AcadeMedia AB (publ)

INTERIM REPORT July 2017 – September 2017

Strong net sales and profit growth in the first quarter

Seven new upper secondary schools resulting in record number of first year students

Acquisition of Vindora strengthens AcadeMedias vocational training

AcadeMedia

Interim report first quarter 2017/18

First quarter
(July 2017 – September 2017)

- Net sales increased by 9.4 percent to SEK 2,037 million (1,862).
- Operating profit (EBIT) increased by 17.6 percent to SEK 80 million (68). Adjusted for items affecting comparability, operating profit was SEK 82 million (69).
- Net profit for the period was SEK 51 million (41).
- Cash flow from operating activities amounted to SEK 142 million (131).
- The average number of children and students in preschool, compulsory schools and upper secondary schools during the first quarter was 68,098 (65,143), representing an increase of 4.5 percent.
- Earnings per share amounted to SEK 0.54 (0.44) before dilution and 0.54 (0.44) after dilution.
- AcadeMedia announced the acquisition of Vindora Holding for SEK 546 million. The acquisition will be partly financed through a fully guaranteed rights issue of approximately SEK 400 million.

Significant events after the end of the reporting period

After the end of the reporting period the Swedish competition authority has approved the acquisition of Vindora. Closing is planned for November 1, 2017.

The group in figures

The quarter in figures	First quarter			Full year
	2017/18	2016/17	Change	2016/17
Net sales, SEK m	2,037	1,862	9.4%	9,520
EBITDA, SEK m	132	111	18.9%	827
EBITDA margin	6.5%	6.0%	0.5 p.p.	8.7%
Operating profit (EBIT), SEK m	80	68	17.6%	615
EBIT margin	3.9%	3.7%	0.2 p.p.	6.5%
Adjusted operating profit (EBIT)*. SEK m	82	69	18.8%	638
Adjusted EBIT margin	4.0%	3.7%	0.3 p.p.	6.7%
Total financial items, SEK m	-16	-18	11.1%	-80
Income before taxes, SEK m	64	50	28.0%	535
Profit/loss for the period, SEK m	51	41	24.4%	416
Number of children and students	68,098	65,143	4.5%	66,070
Number of FTEs	10,882	10,144	7.3%	10,564

**) For definitions see page 24-25. **) Excl. Adult education*

CEO's comments

The beginning of the fall term is an exciting time at AcadeMedia. This is when we welcome all new and existing students to our schools. This year the number of children and students in our schools has increased with 4.5 percent, which gives us a stable volume for the year to come. The growth was generated from a stable increase in the number of students in our existing entities and new upper secondary schools in Sweden. In addition, the acquisition of Stepke in the last quarter of 2016/17 boosted the volumes in the international preschool segment.

Economic development in the first quarter

The first quarter of the finanancial year developed positively with a volume growth of 4.5 percent and a net sales increase of 9.4 percent. Adjusted operating profit increased by almost 19 percent and amounted to SEK 82 million (69). The increase was mainly derived from the upper secondary schools segment and the adult education segment. The first quarter of the financial year however accounts for a small proportion of the annual profit.

Seven new upper secondary schools

As previously communicated AcadeMedia has started seven new upper secondary schools this fall. The schools are located in larger and smaller towns and within several brands. The cities in which we have decided to start are Stockholm (ProCivitas, IT-Gymnasiet, Sjölins Gymnasium and NTI Vetenskapsgymnasiet), Borlänge (Rytmus), Linköping (Drottning Blankas Gymnasieskola, LBS Kreativa Gymnasiet) and Växjö (LBS Kreativa Gymnaiset). These seven schools have admitted a total of some 370 first year students which brings the total number of first year students to an all-time-high of 10 000!

The upper secondary school segment has passed the low inflexion point of the demographic curve and going forward the number of students in this age group will be increasing year by year.

Vindora acquisition

At the beginning of September AcadeMedia announced its intention to acquire Vindora. Vindora is a leading player in apprenticeship, vocational education and introductory programs in upper secondary schools. The business comprises a total of 33 schools under the Praktiska brand and three schools under the Hagströmska brand. In addition, Vindora offers adult education under the Movant brand.

Through the acquisition of Vindora, AcadeMedia will become a stronger player in the field of vocational training focusing on achieving a shorter time-span between education and employment, which is extremely important both for the individual and for Sweden as a country. Praktiska has also taken on one of Sweden's biggest challenges through their high engagement in the introductory programs in upper secondary school and apprenticeship programs which target people at risk of lifelong exclusion. We are convinced that what Vindora does, combined with our structure and our quality assurance system, provides both a great opportunity for Sweden and for AcadeMedia as a company supporting society.

We expect to close the acquisition during the second quarter of our financial year.

Financial stability supports growth

The acquisition of Vindora will partially be funded through a rights issue of around SEK 400 million. Part of the funds will also be used to support AcadeMedias international expansion. Thereby we will strengthen AcadeMedias balance sheet and be well positioned for growth going forward.

Looking forward we feel we have a very exciting year ahead. In addition to reinforcing and developing our existing business, we have a large number of new establishments in Germany and the completion of the acquisition of Vindora will also require focussed efforts.

AcadeMedia continues to provide value to society as well as its shareholders.

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Development for the first quarter

Volume development and revenues

Net sales in the first quarter amounted to SEK 2,037 million (1,862), which was an increase of 9.4 percent compared to the same period last year. The acquisition of Stepke in the fourth quarter of 2016/17 contributed with 1,4 percent of this growth. Currency did not effect sales in the quarter. The number of students in the school segments increased by 4.5 percent to 68,098 (65,143), where the acquisition of Stepke and other smaller bolt-on acquisitions and new establishments both in Sweden and in Norway contributed positively. Increased volumes within adult education also contributed to the higher sales.

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) for the first quarter was higher than the same period last year and amounted to SEK 80 million (68) representing an operating margin of 3.9 percent (3.7). Adjusted operating profit (EBIT) was also higher than last year and amounted to SEK 82 million (69) corresponding to an adjusted EBIT margin of 4.0 percent (3.7). The result and margin improvement in the first quarter compared to the same period last year was primarily due to the upper secondary segment where increased efficiency in existing units contributed positively.

Net financial items

Net financial items for the quarter amounted to SEK -16 million (-18). Interest expense for the quarter was SEK -14 million (-19). Interest expense decreased due to normal loan repayments and lower interest margin on bank loans as an effect of lower debt (Note 2).

Profit and comprehensive income for the period

Profit after tax for the period increased and amounted to SEK 51 million (41). Tax for the first quarter amounted to SEK -13 million (-9). The effective tax rate increased to 19.6 percent (18.1). Comprehensive income for the period, which affects equity, amounted to SEK 44 million (23).

