AcadeMedia AB (publ)

INTERIM REPORT July 2017 – December 2017

Acquisitions drive growth in the second quarter

Contract transition in adult education delayed

The acquisition of Vindora closed and the rights issue completed

AcadeMedia

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Interim report second quarter 2017/18

Second quarter (October – December 2017)

- Net sales increased by 12.2 percent to SEK 2,813 million (2,508) of which Vindora represented 6.3 percent. Organic growth including bolt-on acquisitions amounted to 5.4%.
- Operating profit (EBIT) increased by 16.9 percent to SEK 166 million (142), of which Vindora represented SEK 21 million. Adjusted for items affecting comparability, operating profit was SEK 167 million (142).
- Net profit was SEK 116 million (89) in the period.
- Cash flow from operating activities amounted to SEK 257 million (260).
- The average number of children and students in pre-, compulsory, and upper secondary schools during the second quarter was 72,945 (65,633), representing an increase of 11.1 percent.
- Earnings per share was SEK 1.22 (0.95) before dilution and 1.21 (0.95) after dilution.
- On November 1, the acquisition of Vindora, with operations in both upper secondary school and adult segment, was completed. A rights issue of SEK 410 million (excluding issue expenses) contributed to financing the acquisition.

First six months (July – December 2017)

- Net sales increased by 11.0 percent to SEK 4,850 million (4,370) of which Vindora represented 3.6 percent. Organic growth including bolt-on acquisitions amounted to 6.5 percent.
- Operating profit (EBIT) increased by 17.1 percent to SEK 246 million (210), of which Vindora represented SEK 21 million. Adjusted for items affecting comparability, operating profit was SEK 249 million (211).
- Net profit for the period amounted to SEK 168 million (130).
- Cash flow from operating activities amounted to SEK 399 million (391).
- The average number of children and students in pre-, compulsory and upper secondary school amounted to 70,522 (65,388), which was an increase of 7.9 percent.
- Earnings per share was SEK 1.76 (1.38) before dilution and SEK 1.76 (1.38) after dilution.

Significant events after the end of the reporting period

Preliminary voucher increases in Sweden for 2018 amount to 2.5 percent. On January 11, the government announced a regulation change regarding guidelines for calculation of premises cost in the school voucher. The effect of this is still uncertain. The change will become effective from March 1st. Voucher increases in Norway will amount to 2.9 percent. The voucher increases are based on municipality announcements to date and are calculated as a weighted average based on AcadeMedia's student mix in each country.

The group in figures

The quarter in figures	Second quarter			Half year			Full year
	2017/18	2016/17	Change	**2017/18**	2016/17	Change	2016/17
Net sales, SEK m	2,813	2,508	12.2%	4,850	4,370	11.0%	9.520
EBITDA, SEK m	232	200	16.0%	363	311	16.7%	827
EBITDA margin	8.2%	8.0%	0.2 p.p.	7.5%	7.1%	0.4 p.p.	8.7%
Operating profit (EBIT), SEK m	166	142	16.9%	246	210	17.1%	615
EBIT margin	5.9%	5.7%	0.2 p.p.	5.1%	4.8%	0.3 p.p.	6.5%
Adjusted operating profit (EBIT)*. SEK m	167	142	17.6%	249	211	18.0%	638
Adjusted EBIT margin	5.9%	5.7%	0.2 p.p.	5.1%	4.8%	0.3 p.p.	6.7%
Total financial items, SEK m	-17	-25	32.0%	-34	-42	19.0%	-80
Income before taxes, SEK m	149	117	27.4%	213	167	27.5%	535
Profit/loss for the period, SEK m	116	89	30.3%	168	130	29.2%	416
Number of children and students	72,945	65,633	11.1%	70,522	65,388	7.9%	66.070
Number of FTEs	11,789	10,450	12.8%	11,336	10,297	10.1%	10,564

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

CEO's comments

The second quarter of AcadeMedia's financial year has been full of activity. We have closed four acquisitions including the strategic acquisition of Vindora, as well as three bolt-on acquisitions. In addition, a rights issue was launched and successfully completed, securing financial stability which is important for further growth. Operations have developed well overall, with good results in the Adult education segment but with continued margin pressure in the Pre- and compulsory school segment.

Financial development in the second quarter

Financial development for the second quarter of the financial year continued roughly as planned. Increased student numbers provided good organic growth of 5.4 percent. Several acquisitions were completed. In addition to Vindora, a compulsory school south of Stockholm was acquired (Kringlaskolan) as well as a small pre-school business with three units in Norway and two units in Sweden. These units will be integrated into the Pre- and compulsory schools segment in Sweden, and into the International preschool segment.

In the second quarter, education activity was high in all segments; thus, revenues and operating profits were higher than in the first quarter. Three out of four segments are on par with last year's EBIT whereas the Pre- and compulsory schools segment is lagging. This is mainly due to margin pressure from salary inflation, for which school vouchers have not yet compensated. We now have a preliminary view of the voucher levels for 2018 and we can see that this is not sufficient to balance the increased salary levels for teachers. The most important way to improve economic efficiency is to ensure that AcadeMedia's schools deliver high-quality education and thus are attractive to students and parents. This is our main focus.

Contract transition in Adult Education delayed

During the second quarter, the Adult education segment has been preparing for a major transition in its contract portfolio. The high-margin contract "Basic Modules" will come to an end on January 31, 2018, meaning no further student admissions will take place after that date. In the tender for the replacement contract Vocational and Preparatory Modules (*yrkes- och studievägledande moduler "YSM"*) AcadeMedia was awarded 45 out of 70 contract areas, which was very satisfactory. However, the allocation is pending the outcome of an appeals process, which has delayed the transition by roughly one quarter. In the short term, this has been financially positive for the Adult education segment, as volumes have remained strong within the existing high margin contract. If the appeal is rejected and the new contract is awarded to AcadeMedia as announced, the negative impact on the entire Adult education segment's EBIT margin is estimated at one to three percent on an annual basis, when YSM has fully replaced Basic Modules.

Vindora acquisition completed

On November 1, the acquisition of Vindora was completed, meaning the financial results have been included for two months of the quarter. With this acquisition, AcadeMedia aims to be a leading player in apprenticeships, vocational training and introductory programs in upper-secondary schools. This is an area which is increasingly important for society and for individuals who otherwise risk life-long exclusion from the labor market. Vindora 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.

In the coming six to twelve months, efforts will be made to integrate the business in the Upper secondary school segment (Praktiska and Hagströmska) and the Adult education segment (Movant) as well as the support functions with AcadeMedia. As stated earlier, we believe that the Vindora business, combined with our structure and our quality-assurance system, provide a great opportunity for Sweden and for AcadeMedia as a company.

Rights Issue oversubscribed and completed

In order to partially fund the acquisition of Vindora, a rights issue of SEK 410 million was launched and completed. The issue was substantially oversubscribed and thus the guarantee from Mellby Gård was not used. The new issue has strengthened AcadeMedia's balance sheet and will also provide flexibility for future growth.

Looking ahead

For the remainder of the financial year, we look forward to incorporating Vindora and learning more about the apprenticeship education model. In addition, we are excited about the expansion process in Germany. In Sweden, we need to focus on stabilizing certain areas of the Pre- and compulsory schools segment.

Regarding the political situation, in January the government presented two proposals for consideration to the Council on Legislation, the proposal on ownership assessment and the proposal on limitation of profits for welfare companies. Both proposals largely follow what was previously known. Ownership assessment is not controversial for a company like AcadeMedia and the proposal to limit profits is not expected to gain support by a majority in the Swedish parliament.

We wish, and hope, that the debate ahead can focus more on how we together can address the real issues in Swedish schools.

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Development for the second quarter

Volume development and revenues

Net sales in the second quarter amounted to SEK 2,813 million (2,508), which was an increase of 12.2 percent compared to the same period last year. The acquisition of Stepke in Germany (April 2017) and Vindora (November 2017) contributed with 7.6 percent of this growth. The organic growth, including bolt-on acquisitions, amounted to 5.4 percent. The SEK/NOK and SEK/EUR exchange rate had a negative impact on net sales of SEK 21 million in the quarter. The number of students in the school segments increased by 11.1 percent to 72,945 (65,633), 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 second quarter was higher than the same period last year and amounted to SEK 166 million (142) representing an operating margin of 5.9 percent (5.7). Adjusted operating profit (EBIT) was also higher than last year and amounted to SEK 167 million (142) corresponding to an adjusted EBIT margin of 5.9 percent (5.7). The result and margin improvement in the second quarter compared to the same period last year was primarily due to the acquisition of Vindora, which contributed with SEK 21 million.

Net financial items

Net financial items for the quarter amounted to SEK -17 million (-25). Interest expense for the quarter was SEK -14 million (-20). Interest expense decreased due to lower average debt and due to lower interest margin on bank loans as an effect of lower leverage ratio (see note 4 and 5).

