,650	4,741	4,421	4,650	4,741	4,421	4,589	4,262	3,443
Total assets	16,563	9,560	9,451	16,563	9,560	9,451	9,720	9,383	7,849
Capital employed	7,463	7,463	7,221	7,463	7,463	7,221	7,386	7,144	6,158
Net debt	2,320	2,320	2,505	2,320	2,320	2,505	2,266	2,179	2,133
Property-adjusted net debt	1,623	1,623	1,844	1,623	1,623	1,844	1,533	1,528	1,550
KPIs									
Net sales, SEK m	3,284	3,284	3,135	9,044	9,044	8,554	11,715	10,810	9,520
Organic growth incl. smaller bolt-on acquisition, %	5.3%	5.3%	4.5%	6.0%	6.0%	4.0%	4.4%	5.8%	9.0%
Acquired growth, larger bolt-on acquisition, %	-	-	0.5%	-	-	4.5%	3.2%	7.9%	0.8%
Change in exchange rates, %	-0.6%	-0.6%	0.7%	-0.2%	-0.2%	0.9%	0.8%	-0.1%	0.8%
Operating margin (EBIT), %	9.4%	7.9%	7.4%	7.1%	5.4%	4.9%	5.4%	5.8%	6.5%
Adjusted EBIT, SEK m	224	224	210	449	449	402	634	670	638
Adjusted EBIT margin, %	6.8%	6.8%	6.7%	5.0%	5.0%	4.7%	5.4%	6.2%	6.7%
Adjusted EBITDA, SEK m	313	313	290	704	704	626	930	920	850
Adjusted EBITDA margin, %	9.5%	10.6%	9.3%	7.8%	8.2%	7.3%	7.9%	8.5%	8.9%
Net margin, %	4.9%	5.9%	5.5%	2.8%	3.8%	3.3%	3.7%	4.0%	4.4%
Return on capital employed, % (12 months)	9.3%	9.3%	8.5%	9.3%	9.3%	8.5%	8.7%	10.1%	10.9%
Return on equity, % (12 months)	10.6%	10.6%	9.1%	10.6%	10.6%	9.1%	9.7%	11.2%	12.9%
Equity/assets ratio, %	49.6%	49.6%	46.8%	49.6%	49.6%	46.8%	47.2%	45.4%	43.9%
Interest coverage ratio, multiple	15.3	15.3	10.8	15.3	15.3	10.8	12.5	10.9	9.4
Net debt/Adjusted EBITDA (12 months)	2.3	2.3	2.8	2.3	2.3	2.8	2.4	2.4	2.5
Adjusted Net Debt/Adjusted EBITDA (12 months)	1.6	1.6	2.1	1.6	1.6	2.1	1.6	1.7	1.8
Free cash flow	548	107	21	1,369	245	-5	356	688	658
Cash flow from investing activities	-38	-38	-170	-278	-278	-429	-559	-970	-374
Number of full-time employees	12,759	12,759	12,605	12,668	12,668	12,378	12,405	11,863	10,564

¹ Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases. Key performance indicator definitions are on pages 32 to 33.



