AcadeMedia AB (publ)

INTERIM REPORT July 2018 – March 2019

Improved earnings in the school segments and continued growth

Optimization of unit portfolio in Swedish preschools is underway

Equal terms activities give effect

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Interim report third quarter 2018/19

Third quarter (January – March 2019)

- Net sales increased by 5.7 percent and amounted to SEK 3,135 million (2,967). Organic growth, including bolt-on acquisitions, was 4.5 percent.
- Operating profit (EBIT) increased by 10.5 percent to SEK 231 million (209). Retroactive revenues from prior years amounted to SEK 20 million and is included in items affecting comparability. Adjusted for items affecting comparability, operating profit was SEK 210 million (214).
- Net profit for the period was SEK 172 million (152).
- Cash flow from operating activities amounted to SEK 129 million (153).
- The average number of children and students, excluding the Adult Education segment, increased by 4.8 percent to 79,873 (76,188).
- Earnings per share amounted to SEK 1.63 (1.45) before dilution and SEK 1.63 (1.44) after dilution.

First nine months (July 2018 – March 2019)

- Net sales increased by 9.4 percent to SEK 8,554 million (7,818). Organic growth including bolt-on acquisitions amounted to 4.0 percent.
- Operating profit (EBIT) decreased by 8.6 percent to SEK 416 million (455). Retroactive revenues from prior years amounted to SEK 36 million and is included in items affecting comparability. Adjusted for items affecting comparability, operating profit was SEK 402 million (463).
- Net profit for the period amounted to SEK 282 million (320).
- Cash flow from operating activities amounted to SEK 258 million (552).
- The average number of children and students, excluding the Adult Education segment amounted to 79,326 (72,410), representing an increase of 9.6 percent.
- Earnings per share was SEK 2.69 (3.25) before dilution and SEK 2.68 (3.24) after dilution.

The Group in figures

The quarter in figures	Third quarter			Nine months			Full year
	2018/19	2017/18	Change	**2018/19**	2017/18	Change	2017/18
Net sales, SEK m	3,135	2,967	5.7%	8,554	7,818	9.4%	10,810
EBITDA, SEK m	310	275	12.7%	641	639	0.3%	872
EBITDA margin	9.9%	9.3%	0.6 p.p.	7.5%	8.2%	-0.7 p.p.	8.1%
Operating profit	231	209	10.5%	416	455	-8.6%	622
EBIT margin	7.4%	7.0%	0.4 p.p.	4.9%	5.8%	-0.9 p.p.	5.8%
Adjusted operating profit (EBIT)*. SEK m	210	214	-1.9%	402	463	-13.2%	670
Adjusted EBIT margin	6.7%	7.2%	-0.5 p.p.	4.7%	5.9%	-1.2 p.p.	6.2%
Total financial items, SEK m	-14	-15	6.7%	-54	-49	-10.2%	-68
Income before taxes, SEK m	216	194	11.3%	362	406	-10.8%	555
Profit/loss for the period, SEK m	172	152	13.2%	282	320	-11.9%	430
Number of children and students**	79,873	76,188	4.8%	79,326	72,410	9.6%	73,366
Number of FTEs	12,605	12,320	2.3%	12,378	11,664	6.1%	11,863

**) For definitions see page 29-30. **) Excl. Adult education*

CEO's comments

The third quarter shows healthy growth in number of students in all segments. EBIT increased 10 percent in the quarter and margins are stabilizing in the school segments. Adult Education continues to be challenged by the changes at the Swedish Public Employment Service. The quarter also includes substantial retroactive revenues from municipalities following positive outcome of legal cases regarding adherence to the Equal terms law.

Earnings improved in the school segments

The third quarter continues to show strong earnings in the school segments, and we see margins stabilizing. The Pre- and Compulsory School Segment had earnings and margins in line with last year while the Upper Secondary School Segment continues to show strong margins. This is both due to strong underlying growth and due to large retroactive payments.

The adult education has a record number of participants in its training programs but continues to have a mixed financial performance. As described earlier, the higher vocational education and municipal training are doing well while the business for employment related training continues to be weak. During the quarter the Swedish Public Employment Service has launched substantial cut-backs in its own organization which obviously will have an impact on the volume of students allocated to various programs. The Adult Education Segment continues to work hard at reducing resources and costs in this market area.

Development of preschool portfolio

AcadeMedia has made a strategic review of its preschool units in Sweden in order to improve quality and operations and to meet a strong demand of good pre-school education. We have identified a number of potential new establishments and bolt-on acquisitions as well as some divestments to be undertaken. The goal is to focus our locations to municipalities who share our view on quality and resource requirements in pre-schools. By leaving some municipalities where voucher levels do not provide for a sustainable quality level, we aim to enhance both the quality and margin of our Swedish preschool portfolio.

Fair voucher levels – Equal terms law

Fair voucher levels for privately run schools is critical to AcadeMedia's ability to run qualitative and stable operations. The Equal Terms law was enacted in 2010 and states that the voucher should reflect the municipality's own resource allocation so that students who choose an independently run school are not disadvantaged. The intention is good, but in reality, transparency in municipal financial reporting is lacking and it is difficult to ensure equal terms. For this reason, AcadeMedia has stepped up its activities on all fronts in the last year to ensure that the law is followed. So far, our efforts have paid off with a number of retroactive payments recently from municipalities relating to budget deficits in prior years. Year to date, a total of SEK 36 million (-) has been paid out and accounted for as items affecting comparability.

The voucher (price) revisions for 2019 are now clear and we can conclude that the average revision for our Swedish schools is around 2.5 percent and for Norwegian preschools is 3.4 percent. This is roughly the same level of increase as for 2018. However, the revision levels vary among municipalities and school forms. Although this year's revisions are decent the voucher levels have fallen behind the actual cost increases for a number of years and thereby challenged our margins.

AcadeMedia will continue to appeal voucher levels, review municipal budget deficits, and also discuss with various organizations and policy makers on a regional and national level in order to defend our student's rights.

The Norwegian staffing regulation

As previously communicated, the Norwegian parliament (Stortinget) last year decided to impose new staffing regulations for all preschools. As of August 2018, there are requirements regarding the ratio of trained preschool teachers to children and as of August 2019, a regulation regarding the adult to child ratio will be enforced. So far, the transition to a higher proportion of qualified staff has been well managed and we now move into the next phase of this adjustment. Due to the time lag in voucher cost base (as explained later in the report) we envisage a short-term downturn in earnings in the Norwegian operation following these changes. However, after a two-year adjustment period there should be full cost flow-through.

Client and employee survey show improvements

The annual client satisfaction survey was performed during the first months of the quarter and the results are encouraging. Especially in the upper secondary schools there is a substantial improvement in the student's promotor score. In the other school segments the recommendation level is stable.

In addition, the annual Swedish employee survey continues to show high satisfaction levels. This is now the fifth consecutive year with high and increasing satisfaction among our employees. 85 percent (84) of all Swedish staff are proud of their workplace and 84 percent (85) have a high confidence in their manager. This is very encouraging as the quality of our education is entirely dependent on the people and leaders in our organization. We also note that our staff turnover has improved considerable albeit from a high level. All in all, this provides for a good outlook going forward.

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Development in the third quarter (January 2019 to March 2019)

Volume development and net sales

Net sales increased by 5.7 percent and amounted to SEK 3,135 million (2,967). Organic growth including bolt-on acquisitions, amounted to 4.5 percent. Excluding the Adult Education Segment, which affects net sales negatively, the organic growth amounted to 7.3 percent. Acquisitions contributed with 0.5 percent and include KTS (March 2018). Exchange rate development had a positive impact on sales of 0.7 percent. The average number of students, excluding Adult Education Segment, increased by 4.8 percent to 79,873 (76,188).

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) increased by 10.5 percent and amounted to SEK 231 million (209). EBIT margin was 7.4 percent (7.0) due to a positive development in the Upper Secondary School Segment. Adjusted EBIT amounted to SEK 210 million (214) corresponding to an adjusted EBIT margin of 6.7 percent (7.2).

