



We contribute to a better society

AcadeMedia AB (publ)

INTERIM REPORT July 2018 – September 2018

More than 15 percent growth in number of students in AcadeMedia schools

Weak demand in adult education

Six new establishments in Germany

AcadeMedia

Academedia

Interim report first quarter 2018/19

First quarter (July – September 2018)

- Net sales increased by 15.0 percent and amounted to SEK 2,343 million (2,037). Organic growth, including bolt-on acquisitions, was 2.8 percent.
- Operating profit (EBIT) decreased by 27.5 percent to SEK 58 million (80). Adjusted for items affecting comparability, operating profit was SEK 52 million (82).
- Net profit for the period was SEK 31 million (51).
- Cash flow from operating activities amounted to SEK -219 million (142).
- The average number of children and students in preschools, compulsory schools and upper secondary schools during the first quarter increased by 15.7 percent to 78,770 (68,098).
- Earnings per share amounted to SEK 0.30 (0.54) before dilution and SEK 0.30 (0.54) after dilution.

The group in figures

The quarter in figures	First quarter			Full year
	2018/19	2017/19	Change	2017/18
Net sales, SEK m	2,343	2,037	15.0%	10,810
EBITDA, SEK m	126	132	-4.5%	872
EBITDA margin	5.4%	6.5%	-1.1 p.p.	8.1%
Operating profit (EBIT), SEK m	58	80	-27.5%	622
EBIT margin	2.5%	3.9%	-1.4 p.p.	5.8%
Adjusted operating profit (EBIT)*. SEK m	52	82	-36.6%	670
Adjusted EBIT margin	2.2%	4.0%	-1.8 p.p.	6.2%
Total financial items, SEK m	-17	-16	-6.3%	-68
Income before taxes, SEK m	41	64	-35.9%	555
Profit/loss for the period, SEK m	31	51	-39.2%	430
Number of children and students	78,770	68,098	15.7%	73,366
Number of FTEs	12,055	10 882	10.8%	11,863

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



CEO's comments

The financial year has begun with a good increase in the number of children, students and adult participants. The number of students increased by more than 15 percent, of which organic growth was 4.8 percent. Meanwhile, the labor market part of the adult education segment is weaker than expected and the cost-cutting measures have been unable to keep up with the market situation.

Record number of children and students

The start of the fall term is important for AcadeMedia. This is when we see how many parents and students have chosen AcadeMedia preschools and schools. It is rewarding to note the record-breaking number of students enrolled in AcadeMedia's schools. The number of children and students in the three school segments increased by 15.7 percent for the first quarter of 2018/19 compared with the same period last year. This is partly the result of acquisitions. Excluding the two larger acquisitions, Vindora and KTS, organic growth in the number of students was 4.8 percent, which lays a good foundation for the coming year. It is especially positive that organic growth in the number of students in the Upper Secondary Schools segment is 4.5 percent, driven by new establishments as well as the addition of students in existing schools. The effort of the Upper Secondary Schools segment to increase brand awareness is now showing results. This year we admitted 13,500 first year students, which is an increase of 35 percent compared to last year.

First Espira preschool in Germany

Organic growth was high in the International Preschool segment, especially in Germany. AcadeMedia opened six new preschools in Germany since the beginning of the financial year. One important milestone is that the first Espira branded preschool opened in Karlsruhe, Germany. This truly marks the launch of the Nordic preschool model in Germany and it has been very well received both by parents and staff. In particular, the focus on nature and the outdoor activities is appreciated. All places are already signed up and the preschool is expected fill up during the year. It can also be noted that recruitment has been smooth despite the general shortage of preschool staff. During the rest of the 2018/19 financial year an additional five to six preschools are expected to open in Germany.

Weak adult education market

The labor market in Sweden is exceptionally strong. In addition the Swedish Public Employment Agency has reduced the amount of resources allocated to the training of immigrants. The result is a decline in the market and a reduced need for adult education, which was also communicated this summer. This market situation mainly affects training aimed at the labor market and the Public Employment Agency. The municipal part of the adult education market has shown some growth compared with the same period last year. The higher vocational education and other parts of the adult education segment has also developed well. The

decline in demand is in parallel to the contract transition period that AcadeMedia is in where previous contracts with high margins are exchanged for new contracts with lower revenue per participant. Efforts to adjust capacity are underway and major cost-cutting measures have been implemented. These efforts are expected to continue during the second and third quarters. However, the cost-backs have not been sufficient to offset the weaker than expected market conditions in labor market related trainings. All factors considered, it will take longer for the Adult Education segment to reach stable margin levels.

Financial performance

The first quarter is normally the weakest quarter of the year in all segments and especially in the school segments due to summer vacation. Growth in net sales continued to be strong due to increased volumes in the school segments. Operating profit in the school segments was essentially in line with the previous year. At the same time the operating result in the Adult Education segment was SEK 0, compared with SEK 43 million the previous year, as a result of the decline in the market and the renegotiated contracts in the segment. This affects the Group's operating profit, which thus was lower than last year at SEK 58 million (80).

Development project

Schooling and education needs to improve to strengthen society. AcadeMedia's goal is to lead the development of tomorrow's education. This requires efforts to develop various aspects of our operations. AcadeMedia has several interesting development projects in areas such as digitization of our education programs and support structure, preparations to expand capacity of upper secondary schools in Stockholm, development of our brand profiles and concepts. These initiatives are important to ensure the continued successful and profitable growth of AcadeMedia.

Quality report

AcadeMedia is in the process of publishing its annual quality report. This document is now published for the seventh year and describes how AcadeMedia works with quality monitoring and improvement. Within AcadeMedia it is natural that quality can and should be measured to ensure that we create value for our children, students, participants and employees. The quality report can be found on the AcadeMedia website. In addition to analyzing the quality metrics for the year, the report also describes the development areas on which we are currently working. AcadeMedia goal is to always improve!