Quarterly data, Group

SEK m., unless otherwise stated	2019/20			2018/19				2017/18			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	3,284	3,258	2,502	3,162	3,135	3,076	2,343	2,993	2,967	2,813	2,037
EBITDA	700	565	508	290	310	205	126	233	275	232	132
Depreciation/amortisation	-85	-84	-74	-68	-76	-73	-64	-65	-65	-64	-50
Acquisition-related depreciation/amortisation	-4	-4	-4	-4	-4	-4	-4	-2	-2	-1	-1
Amortisation of right-of-use assets	-302	-276	-301	-	-	-	-	-	-	-	-
Items affecting comparability	36	-	-	-14	20	-11	5	-40	-5	-1	-2
Operating profit/loss (EBIT)	309	201	129	218	231	128	58	167	209	166	80
Net financial items	-101	-103	-108	-14	-14	-23	-17	-19	-15	-17	-16
Profit/loss after financial items	208	98	22	204	216	105	41	148	194	149	64
Taxes	-47	-23	-5	-56	-45	-25	-10	-37	-42	-33	-13
Profit/loss for the period	161	75	16	148	172	79	31	111	152	116	51
Number of children/students, schools	82,940	82,325	81,468	79,994	79,873	79,335	78,770	76,233	76,188	72,945	68,098
Number of full-time employees	12,759	12,723	12,521	12,487	12,605	12,473	12,055	12,462	12,320	11,789	10,882
Number of education units	512	511	505	511	507	505	505	501	500	489	446
KPIs											
Operating margin (EBIT), %	9.4%	6.2%	5.2%	6.9%	7.4%	4.2%	2.5%	5.6%	7.0%	5.9%	3.9%
Adjusted EBIT	224	150	75	232	210	139	52	207	214	167	82
Adjusted EBIT, %	6.8%	4.6%	3.0%	7.3%	6.7%	4.5%	2.2%	6.9%	7.2%	5.9%	4.0%
Adjusted EBITDA	313	237	153	304	290	216	120	274	281	233	133
Adjusted EBITDA, %	9.5%	7.3%	6.1%	9.6%	9.3%	7.0%	5.1%	9.2%	9.5%	8.3%	6.5%
Net margin, %	4.9%	2.3%	0.6%	4.7%	5.5%	2.6%	1.3%	3.7%	5.1%	4.1%	2.5%
Return on equity, % (12 months)	10.6%	10.5%	10.0%	9.7%	9.1%	9.0%	10.6%	11.2%	12.7%	12.7%	13.1%
Return on capital employed, % (12 months)	9.3%	9.1%	8.8%	8.7%	8.5%	8.8%	9.5%	10.1%	10.6%	10.6%	11.0%
Equity/assets ratio, %	49.6%	47.0%	46.9%	47.2%	46.8%	45.6%	44.3%	45.4%	45.9%	45.0%	42.6%
Net debt/Adjusted EBITDA (12m) ¹	2.3	2.5	2.6	2.4	2.8	2.7	2.9	2.4	2.6	2.6	2.4
Interest coverage ratio, multiple ¹	15.3	13.9	13.3	12.5	10.8	10.3	10.6	10.9	11.9	11.6	10.1
Other											
Free cash flow	107	260	-122	362	21	270	-296	288	118	181	101
Cash flow from operating activities	139	325	-29	425	129	348	-219	376	153	257	142
Cash flow from investing activities	-38	-112	-128	-130	-170	-103	-156	-115	-124	-668	-63

¹ Net debt/EBITDA and interest coverage ratio are important key performance indicators in AcadeMedia's business which from 1 July 2019 are calculated adjusted for the effect of IFRS 16 Leases to reflect a comparable measure to key performance indicators from previous periods.



Quarterly data, segment

SEK m., unless otherwise stated	2019/20				2018/19				2017/18			
Preschool (Sweden, Norway, Germany)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Number of children (average)	21,310	20,686	20,015	21,319	20,975	20,267	19,741	20,531	20,087	18,876	18,389	
Net sales	1,007	981	755	1,009	974	924	712	947	888	815	612	
Sweden	332	329	242	356	348	336	251	354	343	327	240	
Norway	533	514	389	544	519	490	369	512	482	434	323	
Germany	142	137	123	108	107	99	91	82	63	54	48	
EBITDA	142	49	19	106	92	44	20	134	89	41	13	
EBITDA margin, %	14.1%	5.0%	2.5%	10.5%	9.4%	4.8%	2.8%	14.1%	10.0%	5.0%	2.1%	
Depreciation/amortisation	-20	-20	-20	-12	-19	-18	-18	-18	-16	-15	-14	
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	
Operating profit/loss (EBIT)	121	27	-2	92	72	24	0	115	72	25	-2	
EBIT margin, %	12.0%	2.8%	-0.3%	9.1%	7.4%	2.6%	0.0%	12.1%	8.1%	3.1%	-0.3%	
Items affecting comparability	53	-	-	-	-	-	-	37	-	-	-	
Adjusted operating profit/loss (EBIT)	68	27	-2	92	72	24	0	78	72	25	-2	
Adjusted EBIT margin, %	6.8%	2.8%	-0.3%	9.1%	7.4%	2.6%	0.0%	8.2%	8.1%	3.1%	-0.3%	
Number of education units	260	259	253	257	254	252	252	249	248	236	230	