The Upper Secondary School Segment reported another strong quarter driven by volume growth. The segment has received retroactive compensation from the City of Gothenburg for 2018 amounting to SEK 7 million (6) which is included in adjusted EBIT. In addition, larger retroactive revenues have been received and are reported as items affecting comparability which boosts the segment's EBIT-margin. The operating profit for Pre- and Compulsory School was in line with previous year. In Preschool International, the Norwegian operation has started its transition to the new staffing regulation. The effects have so far been offset by other savings.

The Adult Education Segment continues to show a weak operating profit due to unprofitable contracts with the Swedish Public Employment Service. Measures to lower expenses are now being intensified.

Operating 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 -13 million (-16). The lower interest expense is a result of the refinancing in July 2018.

Profit and comprehensive income for the period

Profit after tax for the period amounted to SEK 172 million (152) and the tax was SEK -45 million (-42). This corresponds to an effective tax rate of 20.6 percent (21.5).

Comprehensive income for the period was SEK 159 million (207). Actuarial losses of SEK -42 million (21) relating to new assumptions for the defined benefit pension plans in Norway as well as translation differences had a negative impact.

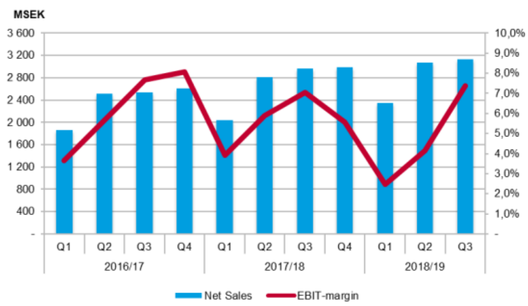
Items affecting comparability

Items affecting comparability amounted to SEK 20 million (-5) and include retroactive revenue from the municipality of Uppsala to the Upper Secondary School Segment related to prior financial years.

Items affecting comparability	Third quarter	
SEK million	2018/19	2017/18
Transaction-related expenses	-	-4
Retroactive revenue from previous year	20	-
Integration expenses Vindora	-	-1
Total	**20**	**-5**

Acquisitions, divestments and new units

Two new preschool units opened in the period, one in the Stockholm area and one in Munich. Moreover, a decision was taken to divest nine pre-school units as of July 1, and to close three units in the Stockholm area. The aim is to improve profitability.



Third quarter in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), SEK m		EBIT margin	
	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)	33,321	32,732	1,107	1,049	62	59	5.6%	5.6%	62	59	5.6%	5.6%
Upper Secondary Schools (Sweden)	34,481	32,456	1,006	926	102	89	10.1%	9.6%	122	88	12.1%	9.5%
Adult Education (Sweden)	-*	-*	392	444	19	37	4.8%	8.3%	19	37	4.8%	8.3%
Preschool International	12,071	11,000	626	545	45	46	7.2%	8.4%	45	46	7.2%	8.4%
Group adj., parent company	-	-	4	3	-16	-17	-	-	-16	-21	-	-
Total	79,873	76,188	3,135	2,967	210	214	6.7%	7.2%	231	209	7.4%	7.0%

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

Development in the first nine months (July 2018 to March 2019)

Volume development and net sales

Net sales increased by 9.4 percent in the first nine months and amounted to SEK 8,554 million (7,818). The organic growth including bolt-on acquisitions, amounted to 4.0 percent. Excluding the Adult Education Segment, which affects net sales negatively, the organic growth amounted to 8.1 percent. Sales growth relating to acquisitions amounted to 4.5 percent and include Vindora (Nov. 2017) and KTS (March 2018). Exchange rate development had a positive impact on sales of 0.9 percent.

The average number of students, excluding the Adult Education segment, increased by 9.6 percent to 79,326 (72,410).

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) declined by 8.6 percent and amounted to SEK 416 million (455). The decline is solely related to the Adult Education Segment. The EBIT margin was 4.9 percent (5.8). Adjusted EBIT amounted to SEK 402 million (463), corresponding to an adjusted EBIT margin of 4.7 percent (5.9).

The Upper Secondary School Segment has shown a strong development 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 labour 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 nine months of SEK 7.5 million.

Net financial items

Interest expense for the period decreased somewhat to SEK -39 million (-44) 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 in the second quarter.

Profit and comprehensive income for the period

Profit after tax for the period amounted to SEK 282 million (320) and tax amounted to SEK -80 million (-87). This corresponds to an effective tax rate of 22.0 percent (21.3).

Comprehensive income for the period was SEK 158 million (360), where actuarial losses, SEK -111 million (9), following revised actuarial assumptions for defined benefit pensions in Norway and translation differences had a negative impact in the period.

Items affecting comparability

Items affecting comparability amounted to net SEK 15 million (-8) 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 several municipalities SEK 36 million (-) related to previous financial years.

Items affecting comparability	Nine months	
SEK million	2018/19	2017/18
Restructuring expenses	-21	-
Transaction-related expenses	0	-5
Integration expenses Vindora	-	-2
Rights issue	-	-0
Retroactive revenue from previous year	36	-
Total	**15**	**-8**

Acquisitions, divestments and new units

Prior to the 2018/19 school year four units in Sweden 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. In the first quarter six new units opened in Germany. In the second quarter a decision was taken to close a compulsory school in the Stockholm area in the summer 2019. Two new units opened in the third quarter, one in the Stockholm area and one in Munich. Moreover, a decision was taken in the third quarter to divest nine pre-school units and to close three units in the Stockholm area.

First nine months in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), SEK m		EBIT margin	
	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)	32,818	31,857	3,011	2,831	105	102	3.5%	3.6%	110	102	3.7%	3.6%
Upper secondary school (Sweden)	34,806	30,101	2,767	2,310	254	192	9.2%	8.3%	280	190	10.1%	8.2%
Adult education (Sweden)	-*	-*	1,096	1,269	30	144	2.7%	11.3%	15	144	1.4%	11.3%
Preschool international	11,702	10,453	1,676	1,405	65	65	3.9%	4.6%	65	65	3.9%	4.6%
Group adj., parent company	-	-	4	4	-52	-40	-	-	-52	-45	-	-
Total	79,326	72,410	8,554	7,818	402	463	4.7%	5.9%	416	455	4.9%	5.8%

**) 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 third quarter cash flow from operating activities amounted to SEK 129 million (153). The cash flow in the quarter was affected positively of the operating profit and of adjustment for non-cash items included in the operating profit. Changes in net working capital had a negative impact and amounted to SEK -136 million (-67). The change was primarily due to lower prepaid income in Norway following a calendar effect, which affected the cash flow negatively with approximately SEK 90 million. Cash flow from investing activities totalled SEK -170 million (-124), with investments primarily consisting of property-related investments as well as equipment. Cash flow from financing activities amounted to SEK -81 million (-31) for the quarter and consisted of interest expense and repayment of debt and short-term credit facilities. All in all, cash flow for the quarter amounted to SEK -122 million (-1).

In the first nine months cash flow from operating activities amounted to SEK 258 million (552). The cash flow was partially affected by the decline in earnings, but the development was mainly due to a negative working capital development in relation to the beginning of the financial year. At the end of the previous financial year, June 30, 2018, working capital was unusually favourable due to delayed payments to suppliers due to calendar effects, amounting to approximately SEK 130 million. In addition, AcadeMedia's largest customer switched during the spring 2018 to monthly pre-payments from previously quarterly pre-payments. The effect of this change was about SEK 90 million. The cash flow from changes in working capital was also negatively affected by use of the restructuring reserve which is part of working capital.

Cash flow from investing activities the first nine months totalled SEK -429 million (-855), with investments primarily consisting of property related investments as well as equipment. Last year included several large investments, for example the acquisition of Vindora which are part of last years' cash flow from investing activities. Cash flow from financing activities totalled SEK -233 million (247) relating to repayment of debt. All in all, cash flow for the first nine months amounted to SEK -403 million (-55).

Financial position

Consolidated equity amounted to SEK 4,421 million (4,205) as of March 31, 2019 and the equity/asset ratio improved to 46,8 percent (45.9). 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 amounting to SEK -111 million (9) during the first nine months. It is mainly the lower discount rate which affects the actuarial losses in equity and a higher value on the pension liability.