Marcus Strömberg

President and CEO

AcadeMedia AB (publ)

Development in the first quarter (July 2018 – September 2018)

Volume development and net sales

Net sales in the first quarter amounted to SEK 2,343 million (2,037), which is an increase of 15.0 percent year on year. The acquisition of Vindora (Nov. 2017) and KTS (March 2018) contributed 11.0 percent. Organic sales growth, including bolt-on acquisitions, amounted to 2.8 percent including a decrease of SEK 51 million in the Adult Education segment, 2.5 percent. In addition, the SEK/NOK and SEK/EUR exchange rate had a positive impact on sales of 1.2 percent, SEK 25 million. The number of students in all school segments increased by 15.7 percent to 78,770 (68,098).

Operating and adjusted profit/loss (EBIT)

Operating profit (EBIT) for the first quarter was lower than last year at SEK 58 million (80), corresponding to an EBIT margin of 2.5 percent (3.9). Adjusted EBIT was lower than the previous year at SEK 52 million (82), corresponding to an adjusted EBIT margin of 2.2 percent (4.0). The lower earnings can be attributed to the Adult Education segment where the weaker-than-expected market for labor market training programs sharply declined. As a result of this trend and combined with ongoing contract revisions, strong cost-cutting measures have not been sufficiently fast or extensive to match the decrease in volume. The Upper Secondary School segment reported a strong quarter where the acquisition of Vindora made a positive contribution.

At the start of the financial year the useful life of the brands was reassessed which resulted in higher depreciation for the brands. This had a negative impact on the quarter of SEK 2 million and is expected to have an impact on the full year of SEK 10 million.

Net financial items

Net financial items for the quarter amounted to SEK -17 million (-16). Interest expense for the quarter was SEK -13 million (-14), which is somewhat lower than last year despite higher net debt, which in turn is because the interest margin on the loan is lower than last year.

Profit and comprehensive income for the period

Profit for the period after tax declined and amounted to SEK 31 million (51). Tax for the first quarter was SEK -10 million (-13), which corresponds to an effective

First quarter in summary by segment

	Number of students (average)		Net sales, SEK m		Adjusted EBIT, SEK m		Adj. EBIT margin		Operating profit/loss (EBIT), SEK m		EBIT Margin	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Pre- and Compulsory Schools (Sweden)	32,381	31,111	816	760	5	3	0.6%	0.4%	5	3	0.6%	0.4%
Upper Secondary Schools (Sweden)	35,065	26,918	750	539	56	39	7.5%	7.2%	62	39	8.3%	7.2%
Adult Education (Sweden)	-*	-*	315	366	0	43	0.0%	11.7%	0	43	0.0%	11.7%
Preschool International	11,324	10,069	461	372	4	5	0.9%	1.3%	4	5	0.9%	1.3%
Group adj., parent company	-	-	0	0	-14	-9	-	-	-14	-10	-	-
Total	78,770	68,098	2,343	2,037	52	82	2.2%	4.0%	58	80	2.5%	3.9%

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

tax rate of 23.7 percent (19.6). Comprehensive income for the period was SEK -14 million (44), where actuarial losses related to defined benefit pensions in Norway had a negative impact on the period. This occurred because of new actuarial assumptions.

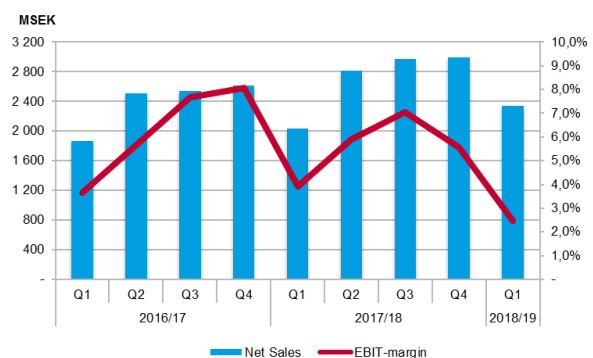
Items affecting comparability

Items affecting comparability amounted to net SEK 5 million (-2) for the quarter according to the table below, which comprises retroactive revenue from Borås related to earlier financial year. During the 2017/18 financial year no larger individual retroactive payments were received that were attributable to legal processes and previous years.

Items affecting comparability	First quarter	
	2018/19	2017/18
SEK m		
Retroactive revenue from previous year	5	0
Expenses rights issue	0	-2
Total	5	-2

Acquisitions, divestments and new units

Prior to the 2018/19 academic year four units in Sweden were closed, two preschools, one compulsory school and one upper secondary school. Three upper secondary schools opened with about 180 first-year students in Stockholm, Gävle and Örebro. Two upper secondary school units are in the process of closing, for which reason student enrollment is lower than the previous year. Six new units have opened in Germany.



Cash flow and financial position

Cash flow

In the first quarter cash flow from operating activities amounted to SEK -219 million (142). The decline is largely due to a weak development of working capital in the quarter, SEK -352 million (37), which was the result of three factors. Payment of accounts payable in connection with the year-end accounts was about SEK 130 million lower than the previous year-end due to calendar effects. In addition, during the spring 2018, AcadeMedias largest customer switched to monthly pre-payments from previously quarterly pre-payments. The effect of this change was about SEK 90 million. Finally, a larger withdrawal of vacation days in the quarter also had a negative impact on working capital of about SEK 100 million.

The first quarter is normally the weakest quarter from a cash flow perspective. The reason being that many students change schools at the beginning of the school year and it takes time for the municipalities to reconcile what students attend the different schools before issuing payment for the first months of the school year (July to September).

Cash flow from investing activities totaled SEK -156 million (-63), with investments primarily consisting of property-related investments as well as equipment. Cash flow from financing activities totaled SEK 94 million (-23) for the quarter. All in all, cash flow for the quarter amounted to SEK -281 million (55).

Financial position

Consolidated equity amounted to SEK 4,249 million (3,487) as of September 30, 2018 and the equity/assets ratio improved to 44.3 percent (42.6). The increase in equity and the improvement in the equity/assets ratio compared with the previous year are attributable to the new share issue of SEK 410 million in November 2017, which raised SEK 401 million in equity net of issue expenses. In addition the net profit for the last 12 months contributed to the growth in equity.

