AcadeMedia AB (publ)

INTERIM REPORT July 2017 – March 2018

Strong volume and sales growth

Contract transition in the adult segment generates a decline in earnings

Continued high employee satisfaction

AcadeMedia

AcadeMedia

Interim report third quarter 2017/18

Third quarter
(January – March 2018)

- Net sales increased by 16.8 percent to SEK 2,967 million (2,540). Organic growth including bolt-on acquisitions amounted to 6.1 percent.
- Operating profit (EBIT) increased by 7.2 percent to SEK 209 million (195). Adjusted for items affecting comparability, operating profit was SEK 214 million (197).
- Net profit was SEK 152 million (132) in the period.
- Cash flow from operating activities amounted to SEK 153 million (123).
- The average number of children and students in pre-, compulsory, and upper secondary schools during the third quarter was 76,188 (66,299), representing an increase of 14.9 percent.
- Earnings per share was SEK 1.45 (1.40) before dilution and 1.44 (1.40) after dilution.
- Contract transition in the adult segment generates a decline in earnings.

First nine months
(July 2017 – March 2018)

- Net sales increased by 13.2 percent to SEK 7,818 million (6,909). Organic growth including bolt-on acquisitions amounted to 6.4 percent.
- Operating profit (EBIT) increased by 12.3 percent to SEK 455 million (405). Adjusted for items affecting comparability, operating profit was SEK 463 million (408).
- Net profit for the period amounted to SEK 320 million (262).
- Cash flow from operating activities amounted to SEK 552 million (514).
- The average number of children and students in pre-, compulsory and upper secondary school amounted to 72,410 (65,691), which was an increase of 10.2 percent.
- Earnings per share was SEK 3.25 (2.79) before dilution and SEK 3.24 (2.78) after dilution.

Significant events after the end of the reporting period

AcadeMedia can now commence signing of contracts with the Swedish Public Employment Agency for the new contract Vocational and Preparatory modules (YSM). The contracts are expected to start during May and June.

The City of Malmö has filed a formal police report due to the faulty reporting of certified teachers at Hermods SFI operation in Malmö and communicated a demand for a price reduction of at least SEK 4.7 million for the period of August to October 2017. AcadeMedia anticipates that the size of the price reduction can be material, but this will depend on various factors in the contract, therefore, the amount cannot be estimated at this point in time.

The group in figures

The quarter in figures	Third quarter			Nine months			Full year
	2017/18	2016/17	Change	**2017/18**	2016/17	Change	2016/17
Net sales, SEK m	2,967	2,540	16.8%	7,818	6,909	13.2%	9,520
EBITDA, SEK m	275	250	10.0%	639	560	14.1%	827
EBITDA margin	9.3%	9.8%	-0.5 p.p.	8.2%	8.1%	0.1 p.p.	8.7%
Operating profit (EBIT), SEK m	209	195	7.2%	455	405	12.3%	615
EBIT margin	7.0%	7.7%	-0.7 p.p.	5.8%	5.9%	-0.1 p.p.	6.5%
Adjusted operating profit (EBIT)*. SEK m	214	197	8.6%	463	408	13.5%	638
Adjusted EBIT margin	7.2%	7.8%	-0.6 p.p.	5.9%	5.9%	0 p.p.	6.7%
Total financial items, SEK m	-15	-18	16.7%	-49	-60	18.3%	-80
Income before taxes, SEK m	194	177	9.6%	406	345	17.7%	535
Profit/loss for the period, SEK m	152	132	15.2%	320	262	22.1%	416
Number of children and students**	76,188	66,299	14.9%	72,410	65,691	10.2%	66,070
Number of FTEs	12,320	10,702	15.1%	11,664	10,432	11.8%	10,564

**) See definitions on page 29-30 **) excluding Adult Education*

CEO’s comments

AcadeMedia’s third quarter entailed several positive events, but has also been challenging. The annual employee satisfaction survey continues to show good results and the number of children/students has increased by 15 percent in the quarter. Demand for both preschool and school places is increasing in all our markets and we are facing a strong growth phase in Germany. AcadeMedia’s Adult Education is now entering a major transition period, which will have a negative impact on earnings in this segment.

Employees continue to be satisfied

AcadeMedia in Sweden conducts an annual employee survey. This year’s survey shows stable and high results. Our employees clearly enjoy working for AcadeMedia. 84 percent are proud of their workplace, and 75 percent see good opportunities for professional development. These results are important for us considering the competition for labor in our industry. Being an attractive employer is crucial for us.

High potential in Germany

The “Institut der deutschen Wirtschaft" (German Economic Institute) recently reported a shortage of more than 300,000 preschool places in Germany. It is a major problem for society when young people, especially women, struggle to be able to maintain their professional lives while starting a family. AcadeMedia has built a good base through several acquisitions in Germany. The most recent addition, KTS with six preschools in the Munich area, was acquired on March 1. During the quarter three new preschools also opened, which means that AcadeMedia now has a total of 28 preschools in Germany. The German business will now enter a phase of high organic growth.

Major transition of contract portfolio for Adult Education segment

As we previously reported and planned, a major transition is currently underway in the contract portfolio for the Adult Education segment. The Vocational Swedish (“YS”) contract, which admitted the last students under the old contract in December 2017, is being replaced by the new contract (new locations). The transition entails a decline in volumes, as well as lower margins. In addition, the Basic Modules (“GM”) contract, which has had high sales and margins, is now being discontinued. The replacement contract Vocational and Preparatory modules (“YSM”) was delayed because of appeals, but the contracts can now be signed. Education is expected to start late in the fourth quarter. The phasing out of GM, the delay of YSM, and finally the implementation of YSM, will entail a major transition with higher than normal expenses. To sum up, this means that the Adult Education segment will have weak earnings over the next quarters, which is part of the normal segment volatility. Measures are being undertaken to reduce the negative effects.

We are sorry to note that the subsidiary Hermods is involved in a dispute with the City of Malmö due to a breach of contract in its Swedish for Immigrants (SFI) operation in Malmö. This deficiency, which AcadeMedia discovered and reported, may result in a material price reduction, though it is still too early to say how large it will be. I consider this matter to be extremely serious and we have launched an external independent investigation to clarify facts. Concurrently, major efforts are being made to increase the proportion of certified teachers in the unit.

15 percent volume growth for the quarter

The number of children and students increased by 15 percent during the quarter as a result of acquisitions and a focus on organic growth. Organic sales growth was 6.1 percent for the quarter and total sales rose 16.8 percent. AcadeMedia continues to pursue its strategy of small bolt-on acquisitions and is also focusing on strengthening its position in practical vocational training.

Operating profit for the quarter was satisfactory, but has been substantially impacted by the contractual change currently underway in the Adult Education segment. Meanwhile, the school segment is substantially more stable and has progressed according to plan regarding both student numbers and earnings. The acquisitions also contribute to the improved profit in other segments.

Politics and regulations

The Norwegian Parliament (Stortinget) has decided to impose regulations on teacher density as of August 1, 2018. A new bill was also proposed to increase staff density. It is expected that both regulations will be implemented simultaneously. Since the Norwegian voucher system is based on the municipalities’ economic outcome from two years earlier plus an index adjustment, an initiative is currently underway to formulate reimbursement rules over a two-year transition period. There is broad support for finding transitional rules that do not put independent providers at a disadvantage

The Swedish government is now approaching the end of its mandate period. Two bills that are crucial for AcadeMedia’s operations have been proposed for a vote in the Riksdag. One bill addresses ownership and management assessment in the welfare sector, the other would impose a cap on profit for companies in the welfare sector. The Riksdag will vote on both proposals on June 7. The center-right parties, as well as the Sweden Democrats, who together have the majority in the Riksdag, have announced that they will vote against the bill to cap profits

Increased demand for school places

In closing, it can be concluded that according to the Swedish Association of Local Authorities and Regions, and Friskolornas Riksförbund, the need for school places will increase sharply over the next few years. To meet this need we must find ways to increase both the quality and the capacity of the education system by taking advantage of the opportunities offered by digitization among other things.