Consolidated interest-bearing net debt as of March 31, 2019 amounted to SEK 2,505 million (2,382). 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 1,844 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 29 million to SEK 661 million (632). Building assets increased during the equivalent period by SEK 172 million to SEK 1051 million (879). 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 2,221 million (2,282) 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 579 million (638). Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 2.8 (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 2.1 (1.9).

Pre- and Compulsory Schools (Sweden)

- The number of children and students increased by 1.8 percent to 33,321 (32,732) in the third quarter.
- Sales increased by 5.5 percent.
- Operating profit (EBIT) increased and amounted to SEK 62 million (59).

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 228 units in the quarter.

Third quarter results

The average number of children and students increased by 1.8 percent as a result of new establishments and increased number of students in existing units. Net sales increased by 5.5 percent to SEK 1,107 million (1,049), 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 62 million (59) and the operating margin was in line with previous year 5.6 percent (5.6). The segment's earnings continued to be affected by high personnel costs as a result of increased staffing at certain schools. Wage inflation has slowed down. The average increase in vouchers in 2019 for compulsory schools amounted to 3.5 percent. However, for preschools voucher increases only amounted to 2.0 percent which will not offset increases in personnel costs. Adjusted EBIT amounted to SEK 62 million (59).

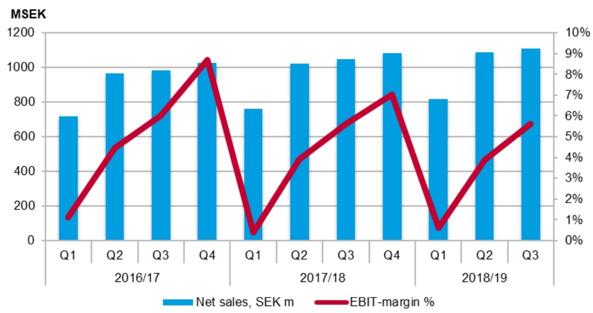
First nine months results

The average number of children and students increased by 3.0 percent primarily as a result of growth in existing units. Net sales increased by 6.4 percent and amounted to SEK 3,011 million (2,831) mainly an effect of an increased number of students but also due to the annual school voucher adjustment and increased subsidies for special needs and state subsidies.

Operating profit (EBIT) improved by 7.8 percent and amounted to SEK 110 million (102), with an operating margin of 3.7 percent (3.6). During the first nine months retroactive revenues of SEK 10 million were received and restructuring expenses of SEK 6 million related to the closure of a compulsory school affected items affecting comparability. Adjusted EBIT was slightly higher than last year SEK 105 million (102) and continued to be affected by some schools with greater challenges as well as continued margin pressure due to expenses not being fully compensated by school vouchers.

Operational changes

The Pre- and Compulsory School Segment is actively working with its preschool portfolio. This means new establishments, acquisitions as well as divestments. The strategy is to focus locations to municipalities with sustainable voucher levels to be able to run qualitative operations. Nine preschools will be divested to other parties as a part of this work with effect from July 1st, 2019. These units have a high quality and satisfied clients and AcadeMedia is pleased that these units will continue to be run by professional players. During the first quarter a decision was taken to close one compulsory school due to too few students in the area and in the third quarter a decision was taken to close three preschools due to the lack of premises. One new preschool opened in the quarter in the Stockholm area. Two small preschools and one small compulsory school closed prior to the 2018/19 academic year.



Pre- and Compulsory Schools (Sweden)	Third quarter			Nine months			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	1,107	1,049	5.5%	3,011	2,831	6.4%	3,912
EBITDA, SEK m	82	75	9.3%	165	147	12.2%	239
EBITDA margin	7.4%	7.1%	0.3 p.p.	5.5%	5.2%	0.3 p.p.	6.1%
Depreciation/amortization	-19	-16	-18.8%	-54	-45	-20.0%	-61
Acquisition related depreciations	-1	-	n.a.	-2	-	n.a.	-
Operating profit (EBIT), SEK m	62	59	5.1%	110	102	7.8%	178
EBIT margin, %	5.6%	5.6%	0.0 p.p.	3.7%	3.6%	0.1 p.p.	4.6%
Items affecting comparability, SEK m	-	-	n.a.	4	-	n.a.	-
Adjusted operating profit (EBIT), SEK m	62	59	5.1%	105	102	2.9%	178
Adjusted EBIT margin, %	5.6%	5.6%	0.0 p.p.	3.5%	3.6%	-0.1 p.p.	4.6%
Number of children and students	33,321	32,732	1.8%	32,818	31,857	3.0%	32,101
Number of units	228	230	-0.9%	227	228	-0.4%	229

Upper Secondary Schools (Sweden)

- The number of students increased by 6.2 percent in the third quarter, amounting to 34,481 (32,456).
- Sales increased by 8.6 percent.
- Operating profit (EBIT) increased by 38.6 percent and amounted to SEK 122 million (88).

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.

Third quarter results

The number of students increased by 6.2 percent driven by new establishments in the fall of 2017 and 2018 as well as an increased number of students in existing units. Net sales increased by 8.6 percent to SEK 1,006 million (926), due to volume growth as well as the annual school voucher increase.

Operating profit (EBIT) increased by 38.6 percent to SEK 122 million (88). Operating margin improved significantly and amounted to 12.1 percent (9.5) mainly boosted by a retroactive revenue of SEK 20 million from Uppsala municipality reported under items affecting comparability. The adjusted operating profit also improved, SEK 102 million (89) driven by volume growth. Retroactive compensation from the City of Gothenburg for 2018 of SEK 7 million (6) also contributed to the positive development.

First nine months results

During the first nine months the number of students increased with 15.6 percent and net sales increased by 19.8 percent to SEK 2,767 million (2,310). The increase was due to the acquisition of Vindora (Nov 2017), new establishments in 2018, increased number of students in the new establishments from 2017, as well as increased number of students in existing units and higher vouchers.

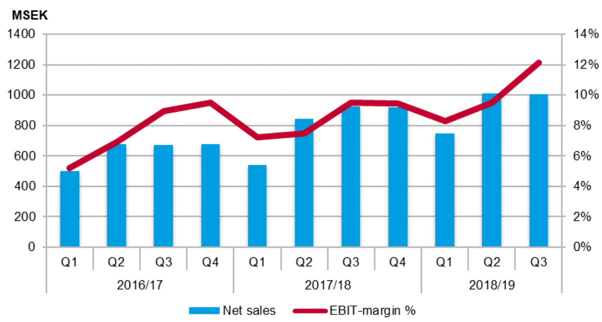
Operating profit (EBIT) increased substantially to SEK 280 million (190) and the operating margin was 10.1 percent (8.2). The improvement was partly due to the acquisition of Vindora that was only included five of the nine months previous year as well as Vindora operating with a higher margin than AcadeMedia’s other upper secondary schools. The operating profit was also positively impacted by retroactive revenue relating to prior financial years from Borås and Uppsala of SEK 26 million which was reported as items affecting comparability. Adjusted operating profit increased to SEK 254 million (192).

Operational changes

Except the three new upper secondary schools that opened in the autumn 2018, no additional operational changes have taken place during the first nine months.

Four new schools are being marketed for start in the autumn 2019. During the spring it will become clear if these schools attract enough students to be started.

An accelerated effort to invest in Praktiska will take place for the autumn of 2019 to help build apprenticeship and vocational training for the future. On the premises side there is a risk that increased competition for attractive locations in larger cities can give rise to higher rental costs. In addition, some units are planning to undertake larger renovations. These factors can hamper the margin development over the coming years.



Upper Secondary Schools (Sweden)	Third quarter			Nine months			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	1,006	926	8.6%	2,767	2,310	19.8%	3,229
EBITDA, SEK m	160	121	32.2%	385	279	38.0%	397
EBITDA margin	15.9%	13.1%	2.8 p.p.	13.9%	12.1%	1.8 p.p.	12.3%
Depreciation/amortization	-38	-32	-18.8%	-103	-89	-15.7%	-119
Acquisition related depreciations	-1	-0	n.a.	-3	-1	-200.0%	-1
Operating profit (EBIT), SEK m	122	88	38.6%	280	190	47.4%	276
EBIT margin, %	12.1%	9.5%	2.6 p.p.	10.1%	8.2%	1.9 p.p.	8.5%
Items affecting comparability, SEK m	20	-1	n.a.	26	-2	n.a.	-16
Adjusted operating profit (EBIT), SEK m	102	89	14.6%	254	192	32.3%	292
Adjusted EBIT margin, %	10.1%	9.6%	0.5 p.p.	9.2%	8.3%	0.9 p.p.	9.0%
Number of children and students	34,481	32,456	6.2%	34,806	30,101	15.6%	30,582
Number of units	143	141	1.4%	143	130	10.0%	133

Adult Education (Sweden)

- Sales declined by 11.7 percent in the third quarter.
- Operating profit (EBIT) dropped sharply and amounted to SEK 19 million (37).
- Adjusted operating profit (EBIT) was SEK 19 million (37).