Consolidated interest-bearing net debt as of September 30, 2018 amounted to SEK 2,649 million (2,075). The increase in net debt during the last 12 months is attributable to acquisitions and investments in equipment, as well as to an increase in short-term loans to cover the increase in working capital. Excluding real estate loans, the adjusted net debt amounted to SEK 2,012 million (1,488). 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 50 million to SEK 637 million (587). Building assets increased during the equivalent period by SEK 194 million to SEK 1,005 million (811). The increase is entirely attributable to the expansion and acquisition of new preschools in Norway and Germany.

Non-current interest-bearing liabilities amounted to SEK 2,339 million (2,271) and consist of loans from banks and the Norwegian State Housing Bank, as well as lease agreements. Current interest-bearing liabilities consist of revolving credit facilities, current portions of long-term loans and construction loans, amounting to SEK 728 million (444). Net debt in relation to adjusted EBITDA (rolling 12 months) amounted to 2.9 (2.4), which was lower than the Group's financial target of a maximum of 3.0. The increase in net debt in relation to EBITDA is primarily an effect of the decline in working capital during the quarter. Property-adjusted net debt divided by adjusted EBITDA (12m) was 2.2 (1.7).



Pre- and Compulsory Schools (Sweden)

- The number of children and students increased by 4.1 percent to 32,381 (31,111) in the first quarter.
- Sales increased by 7.4 percent during the quarter.
- Operating profit (EBIT) increased somewhat compared with the previous year and amounted to SEK 5 million (3).

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 227 units in the quarter.

First quarter results

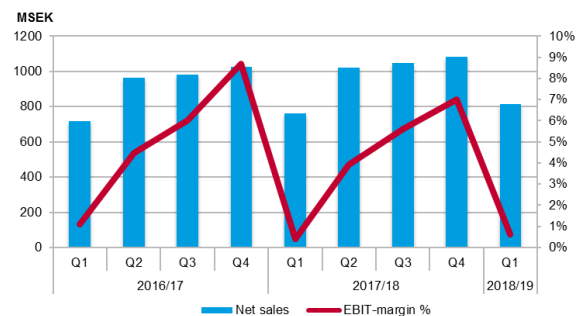
The average number of children and students increased by 4.1 percent compared with the previous year and amounted to 32,381 (31,111). The increase is the result of acquisitions and new establishments over the past year, as well as growth in the number of students in existing units. Net sales increased by 7.4 percent and amounted to SEK 816 million (760), which in addition to the increase in volume was also attributable to the annual adjustment of school vouchers, as well as increased state subsidies.

Operating profit (EBIT) increased somewhat compared with the previous year and amounted to SEK 5 million

(3). This corresponded with an operating margin of 0.6 percent (0.4). The segment's earnings continued to be affected by high personnel costs, in part as a result of increased staffing at certain schools, but also because of salary increases that were not compensated by an equivalent increase in school vouchers.

Operational changes

Two small preschools and one small compulsory school with about 52 children in total were closed prior to the 2018/19 academic year. One of the two planned new establishments for the 2018/19 academic year was delayed and will open during the next financial year. The other is expected to open as planned in the beginning of 2019.



Pre- and Compulsory Schools (Sweden)	First quarter			Full year
	2018/19	2017/18	Change	2017/18
Net sales, SEK m	816	760	7.4%	3,912
EBITDA, SEK m	22	17	29.4%	239
EBITDA margin	2.7%	2.2%	0.5 p.p.	6.1%
Depreciation/amortization	-16	-13	-23.1%	-61
Acquisition related depreciations	-1	-	n.a.	-
Operating profit (EBIT), SEK m	5	3	66.7%	178
EBIT margin, %	0.6%	0.4%	0.2 p.p.	4.6%
Items affecting comparability, SEK m	-	-	-	-
Adjusted operating profit (EBIT), SEK m	5	3	66.7%	178
Adjusted EBIT margin, %	0.6%	0.4%	0.2 p.p.	4.6%
Number of children and students	32,381	31,111	4.1%	32,101
Number of units	227	226	0.4%	229



Upper Secondary Schools (Sweden)

- The number of students increased by 30 percent in the first quarter, amounting to 35,065 (26,918).
- Sales increased by 39 percent during the first quarter.
- Operating profit (EBIT) increased by 59 percent and amounted to SEK 62 million (39).

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

First quarter results

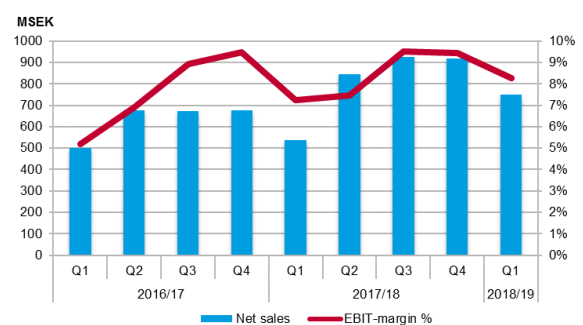
The number of students increased by 30 percent compared with the previous year, amounting to 35,065 (26,918), of which Vindora accounted for 6,933. Net sales increased by 39 percent and amounted to SEK 750 million (539). The increase was partly related to the acquisition of Vindora, which had sales of SEK 177 million during the quarter, new establishments in the fall of 2018 and 2017, as well as an increase number of student in existing units.

Operating profit (EBIT) for the first quarter increased by 59 percent compared with the same quarter the previous year to SEK 62 million (39), representing an operating margin of 8.3 percent (7.2). Retroactive revenue from Borås of SEK 5 million related to previous years had a positive impact on the EBIT margin.

Adjusted operating profit increased to SEK 56 million (39). The increase in adjusted operating profit and the improved adjusted EBIT margin were primarily attributable to the acquisition of Vindora in November 2017, which is not included in the comparative figures.

Operational changes

Student enrollment at AcadeMedia's upper secondary schools reached a record high at the start of the fall term of 2018. The reasons are the three new upper secondary schools that opened for the fall term of 2018, new classes entering the units that opened in the fall term of 2017, more students at existing units and the acquisition of Vindora in November 2017. The continued integration of Vindora will be a major focus during the year.