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Development in the third quarter

Volume development and net sales

Net sales in the third quarter amounted to SEK 2,967 million (2,540), which was an increase of 16.8 percent compared to the same period last year. The acquisition of Stepke in Germany (April 2017), Vindora (November 2017) and KTS (March 2018) contributed 11.1 percent of this growth. The organic sales growth, including bolt-on acquisitions, amounted to 6.1 percent. The SEK/NOK and SEK/EUR exchange rate had a negative impact on net sales of SEK 9 million in the quarter. The number of students in the school segments increased by 14.9 percent to 76,188 (66,299), where the acquisition of Vindora, Stepke, KTS and other smaller bolt-on acquisitions and new establishments contributed positively.

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) for the third quarter was higher than the same period last year and amounted to SEK 209 million (195) representing an operating margin of 7.0 percent (7.7). Adjusted operating profit (EBIT) was also higher than last year and amounted to SEK 214 million (197) corresponding to an adjusted EBIT margin of 7.2 percent (7.8). The earnings improvement in the third quarter compared to the same period last year was due to the acquisition of Vindora, which contributed SEK 24 million. A retroactive school voucher compensation for 2017 from the municipality of Gothenburg amounted to SEK 6 million which affected the upper secondary school segment positively. The Adult Education segment had much lower earnings and margin due to the contract transitions taking place.

Net financial items

Net financial items for the quarter amounted to SEK -15 million (-18). Interest expense for the quarter was SEK -16 million (-16) which is in line with last year and a result of lower interest rates despite higher interest-bearing debt.

Profit and comprehensive income for the period

Profit after tax for the period increased and amounted to SEK 152 million (132). Tax for the third quarter amounted to SEK -42 million (-45). The effective tax rate decreased to 21.5 percent (25.6). Comprehensive income for the period, which affects equity, amounted to SEK 207 million (117).

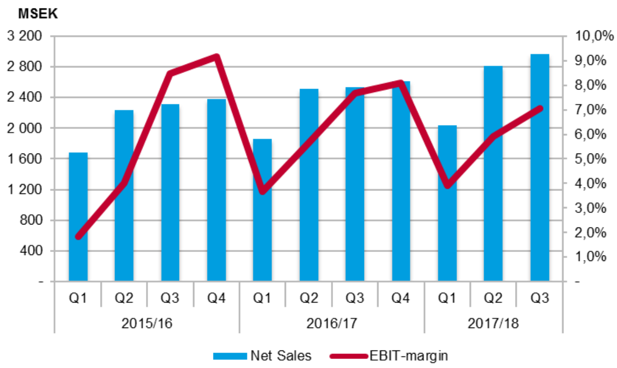
Items affecting comparability

Operating profit (EBIT) for the third quarter included items affecting comparability of SEK -5 million (-2) as shown in the adjacent table. The integration of Vindora has been initiated and will generate integration expenses, these items will be reported as items affecting comparability during 2018.

Items affecting comparability	Third quarter	
SEK m	2017/18	2016/17
Transaction-related expenses	-4	-1
Integration expenses Vindora	-1	-
Operating expenses affecting comparability	-	-1
Total	**-5**	**-2**

Acquisitions, divestments, new units and discounted operations

During the third quarter, the German preschool operator KTS with 6 units and 350 children in Bayern and one preschool in Norway was acquired. In addition, three new preschools were opened in the International preschool segment. The pre- and compulsory school segment has acquired one unit and started one new unit. Acquisitions are specified in note 3.



Third quarter in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), 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)	32,732	31,533	1,049	983	59	59	5.6%	6.0%	59	59	5.6%	6.0%
Upper Secondary Schools (Sweden)	32,456	25,476	926	671	89	60	9.6%	8.9%	88	60	9.5%	8.9%
Adult Education (Sweden)	-*	-*	444	417	37	62	8.3%	14.9%	37	62	8.3%	14.9%
Preschool International	11,000	9,289	545	466	46	30	8.4%	6.4%	46	30	8.4%	6.4%
Group adj., parent company	-	-	3	3	-17	-14	-	-	-21	-16	-	-
Total	76,188	66,299	2,967	2,540	214	197	7.2%	7.8%	209	195	7.0%	7.7%

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

Development in the first nine months (July 2017 – March 2018)

Volume development and net sales

Net sales in the first nine months amounted to SEK 7,818 million (6,909), which was an increase of 13.2 percent compared to the same period last year. The change was driven by acquisitions and increased number of students and children in the school segments. The number of students increased by 10.2 percent to 72,410 (65,691). Organic sales growth including bolt-on acquisitions amounted to 6.4 percent. The SEK/NOK and SEK/EUR exchange rate had a negative impact on net sales of SEK 30 million.

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) for the first nine months increased with 12.3 percent and amounted to SEK 455 million (405), representing an operating margin of 5.8 percent (5.9). Adjusted operating profit (EBIT) amounted to SEK 463 million (408) corresponding to an adjusted EBIT margin of 5.9 percent (5.9). The earnings improvement 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 SEK 45 million to earnings in the period. In addition, increased efficiency in the upper secondary school segment also contributed positively. The transition in the Adult Education segment that has been initiated, has led to lower earnings and margin compared with last year.

Net financial items

Net financial items for the first nine months amounted to SEK -49 million (-60). Interest expense was SEK -44 million (-54). Interest expense decreased due to lower average debt and due to lower interest margin on bank loans as an effect of a lower leverage ratio.

Profit and comprehensive income for the period

Profit after tax for the period amounted to SEK 320 million (262). Tax for the first nine months amounted to SEK -87 million (-82). The effective tax rate decreased to 21.3 percent (23.9). Comprehensive income for the period, which affects equity, amounted to SEK 360 million (277).

Items affecting comparability

Operating profit (EBIT) for the first nine months included items affecting comparability of SEK -8 million (-4) as shown in the adjacent table.

Items affecting comparability	Nine months	
SEK m	**2017/18**	2016/17
Transaction-related expenses	-5	-2
IPO expenses	-	-1
Integration expenses Vindora	-2	-
Operating expenses affecting comparability	-	-1
Total	**-8**	**-4**

Acquisitions, divestments, new units and discounted operations

The acquisition of Vindora, with operations in both adult education and upper secondary school, was completed on November 1. The German preschool operator KTS was acquired on March 1. In addition, several bolt-on acquisitions have been completed and new units have opened during the first nine months. In total, within all segments, 51 units have been acquired, of which 36 upper secondary schools, four preschools in Sweden, five preschools in Norway and six preschools in Germany. 14 new units opened during the first nine months, seven upper secondary schools, one preschool in Sweden, one preschool in Norway and five preschools in Germany. One preschool and two compulsory schools with a total of 310 children closed during the first quarter. Furthermore, one upper secondary school was divested in January and 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.

First nine months in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj, EBIT margin		Operating profit/loss (EBIT), 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)	31,857	31,033	2,831	2,665	102	109	3.6%	4.1%	102	109	3.6%	4.1%
Upper Secondary Schools (Sweden)	30,101	25,662	2,310	1,851	192	134	8.3%	7.2%	190	134	8.2%	7.2%
Adult Education (Sweden)	-*	-*	1,269	1,166	144	161	11.3%	13.8%	144	161	11.3%	13.8%
Preschool International	10,453	8,997	1,405	1,225	65	51	4.6%	4.2%	65	51	4.6%	4.2%
Group adj., parent company	-	-	4	3	-40	-47	-	-	-45	-51	-	-
Total	72,410	65,691	7,818	6,909	463	408	5.9%	5.9%	455	405	5.8%	5.9%

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

Cash flow and financial position

Cash flow

In the third quarter, cash flow from operating activities amounted to SEK 153 million (123). Cash flow from investing activities amounted to SEK -124 million (-87) and mainly reflected the completed acquisitions in the period. Cash flow from financing activities totaled SEK -31 million (-0) in the quarter. In total, the cash flow in the quarter amounted to SEK -1 million (36).

In the first nine months cash flow from operating activities was SEK 552 million (514). Cash flow from investing activities amounted to SEK -855 million (-241). The change was primarily related to the acquisitions completed in the period. Cash flow from financing activities amounted to SEK 247 million (-142) where the rights issue contributed positively with SEK 401 million, net after rights issue related expenses. In total, the cash flow in the first nine months amounted to SEK -55 million (130).