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. The segment operates mainly in three customer segments: The Swedish Public Employment Service, adult education provided by the municipalities and higher vocational education.

Third quarter results

Net sales declined by 11.7 percent and amounted to SEK 392 million (444). The decline was related to labour market education for the Swedish Public Employment Service. Operations within municipal adult education and higher vocational education show growth with stable or slightly improved margins. Operating profit (EBIT) in the period amounted to SEK 19 million (37), representing an operating margin of 4.8 percent (8.3).

The business related to labour market education and mainly the vocational and preparatory modules contract (yrkes- och studieförberedande moduler "YSM") continues to be unprofitable due to low capacity utilisation which in turn is a result of a strong labour market and large cut backs in the budget for national labour market initiatives. Measures to cut expenses are now being intensified further.

Demand for municipal adult education and higher vocational education continues to develop well and student numbers are at an all-time-high.

First nine months results

Net sales for the first nine months declined with 13.6 percent and amounted to SEK 1,096 million (1,269). Operating profit declined to SEK 15 million (144) and the profit margin amounted to 1.4 percent (11.3).

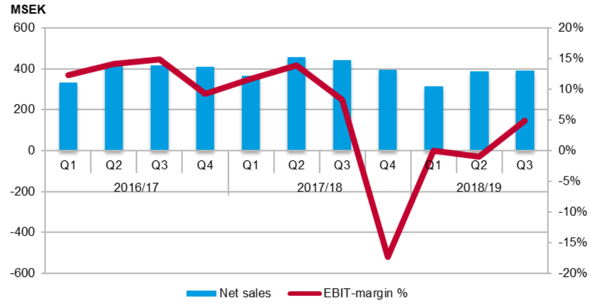
Adjusted operating profit was SEK 30 million (144). The lower net sales and weaker profit was related to the operation for to the Swedish Public Employment Service. Significant cut backs with regard to premises and staff have been made and further reductions are in progress.

Market development

The Swedish Public Employment Service is currently adjusting to new directives and where local offices will close and staff will be reduced substantially. This will for AcadeMedia most likely affect the local dialogue, which is a prerequisite for planning of our services. The strong labour market in combination with the uncertainty surrounding the Public Employment Service's changed directives is making it difficult to predict when the market for employment related training will turn.

Within municipal adult education a number of large procurements will take place in the coming year. The City of Gothenburg, where we in November 2018 communicated a good allocation, might have to redo their tender process after a ruling in the Administrative Court. Existing contracts with the City of Gothenburg will be extended until new contracts are in place, though no longer than until December 31, 2019.

The Swedish National Agency for Higher Vocational Education is continuing its expansion. AcadeMedia was awarded a record number of training programmes for the autumn of 2019 in the January 2019 allocation, where a licence is between 3-5 years in duration.



Adult Education (Sweden)	Third quarter			Nine months			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	392	444	-11.7%	1,096	1,269	-13.6%	1,666
EBITDA, SEK m	22	39	-43.6%	26	149	-82.6%	83
EBITDA margin	5.6%	8.8%	-3.2 p.p.	2.4%	11.7%	-9.3 p.p.	5.0%
Depreciation/amortization	-2	-2	-	-7	-5	-40.0%	-8
Acquisition related depreciations	-1	-	n.a.	-4	-	n.a.	-
Operating profit (EBIT), SEK m	19	37	-48.6%	15	144	-89.6%	75
EBIT margin, %	4.8%	8.3%	-3.5 p.p.	1.4%	11.3%	-9.9 p.p.	4.5%
Items affecting comparability, SEK m	-	-	n.a.	-15	-	n.a.	-61
Adjusted operating profit (EBIT), SEK m	19	37	-48.6%	30	144	-79.2%	137
Adjusted EBIT margin, %	4.8%	8.3%	-3.5 p.p.	2.7%	11.3%	-8.6 p.p.	8.2%

Preschool International

- The number of children increased by 9.7 percent to 12,071 (11,000) in the third quarter.
- Sales increased by 14.9 percent.
- Operating profit (EBIT) was SEK 45 million (46).

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 36 units.

Third quarter results

The average number of children in the third quarter increased by 9.7 percent and amounted to 12,071 (11,000). The acquisition of KTS in March 2018 contributed about 573 children. In general, the increase in number of children relates to new establishments in Germany. Sales increased by 14.9 percent and amounted to SEK 626 million (545). The increase mainly relates to a higher number of children, but the translation effects for SEK/NOK and SEK/EUR also had a positive impact of 3.8 percent, corresponding to SEK 21 million.

Operating profit (EBIT) was in line with previous year and amounted to SEK 45 million (46). This gave an operating margin of 7.2 percent (8.4). The margin decrease is partly explained by a different cost pattern last year. Higher pension cost in Norway also affect the quarter negatively. We are now beginning to see economies of scale in the German operation. The effect of the new staff density norm in Norway, which is described in more detail on the next page, has so far been offset by other savings.

First nine months results

The average number of children for the first nine months increased by 11.9 percent and net sales increased by 19.3 percent and amounted to SEK 1,676 million (1,405). The translation effect from SEK/NOK and SEK/EUR had a positive impact on sales of SEK 71 million.

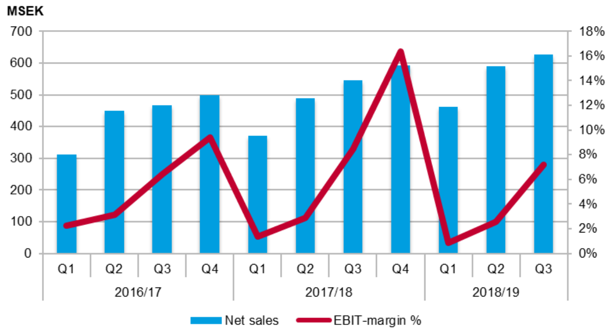
Operating profit (EBIT) for the first nine months amounted to SEK 65 million (65), and the operating margin was 3.9 percent (4.6). The margin development for the first nine months was also attributable to new units in Germany and higher pension costs in Norway.

Operational changes

Six new preschools opened in Germany during the first quarter of 2018/19 and in Norway two units expanded capacity and two small preschools were merged into one. One new preschool opened in Germany during the third quarter and a further three preschools are expected to open in Germany during 2018/19.

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

The new staff density norm in Norway will affect the development for the coming few years and is described in more detail on the next page.



Preschool International	Third quarter			Nine months			Full year
	2018/19	2017/18	Change	2018/19	2017/18	Change	2017/18
Net sales, SEK m	626	545	14.9%	1,676	1,405	19.3%	1 998
EBITDA, SEK m	62	60	3.3%	114	105	8.6%	218
EBITDA margin	9.9%	11.0%	-1.1 p.p.	6.8%	7.5%	-0.7 p.p.	10.9%
Depreciation/amortization	-16	-13	-23.1%	-46	-37	-24.3%	-52
Acquisition related depreciations	-1	-1	-	-3	-3	-	-4
Operating profit (EBIT), SEK m	45	46	-2.2%	65	65	-	162
EBIT margin, %	7.2%	8.4%	-1.2 p.p.	3.9%	4.6%	-0.7 p.p.	8.1%
Items affecting comparability, SEK m	-	-	n.a.	-	-	n.a.	37
Adjusted operating profit (EBIT), SEK m	45	46	-2.2%	65	65	-	125
Adjusted EBIT margin, %	7.2%	8.4%	-1.2 p.p.	3.9%	4.6%	-0.7 p.p.	6.3%
Number of children and students	12,071	11,000	9.7%	11,702	10,453	11.9%	10 684
Number of units	136	129	5.4%	135	121	11.6%	123

In-depth Norwegian Preschool

Background

In May 2018, the Norwegian Parliament (Stortinget) decided to impose regulations on staff density in preschools as of August 2019. This was in addition to the amended regulation on teacher density that came into effect already in August 2018. The new regulations apply to both municipal and independent preschools and will result in more pedagogical leaders, more staff and higher personnel expenses.