Items affecting comparability

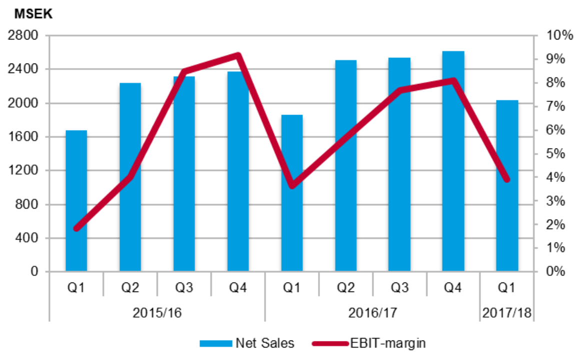
Operating profit (EBIT) for the first quarter included items affecting comparability of SEK -2 million (-1) as shown in the adjacent table.

Items affecting comparability	First quarter	
SEK m	2017/18	2016/17
Transaction related expenses	0	-1
Expenses rights issue	-2	0
Total	**-2**	**-1**

Acquisitions, divestments, new units and discounted operations

One preschool and two smaller compulsory schools with approximately 310 children were closed or divested before the beginning of 2017/18. Seven new upper secondary schools opened with approximately 370 first year students located in Stockholm, Linköping, Växjö and Borlänge. Three upper secondary school units are in wind down mode and therefore have fewer students compared to the previous year. The preschool international segment started two new units, one in Germany and one in Norway.

On September 12, 2017 it was announced that AcadeMedia will acquire Vindora for SEK 546 million. Vindora is today a leading player in apprenticeship, vocational education and introductory programs in upper secondary schools. The acquisition of Vindora will partially be funded through a rights issue of around SEK 400 million thereby also strengthening AcadeMedias balance sheet. Existing owners will have preferential rights.



First quarter in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), SEKm		EBIT margin	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Pre- and Compulsory Schools (Sweden)	31,111	30,613	760	717	3	8	0.4%	1.1%	3	8	0.4%	1.1%
Upper Secondary Schools (Sweden)	26,918	25,802	539	501	39	26	7.2%	5.2%	39	26	7.2%	5.2%
Adult Education (Sweden)	-*	-*	366	332	43	41	11.7%	12.3%	43	41	11.7%	12.3%
Preschool International	10,069	8,727	372	311	5	7	1.3%	2.3%	5	7	1.3%	2.3%
Group adj., parent company	-	-	0	0	-9	-13	-	-	-10	-14	-	-
Total	68,098	65,143	2,037	1,862	82	69	4.0%	3.7%	80	68	3.9%	3.7%

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

Cash flow and financial position

Cash flow

In the first quarter, cash flow from operating activities amounted to SEK 142 million (131). The improvement was due to higher operating profit and a positive change in working capital. Cash flow from investing activities, which mainly relates to tangible fixed assets and ongoing new constructions in Norway, amounted to SEK -63 million (-87). The cash flow from investing activities last year was affected by some smaller bolt-on acquisitions. Cash flow from financing activities totaled SEK -23 million (-17) in the quarter.

Financial position

Consolidated equity amounted to SEK 3,487 million (3,013) as of September 30, 2017 and the equity/asset ratio was 42.6 percent (40.8).

Total interest-bearing net debt as of September 30, 2017 amounted to SEK 2,075 million (2,356). The reduction of net debt is related to the profit during the last 12-month and improved working capital, which is partially a result of completed acquisitions where the acquired companies have negative working capital. Excluding real estate loans, which finance properties, the adjusted net debt amounted to SEK 1,488 million (1,836). The purpose of the alternative performance measure “adjusted net debt” is to show the portion of debt that finances operations, whereas real estate loans are linked to building assets that can be separated and sold. The real estate loans, which consist of both non-current loans in the Norwegian State Housing Bank (Norw. Husbanken) and current construction loans, increased over the past 12 months by SEK 66 million to SEK 587 million (521). Building assets increased during the equivalent period by SEK 118 million to SEK 811 million (693). The increase was entirely attributable to newly built and acquired preschools in Norway.

Non-current interest-bearing liabilities amounted to SEK 2,228 million (2,151) and consist of loans from banks and the Norwegian State Housing Bank, as well as lease agreements. Current and long-term loans from banks have decreased, while loans related to fixed assets have increased, see Note 2. Current interest-bearing liabilities consist of current portions of long-term loans and construction loans, amounting to SEK 444 million (560). Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 2.4 (3.0), which was below the Group's long-term target of a maximum of 3.0. The improvement was an effect of debt repayment, but also reflects an improvement in adjusted EBITDA (12m) to SEK 847 million (790). To illustrate the portion of net debt that finances operations, real estate loans are subtracted to obtain adjusted net debt. Real estate-adjusted net debt divided by adjusted EBITDA (12m) was 1.7 (2.3).

Parent company

The parent company AcadeMedia AB (publ) is a listed company with certain management functions such as CEO and CFO. Sales during the first quarter amounted to SEK 4 million (2), the operating result (EBIT) for the quarter amounted to SEK -1 million (-6) and profit after tax amounted to SEK -1 million (-5). The parent company’s assets principally consist of participation in Group companies. The operation is financed by equity. Equity in the parent company as of September 30, 2017 was SEK 2,320 million (2,287). The parent company’s current receivables and liabilities have increased compared to last year as a result of a move of the group’s cash pooling account from a subsidiary to the parent company.

Owners and share capital

Number of shares	Ordinary shares	Ordinary class C	Total shares
Opening balance July 1, 2017	**94 624 997**	**165 000**	**94 789 997**
Of which repurchased shares		*165 000*	*165 000*
Outstanding numbers of shares September 30, 2017	**94 624 997**	**-**	**94 624 997**
No changes in the period			

AcadeMedia AB (publ) is a public limited company listed on Nasdaq Stockholm since June 15, 2016. Share capital as of September 30, 2017 was SEK 94,789,997, which is unchanged since June 30, 2017. The number of shares totaled 94,789,997 distributed amoung 94,624,997 ordinary shares and 165,000 Class C shares. The quota value is SEK 1.00 per share. The C shares are owned by AcadeMedia and the voting rights amount to 1/10 of the voting rights of the ordinary shares.

Mellby Gård is the largest shareholder and held 21.1 percent of the shares in AcadeMedia AB as of September 30, 2017. Marvin Holding Ltd. (with EQT V as majority owner) held 12.1 percent of the shares in AcadeMedia AB as of September 30, 2017. Nordea Fonder is the third largest shareholder with 11.1 percent of the shares.

Pre- and Compulsory Schools (Sweden)

- The number of children and students increased by 1.6 percent in the first quarter to 31,111 (30,613).
- Sales increased by 6.0 percent in the first quarter.
- Operating profit (EBIT) decreased by SEK 5 million to SEK 3 million (8) during the quarter.
- Three smaller units with approximately 310 students were closed or divested before the start of 2017/18.

AcadeMedia's Pre- and Compulsory School segment runs preschools and compulsory schools in a large number of municipalities throughout Sweden under the brands Pysslingen Förskolor, Pysslingen Skolor and Vittra. The schools are run entirely based on the school voucher system. The segment had 226 units in the quarter.

