AcadeMedia AB (publ)

INTERIM REPORT July 2018 – December 2018

Earnings in Upper Secondary School segment reach record levels

Continued actions to address issues in employment training in Adult Education segment

Possibility for a more stable political framework

AcadeMedia

Interim report second quarter 2018/19

Second quarter (October – December 2018)

- Net sales increased by 9.3 percent and amounted to SEK 3,076 million (2,813). Organic growth, including bolt-on acquisitions, was 4.5 percent.
- Operating profit (EBIT) decreased by 22.9 percent to SEK 128 million (166). The decline was related to the Adult Education segment, but is partially offset by the strong development in the Upper Secondary School segment. Adjusted for items affecting comparability, operating profit was SEK 139 million (167).
- Net profit for the period was SEK 79 million (116).
- Cash flow from operating activities amounted to SEK 348 million (257).
- The average number of children and students, excluding the Adult Education segment, increased by 8.8 percent to 79,335 (72,945).
- Earnings per share amounted to SEK 0.75 (1.22) before dilution and SEK 0.75 (1.21) after dilution.

First six months (July – December 2018)

- Net sales increased by 11.7 percent to SEK 5,418 million (4,850). Organic growth including bolt-on acquisitions amounted to 3.8 percent.
- Operating profit (EBIT) increased by 24.4 percent to SEK 186 million (246). Adjusted for items affecting comparability, operating profit was SEK 191 million (249).
- Net profit for the period amounted to SEK 111 million (168).
- Cash flow from operating activities amounted to SEK 130 million (399).
- The average number of children and students, excluding the Adult Education segment amounted to 79,052 (70,522), representing an increase of 12.1 percent.
- Earnings per share was SEK 1.05 (1.76) before dilution and SEK 1.05 (1.76) after dilution.

The Group in figures

The quarter in figures	Second quarter			Half year			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	3,076	2,813	9.3%	5,418	4,850	11.7%	10 810
EBITDA, SEK m	205	232	-11.6%	330	363	-9.1%	872
EBITDA margin	6.7%	8.2%	-1.5 p.p.	6.1%	7.5%	-1.4 p.p.	8.1%
Operating profit	128	166	-22.9%	186	246	-24.4%	622
EBIT margin	4.2%	5.9%	-1.7 p.p.	3.4%	5.1%	-1.7 p.p.	5.8%
Adjusted operating profit (EBIT)*. SEK m	139	167	-16.8%	191	249	-23.3%	670
Adjusted EBIT margin	4.5%	5.9%	-1.4 p.p.	3.5%	5.1%	-1.6 p.p.	6.2%
Total financial items, SEK m	-23	-17	-35.3%	-40	-34	-17.6%	-68
Income before taxes, SEK m	105	149	-29.5%	146	213	-31.5%	555
Profit/loss for the period, SEK m	79	116	-31.9%	111	168	-33.9%	430
Number of children and students**	79,335	72,945	8.8%	79,052	70,522	12.1%	73 366
Number of FTEs	12,473	11,789	5.8%	12,264	11,336	8.2%	11 863

**) For definitions see page 27-28. **) Excl. Adult education*

CEO's comments

AcadeMedia has had both success and headwind during the first half year. We have worked hard to adjust the organization in the Adult Education segment and despite solid revenue growth in the school segments and strong earnings in the Upper Secondary School segment the second quarter showed a decline in earnings due to Adult Education. A quick decline in the need for employment related education rendered low capacity utilization and losses in the contracts procured from the National Employment Agency. We are now taking further steps to adjust capacity to demand. Despite this I feel that we overall have strengthened our positions, which in the long term will provide good opportunities for profitable growth.

Upper Secondary Schools plan for growth

AcadeMedia is the leading independent provider of upper secondary schools and during the last couple of years we have honed our brands in order to better meet the student's preferences. We have also started work to digitize upper secondary education and see a good likelihood that the new government will approve remote training in upper secondary school which will provide new opportunities. AcadeMedia now has an ideal position to benefit from strong market growth driven by Swedish demographics and the municipalities need to cater for an increasing number of students.

As a result of the new schools started in 2017 and 2018, improved capacity utilization in existing schools and the Vindora acquisition we have a large increase in the number of students and a strong revenue and earnings growth. For the fall of 2019 we plan to start another four upper secondary schools with a total of around 230 students in the first year.

One year with Vindora

The acquisition of Vindora one year ago added 36 new upper secondary schools and a smaller adult education business in one go. The acquisition gave us a leading position within practical and vocational training, an area which we believe has great potential. The acquisition has also met our expectations financially. However, we have not yet achieved our high quality standards. We are now actively working with improvements in the schools which need it. The Schools Inspectorate will be making planned audits of the Praktiska schools and we will work together with them to address possible issues identified. AcadeMedia aims to have high quality in everything we do and I am sure that we soon will improve our vocational schools and thereby enable many students to get a job by providing practical and job-related training.

Market development Adult Education

AcadeMedia is the leading provider of adult education in Sweden with two strong comprehensive brands as well as businesses with niche positions. AcadeMedia operates in three market segments, employment related training tendered by the National Employment Agency, municipal adult education and higher vocational education. The municipal and vocational training are doing well, we have never had more students in these areas, and theSwedish National Agency for Higher Vocational Education is expanding. However, the National Employment Agency is cutting back its spending and this development was further underpinned by the national budget wich was passed by the Swedish Riksdag in December. The authority's own projections now show a further decrease in spending on various forms of training for employment and immigrants. The very low volumes in the new contracts for Vocational Swedish (Yrkessvenska, "YS") and Vocational and Preparatory Modules (Yrkes- och Studieförberedande Moduler, "YSM") are now loss making. As we unfortunately expect that some of these new contracts will be loss-making throughout their term due to the low volumes an expense for future losses of SEK 15 MSEK has been taken in the quarter.

Political framework stabilizes

The September 2018 Swedish election rendered a parliamentary landscape more in our favor. However, it has taken time for a government to take form. What we now see is a coalition with a political program which cleary puts independent schools in a more positive position and ends the efforts to restrict profits or other aspects of our business. AcadeMedia has the aim to provide value to society by finding solutions to important societal needs. We shall provide the best possible value for every tax-crona spent in our business.

Half year summary

Financially the first half of 2018/19 has shown but success and headwind. Despite having worked hard at cutting costs in the adult education segment and a strong development in the upper secondary school segment the profit has declined compared to last year.

Our key challenges going forward are the adult education segment and the margin pressure from a non-transparent voucher payment system. However, strategically we have strengthened our possibilities to build a better future for Sweden, Norway and Germany and our children/students and shareholders. With the acquisition of Vindora we have a great potential to develop apprenticeship trainings and all school segments have a potential to gain market shares in a demographical strong market.

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Development in the second quarter (October to December 2018)

Volume development and net sales

Net sales increased by 9.3 percent and amounted to SEK 3,076 million (2,813). Organic growth including bolt-on acquisitions, amounted to 4.5 percent and acquisitions contributed with 3.9 percent. Exchange rate development had a positive impact on sales of 0.9 percent. Acquisitions include Vindora (Nov. 2017) and KTS (March 2018). The average number of students, excluding Adult Education segment, increased by 8.8 percent to 79,335 (72,945).

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) declined by 22.9 percent and amounted to SEK 128 million (166). EBIT margin was 4.2 percent (5.9). Adjusted EBIT amounted to SEK 139 million (167) corresponding to an adjusted EBIT margin of 4.5 percent (5.9).

The Upper Secondary School segment reported a strong quarter from the acquisition of Vindora but also due to organic growth from new establishments as well as an increased number of students in existing units. The operating profit for Pre- and Compulsory School and Preschool International tracked the previous year.

The lower earnings in the quarter were attributed to the Adult Education Segment and more specifically the operation related to the labour market. Lower volumes in combination with required staffing levels, have despite substantial cost-cutting measures deemed the YS and YSM contracts unprofitable. An expense relating to future losses of SEK 15 MSEK has therefore been taken in the quarter. The measures to lower expenses are now being intensified. Further details and a description of the market is found on pages 8-9.

Operation profit was also affected by higher brand depreciation of SEK 2.5 SEK million as a result of the reassessment of the useful life of the brands which was made at the beginning of the financial year.

Net financial items

Interest expense for the quarter decreased despite higher net debt and amounted to SEK -12 million (-14). The lower interest expense is a result of the refinancing in July 2018. The financial net also includes a loss of SEK 5.5 million relating to the sale of shares in Schoolido. AcadeMedia will retain licenses for Schoolido's digital education material at reduced prices.

Profit and comprehensive income for the period

Profit after tax for the period amounted to SEK 79 million (116) and the tax was SEK -25 million (-33). This corresponds to an effective tax rate of 24.3 percent (21.9) as a result of a higher non-deductible costs as well as a tax effect from prior years.

Comprehensive income for the period was SEK 13 million (109). Translation differences and actuarial losses related to new assumptions for the defined benefit pensions in Norway had a negative impact.

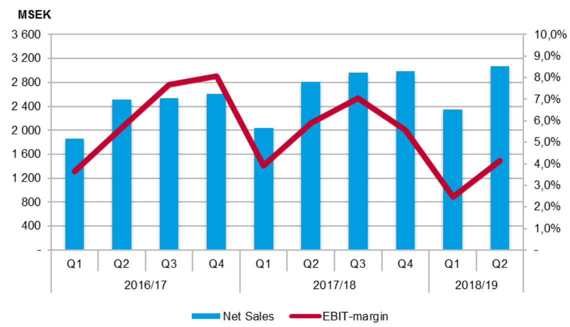
Items affecting comparability

Items affecting comparability amounted to net SEK -11 million (-1) and includes an expense for loss making contracts in Adult Education (SEK -15 million), costs for closure of one compulsory school (- SEK 6 million) and retroactive revenue (SEK 10 million) from Nacka.

Items affecting comparability	Second quarter	
SEK million	2018/19	2017/18
Restructuring expenses	-21	-
Transaction-related expenses	-0	-1
Retroactive revenue from previous year	10	-
Integration expenses Vindora	-	-0
Total	**-11**	**-1**

Acquisitions, divestments and new units

A decision was taken to close a compulsory school in the Stockholm area due to too low student volumes. The school will be closed in the summer 2019.