Profit and comprehensive income for the period

Profit after tax for the period increased and amounted to SEK 116 million (89). Tax for the second quarter amounted to SEK -33 million (-28). The effective tax rate decreased to 21.9 percent (23.8). Comprehensive income for the period, which affects equity, amounted to SEK 109 million (136).

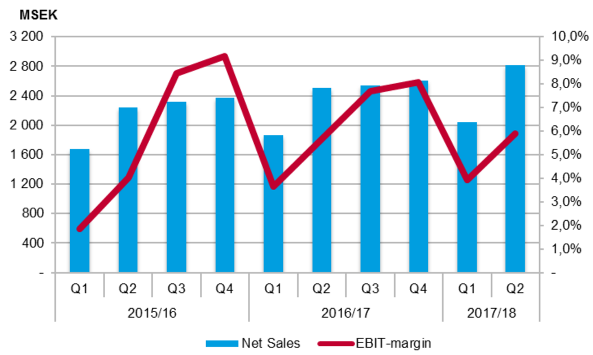
Items affecting comparability

Operating profit (EBIT) for the second quarter included items affecting comparability of SEK -1 million (0) as shown in the adjacent table.

Items affecting comparability	Second quarter	
SEK m	2017/18	2016/17
Transaction-related expenses	-1	-0
Integration expenses Vindora	-0	-
Total	**-1**	**-0**

Acquisitions, divestments, new units and discounted operations

The strategic acquisition of Vindora, with operations within both adult education and upper secondary school, was completed in the second quarter. With the acquisition, the upper secondary school segment grew with 36 units and approximately 6,200 students. In addition, the pre- and compulsory school segment has acquired three units with approximately 700 children and students. The international preschool segment acquired four units in Norway and started one new unit in Germany. Acquisitions are specified in note 3.



Second quarter in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), 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)	31,727	30,951	1,021	964	40	43	3.9%	4.5%	40	43	3.9%	4.5%
Upper Secondary Schools (Sweden)	30,928	25,707	845	678	64	47	7.6%	6.9%	63	47	7.5%	6.9%
Adult Education (Sweden)	-*	-*	459	417	64	59	13.9%	14.1%	64	59	13.9%	14.1%
Preschool International	10,290	8,975	488	449	14	14	2.9%	3.1%	14	14	2.9%	3.1%
Group adj., parent company	-	-	0	0	-14	-21	-	-	-14	-21	-	-
Total	72,945	65,633	2,813	2,508	167	142	5.9%	5.7%	166	142	5.9%	5.7%

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

Development for the first six months

Volume development and revenues

Net sales in the first half year amounted to SEK 4,850 million (4,370), which was an increase of 11.0 percent compared to the same period last year. The increase was primarily driven by acquisitions and increased number of students and children in the school segments. The number of students increased by 7.9 percent to 70,522 (65,388). Increased volumes within adult education also contributed to the higher sales. The organic growth including bolt on acquistions amounted to 6.5 percent. The SEK/NOK and SEK/EUR exchange rate had a negative impact on net sales of SEK 21 million in the period.

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) for the first six months increased with 17.1 percent and amounted to SEK 246 million (210), representing an operating margin of 5.1 percent (4.8). Adjusted operating profit (EBIT) was also higher than last year and amounted to SEK 249 million (211) corresponding to an adjusted EBIT margin of 5.1 percent (4.8). The result and margin improvement in the first six months compared to the same period last year was primarily related to the acquisition of Vindora in Sweden and Stepke in Germany. In total, Vindora contributed with SEK 21 million to the result in the period. In addition, new starts and increased efficiency in the upper secondary school segment also contributed positively.

Net financial items

Net financial items for the first six months amounted to SEK -34 million (-42). Interest expense was SEK -28 million (-38). Interest expense decreased due to lower average debt and due to lower interest margin on bank loans as an effect of lower leverage ratio (see note 4 and 5).

Profit and comprehensive income for the period

Profit after tax for the period increased and amounted to SEK 168 million (130). Tax for the first six months amounted to SEK -45 million (-37). The effective tax rate decreased to 21.2 percent (22.1). Comprehensive income for the period, which affects equity, amounted to SEK 153 million (159).

Items affecting comparability

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

Items affecting comparability	Half year	
SEK m	**2017/18**	2016/17
Transaction-related expenses	-1	-1
IPO expenses	-	-1
Integration expenses Vindora	-1	-
Total	**-2**	**-2**

Acquisitions, divestments, new units and discounted operations

The acquisition of Vindora, with operations within both adult education and upper secondary school, was completed on November 1. Several bolt-on acquisitions have also been completed. In total within all segments, 43 units were acquired of which 36 were upper secondary schools, three were preschools in Sweden, and four were preschools in Norway. Ten new units opened during the first six months: seven upper secondary schools, two preschools in Germany, and one preschool in Norway. One preschool and two compulsory schools with a total of 310 children closed during the first quarter. Three upper secondary schools are in wind-down mode and therefore have fewer students compared to the previous year. Acquisitions are specified in note 3.

Second quarter in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), 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)	31,419	30,782	1,781	1,682	43	50	2.4%	3.0%	43	50	2.4%	3.0%
Upper Secondary Schools (Sweden)	28,923	25,755	1,384	1,179	103	74	7.4%	6.3%	102	74	7.4%	6.3%
Adult Education (Sweden)	-*	-*	825	749	107	99	13.0%	13.2%	107	99	13.0%	13.2%
Preschool International	10,180	8,851	860	759	19	21	2.2%	2.8%	19	21	2.2%	2.8%
Group adj., parent company	-	-	1	0	-23	-33	-	-	-24	-35	-	-
Total	70,522	65,388	4,850	4,370	249	211	5.1%	4.8%	246	210	5.1%	4.8%

**) 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 second quarter, cash flow from operating activities amounted to SEK 257 million (260). The decrease was related to the working capital development in the period. Cash flow from investing activities mainly reflected the completed acquisitions in the period and amounted to SEK -668 million (-67). In addition, the cash flow from the investing activities consisted of investments related to tangible fixed assets and ongoing new constructions in Norway. Cash flow from financing activities totaled SEK 301 million (-125) in the quarter, of which the completed rights issue contributed with SEK 401 million, net after issue expenses.

In the first six months cash flow from operating activities was SEK 399 million (391). Cash flow from investing activities amounted to SEK -731 million (-154). The increase was primarily related to the acquisitions completed in the period. Cash flow from financing activities amounted to SEK 278 million (-142) and in addition to regular loan payments and new loans for real estate in Norway also consist of the rights issue which contributed positively with SEK 401 million, net after rights issue related expenses.

Financial position

Consolidated equity amounted to SEK 3,997 million (3,150) as of December 31, 2017 and the equity/asset ratio was 45.0 percent (41.6). The increase in equity and the improved equity ratio are a result of the positive performance and the new share issue of SEK 410 million, which was conducted in connection with the acquisition of Vindora. The rights issue raised SEK 401 million of equity, net of issue related expenses.

Total interest-bearing net debt as of December 31, 2017 amounted to SEK 2,342 million (2,289). The increase in net debt was related to the acquisitions which were partially financed with debt, but also increased property loans. Excluding property loans, the adjusted net debt amounted to SEK 1,750 million (1,762). 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 64 million to SEK 591 million (527). Building assets increased during the equivalent period by SEK 107 million to SEK 807 million (700). The increase was entirely attributable to newly built and acquired preschools in Norway and Germany.

Non-current interest-bearing liabilities amounted to SEK 2,240 million (2,160) 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 4. Current interest-bearing liabilities consist of current portions of long-term loans and construction loans, amounting to SEK 629 million (566). Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 2.6 (2.7), which was below the Group's maximum of 3.0. The level was affected by the acquisitions and the rights issue. Real estate-adjusted net debt divided by adjusted EBITDA (12m) was 1.9 (2.1).

Parent company

The parent company AcadeMedia AB (publ) is a listed company with certain management functions such as CEO and CFO. Sales during the second quarter amounted to SEK 1 million (2), the operating profit (EBIT) for the quarter amounted to SEK -5 million (-5) and profit after tax amounted to SEK -8 million (-4). 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 December 31, 2017 was SEK 2,713 million (2,284). The increase is a result of the rights issue, which contributed SEK 401 million net to equity. Rights issue related expenses, net after tax, amounted to SEK 9 million. 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**
Rights issue 171221	10,513,888	0	10,513,888
Closing balance, December 31, 2017	**105,138,885**	**165,000**	**105,303,885**
Of which repurchased shares		*165,000*	*165,000*
Outstanding numbers of shares December 31, 2017	**105,138,885**	**-**	**105,138,885**

AcadeMedia AB (publ) is a public limited company listed on Nasdaq Stockholm since June 2016. During December the Group completed a rights issue of SEK 410 million, before issue expenses, to contribute to the financing of the acquisition of Vindora. AcadeMedia's largest shareholder, Mellby Gård, undertook guarantee commitment and received a guarantee commitment fee of one percent corresponding to SEK 3 million. After completion of the rights issue the share capital increased and amounted to SEK 105,138,885 as of December 31, 2017. The number of ordinary shares totaled 105,138,885. The quota value is SEK 1.00 per share.