SEK m., unless otherwise stated	2019/20				2018/19				2017/18			
Compulsory School (Sweden)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Number of students (average)	25,339	24,983	24,689	24,482	24,417	24,195	23,964	23,678	23,645	23,141	22,791	
Net sales	801	801	594	780	760	752	565	728	706	694	520	
EBITDA	58	60	33	79	51	50	23	71	46	41	21	
EBITDA margin, %	7.2%	7.5%	5.6%	10.1%	6.7%	6.6%	4.1%	9.8%	6.5%	5.9%	4.0%	
Depreciation/amortisation	-17	-17	-15	-15	-16	-15	-13	-13	-13	-13	-11	
Acquisition-related depreciation/amortisation	-0	-0	-	-	-	-	-	-	-	-	-	
Operating profit/loss (EBIT)	40	43	17	63	35	34	9	58	33	28	11	
EBIT margin, %	5.0%	5.4%	2.9%	8.1%	4.6%	4.5%	1.6%	8.0%	4.7%	4.0%	2.1%	
Items affecting comparability	-	-	-	-8	-	4	-	-	-	-	-	
Adjusted operating profit/loss (EBIT)	40	43	17	71	35	30	9	58	33	28	11	
Adjusted EBIT margin, %	5.0%	5.4%	2.9%	9.1%	4.6%	4.0%	1.6%	8.0%	4.7%	4.0%	2.1%	
Number of education units	109	109	109	110	110	110	110	111	111	111	110	

SEK m., unless otherwise stated	2019/20				2018/19				2017/18			
Upper Secondary School (Sweden)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Number of students (average)	36,291	36,656	36,764	34,194	34,481	34,873	35,065	32,024	32,456	30,928	26,918	
Net sales	1,064	1,072	814	990	1,006	1,011	750	920	926	845	539	
EBITDA	153	119	95	121	160	133	92	118	121	97	62	
EBITDA margin, %	14.4%	11.1%	11.7%	12.2%	15.9%	13.2%	12.3%	12.8%	13.1%	11.5%	11.5%	
Depreciation/amortisation	-43	-42	-34	-36	-38	-36	-29	-31	-32	-33	-23	
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-1	-1	-1	-0	-0	-	
Operating profit/loss (EBIT)	109	76	60	84	122	96	62	87	88	63	39	
EBIT margin, %	10.2%	7.1%	7.4%	8.5%	12.1%	9.5%	8.3%	9.5%	9.5%	7.5%	7.2%	
Items affecting comparability	11	-0	-	-6	20	-	5	-13	-1	-1	0	
Adjusted operating profit/loss (EBIT)	98	76	60	90	102	96	56	100	89	64	39	
Adjusted EBIT margin, %	9.2%	7.1%	7.4%	9.1%	10.1%	9.5%	7.5%	10.9%	9.6%	7.6%	7.2%	
Number of education units	143	143	143	144	143	143	143	141	141	142	106	