Upper Secondary Schools (Sweden)	First quarter			Full year
	2018/19	2017/18	Change	2017/18
Net sales, SEK m	750	539	39.1%	3,229
EBITDA, SEK m	92	62	48.4%	397
EBITDA margin	12.3%	11.5%	0.8 p.p.	12.3%
Depreciation/amortization	-29	-23	-26.1%	-119
Acquisition related depreciations	-1	-	n.a.	-1
Operating profit (EBIT), SEK m	62	39	59.0%	276
EBIT margin, %	8.3%	7.2%	1.1 p.p.	8.5%
Items affecting comparability, SEK m	5	-	-	-16
Adjusted operating profit (EBIT), SEK m	56	39	43.6%	292
Adjusted EBIT margin, %	7.5%	7.2%	0.3 p.p.	9.0%
Number of children and students	35,065	26,918	30.3%	30,582
Number of units	143	106	34.9%	133



Adult Education (Sweden)

- Sales declined by 13.9 percent in the first quarter.
- Operating profit (EBIT) for the quarter dropped sharply and was SEK 0 million (43).
- Swedish Public Employment Agency reduces resource allocation to labor market training programs.

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

First quarter results

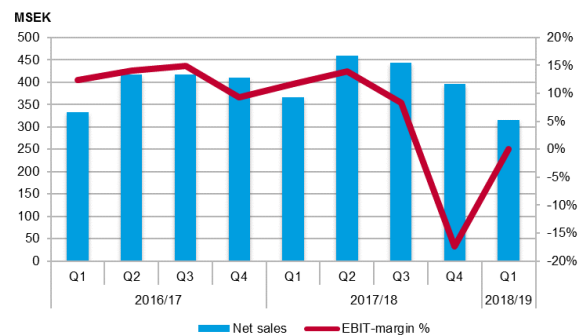
Net sales for the first quarter were 13.9 percent lower than the corresponding period the previous year and amounted to SEK 315 million (366). Operating profit (EBIT) for the quarter decreased and amounted to SEK 0 million (43), representing an operating margin of 0.0 percent (11.7).

The decline in volume related to the labour market continues and the development was weaker than expected, driven primarily by an extremely strong labor market along with a substantial reduction in resources allocated by the Swedish Public Employment Service to the tendered contracts. However, the trend in the municipal adult education market was showing some growth compared with the same period last year. Higher vocational education and other adult education also developed well. The contract transition under the Public Employment Service assignments is ongoing

and many of the newly signed contracts (vocational and preparatory modules "yrkes- och studieförberedande moduler YSM" and vocational Swedish "yrkessvenska YS") have lower revenue per participant along with lower-than-expected volumes, which has had a negative impact on the operating margin. Efforts to adapt capacity are underway, but cost-cutting measures were not sufficient, which has had a negative impact on both profit and the margin. All factors considered, it will take longer to reach stable margin levels.

Operational changes

The labor market operations have implemented extensive reductions related to staff and premises, as announced in the fourth quarter of 2017/18. The acquisition of Vindora in November 2017 had a somewhat positive impact on the segment in the first quarter through the addition of the Movant brand.



Adult Education (Sweden)	First quarter			Full year
	2018/19	2017/18	Change	2017/18
Net sales, SEK m	315	366	-13.9%	1,666
EBITDA, SEK m	4	45	-91.1%	83
EBITDA margin	1.3%	12.3%	-11.0 p.p.	5.0%
Depreciation/amortization	-2	-2	0.0%	-8
Acquisition related depreciations	-1	-	n.a.	-
Operating profit (EBIT), SEK m	0	43	-100%	75
EBIT margin, %	0.0%	11.7%	-11.7 p.p.	4.5%
Items affecting comparability, SEK m	-	-	-	-61
Adjusted operating profit (EBIT), SEK m	0	43	-100%	137
Adjusted EBIT margin, %	0.0%	11.7%	-11.7 p.p.	8.2%



Preschool International

- The number of children increased by 12.5 percent to 11,324 (10,069) in the first quarter.
- Sales increased by 24 percent during the first quarter.
- Operating profit (EBIT) was on a par with the previous year at SEK 4 million (5).

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

First quarter results

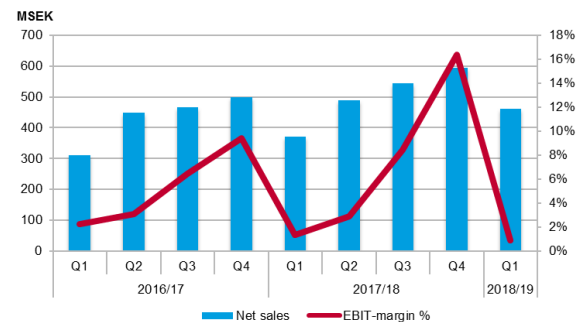
The average number of children in the first quarter increased by 12.5 percent and amounted to 11,324 (10,069). The acquisition of KTS in March 2018 contributed about 470 children. In general, the increase in number of children relates to new establishments in Germany and acquisitions in Norway. Sales increased by 24.0 percent and amounted to SEK 461 million (372). The increase mainly relates to a higher number of children, but the exchange rate effects for SEK/NOK and SEK/EUR also had a positive impact of 6.6 percent, corresponding to SEK 24.5 million.

Operating profit (EBIT) for the first quarter declined somewhat compared with the previous year and was SEK 4 million (5). This gave an operating margin of 0.9

percent (1.3). The margin decrease can be attributed to the large number of new units in Germany during the first quarter. Higher pension cost in Norway, expected to have a full year effect of minus SEK 10 million, also affected the quarter negatively.

Operational changes

Six new preschools opened in Germany during the first quarter, compared with two units in the first quarter of 2017/18. An additional four to five preschools are expected to open during the 2018/19 financial year. In Norway, two expansions occurred and two small preschools were merged into one.