The voucher levels will reflect the higher expenses, but with a two-year delay as described in adjacent chart. Impact on the vouchers are expected as of the calendar year 2021. Consequently, there will be a transition period for the independent preschool providers in Norway until the vouchers have adjusted to the new cost level.

Expected impact on Norwegian Preschools

Certain effects of higher staffing levels are noticeable already as of January 1, 2019, for example due to a revision of when children are perceived as big vs small. The main impact of the new staffing norm is expected to occur as of August 2019 following the staff density requirements. The adjustment does not only include increased staff levels, but also a thorough overview of which staff categories should be included in the ratio.

Our Norwegian management is fully focused on managing this change and its effects. Adjustments in the operating model and other cost saving measures are being made to offset the cost increase as far as possible during the transition period.

So far, the increased expenses, relating to the increased number of pedagogical leaders and the slightly higher staff density levels as of January 1, 2019, have been offset by other cost savings. Nevertheless, a short-term effect on earnings is expected during the two-year transition period unless additional funds are allocated to complement current vouchers. The Norwegian state stated that additional funds will be provided. However, most probably will these funds primarily be allocated to smaller pre-school providers and very limited portion to Espira.

The teacher density norm *("pedagognorm")*

The teacher density norm requires at least one pedagogical leader per seven children under three and at least one pedagogical leader per 14 children older than three years[1].

Last date of compliance: 1 August 2018

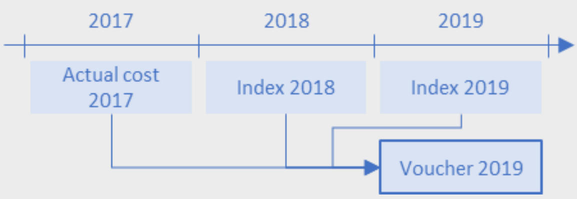
The staff density norm *("bemanningsnorm")*

The staff density norm requires a minimum of one employee per three children under the age of three and one employee per six children over the age of three years[1].

Last date of compliance: 1 August 2019

The Voucher system and the two-year delay

Each municipality in Norway sets their own vouchers, based on national guidelines and actual cost, but with a two-year delay. For example, the vouchers for 2019 are calculated based on the actual cost in municipal preschools for the financial year 2017 and adjusted with a cost index for 2018 and 2019. A simplified illustration is shown below.



The voucher component relating to real estate cost is based on each property's age, which means higher contributions for new properties and lower for older properties.

Overall the system is aimed to reflect the municipalities' expenses. However, changes to the municipalities' cost base take two years until they are reflected in the voucher.

[1] *Children are considered as over three from August 1 the year they turn three years old.*

Quality

The results of AcadeMedia's annual Swedish customer survey were compiled in early March. The survey is conducted annually in all preschools, compulsory schools, and upper secondary schools. Overall, the results were in line with the results of the previous 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 higher response alternatives (7-10). The results from the Norwegian customer survey was also completed in the quarter.

Pre- and Compulsory School

Overall, the customer satisfaction in our preschools are in line with last year. 83 (82) percent of parents can recommend their child's preschool and 91 (92) 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 alternatives.

In compulsory schools the customer satisfaction has improved somewhat. 65 (64) percent of the students could recommend their school, the corresponding result among parents was 74 (73) percent. The degree of satisfaction increased slightly for students, 76 (75) percent, while a small decline is visible among parents, 81 (82) percent. The proportion of students and parents who were satisfied with the education were 60 (69) and 77 (76) percent respectively.

Upper Secondary School

The 36 units that were added with the acquisition of Vindora (Praktiska Gymnasiet and Hagströmska Gymnasiet) participated for the first time in AcadeMedia's annual customer survey. The results from this year's survey is therefore presented both with and without Vindora to ensure a consistent comparison with last year's result. The results show a strong overall improvement in the "old" upper secondary school units, while the acquired Vindora units have some challenges relating to quality.

Satisfaction among AcadeMedia's upper secondary school students, excluding Vindora, has improved compared to last year's survey, and amounts to 73 (71) percent. The proportion of respondents who give the highest responses with regard to recommendations increased from 68 to 70 percent. Also, the degree of satisfaction among students improved compared to last year, 79 (78) percent. In response to the question "I am satisfied with the education at my school" 72 (69) percent of the students selected one of the highest response alternatives. However, there was a large variation in the results among the upper secondary schools.

When Vindora is included in the results the percentage of students who are satisfied with their school is 71 (-) percent, 68 (-) percent can recommend their school, the degree of satisfaction among students amounted to 77 (-) percent, and 69 (-) percent are satisfied with the education.

Adult Education

Adult Education has not yet conducted its first participant survey for 2019. However, there are new indicators for functional quality from 2018 for the various business areas within AcadeMedia's Adult Education segment. For example, the grade scores in basic adult education as measured by the percentage of students who achieved passing grades declined to 88.0 (90.2) percent (the national average for 2017 was 89.0 percent). The percentage of students who achieved passing grades in upper secondary level adult education declined to 83.3 (85.0) percent (the national average for 2017 was 88.0 percent). The percentage of students who completed their education with a diploma in higher vocational education declined to 69 (70) percent (the national average for 2017 was 72 percent).

Preschool International

The results from the Norwegian customer survey, performed by The Norwegian Directorate for Education and Training (Utdanningsdirektoratet[2]), 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), which is in line with last year. The national average for public and private preschools is 4.4 and 4.6 percent respectively. Similarly, to last year's survey, AcadeMedia's Norwegian preschools achieve the highest scores on the questions relating to the child's satisfaction and development (4.8 and 4.6 respectively). The lowest results are reported in the areas of outdoor and indoor environment (4.2), children's participation (4.2), and information to parents (4.3).

No quality assessments were conducted with respect to the German preschools during the third quarter.

[2] The Norwegian equivalent of The Swedish national agency for education

Employees

Each year an employee satisfaction survey is carried out at AcadeMedia. The purpose is to analyse strengths and areas for improvement. This year's employee survey had a response rate of 81 (81) percent. The survey has shown stable and high results in the employee satisfaction index since 2013. Moreover, it showed that 85 percent (84) 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 84 percent (85) of employees responded that they have strong confidence in their manager. 80 percent (79) of employees responded that they would recommend their workplace to others.

In Espira, a corresponding employee satisfaction survey was conducted in January 2019. The employee satisfaction index for the year was 4.4 on a 5-point scale, last year the result was 5.2 but on a 6-point scale. 80 percent (84) of employees responded that they would recommend their workplace to others and 93 percent (91) feel valued by their manager and like their work tasks. The responses from the pedagogical leaders show that 85 (87) percent would recommend their workplace to others. Both employees and pedagogical leaders are proud to work at Espira (average 6.3 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 12,605 (12,320) which represents an increase of 2.3 percent. For the first nine months, the average number of full-time employees was 12,378 (11,664). The proportion of women in the Swedish operation was 67.7 percent (69.7) in the quarter. Employee turnover in Sweden, measured as the proportion of individuals who resigned, amounted to 17.8 percent accumulated over nine months July-March, compared with 20.4 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 4.7 percent (5.0) for the first nine months.

Parent company

Sales during the first nine months amounted to SEK 4 million (6). The operating result (EBIT) amounted to SEK -13 million (-13) and profit after tax amounted to SEK -29 million (-15). The parent company's assets essentially consist of participations in Group companies. The operation is financed by equity and debt. Equity in the parent company as of March 31, 2019 was SEK 2,707 million (2,709). The parent company's current assets have increased compared to last year due to do increased lending to companies in the cash pool. The parent company's debt as of March 31, 2019 was SEK 1,400 million (94). The increase in relation to the previous year is because the Swedish debt, as of July 2018 in connection with signing of a new loan agreement, was moved to the parent company.