Financial position

Consolidated equity amounted to SEK 4,205 million (3,267) as of March 31, 2018 and the equity/asset ratio was 45.9 percent (42.6). The increase in equity and the improved equity ratio are a result of the positive performance and the 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 March 31, 2018 amounted to SEK 2,382 million (2,263). The increase in net debt was related to increased property loans due to new property development, but also to acquisitions which were partially financed with debt. Excluding property loans, which finance building assets, adjusted net debt amounted to SEK 1,750 million (1,735). 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 104 million to SEK 632 million (528). Building assets increased during the equivalent period by SEK 140 million to SEK 879 million (739). The increase was entirely attributable to newly built and acquired preschools in Norway and Germany.

Non-current interest-bearing liabilities amounted to SEK 2,282 million (2,225) and consist of loans from banks and the Norwegian State Housing Bank, as well as lease agreements. Current interest-bearing liabilities consist of current portions of long-term loans and construction loans, amounting to SEK 638 million (508). 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 (2.0).

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 nine months amounted to SEK 6 million (5), operating profit (EBIT) for the first nine months amounted to SEK -13 million (-16) and profit after tax amounted to SEK -15 million (-12). 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 March 31, 2018 was SEK 2,709 million (2,280). The increase is a result of the rights issue, which contributed SEK 401 million net to equity in December 2017. 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 in April 2017 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, March 31, 2018	**105,138,885**	**165,000**	**105,303,885**
Of which repurchased shares		*165,000*	*165,000*
Outstanding number of shares March 31, 2018	**105,138,885**	**-**	**105,138,885**

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since June 2016. In December 2017, 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 a guarantee commitment and received a guarantee commitment fee of one percent corresponding to SEK 3 million. As of March 31, 2018, the share capital amounted to SEK 105,138,885 and the number of ordinary shares totaled 105,138,885. The quota value is SEK 1.00 per share.

In accordance with the resolution taken at the Annual General Meeting on November 24, 2017, a new warrant program and a new share matching plan were launched this quarter. The programs are directed at senior executives in Group Management and at senior executives and other key employees in the Group. More information about the programs can be found in the notice of annual shareholders' meeting of AcadeMedia AB (publ) 2017, item 17 and 18.

Mellby Gård is the largest shareholder in AcadeMedia and held 21.1 percent of the shares as of March 31, 2018.

Pre- and Compulsory Schools (Sweden)

- The number of children and students increased by 3.8 percent in the third quarter to 32,732 (31,533).
- Sales increased by 6.7 percent in the quarter.
- Operating profit (EBIT) was in line with last year and amounted to SEK 59 million (59).
- One preschool was acquired and one preschool opened in the third quarter.

AcadeMedia's Pre- and Compulsory School segment runs preschools and compulsory schools in many 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 230 units in the quarter.

Third quarter results

The average number of children and students increased by 3.8 percent compared with the previous year and amounted to 32,732 (31,533). 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. Net sales increased by 6.7 percent to SEK 1,049 million (983). The growth was explained by an increased number of children and students, higher revenue per child following the annual voucher adjustment, and higher state subsidies.

Operating profit (EBIT) for the third quarter was in line with last year and amounted to SEK 59 million (59), giving an operating margin of 5.6 percent (6.0). The margin deterioration was mainly a result of higher personnel costs, which partly related to a focused effort at certain schools and also salary increases not compensated by school vouchers.

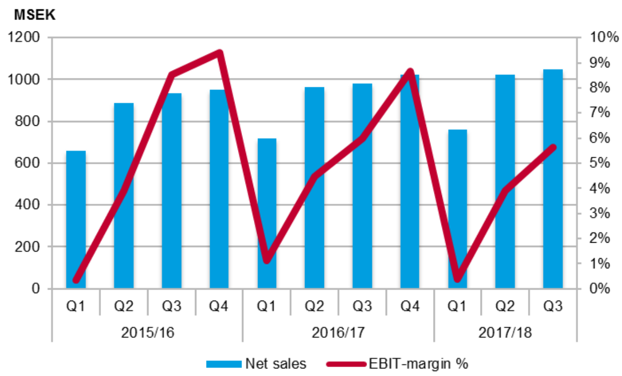
First nine months results

The average number of children and students increased by 2.7 percent compared with the previous year and amounted to 31,857 (31,033). Acquisitions and new establishments as well as growth in existing units drove the increase. Net sales increased by 6.2 percent and amounted to SEK 2,831 million (2,665). The increase was mainly an effect of an increased number of students and units, but also due to the annual school voucher adjustment and increased state subsidies.

Operating profit (EBIT) for the first nine months decreased by SEK 7 million and amounted to SEK 102 million (109), with an operating margin of 3.6 percent (4.1). The margin deterioration was mainly a result of higher personnel costs but also salary increases not compensated by school vouchers. The segment has a number of units that currently need extra resources, including personnel, to manage challenges and to secure long- term quality.

Operational changes during the first nine 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 in Malmö was acquired and one preschool in Stockholm was opened during the third quarter of 2017/18.



Pre- and Compulsory Schools (Sweden)	Third quarter			Nine months			Full year
	2017/18	2016/17	Change	2017/18	2016/17	Change	2016/17
Net sales, SEK m	1,049	983	6.7%	2,831	2,665	6.2%	3,690
EBITDA, SEK m	75	73	2.7%	147	149	-1.3%	252
EBITDA margin	7.1%	7.4%	-0.3 p.p.	5.2%	5.6%	-0.4 p.p.	6.8%
Depreciation/amortization	-16	-14	-14.3%	-45	-40	-12.5%	-54
Operating profit (EBIT), SEK m	59	59	-	102	109	-6.4%	199
EBIT margin, %	5.6%	6.0%	-0.4 p.p.	3.6%	4.1%	-0.5 p.p.	5.4%
Items affecting comparability, SEK m	-	-	-	-	-	-	-
Adjusted operating profit (EBIT), SEK m	59	59	-	102	109	-6.4%	199
Adjusted EBIT margin, %	5.6%	6.0%	-0.4 p.p.	3.6%	4.1%	-0.5 p.p.	5.4%
Number of children and students	32,732	31,533	3.8%	31,857	31,033	2.7%	31,231
Number of units	230	229	0.4%	228	227	0.4%	228

Upper Secondary Schools (Sweden)

- The average number of students increased by 27.4 percent in the third quarter, amounting to 32,456 (25,476) of which Vindora added 6,117.
- Sales increased by 38.0 percent during the third quarter compared with the previous year.
- Operating profit (EBIT) increased by 46.7 percent to SEK 88 million (60).

AcadeMedia's Upper Secondary School segment provides upper secondary education throughout Sweden under 17 different brands, offering both academically and vocationally oriented programs. The schools operate entirely based on the school voucher system. The segment had 141 units during the quarter.

Third quarter results

The number of students increased by 27.4 percent compared to the same period the previous year and amounted to 32,456 (25,476). Net sales increased by 38.0 percent and amounted to SEK 926 million (671). The increase was partly related to the acquisition of Vindora, which contributed with SEK 208 million of net sales in the quarter. The increase was also due to the seven new schools started in the first quarter and a higher number of students in existing units. A retroactive school voucher compensation for 2017 from the municipality of Gothenburg amounted to SEK 6 million which affected the quarter positively. Last year the corresponding compensation amounted to SEK 6 million and was received and reported during the fourth quarter.

Operating profit (EBIT) for the third quarter increased by 46.7 percent compared to the same period the previous year and amounted to SEK 88 million (60) representing an operating margin of 9.5 percent (8.9). The improvement was primarily due to the acquisition of Vindora, which operates with a higher margin. Adjusted operating profit increased to SEK 89 million (60) excluding SEK 1 million of integration expense related to Vindora.

As previously communicated AcadeMedia will add resources to develop Vindora and to ensure the sustainability of the business. This will result in a slightly higher underlying cost level.