Mellby Gård is the largest shareholder and held 21.1 percent of the shares as of December 31, 2017.

Pre- and Compulsory Schools (Sweden)

- The number of children and students increased by 2.5 percent in the second quarter to 31,727 (30,951)
- Sales increased by 5.9 percent in the quarter.
- Operating profit (EBIT) decreased by SEK 3 million to SEK 40 million (43) during the quarter.
- One compulsory school and two preschools with a total of about 700 children and students were acquired in the second quarter.

AcadeMedia's Pre- and Compulsory School segment runs preschools and compulsory schools in a large number of municipalities throughout Sweden under the brands Pysslingen Förskolor, Pysslingen Skolor and Vittra. The schools are run entirely based on the school voucher system. The segment had 228 units in the quarter.

Second quarter results

The average number of children and students increased by 2.5 percent compared with the previous year and amounted to 31,727 (30,951). The increase was driven by acquisitions and new establishments made during the past year, as well as by a higher number of students in existing units. Adjusted for closures and divestments, the number of children and students increased by 2.8 percent. Net sales increased by 5.9 percent to SEK 1,021 million (964). The growth was explained by an increased number of children and students, higher revenue per child following the annual voucher adjustment, higher state subsidies, and a changed student mix with a larger proportion of preschool children.

Operating profit (EBIT) for the second quarter decreased and amounted to SEK 40 million (43), giving an operating margin of 3.9 percent (4.5). The margin deterioration was mainly a result of higher personnel costs, which partly related to a focused effort at certain schools but also salary increases not yet compensated by school vouchers.

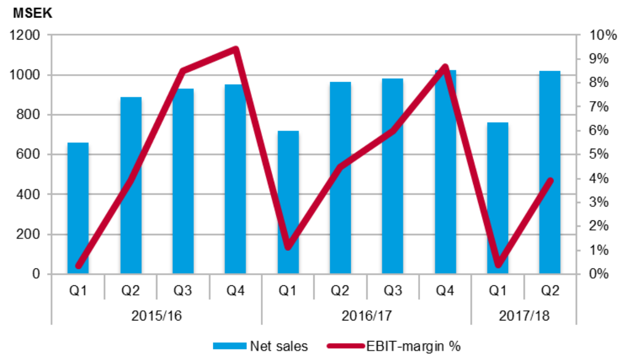
First six months results

The average number of children and students increased by 2.1 percent compared with the previous year and amounted to 31,419 (30,782). Acquisitions and new establishments as well as growth in existing units drove the increase. Adjusted for closures and divestments and the acquisitions in the second quarter, the number of children and students increased by 2.7 percent. Net sales increased by 5.9 percent and amounted to SEK 1,781 million (1,682). The increase is mainly an effect of an increased number of students and units, but is also due to the annual school voucher adjustment and increased state subsidies.

Operating profit (EBIT) for the first six months decreased by SEK 7 million and amounted to SEK 43 million (50), with an operating margin of 2.4 percent (3.0). The margin deterioration was mainly a result of higher personnel costs, which partly relates to a focused effort at certain schools but also salary increases not yet compensated by school vouchers.

Development during the first six months

One preschool and two smaller compulsory schools with approximately 310 children were closed or divested before the start of 2017/18. One compulsory school in Södertälje and two preschools in Östersund with approximately 700 children were acquired in the second quarter. One new preschool is set to open during the third quarter 2017/18.



Pre- and Compulsory Schools (Sweden)	Second quarter			Half year			Full year
	2017/18	2016/17	Change	2017/18	2016/17	Change	2016/17
Net sales, SEK m	1,021	964	5.9%	1,781	1,682	5.9%	3,690
EBITDA, SEK m	56	57	-1.8%	72	76	-5.3%	252
EBITDA margin	5.5%	5.9%	-0.4 p.p.	4.0%	4.5%	-0.5 p.p.	6.8%
Depreciation/amortization	-16	-14	-14.3%	-29	-26	-11.5%	-54
Operating profit (EBIT), SEK m	40	43	-7.0%	43	50	-14.0%	199
EBIT margin, %	3.9%	4.5%	-0.6 p.p.	2.4%	3.0%	-0.6 p.p.	5.4%
Items affecting comparability, SEK m	-	-	-	-	-	-	0
Adjusted operating profit (EBIT), SEK m	40	43	-7.0%	43	50	-14.0%	199
Adjusted EBIT margin, %	3.9%	4.5%	-0.6 p.p.	2.4%	3.0%	-0.6 p.p.	5.4%
Number of children and students	31,727	30,951	2.5%	31,419	30,782	2.1%	31,231
Number of units	228	225	1.3%	227	225	0.4%	228

Upper Secondary Schools (Sweden)

- In November, Vindora was acquired with 36 units under the brands Praktiska and Hagströmska with 6,227 students.
- The average number of students increased by 20.3 percent in the second quarter, amounting to 30,928 (25,707) of which Vindora added 4,163 (2 months).
- Sales increased by 24.6 percent during the second quarter compared with the previous year, of which Vindora represented 20.0 percent.
- Operating profit (EBIT) increased by 34.0 percent to SEK 63 million (47).

AcadeMedia's Upper Secondary School segment provides upper secondary education throughout Sweden. With the two new brands, Praktiska and Hagströmska, operations run under 18 different brands, offering both academically and vocationally oriented programs. The schools operate entirely based on the school voucher system. The segment had 142 units during the quarter, of which 36 units come from Praktiska and Hagströmska.

Second quarter results

The number of students increased by 20.3 percent compared to the same period the previous year and amounted to 30,928 (25,707). Net sales grew by 24.6 percent and amounted to SEK 845 million (678). The increase was primarily due to the acquisition of Vindora, which contributed with SEK 135 million of net sales during November and December. The increase was also due to the seven new schools started in the first quarter and a higher number of students in existing units.

Operating profit (EBIT) for the second quarter increased by 34.0 percent compared to the same period the previous year and amounted to SEK 63 million (47) representing an operating margin of 7.5 percent (6.9). The improvement was primarily due the acquisition of Vindora, which operates with a higher margin. Adjusted operating profit increased to SEK 64 million (47) excluding SEK 1 million of integration expense related to Vindora.

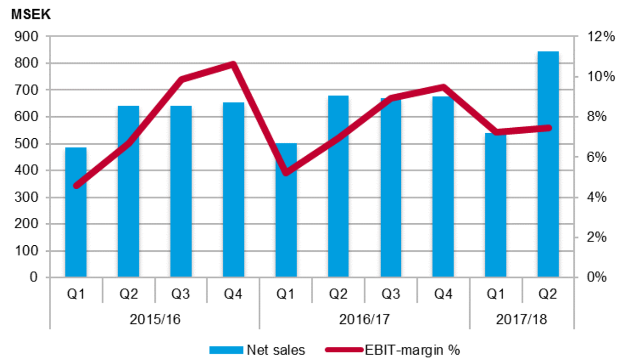
First six months results

The number of students grew to 28,923 compared with 25,755 the previous year, an increase of 12.3 percent. Net sales increased by 17.4 percent to SEK 1,384 million (1,179). The increase was due to the acquisition of Vindora and the seven new units that opened in the fall, as well as higher revenue per student, primarily a result of annual school voucher adjustment.

Operating profit (EBIT) for the first six months increased by 37.8 percent compared to last year and amounted to SEK 102 million (74), representing an operating margin of 7.4 percent (6.3). The improvement was primarily due to increased capacity utilization in existing units and the acquisition of Vindora, which operates with a higher margin. Adjusted operating profit increased to SEK 103 million (74) excluding SEK 1 million of integration expenses related to Vindora.

Development during the first six months

AcadeMedia's upper secondary schools have had a record number of students during the first six months. This is partially related to the opening of seven new upper secondary schools, with 374 first-year students, but also a higher number of students in existing units. In addition, the acquisition of Vindora contributed with 6,227 students. Seven possible new establishments are being marketed for potential opening in the fall of 2018.