Second quarter in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj,EBIT margin		Operating profit/loss (EBIT), SEK m		EBIT margin	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Pre- and Compulsory Schools (Sweden)	32,751	31,727	1,088	1,021	38	40	3.5%	3.9%	42	40	3.9%	3.9%
Upper Secondary Schools (Sweden)	34,873	30,928	1,011	845	96	64	9.5%	7.6%	96	63	9.5%	7.5%
Adult Education (Sweden)	-*	-*	388	459	11	64	2.8%	13.9%	-4	64	-1.0%	13.9%
Preschool International	11,711	10,290	589	488	15	14	2.5%	2.9%	15	14	2.5%	2.9%
Group adj., parent company	-	-	0	0	-22	-14	-	-	-22	-14	-	-
Total	79,335	72,945	3,076	2,813	139	167	4.5%	5.9%	128	166	4.2%	5.9%

**) The volume in Adult Education is not measured based on the number of participants since the study time varies.*

Development in the first six months (July to December 2018)

Volume development and net sales

Net sales increased by 11.7 percent in the first half year and amounted to SEK 5,418 million (4,850). The organic growth including bolt-on acquisitions, amounted to 3.8 percent and acquisitions amounted to 6.9 percent. Exchange rate development had a positive impact on sales of 1.0 percent. Acquisitions include Vindora (Nov. 2017) and KTS (March 2018).

The average number of students, excluding the Adult Education segment, increased by 12.1 percent to 79,052 (70,522).

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) declined by 24.4 percent and amounted to SEK 186 million (246). The EBIT margin was 3.4 percent (5.1). Adjusted EBIT amounted to SEK 191 million (249), corresponding to an adjusted EBIT margin of 3.5 percent (5.1).

The Upper Secondary School segment reported a strong first six months with increased number of students and revenue as well as an improved margin. Pre-and Compulsory School and Preschool International developed in line with previous year.

The lower earnings in the period are mainly attributable to the decline in labor market training programs within the Adult Education segment.

At the start of the financial year the useful life of the brands was reassessed which will result in higher depreciation for the brands of SEK 10 million for the full year. This had a negative impact on the first six months of SEK 5 million.

Net financial items

Interest expense for the period decreased somewhat to SEK -26 million (-28) despite higher net debt. The lower interest expense is a result of the refinancing in July 2018. The financial net also included a loss of SEK 5.5 million relating to the sale of shares in Schoolido.

Profit and comprehensive income for the period

Profit for the period after tax amounted to SEK 111 million (168) and tax amounted to SEK -35 million (-45). This corresponds to an effective tax rate of 24.1 percent (21.2) and is the result of a higher non-deductible costs and tax effect from prior year.

Comprehensive income for the period was SEK 0 million (153), where translation differences and actuarial losses following revised actuarial assumptions for defined benefit pensions in Norway had a negative impact in the period.

Items affecting comparability

Items affecting comparability amounted to net SEK -6 million (-2), and include an expense for future losses in loss making contracts in Adult Education SEK -15 million, costs for closure of one compulsory school SEK -6 million and retroactive income from Borås and Nacka SEK 16 million related to previous financial years. During the 2017/18 financial year no larger individual retroactive payments were received that were attributable to legal processes and previous years.

Items affecting comparability	Half year	
SEK million	2018/19	2017/18
Restructuring expenses	-21	-
Transaction-related expenses	0	-1
Integration expenses Vindora	-	-1
Retroactive revenue from previous year	16	-
Total	**6**	**-2**

Acquisitions, divestments and new units

Prior to the 2018/19 school year four units in Sweden were closed, two preschools, one compulsory school and one upper secondary school. Three upper secondary schools opened with about 180 first-year students in Stockholm, Gävle and Örebro. Two upper secondary school units are being closed and therefore have fewer students than the previous year. Six new units have opened in Germany. During the second quarter a decision was made to close a compulsory school in the Stockholm area in the summer 2019.

First six months in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Ooperating profi/loss (EBIT), SEK m		EBIT margin	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Pre- and compulsory schools (Sweden)	32,566	31,419	1,904	1,781	43	43	2.3%	2.4%	48	43	2.5%	2.4%
Upper secondary school (Sweden)	34,969	28,923	1,761	1,384	153	103	8.7%	7.4%	158	102	9.0%	7.4%
Adult education (Sweden)	-*	-*	704	825	11	107	1.6%	13.0%	-4	107	-0.6%	13.0%
Preschool international	11,518	10,180	1,050	860	20	19	1.9%	2.2%	20	19	1.9%	2.2%
Group adj., parent company	-	-	0	1	-36	-23	-	-	-36	-24	-	-
Total	79,052	70,522	5,418	4,850	191	249	3.5%	5.1%	186	246	3.4%	5.1%

**) The volume in Adult Education is not measured based on the number of participants since the study time varies.*

Cash flow and financial position

Cash flow

In the second quarter cash flow from operating activities amounted to SEK 348 million (257). The cash flow in the quarter was affected negatively of the decline in operating profit in the Adult Education segment but positively from a strong cash flow from change in net working capital of SEK 207 million (81). Cash flow from investing activities totaled SEK -103 million (-668), with investments primarily consisting of property-related investments as well as equipment. Cash flow from financing activities amounted to SEK -245 million (301) for the quarter and consisted of repayment of debt and short term credit facilities. All in all, cash flow for the quarter amounted to SEK 0 million (-110).

In the first six months cash flow from operating activities amounted to SEK 130 million (399). The cash flow was partially affected by the decline in profits, but the development was mainly attributable to the weak development of working capital due to a calendar effect on accounts payable where payments to suppliers were approximately SEK 130 million lower than the same period last year. In addition, AcadeMedia's largest customer has during the spring 2018 switched to monthly pre-payments from previously quarterly pre-payments. The effect of this change was about SEK 90 million. This meant that the starting point for working capital was exceptionally low. The cash flow was also negatively affected by usage of the restructuring reserve which also has affected the working capital.

Cash flow from investing activities the first six months totaled SEK -259 million (-731), with investments primarily consisting of property related investments as well as equipment. Cash flow from financing activities totaled SEK -152 million (278) relating to repayment of debt. All in all, cash flow for the first six months amounted to SEK -281 million (-54).

Financial position

Consolidated equity amounted to SEK 4,262 million (3,997) as of December 31, 2018 and the equity/asset ratio improved to 45.6 percent (45.0). The increase in equity and improved equity/asset ratio compared to the previous year was attributable to the net profit for the last 12 months. However, a revaluation of the pension liability in Norway had a negative effect on equity of SEK -111 million (-15) during the first half year.

Consolidated interest-bearing net debt as of December 31, 2018 amounted to SEK 2,405 million (2,342). The interest bearing liabilities are somewhat lower compared to last year and the slightly higher net debt is attributable to lower cash. Excluding real estate loans, the adjusted net debt amounted to SEK 1,770 million (1,750). 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 43 million to SEK 635 million (591). Building assets increased during the equivalent period by SEK 163 million to SEK 970 million (807). The increase is entirely attributable to the expansion and acquisition of new preschools in Norway and Germany.

Non-current interest-bearing liabilities amounted to SEK 2,194 million (2,240) and consist of loans from banks and the Norwegian State Housing Bank, as well as lease agreements. Current interest-bearing liabilities consist of revolving credit facilities, current portions of long-term loans and construction loans, amounting to SEK 616 million (629). Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 2.7 (2.6), which was lower than the Group's financial target of a maximum of 3.0. The change in net debt in relation to EBITDA is primarily an effect of slightly higher net debt while EBITDA (rolling 12 months) declined following the development in the Adult Education segment. Property-adjusted net debt divided by adjusted EBITDA (12m) was 2.0 (1.9).

Pre- and Compulsory Schools (Sweden)

- The number of children and students increased by 3.2 percent to 32,751 (31,727) in the quarter.
- Sales increased by 6.6 percent.
- Operating profit (EBIT) increased somewhat and amounted to SEK 42 million (40).

AcadeMedia's Pre- and Compulsory School segment runs preschools and compulsory schools in many municipalities in Sweden under the brands Pysslingen Förskolor, Pysslingen Skolor, and Vittra. The schools are run entirely based on the school voucher system. The segment had 227 units in the quarter.

Second quarter results

The average number of children and students increased by 3.2 percent compared with the previous year as a result of acquisitions and new establishments, as well as growth in the number of students in existing units. Net sales increased by 6.6 percent and amounted to SEK 1,088 million (1,021), which in addition to the increase in volume and the annual adjustment of school vouchers also was attributable to increased subsidies for students with special needs and state subsidies.

Operating profit (EBIT) increased somewhat and amounted to SEK 42 million (40), the operating margin was in line with previous year 3.9 percent (3.9). The segment’s earnings continued to be affected by high personnel costs as a result of increased staffing at certain schools, but also due to higher cost for temporary preschool staff. Salary increases have slowed down but AcadeMedia’s still believe that salary increases are not compensated by an equivalent school vouchers increase.

Items affecting comparability amounted to net SEK 4 million (-). Retroactive revenue from Nacka municipality of SEK 10 million has a positive impact while the decision to close one compulsory school in the Stockholm area had a negative impact of SEK 6 million as a result of a restructuring expense. Adjusted EBIT amounted to SEK 38 million (40).

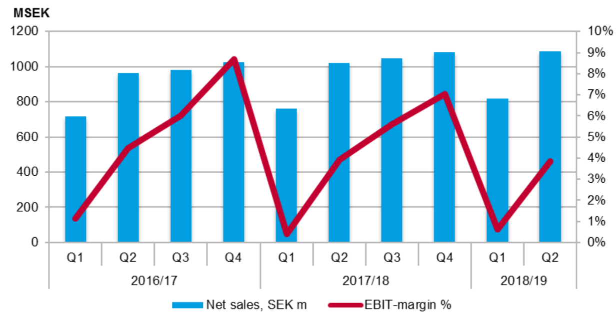
First six months results

The average number of children and students increased by 3.7 percent as a result of acquisitions, new establishments as well as growth in existing units. Net sales increased by 6.6 percent and amounted to SEK 1,904 million (1,781) mainly an effect of an increased number of students and units, but also due to the annual school voucher adjustment and increased subsidies for special needs and state subsidies.