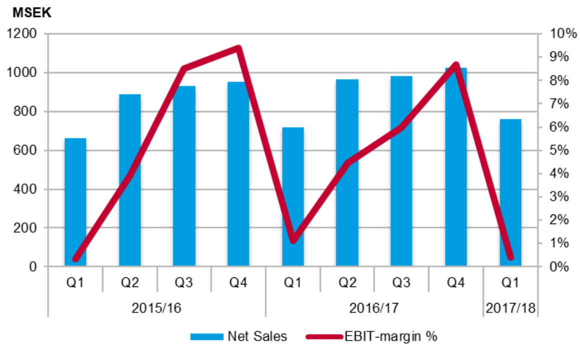
First quarter results

The average number of children and students increased by 1.6 percent compared with the previous year and amounted to 31,111 (30,613). The increase was driven by acquisitions and new establishments made during the past year, as well as by growth in existing units. Adjusted for divestments, the number of children and students increased by 2.7 percent. Net sales increased by 6.0 percent to SEK 760 million (717). The growth was due to an increased number of children and students, higher revenue per child following the annual voucher adjustment, higher state subsidies and a changed mix with a larger proportion of preschool children.

Operating profit (EBIT) for the first quarter decreased and amounted to SEK 3 million (8), giving an operating margin of 0.4 percent (1.1). The margin deterioration was mainly a result of higher personnel costs, which partly relates to a focused effort at specific units but also salary increases not yet compensated by school vouchers.

Development during the first quarter

One preschool and two smaller compulsory schools with approximately 310 children were closed or divested before the start of 2017/18. One new preschool is set to open during the third quarter 2017/18.



Pre- and Compulsory Schools (Sweden)	First quarter			Full year
	2017/18	2016/17	Change	2016/17
Net sales, SEK m	760	717	6.0%	3,690
EBITDA, SEK m	17	19	-10.5%	252
EBITDA margin	2.2%	2.6%	-0.4 p.p.	6.8%
Depreciation/amortization	-13	-12	-8.3%	-54
Operating profit (EBIT), SEK m	3	8	-62.5%	199
EBIT margin, %	0.4%	1.1%	-0.7 p.p.	5.4%
Items affecting comparability, SEK m	-	-	-	0
Adjusted operating profit (EBIT), SEK m	3	8	-62.5%	199
Adjusted EBIT margin, %	0.4%	1.1%	-0.7 p.p.	5.4%
Number of children and students	31,111	30,613	1.6%	31,231
Number of units	226	227	-0.4%	228

Upper Secondary Schools (Sweden)

- The number of students increased by 4.3 percent in the first quarter, amounting to 26,918 (25,802).
- Sales increased by 7.6 percent during the first quarter compared with the previous year.
- Operating profit (EBIT) increased by 50 percent to SEK 39 million (26).

AcadeMedia's Upper Secondary School segment provides upper secondary education throughout Sweden under 16 different brands, offering both academically and vocationally oriented programs. The segment's brands include Klaragymnasierna, NTI, LBS, ProCivitas and Rytmus. The schools operate entirely based on the school voucher system. The segment had 106 units during the quarter.

First quarter results

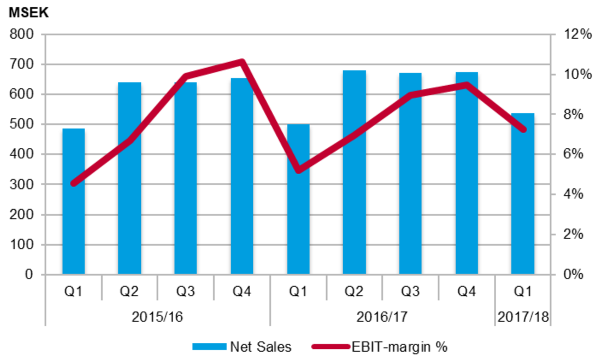
The number of students increased by 4.3 percent compared to the same period previous year and amounted to 26,918 (25,802). Net sales grew by 7.6 percent and amounted to SEK 539 million (501). The increase was due to seven new schools starting in the quarter, a higher number of students in existing units as well as higher revenue per student following annual voucher adjustments.

Operating profit (EBIT) for the first quarter increased by 50 percent compared to the same period the previous year and amounted to SEK 39 million (26) representing an operating margin of 7.2 percent (5.2). The margin and profit increase compared with the same period the previous year is a result of an increased number of students in existing units which contributed to a higher capacity utilisation.

In the fourth quarter of 2016/17 it was decided to gradually wind down two units, Plus Gymnasium in Malmö and Mikael Elias Teoretiska Gymnasium in Karlskrona.

Development during the first quarter

AcadeMedia opened seven new upper secondary schools located in Stockholm, Linköping, Växjö and Borlänge at the start of 2017/18. These units have admitted approximately 370 first year students in total. AcadeMedia's upper secondary schools combined have admitted a record number of students for fall term 2017. The number of first year students at the end of the quarter amounted to approximately 10,000, which is an increase of 700 students compared to last year.



Upper Secondary Schools (Sweden)	First quarter			Full year
	2017/18	2016/17	Change	2016/17
Net sales, SEK m	539	501	7.6%	2,526
EBITDA, SEK m	62	47	31.9%	303
EBITDA margin	11.5%	9.4%	2.1 p.p.	12.0%
Depreciation/amortization	-23	-21	-9.5%	-105
Operating profit (EBIT), SEK m	39	26	50.0%	198
EBIT margin, %	7.2%	5.2%	2.0 p.p.	7.8%
Items affecting comparability, SEK m	-	-	-	-9
Adjusted operating profit (EBIT), SEK m	39	26	50.0%	206
Adjusted EBIT margin, %	7.2%	5.2%	2.0 p.p.	8.2%
Number of children and students	26,918	25,802	4.3%	25,544
Number of units	106	103	2.9%	103

Adult Education (Sweden)

- Continued strong volumes in the first quarter primarily in Basic Modules and Swedish for immigrants (SFI).
- Sales increased by 10.2 percent in the first quarter compared with previous year.
- Operating profit (EBIT) for the quarter increased and amounted to SEK 43 million (41).

AcadeMedia's Adult Education segment is Sweden's largest provider of adult education and has solid expertise in working with, integrating and educating adults. Every year around 100,000 students attend one of our programs in approximately 150 locations around the country. The segment includes the brands like Hermods, NTI-skolan, Plushögskolan, Eductus and KompetensUtvecklingsInstitutet.

First quarter results

Net sales for the first quarter increased by 10.2 percent compared to the same period last year and amounted to SEK 366 million (332). The increase is mainly attributed to higher participant volumes within Basic Modules, Swedish for immigrants (SFI) and Komvux. Growth within SFI and Komvux is driven by a higher demand from society but also an increase in the number of contracts that the adult education segment has in its contract portfolio.