Owners and share capital

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since June 2016. As of March 31, 2019, 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 March 31, 2019.

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 was launched in the beginning of February 2019 with the 15th of March 2019 as settlement date. The convertibles were registered with the Swedish Companies Registration Office (Bolagsverket), in the beginning of April and has therefore not affected the group's balance sheet at the end of the third quarter.

Significant events after the end of the reporting period

AcadeMedia's employee convertible schemes was taken up by approximately 270 employees, with a total value of approximately SEK 20 million. The convertibles were registered with the Swedish Companies Registration Office (Bolagsverket), in the beginning of April 2019.

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 was 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 Service, as well as new regulations regarding staff- and teacher density in Norway are perceived as new risk factors.

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 was 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

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
November 26, 2019	Annual General Meeting 2019
January 31, 2020	Interim report second quarter
May 5, 2020	Interim report third quarter

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

Stockholm May 7, 2019

Marcus Strömberg
Chief Executive Officer

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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. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on May 7, 2019.

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, 2018 to March 31, 2019 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 7, 2019

PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Eva Medbrant
Authorized Public Accountant

Consolidated statement of comprehensive income

		Third quarter		Nine months		Rolling 12 months	Full year
SEK m		2018/19	2017/18	2018/19	2017/18	Apr 18-Mar 19	2017/18
Net Sales	2	**3,135**	**2,967**	**8,554**	**7,818**	**11,546**	**10,810**
Cost of goods sold		-253	-240	-743	-663	-1,000	-920
Other external expenses		-628	-612	-1,855	-1,694	-2,480	-2,320
Personnel expenses		-1,964	-1,834	-5,330	-4,814	-7,167	-6,650
Depreciation/amortization		-76	-65	-212	-179	-277	-244
Acquisition related depreciations		-4	-2	-12	-4	-14	-6
Items affecting comparability [1)]		20	-5	15	-8	-26	-48
		-2,905	**-2,758**	**-8,137**	**-7,362**	**-10,963**	**-10,188**
OPERATING INCOME		**231**	**209**	**416**	**455**	**583**	**622**
Interest income and similar profit/loss items	5	2	3	2	4	4	5
Interest expense and similar profit/loss items	5	-16	-19	-57	-53	-76	-73
		-14	**-15**	**-54**	**-49**	**-73**	**-68**
INCOME BEFORE TAX		**216**	**194**	**362**	**406**	**510**	**555**
Tax		-45	-42	-80	-87	-117	-124
PROFIT/LOSS FOR THE PERIOD		**172**	**152**	**282**	**320**	**393**	**430**
Other comprehensive income							
Items that will not be reclassified to profit/loss							
Remeasurement of defined benefit pension plans		-54	27	-142	11	-246	-92
Deferred tax relating to defined benefit pension plans		12	-6	31	-2	55	21
		-42	**21**	**-111**	**9**	**-191**	**-71**
Items that may be reclassified to profit/loss							
Translation differences		29	35	-13	32	12	57
Other comprehensive income for the period		**-13**	**55**	**-124**	**40**	**-178**	-14
COMPREHENSIVE INCOME FOR THE PERIOD		**159**	**207**	**158**	**360**	**215**	**416**
Profit for the period attributable to:							
Stockholders of the parent company		172	152	282	320	393	430
Non-controlling interests		-	-	-	-	-	-
Comprehensive income for the period attributable to:							
Stockholders of the parent company		159	207	158	360	215	416
Non-controlling interests		-	-	-	-	-	-
Earnings per share basic (SEK)		1.63	1.45	2.69	3.25		4.30
Earnings per share basic/diluted (SEK)		1.63	1.44	2.68	3.24		4.29
Earnings per share based on number of shares outstanding March 31, 2019 (SEK)		1.63	1.45	2.68	3.04		4.09

**) Items affecting comparability are specified on page 3 and 4 and definitions are on pages 29 to 30.*

Consolidated statement of financial position in summary

SEK m	Note	Mar 31, 2019	Mar 31, 2018	June 30, 2018
ASSETS				
Intangible non-current assets		6,182	6,143	6,175
Buildings		1,051	879	948
Other property, plant and equipment		836	616	651
Other non-current assets		94	22	50
Total non-current assets		**8,164**	**7,660**	**7,823**
Current receivables		997	975	860
Cash and cash equivalents		291	534	699
Total current assets		**1,288**	**1,509**	**1,560**
TOTAL ASSETS		**9,451**	**9,169**	**9,383**
EQUITY AND LIABILITIES				
Total equity		**4,421**	**4,205**	**4,262**
Non-current liabilities to credit institutions		2,146	2,210	2,163
Provisions and other non-current liabilities		377	159	182
Total non-current liabilities	4	**2,523**	**2,369**	**2,345**
Current interest-bearing liabilities		579	638	673
Other current liabilities		1,929	1,957	2,103
Total current liabilities	4	**2,508**	**2,595**	**2,776**
TOTAL EQUITY AND LIABILITIES		**9,451**	**9,169**	**9,383**

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the parent company

SEK m	July 1, 2018 Mar 31, 2019	July 1, 2017 Mar 31, 2018	July 1, 2017 June 30, 2018
Opening balance	**4,262**	**3,443**	**3,443**
Profit/loss for the period	282	320	430
Other comprehensive income	-124	40	-14
Total profit/loss for the group	**158**	**360**	**416**
Transactions with owners*	1	403	403
Closing balance	**4,421**	**4,205**	**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

		Third quarter		Nine months		Full year
SEK m	Note	2018/19	2017/18	2018/19	2017/18	2017/18
Operating profit/loss (EBIT)		231	209	416	455	622
Adjustment for items affecting cash flow		85	62	227	149	227
Tax paid		-51	-51	-104	-104	-142
Cash flow from operating activities before changes in working capital		**264**	**220**	**539**	**501**	**707**
Cash flow from changes in working capital		-136	-67	-281	51	221
Cash flow from operating activities		**129**	**153**	**258**	**552**	**928**
Cash flow from investing activities		**-170**	**-124**	**-429**	**-855**	**-970**
Cash flow from financing activities		**-81**	**-31**	**-233**	**247**	**144**
CASH FLOW FOR THE PERIOD		**-122**	**-1**	**-403**	**-55**	**102**
Cash and cash equivalents at beginning of period		402	523	699	579	579
Exchange-rate differences in cash and cash equivalents		11	12	-5	11	18
Cash and cash equivalents at end of period		**291**	**534**	**291**	**534**	**699**

Parent company income statement in summary

	Third quarter		Nine months		Full year
SEK m	**2018/19**	2017/18	**2018/19**	2017/18	2017/18
Net sales	**2**	**1**	**4**	**6**	**9**
Operation expenses	**-6**	**-7**	**-17**	**-18**	**-27**
OPERATING PROFIT/LOSS	**-5**	**-6**	**-13**	**-13**	**-19**
Interest expense and similar profit/loss items	**-8**	**-1**	**-24**	**-4**	**-4**
Year-end appropriations	-	-	-	-	37
PROFIT/LOSS BEFORE TAX	**-12**	**-7**	**-37**	**-16**	**14**
Tax	3	1	8	1	-3
PROFIT/LOSS FOR THE PERIOD	**-10**	**-5**	**-29**	**-15**	**11**

Parent company other comprehensive income

	Third quarter		Nine months		Full year
SEK m	**2018/19**	2017/18	**2018/19**	2017/18	2017/18
Profit/Loss for the period	**-10**	**-5**	**-29**	**-15**	**11**
Other comprehensive income for the period	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	**-10**	**-5**	**-29**	**-15**	**11**

Parent company balance sheet in summary

SEK m	Mar 31, 2019	Mar 31, 2018	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	4,184	2,616	2,765
Cash and bank balances	184	292	394
Total current assets	**4,367**	**2,909**	**3,159**
TOTAL ASSETS	**6,615**	**5,157**	**5,406**
EQUITY AND LIABILITIES			
Restricted equity	105	105	105
Non-restricted equity	2,602	2,603	2,630
Total equity	**2,707**	**2,709**	**2,735**
Non-current liabilities	1,150	1	1
Current liabilities	**2,757**	**2,447**	**2,670**
TOTAL EQUITY AND LIABILITIES	**6,615**	**5,157**	**5,406**

Parent company statement of changes in equity

Total equity attributable to owners of the parent company

SEK m	July 1, 2018 Mar 31, 2019	July 1, 2017 Mar 31, 2018	July 1, 2017 June 30, 2018
Opening balance	**2,735**	**2,321**	**2,321**
Profit/loss for the period	-29	-15	11
Other comprehensive income	-	-	-
Total profit/loss for the group	**-29**	**-15**	**11**
Transactions with owners*	1	403	403
Closing balance	**2,707**	**2,709**	**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 13.