Operating profit (EBIT) improved by 11.6 percent and amounted to SEK 48 million (43), with an operating margin of 2.5 percent (2.4). During the first six months retroactive income from Nacka municipality of SEK 10 million was received. Restructuring expenses related to the closure of a compulsory school had a negative impact of SEK 6 million. Both of these are considered as items affecting comparability and amounted to net SEK 4 million (0). Adjusted EBIT was in line with last year SEK 43 million (43) and continues to be affected by some schools with greater challenges as well as continued margin pressure following increases in expenses not fully compensated by school vouchers.

Operational changes

Two small preschools and one small compulsory school with a total of 52 children closed prior to the 2018/19 academic year. During the second quarter a decision was taken to close one compulsory school in the Stockholm due to too few student in the area. An overhaul of the preschool unit portfolio will result in a number of units being divested or closed. One new preschool will open in January 2019 as planned.



Pre- and Compulsory Schools (Sweden)	Second quarter			Half year			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	1 088	1 021	6.6%	1,904	1,781	6.9%	3,912
EBITDA, SEK m	61	56	8.9%	83	72	15.3%	239
EBITDA margin	5.6%	5.5%	0.1 p.p.	4.4%	4.0%	0.4 p.p.	6.1%
Depreciation/amortization	-18	-16	-12.5%	-35	-29	-20.7%	-61
Acquisition related depreciations	-1	-	n.a.	-1	-	n.a.	-
Operating profit (EBIT), SEK m	42	40	5.0%	48	43	11.6%	178
EBIT margin, %	3.9%	3.9%	0 p.p.	2.5%	2.4%	0.1 p.p.	4.6%
Items affecting comparability, SEK m	4	-	n.a.	4	-	n.a.	-
Adjusted operating profit (EBIT), SEK m	38	40	-5.0%	43	43	-	178
Adjusted EBIT margin, %	3.5%	3.9%	-0.4 p.p.	2.3%	2.4%	-0.1 p.p.	4.6%
Number of children and students	32 751	31 727	3.2%	32,566	31,419	3.7%	32,101
Number of units	227	228	-0.4%	227	227	-	229

Upper Secondary Schools (Sweden)

- The number of students increased by 12.8 percent in the second quarter, amounting to 34,873 (30,928).
- Sales increased by 19.6 percent.
- Operating profit (EBIT) increased by 52.4 percent and amounted to SEK 96 million (63).

AcadeMedia's Upper Secondary School segment provides upper secondary education throughout Sweden under 15 different brands, offering both academically and vocationally oriented programs. The schools operate entirely based on the school voucher system. The segment had 143 units during the quarter.

Second quarter results

The number of students increased by 12.8 percent driven by the acquisition of Vindora, new establishments in the fall of 2018 and 2017, as well as an increased number of student in existing units. Net sales increased by 19.6 percent and amounted to SEK 1,011 million (845), as a result of volume growth as well as higher revenue per student, primarily a result of annual school voucher adjustment.

Operating profit (EBIT) increased by 52.4 percent to SEK 96 million (63). Operating margin improved and amounted to 9.5 percent (7.5). The acquisition of Vindora and the increased number of students in existing units drive the positive development. Adjusted operating profit was SEK 96 million (64).

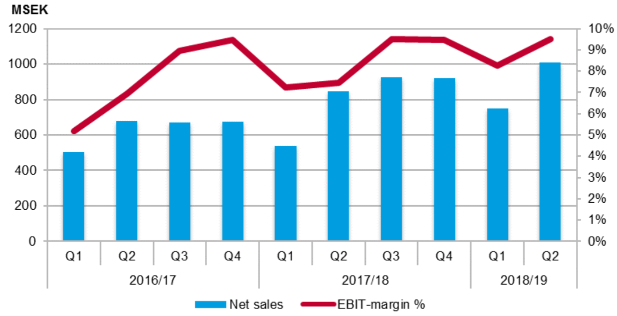
First six months results

During the first six months the number of students increased with 20.9 percent and net sales increased by 27.2 percent to SEK 1,761 million (1,384). The increase was due to the acquisition of Vindora, new establishments, an increased number of student in existing units as well as higher revenue per student.

Operating profit (EBIT) increased substantially and amounted to SEK 158 million (102), the operating margin was 9.0 percent (7.4). The improvement was partly due to the acquisition of Vindora (November 2017) that was only included two months the first half year the previous year. The margin increase is also an effect of Vindora that operates with a higher margin than AcadeMedia’s other upper secondary school operation. The operating profit was also positively impacted by retroactive revenue of SEK 5 million. Adjusted operating profit increased to SEK 153 million (103).

Operational changes

No operational changes took place during the second quarter. 4 new schools are being marketed for start in the fall of 2019. I will be clear during the spring if these schools are attracting enough students for a start to take place.



Upper Secondary Schools (Sweden)	Second quarter			Half year			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	1,011	845	19.6%	1,761	1,384	27.2%	3,229
EBITDA, SEK m	133	97	37.1%	225	158	42.4%	397
EBITDA margin	13.2%	11.5%	1.7 p.p.	12.8%	11.4%	1.4 p.p.	12.3%
Depreciation/amortization	-36	-33	-9.1%	-65	-56	-16.1%	-119
Acquisition related depreciations	-1	-0	n.a.	-2	-0	n.a.	-1
Operating profit (EBIT), SEK m	96	63	52.4%	158	102	54.9%	276
EBIT margin, %	9.5%	7.5%	2 p.p.	9.0%	7.4%	1.6 p.p.	8.5%
Items affecting comparability, SEK m	-	-1	n.a.	5	-1	n.a	-16
Adjusted operating profit (EBIT), SEK m	96	64	50.0%	153	103	48.5%	292
Adjusted EBIT margin, %	9.5%	7.6%	1.9 p.p.	8.7%	7.4%	1.3 p.p.	9.0%
Number of children and students	34,873	30,928	12.8%	34,969	28,923	20.9%	30,582
Number of units	143	142	0.7%	143	124	15.3%	133

Adult Education (Sweden)

- Sales declined by 15.5 percent in the second quarter.
- Operating profit (EBIT) dropped sharply and amounted to SEK -4 million (64).
- Adjusted operating profit (EBIT) was SEK 11 million (64).

AcadeMedia's Adult Education segment is Sweden's largest provider of adult education. We are present in approximately 150 locations around the country and offer a solid expertise in working with integrating and educating adults. Every year around 100,000 students attend one of our programs. The segment operates mainly in three customer segments: The Swedish Public Employment Service, adult education provided by the municipalities and higher vocational education.

Second quarter results

Net sales declined by 15.5 percent and amounted to SEK 388 million (459). The decline was related to labour market education for the Swedish Public Employment Service. Operations within adult education provided by the municipalities and higher vocational education show growth and slightly improved margins. Operating profit (EBIT) was negative in the period and amounted to SEK -4 million (64), representing an operating margin of -1.0 percent (13.9).

The operation related to labour market education has continued profitability challenges due to volume being lower than initially anticipated at the time of the procurement process as well as contract obligations on staffing levels and local presence. The lower volumes from the Swedish Public Employment Service to both the vocational and preparatory modules (yrkes- och studieförberedande moduler "YSM") and vocational Swedish (yrkessvenska "YS"), have despite vast cost cutting measures, made these contracts unprofitable. An expense relating to future losses of SEK 15 MSEK has therefore been taken in the quarter.

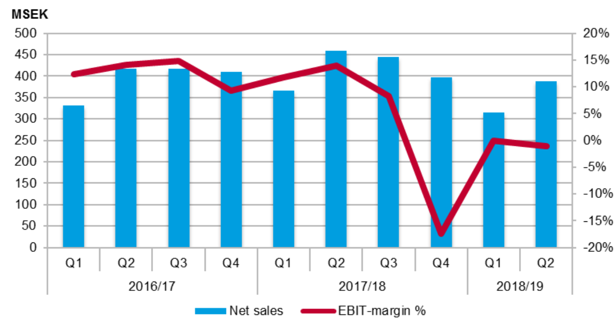
The strong labour market in combination with the unsecure political outlook for the Swedish Public Employment Service, makes any predications on when the market for labour market education will turn, difficult. At the same time, the demand for adult education provided by the municipalities and higher vocational education are developing well, we have more students than ever in these operations. However, for the segment as a whole, it will take longer to reach stable margins. The market development is described in more depth on the following page.

First six months results

Net sales for the first six months declined with 14.7 percent and amounted to SEK 704 million (825). Operating profit (EBIT) declined to SEK -4 million (107), the profit margin amounted to -0.6 percent (13.0). Adjusted operating profit (EBIT) was SEK 11 million (107). The lower sales and weaker profitability were related to the operation connected to the Swedish Public Employment Service. The efforts initiated in the summer 2018 to adjust the operation's premises and staff is continuing and will now intensify.

Operational changes

The labor market operations have implemented extensive reductions related to staff and premises, as announced in the previous interim report.