SEK m., unless otherwise stated	2019/20				2018/19				2017/18			
Adult Education (Sweden)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Net sales	410	403	339	382	392	388	315	397	444	459	366	
EBITDA	47	34	26	6	22	-1	4	-66	39	66	45	
EBITDA margin, %	11.5%	8.4%	7.7%	1.6%	5.6%	-0.3%	1.3%	-16.6%	8.8%	14.4%	12.3%	
Depreciation/amortisation	-2	-2	-3	-3	-2	-2	-2	-2	-2	-2	-2	
Acquisition-related depreciation/amortisation	-1	-1	-1	-1	-1	-1	-1	-	-	-	-	
Operating profit/loss (EBIT)	43	31	22	2	19	-4	0	-69	37	64	43	
EBIT margin, %	10.5%	7.7%	6.5%	0.5%	4.8%	-1.0%	0.0%	-17.4%	8.3%	13.9%	11.7%	
Items affecting comparability	-	-	-	-	-	-15	-	-61	-	-	-	
Adjusted operating profit/loss (EBIT)	43	31	22	2	19	11	0	-7	37	64	43	
Adjusted EBIT margin, %	10.5%	7.7%	6.5%	0.5%	4.8%	2.8%	0.0%	-1.8%	8.3%	13.9%	11.7%	

SEK m., unless otherwise stated	2019/20				2018/19				2017/18			
Group-OH and adjustments	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Net sales	3	0	0	0	4	0	0	1	3	0	0	
EBITDA	300	302	335	-22	-15	-21	-13	-23	-20	-13	-9	
Depreciation/amortisation	-3	-2	-2	-2	-1	-1	-1	-1	-1	-1	-1	
Acquisition-related depreciation/amortisation	-	-	-	-	-	-	-	-	-	-	-	
Amortisation of right-of-use assets	-302	-276	-301	-	-	-	-	-	-	-	-	
Operating profit/loss (EBIT)	-4	23	32	-24	-16	-22	-14	-24	-21	-14	-10	
Items affecting comparability	-28	-	-	-	-	-0	-	-3	-4	0	-2	
Adjusted operating profit/loss (EBIT)	-26	-27	-22	-24	-16	-22	-14	-22	-17	-14	-9	

SEK m., unless otherwise stated	2019/20				2018/19				2017/18			
GROUP	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Number of children (average)	82,940	82,325	81,468	79,994	79,873	79,335	78,770	76,233	76,188	72,945	68,098	
Net sales	3,284	3,258	2,502	3,162	3,135	3,076	2,343	2,993	2,967	2,813	2,037	
EBITDA	700	565	508	290	310	205	126	233	275	232	132	
EBITDA margin, %	21.3%	17.3%	20.3%	9.2%	9.9%	6.7%	5.4%	7.8%	9.3%	8.2%	6.5%	
Depreciation/amortisation	-85	-84	-74	-68	-76	-73	-64	-65	-65	-64	-50	
Acquisition-related depreciation/amortisation	-4	-4	-4	-4	-4	-4	-4	-2	-2	-1	-1	
Amortisation of right-of-use assets	-302	-276	-301	-	-	-	-	-	-	-	-	
Operating profit/loss (EBIT)	309	201	129	218	231	128	58	167	209	166	80	
EBIT margin, %	9.4%	6.2%	5.2%	6.9%	7.4%	4.2%	2.5%	5.6%	7.0%	5.9%	3.9%	
Items affecting comparability	36	-	-	-14	20	-11	5	-40	-5	-1	-2	
Effect of IFRS 16 on operating profit	50	51	54	-	-	-	-	-	-	-	-	
Adjusted operating profit/loss (EBIT)	224	150	75	232	210	139	52	207	214	167	82	
Adjusted EBIT margin, %	6.8%	4.6%	3.0%	7.3%	6.7%	4.5%	2.2%	6.9%	7.2%	5.9%	4.0%	
Net financial items	-101	-103	-108	-14	-14	-23	-17	-19	-15	-17	-16	
Profit/loss after financial items	208	98	22	204	216	105	41	148	194	149	64	
Taxes	-47	-23	-5	-56	-45	-25	-10	-37	-42	-33	-13	
Profit/loss for the period	161	75	16	148	172	79	31	111	152	116	51	
Number of full-time employees (period)	12,759	12,723	12,521	12,487	12,605	12,473	12,055	12,462	12,320	11,789	10,882	
Number of units*	512	511	504	511	507	505	505	501	500	489	446	



Reconciliation of alternative key performance indicators

The table below presents the data from which the alternative performance indicators used in the report are calculated. See definitions for more information.