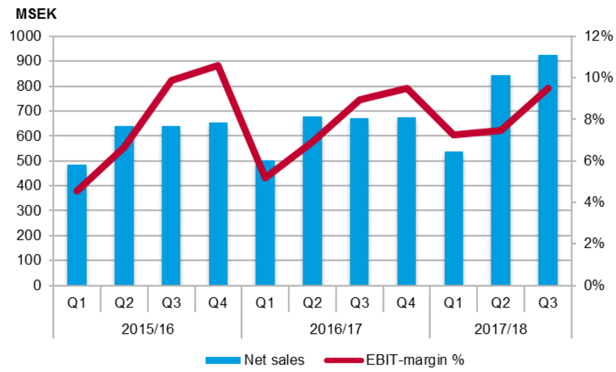
First nine months results

During the first nine months, the number of students grew by 17.3 percent to 30,101 (25,662). Net sales increased by 24.8 percent to SEK 2,310 million (1,851). 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 nine months increased by 41.8 percent compared to last year and amounted to SEK 190 million (134), representing an operating margin of 8.2 percent (7.2). The margin 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 192 million (134) excluding SEK 2 million of integration expenses related to Vindora.

Operational changes during the first nine months

AcadeMedia's upper secondary schools have had a record number of students during the first nine months. This is partially related to the opening of seven new upper secondary schools, a higher number of students in existing units, and the acquisition of Vindora.



Upper Secondary Schools (Sweden)	Third quarter			Nine months			Full year
	2017/18	2016/17	Change	2017/18	2016/17	Change	2016/17
Net sales, SEK m	926	671	38.0%	2,310	1,851	24.8%	2,526
EBITDA, SEK m	121	89	36.0%	279	213	31.0%	303
EBITDA margin	13.1%	13.3%	-0.2 p.p.	12.1%	11.5%	0.6 p.p.	12.0%
Depreciation/amortization	-33	-28	-17.9%	-90	-79	-13.9%	-105
Operating profit (EBIT), SEK m	88	60	46.7%	190	134	41.8%	198
EBIT margin, %	9.5%	8.9%	0.6 p.p.	8.2%	7.2%	1 p.p.	7.8%
Items affecting comparability, SEK m	-1	0	-	-2	-	-	-9
Adjusted operating profit (EBIT), SEK m	89	60	48.3%	192	134	43.3%	206
Adjusted EBIT margin, %	9.6%	8.9%	0.7 p.p.	8.3%	7.2%	1.1 p.p.	8.2%
Number of children and students	32,456	25,476	27.4%	30,101	25,662	17.3%	25,544
Number of units	141	103	36.9%	130	103	26.2%	103

Adult Education (Sweden)

- Contract transition affected both volumes and margins negatively in the quarter.
- Net sales increased by 6.5 percent in the third quarter compared with the previous year.
- Operating profit (EBIT) for the quarter declined and amounted to SEK 37 million (62).

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.

Third quarter results

The financial development in the quarter was substantially affected by the ongoing contract transitions. The appeal process caused a delay in contract signing for Vocational and Prepatory modules (YSM) which resulted in a gap in relation to the old contract Basic Modules (GM). The ongoing transition between the old and new Vocational Swedish contract (a substantial agreement with the Swedish Public Employment Agency) generated a decline in volumes as well as lower margins. During this transition, sales and margins are affected negatively as old contracts are ramped down and terminated, and later by ramp-up effects, as the new contracts start and operations are not yet at full capacity. In addition, the contractual delay entails a volume and revenue gap between the old and new contract.

Net sales for the third quarter increased by 6.5 percent compared to the same period last year and amounted to SEK 444 million (417) and was attributed to the acquisition of Vindora. The segment's operating profit (EBIT) in the quarter declined by 40.3 percent and amounted to SEK 37 million (62), corresponding to an operating margin of 8.3 percent (14.9). The margin deterioration was mainly due to the transitions described above, and in particular to the new YS contract that had not reached planned volumes and thus has overcapacity.

No price reduction has been taken in the period related to the ongoing legal dispute with the City of Malmö regarding inadequate contractual compliance. AcadeMedia anticipates that the size of the price reduction can be material, but this will depend on various factors in the contract, therefore the amount cannot be estimated at this point in time.

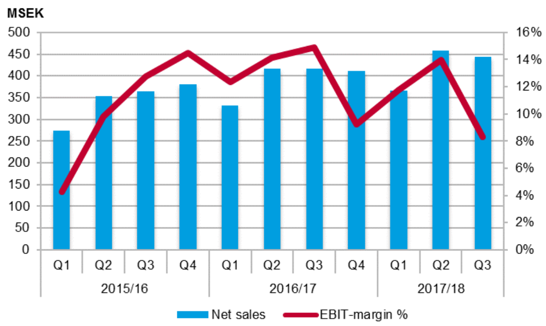
First nine months results

Net sales for the first nine months amounted to SEK 1,269 million (1,166), representing an increase of 8.8 percent. Operating profit (EBIT) amounted to SEK 144 million (161) corresponding to a decrease of SEK 17 million and the operating margin amounted to 11.3 percent (13.8). The earnings and margin deterioration was due to the transition effects described above.

Operational changes during the first nine months

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

Adult education does not have a recurring seasonality but is determined by the needs and efforts of society as well as AcadeMedias contract portfolio. The segment is now moving from a period of high profitability to a period of lower margins due to contract transitions and lower prices. This means that the segment will have weak earnings in the coming quarters. Efforts are ongoing to limit the negative effects.



Adult Education (Sweden)	Third quarter			Nine months			Full year
	2017/18	2016/17	Change	2017/18	2016/17	Change	2016/17
Net sales, SEK m	444	417	6.5%	1,269	1,166	8.8%	1,576
EBITDA, SEK m	39	64	-39.1%	149	167	-10.8%	206
EBITDA margin	8.8%	15.3%	-6.5 p.p.	11.7%	14.3%	-2.6 p.p.	13.1%
Depreciation/amortization	-2	-2	-	-5	-5	-	-7
Operating profit (EBIT), SEK m	37	62	-40.3%	144	161	-10.6%	200
EBIT margin, %	8.3%	14.9%	-6.6 p.p.	11.3%	13.8%	-2.5 p.p.	12.7%
Items affecting comparability, SEK m	-	-	-	-	-	-	-
Adjusted operating profit (EBIT), SEK m	37	62	-40.3%	144	161	-10.6%	200
Adjusted EBIT margin, %	8.3%	14.9%	-6.6 p.p.	11.3%	13.8%	-2.5 p.p.	12.7%

Preschool International

- In March, the German preschool operator KTS was acquired with six units and 350 children.
- The number of children increased by 18.4 percent to 11,000 (9,289) in the third quarter, of which KTS added 117 children (1 month).
- Sales increased by 17.0 percent compared with the third quarter the previous year.
- Operating profit amounted to SEK 46 million (30).
- Stricter personnel requirements in Norway are expected to come into force in August 2018.

AcadeMedia's Preschool International segment runs preschools in Norway under the Espira brand and in Germany under the brands Joki, Stepke and KTS. Espira is Norway's third largest preschool provider with 101 units. In Germany 28 preschools are in operation.

Third quarter results

The average number of children in the third quarter increased by 18.4 percent and amounted to 11,000 (9,289). The segment's net sales increased by 17.0 percent and amounted to SEK 545 million (466). The increase in number of children and sales mainly relates to the acquisition of the German operations Stepke (April 2017) and KTS (March 2018), 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 9 million in the period.

Operating profit (EBIT) for the third quarter increased compared with last year and amounted to SEK 46 million (30), which resulted in an operating margin of 8.4 percent (6.4). The margin increase compared with the previous year was primarily related to economies of scale in Germany and an expense timing in Norway.