Adult Education (Sweden)	Second quarter			Half year			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	388	459	-15.5%	704	825	-14.7%	1,666
EBITDA, SEK m	-1	66	-101.5%	3	110	-97.3%	83
EBITDA margin	-0.3%	14.4%	-14.7 p.p.	0.4%	13.3%	-12.9 p.p.	5.0%
Depreciation/amortization	-2	-2	-	-5	-3	-66.7%	-8
Acquisition related depreciations	-1	-	n.a.	-3	-	n.a.	-
Operating profit (EBIT), SEK m	-4	64	-106.3%	-4	107	-103.7%	75
EBIT margin, %	-1.0%	13.9%	-14.9 p.p.	-0.6%	13.0%	-13.6 p.p.	4.5%
Items affecting comparability, SEK m	-15	-	n.a.	-15	-	n.a.	-61
Adjusted operating profit (EBIT), SEK m	11	64	-82.8%	11	107	-89.7%	137
Adjusted EBIT margin, %	2.8%	13.9%	-11.1 p.p.	1.6%	13.0%	-11.4 p.p.	8.2%

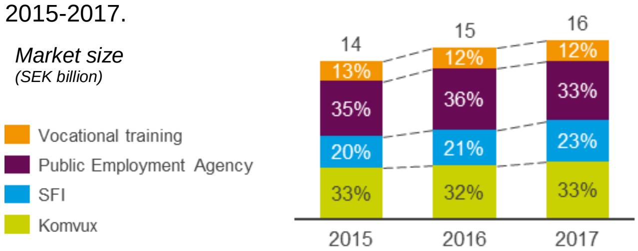
In-depth Adult Education

AcadeMedia’s adult education

AcadeMedia is the leading provider of adult education in Sweden with two strong comprehensive brands as well as businesses with niche positions. Our market share amount to approximately 10 percent.

The market

AcadeMedia’s adult education operates mainly in three market segments: employment related training tendered by the National Employment Agency, municipal adult education, and higher vocational education. Demand is affected by number of asylum applications, labour market outlook, and political decisions and priorities. The annual market growth has on average amounted to approximately 8 percent in 2015-2017.



During 2018 the market changed. A strong labour market and a decline in the number of asylum applications has changed the need for education. Focus on re-training has become more important to meet the need for qualified labour. This is achieved through expansion of higher vocational education. However, the uncertain during the fall when Sweden lacked a government also meant uncertainty regarding the 2019 and future state budgets. This has in turn affected the budgets for National Employment Agency and Swedish National Agency for Higher Vocational Education. Changes to the political landscape also on a municipal level have taken time to put in place which consequently affected our operations.

The Adult Education segment adapt to new market conditions

During the past 12 months the Adult Education segment’s sales but foremost profitability have declined. This was a direct consequence of declining volumes and changed contractual set-up in the operation related to the National Employment Agency. Restructuring expenses relating to this was taken in the fourth quarter 17/18 (SEK 38 million) and a further SEK 15 million in the second quarter 18/19.

The operation focused on the National Employment Agency is a contra cyclical operation and should be assessed over a business cycle. In the long term AcadeMedia has a strong position in an attractive market and for the future it is important to balance the development in the different operations.

1) Source: SCB and Swedish public employment agency
2) Source: Swedish public employment agency, forecast January 2019
3) Source: Swedish National Agency for Higher Vocational Education
4) Source: SCB
5) Source: SCB and Swedish migration agency – forecast November 2018

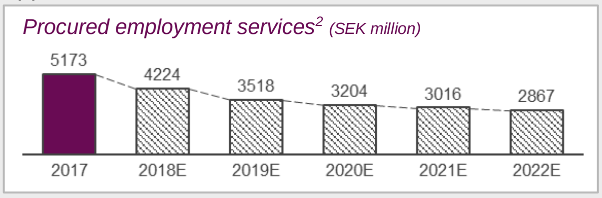
Three market segments

The National Employment Agency (Arbetsförmedlingen “Af”)

Af procure services in adult education and in other employment facilitation efforts. Increased number of price focused procurements puts pressure on prices and margins.

Uncertain volumes. Af provides indicative volumes. Planning and staffing are based on this. Actual volumes can vary substantially from the indication. The duration of the educational modules are 3-6 months.

Declining market but with opportunities: Fewer asylum applicants and a strong Swedish economy drive the market decline. A weaker labour market create opportunities for AcadeMedia.

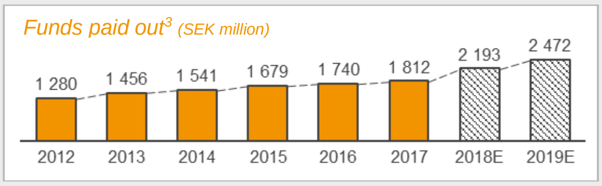


Higher Vocational Education (Yrkeshögskola “YH”)

YH is a government-regulated post-upper secondary education with the aim to meet the needs of the labour market.

Stable volumes: AcadeMedia can influence what education we want to offer, but permission must be granted. We can affect volumes trough marketing. Training programs are mostly two years in duration.

Growth market: The strong labour market and shortage of qualified labour drive demand.

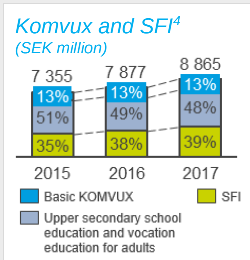


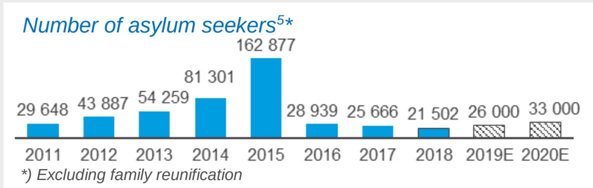
Municipal adult education

Municipal adult education include SFI and Komvux.

Volumes are known and stable: Volumes are regulated in the procurement.

Change in the market: Drivers of SFI, number of asylum applicants, are expected to decline. Meanwhile, the komvux market are estimated to grow following the demand for labour.





Preschool International

- The number of children increased by 13.8 percent to 11,711 (10,290) in the second quarter.
- Sales increased by 20.7 percent.
- Operating profit (EBIT) was on a par with the previous year at SEK 15 million (14).

AcadeMedia's Preschool International segment operates preschools in Norway and Germany under the Espira, Joki, Stepke and KTS brands. Espira is Norway's third largest preschool provider with 100 units. In Germany preschools are operated at 35 units.

Second quarter results

The average number of children in the second quarter increased by 13.8 percent and amounted to 11,711 (10,290). The acquisition of KTS in March 2018 contributed about 535 children. In general, the increase in number of children relates to new establishments in Germany and acquisitions in Norway. Sales increased by 20.7 percent and amounted to SEK 589 million (488). The increase mainly relates to a higher number of children, but the exchange rate effects for SEK/NOK and SEK/EUR also had a positive impact of 5.4 percent, corresponding to SEK 26.1 million.

Operating profit (EBIT) increased somewhat and was SEK 15 million (14). This gave an operating margin of 2.5 percent (2.9). The margin decrease can be attributed to the large number of new units in Germany during the first quarter. Higher pension cost in Norway, expected to have a full year effect of minus SEK 10 million, also affected the quarter negatively.

First six months results

The average number of children for the first six months increased by 13.1 percent and net sales increased by 22.1 percent and amounted to SEK 1,050 million (860). The currency SEK/NOK and SEK/EUR had a positive impact on sales of SEK 51 million.

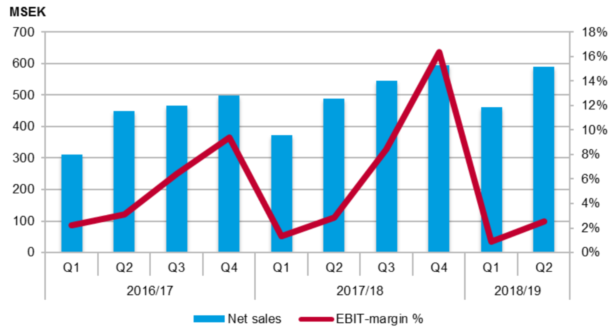
Operating profit (EBIT) for the first six months amounted to SEK 20 million (19), and the operating margin was 1.9 percent (2.2). The margin development was also during the first half year attributable to new units in Germany and higher pension costs in Norway.

Operational changes

During the first quarter have six new preschools opened in Germany. An additional three preschools are expected to open during the 2018/19 financial year. In Norway, two expansions occurred and two small preschools were merged into one.

During 2019/20 additional 10-15 new preschools are expected to open in Germany.

The new staff density norm which is being gradually implemented from the first of August 2018 until first of August 2019 will result in a large change for both public as well as private preschools in Norway. Our ambition is that the higher expenses will be balanced by an increase in school voucher or other measures.



Preschool International	Second quarter			Half year			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	589	488	20.7%	1,050	860	22.1%	1,998
EBITDA, SEK m	32	27	18.5%	52	45	15.6%	218
EBITDA margin	5.4%	5.5%	-0.1 p.p.	5.0%	5.2%	-0.2 p.p.	10.9%
Depreciation/amortization	-15	-12	-25.0%	-30	-24	-25.0%	-52
Acquisition related depreciations	-1	-1	-	-2	-2	-	-4
Operating profit (EBIT), SEK m	15	14	7.1%	20	19	5.3%	162
EBIT margin, %	2.5%	2.9%	-0.4 p.p.	1.9%	2.2%	-0.3 p.p.	8.1%
Items affecting comparability, SEK m	-	-	n.a.	-	-	n.a.	37
Adjusted operating profit (EBIT), SEK m	15	14	7.1%	20	19	5.3%	125
Adjusted EBIT margin, %	2.5%	2.9%	-0.4 p.p.	1.9%	2.2%	-0.3 p.p.	6.3%
Number of children and students	11,711	10,290	13.8%	11,518	10,180	13.1%	10,684
Number of units	135	119	13.4%	135	117	15.4%	123

Quality

Pre- and Compulsory Schools

No quality reviews were carried out at the Swedish pre- and compulsory schools during the second quarter.

Upper Secondary Schools

In December 2018, the Swedish national agency for education published the results for students who graduated from upper secondary school in the spring of 2018. The national statistics confirm AcadeMedia's own analysis of the achieved results which was presented in the interim report for the fourth quarter 2017/18.

The percentage of AcadeMedia's students who met the upper secondary school graduation requirements declined slightly in comparison with the 2016/17 school year to 88.7 percent (89.4). The national average rose to 90.4 percent (90.2). The grade point average for students with diplomas was unchanged at 14.1 points (14.1), while the national average increased by 0.1 percentage point to 14.3 (14.2). The percentage of students who successfully completed the upper secondary school graduation requirements within three years increased to 74.2 percent (73.6); the national average increased to 76.1 percent (75.2).