SEK m., unless otherwise stated	Q3		Full year			
	2019/20	2018/19	2018/19	2017/18	2016/17	2015/16
Net debt						
Non-current interest-bearing liabilities	8,381	2,221	2,205	2,209	2,200	2,116
+ Current interest-bearing liabilities	1,531	579	592	673	516	568
- Interest-bearing receivables ³	-	4	4	4	4	11
- Cash and cash equivalents	402	291	527	699	579	331
- IFRS 16 Non-current and current lease liabilities ¹	7,190	-	-	-	-	-
= Net debt excluding IFRS 16²	2,320	2,505	2,266	2,179	2,133	2,342

Property-adjusted net debt						
Net debt (as described above)	2,320	2,505	2,266	2,179	2,133	2,342
- non-current property loans	604	594	644	603	467	278
- current property loans	93	68	89	48	116	197
= Property-adjusted net debt excluding IFRS 16²	1,623	1,844	1,533	1,528	1,550	1,865

Return on capital employed %, 12 months						
Adjusted EBIT (12 months)	681	609	634	670	638	567
+ Interest income (12 months)	1	1	1	2	7	6
divided by	,	,	,	,	,	,
Average equity (12 months)	4,536	4,313	4,426	3,853	3,216	2,647
+ average non-current interest-bearing liabilities	5,301	2,251	2,207	2,204	2,158	2,363
+ average current interest-bearing liabilities	1,055	609	632	594	542	641
IFRS 16 average equity ¹	-45	-	-	-	-	-
- IFRS 16 average non-current and current lease liabilities ¹	3,595	-	-	-	-	-
Return on capital employed excluding IFRS 16², %	9.3%	8.5%	8.7%	10.1%	10.9%	10.1%

Return on equity %, 12 months						
Profit/loss after tax (12 months)	400	393	431	430	416	319
- IFRS 16 profit/loss after tax (12 months)	-90	-	-	-	-	-
divided by	,	,	,	,	,	,
Average equity (12 months)	4,536	4,313	4,426	3,853	3,216	2,647
IFRS 16 average equity ¹	-90	-	-	-	-	-
= Return on equity excluding IFRS 16², %	10.6%	9.1%	9.7%	11.2%	12.9%	12.1%

SEK m., unless otherwise stated	2019/20				2018/19				2017/18			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Interest coverage ratio, multiple												
Adjusted EBIT (12 months)	681	667	656	634	609	613	641	670	693	676	650	
+ Interest income (12 months)	1	1	1	1	1	2	2	2	1	1	6	
+ Other financial income (12 months)	4	2	2	2	2	4	4	4	3	0	0	
divided by												
Interest expense (12 months) excl IFRS 16	-45	-48	-50	-51	-57	-60	-61	-62	-59	-58	-65	
= Interest coverage ratio, multiple (excl IFRS 16)	15.3	13.9	13.3	12.5	10.8	10.3	10.6	10.9	11.9	11.6	10.1	

¹ Amounts relate to adjustments and reclassifications made to reverse the adjustments associated with implementation of the new accounting standard, IFRS 16, in order to reflect an accounting practice applied in previous accounting periods (IAS 17).

² Relates to financial statements with application of accounting policies for financial years earlier than 1 July 2019. This entails accounting with application of leases under IAS 17, i.e. effects from leases of real estate are recognised as rent and not as finance leases.

³ Included in the line item Other non-current assets in the consolidated balance sheet



Definitions of key performance indicators

Implementation of IFRS16 has a major impact on AcadeMedia in that all leases must be capitalised as lease assets and liabilities, respectively. Several important key performance indicators have the same definition as previously and are not affected by IFRS 16. AcadeMedia uses prospective application, which means that the previous year's accounts have not been restated. This means that certain key performance indicators such as return on equity and capital employed can only be calculated excluding IFRS 16.