Preschool International	First quarter			Full year
	2018/19	2017/18	Change	2017/18
Net sales, SEK m	461	372	23.9%	1,998
EBITDA, SEK m	21	18	16.7%	218
EBITDA margin	4.6%	4.8%	-0.2 p.p.	10.9%
Depreciation/amortization	-15	-12	-15.4%	-52
Acquisition related depreciations	-1	-1	n.a.	-4
Operating profit (EBIT), SEK m	4	5	-20.0%	162
EBIT margin, %	0.9%	1.3%	-0.4 p.p.	8.1%
Items affecting comparability, SEK m	-	-	-	37
Adjusted operating profit (EBIT), SEK m	4	5	-20.0%	125
Adjusted EBIT margin, %	0.9%	1.3%	-0.4 p.p.	6.3%
Number of children and students	11,324	10,069	12.5%	10,684
Number of units	135	114	19.3%	123



Quality

Quality performance in the first quarter

At the end of September the Swedish National Agency for Education published national statistics on compulsory school grade scores for the 2017/18 school year. There are certain differences in relation to the preliminary grade scores that AcadeMedia presented in the 2017/18 year-end report. According to the final grade scores for AcadeMedia's compulsory schools for the 2017/18 school year the percentage of students with passing grades in all subjects was 83.0 percent (82.7) and the national average was 75.6 percent (74.1).

The percentage of students eligible for upper secondary school improved by 0.5 percentage points and was 90.6 percent (90.1), as compared with a national average of 84.4 percent (82.5). The average grades for compulsory school based on 17 subjects was 245.8 points (241.9) and the national average was 228.7 points (223.5). It can be concluded that AcadeMedia's grade scores have increased compared with the 2016/17 school year. However, larger improvements were achieved for the national average in all academic results. Nevertheless, the scores for AcadeMedia's compulsory schools remain substantially higher than the national average.

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

AcadeMedia's comprehensive quality report is due to be published in October 2018 on the company's website <https://academedia.se/>. The report provides a detailed description of quality management and quality performance over the past year. Future areas for development are also presented.

Employees

The average number of full-time employees in the quarter was 12,055 (10,882) which represents an increase of 10.8 percent. The proportion of women in the Swedish operation was 69.5 percent (69.8) in the quarter. Employee turnover in Sweden, measured as the proportion of individuals who resigned, amounted to 9.0 percent accumulated over three months July-September, compared with 9.5 percent accumulated in the corresponding period the previous year. Absence due to illness for AcadeMedia's personnel in Sweden (cumulative average, short-term absence < 90 days) was 3.4 percent (3.6) for the quarter.

Parent company

Sales during the first quarter amounted to SEK 0 million (4). The operating result (EBIT) amounted to SEK -6 million (-1) and profit after tax amounted to SEK -11 million (-1). The parent company's assets essentially consist of participations in Group companies. The operation is financed by equity. Equity in the parent company as of September 30, 2018 was SEK 2,725 million (2,320). The increase is due to the share issue carried out in December 2017 that raised SEK 401 million in a net increase of equity. Net issue expenses (incl. tax effect) were SEK 9 million. The parent company's current assets and liabilities increased in relation to the previous year because of the increased number of companies in the cash pool, primarily Vindora.

Owners and share capital

AcadeMedia AB (publ) is a public limited company that has been listed on Nasdaq Stockholm since June 2016. As of September 30, 2018, share capital was SEK 105,138,885 and the number of shares amounted to a total of 105,138,885 ordinary shares. The quota value is SEK 1.00 per share. Mellby Gård AB is the largest shareholder in AcadeMedia with 21.1 percent of the shares as of September 30, 2018.

Significant events after the end of the reporting period

No significant events occurred after September 30, 2018.

Other Group information

Risks and uncertainties

AcadeMedia categorizes risks as operating, external and financial and they are described in detail in AcadeMedia AB's 2017/18 Annual Report, which will be published on October 26, 2018. The operating risks are the most crucial risks for AcadeMedia and include variations in demand and number of students and participants, risk relating to the supply of qualified employees and payroll expenses, risk relating to quality deficiencies, contractual compliance within adult education, AcadeMedia's reputation and brand, permits, and liability and property risk.

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



Seasonal variations

AcadeMedia's four segments have different seasonal variations. The three school segments have a stable seasonal variation, while the Adult Education segment has a more irregular seasonal variation. The seasonal variations are described in detail in AcadeMedia AB's 2017/18 Annual Report, which will be published on October 26, 2018.

The winter break, spring break and summer vacation periods have a major impact on the three school segments. Both activity and revenue are lower during these periods, with the greatest impact on the first quarter. Moreover, the salary review, which takes place on September 1 for most teachers in Sweden, has a negative impact on margins in the second quarter. School vouchers are adjusted at the beginning of each calendar year in Sweden, Norway and Germany, which has a positive impact on revenue while the cost remain relatively unchanged. Taken together, there is a fairly stable seasonal trend with lower earnings levels during the first six months of the year, followed by much stronger figures in the third and fourth quarters.

Adult education does not have a recurring seasonal pattern in the same way as the school segments. The contract portfolio and public spending have a greater influence on seasonal variation. The number of working days or education days in the period may have some effect.

Outlook

AcadeMedia does not publish any forecasts.

Calendar

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.academedias.se>

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

Stockholm October 25, 2018

Marcus Strömberg
Chief Executive Officer

AcadeMedia AB (publ)
Org. no. 556846-0231
Box 213, 101 24 Stockholm
Telephone- +46-8-794 42 00

www.academedias.se

For more information please contact:

Marcus Strömberg, CEO
Telephone: +46 8 794 4200
E-mail: marcus.stromberg@academedias.se

Eola Änggård Runsten, CFO
Telephone: +46 8 794 4240
E-mail: eola.runsten@academedias.se

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 October 25, 2018.