The upper secondary units that were added in connection with the acquisition of Vindora (Praktiska Gymnasiet and Hagströmska Gymnasiet) are excluded from the results above. Including Vindora the percentage of students that met the upper secondary school graduation requirements was 87.9 percent, the grade point average for students with diplomas was 13.9 points and the percentage of students who successfully completed the upper secondary school graduation requirements within three years was 72.9 percent.

Grade results continue to vary quite significantly between the brands. For example the share of students that graduate varies from 62.7 percent to 100 percent. The upper secondary school segment's work for improved equality will therefore be intensified.

Adult Education

During the past quarter, participant satisfaction surveys were carried out in the adult education segment. The results indicate that participant satisfaction continued to be good and in line with last year 79.7 percent (79.6). Also the proportion of participants who recommend AcadeMedia's education to others improved slightly to 84.3 percent (82.9).

A compilation of the results on functional and designated quality is underway. The final results will be published on AcadeMedia's website in February (https://utbildning.academedia.se/kvalitet/).

Preschool International

No quality reviews were carried out at the Norwegian or German preschools during the second quarter.

Employees

The average number of full-time employees in the quarter was 12,473 (11,789) which represents an increase of 5.8 percent. The proportion of women in the Swedish operation was 67.9 percent (69.6) in the quarter. Employee turnover in Sweden, measured as the proportion of individuals who resigned, amounted to 13.0 percent accumulated over six months July-December, compared with 14.8 percent accumulated in the corresponding period the previous year. In the Swedish school operations, pre-, compulsory and upper secondary schools, there is a positive trend with declining employee turnover. However, in the adult education segment employee turnover has increased following the recent contract transitions and employee cut backs which has affected the consolidated group numbers negatively. Absence due to illness for AcadeMedia's staff in Sweden (cumulative average, short-term absence < 90 days) declined to 4.4 percent (4.5) for the first six months.

Parent company

Sales during the second quarter amounted to SEK 2 million (1). The operating result (EBIT) amounted to SEK -3 million (-5) and profit after tax amounted to SEK -8 million (-8). The parent company's assets essentially consist of participations in Group companies. The operation is financed by equity. Equity in the parent company as of December 31, 2018 was SEK 2,717 million (2,713). The parent company's current assets and liabilities increased in relation to the previous year because of the increased number of companies in the cash pool, primarily Vindora.

Owners and share capital

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since June 2016. As of December 28, 2018, share capital was SEK 105,463,885 and the number of shares amounted to a total of 105,463,885 shares distributed among 105,215,643 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 shares as of December 31, 2018.

During the second quarter AcadeMedia has fulfilled its obligation in accordance with the share-based incentive program launched 2016 to senior managers in AcadeMedia. 76,758 C-shares were converted to ordinary shares and distributed to the qualifying participants. As a result of the conversion, the number of votes has increased by 69,082 from 105,171,385 to 105,240,467. The total number of shares is unchanged.

The Annual General Meeting 2018 resolved on a directed issue of convertibles (Convertible program 2019/2023) to the employees, primarily in Sweden. The program will be launched in the beginning of February 2019 with the 15th of March 2019 as settlement date. Executive Management and the CEO will not be eligible to participate in the program. More information about the convertible program is available on AcadeMedias homepage.

Significant events after the end of the reporting period

Preliminary voucher increases in Sweden for 2019 amount to 2.5 (2.5) percent. Voucher increases in Norway will amount to 3.4 percent (2.2) and it is based on the actual municipal cost for the financial year 2017 and adjusted with a cost index for 2018 and 2019. The voucher increases are based on municipality announcements to date and are calculated as a weighted average based on AcadeMedia's student mix in each country.

Other Group information

Risks and uncertainties

AcadeMedia categorizes risks as operating, external and financial and they are described in detail in AcadeMedia AB's 2017/18 Annual Report, which will be published on October 26, 2018. The 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.

In addition to the risks described in the Annual Report, the development of the adult education market, especially related to the Swedish Public Employment Agency, as well as new regulations regarding staff- and teacher density in Norway are perceived as new risk factors.

Sweden has a new government in place following a long period of negotiations between different political parties. There is now a coalition with a program negotiated with a couple of liberal parties which cleary puts independent schools in a more positive positions and ends the efforts to restrict profits. This should create a more stable political outlook going forward.

Seasonal variations

AcadeMedia's four segments have different seasonal variations. The three school segments have 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 2017/18 Annual Report, which will be published on October 26, 2018.

The winter break, spring break and summer vacation periods have a major impact on the three school segments. Both activity and revenue are lower during these periods, with the greatest impact on the second quarter. Moreover, the salary review, which takes place on September 1 for most teachers in Sweden, has a negative impact on margins in the second quarter. School vouchers are adjusted at the beginning of each calendar year in Sweden, Norway and Germany, which has a positive impact on revenue while the cost 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 a recurring seasonal pattern in the same way as the school segments. The contract portfolio and public spending have a greater influence on the variation. The number of working days or education days in the period may have some effect.

Outlook

AcadeMedia does not publish any forecasts.

Calendar

January 31, 2019	Interim report second quarter
May 7, 2019	Interim report third quarter
August 29, 2019	Year-end report and interim report fourth quarter
October 23, 2019	Interim report first quarter
October 25, 2019	Annual Report 2018/19

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

This report has not been reviewed by the company's auditors.

The Board of Directors and the Chief Executive Officer certify that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm January 31, 2019

Anders Bülow
Chairman

Thomas Berglund *Board Member*	Marcus Strömberg *Chief Executive Officer*	Pia Rudengren *Board Member*
Håkan Sörman *Board Member*	Silvija Seres *Board Member*	Johan Andersson *Board Member*
Anki Bystedt *Board Member*	Anders Lövgren *Employee Representative*	Peter Milton *Employee Representative*

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This is a translation of the Swedish interim report. In the event of differences the Swedish interim report shall prevail.

This information is information that AcadeMedia AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on January 31, 2019.

Consolidated statement of comprehensive income

		Second quarter		Half year		Rolling 12 months	Full year
SEK m		2018/19	2017/18	2018/19	2017/18	Jan 18-Dec 18	2017/18
Net Sales	2	**3,076**	**2,813**	**5,418**	**4,850**	**11,378**	**10,810**
Cost of goods sold		-274	-244	-489	-423	-986	-920
Other external expenses		-646	-581	-1,227	-1,082	-2,465	-2,320
Personnel expenses		-1,940	-1,755	-3,366	-2,979	-7,037	-6,650
Depreciation/amortization		-73	-64	-136	-114	-266	-244
Acquisition related depreciations		-4	-1	-8	-2	-11	-6
Items affecting comparability [1)]		-11	-1	-6	-2	-51	-48
		-2,948	**-2,647**	**-5,233**	**-4,604**	**-10,817**	**-10,188**
OPERATING INCOME		**128**	**166**	**186**	**246**	**561**	**622**
Interest income and similar profit/loss items	5	0	0	1	1	5	5
Interest expense and similar profit/loss items	5	-24	-18	-41	-34	-79	-73
		-23	**-17**	**-40**	**-34**	**-74**	**-68**
INCOME BEFORE TAX		**105**	**149**	**146**	**213**	**488**	**555**
Tax		-25	-33	-35	-45	-114	-124
PROFIT/LOSS FOR THE PERIOD		**79**	**116**	**111**	**168**	**373**	**430**
Other comprehensive income							
Items that will not be reclassified to profit/loss							
Remeasurement of defined benefit pension plans		-43	0	-88	-16	-165	-92
Deferred tax relating to defined benefit pension plans		9	-0	19	4	37	21
		-34	**0**	**-69**	**-12**	**-128**	**-71**
Items that may be reclassified to profit/loss							
Translation differences		-32	-8	-42	-3	18	57
Other comprehensive income for the period		-66	-8	-111	-15	-110	-14
COMPREHENSIVE INCOME FOR THE PERIOD		**13**	**109**	**-0**	**153**	**263**	**416**
Profit for the period attributable to:							
Stockholders of the parent company		79	116	111	168	373	430
Non-controlling interests		-	-	-	-	-	-
Comprehensive income for the period attributable to:							
Stockholders of the parent company		13	109	-0	153	263	416
Non-controlling interests		-	-	-	-	-	-
Earnings per share basic (SEK)		0.75	1.22	1.05	1.76		4.30
Earnings per share basic/diluted (SEK)		0.75	1.21	1.05	1.76		4.29
Earnings per share based on number of shares outstanding December 31, 2018 (SEK)		0.75	1.11	1.05	1.59		4.09

**) Items affecting comparability are specified on page 3 and 4 and definitions are on pages 27 to 28.*

Consolidated statement of financial position in summary

SEK m	Note	Dec 31, 2018	Dec 31, 2017	June 30, 2018
ASSETS				
Intangible non-current assets		6,148	6,031	6,175
Buildings		970	807	948
Other property, plant and equipment		794	627	651
Other non-current assets		65	28	50
Total non-current assets		**7,976**	**7,492**	**7,823**
Current receivables		973	860	860
Cash and cash equivalents		402	523	699
Total current assets		**1,375**	**1,383**	**1,560**
TOTAL ASSETS		**9,351**	**8,875**	**9,383**
EQUITY AND LIABILITIES				
Total equity		**4,262**	**3,997**	**4,262**
Non-current liabilities to credit institutions		2,100	2,153	2,163
Provisions and other non-current liabilities		343	204	182
Total non-current liabilities	4	**2,443**	**2,358**	**2,345**
Current interest-bearing liabilities		616	629	673
Other current liabilities		2,030	1,892	2,103
Total current liabilities	4	**2,646**	**2,521**	**2,776**
TOTAL EQUITY AND LIABILITIES		**9,351**	**8,875**	**9,383**

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the parent company

	July 1, 2018	July 1, 2017	July 1, 2017
SEK m	Dec 31, 2018	Dec 31, 2017	June 30, 2018
Opening balance	**4,262**	**3,443**	**3,443**
Profit/loss for the period	111	168	430
Other comprehensive income	-111	-15	-14
Total profit/loss for the group	**-0**	**153**	**416**
Transactions with owners*	1	402	403
Closing balance	**4,262**	**3,997**	**4,262**