Upper Secondary Schools (Sweden)	Second quarter			Half year			Full year
	2017/18	2016/17	Change	2017/18	2016/17	Change	2016/17
Net sales, SEK m	845	678	24.6%	1,384	1,179	17.4%	2,526
EBITDA, SEK m	97	77	26.0%	158	124	27.4%	303
EBITDA margin	11.5%	11.4%	0.1 p.p.	11.4%	10.5%	0.9 p.p.	12.0%
Depreciation/amortization	-34	-30	-13.3%	-57	-51	-11.8%	-105
Operating profit (EBIT), SEK m	63	47	34.0%	102	74	37.8%	198
EBIT margin, %	7.5%	6.9%	0.6 p.p.	7.4%	6.3%	1.1 p.p.	7.8%
Items affecting comparability, SEK m	-1	-	-	-1	-	-	-9
Adjusted operating profit (EBIT), SEK m	64	47	36.2%	103	74	39.2%	206
Adjusted EBIT margin, %	7.6%	6.9%	0.7 p.p.	7.4%	6.3%	1.1 p.p.	8.2%
Number of children and students	30,928	25,707	20.3%	28,923	25,755	12.3%	25,544
Number of units	142	103	37.9%	124	103	20.4%	103

Adult Education (Sweden)

- Continued strong volumes in the second quarter primarily in Basic Modules, Swedish for immigrants (SFI) and Komvux.
- Sales increased by 10.1 percent in the second quarter compared with the previous year, of which Vindora represented 5.6 percent.
- Operating profit (EBIT) for the quarter increased and amounted to SEK 64 million (59).
- The acquisition of Vindora in November was a positive contribution to the segment with the brand Movant.

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 brands like Hermods, NTI-skolan, Plushögskolan, Eductus, KompetensUtvecklingsInstitutet and Movant.

Second quarter results

Net sales for the second quarter increased by 10.1 percent compared to the same period last year and amounted to SEK 459 million (417). The increase was mainly attributed to the acquisition of Vindora, and higher participant volumes within Basic Modules, Swedish for immigrants (SFI) and Komvux. Growth within SFI and Komvux was driven by a higher demand from society but also an increase in the number of SFI and Komvux contracts that the adult education segment has in its contract portfolio.

The segment's operating profit (EBIT) in the second quarter increased with 8.5 percent and amounted to SEK 64 million (59), corresponding to a stable operating margin of 13.9 percent (14.1). Many of the larger contracts are coming to an end and the new contracts have a lower price level overall, which will affect margins negatively.

First six months results

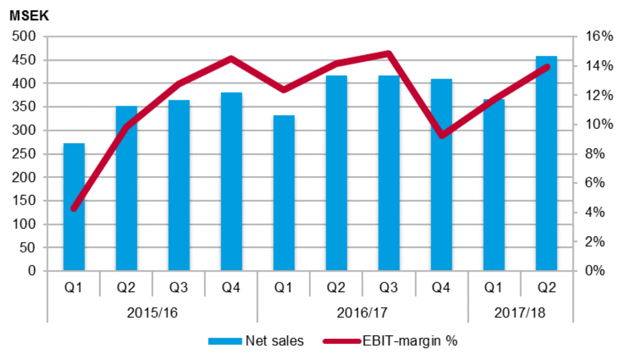
Net sales for the first six months amounted to SEK 825 million (749), representing an increase of 10.1 percent. Operating profit (EBIT) amounted to SEK 107 million (99) corresponding to an increase of SEK 8 million and the profit margin amounted to 13.0 percent (13.2).

Development during the first six months

The acquisition of Vindora in November was a positive contribution to the segment with the brand Movant. During the first six months, the Swedish Public Employment Agency signed new contracts with AcadeMedia within three important contract areas. These contracts were Vocational Swedish, Embedded systems, and CAD-designer, which all were initiated during the fall of 2017.

Large profitable agreements, such as Basic Modules, will be replaced during 2017/18. AcadeMedia has received notice of favorable preliminary allocation of the replacement contracts (Vocational and Prepatory modules). However, the allocation has been appealed. The Administrative Court is expected to decide in the coming months whether the appeal will be granted or not. In total, the contract transition has been delayed approximately one quarter. When the transition is complete, the negative impact on the adult education segment's EBIT margin is estimated to be one to three percent on an annual basis.

Adult education does not have a recurring seasonality. Instead, the needs and efforts of society as well as the contract portfolio determines the development. At the end of this quarter, 366,000 persons were registered at the Swedish Public Employment Agency. This is a decrease by 1.7 percent compared to the same period last year.



Adult Education (Sweden)	Second quarter			Half year			Full year
	2017/18	2016/17	Change	2017/18	2016/17	Change	2016/17
Net sales, SEK m	459	417	10.1%	825	749	10.1%	1,576
EBITDA, SEK m	66	60	10.0%	110	102	7.8%	206
EBITDA margin	14.4%	14.4%	0.0 p.p.	13.3%	13.6%	-0.3 p.p.	13.1%
Depreciation/amortization	-2	-2	-	-3	-3	-	-7
Operating profit (EBIT), SEK m	64	59	8.5%	107	99	8.1%	200
EBIT margin, %	13.9%	14.1%	-0.2 p.p.	13.0%	13.2%	-0.2 p.p.	12.7%
Items affecting comparability, SEK m	-	-	-	-	-	-	-
Adjusted operating profit (EBIT), SEK m	64	59	8.5%	107	99	8.1%	200
Adjusted EBIT margin, %	13.9%	14.1%	-0.2 p.p.	13.0%	13.2%	-0.2 p.p.	12.7%

Preschool International

- The number of children increased by 14.7 percent to 10,290 (8,975) in the second quarter.
- Sales increased by 8.7 percent compared with the second quarter the previous year.
- Operating profit (EBIT) amounted to SEK 14 million (14).

AcadeMedia's Preschool International segment operates preschools in Norway under the Espira brand and in Germany under the brands Joki and Stepke. Espira is Norway's third largest preschool provider and has 100 units, mainly in western and southern Norway and in the Oslo area. Joki runs seven preschool units in the Munich area and Stepke operates nine preschools and three mobile preschools in the Berlin/Brandenburg and Nordrhein-Westfalen area.

Second quarter results

The average number of children in the second quarter increased by 14.7 percent and amounted to 10,290 (8,975). The segment's net sales for the quarter increased by 8.7 percent and amounted to SEK 488 million (449). 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. The SEK/NOK and SEK/EUR exchange rate had a negative impact on net sales of SEK 21 million in the period.

Operating profit (EBIT) for the second quarter was in line with last year and amounted to SEK 14 million (14), which resulted in an operating margin of 2.9 percent (3.1). The margin decrease compared with the previous year was primarily related to higher property related expenses in Norway that occurred during the second half of the last fiscal year.

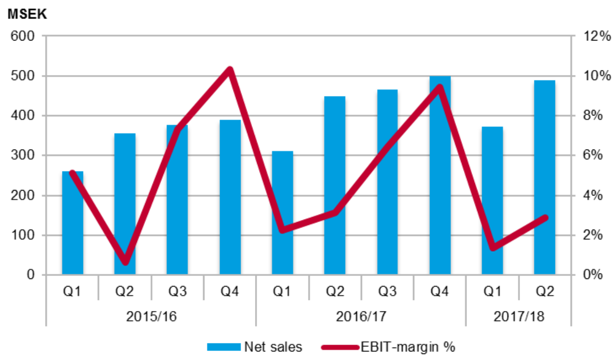
First six months results

The average number of children for the first six months increased by 15.0 percent and amounted to 10,180 (8,851). Net Sales increased by 13.3 percent and amounted to SEK 860 million (759) for the first half year. The currency SEK/NOK and SEK/EUR had a negative impact on sales of SEK 21 million for the first half year.

Operating profit (EBIT) for the first six months amounted to SEK 19 million (21), which was a decrease of SEK 2 million. This resulted in an operating margin of 2.2 percent (2.8). The margin decrease compared with the previous year was primarily related to higher property related expenses in Norway that occurred during the second half of the last fiscal year.

Development during the first six months

Three new units opened during the first six months of the fiscal year, one in Norway and two in Germany. In addition, four new preschools were acquired in Norway. In Germany, the establishment of nine new preschools estimated to open before the end of 2018 has been secured.



Preschool International	Second quarter			Half year			Full year
	2017/18	2016/17	Change	2017/18	2016/17	Change	2016/17
Net sales, SEK m	488	449	8.7%	860	759	13.3%	1,725
EBITDA, SEK m	27	25	8.0%	45	40	12.5%	139
EBITDA margin	5.5%	5.6%	-0.1 p.p.	5.2%	5.3%	-0.1 p.p.	8.1%
Depreciation/amortization	-13	-11	-18.2%	-26	-19	-36.8%	-42
Operating profit (EBIT), SEK m	14	14	-	19	21	-9.5%	98
EBIT margin, %	2.9%	3.1%	-0.2 p.p.	2.2%	2.8%	-0.6 p.p.	5.7%
Items affecting comparability, SEK m	-	-	-	-	-	-	-
Adjusted operating profit (EBIT), SEK m	14	14	-	19	21	-9.5%	98
Adjusted EBIT margin, %	2.9%	3.1%	-0.2 p.p.	2.2%	2.8%	-0.6 p.p.	5.7%
Number of children and students	10,290	8,975	14.7%	10,180	8,851	15.0%	9,295
Number of units	119	99	20.2%	117	99	18.2%	102

Quality

Pre- and Compulsory Schools

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

Upper Secondary Schools

In December 2017, the Swedish national agency for education published the results for students who graduated from upper secondary school in the spring of 2017 and the national statistics confirm AcadeMedia's own analysis of the achieved results.