Consolidated statement of comprehensive income

MSEK	Not	First quarter		Rolling 12 months	Helår
		2018/19	2017/18	Oct 17-Sep 18	2017/18
Net Sales	2	2,343	2,037	11,116	10,810
Cost of purchased services		-215	-179	-957	-920
Other external expenses		-581	-502	-2,399	-2,320
Personnel expenses		-1,426	-1,224	-6,853	-6,650
Depreciation/amortization		-64	-50	-258	-244
Depreciation related to acquisitions		-4	-1	-9	-6
Items affecting comparability ^{*)}		5	-2	-41	-48
		-2,285	-1,957	-10,524	-10,188
OPERATING INCOME		58	80	600	622
Interest income and similar profit/loss items	5	0	0	5	5
Interest expense and similar profit/loss items	5	-17	-17	-73	-73
		-17	-16	-68	-68
INCOME BEFORE TAX		41	64	532	555
Tax		-10	-13	-121	-124
PROFIT/LOSS FOR THE PERIOD		31	51	410	430
Other comprehensive income					
<i>Items that will not be reclassified to profit/loss</i>					
Remeasurement of defined benefit pension plans		-46	-16	-122	-92
Deferred tax relating to defined benefit pension plans		10	4	28	21
		-35	-12	-94	-71
<i>Items that may be reclassified to profit/loss</i>					
Translation differences		-10	5	42	57
Other comprehensive income for the period		-45	-7	-52	-14
COMPREHENSIVE INCOME FOR THE PERIOD		-14	44	359	416
Profit for the period attributable to:					
Stockholders of the parent company		31	51	410	430
Non-controlling interests		-	-	-	-
Comprehensive income for the period attributable to:					
Stockholders of the parent company		-14	44	359	416
Non-controlling interests		-	-	-	-
Earnings per share basic (SEK)		0.30	0.54	-	4.30
Earnings per share basic/diluted (SEK)		0.30	0.54	-	4.29
Earnings per share based on number of shares outstanding September 30, 2018 (SEK)		0.30	-	-	4.09

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



Consolidated statement of financial position in summary

SEK m	Note	Sep 30, 2018	Sep 30, 2017	June 30, 2018
ASSETS				
Intangible non-current assets		6,193	5,278	6,175
Buildings		1,005	811	948
Other property, plant and equipment		761	487	651
Other non-current assets		60	25	50
Total non-current assets		8,019	6,601	7,823
Current receivables		1,154	956	860
Cash and cash equivalents		415	636	699
Total current assets		1,568	1,592	1,560
TOTAL ASSETS		9,587	8,194	9,383
EQUITY AND LIABILITIES				
Total equity		4,249	3,487	4,262
Non-current liabilities to credit institutions		2,236	2,228	2,163
Provisions and other non-current liabilities		335	163	182
Total non-current liabilities	4	2,571	2,392	2,345
Current interest-bearing liabilities		728	444	673
Other current liabilities		2,039	1,871	2,103
Total current liabilities	4	2,767	2,315	2,776
TOTAL EQUITY AND LIABILITIES		9,587	8,194	9,383

Consolidated statement of changes in equity in summary

Total equity attributable to owners of the parent company

SEK m	July 1, 2018 Sep 30, 2018	July 1, 2017 Sep 30, 2017	July 1, 2017 June 30, 2018
Opening balance	4,262	3,443	3,443
Profit/loss for the period	31	51	430
Other comprehensive income	-45	-7	-14
Total profit/loss for the group	-14	44	416
Transactions with owners*	0	0	403
Closing balance	4,249	3,487	4,262

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



Consolidated cash flow statement in summary

SEK m	Note	First quarter		Full year
		2018/19	2017/18	2017/18
Operating profit/loss (EBIT)		58	80	622
Adjustment for items affecting cash flow		89	44	227
Tax paid		-13	-19	-142
Cash flow from operating activities before changes in working capital		134	105	707
Cash flow from changes in working capital		-352	37	221
Cash flow from operating activities		-219	142	928
Cash flow from investing activities		-156	-63	-970
Cash flow from financing activities		94	-23	144
CASH FLOW FOR THE PERIOD		-281	55	102
Cash and cash equivalents at beginning of period		699	579	579
Exchange-rate differences in cash and cash equivalents		-4	2	18
Cash and cash equivalents at end of period		415	636	699



Parent company income statement in summary

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

Parent company other comprehensive income

SEK m	First quarter		Full year
	2018/19	2017/18	2017/18
Profit/Loss for the period	-11	-1	11
Other comprehensive income for the period	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-11	-1	11

Parent company balance sheet in summary

SEK m	Sep 30, 2018	Sep 30, 2017	June 30, 2018
ASSETS			
Participations in Group companies	2,247	2,247	2,247
Deferred tax assets	-	1	-
Total non-current assets	2,247	2,248	2,247
Current receivables	4,254	1,316	2,765
Cash and bank balances	277	418	394
Total current assets	4,530	1,734	3,159
TOTAL ASSETS	6,778	3,982	5,406
EQUITY AND LIABILITIES			
Restricted equity	105	95	105
Non-restricted equity	2,620	2,225	2,630
Total equity	2,725	2,320	2,735
Non-current liabilities	1,223	1	1
Current liabilities	2,830	1,662	2,670
TOTAL EQUITY AND LIABILITIES	6,778	3,982	5,406



Parent company statement of changes in equity

Total equity attributable to owners of the parent company

SEK m	July 1, 2018 Sep 30, 2018	July 1, 2017 Sep 30, 2017	July 1, 2017 June 30, 2018
Opening balance	2,735	2,321	2,321
Profit/loss for the period	-11	-1	11
Other comprehensive income	-	-	-
Total profit/loss for the group	-11	-1	11
Transactions with owners*	0	0	403
Closing balance	2,725	2,320	2,735

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



Notes and accounting policies

Significant events after the end of the reporting period are presented on page 9. Segment reporting is presented on pages 5 to 8. Disclosures about risk factors and seasonality are presented on page 9 and 10.

Note 1: Accounting policies

AcadeMedia applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied are the same as those described in AcadeMedia's 2017/18 Annual Report, which is available at <https://corporate.academedia.se>. No new accounting policies effective from 2018/19 have had any material impact on AcadeMedia. This Interim Report is prepared in accordance with IAS 34 Interim Financial Reporting, as well as the Annual Accounts Act. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. The interim report includes pages 1 to 25 and pages 1 to 10 are an integrated part of this financial report.