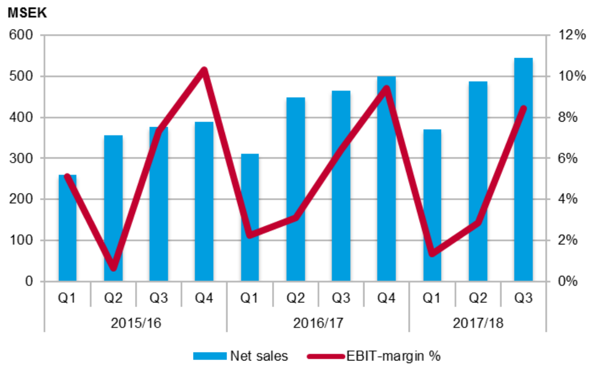
First nine months results

The average number of children in the first nine months increased by 16.2 percent and amounted to 10,453 (8,997). Net sales increased by 14.7 percent and amounted to SEK 1,405 million (1,225) for the first nine months. The currency SEK/NOK and SEK/EUR had a negative impact on sales of SEK 30 million for the first nine months. Operating profit (EBIT) for the first nine months amounted to SEK 65 million (51). The operating margin amounted to 4.6 percent (4.2). The improvement compared with last year was primarily related to a higher margin in the German operation.

Operational changes during the first nine months

On March 1, AcadeMedia acquired KTS, a preschool operator with six units in the Münich area. KTS operates in a lower cost market segment than Joki, and the business model is such that the municipality provides the facilities. There are some synergies with other operations in Münich. In addition, five new preschools were acquired in the period and six new units opened, one in Norway and five in Germany. In Germany, seven new pre-schools are estimated to open before the end of 2018.

The Norwegian Parliament (Stortinget) has resolved on stricter teacher density regulation and a new bill regarding higher staff density has also been put forward. Both regulations are estimated to come into force on August 1, 2018. Since the voucher system is based on the municipalities' economic results of the past two years plus an index adjustment, work is underway to develop reimbursement rules for the two-year transition period. There is broad support for finding transitional rules that do not put independent providers at a disadvantage.



Preschool International	Third quarter			Nine months			Full year
	2017/18	2016/17	Change	2017/18	2016/17	Change	2016/17
Net sales, SEK m	545	466	17.0%	1,405	1,225	14.7%	1,725
EBITDA, SEK m	60	39	53.8%	105	80	31.3%	139
EBITDA margin	11.0%	8.4%	2.6 p.p.	7.5%	6.5%	1 p.p.	8.1%
Depreciation/amortization	-14	-10	-40.0%	-40	-29	-37.9%	-42
Operating profit (EBIT), SEK m	46	30	53.3%	65	51	27.5%	98
EBIT margin, %	8.4%	6.4%	2 p.p.	4.6%	4.2%	0.4 p.p.	5.7%
Items affecting comparability, SEK m	-	-	-	-	-	-	-
Adjusted operating profit (EBIT), SEK m	46	30	53.3%	65	51	27.5%	98
Adjusted EBIT margin, %	8.4%	6.4%	2 p.p.	4.6%	4.2%	0.4 p.p.	5.7%
Number of children and students	11,000	9,289	18.4%	10,453	8,997	16.2%	9,295
Number of units	129	100	29.0%	121	99	22.2%	102

Quality

The results of AcadeMedia's annual Swedish customer survey were compiled in early March. The survey is conducted annually in all preschools, compulsory schools, and upper secondary schools. Overall, the results were in line with the results of the previous year. A more detailed presentation of the outcome for school form is presented below. The percentages reflect the share of respondents that have selected one of the higher response alternatives (7-10).

Pre- and Compulsory School

Parental satisfaction (NöjdKundIndex, NKI) with the preschools was higher compared with last year, 76 (75). In addition, the recommendation level and degree of satisfaction improved compared with 2017. Overall, 82 (81) percent of parents could recommend their child's preschool and 92 (91) percent replied that their child is happy at the preschool. In response to the new question "I am satisfied with the operations at my child's preschool" 84 (-) percent of parents selected one of the highest response alternatives.

In compulsory school the satisfaction rate (NöjdKundIndex, NKI) was unchanged among students and increased among parents. Overall the NKI amounted to 64 (64) percent among students and 64 (64) percent could recommend their school. The corresponding shares among parents were 69 (68) percent and 73 (72) percent respectively. The degree of satisfaction remained at the same level as last year for students, 75 (75) percent, and parents, 82 (82) percent. The shares of students and parents who were satisfied with the education were 69 and 76 percent respectively.

Upper Secondary School

Satisfaction among AcadeMedia's upper secondary school students remained at the same level as in last year's survey, 71 (71) percent. The proportion to give the higher responses with regard to recommendations increased from 66 to 68 percent. However, there was large variation among the upper secondary schools, with a spread in recommendation rate ranging from 25 to 98 percent. The degree of satisfaction among students improved compared to last year, 78 (77) percent. In response to the new question "I am satisfied with the education at my school" 69 (-) of students selected one of the highest response alternatives.

Adult Education

Adult Education has not yet conducted its first participant survey for 2018. However, there are new results indicators for functional quality regarding 2017 for the various business areas within AcadeMedia's Adult Education segment. For example, the grade scores in basic adult education as measured by the percentage of students who achieved passing grades rose to 90.2 (89.8) percent (the national average for 2016 was 88.8 percent). The percentage of students who achieved passing grades in upper secondary level adult education rose to 85.0 (83.0) percent (the national average for 2016 was 87.1 percent). The percentage of students who completed their education with a diploma in higher vocational education increased to 70 (65) percent (the national average for 2016 was 73 percent).

Preschool International

No general quality assessments were conducted with respect to the Preschool International segment during the third quarter.

Employees

Each year an employee satisfaction survey is carried out at AcadeMedia. The purpose is to analyse strengths and areas for improvement. This year's employee survey had a response rate of 81 (78) percent. The survey has shown stable and high results in the employee satisfaction index since 2013. Moreover, it showed that 84 percent (85) of employees were proud of their workplace, and three out of four see good opportunities for professional development. Managers at AcadeMedia continue to receive good ratings, where 85 percent (85) of employees responded that they have strong confidence in their manager. 79 percent (81) of employees responded that they would recommend their workplace to others.

In Espira, a corresponding employee satisfaction survey was conducted in January 2018. The results of this year's survey were at the same level as last year's results. The employee satisfaction index for the year was 5.23 (5.25) on a 6-point scale. 84 percent (87) of employees responded that they would recommend their workplace to others and 79 percent (80) of employees feel that the work environment is good. The answers from the pedagogical managers show that 87 (88) percent would recommend their workplace to others and 78 (80) percent feel that the work environment is good. 88 percent of both employees and pedagogical managers were proud to work at Espira.

The average number of full-time employees in the quarter was 12,320 (10,702) which represented an increase of 15.1 percent. For the first nine months, the average number of full-time employees was 11,664 (10,432). The proportion of women in the Swedish operation was 69.7 percent (69.2) in the quarter. Employee turnover in Sweden, measured as the number of individuals leaving the company, amounted to 20.4 percent accumulated over 9 months, July-March, compared to 21.1 percent in the corresponding period the previous year. Absence due to illness for AcadeMedia employees in Sweden (aggregated average short-term absence <90 days) increased to 6.0 percent (5.1) during the first nine months.

Risk factors and uncertainties

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, contractual compliance in the Adult Education segment is perceived as a new risk factor. Inadequate contractual compliance can result in price reductions and severe contract breaches, that are not corrected, can result in limitations in future procurements.

Operating risks include variations in demand and number of students, risk relating to access to qualified staff and payroll expenses, 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 in the education sector. Political risks can for example be profit- or dividend restrictions.

A common factor for various political proposals is that the processes are usually long and proposals must be in a legally enforceable format and must ultimately be approved by the respective national Parliament. 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 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. In early 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

August 29, 2018	Year-end report and interim report fourth quarter
October 25, 2018	Interim report first quarter
October 26, 2018	Annual Report 2017/18
November 22, 2018	Annual General Meeting 2018
January 31, 2019	Interim report second quarter
May 7, 2019	Interim report third quarter

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

Stockholm May 4, 2018

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

This information is information that AcadeMedia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on May 4, 2018.