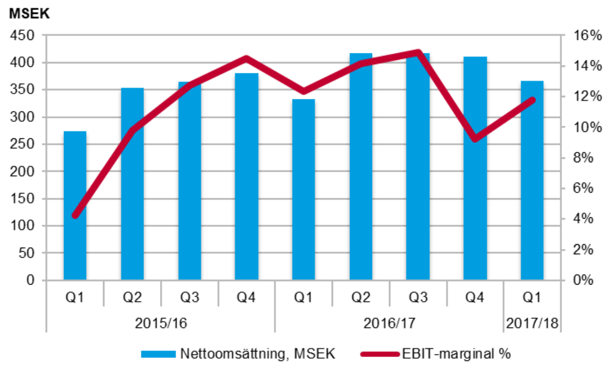
The Segment's operating profit (EBIT) in the first quarter increased and amounted to SEK 43 million (41), corresponding to a somewhat lower operating margin of 11.7 percent (12.3). The profit improvement is a result of higher participant volumes within several contract areas. Many of the larger contracts are coming to an end and the new contracts overall have a lower price level, which affects margins negatively.The margins are also squeezed by new contracts being delayed as a concequence of appealed tenders. The margins are also negatively affected by salary inflation in certain teacher categories.

Development during the first quarter

The Swedish Public Employment Agency signed new contracts with AcadeMedia within three important contract areas during the first quarter. These contracts were Vocational Swedish, Embedded systems, and CAD-designer, which all have contract initiation during the 2017 fall.

Large profitable agreements, such as Basic Modules, will be replaced during 2017/18. AcadeMedia has received notice of good preliminary allocation of the replacement contracts (Vocational and Prepatory modules). However, the allocation has been appealed. The Administrative Court is expected to decide later in the year whether the appeal will be granted.

Adult education does not have a recurring seasonality. Instead, the needs and efforts of society as well as the contract portfolio determines development. At the end of this quarter, 360,000 persons were registered at the Swedish Public Employment Agency. This is an increase by 0.6 percent compared to the same period last year.



Adult Education (Sweden)	First quarter			Full year
	2017/18	2016/17	Change	2016/17
Net sales, SEK m	366	332	10.2%	1,576
EBITDA, SEK m	45	42	7.1%	206
EBITDA margin	12.3%	12.7%	-0.4 p.p.	13.1%
Depreciation/amortization	-2	-2	0.0%	-7
Operating profit (EBIT), SEK m	43	41	4.9%	200
EBIT margin, %	11.7%	12.3%	-0.6 p.p.	12.7%
Items affecting comparability, SEK m	-	-	-	-
Adjusted operating profit (EBIT), SEK m	43	41	4.9%	200
Adjusted EBIT margin, %	11.7%	12.3%	-0.6 p.p.	12.7%

Preschool International

- The number of children increased by 15.4 percent to 10,069 (8,727) in the first quarter.
- Sales increased by 19.6 percent compared with the first quarter the previous year.
- Operating profit (EBIT) amounted to SEK 5 million (7).

AcadeMedia's Preschool International segment operates preschools in Norway under the Espira brand and in Germany under the brands Joki and Stepke. The segment was exended in April 2017 through the acquisition of Stepke. Espira is Norway's third largest preschool provider and has 96 units, mainly in western and southern Norway and in the Oslo area. Joki runs seven preschool units in the Munich area and Stepke operates eight preschools and three mobile preschools in the Brandenburg and Nordrhein-Westfalen area.

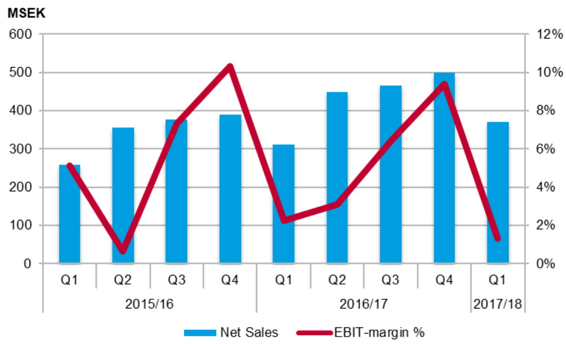
First quarter results

The average number of children in the first quarter increased by 15.4 percent and amounted to 10,069 (8,727). The segment's net sales for the quarter increased by 19.6 percent and amounted to SEK 372 million (311). The increase in number of students and sales mainly relates to the acquisition of the German operation Stepke, as well as new establishments and acquisitions in Norway. Currency did not notably affect sales in the quarter.

Operating profit (EBIT) for the first quarter decreased by SEK 2 million and amounted to SEK 5 million (7), which resulted in an operating margin of 1.3 percent (2.3). The profit and margin decrease compared with the previous year was primarily explained by timing of facility maintenance in Norway.

Development during the first quarter

Espira in Norway opened one new preschool during the quarter and one new preschool was opened in Germany under the Stepke brand. Stepke has secured the establishment of nine new preschools estimated to open before the end of 2018.



Preschool International	First quarter			Full year
	2017/18	2016/17	Change	2016/17
Net sales, SEK m	372	311	19.6%	1,725
EBITDA, SEK m	18	15	20.0%	139
EBITDA margin	4.8%	4.8%	0 p.p.	8.1%
Depreciation/amortization	-13	-8	-62.5%	-42
Operating profit (EBIT), SEK m	5	7	-28.6%	98
EBIT margin, %	1.3%	2.3%	-1.0 p.p.	5.7%
Items affecting comparability, SEK m	-	-	-	-
Adjusted operating profit (EBIT), SEK m	5	7	-28.6%	98
Adjusted EBIT margin, %	1.3%	2.3%	-1.0 p.p.	5.7%
Number of children and students	10,069	8,727	15.4%	9,295
Number of units	114	98	16.3%	102

Quality

Quality results for the first quarter

The Swedish National Agency for Education published national statistics for the compulsory schools grades for the academic year 2016/17 at the end of September. In comparison to the preliminary results presented by AcadeMedia in the 2016/17 year-end report, some differences were noted. According to the final results for AcadeMedia’s compulsory schools, the percentage of students with passing grades in all subjects amounted to 82.7 percent (85.9) for the academic year 2016/17, the national average amounted to 74.1 percent (74.2).

The percentage of students eligible for upper secondary school amounted to 90.1 percent (93.4) as compared with the national average of 82.5 percent (83.1). The average assessment level based on 17 subjects was 241.9 (241.7) and the national average amounted to 223.5 points (224.1). It can be noted that the grades have deteriorated somewhat and are now at the same level as 2015/16.The grades for AcadeMedia’s compulsory schools continue to be considerably higher than the national average.

No new quality resuls have been presented for other school forms during the quarter.

AcadeMedia’s comprehensive qualiy report is due to be published in October 2017 on the company’s website https://academedia.se/ . The report reviews last year’s quality work and quality results in detail.

Employees

The average number of full-time employees in the quarter was 10,882 (10,144) which represents an increase of 7.3 percent. The proportion of women in the Swedish operation was 69.8 percent (69.8) in the quarter. Employee turnover, in Sweden measured as the number of individuals leaving the company amounted to 9.5 percent accumulated over 3 months July-September compared to 10.0 percent in the corresponding period the previous year. Absence due to illness for AcadeMedia employees in Sweden (aggregated average short-term absence <90 days) increased to 3.6 percent (3.5) in the quarter.