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 30 and pages 1 to 14 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	Third quarter 2018/19	2017/18	Nine months 2018/19	2017/18	Full year 2017/18
Income related to education	3,053	2,902	8,313	7,646	10,553
State subsidies	40	30	115	82	126
Other income	43	35	125	90	131
Net sales	**3,135**	**2,967**	**8,554**	**7,818**	**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 refers 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	Mar 31, 2019	Mar 31, 2018	June 30, 2018
Non-current liabilities			
Non-current liabilities to credit institutions excl. property loans	1,552	1,648	1,560
Non-current interest-bearing liabilities - properties	594	562	603
Non-current liabilities (interest-bearing)	75	72	46
Non-current liabilities (non-interest-bearing)	302	88	135
TOTAL Non-current liabilities	**2,523**	**2,369**	**2,345**
Current liabilities			
Liabilities to credit institutions and other current interest-bearing liabilities	511	568	625
Current interest-bearing liabilities - properties	68	70	48
Accounts payable and other current non-interest-bearing liabilities	633	701	773
Accrued expenses and deferred income	1,296	1,256	1,331
TOTAL current liabilities	**2,508**	**2,595**	**2,776**

Note 5: Specification of financial income and expenses

	Third quarter		Nine months		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	2	3	2	3	4
Other	-	-	-	0	0
Interest income and similar profit/loss items	**2**	**3**	**2**	**4**	**5**
Interest expense and similar profit/loss items					
Interest expense	-13	-16	-39	-44	-62
Borrowing costs *	-2	-1	-5	-4	-5
Foreign exchange losses	-	-	-3	-0	-0
Other	-1	-1	-9	-5	-5
Interest expense and similar profit/loss items	**-16**	**-19**	**-57**	**-53**	**-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 year, 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	Third quarter		Nine months		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	3,135	2,967	8,554	7,818	10,810	9,520	8,611	8,163
Items affecting comparability	20	-5	15	-8	-48	-23	-32	-79
EBITDA	310	275	641	639	872	827	722	720
Depreciation/amortization	-76	-65	-212	-179	-244	-208	-185	-198
Depreciation related to acquisitions	-4	-2	-12	-4	-6	-4	-2	-5
Operating profit/loss (EBIT)	231	209	416	455	622	615	535	517
Net financial items	-14	-15	-54	-49	-68	-80	-127	-269
Profit/loss for the period before tax	216	194	362	406	555	535	408	248
Profit/loss for the period after tax	172	152	282	320	430	416	319	222
Balance sheet items, SEK m								
Non-current assets	8,164	7,660	8,164	7,660	7,823	6,574	6,141	5,884
Current receivables and inventories	997	975	997	975	860	695	697	670
Cash and cash equivalents	291	534	291	534	699	579	331	695
Non-current interest-bearing liabilities	2,221	2,282	2,221	2,282	2,209	2,200	2,116	2,609
Non-current non-interest-bearing liabilities	302	88	302	88	135	114	113	197
Current interest-bearing liabilities	579	638	579	638	673	516	568	715
Current non-interest-bearing liabilities	1,929	1,957	1,929	1,957	2,103	1,577	1,382	1,425
Equity	4,421	4,205	4,421	4,205	4,262	3,443	2,990	2,304
Total assets	9,451	9,169	9,451	9,169	9,383	7,849	7,169	7,250
Capital employed	7,221	7,125	7,221	7,125	7,144	6,158	5,674	5,628
Net debt	2,505	2,382	2,505	2,382	2,179	2,133	2,342	2,629
Property adjusted net debt	1,844	1,750	1,844	1,750	1,528	1,550	1,866	2,295
Key ratios								
Net sales, SEK m	3,135	2,967	8,554	7,818	10,810	9,520	8,611	8,163
Organic growth incl. Bolt-on acquisitions, %	4.5%	6.1%	4.0%	6.4%	5.8%	9.0%	6.4%	3.7%
Acquired growth, larger acquisitions, %	0.5%	11.1%	4.5%	7.2%	7.9%	0.8%	0.4%	24.4%
Change in currency, %	0.7%	-0.4%	0.9%	-0.4%	-0.1%	0.8%	-1.3%	-
Operating margin (EBIT), %	7.4%	7.0%	4.9%	5.8%	5.8%	6.5%	6.2%	6.3%
Adjusted EBIT, SEK m	210	214	402	463	670	638	567	596
Adjusted EBIT margin, %	6.7%	7.2%	4.7%	5.9%	6.2%	6.7%	6.6%	7.3%
Adjusted EBITDA, SEK m	290	281	626	646	920	850	754	799
Adjusted EBIT margin, %	9.3%	9.5%	7.3%	8.3%	8.5%	8.9%	8.8%	9.8%
Net margin, %	5.5%	5.1%	3.3%	4.1%	4.0%	4.4%	3.7%	2.7%
Return on capital employed, %, (12 months)	8.5%	10.6%	8.5%	10.6%	10.1%	10.9%	10.1%	10.8%
Return on equity, % (12 months)	9.1%	12.7%	9.1%	12.7%	11.2%	12.9%	12.1%	9.9%
Equity/assets ratio, %	46.8%	45.9%	46.8%	45.9%	45.4%	43.9%	41.7%	31.8%
Interest coverage ratio, times	10.8	11.9	10.8	11.9	10.9	9.4	4.8	2.8
Net debt/Adjusted EBITDA (12 months)	2.8	2.6	2.8	2.6	2.4	2.5	3.1	3.3
Adjusted net debt/adjusted EBITDA (12 months)	2.1	1.9	2.1	1.9	1.7	1.8	2.5	2.9
Cash flow from investing activities	-170	-124	-429	-855	-970	-374	-386	-68
Number of full-time employees	12,605	12,320	12,378	11,664	11,863	10,564	9,714	9,159

Quarterly data, Group

Quarterly data	2018/19			2017/18			
SEK million, unless otherwise stated	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	3,135	3,076	2,343	2,993	2,967	2,813	2,037
EBITDA	**310**	**205**	**126**	**233**	**275**	**232**	**132**
Depreciation/amortization	-76	-73	-64	-65	-65	-64	-50
Acquisition related depreciations	-4	-4	-4	-2	-2	-1	-1
Items affecting comparability	20	-11	5	-40	-5	-1	-2
Operating income (EBIT)	**231**	**128**	**58**	**167**	**209**	**166**	**80**
Total financial items	-14	-23	-17	-19	-15	-17	-16
Income before taxes	**216**	**105**	**41**	**148**	**194**	**149**	**64**
Tax for the current period	-45	-25	-10	-37	-42	-33	-13
Profit/loss for the period	**172**	**79**	**31**	**111**	**152**	**116**	**51**
Number of children/students, schools	79,873	79,335	78,770	76,233	76,188	72,945	68,098
Number of full-time employees	12,605	12,473	12,055	12,462	12,320	11,789	10,882
Number of education units	507	505	505	501	500	489	446
Key ratios							
Operating margin (EBIT), %	7.4%	4.2%	2.5%	5.6%	7.0%	5.9%	3.9%
Adjusted EBIT	210	139	52	207	214	167	82
Adjusted EBIT, %	6.7%	4.5%	2.2%	6.9%	7.2%	5.9%	4.0%
Net margin, %	5.5%	2.6%	1.3%	3.7%	5.1%	4.1%	2.5%
Return on equity, % (12 months)	9.1%	9.0%	10.6%	11.2%	12.7%	12.7%	13.1%
Return on capital employed, % (12 Months)	8.5%	8.8%	9.5%	10.1%	10.6%	10.6%	11.0%
Equity/assets ratio, %	46.8%	45.6%	44.3%	45.4%	45.9%	45.0%	42.6%
Net debt/Adjusted EBITDA (12 months)	2.8	2.7	2.9	2.4	2.6	2.6	2.4
Interest coverage ratio	10.8	10.3	10.6	10.9	11.9	11.6	10.1
Other							
Cash flow from operating activities	129	348	-219	376	153	257	142
Cash flow from investing activities	-170	-103	-156	-115	-124	-668	-63