Report of Review (Translation of Swedish Original)

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

Introduction
We have reviewed this report for the period July 1, 2017 to March 31, 2018 for AcadeMedia AB. The board of directors and the managing director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, May 4, 2018

PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in charge

Eva Medbrant
Authorized Public Accountant

Consolidated statement of comprehensive income

SEK m	Note	Third quarter 2017/18	Third quarter 2016/17	9 months 2017/18	9 months 2016/17	Rolling 12 months Jan 17- Mar 18	Full year 2016/17
Net Sales		**2,967**	**2,540**	**7,818**	**6,909**	**10,428**	**9,520**
Cost of goods sold		-240	-209	-663	-608	-850	-796
Other external expenses		-612	-501	-1,694	-1,471	-2,287	-2,064
Personnel expenses		-1,834	-1,578	-4,814	-4,266	-6,359	-5,811
Depreciation/amortization		-66	-55	-183	-156	-239	-212
Items affecting comparability [1)]		-5	-2	-8	-4	-27	-23
		-2,758	**-2,345**	**-7,362**	**-6,504**	**-9,762**	**-8,905**
OPERATING INCOME		**209**	**195**	**455**	**405**	**666**	**615**
Interest income and similar profit/loss items	5	3	1	4	9	4	9
Interest expense and similar profit/loss items	5	-19	-18	-53	-69	-73	-89
		-15	**-18**	**-49**	**-60**	**-69**	**-80**
INCOME BEFORE TAX		**194**	**177**	**406**	**345**	**597**	**535**
Tax		-42	-45	-87	-82	-124	-120
PROFIT/LOSS FOR THE PERIOD		**152**	**132**	**320**	**262**	**473**	**416**
Other comprehensive income							
Items that will not be reclassified to profit/loss							
Remeasurement of defined benefit pension plans		27	-12	11	0	23	12
Deferred tax relating to defined benefit pension plans		-6	3	-2	-	-5	-3
		21	**-9**	**9**	**0**	**17**	**9**
Items that may be reclassified to profit/loss							
Translation differences		35	-6	32	14	17	0
Other comprehensive income for the period		**55**	**-15**	**40**	**14**	**34**	**9**
COMPREHENSIVE INCOME FOR THE PERIOD		**207**	**117**	**360**	**277**	**508**	**424**
Profit for the period attributable to:							
Stockholders of the parent company		152	132	320	262	473	416
Non-controlling interests		-	-	-	-	-	
Comprehensive income for the period attributable to:							
Stockholders of the parent company		207	117	360	277	508	424
Non-controlling interests		-	-	-	-	-	-
Earnings per share basic (SEK)		1.45	1.40	3.25	2.79		4.41
Earnings per share basic/diluted (SEK)		1.44	1.40	3.24	2.78		4.40
Earnings per share based on number of shares outstanding March 31 2018 (SEK)		1.45	-	3.04	-		-

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

Consolidated statement of financial position in summary

SEK m	Note	Mar 31, 2018	Mar 31, 2017	June 30, 2017
ASSETS				
Intangible non-current assets		6,143	5,140	5,274
Buildings		879	739	788
Other property, plant and equipment		616	483	489
Other non-current assets		22	23	24
Total non-current assets		**7,660**	**6,384**	**6,574**
Current receivables		975	821	695
Cash and cash equivalents		534	467	579
Total current assets		**1,509**	**1,288**	**1,274**
TOTAL ASSETS		**9,169**	**7,672**	**7,849**
EQUITY AND LIABILITIES				
Total equity		**4,205**	**3,267**	**3,443**
Non-current liabilities to credit institutions		2,210	2,172	2,158
Provisions and other non-current liabilities		159	145	155
Total non-current liabilities	4	**2,369**	**2,317**	**2,313**
Current interest-bearing liabilities		638	508	516
Other current liabilities		1,957	1,580	1,577
Total current liabilities	4	**2,595**	**2,088**	**2,092**
TOTAL EQUITY AND LIABILITIES		**9,169**	**7,672**	**7,849**

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the parent company

SEK m	July 1, 2017 Mar 31, 2018	July 1, 2016 Mar 31, 2017	July 1, 2016 June 30, 2017
Opening balance	**3,443**	**2,990**	**2,990**
Profit/loss for the period	320	262	416
Other comprehensive income	40	14	9
Total profit/loss for the group	**360**	**276**	**424**
Transactions with owners*	403	0	29
Closing balance	**4,205**	**3,267**	**3,443**

**) Transactions with owners include rights issue of SEK 401.1 million after rights issue related expenses, share-matching program of SEK 0.7 million and warrant program of SEK 1.0 million.*

Consolidated cash flow statement in summary

SEK m	Note	Third quarter 2017/18	Third quarter 2016/17	9 months 2017/18	9 months 2016/17	Full year 2016/17
Operating profit/loss (EBIT)		209	195	455	405	615
Adjustment for items affecting cash flow		62	57	149	135	178
Tax paid		-51	-41	-104	-50	-59
Cash flow from operating activities before changes in working capital		**220**	**211**	**501**	**489**	**734**
Cash flow from changes in working capital		-67	-88	51	24	97
Cash flow from operating activities		**153**	**123**	**552**	**514**	**830**
Cash flow from investing activities	3	**-124**	**-87**	**-855**	**-241**	**-374**
Cash flow from financing activities		**-31**	**0**	**247**	**-142**	**-209**
CASH FLOW FOR THE PERIOD		**-1**	**36**	**-55**	**130**	**247**
Cash and cash equivalents at beginning of period		523	433	579	331	331
Exchange-rate differences in cash and cash equivalents		12	-2	11	6	1
Cash and cash equivalents at end of period		**534**	**467**	**534**	**467**	**579**

Parent company income statement in summary

SEK m	Third quarter 2017/18	Third quarter 2016/17	9 months 2017/18	9 months 2016/17	Full year 2016/17
Net sales	**1**	**1**	**6**	**5**	**5**
Operation expenses	**-7**	**-5**	**-18**	**-20**	**-27**
OPERATING PROFIT/LOSS	**-6**	**-5**	**-13**	**-16**	**-22**
Interest expense and similar profit/loss items	**-1**	**0**	**-4**	**0**	**0**
PROFIT/LOSS BEFORE TAX	**-7**	**-5**	**-16**	**-16**	**-22**
Year-end appropriations	-	-	-	-	22
Tax	1	1	1	3	0
PROFIT/LOSS FOR THE PERIOD	**-5**	**-4**	**-15**	**-12**	**0**

Parent company other comprehensive income

SEK m	Third quarter 2017/18	Third quarter 2016/17	9 months 2017/18	9 months 2016/17	Full year 2016/17
Profit/loss for the period	**-5**	**-4**	**-15**	**-12**	**0**
Other comprehensive income for the period	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	**-5**	**-4**	**-15**	**-12**	**0**

Parent company balance sheet in summary

SEK m	Mar 31, 2018	Mar 31, 2017	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	2,616	69	1,291
Cash and bank balances	292	0	373
Total current assets	**2,909**	**69**	**1,664**
TOTAL ASSETS	**5,157**	**2,288**	**3,912**
EQUITY AND LIABILITIES			
Restricted equity	105	94	95
Non-restricted equity	2,603	2,186	2,226
Total equity	**2,709**	**2,280**	**2,321**
Non-current liabilities	1	**-**	**0**
Current liabilities	**2,447**	**8**	**1,590**
TOTAL EQUITY AND LIABILITIES	**5,157**	**2,288**	**3,912**

Parent company statement of changes in equity

Total equity attributable to owners of the parent company

SEK m	July 1, 2017 Mar 31, 2018	July 1, 2016 Mar 31, 2017	July 1, 2016 June 30, 2017
Opening balance	**2,321**	**2,292**	**2,292**
Profit/loss for the period	-15	-12	0
Other comprehensive income	-	-	-
Total profit/loss for the group	**-15**	**-12**	**0**
Transactions with owners*	403	1	29
Closing balance	**2,709**	**2,280**	**2,321**

**) Transactions with owners include rights issue of SEK 401.1 million after rights issue related expenses, share-matching program of SEK 0.7 million and warrant program of SEK 1.0 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 page 12.

Note 1: Accounting policies

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are the same as those described in AcadeMedia's 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 30 and pages 1 to 14 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 communicated in the year-end report.