Risk factors

Significant operating external and financial risks are described in detail in AcadeMedia AB's 2016/17 Annual Report. Apart from the risks described in the Annual Report, no other significant risks are deemed to have emerged.

Operating risks include variations in demand and number of students, risk relating to access to qualified staff and payroll expense, risk relating to quality deficiencies, AcadeMedia's reputation and brand, permits, and liability and property risk. External risks include risks relating to school voucher funding and the general economy, political risk, changes in the law or regulations as well as the dependence on national authorities within the education sector.

A common factor for various political proposals is that the processes are usually long and proposals must be in legally enforceable format and must also ultimately pass approval in the Swedish parliament (Riksdag). In addition, there are financial risks such as credit and currency risks.

Seasonality

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

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

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

Adult education does not have recurring seasonal patterns in the same way as the school segments. Seasonal variation is rather influenced by the contract portfolio and public spending. Number of working days or education days during the period may affect to a certain extent.

Outlook

AcadeMedia does not publish any forecasts.

Calendar

November 24, 2017	Annual General Meeting
February 1, 2018	Interim report Q2
May 4, 2018	Interim report Q3
August 29, 2018	Year-end report and interim report Q4
October 26, 2018	Annual Report 2017/18

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

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

Stockholm October 26, 2017

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This information is information that AcadeMedia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on October 26, 2017.

Consolidated statement of comprehensive income

		First quarter		Rolling 12 months	Full year
SEK m		**2017/18**	2016/17	**Oct 16-Sep 17**	2016/17
		2,037	**1,862**	**9,696**	**9,520**
Cost of goods sold		-179	-177	-797	-796
Other external expenses		-502	-460	-2,105	-2,064
Personnel expenses		-1,224	-1,112	-5,923	-5,811
Depreciation/amortization		-51	-43	-220	-212
Items affecting comparability [1]		-2	-1	-23	-23
		-1,957	**-1,794**	**-9,068**	**-8,905**
OPERATING INCOME		**80**	**68**	**627**	**615**
Interest income and similar profit/loss items	3	0	2	7	9
Interest expense and similar profit/loss items	3	-17	-20	-86	-89
		-16	**-18**	**-79**	**-80**
INCOME BEFORE TAX		**64**	**50**	**549**	**535**
Tax		-13	-9	-123	-120
PROFIT/LOSS FOR THE PERIOD		**51**	**41**	**426**	**416**
Other comprehensive income					
Items that will not be reclassified to profit/loss					
Remeasurement of defined benefit pension plans		*-16*	-57	*53*	12
Deferred tax relating to defined benefit pension plans		*4*	14	*-13*	-3
		-12	**-43**	**40**	**9**
Items that may be reclassified to profit/loss					
Translation differences		*5*	25	*-20*	0
Other comprehensive income for the period		**-7**	**-18**	**20**	**9**
COMPREHENSIVE INCOME FOR THE PERIOD		**44**	**23**	**445**	**424**
Profit for the period attributable to:					
Stockholders of the parent company		51	41	426	416
Non-controlling interests		-	-	-	-
Comprehensive income for the period attributable to:					
Stockholders of the parent company		44	23	445	424
Non-controlling interests		-	-	-	-
Earnings per share basic (SEK)		0.54	0.44		4.41
Earnings per share basic/diluted (SEK)		0.54	0.44		4.40

**) Items affecting comparability are specified on page 3 and definitions on page 24-25.*

Consolidated statement of financial position in summary

SEK m	Note	Sep 30, 2017	Sep 30, 2016	June 30, 2017
ASSETS				
Intangible non-current assets		5,278	5,130	5,274
Buildings		811	693	788
Other property, plant and equipment		487	408	489
Other non-current assets		25	51	24
Total non-current assets		**6,601**	**6,282**	**6,574**
Current receivables		956	741	695
Cash and cash equivalents		636	368	579
Total current assets		**1,592**	**1,109**	**1,274**
TOTAL ASSETS		**8,194**	**7,391**	**7,849**
EQUITY AND LIABILITIES				
Total equity		**3,487**	**3,013**	**3,443**
Non-current liabilities to credit institutions		2,228	2,151	2,158
Provisions and other non-current liabilities		163	200	155
Total non-current liabilities	2	**2,392**	**2,351**	**2,313**
Current interest-bearing liabilities		444	560	516
Other current liabilities		1,871	1,466	1,577
Total current liabilities	2	**2,315**	**2,027**	**2,092**
TOTAL EQUITY AND LIABILITIES		**8,194**	**7,391**	**7,849**

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the parent company

SEK m	July 1, 2016 Mar 31, 2017	July 1, 2015 Mar 31, 2016	July 1, 2015 June 30, 2016
Opening balance	**3,443**	**2,990**	**2,990**
Profit/loss for the period	51	41	416
Other comprehensive income	-7	-18	9
Total profit/loss for the group	**44**	**23**	**424**
Transactions with owners	0	0	29
Closing balance	**3,487**	**3,013**	**3,443**

Consolidated cash flow statement in summary

		First quarter		Full year
SEK m	Note	**2017/18**	2016/17	2016/17
Operating profit/loss (EBIT)		80	68	615
Adjustment for items affecting cash flow		44	51	178
Tax paid		-19	8	-59
Cash flow from operating activities before changes in working capital		**105**	**127**	**734**
Cash flow from changes in working capital		37	4	97
Cash flow from operating activities		**142**	**131**	**830**
Cash flow from investing activities		**-63**	**-87**	**-374**
Cash flow from financing activities		**-23**	**-17**	**-209**
CASH FLOW FOR THE PERIOD		**55**	**27**	**247**
Cash and cash equivalents at beginning of period		579	331	331
Exchange-rate differences in cash and cash equivalents		2	10	1
Cash and cash equivalents at end of period		**636**	**368**	**579**

Parent company income statement in summary

SEK m	First quarter 2017/18	First quarter 2016/17	Full year 2016/17
Net sales	**4**	**2**	**5**
Operation expenses	**-5**	**-8**	**-27**
OPERATING PROFIT/LOSS	**-1**	**-6**	**-22**
Interest expense and similar profit/loss items	**-1**	**0**	**0**
PROFIT/LOSS BEFORE TAX	**-2**	**-6**	**-22**
Year-end appropriations	-	-	22
Tax	1	1	0
PROFIT/LOSS FOR THE PERIOD	**-1**	**-5**	**0**

Parent company other comprehensive income

SEK m	First quarter 2017/18	First quarter 2016/17	Full year 2016/17
Profit/Loss for the period	**-1**	**-5**	**0**
Other comprehensive income for the period	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	**-1**	**-5**	**0**