Quarterly data, segment

SEK million, unless otherwise stated	2018/19			2017/18			
Pre- and Compulsory Schools (Sweden)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	33,321	32,751	32,381	32,834	32,732	31,727	31,111
Net sales	1,107	1,088	816	1,082	1,049	1,021	760
EBITDA	82	61	22	92	75	56	17
EBITDA margin, %	7.4%	5.6%	2.7%	8.5%	7.1%	5.5%	2.2%
Depreciation/amortization	-19	-18	-16	-16	-16	-16	-13
Acquisition related depreciations	-1	-1	-1	-	-	-	-
Operating profit/loss (EBIT)	62	42	5	76	59	40	3
EBIT margin, %	5.6%	3.9%	0.6%	7.0%	5.6%	3.9%	0.4%
Items affecting comparability	-	4	-	-	-	-	-
Adjusted operating profit/loss (EBIT)	62	38	5	76	59	40	3
Adjusted EBIT margin, %	5.6%	3.5%	0.6%	7.0%	5.6%	3.9%	0.4%
Number of education units	228	227	227	230	230	228	226

SEK million, unless otherwise stated	2018/19			2017/18			
Upper Secondary Schools (Sweden)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	34,481	34,873	35,065	32,024	32,456	30,928	26,918
Net sales	1,006	1,011	750	920	926	845	539
EBITDA	160	133	92	118	121	97	62
EBITDA margin, %	15.9%	13.2%	12.3%	12.8%	13.1%	11.5%	11.5%
Depreciation/amortization	-38	-36	-29	-31	-32	-33	-23
Acquisition related depreciations	-1	-1	-1	-1	-0	-0	-
Operating profit/loss (EBIT)	122	96	62	87	88	63	39
EBIT margin, %	12.1%	9.5%	8.3%	9.5%	9.5%	7.5%	7.2%
Items affecting comparability	20	-	5	-13	-1	-1	0
Adjusted operating profit/loss (EBIT)	102	96	56	100	89	64	39
Adjusted EBIT margin, %	10.1%	9.5%	7.5%	10.9%	9.6%	7.6%	7.2%
Number of education units	143	143	143	141	141	142	106

SEK million, unless otherwise stated	2018/19			2017/18			
Adult Education (Sweden)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales	392	388	315	397	444	459	366
EBITDA	22	-1	4	-66	39	66	45
EBITDA margin, %	5.6%	-0.3%	1.3%	-16.6%	8.8%	14.4%	12.3%
Depreciation/amortization	-2	-2	-2	-2	-2	-2	-2
Acquisition related depreciations	-1	-1	-1	-	-	-	-
Operating profit/loss (EBIT)	19	-4	0	-69	37	64	43
EBIT margin, %	4.8%	-1.0%	-	-17.4%	8.3%	13.9%	11.7%
Items affecting comparability	-	-15	-	-61	-	-	-
Adjusted operating profit/loss (EBIT)	19	11	0	-7	37	64	43
Adjusted EBIT margin, %	4.8%	2.8%	-	-1.8%	8.3%	13.9%	11.7%

Quarterly data, segment (cont.)

SEK million, unless otherwise stated	2018/19			2017/18			
Preschool International	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	12,071	11,711	11,324	11,375	11,000	10,290	10,069
Net sales	626	589	461	593	545	488	372
EBITDA	62	32	21	113	60	27	18
EBITDA margin, %	9.9%	5.4%	4.6%	19.1%	11.0%	5.5%	4.8%
Depreciation/amortization	-16	-15	-15	-15	-13	-12	-12
Acquisition related depreciations	-1	-1	-1	-1	-1	-1	-1
Operating profit/loss (EBIT)	45	15	4	97	46	14	5
EBIT margin, %	7.2%	2.5%	0.9%	16.4%	8.4%	2.9%	1.3%
Items affecting comparability	-	-	-	37	-	-	-
Adjusted operating profit/loss (EBIT)	45	15	4	60	46	14	5
Adjusted EBIT margin, %	7.2%	2.5%	0.9%	10.1%	8.4%	2.9%	1.3%
Number of preschool units	136	135	135	130	129	119	114

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

SEK million, unless otherwise stated	2018/19			2017/18			
Group	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	79,873	79,335	78,770	76,233	76,188	72,945	68,098
Net sales	3,135	3,076	2,343	2,993	2,967	2,813	2,037
EBITDA	310	205	126	233	275	232	132
EBITDA margin, %	9.9%	6.7%	5.4%	7.8%	9.3%	8.2%	6.5%
Depreciation/amortization	-76	-73	-64	-65	-65	-64	-50
Acquisition related depreciations	-4	-4	-4	-2	-2	-1	-1
Operating profit/loss (EBIT)	231	128	58	167	209	166	80
EBIT margin, %	7.4%	4.2%	2.5%	5.6%	7.0%	5.9%	3.9%
Items affecting comparability	20	-11	5	-40	-5	-1	-2
Adjusted operating profit/loss (EBIT)	210	139	52	207	214	167	82
Adjusted EBIT margin, %	6.7%	4.5%	2.2%	6.9%	7.2%	5.9%	4.0%
Net financial items	-14	-23	-17	-19	-15	-17	-16
Profit/loss after financial items	**216**	**105**	**41**	**148**	**194**	**149**	**64**
Tax	-45	-25	-10	-37	-42	-33	-13
Profit/loss for the period	**172**	**79**	**31**	**111**	**152**	**116**	**51**
Number of full-time employees (period)	12,605	12,473	12,055	12,462	12,320	11,789	10,882
Number of units	507	505	505	501	500	489	446

Reconciliation of alternative performance measures

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

	Third 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	2,221	2,282	2,209	2,200	2,116	2,609
+ Current interest-bearing liabilities	579	638	673	516	568	715
- Non-current interest-bearing receivables*	4	4	4	4	11	-
- Cash and cash equivalents	291	534	699	579	331	695
= Net debt	**2,505**	**2,382**	**2,179**	**2,133**	**2,342**	**2,629**
Property-adjusted net debt						
Net debt (as described above)	2,505	2,382	2,179	2,133	2,342	2,629
- non-current property loans	594	562	603	467	278	174
- current property loans	68	70	48	116	197	161
= Property adjusted net debt	**1,844**	**1,750**	**1,528**	**1,550**	**1,865**	**2,295**
Return on capital employed %, 12 months						
Adjusted operating profit EBIT (12 months)	609	693	670	638	567	596
+ Interest income	1	1	2	7	6	13
divided by						
Average equity (12 months)	4,313	3,736	3,853	3,216	2,647	2,247
+ average non-current interest-bearing liabilities (12 months)	2,251	2,253	2,204	2,158	2,363	2,815
+ average current interest-bearing liabilities (12 months)	609	573	594	542	641	592
= Return on capital employed %, 12 months	**8.5%**	**10.6%**	**10.1%**	**10.9%**	**10.1%**	**10.8%**
Return on equity %, 12 months						
Profit/loss after tax (12 months)	393	473	430	416	319	222
divided by						
Average equity (12 months)	4,313	3,736	3.853	3.216	2.647	2.247
= Return on equity %, 12 months	**9.1%**	**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 first nine months*

	2018/19			2017/18				2016/17			
SEK million, unless otherwise stated	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest coverage ratio											
Adjusted operating profit EBIT (12 months)	609	613	641	670	693	676	650	638	646	648	603
+ Interest income (12 months)	1	2	2	2	1	1	6	7	9	9	6
+ Other financial income (12 months)	2	4	4	4	3	0	-	1	2	2	3
divided by											
Interest expense (12 months)	-57	-60	-61	-62	-59	-58	-65	-69	-87	-97	-108
= Interest coverage ratio	**10.8**	**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[3]
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

[3] 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.