The percentage of AcadeMedia students who met the upper secondary school graduation requirements declined slightly during the 2016/17 academic year to 89.4 percent (89.8), the national average rose to 90.2 percent (89.6 percent). The grade point average for students with diplomas was unchanged at 14.1 points (14.1), the national average was 14.2 (14.1). The grade point average for students with graduation increased slightly to 14.7 (14.6). The percentage of students who successfully completed the upper secondary school graduation requirements within three years increased to 73.6 percent (72.5); the national average increased to 75.2 percent (74.2) percent.

Grade results continue to vary quite significantly between the brands, for example the share of students that graduate varies from 65.8 percent to 97.0 percent. The upper secondary school segment continuous to work for improved equality and the largest improvements can be noted in the brands that have come the furthest in their quality assurance work based on the AcadeMedia Model.

Adult Education

During the past quarter, participant surveys were carried out in the adult education segment. The results indicate that participant satisfaction continued to be good, but declined slightly compared to last year to 79.6 percent (82.1). Also the likelihood that the participants would recommend AcadeMedia's education to others declined slightly to 82.9 percent (84.6). A compilation of the results on functional and designated quality is underway. The final results will be published on AcadeMedia's website in February (https://utbildning.academedia.se/kvalitet/).

Preschool International

Participant surveys were conducted in November 2017 among the Norwegian preschools. The result shows that parent satisfaction was 4.5 (4.6) on a five-point scale. This is in line with the national average and slightly below average for the private preschools in Norway, 4.6 (4.6). Utdanningsdirektoratet, the Norwegian equivalent to the Swedish national agency for education, conducted the survey. No general quality reviews were carried out at the German preschools during the second quarter.

Employees

The average number of full-time employees in the quarter was 11,789 (10,450) which represents an increase of 12.8 percent. For the first six months the average number of full time employees was 11,336 (10,297). The proportion of women in the Swedish operation was 69.6 percent (69.1) in the quarter. Employee turnover in Sweden, measured as the number of individuals leaving the company, amounted to 14.8 percent accumulated over 6 months, July-December, compared to 15.1 percent in the corresponding period the previous year. Absence due to illness for AcadeMedia employees in Sweden (aggregated average short-term absence <90 days) decreased to 4.5 percent (4.8) during the first six months.

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, the integration of Vindora is perceived as a new risk factor.

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 as well as 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 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 in Sweden, Norway and in Germany. Consequently, revenues increase without any actual change in the cost base during the third and fourth quarters. The fourth quarter is usually the strongest in terms of profit, partly for the above reason and partly since there are decreases in direct costs, such as for school meals, and the beginning of the vacation period, 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. Rather, the contract portfolio and public spending influence seasonal variation. Number of working days or education days during the period may have an effect to a certain extent.

Outlook

AcadeMedia does not publish any forecasts.

Calendar

May 4, 2018	Interim report third quarter
August 29, 2018	Year-end report and interim report fourth quarter
October 26, 2018	Annual Report 2017/18
November 22, 2018	Annual General Meeting 2018

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

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

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

Anders Bülow
Chairman

Thomas Berglund
Board Member

Marcus Strömberg
Chief Executive Officer

Pia Rudengren
Board Member

Håkan Sörman
Board Member

Silvija Seres
Board Member

Johan Andersson
Board Member

Anki Bystedt
Board Member

Anders Lövgren
Employee Representative

Peter Milton
Employee Representative

Stockholm February 1, 2018

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This information is information that AcadeMedia AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on February 1, 2018.

Consolidated statement of comprehensive income

		Second quarter		Half year		Rolling 12 months	Full year
SEK m	Note	**2017/18**	2016/17	**2017/18**	2016/17	Jan 17- Dec 17	2016/17
Net Sales		**2,813**	**2,508**	**4,850**	**4,370**	**10,000**	**9,520**
Cost of goods sold		-244	-222	-423	-399	-819	-796
Other external expenses		-581	-510	-1,082	-970	-2,175	-2,064
Personnel expenses		-1,755	-1,576	-2,979	-2,688	-6,102	-5,811
Depreciation/amortization		-65	-58	-117	-101	-228	-212
Items affecting comparability [1)]		-1	0	-2	-2	-24	-23
		-2,647	**-2,366**	**-4,604**	**-4,160**	**-9,348**	**-8,905**
OPERATING INCOME		**166**	**142**	**246**	**210**	**652**	**615**
Interest income and similar profit/loss items	5	0	6	1	9	1	9
Interest expense and similar profit/loss items	5	-18	-31	-34	-51	-72	-89
		-17	**-25**	**-34**	**-42**	**-71**	**-80**
INCOME BEFORE TAX		**149**	**117**	**213**	**167**	**581**	**535**
Tax		-33	-28	-45	-37	-127	-120
PROFIT/LOSS FOR THE PERIOD		**116**	**89**	**168**	**130**	**454**	**416**
Other comprehensive income							
Items that will not be reclassified to profit/loss							
Remeasurement of defined benefit pension plans		0	69	-16	12	-16	12
Deferred tax relating to defined benefit pension plans		-0	-17	4	-3	4	-3
		0	**52**	**-12**	**9**	**-12**	**9**
Items that may be reclassified to profit/loss							
Translation differences		-8	-5	-3	20	-23	0
Other comprehensive income for the period		**-8**	**47**	**-15**	**29**	**-35**	**9**
COMPREHENSIVE INCOME FOR THE PERIOD		**109**	**136**	**153**	**159**	**419**	**424**
Profit for the period attributable to:							
Stockholders of the parent company		116	89	168	130	454	416
Non-controlling interests		-	-	-	-	-	
Comprehensive income for the period attributable to:							
Stockholders of the parent company		109	136	153	159	419	424
Non-controlling interests		-	-	-	-	-	-
Earnings per share basic (SEK)		1.22	0.95	1.76	1.38	-	4.41
Earnings per share basic/diluted (SEK)		1.21	0.95	1.76	1.38	-	4.40
Earnings per share based on number of shares outstanding December 31 2017 (SEK)		1.11	0.95	1.59	1.38	-	-

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

Consolidated statement of financial position in summary

SEK m	Note	Dec 31, 2017	Dec 31, 2016	June 30, 2017
ASSETS				
Intangible non-current assets		6,031	5,137	5,274
Buildings		807	700	788
Other property, plant and equipment		627	511	489
Other non-current assets		28	18	24
Total non-current assets		**7,492**	**6,366**	**6,574**
Current receivables		860	767	695
Cash and cash equivalents		523	433	579
Total current assets		**1,383**	**1,200**	**1,274**
TOTAL ASSETS		**8,875**	**7,566**	**7,849**
EQUITY AND LIABILITIES				
Total equity		**3,997**	**3,150**	**3,443**
Non-current liabilities to credit institutions		2,153	2,090	2,158
Provisions and other non-current liabilities		204	150	155
Total non-current liabilities	4	**2,358**	**2,240**	**2,313**
Current interest-bearing liabilities		629	566	516
Other current liabilities		1,892	1,610	1,577
Total current liabilities	4	**2,521**	**2,177**	**2,092**
TOTAL EQUITY AND LIABILITIES		**8,875**	**7,566**	**7,849**

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the parent company

SEK m	July 1, 2017 Dec 31, 2017	July 1, 2016 Dec 31, 2016	July 1, 2016 June 30, 2017
Opening balance	**3,443**	**2,990**	**2,990**
Profit/loss for the period	168	130	416
Other comprehensive income	-15	29	9
Total profit/loss for the group	**153**	**159**	**424**
Transactions with owners*	402	0	29
Closing balance	**3,997**	**3,150**	**3,443**

**) Transactions with owners include rights issue of SEK 401.1 million after rights issue related expenses, and share-matching program expenses of SEK 0.4 million.*