**) Transactions with owners include a share-matching program of SEK 0.5 million. Transactions with owners in the prior year includes a rights issue of SEK 401.1 million after issue-related expenses, a share-matching program of SEK 0.7 million and premium for issued warrants of SEK 1.0 million.*

Consolidated cash flow statement in summary

		Second quarter		Half year		Full year
SEK m	Note	2018/19	2017/18	2018/19	2017/18	2017/18
Operating profit/loss (EBIT)		128	166	186	246	622
Adjustment for items affecting cash flow		53	44	142	88	227
Tax paid		-40	-34	-53	-53	-142
Cash flow from operating activities before changes in working capital		**141**	**176**	**275**	**281**	**707**
Cash flow from changes in working capital		207	81	-145	118	221
Cash flow from operating activities		**348**	**257**	**130**	**399**	**928**
Cash flow from investing activities		**-103**	**-668**	**-259**	**-731**	**-970**
Cash flow from financing activities		**-245**	**301**	**-152**	**278**	**144**
CASH FLOW FOR THE PERIOD		**-0**	**-110**	**-281**	**-54**	**102**
Cash and cash equivalents at beginning of period		415	636	699	579	579
Exchange-rate differences in cash and cash equivalents		-13	-3	-16	-1	18
Cash and cash equivalents at end of period		**402**	**523**	**402**	**523**	**699**

Parent company income statement in summary

	Second quarter		Half year		Full year
SEK m	**2018/19**	2017/18	**2018/19**	2017/18	2017/18
Net sales	**2**	**1**	**2**	**5**	**9**
Operation expenses	**-5**	**-6**	**-11**	**-11**	**-27**
OPERATING PROFIT/LOSS	**-3**	**-5**	**-9**	**-7**	**-19**
Interest expense and similar profit/loss items	**-8**	**-2**	**-16**	**-3**	**-4**
Year-end appropriations	-	-	-	-	37
PROFIT/LOSS BEFORE TAX	**-11**	**-8**	**-25**	**-10**	**14**
Tax	2	-1	5	-0	-3
PROFIT/LOSS FOR THE PERIOD	**-8**	**-8**	**-19**	**-10**	**11**

Parent company other comprehensive income

	Second quarter		Half year		Full year
SEK m	**2018/19**	2017/18	**2018/19**	2017/18	2017/18
Profit/Loss for the period	**-8**	**-8**	**-19**	**-10**	**11**
Other comprehensive income for the period	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	**-8**	**-8**	**-19**	**-10**	**11**

Parent company balance sheet in summary

SEK m	Dec 31, 2018	Dec 31, 2017	June 30, 2018
ASSETS			
Participations in Group companies	2,247	2,247	2,247
Deferred tax assets	-	1	-
Total non-current assets	**2,247**	**2,248**	**2,247**
Current receivables	4,261	2,473	2,765
Cash and bank balances	262	354	394
Total current assets	**4,523**	**2,827**	**3,159**
TOTAL ASSETS	**6,770**	**5,075**	**5,406**
EQUITY AND LIABILITIES			
Restricted equity	105	105	105
Non-restricted equity	2,611	2,607	2,630
Total equity	**2,717**	**2,713**	**2,735**
Non-current liabilities	1,148	1	1
Current liabilities	**2,905**	**2,361**	**2,670**
TOTAL EQUITY AND LIABILITIES	**6,770**	**5,075**	**5,406**

Parent company statement of changes in equity

Total equity attributable to owners of the parent company

SEK m	July 1, 2018 Dec 31, 2018	July 1, 2017 Dec 31, 2017	July 1, 2017 June 30, 2018
Opening balance	**2,735**	**2,321**	**2,321**
Profit/loss for the period	-19	-10	11
Other comprehensive income	-	-	-
Total profit/loss for the group	**-19**	**-10**	**11**
Transactions with owners*	1	402	403
Closing balance	**2,717**	**2,713**	**2,735**

**) Transactions with owners include a share-matching program of SEK 0.5 million. Transactions with owners from previous year include a rights issue of SEK 401.1 million after issue-related expenses, a share-matching program of SEK 0.7 million and premium for issued warrants of SEK 1.0 million*

Notes and accounting policies

Significant events after the end of the reporting period are presented on page 12. Segment reporting is presented on pages 6 to 10. Disclosures about risk factors and seasonality are presented on page 12.

Note 1: Accounting policies

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are the same as those described in AcadeMedia's 2017/18 Annual Report, which is available at https://corporate.academedia.se. No new accounting policies effective from 2018/19 have had any material impact on AcadeMedia. This Interim Report is prepared in accordance with IAS 34 Interim Financial Reporting, as well as the Annual Accounts Act. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. The interim report includes pages 1 to 27 and pages 1 to 13 are an integrated part of this financial report.

The useful life of the brands was reassessed, and now amounts to 20 years, and will result in depreciation increasing by SEK 10 million per year. This depreciation is reported on a separate line in the income statement called Depreciation related to acquisitions. Other acquisition related depreciations are also included here.

IFRS 15 Revenue from contracts with customers came into force on January 1, 2018, replacing all published standards and interpretations previously used for revenue. IFRS 15 provides a single model for revenue recognition under which revenue is recognized when promised goods or services are transferred to a customer. This can occur over time or at a point in time. The revenue consists of the amount that the Company expects to receive as consideration for the transferred goods or services. The standard is applicable to the Group as of July 1, 2018. An assessment of the standard's impact on the financial reports shows that the new standard will not have any impact on AcadeMedia's financial reports except extended disclosure requirements.

IFRS 9 Financial Instruments deals with classification, measurement and reporting of financial assets and liabilities and replaces parts of IAS 39. IFRS 9 maintains a mixed valuation approach, but simplifies this approach in certain regards. There will be three valuation categories for financial assets: amortized cost, fair value in other comprehensive income (OCI) and fair value through profit or loss. The classification is determined at the first reporting date. IFRS 9 also introduces a new model for calculating credit loss provisions based on estimated credit losses and reduces the requirement for hedge accounting by replacing the 80–125 criteria with requirements for a financial relationship between hedging instruments and hedged items and that the hedge ratio should be the same as that applied in risk management. The hedging documentation has also been amended to some extent compared to that presented under IAS 39. The standard is effective for AcadeMedia from July 1, 2018. The standard has no impact on AcadeMedia's financial reports except extended disclosure requirements.

IFRS 16 ”Leases”: A new leasing standard was published by IASB in January 2016 which will replace IAS 17 Leasing contracts as well as associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard was accepted by EU on 9 November, 2017. IFRS 16 requires assets and liabilities related to leasing, with the exception of short-term leases and low-value assets, to be recognized as a liability and asset in the balance sheet. The accounting is based on the view that the lessee has the right to use an asset for a specific time period and at the same time the obligation to pay for this right. Accounting for the lessor will essentially remain unchanged. The standard will come into place for the financial year starting January 1, 2019 or later. Early adoption is permitted. AcadeMedia is not planning early adoption and will comply with the standard for the financial year starting July 1, 2019. It is too early to quantify the exact impact of IFRS 16 but the new leasing standard will have a substantial impact AcadeMedia's financial accounts since the group has a large amount of operating leases relating to premises. AcadeMedia had lease obligations of SEK 6,452 million per June 30, 2018, for additional information see the annual report 2017/18 published on October 26, 2018. The detailed assessment of the impact of IFRS 16 will progress during 2018/2019.

Note 2: Income

SEK m	Second quarter 2018/19	Second quarter 2017/18	Full Year 2018/19	Full Year 2017/18	Half year 2017/18
Income related to education	2,981	2,775	5,260	4,744	10,553
State subsidies	46	32	76	52	126
Other income	48	6	83	55	131
Net sales	**3,076**	**2,813**	**5,418**	**4,850**	**10,810**

Income related to education consists of school vouchers and participant fees. Tuition fees are recognized 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 instruction. Revenue for preschool operations is recognized based on the same fundamental principle. Revenue for services sold is recognized upon delivery to students. Revenue in the adult education operation is assessed using the same fundamental principles, but also taking into account the empirical estimate of the number of participants who do not complete the education that they started, as well as estimates of compensation received based on the number of participants that complete the education.

State subsidies includes state subsidies for the primary school initiative, smaller classes, skills development and before and after school care initiatives. State subsidies are recognized 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 subsidy. Contributions received to cover costs are recognized as an expense reduction of the applicable expense item, for example teacher salary premiums, head teacher premiums and other wage subsidies, and are recognized net under personnel expenses.

Other income refer to income not directly related to education, such as rental income and resale of computers.

Note 3: Related party transactions

Related party transactions are described in detail in the 2017/18 annual report. During the first six months of 2018/19, no transaction with related parties has taken place except remuneration to board members.

Note 4: Specification of liabilities

SEK m	Dec 31, 2018	Dec 31, 2017	June 30, 2018
Non-current liabilities			
Non-current liabilities to credit institutions excl. property loans	1,529	1,631	1,560
Non-current interest-bearing liabilities - properties	571	522	603
Non-current liabilities (interest-bearing)	94	87	46
Non-current liabilities (non-interest-bearing)	249	118	135
TOTAL Non-current liabilities	**2,443**	**2,358**	**2,345**
Current liabilities			
Liabilities to credit institutions and other current interest-bearing liabilities	552	559	625
Current interest-bearing liabilities - properties	64	70	48
Accounts payable and other current non-interest-bearing liabilities	747	752	773
Accrued expenses and deferred income	1,283	1,140	1,331
TOTAL current liabilities	**2,646**	**2,521**	**2,776**

Note 5: Specification of financial income and expenses

	Second quarter		Half year		Full Year
SEK m	**2018/19**	2017/18	**2018/19**	2017/18	2017/18
Interest income and similar profit/loss items					
Interest income	0	0	1	1	2
Derivatives	-	-	-	-	-
Foreign exchange gains	-	-0	-	0	4
Other	-	0	-	0	0
Interest income and similar profit/loss items	**0**	**0**	**1**	**1**	**5**
Interest expense and similar profit/loss items					
Interest expense	-12	-14	-26	-28	-62
Borrowing costs *	-2	-1	-3	-3	-5
Foreign exchange losses	-3	-0	-3	-0	-0
Other	-7	-3	-8	-4	-5
Interest expense and similar profit/loss items	**-24**	**-18**	**-41**	**-34**	**-73**

**) Administrative charges for loans are expensed over the term of the loan.*
***) Capital loss on SEK 5.5 million related to the sale of shares in Schoolido in Q2 2018/19*

During the second quarter the shares in Schoolido were sold given that it is deemed that too much capital is needed to further develop the company. IST, who run several other EdTech-companies, acquired Schoolido and will further develop the company. AcadeMedia will retain licenses to Schoolido's digital education material at reduced prices. The capital loss of SEK 5.5 million is included in Other in the table above.