Parent company balance sheet in summary

SEK m	Sep 30, 2017	Sep 30, 2016	June 30, 2017
ASSETS			
Participations in Group companies	2,247	2,219	2,247
Deferred tax assets	1	1	1
Total non-current assets	**2,248**	**2,220**	**2,248**
Current receivables	1,316	88	1,291
Cash and bank balances	418	7	373
Total current assets	**1,734**	**95**	**1,664**
TOTAL ASSETS	**3,982**	**2,315**	**3,912**
EQUITY AND LIABILITIES			
Restricted equity	95	94	95
Non-restricted equity	2,225	2,193	2,226
Total equity	**2,320**	**2,287**	**2,321**
Non-current liabilities	**1**	**0**	**0**
Current liabilities	**1,662**	**27**	**1,590**
TOTAL EQUITY AND LIABILITIES	**3,982**	**2,315**	**3,912**

Parent company statement of changes in equity

Total equity attributable to owners of the parent company

SEK m	July 1, 2016 Jun 30, 2017	July 1, 2015 Jun 30, 2016	July 1, 2015 June 30, 2016
Opening balance	**2,321**	**2,292**	**2,292**
Profit/loss for the period	-1	-5	0
Other comprehensive income	-	-	-
Total profit/loss for the group	**-1**	**-5**	**0**
Transactions with owners	0	0	29
Closing balance	**2,320**	**2,287**	**2,321**

Notes and accounting policies

Significant events after the end of the reporting period are presented on page 1. Segment reporting is presented on pages 5 to 8. Disclosures about risk factors and seasonality is presented on page 10.

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 2016/17 Annual Report, which is available at https://corporate.academedia.se. No new accounting policies effective from 2017/18 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 25 and pages 1 to 11 is an integrated part of this financial report.

A number of new or amended IFRSs will come into effect during the upcoming financial year or later and have not been adopted in advance in these financial statements. Below is a description of the IFRSs that are expected to, or may have, an impact on the consolidated financial statements.

IFRS 9 Financial Instruments comes into effect on January 1, 2018 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 classifies financial assets in three categories. Classification is established at initial recognition based on the nature of the asset and the entity's business model. The other part relates to hedge accounting. In general the new principles make it easier to prepare a report that provides a fair presentation of an entity's management of financial risk using financial instruments. Finally, new principles have been introduced regarding impairment of financial assets, where the model is based on anticipated losses. One purpose of this new impairment model is to ensure that provisions are made at an earlier stage for credit losses. Preliminarily, the standard is not expected to have any material impact on the financial statements of the Group or the parent company. The EU adopted the standard during the fourth quarter of 2016 and it will be applicable to the Group as of July 1, 2018.

IFRS 15 Revenue from contracts with customers comes 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 will be applicable to the Group as of July 1, 2018. Evaluation of the impact of the standard on the financial statements is underway.

Note 2: Specification of liabilities

SEK m	30-sep-17	30-sep-16	30-jun-17
Non-current liabilities			
Non-current liabilities to credit institutions excl. property loans	1,695	1,821	1,691
Non-current interest-bearing liabilities - properties	534	330	467
Non-current liabilities (interest-bearing)	42	24	41
Non-current liabilities (non-interest-bearing)	121	176	114
TOTAL Non-current liabilities	**2,392**	**2,351**	**2,313**
Current liabilities			
Liabilities to credit institutions and other current interest-bearing liabilities	391	369	400
Current interest-bearing liabilities - properties	53	191	116
Accounts payable and other current non-interest-bearing liabilities	732	463	541
Accrued expenses and deferred income	1,139	1,003	1,035
TOTAL current liabilities	**2,315**	**2,027**	**2,092**

Note 3: Specification of financial income and expenses

SEK m	First quarter 2017/18	First quarter 2016/17	Full Year 2016/17
Interest income and similar profit/loss items			
Interest income	0	1	7
Derivatives	-	0	1
Foreign exchange gains	0	1	1
Other	-	-	-
Interest income and similar profit/loss items	**0**	**2**	**9**
Interest expense and similar profit/loss items			
Interest expense	-14	-19	-69
Borrowing costs *	-1	-1	-5
Foreign exchange losses	-	-	-3
Other	-1	0	-12
Interest expense and similar profit/loss items	**-17**	**-20**	**-89**

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

Note 4: 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, currency derivatives (last year) and additional consideration. Since loans with credit institutions are at variable interest, which essentially are deemed to correspond to current market interest rates, the book value excluding loan expenses is considered to correspond to fair value. Currency derivatives are measured at fair value based on input data corresponding to level 2 of IFRS 13. Other financial assets and liabilities have short terms. It is therefore deemed that the fair values of all of the financial instruments are approximately equal to their book values.

Multi-year review

SEK million, unless otherwise stated	First quarter		Full year			
	2017/18	2016/17	**2016/17**	2015/16	2014/15	2013/14
Profit/loss items, SEK m						
Net sales	2,037	1,862	9,520	8,611	8,163	6,372
Items affecting comparability	-1	-1	-23	-32	-79	-35
EBITDA	132	111	827	722	720	614
Depreciation/amortization	-51	-43	-212	-187	-203	-164
Operating profit/loss (EBIT)	80	68	615	535	517	449
Net financial items	-16	-18	-80	-127	-269	-209
Profit/loss for the period before tax	64	50	535	408	248	240
Profit/loss for the period after tax	51	41	416	319	222	189
Balance sheet items, SEK m						
Non-current assets	6,601	6,282	6,574	6,141	5,884	5,945
Current receivables and inventories	956	741	695	697	670	654
Cash and cash equivalents	636	368	579	331	695	562
Non-current interest-bearing liabilities	2,271	2,175	2,200	2,116	2,609	3,020
Non-current non-interest-bearing liabilities	121	176	114	113	197	131
Current interest-bearing liabilities	444	560	516	568	715	469
Current non-interest-bearing liabilities	1,871	1,466	1,577	1,382	1,425	1,352
Equity	3,487	3,013	3,443	2,990	2,304	2,189
Total assets	8,194	7,391	7,849	7,169	7,250	7,161
Capital employed	6,202	5,748	6,158	5,674	5,628	5,679
Net debt	2,075	2,356	2,133	2,342	2,629	2,927
Property adjusted net debt	1,488	1,836	1,550	1,865	2,295	2,563
Key ratios						
Net sales, SEK m	2,037	1,862	9,520	8,611	8,163	6,372
Organic growth incl. bolt-on acquisitions, %	8.0%	9.8%	9.0%	6.4%	3.7%	9.8%
Acquired growth, larger acquisitions, %	1.4%	1.2%	0.8%	0.4%	24.4%	14.5%
Change in currency, %	0.0%	-0.1%	0.8%	-1.3%	0.0%	-
Operating margin (EBIT), %	3.9%	3.7%	6.5%	6.2%	6.3%	7.1%
Adjusted EBIT, SEK m	82	69	638	567	596	485
Adjusted EBIT margin, %	4.0%	3.7%	6.7%	6.6%	7.3%	7.6%
Adjusted EBITDA, SEK m	133	112	850	754	799	649
Adjusted EBIT margin, %	6.5%	6.0%	8.9%	8.8%	9.8%	10.2%
Net margin, %	2.5%	2.2%	4.4%	3.7%	2.7%	3.0%
Return on capital employed, %, (12 months)	11.0%	10.9%	10.9%	10.1%	10.8%	10.0%
Return on equity, %(12 months)	13.1%	13.5%	12.9%	12.1%	9.9%	10.1%
Equity/assets ratio, %	42.6%	40.8%	43.9%	41.7%	31.8%	30.6%
Interest coverage ratio, times	10.1	5.7	9.4	4.8	2.8	2.7
Net debt/Adjusted EBITDA (12 months)	2.4	3.0	2.5	3.1	3.3	4.5
Adjusted net debt/adjusted EBITDA (12 months)	1.7	2.3	1.8	2.5	2.9	3.9
Cash flow from investing activities	-63	-87	-374	-386	-68	-864
Number of full-time employees	10,882	10,144	10,564	9,714	9,159	6,997