Consolidated cash flow statement in summary

		Second quarter		Half year		Full year
SEK m	Note	2017/18	2016/17	2017/18	2016/17	2016/17
Operating profit/loss (EBIT)		166	142	246	210	615
Adjustment for items affecting cash flow		44	27	88	78	178
Tax paid		-34	-17	-53	-9	-59
Cash flow from operating activities before changes in working capital		**176**	**152**	**281**	**279**	**734**
Cash flow from changes in working capital		81	109	118	112	97
Cash flow from operating activities		**257**	**260**	**399**	**391**	**830**
Cash flow from investing activities	3	**-668**	**-67**	**-731**	**-154**	**-374**
Cash flow from financing activities		**301**	**-125**	**278**	**-142**	**-209**
CASH FLOW FOR THE PERIOD		**-110**	**67**	**-54**	**94**	**247**
Cash and cash equivalents at beginning of period		636	368	579	699	331
Exchange-rate differences in cash and cash equivalents		-3	-2	-1	8	1
Cash and cash equivalents at end of period		**523**	**433**	**523**	**801**	**579**

Parent company income statement in summary

SEK m	Second quarter 2017/18	Second quarter 2016/17	Half year 2017/18	Half year 2016/17	Full year 2016/17
Net sales	**1**	**2**	**5**	**4**	**5**
Operation expenses	**-6**	**-7**	**-11**	**-15**	**-27**
OPERATING PROFIT/LOSS	**-5**	**-5**	**-7**	**-11**	**-22**
Interest expense and similar profit/loss items	**-2**	**0**	**-3**	**0**	**0**
PROFIT/LOSS BEFORE TAX	**-8**	**-5**	**-10**	**-11**	**-22**
Year-end appropriations	-	-	-	-	22
Tax	-1	1	-0	2	0
PROFIT/LOSS FOR THE PERIOD	**-8**	**-4**	**-10**	**-9**	**0**

Parent company other comprehensive income

SEK m	Second quarter 2017/18	Second quarter 2016/17	Half year 2017/18	Half year 2016/17	Full year 2016/17
Profit/loss for the period	**-8**	**-4**	**-10**	**-9**	**0**
Other comprehensive income for the period	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	**-8**	**-4**	**-10**	**-9**	**0**

Parent company balance sheet in summary

SEK m	Dec 31, 2017	Dec 31, 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**	**2,219**	**2,248**
Current receivables	2,473	87	1,291
Cash and bank balances	354	1	373
Total current assets	**2,827**	**88**	**1,664**
TOTAL ASSETS	**5,075**	**2,307**	**3,912**
EQUITY AND LIABILITIES			
Restricted equity	105	94	95
Non-restricted equity	2,607	2,189	2,226
Total equity	**2,713**	**2,284**	**2,321**
Non-current liabilities	**1**	**0**	**0**
Current liabilities	**2,361**	**23**	**1,590**
TOTAL EQUITY AND LIABILITIES	**5,075**	**2,307**	**3,912**

Parent company statement of changes in equity

Total equity attributable to owners of the parent company

SEK m	July 1, 2017 Dec 31, 2017	July 1, 2016 Dec 31, 2016	July 1, 2016 June 30, 2017
Opening balance	**2,321**	**2,292**	**2,292**
Profit/loss for the period	-10	-9	0
Other comprehensive income	-	-	-
Total profit/loss for the group	**-10**	**-9**	**0**
Transactions with owners*	402	0	29
Closing balance	**2,713**	**2,284**	**2,321**

**) Transactions with owners include rights issue of SEK 401.1 million after rights issue related expenses, and share-matching program expenses of SEK 0.4 million.*

Notes and accounting policies

Significant events after the end of the reporting period are presented on page 1. Segment reporting is presented on pages 7 to 10. Disclosures about risk factors and seasonality are presented on pages 11 to 12.

Note 1: Accounting policies

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are the same as those described in AcadeMedia's 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 28 and pages 1 to 13 are 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 into 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. Assessment of the standard's impact on the financial reports is in progress and will be presented in the interim report Q3.

Note 2: Related party transactions

Related party transactions are described in detail in the 2016/2017 annual report. During the first six months of the fiscal year, one transaction with related parties has taken place. This refers to the issue guarantee provided by the largest shareholder Mellby Gård. The fee for the guarantee amounted to one percent of the non-subscribed part of the rights issue in advance. Total fees amounted to approximately SEK 3 million and are included in the emission expenses deducted from the issue amount.

Note 3: Acquisitions

Acquiring company	Acquired company	Acquisition date	Segment
Espira Barnehager AS	Tomm Murstad Friluftsbarnehage AS	Oct 1, 2017	International preschool
ACM 2001 AB	Vindora Holding AB	Nov 1, 2017	Upper secondary/Adult
Espira Barnehager AS	Espira Muruvik Barnehage AS*	Dec 1, 2017	International preschool
Espira Barnehager AS	Espira Kystad Gård Barnehage AS*	Dec 1, 2017	International preschool
Espira Barnehager AS	Espira Fosslibekken Barnehage AS*	Dec 1, 2017	International preschool
Pysslingen Förskolor och Skolor AB	Kringlaskolan AB	Dec 1, 2017	Pre- and compulsory
Pysslingen Förskolor och Skolor AB	Alba Gruppen AB*	Dec 1, 2017	Pre- and compulsory
**) Alba gruppen was acquired as four different legal entities, but is classified as one acquisition*			

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

Of the acquisitions above, Vindora Holding AB represents a value exceeding 5 percent of the Group. Therefor Vindora Holding AB is specified separately. The other acquisitions represent a combined a value of less than 5 percent of the Group, and are therefore not specified separately in the tables. Voting rights in all acquisitions amount to 100 percent.

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

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

Acquisition effects of acquisitions made (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Purchase consideration including transaction expenses	589	102	691
Purchase consideration excluding transaction expenses	585	102	687
Fair value of acquired net assets excluding goodwill	43	-16	26
Total goodwill	**628**	**86**	**714**

Fair values acquired (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Intangible non-current assets	47	-	47
Property, plant and equipment	20	7	27
Financial non-current assets	0	0	1
Current assets	95	11	107
Cash and cash equivalents	87	18	106
Interest-bearing liabilities	-151	0	-151
Non-interest-bearing liabilities	-124	-17	-141
Current tax liability	-	-	-
Deferred tax liability	-18	-4	-22
Net assets acquired	**-43**	**16**	**-26**

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

Impact of the acquisitions on the Group's cash and cash equivalents (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Purchase consideration agreed including interest	585	102	687
Less purchase consideration that has not been settled in cash as of June 30, 2016.	-	-5	-5
Cash and cash equivalents at time of acquisition	-87	-18	-106
Impact on the Group's cash and cash equivalents	**498**	**78**	**576**

Contribution of acquisitions to consolidated profit (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Net sales	159	12	171
Operating profit (EBIT)	21	1	22

If the units had been included in consolidated profit from July 1, 2017 the contribution would have been (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Net sales	427	47	474
Operating profit (EBIT)	41	3	44

Note 4: Specification of liabilities

SEK m	**Dec 31, 2017**	**Dec 31, 2016**	**June 30, 2017**
Non-current liabilities			
Non-current liabilities to credit institutions excl. property loans	1,631	1,760	1,691
Non-current interest-bearing liabilities – properties	522	330	467
Non-current liabilities (interest-bearing)	87	70	41
Non-current liabilities (non-interest-bearing)	118	80	114
TOTAL Non-current liabilities	**2,358**	**2,240**	**2,313**
Current liabilities			
Liabilities to credit institutions and other current interest-bearing liabilities	559	370	400
Current interest-bearing liabilities - properties	70	196	116
Accounts payable and other current non-interest-bearing liabilities	752	558	541
Accrued expenses and deferred income	1,140	1,052	1,035
TOTAL current liabilities	**2,521**	**2,176**	**2,092**

Note 5: Specification of financial income and expenses

	Second quarter		**Half year**		**Full Year**
SEK m	**2017/18**	2016/17	**2017/18**	2016/17	2016/17
Interest income and similar profit/loss items					
Interest income	0	6	1	7	7
Derivatives	-	0	-	1	1
Foreign exchange gains	-0	-	0	1	1
Other	-	-	-	-	-
Interest income and similar profit/loss items	**0**	**6**	**1**	**9**	**9**
Interest expense and similar profit/loss items					
Interest expense	-14	-20	-28	-38	-69
Borrowing costs *	-1	-1	-3	-3	-5
Foreign exchange losses	-0	-2	-0	-2	-3
Other	-3	-8	-4	-8	-12
Interest expense and similar profit/loss items	**-18**	**-31**	**-34**	**-51**	**-89**