Note 6: Financial instruments

AcadeMedia's financial instruments consist of accounts receivable, other receivables, accrued income, cash and cash equivalents, accounts payable, accrued trade payables, interest-bearing liabilities, and additional consideration. Since loans with credit institutions are at variable interest, which is essentially 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 the financial instruments are approximately equal to their book values.

Multi-year review

SEK million, unless otherwise stated	Second quarter		Half year		Full year			
	2018/19	2017/18	2018/19	2017/18	2017/18	2016/17	2015/16	2014/15
Profit/loss items, SEK m								
Net sales	3,076	2,813	5,418	4,850	10,810	9,520	8,611	8,163
Items affecting comparability	-11	-1	-6	-2	-48	-23	-32	-79
EBITDA	205	232	330	363	872	827	722	720
Depreciation/amortization	-73	-64	-136	-114	-244	-208	-185	-198
Depreciation related to acquisitions	-4	-1	-8	-2	-6	-4	-2	-5
Operating profit/loss (EBIT)	128	166	186	246	622	615	535	517
Net financial items	-23	-17	-40	-34	-68	-80	-127	-269
Profit/loss for the period before tax	105	149	146	213	555	535	408	248
Profit/loss for the period after tax	79	116	111	168	430	416	319	222
Balance sheet items, SEK m								
Non-current assets	7,976	7,492	7,976	7,492	7,823	6,574	6,141	5,884
Current receivables and inventories	973	860	973	860	860	695	697	670
Cash and cash equivalents	402	523	402	523	699	579	331	695
Non-current interest-bearing liabilities	2,194	2,240	2,194	2,240	2,209	2,200	2,116	2,609
Non-current non-interest-bearing liabilities	249	118	249	118	135	114	113	197
Current interest-bearing liabilities	616	629	616	629	673	516	568	715
Current non-interest-bearing liabilities	2,030	1,892	2,030	1,892	2,103	1,577	1,382	1,425
Equity	4,262	3,997	4,262	3,997	4,262	3,443	2,990	2,304
Total assets	9,351	8,875	9,351	8,875	9,383	7,849	7,169	7,250
Capital employed	7,072	6,866	7,072	6,866	7,144	6,158	5,674	5,628
Net debt	2,405	2,342	2,405	2,342	2,179	2,133	2,342	2,629
Property adjusted net debt	1,770	1,750	1,770	1,750	1,528	1,550	1,866	2,295
Key ratios								
Net sales, SEK m	3,076	2,813	5,418	4,850	10,810	9,520	8,611	8,163
Organic growth incl. Bolt-on acquisitions, %	4.5%	5.4%	3.8%	6.5%	5.8%	9.0%	6.4%	3.7%
Acquired growth, larger acquisitions, %	3.9%	7.6%	6.9%	5.0%	7.9%	0.8%	0.4%	24.4%
Change in currency, %	0.9%	-0.8%	1.0%	-0.5%	-0.1%	0.8%	-1.3%	-
Operating margin (EBIT), %	4.2%	5.9%	3.4%	5.1%	5.8%	6.5%	6.2%	6.3%
Adjusted EBIT, SEK m	139	167	191	249	670	638	567	596
Adjusted EBIT margin, %	4.5%	5.9%	3.5%	5.1%	6.2%	6.7%	6.6%	7.3%
Adjusted EBITDA, SEK m	216	233	336	366	920	850	754	799
Adjusted EBIT margin, %	7.0%	8.3%	6.2%	7.5%	8.5%	8.9%	8.8%	9.8%
Net margin, %	2.6%	4.1%	2.0%	3.5%	4.0%	4.4%	3.7%	2.7%
Return on capital employed, %, (12 months)	8.8%	10.6%	8.8%	10.6%	10.1%	10.9%	10.1%	10.8%
Return on equity, %(12 months)	9.0%	12.7%	9.0%	12.7%	11.2%	12.9%	12.1%	9.9%
Equity/assets ratio, %	45.6%	45.0%	45.6%	45.0%	45.4%	43.9%	41.7%	31.8%
Interest coverage ratio, times	10.3	11.6	10.3	11.6	10.9	9.4	4.8	2.8
Net debt/Adjusted EBITDA (12 months)	2.7	2.6	2.7	2.6	2.4	2.5	3.1	3.3
Adjusted net debt/adjusted EBITDA (12 months)	2.0	1.9	2.0	1.9	1.7	1.8	2.5	2.9
Cash flow from investing activities	-103	-668	-259	-731	-970	-374	-386	-68
Number of full-time employees	12,473	11,789	12,264	11,336	11,863	10,564	9,714	9,159

Quarterly data, Group

Quarterly data	2018/19		2017/18				2016/17			
SEK million, unless oterhwise stated	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	3,076	2,343	2,993	2,967	2,813	2,037	2,610	2,540	2,508	1,862
EBITDA	**205**	**126**	**233**	**275**	**232**	**132**	**267**	**250**	**200**	**111**
Depreciation/amortization	-73	-64	-65	-65	-64	-50	-55	-54	-57	-42
Acquisition related depreciations	-4	-4	-2	-2	-1	-1	-1	-1	-1	-1
Items affecting comparability	-11	5	-40	-5	-1	-2	-19	-2	-0	-1
Operating income (EBIT)	**128**	**58**	**167**	**209**	**166**	**80**	**211**	**195**	**142**	**68**
Total financial items	-23	-17	-19	-15	-17	-16	-20	-18	-25	-18
Income before taxes	**105**	**41**	**148**	**194**	**149**	**64**	**191**	**177**	**117**	**50**
Tax for the current period	-25	-10	-37	-42	-33	-13	-37	-45	-28	-9
Profit/loss for the period	**79**	**31**	**111**	**152**	**116**	**51**	**154**	**132**	**89**	**41**
Number of children/students, schools	79,335	78,770	76,233	76,188	72,945	68,098	67,207	66,299	65,633	65,143
Number of full-time employees	12,473	12,055	12,462	12,320	11,789	10,882	10,959	10,702	10,450	10,144
Number of education units	505	505	501	500	489	446	445	432	427	428
Key ratios										
Operating margin (EBIT), %	4.2%	2.5%	5.6%	7.0%	5.9%	3.9%	8.1%	7.7%	5.7%	3.7%
Adjusted EBIT	139	52	207	214	167	82	229	197	142	69
Adjusted EBIT, %	4.5%	2.2%	6.9%	7.2%	5.9%	4.0%	8.8%	7.8%	5.7%	3.7%
Net margin, %	2.6%	1.3%	3.7%	5.1%	4.1%	2.5%	5.9%	5.2%	3.6%	2.2%
Return on equity, % (12 months)	9.0%	10.6%	11.2%	12.7%	12.7%	13.1%	12.9%	13.9%	14.6%	13.5%
Return on capital employed, % (12 Months)	8.8%	9.5%	10.1%	10.6%	10.6%	11.0%	10.9%	11.3%	11.7%	10.9%
Equity/assets ratio, %	45.6%	44.3%	45.4%	45.9%	45.0%	42.6%	43.9%	42.6%	41.6%	40.8%
Net debt/Adjusted EBITDA (12 months)	2.7	2.9	2.4	2.6	2.6	2.4	2.5	2.7	2.7	3.0
Interest coverage ratio	10.3	10.6	10.9	11.9	11.6	10.1	9.4	7.6	6.8	5.7
Other										
Cash flow from operating activities	348	-219	376	153	257	142	317	123	260	131
Cash flow from investing activities	-103	-156	-115	-124	-668	-63	-133	-87	-67	-87

Quarterly data, segment

SEK million, unless otherwise stated	2018/19		2017/18				2016/17			
Pre- and Compulsory Schools (Sweden)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	32,751	32,381	32,834	32,732	31,727	31,111	31,828	31,533	30,951	30,613
Net sales	1,088	816	1,082	1,049	1,021	760	1,025	983	964	717
EBITDA	61	22	92	75	56	17	103	73	57	19
EBITDA margin, %	5.6%	2.7%	8.5%	7.1%	5.5%	2.2%	10.0%	7.4%	5.9%	2.6%
Depreciation/amortization	-18	-16	-16	-16	-16	-13	-14	-14	-14	-12
Acquisition related depreciations	-1	-1	-	-	-	-	-	-	-	-
Operating profit/loss (EBIT)	42	5	76	59	40	3	89	59	43	8
EBIT margin, %	3.9%	0.6%	7.0%	5.6%	3.9%	0.4%	8.7%	6.0%	4.5%	1.1%
Items affecting comparability	4	-	-	-	-	-	-0	-	-	-
Adjusted operating profit/loss (EBIT)	38	5	76	59	40	3	90	59	43	8
Adjusted EBIT margin, %	3.5%	0.6%	7.0%	5.6%	3.9%	0.4%	8.8%	6.0%	4.5%	1.1%
Number of education units	227	227	230	230	228	226	230	229	225	227