Note 2: Related party transactions

Related party transactions are described in detail in the 2016/2017 annual report. During the first nine 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 which had been committed in advance of the issue. Total fees amounted to approximately SEK 3 million and are included in the issue 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
Pysslingen Förskolor och Skolor AB	Limhamns Förskola AB	Jan 1, 2018	Pre- and compulsory
Espira Barnehager AS	Espira Juberg	Feb 1, 2018	International preschool
AcadeMedia GmbH	KTS Verwaltungs GmbH	Mar 1, 2018	International preschool

) Alba gruppen was acquired as four different legal entities, but is classified as one acquisition

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

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

In all the acquisitions, the purchase consideration was in the form of a cash. There is only one agreement with a conditional or deferred consideration and it amounts to a maximum of EUR 2 million (SEK 21 million).

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 and interest compensation	589	172	761
Purchase consideration excluding transaction expenses and interest compensation	585	168	753
Fair value of acquired net assets excluding goodwill	47	-22	25
Total goodwill	**633**	**145**	**778**

Fair values acquired (SEK m)	**Vindora Holding AB**	**Other**	**Total**
Intangible non-current assets	41	0	41
Property, plant and equipment	20	10	30
Financial non-current assets	0	0	1
Current assets	105	12	116
Cash and cash equivalents	79	26	105
Interest-bearing liabilities	-151	0	-151
Non-interest-bearing liabilities	-125	-21	-146
Current tax liability	-	-	-
Deferred tax liability	-16	-4	-20
Net assets acquired	**-47**	**22**	**-25**

Goodwill that has arisen in connection with acquisitions consists of synergies with existing businesses, resources such as personnel, 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	168	753
Less purchase consideration that has not been settled in cash as of June 30, 2016.	-	-21	-21
Cash and cash equivalents at time of acquisition	-79	-26	-105
Impact on the Group's cash and cash equivalents	**507**	**126**	**633**

Contribution of acquisitions to consolidated profit (SEK m)	Vindora Holding AB	Other	Total
Net sales	403	53	455
Operating profit (EBIT)	45	5	50

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	670	119	789
Operating profit (EBIT)	65	8	73

Note 4: Specification of liabilities

SEK m	Mar 31, 2018	Mar 31, 2017	June 30, 2017
Non-current liabilities			
Non-current liabilities to credit institutions excl. property loans	1,648	1,757	1,691
Non-current interest-bearing liabilities – properties	562	415	467
Non-current liabilities (interest-bearing)	72	53	41
Non-current liabilities (non-interest-bearing)	88	92	114
TOTAL Non-current liabilities	**2,369**	**2,317**	**2,313**
Current liabilities			
Liabilities to credit institutions and other current interest-bearing liabilities	568	395	400
Current interest-bearing liabilities - properties	70	113	116
Accounts payable and other current non-interest-bearing liabilities	701	445	541
Accrued expenses and deferred income	1,256	1,136	1,035
TOTAL current liabilities	**2,595**	**2,088**	**2,092**

Note 5: Specification of financial income and expenses

	Third quarter		9 months		Full Year
SEK m	**2017/18**	2016/17	**2017/18**	2016/17	2016/17
Interest income and similar profit/loss items					
Interest income	0	0	1	7	7
Derivatives	-	1	-	1	1
Foreign exchange gains	3	0	3	1	1
Other	-	-	0	-	-
Interest income and similar profit/loss items	**3**	**1**	**4**	**9**	**9**
Interest expense and similar profit/loss items					
Interest expense	-16	-16	-44	-54	-69
Borrowing costs *	-1	-1	-4	-4	-5
Foreign exchange losses	-	0	-0	-2	-3
Other	-1	-1	-5	-9	-12
Interest expense and similar profit/loss items	**-19**	**-18**	**-53**	**-69**	**-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, 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. 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 the financial instruments are approximately equal to their book values.

Multi-year review

SEK million, unless otherwise stated	Third quarter		9 months		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	2,967	2,540	7,818	6,909	9,520	8,611	8,163	6,372
Items affecting comparability	-5	-2	-8	-4	-23	-32	-79	-35
EBITDA	275	250	639	560	827	722	720	614
Depreciation/amortization	-66	-55	-183	-156	-212	-187	-203	-164
Operating profit/loss (EBIT)	209	195	455	405	615	535	517	449
Net financial items	-15	-18	-49	-60	-80	-127	-269	-209
Profit/loss for the period before tax	194	177	406	345	535	408	248	240
Profit/loss for the period after tax	152	132	320	262	416	319	222	189
Balance sheet items, SEK m								
Non-current assets	7,660	6,384	7,660	6,384	6,574	6,141	5,884	5,945
Current receivables and inventories	975	821	975	821	695	697	670	654
Cash and cash equivalents	534	467	534	467	579	331	695	562
Non-current interest-bearing liabilities	2,282	2,225	2,282	2,225	2,200	2,116	2,609	3,020
Non-current non-interest-bearing liabilities	88	92	88	92	114	113	197	131
Current interest-bearing liabilities	638	508	638	508	516	568	715	469
Current non-interest-bearing liabilities	1,957	1,580	1,957	1,580	1,577	1,382	1,425	1,352
Equity	4,205	3,267	4,205	3,267	3,443	2,990	2,304	2,189
Total assets	9,169	7,672	9,169	7,672	7,849	7,169	7,250	7,161
Capital employed	7,125	6,000	7,125	6,000	6,158	5,674	5,628	5,679
Net debt	2,382	2,263	2,382	2,263	2,133	2,342	2,629	2,927
Property adjusted net debt	1,750	1,735	1,750	1,735	1,550	1,865	2,295	2,563
Key ratios								
Net sales, SEK m	2,967	2,540	7,818	6,909	9,520	8,611	8,163	6,372
Organic growth incl. bolt-on acquisitions, %	6.1%		6.4%		9.0%	6.4%	3.7%	9.8%
Acquired growth, larger acquisitions, %	11.1%		7.2%		0.8%	0.4%	24.4%	14.5%
Change in currency, %	-0.4%		-0.4%		0.8%	-1.3%	0.0%	-
Operating margin (EBIT), %	7.0%	7.7%	5.8%	5.9%	6.5%	6.2%	6.3%	7.1%
Adjusted EBIT, SEK m	214	197	463	408	638	567	596	485
Adjusted EBIT margin, %	7.2%	7.8%	5.9%	5.9%	6.7%	6.6%	7.3%	7.6%
Adjusted EBITDA, SEK m	281	252	646	564	850	754	799	649
Adjusted EBIT margin, %	9.5%	9.9%	8.3%	8.2%	8.9%	8.8%	9.8%	10.2%
Net margin, %	5.1%	5.2%	4.1%	3.8%	4.4%	3.7%	2.7%	3.0%
Return on capital employed, %, (12 months)	10.6%	11.3%	10.6%	11.3%	10.9%	10.1%	10.8%	10.0%
Return on equity, %(12 months)	12.7%	14.0%	12.7%	14.0%	12.9%	12.1%	9.9%	10.1%
Equity/assets ratio, %	45.9%	42.6%	45.9%	42.6%	43.9%	41.7%	31.8%	30.6%
Interest coverage ratio, times	11.9	7.6	11.9	7.6	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	2.0	1.9	2.0	1.8	2.5	2.9	3.9
Cash flow from investing activities	-124	-87	-855	-241	-374	-386	-68	-864
Number of full-time employees	12,320	10,702	11,664	10,432	10,564	9,714	9,159	6,997