Quarterly data, Group

Quarterly data	2017/18	2016/17				2015/16			
SEK million, unless oterhwise stated	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	2,037	2,610	2,540	2,508	1,862	2,378	2,316	2,239	1,679
EBITDA	**132**	**267**	**250**	**200**	**111**	**265**	**244**	**140**	**72**
Depreciation/amortization	-51	-56	-55	-58	-43	-46	-48	-50	-42
Items affecting comparability	-2	-19	-2	0	-1	-19	-4	-7	-3
Operating income (EBIT)	**80**	**211**	**195**	**142**	**68**	**218**	**196**	**90**	**31**
Total financial items	-16	-20	-18	-25	-18	-33	-29	-28	-37
Income before taxes	**64**	**191**	**177**	**117**	**50**	**185**	**167**	**62**	**-6**
Tax for the current period	-13	-37	-45	-28	-9	-45	-38	-14	8
Profit/loss for the period	**51**	**154**	**132**	**89**	**41**	**140**	**129**	**48**	**2**
Number of children/students, schools	68,098	67,207	66,299	65,633	65,143	64,342	63,716	62,443	62,103
Number of full-time employees	10,882	10,959	10,702	10,450	10,144	10,161	9,783	9,588	9,325
Number of education units	446	445	432	427	428	425	419	404	399
Key ratios									
Operating margin (EBIT), %	3.9%	8.1%	7.7%	5.7%	3.7%	9.2%	8.5%	4.0%	1.8%
Adjusted EBIT	82	229	197	142	69	238	199	97	34
Adjusted EBIT, %	4.0%	8.8%	7.8%	5.7%	3.7%	10.0%	8.6%	4.3%	2.0%
Net margin, %	2.5%	5.9%	5.2%	3.6%	2.2%	5.9%	5.6%	2.1%	0.1%
Return on equity, % (12 months)	13.1%	12.9%	13.9%	14.6%	13.5%	12.1%	10.8%	9.9%	9.8%
Return on capital employed, % (12 Months)	11.0%	10.9%	11.3%	11.7%	10.9%	10.1%	10.1%	10.0%	10.4%
Equity/assets ratio, %	42.6%	43.9%	42.6%	41.6%	40.8%	41.7%	34.6%	33.7%	32.9%
Net debt/Adjusted EBITDA (12 months)	2.4	2.5	2.7	2.7	3.0	3.1	3.4	3.6	3.5
Interest coverage ratio	10.1	9.4	7.6	6.8	5.7	4.8	4.0	3.2	3.1
Other									
Cash flow from operating activities	142	317	123	260	131	160	128	267	-13
Cash flow from investing activities	-63	-133	-87	-67	-87	-164	-101	-85	-35

Quarterly data, segment

SEK million, unless otherwise stated	2017/18	2016/17				2015/16			
Pre- and Compulsory Schools (Sweden)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	31,111	31,828	31,533	30,951	30,613	30,946	30,471	29,622	29,286
Net sales	760	1 025	983	964	717	951	933	889	661
EBITDA	17	103	73	57	19	102	92	48	13
EBITDA margin, %	2.2%	10.0%	7.4%	5.9%	2.6%	10.7%	9.9%	5.4%	2.0%
Depreciation/amortization	-13	-14	-14	-14	-12	-13	-13	-13	-11
Operating profit/loss (EBIT)	3	89	59	43	8	90	79	35	2
EBIT margin, %	0.4%	8.7%	6.0%	4.5%	1.1%	9.5%	8.5%	3.9%	0.3%
Items affecting comparability	0	0	0	0	0	3	0	0	0
Adjusted operating profit/loss (EBIT)	3	90	59	43	8	86	79	35	2
Adjusted EBIT margin, %	0.4%	8.8%	6.0%	4.5%	1.1%	9.0%	8.5%	3.9%	0.3%
Number of education units	226	230	229	225	227	226	222	217	212

SEK million, unless otherwise stated	2017/18	2016/17				2015/16			
Upper Secondary Schools (Sweden)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	26,918	25,191	25,476	25,707	25,802	24,752	24,917	25,144	25,244
Net sales	539	675	671	678	501	655	641	640	485
EBITDA	62	90	89	77	47	93	90	71	44
EBITDA margin, %	11.5%	13.3%	13.3%	11.4%	9.4%	14.2%	14.0%	11.1%	9.1%
Depreciation/amortization	-23	-26	-28	-30	-21	-23	-27	-28	-22
Operating profit/loss (EBIT)	39	64	60	47	26	69	63	43	22
EBIT margin, %	7.2%	9.5%	8.9%	6.9%	5.2%	10.5%	9.8%	6.7%	4.5%
Items affecting comparability	0	-9	0	0	0	0	0	-9	0
Adjusted operating profit/loss (EBIT)	39	72	60	47	26	69	63	43	22
Adjusted EBIT margin, %	7.2%	10.7%	8.9%	6.9%	5.2%	10.5%	9.8%	6.7%	4.5%
Number of education units	106	103	103	103	103	105	106	106	106

SEK million, unless otherwise stated	2017/18	2016/17				2015/16			
Adult Education (Sweden)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales	366	411	417	417	332	381	364	353	274
EBITDA	45	40	64	60	42	56	48	36	13
EBITDA margin, %	12.3%	9.7%	15.3%	14.4%	12.7%	14.7%	13.2%	10.2%	4.7%
Depreciation/amortization	-2	-2	-2	-2	-2	-1	-2	-1	-2
Operating profit/loss (EBIT)	43	38	62	59	41	55	46	35	12
EBIT margin, %	11.7%	9.2%	14.9%	14.1%	12.3%	14.4%	12.6%	9.9%	4.4%
Items affecting comparability	0	0	0	0	0	0	0	-1	-2
Adjusted operating profit/loss (EBIT)	43	38	62	59	41	55	46	35	14
Adjusted EBIT margin, %	11.7%	9.2%	14.9%	14.1%	12.3%	14.4%	12.6%	9.9%	5.1%

Quarterly data, segment (cont.)