KPIs	Definition	Purpose ⁴
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.	The 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.	The 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 full-time employees during the period, full-time equivalent (FTE).	The number of employees is the main cost driver for the Company
Return on equity excl IFRS16	Profit/loss for the most recent 12-month period excluding IFRS16, divided by average equity excl IFRS16 (opening balance + closing balance)/2. This key performance indicator is not affected by IFRS16.	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 excl IFRS16	Adjusted operating profit/loss (EBIT) for the most recent 12-month period plus interest income, divided by average capital employed excl IFRS16 (opening balance + closing balance)/2. This key performance indicator is not affected by IFRS16.	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.
EBITDA	Operating profit/loss before amortisation and impairment of non-current assets and right-of-use assets. IFRS16 has a positive impact on this key performance indicator since rent is excluded.	EBITDA is used to measure profit (loss) from operating activities, regardless of depreciation/amortisation.
EBITDA margin	EBITDA as a percentage of net sales. IFRS16 has a positive impact on this key performance indicator since rent is excluded.	EBITDA margin is used to set EBITDA in relation to sales.
Equity excl IFRS16	Equity excluding the effects of IFRS16 that come via profit/loss for the period.	Equity excluding IFRS16 is used to be able to calculate return on equity consistently.
Net financial items	Financial income less financial expenses- IFRS16 has a negative impact on this key performance indicator since interest expense on right-of-use assets is included.	The measure Net financial items is used to illustrate the outcome of the Company's financial activities.
Free cash flow	Cash flow from operating activities or changes in working capital less investments in operating activities. Investments in operating activities relate to all investments in property, plant and equipment and intangible assets except buildings and acquisitions. This key performance indicator is not affected by IFRS16.	This measure shows how much cash flow the business generates after the necessary investments have been made. This cash flow can be used for purposes such as expansion, amortisation, or dividends.
Acquired growth	Increase of net sales due to larger acquisitions during the last 12 months.	Indicates growth generated from acquisitions in contrast to organic growth and currency effects.
Acquisition-related depreciation/amortisation	Depreciation related to assets gained in acquisitions.	Separates depreciation on assets gained in acquisitions, e.g. excess value in real estate and brands.
Adjusted EBITDA	Operating profit/loss before amortisation/depreciation of intangible assets and property, plant and equipment, excluding items affecting comparability and excluding the effects of IFRS16. Thus, this key performance indicator includes rental costs and is not affected by IFRS16.	Adjusted EBITDA is used to measure underlying profit from operating activities, excluding depreciation/amortisation and items affecting comparability.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales. This key performance indicator is not affected by IFRS16.	Adjusted EBIT margin sets underlying operating profit excluding amortisation in relation to sales.
Adjusted net debt	Net debt less real estate-related This key performance indicator is not affected by IFRS16.	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 off and sold.
Adjusted net debt/Adjusted EBITDA	Adjusted net debt divided by adjusted EBITDA for the past 12 months. This key performance indicator is not affected by IFRS16.	Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings (adjusted EBITDA), to pay off the Company's liabilities, including property-related loans. It shows the loan-to-value ratio of the business excluding real assets such as real estate.
Adjusted EBIT	Operating profit/loss (EBIT) excluding items affecting comparability and excluding the effects of IFRS16. This key performance indicator includes rental costs and is not affected by IFRS16.	Adjusted EBIT is used to get a better picture of the underlying operating profit.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	Adjusted EBIT margin sets underlying operating profit in relation to sales.

⁴According to ESMA guidelines on performance measures, each performance measure must be motivated.