Quarterly data, Group

Quarterly data	2017/18			2016/17			
SEK million, unless otherwise stated	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	2,967	2,813	2,037	2,610	2,540	2,508	1,862
EBITDA	**275**	**232**	**132**	**267**	**250**	**200**	**111**
Depreciation/amortization	-66	-65	-51	-56	-55	-58	-43
Items affecting comparability	-5	-1	-2	-19	-2	0	-1
Operating income (EBIT)	**209**	**166**	**80**	**211**	**195**	**142**	**68**
Total financial items	-15	-17	-16	-20	-18	-25	-18
Income before taxes	**194**	**149**	**64**	**191**	**177**	**117**	**50**
Tax for the current period	-42	-33	-13	-37	-45	-28	-9
Profit/loss for the period	**152**	**116**	**51**	**154**	**132**	**89**	**41**
Number of children/students, schools	76,188	72,945	68,098	67,207	66,299	65,633	65,143
Number of full-time employees	12,320	11,789	10,882	10,959	10,702	10,450	10,144
Number of education units	500	489	446	445	432	427	428
Key ratios							
Operating margin (EBIT), %	7.0%	5.9%	3.9%	8.1%	7.7%	5.7%	3.7%
Adjusted EBIT	214	167	82	229	197	142	69
Adjusted EBIT, %	7.2%	5.9%	4.0%	8.8%	7.8%	5.7%	3.7%
Net margin, %	5.1%	4.1%	2.5%	5.9%	5.2%	3.6%	2.2%
Return on equity, % (12 months)	12.7%	12.7%	13.1%	12.9%	13.9%	14.6%	13.5%
Return on capital employed, % (12 Months)	10.6%	10.6%	11.0%	10.9%	11.3%	11.7%	10.9%
Equity/assets ratio, %	45.9%	45.0%	42.6%	43.9%	42.6%	41.6%	40.8%
Net debt/Adjusted EBITDA (12 months)	2.6	2.6	2.4	2.5	2.7	2.7	3.0
Interest coverage ratio	11.9	11.6	10.1	9.4	7.6	6.8	5.7
Other							
Cash flow from operating activities	153	257	142	317	123	260	131
Cash flow from investing activities	-124	-668	-63	-133	-87	-67	-87

Quarterly data, segment

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

SEK million, unless otherwise stated	2017/18			2016/17			
Upper Secondary Schools (Sweden)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	32,456	30,928	26,918	25,191	25,476	25,707	25,802
Net sales	926	845	539	675	671	678	501
EBITDA	121	97	62	90	89	77	47
EBITDA margin, %	13.1%	11.5%	11.5%	13.3%	13.3%	11.4%	9.4%
Depreciation/amortization	-33	-34	-23	-26	-28	-30	-21
Operating profit/loss (EBIT)	88	63	39	64	60	47	26
EBIT margin, %	9.5%	7.5%	7.2%	9.5%	8.9%	6.9%	5.2%
Items affecting comparability	-1	-1	0	-9	0	-0	-
Adjusted operating profit/loss (EBIT)	89	64	39	72	60	47	26
Adjusted EBIT margin, %	9.6%	7.6%	7.2%	10.7%	8.9%	6.9%	5.2%
Number of education units	141	142	106	103	103	103	103

SEK million, unless otherwise stated	2017/18			2016/17			
Adult Education (Sweden)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net sales	444	459	366	411	417	417	332
EBITDA	39	66	45	40	64	60	42
EBITDA margin, %	8.8%	14.4%	12.3%	9.7%	15.3%	14.4%	12.7%
Depreciation/amortization	-2	-2	-2	-2	-2	-2	-2
Operating profit/loss (EBIT)	37	64	43	38	62	59	41
EBIT margin, %	8.3%	13.9%	11.7%	9.2%	14.9%	14.1%	12.3%
Items affecting comparability	-	-	-	-	-	-	-
Adjusted operating profit/loss (EBIT)	37	64	43	38	62	59	41
Adjusted EBIT margin, %	8.3%	13.9%	11.7%	9.2%	14.9%	14.1%	12.3%

Quarterly data, segment (cont.)

SEK million, unless otherwise stated	2017/18			2016/17			
Preschool International	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	11,000	10,290	10,069	10,188	9,289	8,975	8,727
Net sales	545	488	372	499	466	449	311
EBITDA	60	27	18	60	39	25	15
EBITDA margin, %	11.0%	5.5%	4.8%	12.0%	8.4%	5.6%	4.8%
Depreciation/amortization	-14	-13	-13	-13	-10	-11	-8
Operating profit/loss (EBIT)	46	14	5	47	30	14	7
EBIT margin, %	8.4%	2.9%	1.3%	9.4%	6.4%	3.1%	2.3%
Items affecting comparability	-	-	-	-	-	-	-
Adjusted operating profit/loss (EBIT)	46	14	5	47	30	14	7
Adjusted EBIT margin, %	8.4%	2.9%	1.3%	9.4%	6.4%	3.1%	2.3%
Number of preschool units	129	119	114	112	100	99	98

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

SEK million, unless otherwise stated	2017/18			**2016/17**			
Group	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Number of children/students (average)	76,188	72,945	68,098	67,207	66,299	65,633	65,143
Net sales	2,967	2,813	2,037	2,610	2,540	2,508	1,862
EBITDA	275	232	132	267	250	200	111
EBITDA margin, %	9.3%	8.2%	6.5%	10.2%	9.8%	8.0%	6.0%
Depreciation/amortization	-66	-65	-51	-56	-55	-58	-43
Operating profit/loss (EBIT)	209	166	80	211	195	142	68
EBIT margin, %	7.0%	5.9%	3.9%	8.1%	7.7%	5.7%	3.7%
Items affecting comparability	-5	-1	-2	-19	-2	0	-1
Adjusted operating profit/loss (EBIT)	214	167	82	229	197	142	69
Adjusted EBIT margin, %	7.2%	5.9%	4.0%	8.8%	7.8%	5.7%	3.7%
Net financial items	-15	-17	-16	-20	-18	-25	-18
Profit/loss after financial items	**194**	**149**	**64**	**191**	**177**	**117**	**50**
Tax	-42	-33	-13	-37	-45	-28	-9
Profit/loss for the period	**152**	**116**	**51**	**154**	**132**	**89**	**41**
Number of full-time employees (period)	12,320	11,789	10,882	10,959	10,702	10,450	10,144
Number of units	500	489	446	445	432	427	428

Reconciliation of alternative performance measures

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

SEK million, unless otherwise stated	Third quarter 2017/18	Third quarter 2016/17	9 months 2017/18	9 months 2016/17	Full year 2016/17	Full year 2015/16	Full year 2014/15	Full year 2013/14
Net debt								
Non-current interest-bearing liabilities	2,282	2,225	2,282	2,225	2,200	2,116	2,609	3,020
+ Current interest-bearing liabilities	638	508	638	508	516	568	715	469
- Non-current interest-bearing receivables*	4	4	4	4	4	11	-	-
- Cash and cash equivalents	534	467	534	467	579	331	695	562
= Net debt	2,382	2,263	2,382	2,263	2,133	2,342	2,629	2,927
Property-adjusted net debt								
Net debt (as described above)	2,382	2,263	2,382	2,263	2,133	2,342	2,629	2,927
- non-current property loans	562	415	562	415	467	278	174	288
- current property loans	70	113	70	113	116	197	161	76
= Property adjusted net debt	1,750	1,735	1,750	1,735	1,550	1,865	2,295	2,563
Return on capital employed %, 12 months								
Adjusted operating profit EBIT (12 months)	693	646	693	646	638	567	596	485
+ Interest income	1	9	1	9	7	6	13	2
divided by								
Average equity (12 months)	3,736	2,887	3,736	2,887	3,216	2,647	2,247	1,878
+ average non-current interest-bearing liabilities (12 months)	2,253	2,346	2,253	2,346	2,158	2,363	2,815	2,664
+ average current interest-bearing liabilities (12 months)	573	586	573	586	542	641	592	338
= Return on capital employed %, 12 months	10.6%	11,3%	10.6%	11,3%	10.9%	10.1%	10.8%	10.0%
Return on equity %, 12 months								
Profit/loss after tax (12 months)	473	403	473	403	416	319	222	189
divided by								
Average equity (12 months)	3,736	2,887	3,736	2,887	3,216	2,647	2,247	1,878
= Return on equity %, 12 months	12.7%	14,0%	12.7%	14,0%	12.9%	12.1%	9.9%	10.1%

**) Included in Other non-current assets*

SEK million, unless otherwise stated	2017/18 Q3	2017/18 Q2	2017/18 Q1	2016/17 Q4	2016/17 Q3	2016/17 Q2	2016/17 Q1
Interest coverage ratio							
Adjusted operating profit EBIT (12 months)	693	676	650	638	646	648	603
+ Interest income (12 months)	1	1	6	7	9	9	6
+ Other financial income (12 months)	3	0	0	1	2	2	3
divided by							
Interest expense (12 months)	-59	-58	-65	-69	-87	-97	-108
= Interest coverage ratio	11,9	11.6	10.1	9.4	7.6	6.8	5.7

Definitions

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

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