SEK million, unless otherwise stated	2017/18	2016/17				2015/16			
Preschool International	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of children/students (average)	10,069	10,188	9,289	8,975	8,727	8,643	8,328	7,677	7,573
Net sales	372	499	466	449	311	390	376	356	259
EBITDA	18	60	39	25	15	49	33	8	19
EBITDA margin, %	4.8%	12.0%	8.4%	5.6%	4.8%	12.6%	8.8%	2.2%	7.3%
Depreciation/amortization	-13	-13	-10	-11	-8	-8	-6	-6	-6
Operating profit/loss (EBIT)	5	47	30	14	7	40	28	2	13
EBIT margin, %	1.3%	9.4%	6.4%	3.1%	2.3%	10.3%	7.4%	0.6%	5.0%
Items affecting comparability	0	0	0	0	0	0	0	0	6
Adjusted operating profit/loss (EBIT)	5	47	30	14	7	40	28	2	8
Adjusted EBIT margin, %	1.3%	9.4%	6.4%	3.1%	2.3%	10.3%	7.4%	0.6%	3.1%
Number of preschool units	114	112	100	99	98	94	91	81	81

SEK million, unless otherwise stated	2017/18	2016/17				2015/16			
Group-OH and adjustments	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	0	0	3	0	0	0	2	1	0
EBITDA	-9	-27	-15	-20	-13	-35	-20	-23	-18
Depreciation/amortization	-1	-1	-1	-1	-1	-1	-1	-1	-1
Operating profit/loss (EBIT)	-10	-28	-16	-21	-14	-36	-21	-24	-18
Items affecting comparability	-2	-10	-2	0	-1	-22	-3	-6	-6
Adjusted operating profit/loss (EBIT)	-9	-18	-14	-21	-13	-14	-17	-18	-12

SEK million, unless otherwise stated	2017/18	2016/17				2015/16			
Group	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of children/students (average)	68,098	67,207	66,299	65,633	65,143	64,342	63,716	62,443	62,103
Net sales	2,037	2,610	2,540	2,508	1,862	2,378	2,316	2,239	1,679
EBITDA	132	267	250	200	111	265	244	140	72
EBITDA margin, %	6.5%	10.2%	9.8%	8.0%	6.0%	11.1%	10.5%	6.3%	4.3%
Depreciation/amortization	-51	-56	-55	-58	-43	-46	-48	-50	-42
Operating profit/loss (EBIT)	80	211	195	142	68	218	196	90	31
EBIT margin, %	3.9%	8.1%	7.7%	5.7%	3.7%	9.2%	8.5%	4.0%	1.8%
Items affecting comparability	-2	-19	-2	0	-1	-19	-4	-7	-3
Adjusted operating profit/loss (EBIT)	82	229	197	142	69	238	199	97	34
Adjusted EBIT margin, %	4.0%	8.8%	7.8%	5.7%	3.7%	10.0%	8.6%	4.3%	2.0%
Net financial items	-16	-20	-18	-25	-18	-33	-29	-28	-37
Profit/loss after financial items	**64**	**191**	**177**	**117**	**50**	**185**	**167**	**62**	**-6**
Tax	-13	-37	-45	-28	-9	-45	-38	-14	8
Profit/loss for the period	**51**	**154**	**132**	**89**	**41**	**140**	**129**	**48**	**2**
Number of full-time employees (period)	10,882	10,959	10,702	10,450	10,144	10,161	9,783	9,588	9,325
Number of units	446	445	432	427	428	425	419	404	399

Reconciliaton of alternative performance measures

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

	First quarter		Full year			
	2017/18	2016/17	2016/17	**2015/16**	2014/15	**2013/14**
Net debt						
Non-current interest-bearing liabilities	2,271	2,175	2,200	2,116	2,609	3,020
+ Current interest-bearing liabilities	444	560	516	568	715	469
- Non-current interest-bearing receivables*	4	11	4	11	-	-
- Cash and cash equivalents	636	368	579	331	695	562
= Net debt	2,075	2,356	2,133	2,342	2,629	2,927
Property-adjusted net debt						
Net debt (as described above)	2,075	2,356	2,133	2,342	2,629	2,927
- non-current property loans	534	330	467	278	174	288
- current property loans	53	191	116	197	161	76
= Property adjusted net debt	1,488	1,836	1,550	1,865	2,295	2,563
Return on capital employed %, 12 months						
Adjusted operating profit EBIT (12 months)	650	603	638	567	596	485
+ Interest income	6	6	7	6	13	2
divided by						
Average equity (12 months)	3,250	2,657	3,216	2,647	2,247	1,878
+ average non-current interest-bearing liabilities (12 months)	2,223	2,307	2,158	2,363	2,815	2,664
+ average current interest-bearing liabilities (12 months)	502	613	542	641	592	338
= Return on capital employed %, 12 months	11.0%	10.9%	10.9%	10.1%	10.8%	10.0%
Return on equity %, 12 months						
Profit/loss after tax (12 months)	426	358	416	319	222	189
divided by						
Average equity (12 months)	3,250	2,657	3,216	2,647	2,247	1,878
= Return on equity %, 12 months	13.1%	13.5%	12.9%	12.1%	9.9%	10.1%

**) Included in Other non-current assets*

	2017/18	**2016/17**				**2015/16**			
SEK million, unless otherwise stated	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Interest coverage ratio									
Adjusted operating profit EBIT (12 months)	650	638	646	648	603	567	567	536	559
+ Interest income (12 months)	6	7	9	9	6	6	8	17	14
+ Other financial income (12 months)	0	1	2	2	3	1	8	10	10
divided by									
Interest expense (12 months)	-65	-69	-87	-97	-108	-121	-145	-174	-191
= Interest coverage ratio	10.1	9.4	7.6	6.8	5.7	4.8	4.0	3.2	3.1

Definitions

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

Key ratio	Definition	Purpose[1]
Absence due to illness	Short-term and long-term absence due to illness recalculated to full-time divided by the number of full-time employees (FTE).	Absence due to illness is used to measure employee absence and provide indications of employee health.
Adjusted EBIT	Operating profit/loss excluding items affecting comparability.	Adjusted EBIT is used to get a better picture of the underlying operating profit.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net revenues.	Adjusted EBIT margin sets underlying operating profit in relation to sales.
Adjusted EBITDA	Operating profit/loss before depreciation/amortization of property, plant and equipment and intangible non-current assets.	Adjusted EBITDA is used to measure underlying profit from operating activities, regardless of depreciation/amortization and excluding items affecting comparability.
Adjusted net debt	Net debt net of property-related loans, i.e. loans in the Norwegian State Housing Bank, building loans for ongoing construction projects and other property loans in Norway.	Adjusted net debt shows the portion of loans that finance the business, while property loans are linked to a building asset that can be separated and sold.
Adjusted net debt/Adjusted EBITDA	Adjusted net debt divided by adjusted EBITDA 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.
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 (EBITDA), to pay off the Company's liabilities, including property-related loans.

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

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 is income and cost of 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 acquisiions	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.