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

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, 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	Second quarter		Half year		Full year			
	2017/18	2016/17	**2017/18**	2016/17	**2016/17**	2015/16	2014/15	2013/14
Profit/loss items, SEK m								
Net sales	2,813	2,508	4,850	4,370	9,520	8,611	8,163	6,372
Items affecting comparability	-1	-0	-2	-2	-23	-32	-79	-35
EBITDA	232	200	363	311	827	722	720	614
Depreciation/amortization	-65	-58	-117	-101	-212	-187	-203	-164
Operating profit/loss (EBIT)	166	142	246	210	615	535	517	449
Net financial items	-17	-25	-34	-42	-80	-127	-269	-209
Profit/loss for the period before tax	149	117	213	167	535	408	248	240
Profit/loss for the period after tax	116	89	168	130	416	319	222	189
Balance sheet items, SEK m								
Non-current assets	7,492	6,366	7,492	6,366	6,574	6,141	5,884	5,945
Current receivables and inventories	860	767	860	767	695	697	670	654
Cash and cash equivalents	523	433	523	433	579	331	695	562
Non-current interest-bearing liabilities	2,240	2,159	2,240	2,160	2,200	2,116	2,609	3,020
Non-current non-interest-bearing liabilities	118	80	118	80	114	113	197	131
Current interest-bearing liabilities	629	566	629	566	516	568	715	469
Current non-interest-bearing liabilities	1,892	1,610	1,892	1,610	1,577	1,382	1,425	1,352
Equity	3,997	3,150	3,997	3,150	3,443	2,990	2,304	2,189
Total assets	8,875	7,566	8,875	7,566	7,849	7,169	7,250	7,161
Capital employed	6,866	5,875	6,866	5,875	6,158	5,674	5,628	5,679
Net debt	2,342	2,289	2,342	2,289	2,133	2,342	2,629	2,927
Property adjusted net debt	1,750	1,762	1,750	1,762	1,550	1,865	2,295	2,563
Key ratios								
Net sales, SEK m	2,813	2,508	4,850	4,370	9,520	8,611	8,163	6,372
Organic growth incl. bolt-on acquisitions, %	5.4%	10.0%	6.5%	9.9%	9.0%	6.4%	3.7%	9.8%
Acquired growth, larger acquisitions, %	7.6%	0.9%	5.0%	1.1%	0.8%	0.4%	24.4%	14.5%
Change in currency, %	-0.8%	1.1%	-0.5%	0.6%	0.8%	-1.3%	0.0%	-
Operating margin (EBIT), %	5.9%	5.7%	5.1%	4.8%	6.5%	6.2%	6.3%	7.1%
Adjusted EBIT, SEK m	167	142	249	211	638	567	596	485
Adjusted EBIT margin, %	5.9%	5.7%	5.1%	4.8%	6.7%	6.6%	7.3%	7.6%
Adjusted EBITDA, SEK m	233	200	366	312	850	754	799	649
Adjusted EBIT margin, %	8.3%	8.0%	7.5%	7.1%	8.9%	8.8%	9.8%	10.2%
Net margin, %	4.1%	3.6%	3.5%	3.0%	4.4%	3.7%	2.7%	3.0%
Return on capital employed, %, (12 months)	10.6%	11.7%	10.6%	11.7%	10.9%	10.1%	10.8%	10.0%
Return on equity, %(12 months)	12.7%	14.6%	12.7%	14.6%	12.9%	12.1%	9.9%	10.1%
Equity/assets ratio, %	45.0%	41.6%	45.0%	41.6%	43.9%	41.7%	31.8%	30.6%
Interest coverage ratio, times	11.6	6.8	11.6	6.8	9.4	4.8	2.8	2.7
Net debt/Adjusted EBITDA (12 months)	2.6	2.7	2.6	2.7	2.5	3.1	3.3	4.5
Adjusted net debt/adjusted EBITDA (12 months)	1.9	2.1	1.9	2.1	1.8	2.5	2.9	3.9
Cash flow from investing activities	-668	-67	-731	-154	-374	-386	-68	-864
Number of full-time employees	11,789	10,450	11,336	10,297	10,564	9,714	9,159	6,997

Quarterly data, Group

Quarterly data	2017/18		2016/17				2015/16			
SEK million, unless otherwise stated	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	2,813	2,037	2,610	2,540	2,508	1,862	2,378	2,316	2,239	1,679
EBITDA	**232**	**132**	**267**	**250**	**200**	**111**	**265**	**244**	**140**	**72**
Depreciation/amortization	-65	-51	-56	-55	-58	-43	-46	-48	-50	-42
Items affecting comparability	-1	-2	-19	-2	0	-1	-19	-4	-7	-3
Operating income (EBIT)	**166**	**80**	**211**	**195**	**142**	**68**	**218**	**196**	**90**	**31**
Total financial items	-17	-16	-20	-18	-25	-18	-33	-29	-28	-37
Income before taxes	**149**	**64**	**191**	**177**	**117**	**50**	**185**	**167**	**62**	**-6**
Tax for the current period	-33	-13	-37	-45	-28	-9	-45	-38	-14	8
Profit/loss for the period	**116**	**51**	**154**	**132**	**89**	**41**	**140**	**129**	**48**	**2**
Number of children/students, schools	72,945	68,098	67,207	66,299	65,633	65,143	64,342	63,716	62,443	62,103
Number of full-time employees	11,789	10,882	10,959	10,702	10,450	10,144	10,161	9,783	9,588	9,325
Number of education units	489	446	445	432	427	428	425	419	404	399
Key ratios										
Operating margin (EBIT), %	5.9%	3.9%	8.1%	7.7%	5.7%	3.7%	9.2%	8.5%	4.0%	1.8%
Adjusted EBIT	167	82	229	197	142	69	238	199	97	34
Adjusted EBIT, %	5.9%	4.0%	8.8%	7.8%	5.7%	3.7%	10.0%	8.6%	4.3%	2.0%
Net margin, %	4.1%	2.5%	5.9%	5.2%	3.6%	2.2%	5.9%	5.6%	2.1%	0.1%
Return on equity, % (12 months)	12.7%	13.1%	12.9%	13.9%	14.6%	13.5%	12.1%	10.8%	9.9%	9.8%
Return on capital employed, % (12 Months)	10.6%	11.0%	10.9%	11.3%	11.7%	10.9%	10.1%	10.1%	10.0%	10.4%
Equity/assets ratio, %	45.0%	42.6%	43.9%	42.6%	41.6%	40.8%	41.7%	34.6%	33.7%	32.9%
Net debt/Adjusted EBITDA (12 months)	2.6	2.4	2.5	2.7	2.7	3.0	3.1	3.4	3.6	3.5
Interest coverage ratio	11.6	10.1	9.4	7.6	6.8	5.7	4.8	4.0	3.2	3.1
Other										
Cash flow from operating activities	257	142	317	123	260	131	160	128	267	-13
Cash flow from investing activities	-668	-63	-133	-87	-67	-87	-164	-101	-85	-35

Quarterly data, segment

SEK million, unless otherwise stated	2016/17		2015/16				2014/15			
Pre- and Compulsory Schools (Sweden)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	31,727	31,111	31,828	31,533	30,951	30,613	30,946	30,471	29,622	29,286
Net sales	1,021	760	1 025	983	964	717	951	933	889	661
EBITDA	56	17	103	73	57	19	102	92	48	13
EBITDA margin, %	5.5%	2.2%	10.0%	7.4%	5.9%	2.6%	10.7%	9.9%	5.4%	2.0%
Depreciation/amortization	-16	-13	-14	-14	-14	-12	-13	-13	-13	-11
Operating profit/loss (EBIT)	40	3	89	59	43	8	90	79	35	2
EBIT margin, %	3.9%	0.4%	8.7%	6.0%	4.5%	1.1%	9.5%	8.5%	3.9%	0.3%
Items affecting comparability	-	-	-0	-	-	-	3	-0	-	-
Adjusted operating profit/loss (EBIT)	40	3	90	59	43	8	86	79	35	2
Adjusted EBIT margin, %	3.9%	0.4%	8.8%	6.0%	4.5%	1.1%	9.0%	8.5%	3.9%	0.3%
Number of education units	228	226	230	229	225	227	226	222	217	212

SEK million, unless otherwise stated	2016/17		2015/16				2014/15			
Upper Secondary Schools (Sweden)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	30,928	26,918	25,191	25,476	25,707	25,802	24,752	24,917	25,144	25,244
Net sales	845	539	675	671	678	501	655	641	640	485
EBITDA	97	62	90	89	77	47	93	90	71	44
EBITDA margin, %	11.5%	11.5%	13.3%	13.3%	11.4%	9.4%	14.2%	14.0%	11.1%	9.1%
Depreciation/amortization	-34	-23	-26	-28	-30	-21	-23	-27	-28	-22
Operating profit/loss (EBIT)	63	39	64	60	47	26	69	63	43	22
EBIT margin, %	7.5%	7.2%	9.5%	8.9%	6.9%	5.2%	10.5%	9.8%	6.7%	4.5%
Items affecting comparability	-1	0	-9	0	-0	-	-0	-	-9	-
Adjusted operating profit/loss (EBIT)	64	39	72	60	47	26	69	63	43	22
Adjusted EBIT margin, %	7.6%	7.2%	10.7%	8.9%	6.9%	5.2%	10.5%	9.8%	6.7%	4.5%
Number of education units	142	106	103	103	103	103	105	106	106	106