SEK million, unless otherwise stated	2018/19		2017/18				2016/17			
Upper Secondary Schools (Sweden)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	34,873	35,065	32,024	32,456	30,928	26,918	25,191	25,476	25,707	25,802
Net sales	1,011	750	920	926	845	539	675	671	678	501
EBITDA	133	92	118	121	97	62	90	89	77	47
EBITDA margin, %	13.2%	12.3%	12.8%	13.1%	11.5%	11.5%	13.3%	13.3%	11.4%	9.4%
Depreciation/amortization	-36	-29	-31	-32	-33	-23	-26	-28	-30	-21
Acquisition related depreciations	-1	-1	-1	-0	-0	-	-	-	-	-
Operating profit/loss (EBIT)	96	62	87	88	63	39	64	60	47	26
EBIT margin, %	9.5%	8.3%	9.5%	9.5%	7.5%	7.2%	9.5%	8.9%	6.9%	5.2%
Items affecting comparability	-	5	-13	-1	-1	0	-9	0	-0	-
Adjusted operating profit/loss (EBIT)	96	56	100	89	64	39	72	60	47	26
Adjusted EBIT margin, %	9.5%	7.5%	10.9%	9.6%	7.6%	7.2%	10.7%	8.9%	6.9%	5.2%
Number of education units	143	143	141	141	142	106	103	103	103	103

SEK million, unless otherwise stated	2018/19		2017/18				2016/17			
Adult Education (Sweden)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales	388	315	397	444	459	366	411	417	417	332
EBITDA	-1	4	-66	39	66	45	40	64	60	42
EBITDA margin, %	-0.3%	1.3%	-16.6%	8.8%	14.4%	12.3%	9.7%	15.3%	14.4%	12.7%
Depreciation/amortization	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Acquisition related depreciations	-1	-1	-	-	-	-	-	-	-	-
Operating profit/loss (EBIT)	-4	0	-69	37	64	43	38	62	59	41
EBIT margin, %	-1.0%	-	-17.4%	8.3%	13.9%	11.7%	9.2%	14.9%	14.1%	12.3%
Items affecting comparability	-15	-	-61	-	-	-	-	-	-	-
Adjusted operating profit/loss (EBIT)	11	0	-7	37	64	43	38	62	59	41
Adjusted EBIT margin, %	2.8%	-	-1.8%	8.3%	13.9%	11.7%	9.2%	14.9%	14.1%	12.3%

Quarterly data, segment (cont.)

SEK million, unless otherwise stated	2018/19		2017/18				2016/17			
Preschool International	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	11,711	11,324	11,375	11,000	10,290	10,069	10,188	9,289	8,975	8,727
Net sales	589	461	593	545	488	372	499	466	449	311
EBITDA	32	21	113	60	27	18	60	39	25	15
EBITDA margin, %	5.4%	4.6%	19.1%	11.0%	5.5%	4.8%	12.0%	8.4%	5.6%	4.8%
Depreciation/amortization	-15	-15	-15	-13	-12	-12	-12	-9	-10	-7
Acquisition related depreciations	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Operating profit/loss (EBIT)	15	4	97	46	14	5	47	30	14	7
EBIT margin, %	2.5%	0.9%	16.4%	8.4%	2.9%	1.3%	9.4%	6.4%	3.1%	2.3%
Items affecting comparability	-	-	37	-	-	-	-	-	-	-
Adjusted operating profit/loss (EBIT)	15	4	60	46	14	5	47	30	14	7
Adjusted EBIT margin, %	2.5%	0.9%	10.1%	8.4%	2.9%	1.3%	9.4%	6.4%	3.1%	2.3%
Number of preschool units	135	135	130	129	119	114	112	100	99	98

SEK million, unless otherwise stated	2018/19		2017/18				2016/17			
Group-OH and adjustments	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales	0	0	1	3	0	0	0	3	0	0
EBITDA	-21	-13	-23	-20	-13	-9	-27	-15	-20	-13
Depreciation/amortization	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Acquisition related depreciations	-	-	-	-	-	-	-	-	-	-
Operating profit/loss (EBIT)	-22	-14	-24	-21	-14	-10	-28	-16	-21	-14
Items affecting comparability	-0	-	-3	-4	0	-2	-10	-2	-0	-1
Adjusted operating profit/loss (EBIT)	-22	-14	-22	-17	-14	-9	-18	-14	-21	-13

SEK million, unless otherwise stated	2018/19		2017/18				2016/17			
Group	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	79,335	78,770	76,233	76,188	72,945	68,098	67,207	66,299	65,633	65,143
Net sales	3,076	2,343	2,993	2,967	2,813	2,037	2,610	2,540	2,508	1,862
EBITDA	205	126	233	275	232	132	267	250	200	111
EBITDA margin, %	6.7%	5.4%	7.8%	9.3%	8.2%	6.5%	10.2%	9.8%	8.0%	6.0%
Depreciation/amortization	-73	-64	-65	-65	-64	-50	-55	-54	-57	-42
Acquisition related depreciations	-4	-4	-2	-2	-1	-1	-1	-1	-1	-1
Operating profit/loss (EBIT)	128	58	167	209	166	80	211	195	142	68
EBIT margin, %	4.2%	2.5%	5.6%	7.0%	5.9%	3.9%	8.1%	7.7%	5.7%	3.7%
Items affecting comparability	-11	5	-40	-5	-1	-2	-19	-2	-0	-1
Adjusted operating profit/loss (EBIT)	139	52	207	214	167	82	229	197	142	69
Adjusted EBIT margin, %	4.5%	2.2%	6.9%	7.2%	5.9%	4.0%	8.8%	7.8%	5.7%	3.7%
Net financial items	-23	-17	-19	-15	-17	-16	-20	-18	-25	-18
Profit/loss after financial items	**105**	**41**	**148**	**194**	**149**	**64**	**191**	**177**	**117**	**50**
Tax	-25	-10	-37	-42	-33	-13	-37	-45	-28	-9
Profit/loss for the period	**79**	**31**	**111**	**152**	**116**	**51**	**154**	**132**	**89**	**41**
Number of full-time employees (period)	12,473	12,055	12,462	12,320	11,789	10,882	10,959	10,702	10,450	10,144
Number of units	505	505	501	500	489	446	445	432	427	428

Reconciliation of alternative performance measures

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

	Second quarter**		Full year			
SEK million, unless otherwise stated	**2018/19**	2017/18	2017/18	2016/17	2015/16	2014/15
Net debt						
Non-current interest-bearing liabilities	2,194	2,240	2,209	2,200	2,116	2,609
+ Current interest-bearing liabilities	616	629	673	516	568	715
- Non-current interest-bearing receivables*	4	4	4	4	11	-
- Cash and cash equivalents	402	523	699	579	331	695
= Net debt	2,405	2,342	2,179	2,133	2,342	2,629
Property-adjusted net debt						
Net debt (as described above)	2,405	2,342	2,179	2,133	2,342	2,629
- non-current property loans	571	522	603	467	278	174
- current property loans	64	70	48	116	197	161
= Property adjusted net debt	1,770	1,750	1,528	1,550	1,865	2,295
Return on capital employed %, 12 months						
Adjusted operating profit EBIT (12 months)	613	676	670	638	567	596
+ Interest income	2	1	2	7	6	13
divided by						
Average equity (12 months)	4,130	3,573	3,853	3,216	2,647	2,247
+ average non-current interest-bearing liabilities (12 months)	2,217	2,200	2,204	2,158	2,363	2,815
+ average current interest-bearing liabilities (12 months)	623	598	594	542	641	592
= Return on capital employed %, 12 months	8.8%	10.6%	10.1%	10.9%	10.1%	10.8%
Return on equity %, 12 months						
Profit/loss after tax (12 months)	373	453	430	416	319	222
divided by						
Average equity (12 months)	4,130	3,573	3,853	3,216	2,647	2,247
= Return on equity %, 12 months	9.0%	12.7%	11.2%	12.9%	12.1%	9.9%

*) Included in Other non-current assets
**) The numbers for the quarter are the same for the half year

	2018/19		2017/18				2016/17			
SEK million, unless otherwise stated	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest coverage ratio										
Adjusted operating profit EBIT (12 months)	613	641	670	693	676	650	638	646	648	603
+ Interest income (12 months)	2	2	2	1	1	6	7	9	9	6
+ Other financial income (12 months)	4	4	4	3	0	-	1	2	2	3
divided by										
Interest expense (12 months)	-60	-61	-62	-59	-58	-65	-69	-87	-97	-108
= Interest coverage ratio	10.3	10.6	10.9	11.9	11.6	10.1	9.4	7.6	6.8	5.7

Definitions

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

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

[1] According to ESMA guidelines on performance measures, each performance measure must be justified.

		(EBITDA), to pay off the Company's liabilities, including property-related loans.
Net margin	Profit/loss for the period as a percentage of revenues.	Net margin is used to measure net earnings in relation to sales.
Items affecting comparability	Items affecting comparability are income and cost of an irregular nature such as larger 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 reorganizations 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 identify items of an irregular nature in order to get a better understanding of underlying development of earnings.
Number of children/students	Average number of children/students enrolled during the specified period. Adult education participants are not included in the Group's total figures for number of children/students.	Number of children/students is the most important driver for revenue.
Number of education units	Refers to the number of preschools, compulsory schools and/or upper secondary schools operating in the period. Integrated units where preschools and compulsory schools are combined are counted as two units as they each hold their own permit.	Number of education units indicates how the Company grows over time through new establishments and acquisitions minus discontinued units.
Number of full-time employees	Average number of employees during the period, full-time equivalent (FTE).	The number of employees is measured regularly as it is the main cost driver for the Company.
Organic growth including 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 ratio is thus to follow up on this target.
Return on equity	Profit/loss for the most recent 12-month period divided by average equity (opening balance + closing balance)/2.	Return on equity is a profitability measure used to set profit (loss) in relation to shareholders' paid-in and earned capital.
Return on capital employed	Adjusted operating profit/loss (EBIT) for the most recent 12-month period plus interest income divided by average capital employed (opening balance + closing balance)/2.	Return on equity is a profitability measure used to set profit (loss) in relation to the capital needed to run the business.
Operating margin (EBIT margin)	Operating profit/loss as a percentage of revenues.	The operating margin shows the percentage of sales remaining after operating expenses, which can be allocated to other purposes.
Operating profit/loss (EBIT)	Operating profit/loss before net financial items and tax.	Operating profit/loss (EBIT) is used to measure operating profit before financing and tax.

Other

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