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

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

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

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



Note 2: Income

SEK m	July 1, 2018 Sep 30, 2018	July 1, 2017 Sep 30, 2017	July 1, 2017 June 30, 2018
Income related to education	2 279	1 969	10 553
State subsidies	29	20	126
Other income	34	49	131
Net sales	2 343	2 037	10 810

Income related to education consists of school vouchers and participant fees. Tuition fees are recognized as revenue and allocated in line with the degree of completion over the period during which the instruction is provided, including time for planning and grading of student instruction. Revenue for preschool operations is recognized based on the same fundamental principle. Revenue for services sold is recognized upon delivery to students. Revenue in the adult education operation is assessed using the same fundamental principles, but also taking into account the empirical estimate of the number of participants who do not complete the education that they started, as well as estimates of compensation received based on the number of participants that complete the education.

State subsidies includes state subsidies for the primary school initiative, smaller classes, skills development and before and after school care initiatives. State subsidies are recognized at fair value in the case that there is reasonable certainty that they will be received and that AcadeMedia will meet the conditions attached to the subsidy. Contributions received to cover costs are recognized as an expense reduction of the applicable expense item, for example teacher salary premiums, head teacher premiums and other wage subsidies, and are recognized net under personnel expenses.

Other income refer to income not directly related to education.

Note 3: Related party transactions

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

Note 4: Specification of liabilities

SEK m	30-sep-18	30-sep-17	30-jun-18
Non-current liabilities			
Non-current liabilities to credit institutions excl. property loans	1,626	1,695	1,560
Non-current interest-bearing liabilities - properties	610	534	603
Non-current liabilities (interest-bearing)	104	42	46
Non-current liabilities (non-interest-bearing)	232	121	135
TOTAL Non-current liabilities	2,571	2,392	2,345
Current liabilities			
Liabilities to credit institutions and other current interest-bearing liabilities	701	391	625
Current interest-bearing liabilities - properties	27	53	48
Accounts payable and other current non-interest-bearing liabilities	735	732	773
Accrued expenses and deferred income	1,304	1,139	1,331
TOTAL current liabilities	2,767	2,315	2,776



Note 5: Specification of financial income and expenses

SEK m	First quarter		Full Year
	2018/19	2017/18	2017/18
Interest income and similar profit/loss items			
Interest income	0	0	2
Foreign exchange gains	-	0	4
Other	-	-	0
Interest income and similar profit/loss items	0	0	5
Interest expense and similar profit/loss items			
Interest expense	-13	-14	-62
Borrowing costs *	-2	-1	-5
Foreign exchange losses	0	-	-0
Other	-1	-1	-5
Interest expense and similar profit/loss items	-17	-17	-73

*) Administrative charges for 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, and additional consideration. Since loans with credit institutions are at variable interest, which is essentially deemed to correspond to current market interest rates, the book value excluding loan expenses is considered to correspond to fair value. Other financial assets and liabilities have short terms. It is therefore deemed that the fair values of all the financial instruments are approximately equal to their book values.



Multi-year review

SEK million, unless otherwise stated	First quarter		Full year				
	2018/19	2017/18	2017/18	2016/17	2015/16	2014/15	2013/14
Profit/loss items, SEK m							
Net sales	2,343	2,037	10,810	9,520	8,611	8,163	6,372
Items affecting comparability	5	-2	-48	-23	-32	-79	-35
EBITDA	126	132	872	827	722	720	614
Depreciation/amortization	-64	-50	-244	-208	-185	-198	-164
Depreciation related to acquisitions	-4	-1	-6	-4	-2	-5	-
Operating profit/loss (EBIT)	58	80	622	615	535	517	449
Net financial items	-17	-16	-68	-80	-127	-269	-209
Profit/loss for the period before tax	41	64	555	535	408	248	240
Profit/loss for the period after tax	31	51	430	416	319	222	189
Balance sheet items, SEK m							
Non-current assets	8,019	6,601	7,823	6,574	6,141	5,884	5,945
Current receivables and inventories	1,154	956	860	695	697	670	654
Cash and cash equivalents	415	636	699	579	331	695	562
Non-current interest-bearing liabilities	2,339	2,271	2,209	2,200	2,116	2,609	3,020
Non-current non-interest-bearing liabilities	232	121	135	114	113	197	131
Current interest-bearing liabilities	728	444	673	516	568	715	469
Current non-interest-bearing liabilities	2,039	1,871	2,103	1,577	1,382	1,425	1,352
Equity	4,249	3,487	4,262	3,443	2,990	2,304	2,189
Total assets	9,587	8,194	9,383	7,849	7,169	7,250	7,161
Capital employed	7,316	6,202	7,144	6,158	5,674	5,628	5,679
Net debt	2,649	2,075	2,179	2,133	2,342	2,629	2,927
Property adjusted net debt	2,012	1,488	1,528	1,550	1,865	2,295	2,563
Key ratios							
Net sales, SEK m	2,343	2,037	10,810	9,520	8,611	8,163	6,372
Organic growth incl. bolt-on acquisitions, %	2.8%	8.0%	5.8%	9.0%	6.4%	3.7%	9.8%
Acquired growth, larger acquisitions, %	11.0%	1.4%	7.9%	0.8%	0.4%	24.4%	14.5%
Change in currency, %	1.2%	-0.0%	-0.1%	0.8%	-1.3%	0.0%	-
Operating margin (EBIT), %	2.5%	3.9%	5.8%	6.5%	6.2%	6.3%	7.1%
Adjusted EBIT, SEK m	52	82	670	638	567	596	485
Adjusted EBIT margin, %	2.2%	4.0%	6.2%	6.7%	6.6%	7.3%	7.6%
Adjusted EBITDA, SEK m	120	133	920	850	754	799	649
Adjusted EBIT margin, %	5.1%	6.5%	8.5%	8.9%	8.8%	9.8%	10.2%
Net margin, %	1.3%	2.5%	4.0%	4.4%	3.7%	2.7%	3.0%
Return on capital employed, %, (12 months)	9.5%	11.0%	10.1%	10.9%	10.1%	10.8%	10.0%
Return on equity, %(12 months)	10.6%	13.1%	11.2%	12.9%	12.1%	9.9%	10.1%
Equity/assets ratio, %	44.3%	42.6%	45.4%	43.9%	41.7%	31.8%	30.6%
Interest coverage ratio, times	10.6	10.1	10.9	9.4	4.8	2.8	2.7
Net debt/Adjusted EBITDA (12 months)	2.9	2.4	2.4	2.5	3.1	3.3	4.5
Adjusted net debt/adjusted EBITDA (12 months)	2.2	1.7	1.7	1.8	2.5	2.9	3.9
Cash flow from investing activities	-156	-63	-970	-374	-386	-68	-864
Number of full-time employees	12,055	10,882	11,863	10,564	9,714	9,159	6,997