SEK million, unless otherwise stated	2016/17		2015/16				2014/15			
Adult Education (Sweden)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales	459	366	411	417	417	332	381	364	353	274
EBITDA	66	45	40	64	60	42	56	48	36	13
EBITDA margin, %	14.4%	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	-2	-1	-2	-1	-2
Operating profit/loss (EBIT)	64	43	38	62	59	41	55	46	35	12
EBIT margin, %	13.9%	11.7%	9.2%	14.9%	14.1%	12.3%	14.4%	12.6%	9.9%	4.4%
Items affecting comparability	-	-	-	-	-	-	-	-	-1	-2
Adjusted operating profit/loss (EBIT)	64	43	38	62	59	41	55	46	35	14
Adjusted EBIT margin, %	13.9%	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	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	10,290	10,069	10,188	9,289	8,975	8,727	8,643	8,328	7,677	7,573
Net sales	488	372	499	466	449	311	390	376	356	259
EBITDA	27	18	60	39	25	15	49	33	8	19
EBITDA margin, %	5.5%	4.8%	12.0%	8.4%	5.6%	4.8%	12.6%	8.8%	2.2%	7.3%
Depreciation/amortization	-13	-13	-13	-10	-11	-8	-8	-6	-6	-6
Operating profit/loss (EBIT)	14	5	47	30	14	7	40	28	2	13
EBIT margin, %	2.9%	1.3%	9.4%	6.4%	3.1%	2.3%	10.3%	7.4%	0.6%	5.0%
Items affecting comparability	-	-	-	-	-	-	-0	-0	-0	6
Adjusted operating profit/loss (EBIT)	14	5	47	30	14	7	40	28	2	8
Adjusted EBIT margin, %	2.9%	1.3%	9.4%	6.4%	3.1%	2.3%	10.3%	7.4%	0.6%	3.1%
Number of preschool units	119	114	112	100	99	98	94	91	81	81

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

SEK million, unless otherwise stated	2017/18		**2016/17**				2015/16			
Group	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	72,945	68,098	67,207	66,299	65,633	65,143	64,342	63,716	62,443	62,103
Net sales	2,813	2,037	2,610	2,540	2,508	1,862	2,378	2,316	2,239	1,679
EBITDA	232	132	267	250	200	111	265	244	140	72
EBITDA margin, %	8.2%	6.5%	10.2%	9.8%	8.0%	6.0%	11.1%	10.5%	6.3%	4.3%
Depreciation/amortization	-65	-51	-56	-55	-58	-43	-46	-48	-50	-42
Operating profit/loss (EBIT)	166	80	211	195	142	68	218	196	90	31
EBIT margin, %	5.9%	3.9%	8.1%	7.7%	5.7%	3.7%	9.2%	8.5%	4.0%	1.8%
Items affecting comparability	-1	-2	-19	-2	0	-1	-19	-4	-7	-3
Adjusted operating profit/loss (EBIT)	167	82	229	197	142	69	238	199	97	34
Adjusted EBIT margin, %	5.9%	4.0%	8.8%	7.8%	5.7%	3.7%	10.0%	8.6%	4.3%	2.0%
Net financial items	-17	-16	-20	-18	-25	-18	-33	-29	-28	-37
Profit/loss after financial items	**149**	**64**	**191**	**177**	**117**	**50**	**185**	**167**	**62**	**-6**
Tax	-33	-13	-37	-45	-28	-9	-45	-38	-14	8
Profit/loss for the period	**116**	**51**	**154**	**132**	**89**	**41**	**140**	**129**	**48**	**2**
Number of full-time employees (period)	11,789	10,882	10,959	10,702	10,450	10,144	10,161	9,783	9,588	9,325
Number of units	489	446	445	432	427	428	425	419	404	399

Reconciliation of alternative performance measures

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

	Second quarter		Half year		Full year			
SEK million, unless otherwise stated	**2017/18**	2016/17	**2017/18**	2016/17	2016/17	2015/16	2014/15	2013/14
Net debt								
Non-current interest-bearing liabilities	2,240	2,160	2,240	2,160	2,200	2,116	2,609	3,020
+ Current interest-bearing liabilities	629	566	629	566	516	568	715	469
- Non-current interest-bearing receivables*	4	4	4	4	4	11	-	-
- Cash and cash equivalents	523	433	523	433	579	331	695	562
= Net debt	2,342	2,289	2,342	2,289	2,133	2,342	2,629	2,927
Property-adjusted net debt								
Net debt (as described above)	2,342	2,289	2,342	2,289	2,133	2,342	2,629	2,927
- non-current property loans	522	330	522	330	467	278	174	288
- current property loans	70	196	70	196	116	197	161	76
= Property adjusted net debt	1,750	1,762	1,750	1,762	1,550	1,865	2,295	2,563
Return on capital employed %, 12 months								
Adjusted operating profit EBIT (12 months)	676	648	676	648	638	567	596	485
+ Interest income	1	9	1	9	7	6	13	2
divided by								
Average equity (12 months)	3,573	2,743	3,573	2,743	3,216	2,647	2,247	1,878
+ average non-current interest-bearing liabilities (12 months)	2,200	2,316	2,200	2,316	2,158	2,363	2,815	2,664
+ average current interest-bearing liabilities (12 months)	598	559	598	559	542	641	592	338
= Return on capital employed %, 12 months	10.6%	11.7%	10.6%	11.7%	10.9%	10.1%	10.8%	10.0%
Return on equity %, 12 months								
Profit/loss after tax (12 months)	453	400	453	400	416	319	222	189
divided by								
Average equity (12 months)	3,573	2,743	3,573	2,743	3,216	2,647	2,247	1,878
= Return on equity %, 12 months	12.7%	14.6%	12.7%	14.6%	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	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest coverage ratio										
Adjusted operating profit EBIT (12 months)	676	650	638	646	648	603	567	567	536	559
+ Interest income (12 months)	1	6	7	9	9	6	6	8	17	14
+ Other financial income (12 months)	0	0	1	2	2	3	1	8	10	10
divided by										
Interest expense (12 months)	-58	-65	-69	-87	-97	-108	-121	-145	-174	-191
= Interest coverage ratio	11.6	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 the European Securities and Markets Authority's (ESMA) guidelines on alternative performance indicators.

Key ratio	**Definition**	**Purpose**[1]
Absence due to illness	Short-term and long-term absence due to illness recalculated to full-time divided by the number of full-time employees (FTE).	Absence due to illness is used to measure employee absence and provide indications of employee health.
Adjusted EBIT	Operating profit/loss excluding items affecting comparability.	Adjusted EBIT is used to get a better picture of the underlying operating profit.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net revenues.	Adjusted EBIT margin sets underlying operating profit in relation to sales.
Adjusted EBITDA	Operating profit/loss before depreciation/amortization of property, plant and equipment, and intangible non-current assets.	Adjusted EBITDA is used to measure underlying profit from operating activities, regardless of depreciation/amortization and excluding items affecting comparability.
Adjusted net debt	Net debt net of property-related loans, i.e. loans in the Norwegian State Housing Bank, building loans for ongoing construction projects and other property loans in Norway.	Adjusted net debt shows the portion of loans that finance the business, while property loans are linked to a building asset that can be separated and sold.
Adjusted net debt/Adjusted EBITDA	Adjusted net debt divided by adjusted EBITDA for the last 12 months.	Net debt/adjusted EBITDA is a theoretical measure of how many years it would take, with current earnings excluding items affecting comparability (adjusted EBITDA), to pay off the Company's liabilities, excluding property-related loans.
Adjusted return on capital employed	Adjusted EBIT + interest income for the most recent 12-month period divided by average capital employed (opening balance + closing balance)/2.	Adjusted return on capital employed is used to set adjusted operating profit/loss in relation to total tied up capital regardless of type of financing.
Acquired growth	Increase of Net Sales due to larger acquisitions during the last 12 months.	Indicates growth generated from acquisitions in contrast to organic growth and currency effects.
Capital employed	Total assets less non-interest bearing liabilities and provisions as well as deferred tax liabilities. Or: Equity plus non-current and current interest-bearing liabilities.	Capital employed indicates how much capital is needed to run the business regardless of type of financing (borrowed or equity).
Cash flow from investments	Cash flow from investing activities according to the cash flow analysis. This includes acquisitions, investments and divestments of buildings, as well as investments in property, plant and equipment and intangible assets. Investments financed with leases are not included.	Cash flow from investments is used to regularly measure how much cash is used to maintain operations and for expansion.
Cash flow from operating activities	Cash flow from operating activities including changes in working capital and before cash flows from investing and financing activities.	Cash flow from operating activities is used as a measure of the cash flow that the Company generates before investments and financing.
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 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.