Items affecting comparability	Items affecting comparability are income and cost of an irregular nature such as larger (>SEK 5 million) retroactive income related to prior financial years, items related to property such as capital gains, major property damage not covered by insurance, advisory costs relating to larger acquisitions or fundraising, major integration costs resulting from acquisitions or reorganisations according to plan, as well as costs arising from strategic decisions and major restructuring that result in winding up of units.	Items affecting comparability are used to illustrate the profit/loss items that are not included in ongoing operating activities, in order to obtain a clearer picture of the underlying profit trend.
Cash flow from operating activities	Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities. IFRS16 has a positive impact on this measure since rental costs are excluded.	Cash flow from operating activities is used as a measure of the cash flow that the Company generates before investments and financing.
Cash flow from investments	Cash flow from investing activities according to the cash flow analysis. This includes investments and divestments of buildings, acquisitions and investments in property, plant and equipment and intangible assets. Investments financed via leases are not included. This key performance indicator is not affected by IFRS16.	Cash flow from investments is used to regularly measure how much cash is used to maintain operations and for expansion.
Cash flow from financing activities	Cash flow from financing activities according to the cash flow analysis. This includes increase/decrease of loans, interest received/paid, new share issue and dividends IFRS16 has had a negative impact on this figure since interest paid and amortisation of finance lease liability related to right-of-use assets are included.	Cash flow from financing activities is used to
Net debt	Interest-bearing debt (current and non-current) excluding lease liabilities related to right-of-use assets net of cash and cash equivalents and interest-bearing receivables (current and non-current). This key performance indicator is not affected by IFRS16.	Net debt is used to illustrate 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. This key performance indicator is not affected by IFRS16.	Net debt/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.
Organic growth incl. smaller bolt-on acquisitions	Increase of net sales excluding larger acquisitions and changes in currency.	The Company's growth target is to increase net sales including smaller bolt-on acquisitions by 5-7 percent per year. The purpose of the key performance indicator is thus to follow up on this target.
Employee turnover	The 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) Calculated on an aggregated basis over the reporting period.	Employee turnover is used to measure the proportion of employees who leave the company and who must be replaced every year.
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. The key performance indicator is affected by IFRS16 because net profit is affected by elimination of rent and the addition of amortisation and interest expense related to right-of-use assets.	Earnings per share is used to clarify the amount of profit for the period to which each share is entitled.
Earnings per share excl IFRS 16	Earnings per share excl the effects of IFRS16.	The purpose is to present earnings per share according to the same accounting policies as before the implementation of IFRS 16 to create comparability over time.
Interest coverage ratio excl IFRS 16	Adjusted EBIT for the past 12 months plus financial income, in relation to interest expense excluding interest expense attributable to right-of-use assets. This key performance indicator is not affected by IFRS16.	Interest coverage ratio is used to measure the Company's ability to pay interest costs.
Operating margin (EBIT margin)	Operating profit/loss as a percentage of net sales. In the Group this measure is affected by IFRS16. However, the EBIT for the segment is not affected.	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. In the Group this measure is affected by IFRS16. However, the EBIT for the segment is not affected.	Operating profit/loss (EBIT) is used to measure operating profit before financing and tax.
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). Calculated as an average over the reporting period.	Absence due to illness is used to measure employee absence and provide indications as to employee health.
Equity/assets ratio	EQUITY excluding the effects of IFRS16 in percent of total assets excluding IFRS16. This key performance indicator is not affected by IFRS16.	The equity/assets ratio shows the proportion of the Company's total assets financed by shareholders' equity. A high equity/assets ratio is a measure of financial strength.
Capital employed excl IFRS16	Total assets, less non-interest-bearing current liabilities and provisions, adjusted for non-current and current lease liabilities related to right-of-use assets as well as provisions and deferred tax liabilities. Or: Equity plus non-current and current interest-bearing liabilities but excluding non-current and current lease liabilities related to right-of-use assets. This key performance indicator is not affected by IFRS16.	Capital employed indicates how much capital is needed to run the business regardless of type of financing (borrowed or equity). By excluding the IFRS16 effect, continuity can be achieved in the return figure.

General

All amounts in tables are in SEK million unless otherwise stated. All figures in parentheses () are comparative figures for the same period in 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.