Quarterly data, Group

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



Quarterly data, segment

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

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

SEK million, unless otherwise stated	2018/19		2017/18				2016/17			
Adult Education (Sweden)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Net sales	315	397	444	459	366	411	417	417	332	
EBITDA	4	-66	39	66	45	40	64	60	42	
EBITDA margin, %	1.3%	-16.6%	8.8%	14.4%	12.3%	9.7%	15.3%	14.4%	12.7%	
Depreciation/amortization	-2	-2	-2	-2	-2	-2	-2	-2	-2	
Depreciation related to acquisitions	-1	-	-	-	-	-	-	-	-	
Operating profit/loss (EBIT)	0	-69	37	64	43	38	62	59	41	
EBIT margin, %	0.0%	-17.4%	8.3%	13.9%	11.7%	9.2%	14.9%	14.1%	12.3%	
Items affecting comparability	-	-61	-	-	-	-	-	-	-	
Adjusted operating profit/loss (EBIT)	0	-7	37	64	43	38	62	59	41	
Adjusted EBIT margin, %	0.0%	-1.8%	8.3%	13.9%	11.7%	9.2%	14.9%	14.1%	12.3%	



Quarterly data, segment (cont.)

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

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

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



Reconciliation of alternative performance measures

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

SEK million, unless otherwise stated	First quarter		2017/18	2016/17	Full year		
	2018/19	2017/18			2015/16	2014/15	2013/14
Net debt							
Non-current interest-bearing liabilities	2,339	2,271	2,209	2,200	2,116	2,609	3,020
+ Current interest-bearing liabilities	728	444	673	516	568	715	469
- Non-current interest-bearing receivables*	4	4	4	4	11	-	-
- Cash and cash equivalents	415	636	699	579	331	695	562
= Net debt	2,649	2,075	2,179	2,133	2,342	2,629	2,927
Property-adjusted net debt							
Net debt (as described above)	2,649	2,075	2,179	2,133	2,342	2,629	2,927
- non-current property loans	610	534	603	467	278	174	288
- current property loans	27	53	48	116	197	161	76
= Property adjusted net debt	2,012	1,488	1,528	1,550	1,865	2,295	2,563
Return on capital employed %, 12 months							
Adjusted operating profit EBIT (12 months)	641	650	670	638	567	596	485
+ Interest income	2	6	2	7	6	13	2
divided by							
Average equity (12 months)	3,868	3,250	3,853	3,216	2,647	2,247	1,878
+ average non-current interest-bearing liabilities (12 months)	2,305	2,223	2,204	2,158	2,363	2,815	2,664
+ average current interest-bearing liabilities (12 months)	586	502	594	542	641	592	338
= Return on capital employed %, 12 months	9.5%	11.0%	10.1%	10.9%	10.1%	10.8%	10.0%
Return on equity %, 12 months							
Profit/loss after tax (12 months)	410	426	430	416	319	222	189
divided by							
Average equity (12 months)	3,868	3,250	3,853	3,216	2,647	2,247	1,878
= Return on equity %, 12 months	10.6%	13.1%	11.2%	12.9%	12.1%	9.9%	10.1%

*) Included in Other non-current assets

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



Definitions

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

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

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



		(EBITDA), to pay off the Company's liabilities, including property-related loans.
Net margin	Profit/loss for the period as a percentage of revenues.	Net margin is used to measure net earnings in relation to sales.
Items affecting comparability	Items affecting comparability are income and cost of an irregular nature such as larger retroactive income related to prior financial years, items related to property such as capital gains, major property damage not covered by insurance, advisory costs relating to larger acquisitions or fundraising, major integration costs resulting from acquisitions or reorganizations according to plan, as well as costs arising from strategic decisions and major restructuring that result in winding up of units.	Items affecting comparability are used to identify items of an irregular nature in order to get a better understanding of underlying development of earnings.
Number of children/students	Average number of children/students enrolled during the specified period. Adult education participants are not included in the Group's total figures for number of children/students.	Number of children/students is the most important driver for revenue.
Number of education units	Refers to the number of preschools, compulsory schools and/or upper secondary schools operating in the period. Integrated units where preschools and compulsory schools are combined are counted as two units as they each hold their own permit.	Number of education units indicates how the Company grows over time through new establishments and acquisitions minus discontinued units.
Number of full-time employees	Average number of employees during the period, full-time equivalent (FTE).	The number of employees is measured regularly as it is the main cost driver for the Company.
Organic growth including smaller bolt-on acquisitions	Increase of net sales excluding larger acquisitions and changes in currency.	The Company's growth target is to increase net sales including smaller bolt-on acquisitions by 5-7 percent per year. The purpose of the key ratio is thus to follow up on this target.
Return on equity	Profit/loss for the most recent 12-month period divided by average equity (opening balance + closing balance)/2.	Return on equity is a profitability measure used to set profit (loss) in relation to shareholders' paid-in and earned capital.
Return on capital employed	Adjusted operating profit/loss (EBIT) for the most recent 12-month period plus interest income divided by average capital employed (opening balance + closing balance)/2.	Return on equity is a profitability measure used to set profit (loss) in relation to the capital needed to run the business.
Operating margin (EBIT margin)	Operating profit/loss as a percentage of revenues.	The operating margin shows the percentage of sales remaining after operating expenses, which can be allocated to other purposes.
Operating profit/loss (EBIT)	Operating profit/loss before net financial items and tax.	Operating profit/loss (EBIT) is used to measure operating profit before financing and tax.

Other

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

